

MAXIM GLOBAL BERHAD [Reg No. 196801000620 (8184-W)]

(formerly known as Tadmax Resources Berhad)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2020**

(The figures have not been audited)

	3rd Quarter		Cumulative to Date	
	3 months ended		9 months ended	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Revenue	103,930	43,122	239,036	196,022
Cost of sales	<u>(79,952)</u>	<u>(34,417)</u>	<u>(183,270)</u>	<u>(157,222)</u>
Gross profit	23,978	8,705	55,766	38,800
Other operating income	40,646	173	41,077	417
Operating expenses	<u>(23,614)</u>	<u>(5,310)</u>	<u>(33,168)</u>	<u>(19,933)</u>
Operating profit	41,010	3,568	63,675	19,284
Finance income	288	79	560	262
Finance costs	<u>(184)</u>	<u>(44)</u>	<u>(537)</u>	<u>(135)</u>
Profit before taxation	41,114	3,603	63,698	19,411
Taxation	<u>(4,805)</u>	<u>(1,331)</u>	<u>(10,766)</u>	<u>(6,305)</u>
Net profit for the financial period	36,309	2,272	52,932	13,106
Other comprehensive income/(loss), net of tax				
Items that will be reclassified subsequently to profit or loss, net of tax				
- Foreign currency translation	551	(84)	439	(197)
Total comprehensive profit for the period	36,860	2,188	53,371	12,909
Net profit attributable to :				
Owners of the Company	36,366	2,313	53,068	13,232
Non-controlling interests	<u>(57)</u>	<u>(41)</u>	<u>(136)</u>	<u>(126)</u>
	36,309	2,272	52,932	13,106
Total comprehensive profit attributable to:				
Owners of the Company	36,917	2,229	53,507	13,035
Non-controlling interests	<u>(57)</u>	<u>(41)</u>	<u>(136)</u>	<u>(126)</u>
	36,860	2,188	53,371	12,909
Basic profit per ordinary share (sen)				
- from continuing operations	4.64	0.30	6.78	1.69
- from discontinuing operations	-	-	-	-
	4.64	0.30	6.78	1.69

(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.)

MAXIM GLOBAL BERHAD [Reg No. 196801000620 (8184-W)]

(formerly known as Tadmax Resources Berhad)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020**

	(UNAUDITED) As At End Of Current Quarter 30/9/2020 RM'000	(AUDITED) As At Preceding Financial Year End 31/12/2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	65,020	178,532
Investment in associate	42,115	-
Other investments	50	50
Timber concession rights	210,000	210,000
Inventories - property development costs	7,698	7,560
Deferred tax assets	255	278
Other receivables	4,552	4,479
	329,690	400,899
Current assets		
Inventories - completed properties	-	346
Inventories - property development costs	29,294	66,750
Trade receivables	14,317	34,148
Contract assets	133,177	51,673
Other receivables, deposits and prepayments	74,852	34,769
Other investments	39,206	2
Tax recoverable	-	17
Deposits with licensed financial institutions	2,797	8,497
Cash and bank balances	28,344	27,150
	321,987	223,352
TOTAL ASSETS	651,677	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	1,722	1,283
- Revaluation reserve	-	56,611
Retained earnings	110,000	321
Shareholders' funds	449,546	396,039
Non-controlling interests	28,961	26,748
TOTAL EQUITY	478,507	422,787

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 30 SEPTEMBER 2020 - continued**

	(UNAUDITED)	(AUDITED)
	As At End Of Current Quarter 30/9/2020 RM'000	As At Preceding Financial Year End 31/12/2019 RM'000
Non-current liabilities		
Deferred tax liabilities	68,081	89,405
Lease liabilities	121	170
Bank borrowings	4,276	22,283
	72,478	111,858
Current liabilities		
Trade payables	62,087	56,597
Other payables, deposits and accruals	26,490	21,960
Amount due to directors	270	2,621
Lease liabilities	248	123
Bank borrowings	445	733
Tax payable	11,152	7,572
	100,692	89,606
TOTAL LIABILITIES	173,170	201,464
TOTAL EQUITY AND LIABILITIES	651,677	624,251
	-	
Net assets per share attributable to ordinary equity holders of the Company (sen)	57.4	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.)

