

**TADMAX RESOURCES BERHAD [Reg No. 196801000620 (8184-W)]**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER ENDED 31 DECEMBER 2019**  
(The figures have not been audited)

	4th Quarter 3 months ended		Cumulative to Date 12 months ended	
	31-12-2019 RM'000	31-12-2018 RM'000	31-12-2019 RM'000	31-12-2018 RM'000
<b>Continuing Operations</b>				
Revenue	83,358	51,768	279,380	171,987
Cost of sales	<u>(54,016)</u>	<u>(42,907)</u>	<u>(211,238)</u>	<u>(142,708)</u>
Gross profit	29,342	8,861	68,142	29,279
Other operating income	233	75	650	304
Operating expenses	<u>(13,925)</u>	<u>(5,949)</u>	<u>(33,858)</u>	<u>(22,537)</u>
Operating profit	15,650	2,987	34,934	7,046
Finance income	189	81	451	333
Finance costs	<u>(154)</u>	<u>(44)</u>	<u>(289)</u>	<u>(304)</u>
<b>Profit before taxation</b>	15,685	3,024	35,096	7,075
Taxation	<u>(4,542)</u>	<u>172</u>	<u>(10,847)</u>	<u>(1,867)</u>
<b>Net profit from continuing operations</b>	<b>11,143</b>	<b>3,196</b>	<b>24,249</b>	<b>5,208</b>
Net loss from discontinued operation	-	-	-	-
<b>Net profit for the financial period</b>	<b>11,143</b>	<b>3,196</b>	<b>24,249</b>	<b>5,208</b>
<b>Other comprehensive income/(loss), net of tax</b>				
<b>Items that will be reclassified subsequently to profit or loss, net of tax</b>				
- Foreign currency translation	12	(257)	(185)	260
<b>Total comprehensive profit for the period</b>	<b>11,155</b>	<b>2,939</b>	<b>24,064</b>	<b>5,468</b>
<b>Net profit attributable to :</b>				
Owners of the Company	11,784	3,248	25,016	5,393
Non-controlling interests	<u>(641)</u>	<u>(52)</u>	<u>(767)</u>	<u>(185)</u>
	<u>11,143</u>	<u>3,196</u>	<u>24,249</u>	<u>5,208</u>
<b>Total comprehensive profit attributable to:</b>				
Owners of the Company	11,796	2,991	24,831	5,653
Non-controlling interests	<u>(641)</u>	<u>(52)</u>	<u>(767)</u>	<u>(185)</u>
	<u>11,155</u>	<u>2,939</u>	<u>24,064</u>	<u>5,468</u>
Basic profit per ordinary share (sen)				
- from continuing operations	1.50	0.41	3.19	0.77
- from discontinuing operations	-	-	-	-
	<u>1.50</u>	<u>0.41</u>	<u>3.19</u>	<u>0.77</u>

(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 [Reg No. 196801000620 (8184-W)]**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	<b>(UNAUDITED)</b> <b>As At End</b> <b>Of Current</b> <b>Quarter</b> <b>31/12/2019</b> <b>RM'000</b>	<b>(AUDITED)</b> <b>As At Preceding</b> <b>Financial</b> <b>Year End</b> <b>31/12/2018</b> <b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	123,322	122,634
Prepaid land lease payments	1,981	2,074
Prepaid land lease payments with cultivation rights	53,229	55,200
Other investments	50	50
Timber concession rights	210,000	218,000
Inventories - property development costs	7,530	14,996
Deferred tax assets	278	334
Other receivables	4,479	-
	400,869	413,288
<b>Current assets</b>		
Inventories	346	902
Inventories - property development costs	66,780	86,253
Trade receivables	34,148	23,630
Contract assets	57,908	77,523
Other receivables, deposits and prepayments	34,769	30,786
Other investments	2	3,673
Tax recoverable	17	48
Deposits with licensed financial institutions	8,497	3,643
Cash and bank balances	27,150	4,869
	229,617	231,327
<b>TOTAL ASSETS</b>	<b>630,486</b>	<b>644,615</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to Owners of the Company</b>		
Share capital	337,510	337,510
Share option reserve	469	410
Treasury shares	(155)	(155)
Reserves:		
- Translation reserve	1,283	1,468
- Revaluation reserve	56,611	56,611
Retained earnings/(Accumulated losses)	322	(24,694)
<b>Shareholders' funds</b>	396,040	371,150
Non-controlling interests	26,748	27,512
<b>TOTAL EQUITY</b>	422,788	398,662

