TADMAX RESOURCES BERHAD [Reg No. 196801000620 (8184-W)]
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2020

(The figures have not been audited)

	2nd Quarter 3 months ended		Cumulative to Date 6 months ended	
	30-06-2020 RM'000	31/6/2019 RM'000	30-06-2020 RM'000	31/6/2019 RM'000
Continuing Operations				
Revenue	28,346	70,623	135,106	152,900
Cost of sales	(21,680)	(57,117)	(103,318)	(122,805)
Gross profit	6,666	13,506	31,788	30,095
Other operating income	309	99	431	244
Operating expenses	(4,279)	(5,579)	(9,554)	(14,623)
Operating profit	2,696	8,026	22,665	15,716
Finance income	119	122	272	183
Finance costs	(161)	(47)	(353)	(91)
Profit before taxation	2,654	8,101	22,584	15,808
Taxation	(889)	(2,005)	(5,961)	(4,974)
Net profit for the financial period	**1,765**	**6,096**	**16,623**	**10,834**
Other comprehensive income/(loss), net of tax				
Items that will be reclassified subsequently to profit or loss, net of tax				
- Foreign currency translation	(960)	(117)	(112)	(113)
Total comprehensive profit for the period	**805**	**5,979**	**16,511**	**10,721**
Net profit attributable to :				
Owners of the Company	1,805	6,139	16,702	10,919
Non-controlling interests	(40)	(43)	(79)	(85)
	1,765	6,096	16,623	10,834
Total comprehensive profit attributable to:				
Owners of the Company	845	6,022	16,590	10,806
Non-controlling interests	(40)	(43)	(79)	(85)
	805	5,979	16,511	10,721
Basic profit per ordinary share (sen)				
- from continuing operations	0.23	0.78	2.13	1.39
- from discontinuing operations	-	-	-	-
	0.23	0.78	2.13	1.39

(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 30 JUNE 2020

	(UNAUDITED) As At End Of Current Quarter 30/6/2020 RM'000	(AUDITED) As At Preceding Financial Year End 31/12/2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	181,636	178,532
Other investments	50	50
Timber concession rights	210,000	210,000
Inventories - property development costs	7,693	7,560
Deferred tax assets	277	278
Other receivables	4,528	4,479
	404,184	400,899
Current assets		
Inventories - completed properties	346	346
Inventories - property development costs	43,419	66,750
Trade receivables	24,922	34,148
Contract assets	67,451	51,673
Other receivables, deposits and prepayments	33,451	34,769
Other investments	4,026	2
Tax recoverable	-	17
Deposits with licensed financial institutions	10,497	8,497
Cash and bank balances	40,427	27,150
	224,539	223,352
TOTAL ASSETS	**628,723**	**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	1,171	1,283
- Revaluation reserve	56,611	56,611
Retained earnings	17,023	321
Shareholders' funds	412,629	396,039
Non-controlling interests	27,259	26,748
TOTAL EQUITY	439,888	422,787

TADMAX RESOURCES BERHAD [Reg No. 196801000620 (8184-W)]
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020 - continued

	(UNAUDITED) As At End Of Current Quarter 30/6/2020 RM'000	(AUDITED) As At Preceding Financial Year End 31/12/2019 RM'000
Non-current liabilities		
Deferred tax liabilities	86,804	89,405
Lease liabilities	204	170
Bank borrowings	6,911	22,283
	93,919	111,858
Current liabilities		
Trade payables	53,326	56,597
Other payables, deposits and accruals	31,089	21,960
Amount due to directors	333	2,621
Lease liabilities	270	123
Bank borrowings	759	733
Tax payable	9,139	7,572
	94,916	89,606
TOTAL LIABILITIES	188,835	201,464
TOTAL EQUITY AND LIABILITIES	**628,723**	**624,251**
	-	
Net assets per share attributable to ordinary equity holders of the Company (sen)	52.7	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 conjuction 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 30 JUNE 2020
(The figures have not been audited)

