

TADMAX RESOURCES BERHAD (Company No. 8184-W)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2019

(The figures have not been audited)

	3rd Quarter 3 months ended		Cumulative to Date 9 months ended	
	30/09/2019 RM'000	30/09/2018 RM'000	30/09/2019 RM'000	30/09/2018 RM'000
Continuing Operations				
Revenue	43,122	46,170	196,022	120,219
Cost of sales	<u>(34,417)</u>	<u>(35,324)</u>	<u>(157,222)</u>	<u>(99,801)</u>
Gross profit	8,705	10,846	38,800	20,418
Other operating income	173	74	417	229
Operating expenses	<u>(5,310)</u>	<u>(5,366)</u>	<u>(19,933)</u>	<u>(16,588)</u>
Operating profit	3,568	5,554	19,284	4,059
Finance income	79	150	262	252
Finance costs	<u>(44)</u>	<u>(52)</u>	<u>(135)</u>	<u>(260)</u>
Profit before taxation	3,603	5,652	19,411	4,051
Taxation	<u>(1,331)</u>	<u>(1,427)</u>	<u>(6,305)</u>	<u>(2,039)</u>
Net profit from continuing operations	2,272	4,225	13,106	2,012
Discontinuing operations	-	-	-	-
Net profit for the financial period	2,272	4,225	13,106	2,012
Other comprehensive income/(loss), net of tax				
Items that will be reclassified subsequently to profit or loss, net of tax				
- Foreign currency translation	(84)	177	(197)	517
Total comprehensive profit for the period	2,188	4,402	12,909	2,529
Net profit attributable to :				
Owners of the Company	2,313	4,269	13,232	2,145
Non-controlling interests	<u>(41)</u>	<u>(44)</u>	<u>(126)</u>	<u>(133)</u>
	2,272	4,225	13,106	2,012
Total comprehensive profit attributable to:				
Owners of the Company	2,229	4,446	13,035	2,662
Non-controlling interests	<u>(41)</u>	<u>(44)</u>	<u>(126)</u>	<u>(133)</u>
	2,188	4,402	12,909	2,529
Basic profit per ordinary share (sen)				
- from continuing operations	0.30	0.55	1.69	0.32
- from discontinuing operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	0.30	0.55	1.69	0.32

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 SEPTEMBER 2019

	(UNAUDITED) As At End Of Current Quarter 30/09/2019 RM'000	(AUDITED) As At Preceding Financial Year End 31/12/2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	123,299	122,634
Prepaid land lease payments	2,004	2,074
Prepaid land lease payments with cultivation rights	53,721	55,200
Other investments	50	50
Timber concession rights	218,000	218,000
Inventories - property development costs	6,923	14,996
Deferred tax assets	295	334
	404,292	413,288
Current assets		
Inventories	394	902
Inventories - property development costs	72,367	86,253
Trade receivables	20,232	23,630
Contract assets	60,029	77,523
Other receivables, deposits and prepayments	35,420	30,786
Other investments	2	3,673
Tax recoverable	65	48
Deposits with licensed financial institutions	7,348	3,643
Cash and bank balances	11,335	4,869
	207,192	231,327
TOTAL ASSETS	611,484	644,615
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	337,510	337,510
Share option reserve	410	410
Treasury shares	(155)	(155)
Reserves:		
- Translation reserve	1,271	1,468
- Revaluation reserve	56,611	56,611
Accumulated losses	(11,462)	(24,694)
Shareholders' funds	384,185	371,150
Non-controlling interests	27,389	27,512
TOTAL EQUITY	411,574	398,662

TADMAX RESOURCES BERHAD (Company No. 8184-W)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019 - continued