**TADMAX RESOURCES BERHAD [Reg No. 196801000620 (8184-W)]**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019 - continued**

	<b>(UNAUDITED)</b>	<b>(AUDITED)</b>
	<b>As At End Of Current Quarter 31/12/2019 RM'000</b>	<b>As At Preceding Financial Year End 31/12/2018 RM'000</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	89,405	96,412
Finance lease liabilities	170	213
Bank borrowings	22,283	67,211
	111,858	163,836
<b>Current liabilities</b>		
Trade payables	59,255	45,636
Other payables, deposits and accruals	19,302	13,741
Contract Liabilities	6,234	-
Amount due to directors	2,621	674
Finance lease liabilities	123	337
Bank borrowings	732	19,449
Tax payable	7,573	2,280
	95,840	82,117
<b>TOTAL LIABILITIES</b>	207,698	245,953
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>630,486</b>	<b>644,615</b>
	-	
<b>Net assets per share attributable to ordinary equity holders of the Company (sen)</b>	50.6	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 [Reg No. 196801000620 (8184-W)]**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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	Distributable Retained Earnings / (Accumulated Losses) RM'000			
<b><u>12 months ended 31 December 2019</u></b>								
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	-	-	-	-	25,016	25,016	(767)	24,249
Acquisition of non-controlling interests	-	-	-	-	-	-	3	3
Employees' share option scheme	-	-	59	-	-	59	-	59
Exchange differences on translation of foreign entities	-	-	-	(185)	-	(185)	-	(185)
As at 31 December 2019	337,510	(155)	469	57,894	322	396,040	26,748	422,788
<b><u>12 months ended 31 December 2018</u></b>								
As at 1 January 2018	266,106	(155)	352	57,819	(30,073)	294,049	27,697	321,746
Effect of adopting MFRS 9	-	-	-	-	(14)	(14)	-	(14)
As at 1 January 2018 - as restated	266,106	(155)	352	57,819	(30,087)	294,035	27,697	321,732
Total comprehensive profit/(loss) for the period	-	-	-	-	5,393	5,393	(185)	5,208
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	-	-	-	260	-	260	-	260
As at 31 December 2018	337,510	(155)	410	58,079	(24,694)	371,150	27,512	398,662

(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 [Reg No. 196801000620 (8184-W)]**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019**  
(The figures have not been audited)