	Attributable to owners of the Company							
	Non-Distributable				Distributable			
	Share Capital RM'000	Treasury Shares RM'000	Share Option Reserve RM'000	Other Reserves RM'000	Retained Earnings / (Accumulated Losses) RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
6 months ended 30 June 2020								
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	-	-	-	-	16,702	16,702	(79)	16,623
Non-controlling interests share of net assets of a subsidiary acquired by the Group	-	-	-	-	-	-	90	90
Subscription of shares by non-controlling interests	-	-	-	-	-	-	500	500
Exchange differences on translation of foreign entities	-	-	-	(112)	-	(112)	-	(112)
As at 30 June 2020	337,510	(155)	469	57,782	17,023	412,629	27,259	439,888
6 months ended 30 June 2019								
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	-	-	-	-	10,919	10,919	(85)	10,834
Acquisition of non-controlling interests	-	-	-	-	-	-	3	3
Exchange differences on translation of foreign entities	-	-	-	(113)	-	(113)	-	(113)
As at 30 June 2019	337,510	(155)	410	57,966	(13,775)	381,956	27,430	409,386

(The Condensed Consolidated Statement of Changes in Equity should be read in conjuction 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 30 JUNE 2020
(The figures have not been audited)

	CUMULATIVE QUARTER	
	Current Quarter	Preceding Year Corresponding Quarter
	30-06-2020	31/6/2019
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before taxation	22,584	15,808
Adjustments for:-		
Depreciation	2,316	2,418
Allowance for expected credit losses on contract assets	-	87
Allowance for expected credit losses on receivables no longer required	-	(6)
Bad debt written off	-	3
Goodwill written off	23	-
Finance Cost	353	91
Finance Income	(272)	(183)
(Gain)/Loss on disposal of property, plant and equipment	(183)	10
Operating profit before working capital changes	24,821	18,228
Changes in working capital:		
Inventories	-	749
Contract assets/(liabilities)	(15,777)	(23,660)
Inventories - property development costs	23,375	21,429
Receivables	17,028	(677)
Payables	(229)	24,892
Net cash from operations	49,218	40,961
Finance income received	224	183
Finance cost paid	(469)	(2,894)
Tax paid (net)	(6,974)	(2,147)
Net cash from operating activities	41,999	36,103
INVESTING ACTIVITIES		
Purchase of property, plant and equipment (Note 1)	(5,107)	(2,116)
Acquisition of a subsidiary, net of cash and cash equivalents (Note 2)	109	-
Other investments	(4,024)	3,673
Proceeds from disposal of property, plant and equipment	200	34
Deposits pledged as security	-	245
Net cash (used in)/from investing activities	(8,822)	1,836
FINANCING ACTIVITIES		
(Repayment to)/Advances from Directors	(2,288)	4,965
Drawn down of bank borrowings	-	48,225
Repayment of bank borrowings	(15,347)	(83,594)
Repayment of lease liabilities	(149)	(216)
Net cash used in financing activities	(17,784)	(30,620)
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,393	7,319
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(116)	(119)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	34,350	7,019
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	**49,627**	**14,219**

TADMAX RESOURCES BERHAD [Reg No. 196801000620 (8184-W)]
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 - continued
(The figures have not been audited)

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

	As at 30-06-2020 RM'000	As at 31/6/2019 RM'000
Cash and cash equivalents at the end of the financial period comprise the following:		
Deposits with licensed financial institutions	10,497	10,048
Cash and bank balances	40,427	5,419
	50,924	15,467
Less: Deposits with licensed banks pledged as security for banking facilities	(1,297)	(1,248)
	49,627	**14,219**

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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 RM5,438,000 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 RM5,107,000.