	(UNAUDITED)	(AUDITED)
	As At End Of Current Quarter 30/09/2019 RM'000	As At Preceding Financial Year End 31/12/2018 RM'000
Non-current liabilities		
Deferred tax liabilities	92,803	96,412
Finance lease liabilities	209	213
Bank borrowings	6,957	67,211
	99,969	163,836
Current liabilities		
Trade payables	68,967	45,636
Other payables, deposits and accruals	14,075	13,741
Amount due to directors	5,630	674
Finance lease liabilities	157	337
Bank borrowings	1,548	19,449
Tax payable	9,564	2,280
	99,941	82,117
TOTAL LIABILITIES	199,910	245,953
TOTAL EQUITY AND LIABILITIES	611,484	644,615
Net assets per share attributable to ordinary equity holders of the Company (sen)	49.0	47.4

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 2018 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 SEPTEMBER 2019

(The figures have not been audited)

	←----- Attributable to owners of the Company -----→					Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Share Option Reserve RM'000	Other Reserves RM'000	Accumulated Losses RM'000			
<u>9 months ended 30 September 2019</u>								
As at 1 January 2019	337,510	(155)	410	58,079	(24,694)	371,150	27,512	398,662
Total comprehensive profit/(loss) for the period	-	-	-	-	13,232	13,232	(126)	13,106
Acquisition of non-controlling interests	-	-	-	-	-	-	3	3
Exchange differences on translation of foreign entities	-	-	-	(197)	-	(197)	-	(197)
As at 30 September 2019	<u>337,510</u>	<u>(155)</u>	<u>410</u>	<u>57,882</u>	<u>(11,462)</u>	<u>384,185</u>	<u>27,389</u>	<u>411,574</u>
<u>9 months ended 30 September 2018</u>								
As at 1 January 2018	266,106	(155)	352	57,819	(30,073)	294,049	27,697	321,746
Total comprehensive loss for the period	-	-	-	-	2,145	2,145	(133)	2,012
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
Employees' share option scheme	-	-	58	-	-	58	-	58
Issuance of shares pursuant to private placement	22,064	-	-	-	-	22,064	-	22,064
Expenses from issue of placement shares	(160)	-	-	-	-	(160)	-	(160)
Exchange differences on translation of foreign entities	-	-	-	517	-	517	-	517
As at 30 September 2018	<u>337,510</u>	<u>(155)</u>	<u>410</u>	<u>58,336</u>	<u>(27,928)</u>	<u>368,173</u>	<u>27,564</u>	<u>395,737</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 2018 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 SEPTEMBER 2019
(The figures have not been audited)

	CUMULATIVE QUARTER	
	Current Quarter	Preceding Year Corresponding Quarter
	30/09/2019	30/09/2018
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before taxation	19,411	4,051
<u>Adjustments for:-</u>		
Amortisation of prepaid land lease payments	70	70
Goodwill written off	3	-
Amortisation of prepaid land lease payments with cultivation rights	1,478	1,479
Depreciation	2,066	2,134
Allowance for expected credit losses in contract assets/receivables	116	-
Allowance for expected credit losses in receivables no longer required	(74)	-
Bad debt written off	3	-
Interest expense	135	260
Interest income	(262)	(252)
Share options granted under ESOS	-	58
Loss/(Gain) on disposal of property, plant and equipment	10	(57)
Operating profit before working capital changes	<u>22,956</u>	<u>7,743</u>
<u>Changes in working capital:</u>		
Inventories	508	(148)
Contract assets	17,494	(17,740)
Inventories - property development costs	25,159	(7,693)
Receivables	(1,193)	(3,885)
Payables	<u>23,664</u>	<u>17,893</u>
Net cash from/(used in) operations	88,588	(3,830)
Interest received	262	252
Interest paid	(3,334)	(3,895)
Tax paid	<u>(2,591)</u>	<u>(292)</u>
Net cash from/(used in) operating activities	<u>82,925</u>	<u>(7,765)</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment (Note 1)	(2,756)	(3,604)
Other investments	3,671	(7,530)
Proceeds from disposal of property, plant and equipment	34	57
Deposits pledged as security	245	(1,493)
Proceeds from issuance of shares pursuant to private placement	-	22,064
Share issuance expenses	<u>-</u>	<u>(160)</u>
Net cash from investing activities	<u>1,194</u>	<u>9,334</u>
FINANCING ACTIVITIES		
Advances from/(Repayment to) Directors	4,956	(360)
Drawn down of bank borrowings	48,225	51,115
Repayment of bank borrowings	(126,380)	(51,417)
Repayment of finance lease liabilities	<u>(299)</u>	<u>(420)</u>
Net cash used in financing activities	<u>(73,498)</u>	<u>(1,082)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,621	487
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(205)	545
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	<u>7,019</u>	<u>8,710</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>17,435</u>	<u>9,742</u>