	<b>CUMULATIVE QUARTER</b>	
	<b>Current Quarter</b>	<b>Preceding Year Corresponding Quarter</b>
	<b>31-12-2019</b>	<b>31-12-2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	35,096	7,075
<u>Adjustments for:-</u>		
Amortisation of prepaid land lease payments	93	93
Goodwill written off	3	-
Amortisation of prepaid land lease payments with cultivation rights	1,971	1,971
Depreciation	2,737	2,839
Unrealised loss on foreign exchange	-	207
Impairment of timber concession	8,000	-
Allowance for expected credit losses in contract assets/receivables	18	116
Allowance for expected credit losses in receivables no longer required	(93)	-
Bad debt written off	-	1,162
Finance Cost	289	304
Finance Income	(451)	(333)
Share options granted under ESOS	59	58
Loss/(Gain) on disposal of property, plant and equipment	2	(82)
Property, plant and equipment written off	4	-
Impairment loss on property, plant and equipment	76	-
Operating profit before working capital changes	<u>47,804</u>	<u>13,410</u>
<u>Changes in working capital:</u>		
Inventories	556	(565)
Contract assets/(liabilities)	25,848	(41,304)
Inventories - property development costs	30,228	6,146
Receivables	(18,904)	(13,872)
Payables	19,180	12,088
Net cash from/(used in) operations	<u>104,712</u>	<u>(24,097)</u>
Finance income received	451	333
Finance cost paid	(3,579)	(5,422)
Tax paid (net)	<u>(12,467)</u>	<u>(2,695)</u>
<b>Net cash from/(used in) operating activities</b>	<u><b>89,117</b></u>	<u><b>(31,881)</b></u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment (Note 1)	(3,466)	(4,923)
Other investments	3,671	(2,075)
Proceeds from disposal of property, plant and equipment	74	157
Deposits pledged as security	196	(1,463)
<b>Net cash from/(used in) investing activities</b>	<u><b>475</b></u>	<u><b>(8,304)</b></u>
<b>FINANCING ACTIVITIES</b>		
Advances from/(Repayment to) Directors	1,947	(3,560)
Proceeds from issuance of shares pursuant to private placement	-	22,064
Share issuance expenses	-	(160)
Drawn down of bank borrowings	71,313	84,472
Repayment of bank borrowings	(134,956)	(63,846)
Repayment of finance lease liabilities	(372)	(542)
<b>Net cash (used in)/from financing activities</b>	<u><b>(62,068)</b></u>	<u><b>38,428</b></u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u><b>27,524</b></u>	<u><b>(1,757)</b></u>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<u><b>(193)</b></u>	<u><b>66</b></u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<u><b>7,019</b></u>	<u><b>8,710</b></u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<u><b>34,350</b></u>	<u><b>7,019</b></u>

**TADMAX RESOURCES BERHAD [Reg No. 196801000620 (8184-W)]**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019 - continued**  
(The figures have not been audited)

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

	<b>As at</b>	<b>As at</b>
	<b>31-12-2019</b>	<b>31-12-2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash and cash equivalents at the end of the financial period comprise the following:</b>		
Deposits with licensed financial institutions	8,497	3,643
Cash and bank balances	27,150	4,869
	35,647	8,512
Less: Deposits with licensed banks pledged as security for banking facilities	(1,297)	(1,493)
	<b>34,350</b>	<b>7,019</b>

**NOTE 1 - PURCHASE OF PROPERTY, PLANT AND EQUIPMENT**

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM3,581,000 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 RM3,466,000.

(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 31 December 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 31 December 2019 (31 December 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 12 months ended			
	31/12/2019		31/12/2018		31/12/2019		31/12/2018	
		Profit/(Loss)		Profit/(Loss)		Profit/(Loss)		Profit/(Loss)
Business Activity	Revenue	Before Taxation	Revenue	Before Taxation	Revenue	Before Taxation	Revenue	Before Taxation
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
• Property	81,715	25,388	49,521	5,637	268,379	52,536	166,434	18,259
• Industrial supplies	1,643	9	2,247	(344)	11,001	(40)	5,553	(692)
• Energy	-	(513)	-	(656)	-	(2,338)	-	(2,280)
• Investment holding	-	(713)	-	(993)	-	(5,087)	-	(5,949)
• Others	-	(8,521)	-	(657)	-	(10,137)	-	(2,292)
	<b>83,358</b>	<b>15,650</b>	<b>51,768</b>	<b>2,987</b>	<b>279,380</b>	<b>34,934</b>	<b>171,987</b>	<b>7,046</b>
Finance income	-	189	-	81	-	451	-	333
Finance costs	-	(154)	-	(44)	-	(289)	-	(304)
	<b>83,358</b>	<b>15,685</b>	<b>51,768</b>	<b>3,024</b>	<b>279,380</b>	<b>35,096</b>	<b>171,987</b>	<b>7,075</b>

## 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 31 December 2019 comprise as below:-

	RM'000
Capital expenditure commitments not provided for	
- Authorised and contracted for	8,573
- Authorised and not contracted for	2,419,043
	<u>2,427,616</u>

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

The significant sum of the above authorised and non contracted for capital expenditure is in relation to the Group's power plant project in Pulau Indah, Selangor Darul Ehsan which is expected to commence construction from next financial year over a duration of three financial years.