NOTE 2 - ACQUISITION OF A SUBSIDIARY

(a) The fair value of the identifiable assets and liabilities arising from the acquisition of a subsidiary are as follows:

	RM'000
Inventories - Property development costs	61
Other receivables	6,484
Cash and bank balances	342
Other payables	(6,587)
Fair value of net assets	300
Less : Non-controlling interests	(90)
Group's share of net assets	210
Goodwill on acquisition	23
Total cost of acquisition	233

(b) The effects of the acquisition on cash flows are as follows:

	RM'000
Total consideration for equity interest acquired, settled in cash	233
Less: Cash and cash equivalents of subsidiary acquired	(342)
Net cash inflow on acquisition of a subsidiary, net of cash and cash equivalent	(109)

(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 30 June 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 financial 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 30 June 2020 (30 June 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:

	Current Quarter 3 months ended				Cumulative Quarter 6 months ended			
	30/6/2020		30/6/2019		30/6/2020		30/6/2019	
Business Activity	**Revenue RM'000**	**Profit/(Loss) Before Taxation RM'000**	**Revenue RM'000**	**Profit/(Loss) Before Taxation RM'000**	**Revenue RM'000**	**Profit/(Loss) Before Taxation RM'000**	**Revenue RM'000**	**Profit/(Loss) Before Taxation RM'000**
• Property	28,346	4,227	68,071	10,259	134,893	26,579	144,576	21,733
• Industrial		-						
supplies	-	21	2,552	(11)	213	(107)	8,324	60
• Energy	-	(545)	-	(589)	-	(1,149)	-	(1,259)
• Investment								
holding	-	(484)	-	(1,088)	-	(1,605)	-	(3,726)
• Others	-	(523)	-	(545)	-	(1,053)	-	(1,092)
	28,346	**2,696**	**70,623**	**8,026**	**135,106**	**22,665**	**152,900**	**15,716**
Finance income	-	119	-	122	-	272	-	183
Finance costs	-	(161)	-	(47)	-	(353)	-	(91)
	28,346	**2,654**	**70,623**	**8,101**	**135,106**	**22,584**	**152,900**	**15,808**

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 20(A) and 20(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 except for the subscription of 233,334 ordinary shares in Bendera Juara Sdn Bhd ("BJSB"), a property development company for a total subscription price of RM233,334 on 21 May 2020, resulting in BJSB a 70% subsidiary of the Company.

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 except as below:-

	RM'000
Tadmax's portion of liabilities under the Sponsors' Undertaking	50,000

As part of the requirements of the Power Plant Project ("Project"), the Company's wholly-owned subsidiary, Pulau Indah Power Plant Sdn Bhd ("PIPP") has issued an undertaking and indemnity to Tenaga Nasional Berhad ("TNB") for the sum of RM125.0 million ("PIPP's Indemnity to TNB") in relation to TNB's acquisition of certain lands for the construction of the Project's transmission lines. The Company, as one of the sponsors to the Project, together with Worldwide Holdings Berhad and Korea Electric Power Corporation, had on 23 March 2020 provided an undertaking to TNB to ensure or procure the performance of PIPP under the PIPP's Indemnity to TNB ("Sponsors' Undertaking"). The Company's proportion of liabilities under the Sponsors' Undertaking is 40% or equivalent to RM50.0 million. A liability would only arise in the event PIPP fails to fulfill its undertaking and indemnity to TNB.

13. Capital and Other Commitments

The material authorised capital and other commitments not provided for in the interim financial statements as at 30 June 2020 comprise as below:-

	RM'000
Capital expenditure commitments not provided for	
- Authorised and contracted for	2,062,497
- Authorised and not contracted for	293,479
	2,355,976

	RM'000
Other commitments to purchase Inventories – property development land	
- Authorised and contracted for	91,343

