

TADMAX RESOURCES BERHAD [Reg No. 196801000620 (8184-W)]
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2020
(The figures have not been audited)

	1st Quarter		Cumulative to Date	
	3 months ended		3 months ended	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Revenue	106,760	82,277	106,760	82,277
Cost of sales	<u>(81,638)</u>	<u>(65,688)</u>	<u>(81,638)</u>	<u>(65,688)</u>
Gross profit	25,122	16,589	25,122	16,589
Other operating income	122	145	122	145
Operating expenses	<u>(5,275)</u>	<u>(9,044)</u>	<u>(5,275)</u>	<u>(9,044)</u>
Operating profit	19,969	7,690	19,969	7,690
Finance income	153	61	153	61
Finance costs	<u>(192)</u>	<u>(44)</u>	<u>(192)</u>	<u>(44)</u>
Profit before taxation	19,930	7,707	19,930	7,707
Taxation	<u>(5,072)</u>	<u>(2,969)</u>	<u>(5,072)</u>	<u>(2,969)</u>
Net profit from continuing operations	14,858	4,738	14,858	4,738
Net loss from discontinued operation	-	-	-	-
Net profit for the financial period	14,858	4,738	14,858	4,738
Other comprehensive income/(loss), net of tax				
Items that will be reclassified subsequently to profit or loss, net of tax				
- Foreign currency translation	848	4	848	4
Total comprehensive profit for the period	15,706	4,742	15,706	4,742
Net profit attributable to :				
Owners of the Company	14,897	4,780	14,897	4,780
Non-controlling interests	<u>(39)</u>	<u>(42)</u>	<u>(39)</u>	<u>(42)</u>
	<u>14,858</u>	<u>4,738</u>	<u>14,858</u>	<u>4,738</u>
Total comprehensive profit attributable to:				
Owners of the Company	15,745	4,784	15,745	4,784
Non-controlling interests	<u>(39)</u>	<u>(42)</u>	<u>(39)</u>	<u>(42)</u>
	<u>15,706</u>	<u>4,742</u>	<u>15,706</u>	<u>4,742</u>
Basic profit per ordinary share (sen)				
- from continuing operations	1.90	0.61	1.90	0.61
- from discontinuing operations	-	-	-	-
	<u>1.90</u>	<u>0.61</u>	<u>1.90</u>	<u>0.61</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 MARCH 2020

	(UNAUDITED)	(AUDITED)
	As At End Of Current Quarter 31/3/2020 RM'000	As At Preceding Financial Year End 31/12/2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	179,407	178,532
Other investments	50	50
Timber concession rights	210,000	210,000
Inventories - property development costs	7,684	7,560
Deferred tax assets	247	278
Other receivables	4,503	4,479
	401,891	400,899
Current assets		
Inventories	346	346
Inventories - property development costs	50,675	66,750
Trade receivables	34,824	34,148
Contract assets	72,081	51,673
Other receivables, deposits and prepayments	38,330	34,769
Other investments	2	2
Tax recoverable	19	17
Deposits with licensed financial institutions	5,998	8,497
Cash and bank balances	28,856	27,150
	231,131	223,352
TOTAL ASSETS	633,022	624,251
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	337,510	337,510
Share option reserve	469	469
Treasury shares	(155)	(155)
Reserves:		
- Translation reserve	2,131	1,283
- Revaluation reserve	56,611	56,611
Retained earnings	15,218	321
Shareholders' funds	411,784	396,039
Non-controlling interests	26,709	26,748
TOTAL EQUITY	438,493	422,787

TADMAX RESOURCES BERHAD [Reg No. 196801000620 (8184-W)]
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020 - continued

	(UNAUDITED)	(AUDITED)
	As At End Of Current Quarter 31/3/2020 RM'000	As At Preceding Financial Year End 31/12/2019 RM'000
Non-current liabilities		
Deferred tax liabilities	87,452	89,405
Lease liabilities	264	170
Bank borrowings	8,218	22,283
	95,934	111,858
Current liabilities		
Trade payables	53,788	56,597
Other payables, deposits and accruals	34,301	21,960
Amount due to directors	343	2,621
Lease liabilities	267	123
Bank borrowings	733	733
Tax payable	9,163	7,572
	98,595	89,606
TOTAL LIABILITIES	194,529	201,464
TOTAL EQUITY AND LIABILITIES	633,022	624,251
	-	
Net assets per share attributable to ordinary equity holders of the Company (sen)	52.6	50.6