**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) %
	31/12/2019	31/12/2018		30/09/2019	31/12/2019		31/12/2018		
<b>Revenue</b>									
• Property	81,715	49,521	65%	42,088		94%	268,379	166,434	61%
• Industrial supplies	1,643	2,247	-27%	1,034		59%	11,001	5,553	98%
	<b>83,358</b>	<b>51,768</b>	61%	<b>43,122</b>		93%	<b>279,380</b>	<b>171,987</b>	62%
<b>Profit/(Loss) before tax</b>									
• Property	25,388	5,637	350%	5,415		369%	52,536	18,259	188%
• Industrial supplies	9	(344)	-103%	(109)		-108%	(40)	(692)	-94%
• Energy	(513)	(656)	-22%	(566)		-9%	(2,338)	(2,280)	3%
• Investment holding	(713)	(993)	-28%	(648)		10%	(5,087)	(5,949)	-14%
• Others	(8,521)	(657)	1197%	(524)		1526%	(10,137)	(2,292)	342%
	<b>15,650</b>	<b>2,987</b>	424%	<b>3,568</b>		339%	<b>34,934</b>	<b>7,046</b>	396%
Finance income	189	81	133%	79		139%	451	333	35%
Finance costs	(154)	(44)	250%	(44)		250%	(289)	(304)	-5%
	<b>15,685</b>	<b>3,024</b>	419%	<b>3,603</b>		335%	<b>35,096</b>	<b>7,075</b>	396%

**Review on Performance - Current Quarter compared to Corresponding Quarter**

**a) Overall Review of Group performance**

The Group's revenue grew by approximately 61% to register RM83.4 million vis-à-vis the preceding corresponding quarter, mainly derived from the Property business segment which was in turn directly attributed to the higher percentage completion achieved by its Mizumi Residences condominium project in Taman Metropolitan, Kepong. Mizumi Residences condominium project posted substantially higher revenue contribution at RM62.9 million vis-à-vis RM39.7 million in the preceding corresponding quarter due to higher percentage completion achieved of 8.6% during the quarter under review vis-à-vis the preceding corresponding quarter at 5.2% coupled with higher sales achievement at 94% during the quarter under review vis-a-vis the preceding corresponding quarter at 79% and also savings envisaged of approximately 5% on budgeted property development expenditure. The Residensi Metro Kepong project in Taman Metropolitan, Kepong launched since October 2019 also commenced to contribute revenue during the quarter under review at RM9.8 million, on the back of percentage completion of 6.1% and sales achievement at 54%. As for the Group's Ganggarak Permai project in Labuan FT, the revenue recognition from phases 3 and 4 have commenced since 4th Quarter 2018. In term of revenue, Ganggarak Permai project reported a slightly lower revenue at RM9.0 million in current quarter vis-à-vis RM9.8 million in the preceding corresponding quarter. This was due to the current quarter revenue contributed mainly by phases 3 and 4 while the preceding corresponding quarter where derived from phases 2A, 3 and 4 which contributed RM9.8 million. Phase 2 vacant possession was handed over since May 2019.

The strong performance by Mizumi Residences led to the Group achieving profit before interest and tax for the current quarter at RM15.7 million (after set-off with impairment of Timber concession of RM8.0 million arising from lower revaluation vis-à-vis lower log prices). The current quarter reported a significant increased by 424% vis-à-vis profit before interest and tax of RM3.0 million reported in the preceding corresponding quarter.