TADMAX RESOURCES BERHAD (Company No. 8184-W)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 - continued
(The figures have not been audited)

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

	As at 30/09/2019 RM'000	As at 30/09/2018 RM'000
Deposits with licensed financial institutions	7,348	1,773
Cash and bank balances	11,335	9,492
	18,683	11,265
Less: Deposits with licensed banks pledged as security for banking facilities	(1,248)	(1,523)
	17,435	9,742

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NOTE 1 - PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM2,871,000 of which RM115,000 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 RM2,756,000.

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.)

Notes to the Condensed Consolidated Interim Financial Statements
For the quarter ended 30 September 2019

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 2018.

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 2018, 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 2019.

The adoption of the amendments/improvements to MFRSs and new IC Int. including the MFRS 16 *Leases* is not expected to 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 2018 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.

7. Dividends Paid

There was no dividend paid during the current quarter ended 30 September 2019 (30 September 2018: RM 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:

	Current Quarter 3 months ended				Cumulative Quarter 9 months ended			
	30/09/2019		30/09/2018		30/09/2019		30/09/2018	
		Profit/(Loss) Before		Profit/(Loss) Before		Profit/(Loss) Before		Profit/(Loss) Before
Business Activity	Revenue RM'000	Taxation RM'000	Revenue RM'000	Taxation RM'000	Revenue RM'000	Taxation RM'000	Revenue RM'000	Taxation RM'000
• Property	42,088	5,415	45,333	8,397	186,664	27,148	116,913	12,622
• Industrial supplies	1,034	(109)	837	(192)	9,358	(49)	3,306	(348)
• Energy	-	(566)	-	(573)	-	(1,825)	-	(1,624)
• Investment holding	-	(648)	-	(1,539)	-	(4,374)	-	(4,956)
• Others	-	(524)	-	(539)	-	(1,616)	-	(1,635)
	43,122	3,568	46,170	5,554	196,022	19,284	120,219	4,059
Finance income	-	79	-	150	-	262	-	252
Finance costs	-	(44)	-	(52)	-	(135)	-	(260)
	43,122	3,603	46,170	5,652	196,022	19,411	120,219	4,051

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 2018.

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 herein below 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 2018 till the date of announcement of this quarterly report.

13. Capital and Other Commitments

The material authorised capital and Other commitments not provided for in the interim financial statements as at 30 September 2019 comprise as below:-

	RM'000
Capital expenditure commitments not provided for	
- Authorised and contracted for	5,121
- Authorised and not contracted for	30,787
	35,908

	RM'000
Other commitments to purchase Inventories – property development land	
- Authorised and contracted for	32,983

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) %
	30/09/2019	30/09/2018				30/09/2019	30/09/2018	
Revenue								
• Property	42,088	45,333	-7%	68,071	-38%	186,664	116,913	60%
• Industrial supplies	1,034	837	24%	2,552	-59%	9,358	3,306	183%
	43,122	46,170	-7%	70,623	-39%	196,022	120,219	63%
Profit/(Loss) before tax								
• Property	5,415	8,397	-36%	10,259	-47%	27,148	12,622	115%
• Industrial supplies	(109)	(192)	-43%	(11)	891%	(49)	(348)	-86%
• Energy	(566)	(573)	-1%	(589)	-4%	(1,825)	(1,624)	12%
• Investment holding	(648)	(1,539)	-58%	(1,088)	-40%	(4,374)	(4,956)	-12%
• Others	(524)	(539)	-3%	(545)	-4%	(1,616)	(1,635)	-1%
	3,568	5,554	-36%	8,026	-56%	19,284	4,059	375%
Finance income	79	150	-47%	122	-35%	262	252	4%
Finance costs	(44)	(52)	-15%	(47)	-6%	(135)	(260)	-48%
	3,603	5,652	-36%	8,101	-56%	19,411	4,051	379%