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 2019 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 MARCH 2020

(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			
<u>3 months ended 31 March 2020</u>								
As at 1 January 2020	337,510	(155)	469	57,894	321	396,039	26,748	422,787
Total comprehensive profit/(loss) for the period	-	-	-	-	14,897	14,897	(39)	14,858
Exchange differences on translation of foreign entities	-	-	-	848	-	848	-	848
As at 31 March 2020	337,510	(155)	469	58,742	15,218	411,784	26,709	438,493
<u>3 months ended 31 March 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	-	-	-	-	4,780	4,780	(42)	4,738
Exchange differences on translation of foreign entities	-	-	-	4	-	4	-	4
As at 31 March 2019	337,510	(155)	410	58,083	(19,914)	375,934	27,470	403,404

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 MARCH 2020
(The figures have not been audited)

	CUMULATIVE QUARTER	
	Current Quarter	Preceding Year Corresponding Quarter
	31/03/2020	31/03/2019
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before taxation	19,930	7,707
<u>Adjustments for:-</u>		
Depreciation	1,168	1,214
Unrealised loss on foreign exchange	-	(2)
Allowance for expected credit losses on contract assets/receivables	-	87
Allowance for expected credit losses on receivables no longer required	-	(6)
Bad debt written off	-	3
Finance Cost	192	44
Finance Income	(153)	(61)
Operating profit before working capital changes	21,137	8,987
<u>Changes in working capital:</u>		
Inventories	-	500
Contract assets/(liabilities)	(20,406)	(23,975)
Inventories - property development costs	16,068	6,211
Receivables	(4,238)	182
Payables	9,532	15,655
Net cash from operations	22,093	7,560
Finance income received	129	61
Finance cost paid	(309)	(1,640)
Tax paid (net)	(5,436)	(1,250)
Net cash from operating activities	16,477	4,731
INVESTING ACTIVITIES		
Purchase of property, plant and equipment (Note 1)	(1,713)	(1,188)
Other investments	-	3,476
Proceeds from disposal of property, plant and equipment	-	3
Deposits pledged as security	-	245
Net cash (used in)/from investing activities	(1,713)	2,536
FINANCING ACTIVITIES		
(Repayment to)/Advances from Directors	(2,278)	4,974
Drawn down of bank borrowings	-	35,470
Repayment of bank borrowings	(14,065)	(37,534)
Repayment of finance lease liabilities	(91)	(90)
Net cash (used in)/from financing activities	(16,434)	2,820
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,670)	10,087
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	877	7
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	34,350	7,019
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	33,557	17,113

TADMAX RESOURCES BERHAD [Reg No. 196801000620 (8184-W)]
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020 - 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
	31/03/2020	31/03/2019
	RM'000	RM'000
Cash and cash equivalents at the end of the financial period comprise the following:		
Deposits with licensed financial institutions	5,998	4,748
Cash and bank balances	28,856	13,613
	<hr/>	<hr/>
	34,854	18,361
Less: Deposits with licensed banks pledged as security for banking facilities	(1,297)	(1,248)
	<hr/>	<hr/>
	33,557	17,113
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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 RM2,044,000 of which RM331,000 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 RM1,713,000.

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.)

**Notes to the Condensed Consolidated Interim Financial Statements
For the quarter ended 31 March 2020**

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 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 2019.

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 2019, 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 2020.

The adoption of the amendments/improvements to MFRSs and new IC Int. 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 2019 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 March 2020 (31 March 2019: 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:

Business Activity	Current Quarter 3 months ended				Cumulative Quarter 3 months ended			
	31/3/2020		31/3/2019		31/3/2020		31/3/2019	
	Profit/(Loss) Before		Profit/(Loss) Before		Profit/(Loss) Before		Profit/(Loss) Before	
	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	106,547	22,352	76,505	11,474	106,547	22,352	76,505	11,474
• Industrial supplies	213	(128)	5,772	71	213	(128)	5,772	71
• Energy	-	(604)	-	(670)	-	(604)	-	(670)
• Investment holding	-	(1,121)	-	(2,638)	-	(1,121)	-	(2,638)
• Others	-	(530)	-	(547)	-	(530)	-	(547)
	106,760	19,969	82,277	7,690	106,760	19,969	82,277	7,690
Finance income	-	153	-	61	-	153	-	61
Finance costs	-	(192)	-	(44)	-	(192)	-	(44)
	106,760	19,930	82,277	7,707	106,760	19,930	82,277	7,707

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 2019.