**b) Segmental Review**

• **Property**

This Business segment presently comprised three property development projects, Ganggarak Permai in Ganggarak, Labuan FT and Mizumi Residences with Residensi Metropolitan Kepong, both 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 projects	Ganggarak Permai	Mizumi Residences	Residensi Metro Kepong
Net property sales ('000)	RM119,739	RM643,063	RM160,145
Unbilled sales ('000)	RM33,531	RM264,018	RM150,365
Percentage completion (year-to-date)	Phase 2A – 100.0% (December 2018: 88.0%) Phase 3 – 47.45% (December 2018: 14.5%) Phase 4 – 69.05% (December 2018 : 30.4%)	58.94% (December 2018: 28.9%)	6.11% (December 2018: Nil)
Operating profit/(loss) for the quarter ('000)	RM216 [2018: (RM 856)]	RM25,256 [2018: RM6,587]	

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 RM0.2 million for the quarter under review (vis-à-vis operating loss of RM0.9 million in the preceding corresponding quarter). Phase 3 and phase 4 of the project are expected to hand over vacant possession in the 4<sup>th</sup> quarter and 2<sup>nd</sup> quarter of next financial year respectively.

Mizumi Residences continued with its strong performance with its steady development progress and was the main contributor to the Group's earnings. To-date, total bookings registered at 1,485 units which represents 98.2% of the total available units. In relation to the physical progress of the project up to end December 2019, the structural frameworks for the condominiums have reached level 41 (top floor) for blocks D and E and level 35 for block F out of 41 storeys. Higher percentage completion of 8.6% was achieved during the quarter under review vis-à-vis the preceding corresponding quarter at 5.2% coupled with higher sales achievement at 94% during the quarter under review vis-a-vis the preceding corresponding quarter at 79%. This project is expected to hand over vacant possession sometime towards the end of next financial year.

Residensi Metro Kepong is the affordable homes project under the auspices of the Ministry of Federal Territory, where profit margin is expected to be minimal from this development. To-date, the registration was overwhelming with total booking of 1,315 units (or equivalent to 86.5% out of total available 1,520 units), attained just within a short span of four months. The development of this project is presently undertaking pilecap works following the completion of piling works. The project has achieved percentage of completion at 6.1% and sales at 53.9% during the quarter under review.

Based on the foregoing favourable progress, Mizumi Residences and Residensi Metro Kepong projects recorded significant operating profit of RM25.3 million during the quarter under review (vis-à-vis operating profit of RM6.6 million reported in the preceding corresponding quarter).

- **Energy**

Further to the letter received from the Energy Commission (“EC”) on 11 September 2019 to proceed with the power plant project as reported in preceding quarter, the Group has on 3 January 2020 received a Letter of Notification from the Ministry of Energy, Science, Technology, Environment and Climate Change (“MESTECC”) to proceed with the development of Combined-Cycle Gas Turbine Power Plant (“CCGT”) with the capacity of up to 1,200MW at Pulau Indah, Selangor Darul Ehsan. The construction period will be approximately 3 years and the scheduled commercial of the CCGT is envisaged on 1 January 2024.

On the financial aspect of this Energy Business segment, total operating loss for the current reporting quarter amounted to RM0.51 million (Year to date : RM2.3 million) whilst the sum capitalised as the Power Plant's property, plant and equipment amounted to RM0.6 million and total to-date since inception is RM15.07 million.

### **Review on Performance - Current Quarter compared to Preceding Quarter**

The Group’s revenue for the current quarter registered at RM83.4 million, 93% higher than preceding quarter mainly due to the higher revenue posted by Mizumi Residences and augmented by the commencement of revenue recognition from its newly launched in October 2019, Residensi Metro Kepong, both contributing RM72.7 million whilst Ganggarak Permai Project contributed RM9.0 million (vis-a-vis RM35.1 million and RM7.0 million respectively in the preceding quarter). The higher revenue due primarily to the higher percentage completion achieved and savings envisaged by approximately 5% on budgeted property development expenditures for Mizumi Residences. Industrial Business segment also reported a higher turnover by RM0.6 mil at RM1.6 million. Supported by the foregoing favourable progress, the Group’s profit before interest and tax was substantially higher at RM15.7 million (vis-a-vis RM3.6 million in the preceding quarter).

## **16. Prospects**

With Malaysia posting a relatively low growth rate at 3.6% in the fourth quarter 2019 and coupled with the outbreak of coronavirus, the outlook for Malaysia for the financial year 2020 will be challenging. The government of Malaysia has announced its intention to unveil a stimulus package to boost the economy but immediate and significant positive impact is not envisaged.