Review on Performance - Current Quarter compared to Corresponding Quarter

a) Overall Review of Group performance

The Group's revenue is slightly lower by approximately 7% to register RM43.1 million vis-à-vis the preceding corresponding quarter, which mainly due to the Property business segment, Mizumi Residences condominium project in Taman Metropolitan, Kepong registering a lower percentage completion achieved for the quarter under review as progress was partially affected by the intermittent showers at the site. Mizumi Residences condominium project registered revenue contribution at RM35.1 million vis-à-vis RM42.2 million in the preceding corresponding quarter due to lower percentage completion achieved of 3.7% during the quarter under review vis-à-vis the preceding corresponding quarter at 7.9%, mitigated by higher sales achievement at 92% during the quarter under review vis-a-vis the preceding corresponding quarter at 72%. As for the Group's Ganggarak Permai project in Labuan FT, it reported a higher Revenue at RM7.0 million in current quarter vis-à-vis RM3.1 million in the preceding corresponding quarter. The current quarter revenue was contributed mainly by phases 3 and 4 while the preceding corresponding quarter where revenue from phases 1 & 2A which contributed RM3.1 million. Phase 1 and phase 2 vacant possessions were hand over in August 2018 and May 2019 respectively.

Mizumi Residences remained as the main driver contributing to the Group's profit despite of its lower revenue posted for the current quarter. The Group's profit before interest and tax for the current quarter was at RM3.6 million vis-à-vis RM5.6 million in the preceding corresponding quarter, relatively lower by 36% vis-à-vis revenue reduction due to the higher revenue from Ganggarak which attracts a lower margin as compared to the lower revenue from Mizumi Residences which attracts a higher margin.

b) **Segmental Review**• **Property**

This Business segment presently comprised 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
Net property sale ('000)	RM204,060	RM627,168
Unbilled sales ('000)	RM39,300	RM311,038
Percentage completion (year-to-date)	Phase 1 – 100.0% (September 2018 : 100.0%)	50.38% (September 2018 : 23.69%)
	Phase 2A – 100.0% (September 2018: 83.6%)	
	Phase 3 – 35.55% (September 2018: nil)	
	Phase 4 – 60.21% (September 2018 : nil)	
Operating profit for the quarter ('000)	RM301 (September 2018 : RM524)	RM4,989 (September 2018 : RM7,909)

Phases 3 and 4 of Ganggarak Permai (consists of 195 units double-storey terrace houses and 22 units shoplots) commenced recognition of Revenue since 4th Quarter 2018 and is expected to contribute positively to the profitability of this Business segment progressively albeit at a lower profit margin during the financial year. Ganggarak Permai recorded a profit of RM0.3 million for the quarter under review (vis-à-vis operating profit of RM0.5 million in the preceding corresponding quarter) supported by profit recognised from phases 3 and 4. Phase 3 and phase 4 of the project is expected to hand over vacant possession in the 4th quarter and 2nd quarter of next financial year respectively.

Mizumi Residences continued with its strong performance and was the main contributor to the Group's earnings. As at end September 2019, a total booking of 1,449 units was registered which represents 95.8% of the total available units. In relation to the physical progress of the project up to end October 2019, the structural frameworks for the condominiums have reached level 41, level 41 and level 29 for block D, E and F respectively out of 41 storeys. The drainage works also been completed during the quarter under review. The percentage of completion of 3.8% achieved during the quarter coupled with the sales at 92.0%, resulted in the operation profit of RM5.0 million achieved during the quarter under review. This project is expected to hand over vacant possession sometime in the end of next financial year.