The significant sum of the above authorised and 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)
Revenue	**30/6/2020**	**30/6/2019**	**%**	**31/3/2020**	**%**	**30/6/2020**	**30/6/2019**	%
• Property	28,346	68,071	-58%	106,547	-73%	134,893	144,576	-7%
• Industrial supplies	-	2,552	-100%	213	-100%	213	8,324	-97%
	28,346	**70,623**	-60%	**106,760**	-73%	**135,106**	**152,900**	-12%
Profit/(Loss) before tax								
• Property	4,227	10,259	-59%	22,352	-81%	26,579	21,733	22%
• Industrial supplies	21	(11)	-291%	(128)	-116%	(107)	60	-278%
• Energy	(545)	(589)	-7%	(604)	-10%	(1,149)	(1,259)	-9%
• Investment holding	(484)	(1,088)	-56%	(1,121)	-57%	(1,605)	(3,726)	-57%
• Others	(523)	(545)	-4%	(530)	-1%	(1,053)	(1,092)	-4%
	2,696	**8,026**	-66%	**19,969**	-86%	**22,665**	**15,716**	44%
Finance income	119	122	-2%	153	-22%	272	183	49%
Finance costs	(161)	(47)	243%	(192)	-16%	(353)	(91)	288%
	2,654	**8,101**	-67%	**19,930**	-87%	**22,584**	**15,808**	43%

Review on Performance - Current Quarter compared to Corresponding Quarter

a) Overall Review of Group performance

The implementation of the Movement Control Order ("MCO") by the Government of Malaysia to contain the outbreak of COVID-19 pandemic by 8 weeks from 18 March 2020 to 12 May 2020 lead to the complete halt to the Group's operation for a substantial part of this reporting 2nd quarter 2020 period under review. Although operations were gradually allowed to resume during the conditional MCO from 13 May 2020 but the need to comply with Standard Operating Procedures impeded the full restoration of the Group's operation for the remainder period of the quarter under review.

On the above premise, the Group's revenue took a beating with a vast reduction by approximately 60% to register at RM28.3 million vis-à-vis the preceding year corresponding quarter. A lower percentage completion of 2.8% was recorded by the Group's main income contributor, Mizumi Residences condominium project in Taman Metropolitan, Kepong vis-à-vis the preceding year corresponding quarter at 6.9%, mitigated by higher sales achievement of 96.8% (2019: 88.1%) during the quarter under review. Meanwhile, the affordable homes, Residensi Metro Kepong project in Taman Metropolitan, Kepong, launched since October 2019, contributed revenue at RM1.8 million in the current quarter under review. 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 also reported a vastly lower revenue at RM2.4 million in current quarter vis-à-vis RM11.4 million in the preceding year corresponding quarter, which was similarly affected by the MCO.

On the back of the lower Revenue, on overall basis, the Group achieving a much lower profit before interest and tax for the current quarter of RM2.7 million, a decline by 67% vis-à-vis profit before interest and tax of RM8.1 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:-

	Ganggarak Labuan	Taman Metropolitan, Kepong	
Name of projects	Ganggarak Permai	Mizumi Residences	Residensi Metro Kepong
Net property sales (‘000)	RM72,690	RM661,953	RM243,127
Unbilled sales (‘000)	RM24,877	RM166,682	RM226,293
Percentage completion (year-to-date)	Phase 3 – 62.5% (June 2019: 27.9%)	74.8% (June 2019: 46.6%)	6.9% (June 2019: Nil)
	Phase 4 – 79.1% (June 2019 : 52.5%)		
Operating (loss)/profit for the quarter ('000)	(RM22)	RM4,292	
	2019: RM83	2019: RM10,324	

Phases 3 and 4 of Ganggarak Permai (consists of 195 units double-storey terrace houses and 22 units shoplots respectively) 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. Due to the implementation and impact of the MCO, Ganggarak Permai recorded a loss of RM22,000 for the quarter under review (vis-à-vis operating profit of RM83,000 in the preceding year corresponding quarter). Phases 3 and 4 were earlier expected to be handed over vacant possession in the 2nd half of the financial year under review. But with the COVID-19 pandemic, the hand over is expected to be delayed by approximately six months. The Group has made an application to the Ministry of Housing and Local Government to seek the extension of time due to the MCO in order to deliver vacant possession within the allowed delivery period to end-purchasers.