Against this backdrop, the Group's property development business segment will move forward cautiously but relying on the existing launched projects, namely, Mizumi Residences and Residensi Metro Kepong, both in Taman Metropolitan, Kepong, WP Kuala Lumpur and Ganggarak Permai in Labuan FT, they will provide good earning visibility and the Group is expected to register an improved financial performance in the coming financial year 2020 vis-à-vis the financial year under review. Mizumi Residences, which present sale achievement at 94% will continue be the main profit contributor where the Group expects to achieve 100% completion sometime end of 2020 to early 2021 from the present percentage of completion of 58.94% as at 31 December 2019.

The Group's affordable housing, Residensi Metro Kepong, located in Taman Metropolitan, Kepong will contribute revenue to the Group for at least the next two financial years but profits will not be significant. As for Ganggarak Permai, the completion and handover is targeted in the coming financial year 2020 and the Group is expected to register some profits. As for remaining vacant land at Labuan FT of approximately 6.3 acres, which are of commercial status, the Group may opt to hold for awhile, to find a suitable and viable development that meet the market needs, as the economic condition in Labuan FT is still challenging, after the downturn impact of oil and gas sector since 2015. This allows the Group to consolidate and focus its resources in the Klang Valley.

As mentioned above, business conditions will be challenging and the Group endeavours to partly address this by undertaking the development of mid-range and affordable homes within the Klang Valley and the Board believes this will remain the favourite in the medium-term, driven by fundamental market dynamics. Among others, the Group will ensure the quality of its products and timely delivery of its commitments. To achieve this, the Group is actively and meticulously seeking for land bank to sustain the growth of the Group in the long-term. The recent reduction in the overnight policy rate by 25-basis-point by Bank Negara Malaysia will to a certain extent spur property with the increased homebuyers' purchasing power.

The Group's Energy business segment has achieved yet another important milestone with the receipt of the Letter of Notification from the Ministry of Energy, Science, Technology, Environment and Climate Change ("MESTECC") to proceed with the development of Combined-Cycle Gas Turbine Power Plant in Pulau Indah, Selangor ("the Project"), following by the Group's (along with Worldwide Holdings Berhad and Korea Electric Power Corporation) acceptance of the said letter with deposited Banker's Cheques totaling RM30 million as Performance Bond on 15 January 2020. The next financial year 2020 is expected to witness the execution of various project documents in relation to the Project and formalisation of the partnership with Worldwide Holdings Berhad and Korea Electric Power Corporation. However, this project will not contribute to the near-term profitability of the Group as it takes approximately four years before commercial operation commences. The Group is also currently moving forward to undertake financial close and thereafter to proceed the construction of the Power Plant which expected to be 1<sup>st</sup> Quarter of year 2021.

## **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)	
	31/12/2019 RM'000	31/12/2018 RM'000	31/12/2019 RM'000	31/12/2018 RM'000
Current tax:				
Malaysian income tax	10,947	589	20,805	4,491
(Over)/Under provision of Malaysian income tax in prior years	(3,015)	215	(3,015)	415
	7,932	804	17,790	4,906
Deferred tax	(3,390)	(976)	(6,943)	(3,039)
Total taxation	4,542	(172)	10,847	1,867

Included in the income tax figure for the quarter ended 31 December 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 1<sup>st</sup> 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.

On 3 January 2020, the Group has received a Letter of Notification from MESTECC to proceed with the Project.

On 15 January 2020, the Group together with Worldwide Holdings Berhad and Korea Electric Power Corporation have submitted to MESTECC its acceptance of the Letter of Notification in relation to the Project with deposited Banker's Cheque totalling RM30 million as Performance Bond. This will be followed by the Worldwide Holdings Berhad and Korea Electric Power Corporation formalising its participation pursuant to the signed HOA (as defined below under 19(B)) and the parties moving forward to undertake financial close envisaged in 4<sup>th</sup> quarter 2020 whilst construction is earmarked from the 1<sup>st</sup> 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 EC and the MESTECC 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 31 December 2019 is set out below :-

		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 31 December 2019	Balance (RM'000)	Timeframe for utilisation
	<u>Purpose</u>						
1)	Power plant project costs	9,500	900	10,400	10,400	-	Within 18 months (Previously 9 months)
2)	Property development costs	6,800	(900)	5,900	5,900	-	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	22,064	-	

Based on the above, the gross proceeds received in June/July 2018 arising from the private placement have been fully utilised during the quarter under review.