- **Energy**

The Group has on 11 September 2019 received a letter from the Energy Commission (“EC”) notifying that the Government of Malaysia had agreed on 29 August 2019 to proceed with the development of 1,000 – 1,200 MW Combined Cycle Gas Turbine Power Plant in Pulau Indah, Selangor Darul Ehsan. The Group is currently awaiting for official letter of award to be issued by the EC where the Group will thereafter to proceed to undertake financial close prior to the commencement of the construction of the Power Plant. On the financial aspect of this Energy Business segment, total operating loss for the current reporting quarter amounted to RM0.56 million (Year to date : RM1.73 million whilst the sum capitalised as the Power Plant's property, plant and equipment amounted to RM0.6 million (Total to-date since inception : RM14.45 million).

Review on Performance - Current Quarter compared to Preceding Quarter

The Group's revenue for the current quarter registered at RM43.1 million, 39% lower than preceding quarter mainly due to the lower revenue posted by both Mizumi Residences and Ganggarak Permai Project at RM35.1 million and RM7.0 million (vis-à-vis RM56.7 million and RM11.4 million respectively in the preceding quarter). The lower revenue for the quarter under review for Mizumi Residences was due primarily to the lower percentage completion achieved which in turn was due to its progress was partially affected by the intermittent showers at the site. Industrial Business segment also reported a lower turnover by RM1.5 million at RM1.0 million due to the competitive business environment. Under the premises of lower revenue, the Group's profit before interest and tax was lower at RM3.6 million (vis-a-vis RM8.1 million in the preceding quarter).

16. Prospects

Within the expectation of the Board of Directors, the Group continued to enhance its shareholder's value at basic Earnings Per Share (EPS) of 1.69 sen for the cumulative nine months (vis-à-vis 1.39 sen for the cumulative six months of the preceding quarter) during the current financial quarter under review. This was achieved on the back of the strong performance of the Group's Mizumi Residences property development project in Taman Metropolitan, Kepong and is envisaged to continue to spearhead the Group towards attaining this favourable results into the next financial year. Development of Mizumi Residences has surpassed the 50% completion stage during the financial quarter under review and the main building works for two out of the three blocks have reached the highest floor of the 41-storey building.

Residensi Metro Kepong, the Group's another affordable homes project located in Taman Metropolitan, Kepong has open up for registration sometime end of July 2019 vide the 'Residensi Wilayah' portal under the auspices of the Ministry of Federal Territory. To-date, the registration was overwhelming and the Ministry of Federal Territory has started to approve some of the qualified applicants by batches and presently more than 1,200 (or equivalent to 78.7% out of total available 1,520 units) qualified applicants have selected their units and signing of sale and purchase agreement are in progress since end October 2019. The development of this project is presently undertaking pilecap works following the completion of piling works.

Business conditions will continue to be challenging and expected to persist in the next few years. The Group is undertaking the development of mid-range and affordable homes and the Board believes this will remain the favourite in the medium-term, driven by fundamental market dynamics. As announcements made in Bursa dated 1st October 2019, the Group's wholly owned subsidiary company, Mizumi Development Sdn. Bhd. (formerly named as Tadmax Coastal Sdn. Bhd.) entered in to Sale & Purchase agreement to acquire a piece of leasehold land of approximately 3.24 acres located at Alam Damai, Cheras. This acquisition is in line with the Group's strategy to further strengthen its foothold in the property development and construction activities and to generate long-term sustainable income. Besides, the Group also will ensure the quality of its products and the timely delivery of its commitments. Another challenge for property construction is the recent intermittent showers which affected the progress of construction, however overall progress of the Group's property construction is still satisfactory and being closely monitored and managed.

The Group's Energy business segment saw positive development with the receipt of the nod from the Government of Malaysia to proceed with the project. However, this project will not contribute to the near term profitability of the Group as it takes approximately four years before commercial operation commences. Meantime, the Group has move forward in preparing, arranging and negotiating with various stakeholders to ensure the readiness pending the receipt of the official letter of award from the Energy Commission.