Mizumi Residences, the main contributor to the Group’s earnings was also not spared from COVID-19 pandemic with construction activities halted during the MCO period. The COVID-19 is not expected to have a significant effect on this project in view of the high take-up rate where as at present, the total sold and booked units totals 99.7% of the total available units. In relation to the physical progress of the project, all the three blocks D, E and F have achieved 100% completion of the tower structures. During the quarter under review, the project recorded a lower percentage completion of 2.8% vis-à-vis the preceding year corresponding quarter at 6.9%, mitigated by higher sales achievement at 96.8% as at the end of the quarter under review vis-a-vis the preceding year corresponding quarter at 88.1%. However, the MCO has invariably delayed the delivery of vacant possession towards from end of the current financial year to the 1st quarter of the next financial year, well within the delivery period to end-purchasers.

Residensi Metro Kepong registered a satisfactory take-up rate where the total sold and booked units totals approximately 93% out of total available 1,520 units. The development of this project has attained completion of the piling and pilecap works and the construction of the main building works has commenced since June 2020. The project has achieved percentage of completion at 6.9% as at end of the quarter under review.

- **Energy**

This Energy Business segment is moving forward to achieve financial close by the end of the current financial year. Meanwhile, the Group is also finalizing for execution all the remainder required project documents. Upon the completion of the proposed disposal of 35% in PIPP to Worldwide Holdings Berhad and 25% in PIPP to Korea Electric Power Corporation, the Group will then cease consolidating the results and financial position of PIPP but instead will account for a share of the results of PIPP.

On the financial aspect of this Energy Business segment, total operating loss for the current reporting quarter amounted to RM0.5 million (2019: RM0.6 million) whilst the sum capitalised as the Power Plant's property, plant and equipment amounted to RM3.4 million and total to-date since inception was RM19.9 million.

Review on Performance - Current Quarter compared to Preceding Quarter

Likewise, due to the MCO, the Group’s revenue for the current quarter registered at RM28.3 million or 73% lower than preceding quarter mainly due to the lower revenue posted by Mizumi Residences at RM24.1 million (vis-a-vis RM92.1 million in the preceding quarter). Further, there was no revenue reported under Industrial Supplies Business segment vis-a-vis RM0.2 million in the preceding quarter. Correspondingly, the Group’s profit before interest and tax was lower at RM2.69 million (vis-a-vis RM19.97 million in the preceding quarter), a decline of 87%.

16. Prospects

With the escalating of Malaysia’s unemployment rate in May 2020 spiking to 5.3%, the highest since 1990, triggered by the outbreak of COVID-19 which led to the implementation of the nationwide Movement Control Order (“MCO”) since 18 March 2020 to control the spread of COVID-19, the outlook for Malaysia for the current financial year will be challenging on the back of a crippled world economy. Domestic economic activities have begun to improve following the gradual reopening of the economy since May 2020. The government of Malaysia has unveiled stimulus packages to boost the economy augmented by the four reductions in the overnight policy rate from 3.0% in January 2020 to the latest at 1.75% in July 2020, 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 despite the current challenging business environment. Mizumi Residences, which present sale achievement at 96.8% (based on stamped sale and purchase agreements) will continue be the main profit contributor where the Group expects to achieve 100% completion sometime by the end of first quarter of the next financial year from the percentage of completion of 75% as at the end of current quarter under review vis-a-vis 59% as at the 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 now delayed to 1st half of the next financial year due to the MCO. As for the remaining vacant land at Labuan FT of approximately 6.3 acres, which is of commercial status, the Group may 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 and coupled with the outbreak of COVID-19. 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 and supported by low interest rate regime. 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 is now moving forward with financial close envisaged by December 2020 along with its other sponsors i.e. Worldwide Holdings Berhad and Korea Electric Power Corporation 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. Upon completion of financial close, the construction of the Power Plant will ensue which expected to be first quarter of financial year 2021. However, with the Proposed Interest of Worldwide Holdings Berhad 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. Disclosure of COVID-19 Related Impacts

Unavoidably, the Group's business operations will be affected by the implementation of MCO since 18 March 2020. The immediate impact was the complete halting of the Group's property development activities during MCO period as the nature of the Group's business was under non-essential category. This has adversely affected the Group's earnings for the quarter under review mainly due to minimal progress of its development activities, hence translated into a relatively low percentage of completion being achieved and recognised in the Group's property development sector. However, the affected earnings of the Group due to MCO has only been deferred and will be recognized in the subsequent quarters.