## 20. Group Borrowings and Debts Securities

Group borrowings are as follows:-	<b>As at 31/12/2019 RM'000</b>	<b>As at 31/12/2018 RM'000</b>
(a) Current borrowings – secured		
Term loans	732	11,286
Bridging Loan	-	8,163
Finance lease payable	123	337
	<u>855</u>	<u>19,786</u>
(b) Non-current borrowings – secured		
Term loans	7,295	1,476
Bridging Loan	14,988	65,735
Finance lease payable	170	213
	<u>22,453</u>	<u>67,424</u>

All the Group borrowings are denominated in Malaysian currency and are secured. Both, term loans and bridging loan increased by RM14.5 million or 171% as compared to the preceding quarter due to term loans drawdown for the purposes of refinancing loan and drawdown of bridging loan to finance the Residensi Metro Kepong project. During the quarter, the repayment amounts of bank borrowings totalled RM8.6 million and total sum drawdown was RM23.1 million. The above loans bear interest rate ranged from 4.9% to 9.4% 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 31 December 2019 are as follow:-

	Total RM'000	
Trade receivables	34,210	
Less : Allowance for Expected Credit Loss	(63)	
	<u>34,147</u>	
	RM'000	%
Neither past due nor impaired	24,953	73.1%
Past due 31 to 60 days not impaired	5,763	16.9%
Past due 61 to 90 days not impaired	908	2.7%
Past due > 91 days not impaired	2,517	7.4%
Past due > 91 days impaired	6	0.0%
	<u>34,147</u>	100%



Trade receivables have increased significantly vis-à-vis the sum of RM23.63 million as at 31 December 2018 mainly arising from the higher progress billing issued to end-purchasers towards the end of the quarter under review amounting to RM15.6 million. 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 4.6% of the trade receivables were due from a major customer 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 31 December 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 31 December 2019.

## **23. Material Litigation**

There was no other material litigation pending as at 20 February 2020 (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 31 December 2019 (31 December 2018: RM Nil).

## **25. Earnings Per Share**

### a) Basic Earnings Per Share

	<b>Current Quarter 31/12/2019</b>	<b>Cumulative Quarter 31/12/2019</b>
Earnings for the financial period attributable to equity holders of the Company (RM'000)	<u>11,784</u>	<u>25,016</u>
Weighted average number of ordinary shares in issue ('000)	<u>783,287</u>	<u>783,287</u>
Basic earnings per share (sen)	<u>1.50</u>	<u>3.19</u>

**26. Additional Disclosures for Profit for the Period**

	<b>Current Quarter 31/12/2019 RM'000</b>	<b>Cumulative Quarter 31/12/2019 RM'000</b>
<i>Profit for the period is arrived at after crediting:-</i>		
Finance Income - Interest income from cash and cash equivalents	189	451
Rental income	7	23
Gain on disposal of property, plant and equipment	6	6
Allowance for expected credit losses no longer required	19	93
<i>and after charging:-</i>		
Finance Cost - Interest expense on borrowings	154	289
Rental of property	46	249
Rental of equipment	18	28
Loss on disposal of property, plant and equipment	(2)	8
Allowance for expected credit losses in contract assets/receivables	(98)	18
Depreciation of property, plant and equipment	671	2,737
Amortisation of prepaid land lease payments	23	93
Amortisation of prepaid land lease payments with cultivation rights	493	1,971
Impairment of timber concession	8,000	8,000
Property, plant and equipment written off	4	4
Impairment loss on property, plant and equipment	76	76

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 31 December 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 27 February 2020.

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