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 (9 months ended)	
	30/09/2019 RM'000	30/09/2018 RM'000	30/09/2019 RM'000	30/09/2018 RM'000
Current tax:				
Malaysian income tax	2,171	2,199	9,858	3,902
Under provision of Malaysian income tax in prior years	-	200	-	200
	<u>2,171</u>	<u>2,399</u>	<u>9,858</u>	<u>4,102</u>
Deferred tax	<u>(840)</u>	<u>(972)</u>	<u>(3,553)</u>	<u>(2,063)</u>
Total taxation	<u>1,331</u>	<u>1,427</u>	<u>6,305</u>	<u>2,039</u>

Included in the income tax figure for the quarter ended 30 September 2019 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 inventories - property development costs, 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.

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.

On 31 July 2018, the Group submitted to the EC the final technical and commercial proposal.

In the 1st quarter of 2019, the Group has appointed Hong Leong Investment Bank Berhad as the Principal Adviser, Lead Arranger and Lead Manager in relation to the proposed fund raising for the Project.

On 10 September 2019, the EC notified that the Government of Malaysia had on 29 August 2019 agreed to proceed with the Project. Presently awaiting for the official Letter of Award from the EC, envisaged in November 2019 followed by financial close envisaged in 4th quarter 2020 whilst construction is earmarked from the 1st quarter of year 2021.

(B) Heads of Agreement with Worldwide Holdings Berhad and Korean Electric Power Corporation

On 14 September 2018, subject to the Energy Commission’s approval, the Company entered into a Heads of Agreement (“HOA”) with Worldwide Holdings Berhad (“WORLDWIDE”), a Selangor state-linked company and Korea Electric Power Corporation (“KEPCO”). The HOA sets out the parties respective obligations and roles on the overall planning and development in connection with participation of the parties in the Project (as elaborated under item 19(A) hereinabove) which includes the planning, construction, development, commissioning, operation and commercialization of the Project.

Subject to the Energy Commission’s approval, the parties’ equity participation in the Project shall be through the project company, Tadmax Indah Power Sdn Bhd. The Parties agree that in the course of negotiation and finalization of the Definitive Agreement, the decision making mechanism in the project company and the equity participation may be varied from time to time.

The HOA is valid for a period of one (1) year from the date of signing. The parties are moving forward in negotiating on the joint venture arrangement on the spirit of the HOA with the recent receipt of the approval from the Government of Malaysia to proceed with the Project.

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

Utilisation of gross proceeds raised from the private placements in June/July 2018 up to 30 September 2019 is set out below :-

Purpose	Adjusted Allocation in 4th Qtr 2018 (RM'000)	Reallocation in 3rd Qtr 2019 (RM'000)	Adjusted Allocation in 3rd Qtr 2019 (RM'000)	Actual Utilisation to 30 September 2019	Balance (RM'000)	Timeframe for utilisation
1) Power plant project costs	9,500	900	10,400	9,964	436	Within 18 months (Previously 9 months)
2) Property development costs	6,800	(900)	5,900	5,415	485	Within 18 months (Previously 9 months)
3) Working capital	5,438	-	5,438	5,438	-	Within 9 months
4) Estimated expenses for the Private Placement	326	-	326	326	-	Within 1 month
	22,064	-	22,064	21,143	921	

Reallocation of Proceeds arising from Private Placement in the 3rd Quarter of year 2019

In view of the higher requirement for power plant project vis-à-vis the property development project, a sum of RM900,000 was transferred from the Property development costs to the Power Plant project costs, resulting in the latter allocation increased from RM9.5 million to RM10.4 million as depicted in the above table. Based on the envisaged utilisation period, the timeframe for the utilisation of the remainder balance have also been revised from 9 months to 18 months as depicted in the above table.

20. Group Borrowings and Debts Securities

Group borrowings are as follows:-

	As at 30/09/2019 RM'000	As at 30/09/2018 RM'000
(a) Current borrowings – secured		
Term loans	1,548	12,286
Bridging Loan	-	10,684
Finance lease payable	157	399
Trade loan payable	-	333
	1,705	23,702
(b) Non-current borrowings – secured		
Term loan	-	1,548
Bridging Loan	6,957	40,882
Finance lease payable	209	272
	7,166	42,702

All the Group borrowings are denominated in Malaysian currency and are secured. Both, term loans and bridging loan decreased by RM41.9 million or 83.1% as compared to the preceding quarter following full settlement of the facilities with the completion of Ganggarak Permai's Phase 2A and also part settlement of the facilities of Mizumi Residences from the progress billings issued to end-purchasers. The remainder outstanding bridging loans are substantially applied towards financing the Group's property development project, Mizumi Residences at Taman Metropolitan, Kepong in Kuala Lumpur. During the quarter, the repayment amounts of term loans and bridging loans totalled RM41.9 million without any sum being drawdown. The above loans bear interest rate ranged from 6.28% to 8.75% per annum.