Further, the Group does not expect any material variation to its property development expenditures on the on-going development contracts. Meanwhile, the Group has meet its short-term debt obligations and operating expenditures during this unprecedented period supported by the advanced stages of completion and high take-up rates of all its existing property development projects and respectable net cash inflows from the Group's existing property development projects. On this premise, the Group is expected to have sufficient working capital and is confident to sustain its business operation despite the effects of COVID-19.

Though the Group's property development activities had resumed sometime in beginning of June 2020 but stringent compliance to Standard Operating Procedures for the post MCO period impeded the full restoration of the Group's operation.

The Management has assessed the overall impact of the situation on the Group's operations and financial performance, and it was concluded that no material effects were envisaged on the unaudited consolidated income statements for the quarter under review. Likewise, the Group has also assessed on its financial position and concluded that no material impairment to its assets, inventories or receivables are expected. In any event, the Management shall continuously assess the impact of COVID-19 to the Group from time to time as the pandemic has yet to run its full course as the current situation is still fluid, especially the current situation in USA, Brazil and India, whereas the numbers of new cases are still increasing.

The Group believes that the staff is the most valuable asset to the Group. The health and safety measurement of the staff are always the priority matter to be handled. In this respect, the Group is fully committed to comply with all the government's Standard Operating Procedures as imposed and as amended from time to time.

18. Profit Forecast and Profit Guarantee

There is no profit forecast and profit guarantee that is applicable to the Group.

19. Taxation

Taxation comprises the following:

	Current Quarter (3 months ended)		**Cumulative Quarter (6 months ended)**	
	30/6/2020 RM'000	**30/6/2019 RM'000**	**30/6/2020 RM'000**	**30/6/2019 RM'000**
Current tax:				
Malaysian income tax	1,534	3,230	8,558	7,687
Deferred tax	(645)	(1,225)	(2,597)	(2,713)
Total taxation	889	2,005	5,961	4,974

Included in the income tax figure for the quarter ended 30 June 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.

20. 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 ("WORLDWIDE") 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") in line with the Heads of Agreement dated 14 September 2018 ("HOA") and the Letter of Notification from MESTECC. Subsequently, on 22 April 2020 and 9 July 2020, our Company had entered into supplemental share sale agreements with WORLDWIDE to amend certain terms of the original share sale agreement with the insertion of an additional condition precedent in seeking the Company's shareholders approval for the SSA with WHB and to amend the Approval Period to a period of 201 days (from earlier 120 days) to end on 30 September 2020 respectively.

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 ("SSA with Kepco"). The proposed disposal is in line with the HOA and the Letter of Notification from MESTECC. Subsequently, the SSA with Kepco was supplemented by a letter agreement dated 6 July 2020 with KEPCO to extend the Condition Period to 30 September 2020.

On 7 August 2020, PIPP has executed a Power Purchase Agreement ("PPA") with Tenaga Nasional Berhad for the sale and purchase of electricity generated from the power plant. The PPA is for a period of 21 years from the commercial operation date of the first generating block, which is expected on 1 January 2024.

Meanwhile, PIPP is now moving forward to undertake financial close envisaged in fourth quarter 2020 whilst construction is earmarked from the first quarter of financial year 2021.

(B) Proposed Acquisition of 100% Equity Interest in Majestic Maxim Sdn Bhd

On 4 June 2020, the Company entered into a conditional sale of shares agreement with Maxim Holdings Sdn Bhd ("Maxim Holdings') for the proposed acquisition of 100% equity interest in Majestic Maxim Sdn Bhd by the Company from Maxim Holdings for a consideration of RM115,000,000 to be satisfied entirely via the issuance of 469,387,755 new ordinary shares ("Consideration Shares") in the Company at an issue price of RM0.245 per share of the Company ("Proposed Acquisition").