MAXIM GLOBAL BERHAD [Reg No. 196801000620 (8184-W)]
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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>9 months ended 30 September 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	-	-	-	-	53,068	53,068	(136)	52,932
Realisation of revaluation reserve	-	-	-	(56,611)	56,611	-	-	-
Non-controlling interests share of net assets of a subsidiary acquired by the Group	-	-	-	-	-	-	1,849	1,849
Subscription of shares by non-controlling interests	-	-	-	-	-	-	500	500
Exchange differences on translation of foreign entities	-	-	-	439	-	439	-	439
As at 30 September 2020	<u>337,510</u>	<u>(155)</u>	<u>469</u>	<u>1,722</u>	<u>110,000</u>	<u>449,546</u>	<u>28,961</u>	<u>478,507</u>
<u>9 months ended 30 September 2019</u>								
As at 1 January 2019	337,510	(155)	410	58,079	(24,694)	371,150	27,512	398,662
Total comprehensive profit/(loss) for the period	-	-	-	-	13,232	13,232	(126)	13,106
Acquisition of non-controlling interests	-	-	-	-	-	-	3	3
Exchange differences on translation of foreign entities	-	-	-	(197)	-	(197)	-	(197)
As at 30 September 2019	<u>337,510</u>	<u>(155)</u>	<u>410</u>	<u>57,882</u>	<u>(11,462)</u>	<u>384,185</u>	<u>27,389</u>	<u>411,574</u>

(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.)

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

	Cumulative to Date	
	9 months ended	
	30/09/2020	30/09/2019
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before taxation	63,698	19,411
<u>Adjustments for:-</u>		
Goodwill written off	18,398	3
Depreciation	3,384	3,614
Gain on disposal of a subsidiary company	(40,624)	-
Allowance for expected credit losses on contract assets	-	116
Allowance for expected credit losses on receivables no longer required	-	(74)
Bad debt written off	-	3
Finance Cost	537	135
Finance Income	(560)	(262)
(Gain)/Loss on disposal of property, plant and equipment	(183)	10
Operating profit before working capital changes	44,650	22,956
<u>Changes in working capital:</u>		
Inventories	346	508
Contract assets/(liabilities)	(77,574)	17,494
Inventories - property development costs	37,495	25,159
Receivables	25,941	(1,193)
Payables	11,680	23,664
Net cash from operations	42,538	88,588
Finance income received	560	262
Finance cost paid	(727)	(3,334)
Tax paid (net)	(11,352)	(2,591)
Net cash from operating activities	31,019	82,925
INVESTING ACTIVITIES		
Purchase of property, plant and equipment (Note 1)	(5,600)	(2,756)
Acquisition of subsidiary companies, net of cash and cash equivalents (Note 2)	(20,410)	-
Other investments	(39,204)	3,671
Proceeds from disposal of a subsidiary company, net of cash and cash equivalents (Note 3)	49,891	-
Proceeds from disposal of property, plant and equipment	200	34
Deposits pledged as security	-	245
Net cash (used in)/from investing activities	(15,123)	1,194
FINANCING ACTIVITIES		
(Repayment to)/Advances from Directors	(2,352)	4,956
Drawn down of bank borrowings	-	48,225
Repayment of bank borrowings	(18,295)	(126,380)
Repayment of lease liabilities	(209)	(299)
Net cash used in financing activities	(20,856)	(73,498)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(4,960)	10,621
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	454	(205)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	34,350	7,019
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	29,844	17,435

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

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

	As at 30/09/2020 RM'000	As at 30/09/2019 RM'000
Cash and cash equivalents at the end of the financial period comprise the following:		
Deposits with licensed financial institutions	2,797	7,348
Cash and bank balances	28,344	11,335
	31,141	18,683
Less: Deposits with licensed banks pledged as security for banking facilities	(1,297)	(1,248)
	29,844	17,435

NOTE 1 - PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM5,931,000 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 RM5,600,000.