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 2019 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 March 2020 comprise as below:-

	RM'000
Capital expenditure commitments not provided for	
- Authorised and contracted for	8,473
- Authorised and not contracted for	2,418,289
	2,426,762

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

The significant sum of the above authorised and not 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 the first quarter of 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) %
	31/3/2020	31/3/2019				31/3/2020	31/3/2019	
Revenue								
• Property	106,547	76,505	39%	81,715	30%	106,547	76,505	39%
• Industrial supplies	213	5,772	-96%	1,643	-87%	213	5,772	-96%
	106,760	82,277	30%	83,358	28%	106,760	82,277	30%
Profit/(Loss) before tax								
• Property	22,352	11,474	95%	25,388	-12%	22,352	11,474	95%
• Industrial supplies	(128)	71	-280%	9	-1522%	(128)	71	-280%
• Energy	(604)	(670)	-10%	(513)	18%	(604)	(670)	-10%
• Investment holding	(1,121)	(2,638)	-58%	(713)	57%	(1,121)	(2,638)	-58%
• Others	(530)	(547)	-3%	(8,521)	-94%	(530)	(547)	-3%
	19,969	7,690	160%	15,650	28%	19,969	7,690	160%
Finance income	153	61	151%	189	-19%	153	61	151%
Finance costs	(192)	(44)	336%	(154)	25%	(192)	(44)	336%
	19,930	7,707	159%	15,685	27%	19,930	7,707	159%

Review on Performance - Current Quarter compared to Corresponding Quarter

a) Overall Review of Group performance

The Group's revenue grew by approximately 30% to register RM106.8 million vis-à-vis the preceding year 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 RM92.1 million vis-à-vis RM69.0 million in the preceding year corresponding quarter due to higher percentage completion achieved of 13.1% during the quarter under review vis-à-vis the preceding year corresponding quarter at 10.9% coupled with sales achievement of 95.7% (2019: 83.2%) during quarter under review. The Residensi Metro Kepong project in Taman Metropolitan, Kepong launched since October 2019 also contribute revenue at RM5.3 million in current quarter. As for the Group's Ganggarak Permai project in Labuan FT, the revenue recognition from phases 3 and 4 which have commenced since 4th Quarter 2018, reported a slightly higher revenue at RM9.2 million in current quarter vis-à-vis RM7.5 million in the preceding year corresponding quarter.

The strong performance by Mizumi Residences led to the Group achieving profit before interest and tax for the current quarter at RM20.0 million. The current quarter reported a significant increase by 160% vis-à-vis profit before interest and tax of RM7.7 million reported in the preceding year 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)	RM122,394	RM654,256	RM219,052
Unbilled sales ('000)	RM27,020	RM183,093	RM204,013
Percentage completion (year-to-date)	Phase 2A – 100.0% (March 2019: 91.6%)	72.0% (March 2019: 39.7%)	6.9% (March 2019: Nil)
	Phase 3 – 59.3% (March 2019: 20.3%)		
	Phase 4 – 76.4% (March 2019 : 44.1%)		
Operating profit/(loss) for the quarter ('000)	RM479 2019: (RM161)	RM21,951 2019: RM11,807	

Phases 3 and 4 of Ganggarak Permai (consists of 195 units double-storey terrace houses and 22 units shoplots) are expected to contribute positively to the profitability of this Business segment progressively albeit at a lower profit margin during the financial year under review. Ganggarak Permai recorded a profit of RM0.5 million for the quarter under review (vis-à-vis operating loss of RM0.2 million in the preceding corresponding quarter). Phases 3 and 4 of the project was earlier expected to be handed over vacant possession in the 2nd half of the financial year under review. But with the outbreak of the Coronavirus disease (“COVID-19”) leading to the Government of Malaysia implemented movement control order, the expected hand over at this point in time is expected to be delay by approximately three months. The Group will be making the required application(s) to the relevant governmental or regulatory authority(ies) to seek an extension of time due to the movement control order in order to deliver vacant possession within the allowed delivery period to end-purchasers.