In conjunction with the Proposed Acquisition, Maxim Holdings, being the offeror, and the persons acting in concert with intend to seek an exemption from the Securities Commission Malaysia under Paragraph 4.08(1)(a) of the Rules on Take-Overs, Mergers and Compulsory Acquisitions from the obligation to undertake a mandatory take-over offer to acquire the remaining Company's shares not already owned by them upon the completion of the Proposed Acquisition ("Proposed Exemption").

The Proposed Acquisition and Proposed Exemption are subject to the approval of the Company's shareholders approval at an Extraordinary General Meeting to be convened, approval of Bursa Malaysia Securities Berhad for the listing of and quotation for the Consideration Shares and approval of the Securities Commission for the Proposed Exemption.

21. Group Borrowings and Debts Securities

Group borrowings are as follows:-	**As at 30/6/2020 RM'000**	**As at 30/6/2019 RM'000**
(a) Current borrowings – secured		
Term loans	759	1,619
Bridging Loan	-	280
Lease liabilities	270	210
Trade loan payable	-	879
	1,029	2,988
(b) Non-current borrowings – secured		
Term loans	6,911	-
Bridging Loan	-	48,512
Lease liabilities	204	238
	7,115	48,750

All the Group borrowings are denominated in Malaysian currency and are secured. Both, term loans and bridging loan reduced significantly by RM42.7 million as compared to the preceding year corresponding quarter due to full settlement of the bridging loan 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 RM1.3 million without any drawdown of bank borrowing. The above loans bear interest rate ranged from 3.65% to 8.15% 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 RM29,500,000.00 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 4th 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 4th quarter of the current financial year.

22. Trade Receivables

The Trade Receivables and corresponding ageing of the Group as at 30 June 2020 are as follow:-

	Total	
	RM'000	
Trade receivables	24,985	
Less : Allowance for Expected Credit Losses	(63)	
	24,922	
	RM'000	%
Neither past due nor impaired	15,909	63.8%
Past due 31 to 60 days not impaired	1,786	7.2%
Past due 61 to 90 days not impaired	115	0.5%
Past due > 91 days not impaired	7,112	28.5%
Past due > 91 days impaired	-	0.0%
	24,922	100%

Trade receivables decreased by 27% vis-à-vis the sum of RM34.15 million as at 31 December 2019 mainly due to better collection and the lower progress billing issued to end-purchasers towards the end of the quarter under review amounting to RM9.1 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 3.5% of the trade receivables was 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.

23. Financial Instruments

(a) Derivatives

There were no outstanding derivatives as at 30 June 2020.

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

There is no gain/(loss) arising from fair value changes in financial assets and liabilities during the quarter ended 30 June 2020.

24. Material Litigation

There was no other material litigation pending as at 20 August 2020 (being the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report).

25. Dividend Payable

No interim ordinary dividend has been declared for the financial period ended 30 June 2020 (30 June 2019: RM Nil).

26. Earnings Per Share

a) Basic Earnings Per Share

	Current Quarter 30/6/2020	**Cumulative Quarter 30/6/2020**
Earnings for the financial period attributable to equity holders of the Company (RM'000)	1,805	16,702
Weighted average number of ordinary shares in issue ('000)	783,287	783,287
Basic earnings per share (sen)	0.23	2.13

27. Additional Disclosures for Profit for the Period

	Current Quarter 30/6/2020 RM'000	**Cumulative Quarter 30/6/2020 RM'000**
Profit for the period is arrived at after crediting:-		
Finance Income	119	272
Rental income	7	64
Gain on disposal of property, plant and equipment	183	183
and after charging:-		
Finance Cost	161	353
Goodwill written off	23	23
Rental of property	43	90
Rental of equipment	3	6
Depreciation of property, plant and equipment	1,148	2,316

Other than the above, there was no provision for and write-off of receivables, provision for and write-off of inventories, gain or loss on disposal of quoted or unquoted investments or properties, gain or loss on derivatives, and exceptional items included in the results for the current quarter and financial period ended 30 June 2020.

28. 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 August 2020.

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