NOTE 2 - ACQUISITION OF SUBSIDIARY COMPANIES

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

	RM'000
Inventories - Property development costs	61
Other receivables	11,170
Cash and bank balances	348
Other payables	(7,370)
Fair value of net assets	4,209
Less : Non-controlling interests	(1,849)
Group's share of net assets	2,360
Goodwill on acquisition	18,398
Total cost of acquisition	20,758

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

Total consideration for equity interest acquired, settled in cash	20,758
Less: Cash and cash equivalents of subsidiary companies acquired	(348)
Net cash outflow on acquisition of subsidiary companies, net of cash and cash equivalent	20,410

NOTE 3 - DISPOSAL OF A SUBSIDIARY COMPANY

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

	RM'000
Property, plant & equipment	112,114
Other receivables	26
Cash and bank balances	930
Other payables	(17,126)
Lease liabilities	(45)
Deferred tax liabilities	(12,104)
Fair value of net assets	83,795
Less : 40% interests retained under investment in associate	(33,518)
Fair value of net assets disposed	50,277
Gain on disposal of a subsidiary company	40,624
Tax and expenses incurred on disposal	9,299
Total consideration on disposal	100,200

(b) Total consideration on disposal settled by :-

Cash	60,120
Deferred payment (payable by May 2021)	40,080
	100,200

(c) Cash consideration received

Less : Tax and expenses incurred on disposal	(9,299)
Less: Cash and cash equivalents of a subsidiary company disposed	(930)
Proceeds from disposal of a subsidiary company	49,891

(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 September 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 September 2020 (30 September 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 9 months ended			
	30/9/2020		30/9/2019		30/9/2020		30/9/2019	
		Profit/(Loss)		Profit/(Loss)		Profit/(Loss)		Profit/(Loss)
Business	Before		Before		Before		Before	
Activity	Revenue	Taxation	Revenue	Taxation	Revenue	Taxation	Revenue	Taxation
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
• Property	103,869	21,207	42,088	5,415	238,762	47,786	186,664	27,148
• Industrial								
supplies	61	(82)	1,034	(109)	274	(189)	9,358	(49)
• Energy	-	(595)	-	(566)	-	(1,744)	-	(1,825)
• Investment								
holding	-	21,002	-	(648)	-	19,397	-	(4,374)
• Others	-	(522)	-	(524)	-	(1,575)	-	(1,616)
	103,930	41,010	43,122	3,568	239,036	63,675	196,022	19,284
Finance income	-	288	-	79	-	560	-	262
Finance costs	-	(184)	-	(44)	-	(537)	-	(135)
	103,930	41,114	43,122	3,603	239,036	63,698	196,022	19,411

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). Further, with effect from 3 November 2020, the name of the company has been changed from Tadmax Resources Berhad to Maxim Global Berhad ("Maxim").

11. Changes in Composition of the Group

On 6 August 2020, the Company acquired 10,000 ordinary shares in Ribu Permata Development Sdn Bhd (“Ribu Permata”) from four individuals for a total purchase consideration of RM10,000,000 to be satisfied in 2 tranches in cash, subject to adjustments in accordance with the share sale agreement dated 6 August 2020, resulting Ribu Permata become a wholly owned subsidiary of the Company. Ribu Permata is an investment holdings company who in turn owns a 100% interest in a subsidiary named F3 Cheras Development Sdn Bhd, a property development company. The share sale agreement was completed on 6 August 2020.

On 8 September 2020, the Company together with Nawi Bina Sdn Bhd, a non-related construction company have entered into a share sale agreement to acquire 2,794,000 (representing 55%) and 2,286,000 (representing 45%) ordinary shares respectively in Builtamont Development Sdn Bhd (“Builtamont”), a property development company for purchase consideration of RM15,525,007 and RM12,702,278 respectively from two individuals. The purchase consideration is to be satisfied in 2 tranches of cash payments and the share sale agreement was completed on 8 September 2020.

With the receipt of the approval of the shareholders’ of the Company at the Extraordinary General Meeting held on 28 September 2020 on the proposed disposals of 35% and 25% equity interests in Pulau Indah Power Plant Sdn Bhd (“PIPP”) to Worldwide Holdings Berhad and Korea Electric Power Corporation respectively, the parties proceed to complete the share sale agreements on 29 September 2020. With this completion, PIPP becomes a 40% associated company of Maxim.