On 15 October 2019, the Company's wholly owned subsidiary, Mizumi Development Sdn Bhd (formerly known as Tadmax Coastal Sdn Bhd) ("MDSB") had accepted a Banking Facility of Ringgit Malaysia Twenty Nine Million and Five Hundred Thousand (RM29,500,000.00) only granted by United Overseas Bank (Malaysia) Bhd to fund MDSB's acquisition of a piece of leasehold land, measuring 13,095 sq meter (approximately 3.24 acres) located at Alam Damai, Cheras, Kuala Lumpur for a total purchase consideration of RM36,647,780. This Banking Facility is expected to be drawn down in the next financial year.

21. Trade Receivables

The Trade Receivables and corresponding ageing of the Group as at 30 September 2019 are as follow:-

	Total	
	RM'000	
Trade receivables	20,327	
Less : Allowance for Expected Credit Loss	(95)	
	<u>20,232</u>	
Normal Terms:		
	RM'000	%
Neither past due nor impaired	14,058	69.5%
Past due 31 to 60 days not impaired	2,155	10.7%
Past due 61 to 90 days not impaired	962	4.8%
Past due > 91 days not impaired	3,047	15.1%
Past due > 91 days impaired	10	0.0%
	<u>20,232</u>	<u>100%</u>

Trade receivables are in a healthy position and 14.0% lower compared with the preceding quarter trade receivables. Included in the trade receivables is retention sum of RM8.1 million (31 December 2018 : RM6.4 million) held and will be released in due time pursuant to the Housing Development (Control and Licensing) Act 1966.

There are no trade receivables from related parties and approximately 11.1% of the trade receivables were due from two major customers of the Group.

The trade receivables (except for the retention sum) are non-interest bearing and are generally ranged from 30 to 60 days term. The Group undertakes regular review of the recoverability of trade receivables and the allowance for expected credit loss is sufficient at the end of the reporting quarter under review.

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

There were no outstanding derivatives as at 30 September 2019

(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 September 2019.

23. Material Litigation

There was no other material litigation pending as at 21 November 2019 (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 September 2019 (30 September 2018: RM Nil).

25. Earnings Per Share

a) Basic Earnings Per Share

	Current Quarter 30/09/2019	Cumulative Quarter 30/09/2019
Earnings for the financial period attributable to equity holders of the Company (RM'000)	<u>2,313</u>	<u>13,232</u>
Weighted average number of ordinary shares in issue ('000)	<u>783,287</u>	<u>783,287</u>
Basic earnings per share (sen)	<u>0.30</u>	<u>1.69</u>

TADMAX RESOURCES BERHAD (8184-W)**(Incorporated in Malaysia)**Notes to the Condensed Consolidated Interim Financial Statements for the quarter ended 30 September 2019

26. Additional Disclosures for Profit for the Period

	Current Quarter 30/09/2019 RM'000	Cumulative Quarter 30/09/2019 RM'000
<i>Profit for the period is arrived at after crediting:-</i>		
Interest income	79	262
Rental income	7	16
Allowance for expected credit losses no longer required	68	74
<i>and after charging:-</i>		
Interest expense	44	135
Rental of property	60	203
Rental of equipment	3	10
Loss on disposal of property, plant and equipment	-	10
Bad debts written off	-	3
Allowance for expected credit losses in contract assets/receivables	29	116
Depreciation of property, plant and equipment	680	2,066
Amortisation of prepaid land lease payments	24	70
Amortisation of prepaid land lease payments with cultivation rights	492	1,478

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 September 2019.

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 November 2019.

END