Mizumi Residences continued with its strong performance with its steady development progress and was the main contributor to the Group’s earnings. To-date, the sold and booked total 1,491 units which represents 98.6% of the total available units. In relation to the physical progress of the project up to end February 2020, the structural frameworks for the condominiums have reached level 41 (top floor) for blocks D, E and F. Higher percentage completion of 13.1% was achieved during the quarter under review vis-à-vis the preceding year corresponding quarter at 10.9% coupled with higher sales achievement at 95.7% during the quarter under review vis-a-vis the preceding year corresponding quarter at 83.2%. Taking into account COVID-19, this project is now expected to be handed over vacant possession towards the end of the 1st quarter of the next financial year, well within the delivery period to end-purchasers.

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 1,376 units (or equivalent to 90.5% out of total available 1,520 units). The development of this project has completed of the piling and pilecap works and will followed by the construction of the main building works. The project has achieved percentage of completion at 6.9% and sales at 73.7% during the quarter under review.

Based on the foregoing favourable progress, Mizumi Residences and Residensi Metro Kepong projects recorded significant operating profit of RM22.0 million during the quarter under review (vis-à-vis operating profit of RM11.8 million reported in the preceding year corresponding quarter).

- **Energy**

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 under the special purpose vehicle named Pulau Indah Power Plant Sdn Bhd (formerly known as Tadmax Indah Power Sdn Bhd). The construction period will be approximately 3 years and the scheduled commercial date of the CCGT is envisaged on 1 January 2024. On 13 March 2020, Pulau Indah Power Plant Sdn Bhd has executed a Engineering, Procurement, Construction and Commissioning (“EPCC”) contract with consortium of Posco Engineering & Construction Co. Ltd, Mitsubishi Corporation and Powercon Sdn Bhd.

On the financial aspect of this Energy Business segment, total operating loss for the current reporting quarter amounted to RM0.6 million (2019: Operating loss of RM0.6 million) whilst the sum capitalised as the Power Plant's property, plant and equipment amounted to RM1.3 million and total to-date since inception is RM16.5 million.

Review on Performance - Current Quarter compared to Preceding Quarter

The Group's revenue for the current quarter registered at RM106.8 million, 28% higher than preceding quarter mainly due to the higher revenue posted by Mizumi Residences at RM92.1 million (vis-a-vis RM62.9 million in the preceding quarter) supported by a higher percentage completion achieved, after mitigated with the lower revenue reported under Industrial Business segment at RM0.2 million (vis-a-vis RM1.6 million in the preceding quarter). The Group's profit before interest and tax was substantially higher at RM20.0 million (vis-a-vis RM15.7 million in the preceding quarter) or a growth of 27% which is closely in line with revenue growth.

16. Prospects

With Malaysia posting a relatively low growth rate at 3.6% in the fourth quarter 2019 and coupled with the outbreak of COVID-19 and the implementation of the nationwide movement control order since 18 March 2020 to control the spread of COVID-19, the outlook for Malaysia for the current financial year will be more challenging on the back of a crippled world economy. The government of Malaysia has unveiled stimulus packages to boost the economy augmented by the thrice reduction in the overnight policy rate from 3.0% to 2.75% in January 2020 followed by to 2.5% in March 2020 and recently in May 2020 to 2.0%, 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, 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 current financial year. Mizumi Residences, which present sale achievement at 95.7% (based on stamped sale and purchase agreements) will continue be the main profit contributor where the Group expects to achieve 100% completion sometime in the end of first quarter of the next financial year from the percentage of completion of 59% as at end of the preceding financial year.