Save for the above, 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 except as below:-

	RM’000
Maxim’s portion of liabilities under the Sponsors’ Undertaking	50,000

As part of the requirements of the Power Plant Project (“Project”), PIPP (a 40% associated company of Maxim since 29 September 2020) had on 23 March 2020 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 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

There are no material authorised capital and other commitments not provided for in the interim financial statements as at 30 September 2020 except as below:-

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

The above other commitments is in respect of acquisition of two(2) parcels of land located in Alam Damai, Cheras by Mizumi Development Sdn Bhd and Bendera Juara Sdn Bhd, one parcel each, of which both the Sales Purchase Agreements are pending completion.

14. Significant Related Party Transactions

There are no significant related party transactions in the current quarter under review.

Additional Explanatory Notes in compliance with Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

15. Review of Performance

The performance of the Group by operating segments are analysed below:

in RM'000	Current Quarter		Inc/(Dec) %	Preceding Quarter	Inc/(Dec) %	Cumulative Quarter		Inc/(Dec) %
	30/9/2020	30/9/2019				30/9/2020	30/9/2019	
Revenue								
• Property	103,869	42,088	147%	28,346	266%	238,762	186,664	28%
• Industrial supplies	61	1,034	-94%	-	#DIV/0!	274	9,358	-97%
	103,930	43,122	141%	28,346	267%	239,036	196,022	22%
Profit/(Loss) before tax								
• Property	21,207	5,415	292%	4,227	402%	47,786	27,148	76%
• Industrial supplies	(82)	(109)	-25%	21	-490%	(189)	(49)	286%
• Energy	(595)	(566)	5%	(545)	9%	(1,744)	(1,825)	-4%
• Investment holding	21,002	(648)	-3341%	(484)	-4439%	19,397	(4,374)	-543%
• Others	(522)	(524)	0%	(523)	0%	(1,575)	(1,616)	-3%
	41,010	3,568	1049%	2,696	1421%	63,675	19,284	230%
Finance income	288	79	265%	119	142%	560	262	114%
Finance costs	(184)	(44)	318%	(161)	14%	(537)	(135)	298%
	41,114	3,603	1041%	2,654	1449%	63,698	19,411	228%

Review on Performance – Current Quarter compared to Corresponding Quarter

a) Overall Review of Group performance

The Group's revenue grew by 141% to register at RM103.9 million vis-à-vis the preceding corresponding quarter, mainly derived from the Property business segment which was in turn directly attributed to the higher completion achieved of 10.1% by its Mizumi Residences condominium project in Taman Metropolitan, Kepong vis-à-vis the preceding year corresponding quarter at 3.8%, coupled with higher sales achievement of 98.3% (2019: 91.7%) as at the end of quarter under review. Meanwhile, the affordable homes, Residensi Metro Kepong project in Taman Metropolitan, Kepong, launched since October 2019, contributed revenue at RM19.9 million in the current quarter under review. As for the Group's Ganggarak Permai project in Labuan FT, the revenue recognition from both phases 3 and 4 which have commenced since 4th Quarter 2018 also reported a higher revenue at RM8.3 million in current quarter vis-à-vis RM6.9 million in the preceding year corresponding quarter. Meanwhile, Industrial supplies saw a significant decline due to the closure of the Group's ready-mixed concrete plant located in Labuan FT in November 2019.

The strong revenue performance of Mizumi Residences led to the property segment registering profit before tax contribution of RM21.2 million. In addition, investment holding segment contributed profit before tax of RM21.0 million, a result of a one-off gain of RM40.6 million arising from the disposal of 60% equity interest in a subsidiary, PIPP, set-off by goodwill written off of RM18.4 million arising from the acquisition of 100% and 55% equity interest in Ribu Permata and Builtamont respectively. The profits from the above two business segments and after deducting the losses incurred by the Energy and others business segments, the Group recorded a significant higher profit before interest and tax for the current quarter of RM41.0 million vis-à-vis RM3.6 million 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 Metro 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)	RM73,575	RM672,365	RM271,823
Unbilled sales ('000)	RM18,730	RM101,377	RM235,122
Percentage completion (year-to-date)	Phase 3 – 72.1% (September 2019: 35.6%)	84.9% (September 2019: 50.4%)	13.5% (September 2019: Nil)
	Phase 4 – 84.5% (September 2019 : 60.2%)		
Operating profit for the quarter ('000)	RM995	RM20,486	
	2019: RM301	2019: RM4,989	

Phases 3 and 4 of Ganggarak Permai (consists of 195 units double-storey terrace houses and 22 units shophots respectively) contributed positively to the profitability of this Business segment for the quarter under review albeit at a relatively lower profit margin in view that phase 3 is an affordable housing project. Ganggarak Permai recorded a profit of RM0.995 million for the quarter under review (vis-à-vis operating profit of RM0.301 million in the preceding year corresponding quarter), aided by higher percentage completion and percentage of units sold. As a result of COVID-19 pandemic, the delivery of vacant possession for Phases 3 and 4 were expected to be delayed but with introduction by the Malaysian Government of the temporary measures to reduce the impact of COVID-19 (known as the COVID Bill), the period from 18 March 2020 to 31 August 2020 shall be excluded from the calculation of the time for delivery of vacant possession. This relief enables the Group to deliver the vacant possession now targeted in 2nd quarter 2021 without exposure to liquidated ascertained damages.

Mizumi Residences continued with its strong performance with its steady development progress and was the main contributor of the Group's earnings for the quarter under review. Currently, the total sold and booked units totals 99.3% 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 higher percentage completion of 10.1% vis-à-vis the preceding year corresponding quarter at 3.8%, coupled with higher sales achievement at 98.3% as at the end of the quarter under review vis-a-vis the preceding year corresponding quarter at 91.7%. The MCO has invariably delayed the earlier planned date of delivery of vacant possession sometime end of the current financial year to now towards end of the 1st quarter of the next financial year and is still 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 93.3% 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 13.5% as at the end of the quarter under review.

- **Energy**

This Energy Business segment will be consolidating its results at loss of RM0.6 million for this last quarter following the completion of disposal of 60% equity interests in PIPP with effect from 29 September 2020. Moving forward, as an associated company, the Group will account for a share of its profit or loss after tax instead. This Energy business has targeted to achieve financial close by the end of the current financial year.

Review on Performance - Current Quarter compared to Preceding Quarter

The Group's revenue for the current quarter registered at RM103.9 million or 267% higher than the preceding quarter mainly due to higher revenue posted by Mizumi Residences and Residensi Metro Kepong at RM75.7 million and RM19.9 million respectively (vis-à-vis RM24.1 million and RM1.8 million respectively in the preceding quarter). Correspondingly, the Group's profit before interest and tax was substantially higher at RM41.01 million (vis-a-vis RM2.69 million in the preceding quarter) which current quarter profitability included a one-off gain of RM40.6 million arising from the disposal of 60% equity interests in a subsidiary, PIPP, set-off by goodwill written off of RM18.4 million arising from the acquisition of 100% and 55% equity interest in Ribu Permata and Bultamont respectively.

The preceding quarter performance was severely affected by the imposition of the movement control order arising from the COVID-19 virus outbreak, resulting in almost complete halt to the Group's operations.

16. Prospects

On the back of the COVID-19 pandemic and slowdown in the residential property market, the Group's property development business segment is moving forward cautiously but supported by the well-received and advanced stage of its existing launched projects, namely, Mizumi Residences in Taman Metropolitan, Kepong and Ganggarak Permai in Labuan FT, they will provide good earning visibility of the Group's performance for the current financial year. Mizumi Residences will 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 84.9% as at the end of current quarter under review.

Meanwhile, the Group's affordable housing project in Taman Metropolitan, Kepong, Residensi Metro Kepong will contribute revenue to the Group for at least the next two financial years although profits will not be significant.

With the completion of the acquisition of Majestic Maxim Sdn Bhd on 4 November 2020 ("Completion Date"), a company undertaking an on-going high-rise mixed development comprising an 8-storey commercial podium with retail/office space, commercial space and car park and 4 blocks of 37-storey service apartments in Alam Damai, Cheras Kuala Lumpur with total estimated gross development value of RM921.33 million, the Group will be entitled to all the remaining revenue and profits from this project from the Completion Date and all the cash flows generated from it. Supported by almost all the available 2,106 units of service apartments and commercial development having been sold and/or booked coupled with the advance stage of completion at approximately 60% as at the Completion Date, this project will contribute towards the earnings and cash flow of our Group, albeit for the last two months of the current financial year.