The Group's affordable housing project, Residensi Metro Kepong will contribute revenue to the Group for at least the next two financial years although profits will not be significant. As for Ganggarak Permai, barring any unforeseen circumstances, the completion and handover is targeted in the current financial year to early next financial year and the Group is expected to register some profits. As for the remaining vacant land at Labuan FT of approximately 6.3 acres, which is of commercial status, the Group may likely opt to put on hold in the meantime, until the Group is able to find a suitable and viable development that meets the market needs, as the economic condition in Labuan FT is still challenging, since the downturn impact of oil and gas sector in year 2015. This allows the Group to consolidate and focus its resources in its property development projects 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, timely delivery of its commitments and well-thought-out pricing and products. 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 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 to proceed with the Project, following by the Group's (along with Worldwide Holdings Berhad ("WORLDWIDE") and Korea Electric Power Corporation ("KEPCO") acceptance of the said letter with deposited Banker's Cheques totaling RM30 million as Performance Bond on 15 January 2020. The current financial year is expected to witness the execution of various project documents in relation to the Project and the partnership with WORLDWIDE and KEPCO contributing towards achieving financial close to realise PIPP's primary objectives of building, constructing, developing, commissioning, operating, and commercialising the Project, efficiently and on a commercial basis. However, this Project will not contribute to the near-term profitability of the Group as it takes approximately three and a half 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 first quarter of financial year 2021. However, with the Proposed Interest of WORLDWIDE on the Company's remaining equity interests in PIPP, this may lead to the Group's complete divestment of its interest in the Energy business segment but will however enable the Group to focus on its core activity of Property Development & Construction.

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 (3 months ended)	
	31/3/2020 RM'000	31/3/2019 RM'000	31/3/2020 RM'000	31/3/2019 RM'000
Current tax:				
Malaysian income tax	7,024	4,457	7,024	4,457
(Over)/Under provision of Malaysian income tax in prior years	-	-	-	-
	<u>7,024</u>	<u>4,457</u>	<u>7,024</u>	<u>4,457</u>
Deferred tax	(1,952)	(1,488)	(1,952)	(1,488)
Total taxation	<u>5,072</u>	<u>2,969</u>	<u>5,072</u>	<u>2,969</u>

Included in the income tax figure for the quarter ended 31 March 2020 are the net adjustment for deferred tax charges in respect of depreciation of property, plant and equipment, fair value adjustment to inventories - property development costs 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.

On 3 January 2020, the Group has received a Letter of Notification from Ministry of Energy, Science, Technology, Environment and Climate Change (“MESTECC”) to proceed with the Project.

On 15 January 2020, the Group together with Worldwide Holdings Berhad (“WORDLWIDE”) and Korea Electric Power Corporation (“KEPCO”) 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.

On 13 March 2020, the Group’s project company, Pulau Indah Power Plant Sdn Bhd (“PIPP”) (formerly known as Tadmax Indah Power Sdn Bhd) has executed an Engineering, Procurement, Construction and Commissioning Contract in relation to the Project with the consortium of Posco Engineering & Construction Co Ltd, Mitsubishi Corporation and PEC Powercon Sdn Bhd.

On 13 March 2020, the Company entered into a share sale agreement for the disposal of 17,500,000 ordinary shares representing 35% of the issued share capital of PIPP to WORLDWIDE (“SSA with WHB”) for a total cash consideration of RM58,450,000, which in line with the HOA (as defined below under 19(B)) and the Letter of Notification from MESTECC.

On 16 March 2020, the Group received a letter from WORLDWIDE wherein WORLDWIDE expressed its interest to acquire an additional 40% equity interest in PIPP. The Group had on 26 March 2020 notified that the Group has no objection towards WORLDWIDE’s proposal and the parties agreed to move forward to liaise with all relevant government and/or regulatory bodies in procuring for all the necessary approvals or consents. The parties further agreed that the terms and conditions of the proposal are subject to further negotiations after securing all the necessary approvals or consents from the relevant governmental and/or regulatory bodies.

On 20 April 2020, the Company has entered into a share sale agreement to dispose of 25% equity interests in PIPP to KEPCO for a total cash consideration of RM41,750,000. The proposed disposal is in line with the HOA and the Letter of Notification from MESTECC.

On 22 April 2020, the Company entered into a Supplemental Agreement to vary the SSA with WHB with the insertion of an additional condition precedent in seeking the Company’s shareholders approval for the SSA with WHB in compliance to the Listing Requirements of Bursa Malaysia Securities Berhad.

The parties are now moving forward to undertake financial close envisaged in fourth quarter 2020 whilst construction is earmarked from the first 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, a Selangor state-linked company and 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.

With the execution of the SSA with WHB and the Share Sale Agreement with KEPCO, the purpose of the HOA is duly consummated.