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 to acquire land bank to sustain the growth of the Group in the long-term. In achieving the latter, the Group has announced on 2 November 2020 the acquisition by its 55% owned subsidiary company, Builtamont Development Sdn Bhd of a piece of leasehold land, measuring 10,529 sq meter (approximately 2.60 acres) held under title HS(D) 120394 PT 9535, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan KL. This acquisition complements the other two parcels of lands purchase, both located in Alam Damai, Cheras, one of it measuring approximately 3.24 acres was acquired by Mizumi Development Sdn Bhd, a wholly owned subsidiary of the Group and the other parcel measuring 5.73 acres is pending completion of acquisition by Bendera Juara Sdn Bhd, a 70% subsidiary of the Group..

The Group's Energy business segment is now moving forward with financial close envisaged in December 2020 along with its other shareholders 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 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 movement control order ("MCO") implemented since March 2020 followed by recovery MCO during the 2nd quarter 2020 and conditional MCO from 14 October 2020 (collectively referred to as "MCOs"). The impact was the disruption to the Group's property development activities. With economic activities allowed during the quarter under review, the Group registered revenue for the quarter under review close to that of the 1st quarter of 2020, a period prior to the MCO. The MCOs will have minimal effect on the overall Group earnings (on the basis that almost all the available units having been sold and/or booked coupled with the advance stage of completion) as any deferred recognition of earning 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 met and is envisaged to meet all 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.

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 where currently the number of new cases has spiked up.

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 (9 months ended)	
	30/9/2020 RM'000	30/9/2019 RM'000	30/9/2020 RM'000	30/9/2019 RM'000
Current tax:				
Malaysian income tax	6,378	2,171	14,936	9,858
Under provision of Malaysian income tax in prior years	12	-	12	-
	<u>6,390</u>	<u>2,171</u>	<u>14,948</u>	<u>9,858</u>
Deferred tax	(1,585)	(840)	(4,182)	(3,553)
Total taxation	<u>4,805</u>	<u>1,331</u>	<u>10,766</u>	<u>6,305</u>

Included in the income tax figure for the quarter ended 30 September 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. Pulau Indah Power Plant Sdn Bhd ("PIPP") (formerly known as Tadmax Indah Power Sdn Bhd) has been identified as the special purpose vehicle to undertake this Project.

Much progress has been achieved since the above leading to the issuance of a Letter of Notification from Ministry of Energy, Science, Technology, Environment and Climate Change (“MESTECC”) dated 2 January 2020 to proceed with the Project and this was accepted by the Group together with Worldwide Holdings Berhad (“WORLDWIDE”) and Korea Electric Power Corporation (“KEPCO”) on 15 January 2020 and Banker’s Cheque totalling RM30 million deposited as Performance Bond.

On 13 March 2020, the Group’s project company, PIPP 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.

Following the execution of the share sale agreements with WORLDWIDE on 13 March 2020 and KEPCO on 20 April 2020 for the disposal of 17,500,000 ordinary shares representing 35% of the issued share capital of PIPP and 12,500,000 ordinary shares representing 25% of the issued share capital of PIPP respectively, both were duly completed on 29 September 2020. With this completion, PIPP is a 40% associated company of Maxim.

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, where the approval from the Government of Malaysia was secured vide letter dated 26 November 2020. The parties are now negotiating on the terms and conditions of the proposal.

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 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. At an Extraordinary General Meeting of the Company held on 16 October 2020, the requisite approvals were obtained whilst the Securities Commission had on 26 October 2020 approved the application in

relation to the Proposed Exemption submitted on behalf of Maxim Holdings and its persons acting in concert.

This was followed by the completion of the Proposed Acquisition on 4 November 2020 and resulting in Majestic Maxim Sdn Bhd being a wholly-owned subsidiary of the Company and as such, the Company will be entitled to all the remaining revenue and profits from the development project hereinafter and all the cash flows generated from it.

(C) Status of Utilisation of Proceeds arising from Disposal of 60% Equity Interest in PIPP

Utilisation of gross proceeds raised from the disposal of 60% equity interest in PIPP up to 30 September 2020 is set out below:-

<u>Details of Utilisation</u>	Total Gross Proceeds from Disposal (RM'000)	Actual Utilisation up to 30 September 2020 (RM'000)	Balance (RM'000)	Timeframe for utilisation
1) Payment on the unfinanced portion of the purchase price of Alam Damai Land 1	9,000	5,172	3,828	Within 3 months
2) Payment on the unfinanced portion of the purchase price of Alam Damai Land 2	11,450	1,400	10,050	Within 3 months
3) Future investment in other complementary businesses and/or assets	64,000	20,525	43,475	-
4) Working capital purposes	5,450	550	4,900	Within 12 months
5) Estimated expenses in relation to the Disposal	10,300	499	9,801	Within 1 month
	100,200	28,146	72,054	
	Note 1			

Note 1 - To note that a sum of RM16.7 million will be received by 31 December 2020 whilst another sum of RM23.38 million will be received by 28 May 2021.

21. Group Borrowings and Debts Securities

Group borrowings are as follows:-

	As at 30/9/2020 RM'000	As at 30/9/2019 RM'000
(a) Current borrowings – secured		
Term loan	445	1,548
Lease liabilities	248	157
	<u>693</u>	<u>1,705</u>
(b) Non-current borrowings – secured		
Term loan	4,276	-
Bridging Loan	-	6,957
Lease liabilities	121	209
	<u>4,397</u>	<u>7,166</u>

All the Group borrowings are denominated in Malaysian currency and are secured. Both, term loans and bridging loan reduced by RM3.8 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 the retirement of a term loan of RM2.9 million and no drawdown of bank borrowings. The above loan bear interest rate at 3.65% 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 ("MDSB") had accepted a banking facility of RM29,318,224 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 will 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 1st quarter of the next financial year.

22. Trade Receivables

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

	Total RM'000		
Trade receivables	14,380		
Less : Allowance for Expected Credit Losses	(63)		
	<u>14,317</u>		
			As as 31/12/2019
	RM'000	%	RM'000
Neither past due nor impaired	9,360	65.4%	24,954
Past due 31 to 60 days not impaired	1,692	11.8%	5,763
Past due 61 to 90 days not impaired	733	5.1%	908
Past due > 91 days not impaired	2,532	17.7%	2,517
Past due > 91 days impaired	-	0.0%	6
	<u>14,317</u>	<u>100%</u>	<u>34,148</u>

Trade receivables decreased by 58% vis-à-vis the sum of RM34.15 million as at 31 December 2019 mainly due to a combination of better collection, lower progress billing issued to end-purchasers towards the end of the quarter under review amounting to RM4.6 million vis-à-vis RM15.6 million as at 31 December 2019 and reduced retention sum of RM4.7 million included in the trade receivables vis-à-vis RM8.1 million as at 31 December 2019. This retention sum is 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 2.4% 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 on a daily basis. 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 September 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 September 2020.

24. Material Litigation

There was no other material litigation pending as at 19 November 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 September 2020 (30 September 2019: RM Nil).

26. Earnings Per Share

a) Basic Earnings Per Share

	Current Quarter 30/9/2020	Cumulative Quarter 30/9/2020
Earnings for the financial period attributable to equity holders of the Company (RM'000)	<u>36,366</u>	<u>53,068</u>
Weighted average number of ordinary shares in issue ('000)	<u>783,287</u>	<u>783,287</u>
Basic earnings per share (sen)	<u>4.64</u>	<u>6.78</u>

27. Additional Disclosures for Profit for the Period

	Current Quarter 30/9/2020 RM'000	Cumulative Quarter 30/9/2020 RM'000
<i>Profit for the period is arrived at after crediting:-</i>		
Finance Income	288	560
Rental income	7	71
Gain on disposal of a subsidiary company	40,624	40,624
Gain on disposal of property, plant and equipment	-	183
	<hr/>	<hr/>
<i>and after charging:-</i>		
Finance Cost	184	537
Goodwill written off	18,375	18,398
Rental of property	61	151
Rental of equipment	3	9
Depreciation of property, plant and equipment	1,068	3,384
	<hr/>	<hr/>

Other than the above, there was no provision for and write-off of receivables, provision for and write-off of inventories, gain or loss on disposal of quoted or unquoted investments or properties, gain or loss on derivatives, and exceptional items included in the results for the current quarter and financial period ended 30 September 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 26 November 2020.

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