20. Group Borrowings and Debts Securities

Group borrowings are as follows:-

	As at 31/3/2020 RM'000	As at 31/3/2019 RM'000
(a) Current borrowings – secured		
Term loans	733	6,286
Bridging Loan	-	6,564
Lease liabilities	267	267
Trade loan payable	-	798
	<u>1,000</u>	<u>13,915</u>
(b) Non-current borrowings – secured		
Term loans	8,218	1,405
Bridging Loan	-	69,543
Lease liabilities	264	193
	<u>8,482</u>	<u>71,141</u>

All the Group borrowings are denominated in Malaysian currency and are secured. Both, term loans and bridging loan reduced significantly by RM74.8 million as compared to the preceding year corresponding quarter due to full settlement of bank borrowing for the Group’s Mizumi Residences property development project in Taman Metropolitan Kepong. During the quarter under review saw further settlement of bank borrowing of RM14.1 million without any drawdown of bank borrowing. The above loans bear interest rate ranged from 3.9% to 8.4% per annum.

However, bank borrowings are expected to increase in the following quarter with the progress of development of the Group’s Residensi Metro Kepong project which will move into the construction of the main building works. Further, 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 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 3rd quarter of the current financial year.

On 21 May 2020, the Company has subscribed for 233,334 ordinary shares in Bendera Juara Sdn Bhd who in turn has inked to acquire a piece of leasehold land, measuring 23,170 sq meter (approximately 5.73 acres) located at Alam Damai, Cheras, Kuala Lumpur for a total purchase consideration of RM64,844,000. The purchase of the aforesaid land will be partly funded by a banking facility of RM51,875,200. This banking facility is expected to be drawn down in the 3rd quarter of the current financial year.

21. Trade Receivables

The Trade Receivables and corresponding ageing of the Group as at 31 March 2020 are as follow:-

	Total	
	RM'000	
Trade receivables	34,887	
Less : Allowance for Expected Credit Losses	(63)	
	<u>34,824</u>	
	RM'000	%
Neither past due nor impaired	24,107	69.2%
Past due 31 to 60 days not impaired	3,956	11.4%
Past due 61 to 90 days not impaired	3,533	10.1%
Past due > 91 days not impaired	3,228	9.3%
Past due > 91 days impaired	-	0.0%
	<u>34,824</u>	<u>100%</u>

Trade receivables have slight increase vis-à-vis the sum of RM34.15 million as at 31 December 2019 mainly arising from the higher progress billing issued to end-purchasers towards the end of the quarter under review amounting to RM17.2 million vis-à-vis RM15.6 million as at 31 December 2019. Included in the trade receivables is retention sum of RM6.8 million (31 December 2019: RM8.1 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 2.9% of the trade receivables were due from a major customer of the Group.

The trade receivables (except for the retention sums and house buyers) are non-interest bearing and are generally ranged from 30 to 60 days term. However, to house buyers, the normal credit terms is 30 (2019: 30) calendar days and interest is charged on overdue accounts at 10% (2019: 10%) per annum. The Group undertakes regular review of the recoverability of trade receivables and the allowance for expected credit losses are sufficient at the end of the reporting quarter under review.

22. Financial Instruments

(a) Derivatives

There were no outstanding derivatives as at 31 March 2020.

(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 March 2020.

23. Material Litigation

There was no other material litigation pending as at 29 May 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 March 2020 (31 March 2019: RM Nil).

25. Earnings Per Share

a) Basic Earnings Per Share

	Current Quarter 31/3/2020	Cumulative Quarter 31/3/2020
Earnings for the financial period attributable to equity holders of the Company (RM'000)	<u>14,897</u>	<u>14,897</u>
Weighted average number of ordinary shares in issue ('000)	<u>783,287</u>	<u>783,287</u>
Basic earnings per share (sen)	<u>1.90</u>	<u>1.90</u>

26. Additional Disclosures for Profit for the Period

	Current Quarter 31/3/2020 RM'000	Cumulative Quarter 31/3/2020 RM'000
<i>Profit for the period is arrived at after crediting:-</i>		
Finance Income	153	153
Rental income	<u>57</u>	<u>57</u>
<i>and after charging:-</i>		
Finance Cost	192	192
Rental of property	47	47
Rental of equipment	3	3
Depreciation of property, plant and equipment	<u>1,168</u>	<u>1,168</u>

Other than the above, there was no provision for and write-off of receivables, provision for and write-off of inventories, gain or loss on disposal of quoted or unquoted investments or properties, gain or loss on derivatives, and exceptional items included in the results for the current quarter and financial period ended 31 March 2020.

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 2 June 2020.

END