

TALAM CORPORATION BERHAD (1120-H)**Condensed Consolidated Income Statements****For the financial period ended 31 October 2008***(The figures have not been audited)*

	Individual period		Cumulative period	
	Current year quarter 10/31/2008	Preceding year corresponding quarter 10/31/2007	Current year to-date 10/31/2008	Preceding year corresponding period 10/31/2007
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Revenue	50,282	54,713	157,364	137,448
Cost of sales	(41,027)	(58,052)	(130,441)	(123,601)
Gross profit/(loss)	9,255	(3,339)	26,923	13,847
Other income	23,984	26,819	104,066	75,606
Administrative and other expenses	(11,502)	(19,374)	(40,008)	(52,019)
Loss on deconsolidation of a subsidiary	0	0	0	(982)
Finance costs	(14,644)	(1,618)	(43,320)	(34,737)
Share of results of jointly controlled entities	675	(37)	(1,271)	228
Profit before tax	7,768	2,451	46,390	1,943
Income tax credit/(expense)	461	(2,433)	(2,297)	(254)
Profit for the year	8,229	18	44,093	1,689
Attributable to:				
Equity holders of the Company	8,238	1	40,020	2,182
Minority interest	(9)	17	4,073	(493)
	8,229	18	44,093	1,689
Profit per share attributable to equity holders of the Company:				
Basic (sen)	1.28	0.00	6.23	0.35
Diluted (sen)	1.28	0.00	6.23	0.34

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 January 2008.

TALAM CORPORATION BERHAD (1120-H)**Condensed Consolidated Balance Sheet**
As at 31 October 2008

	Unaudited as at end of current financial year 10/31/2008 RM'000	Audited as at preceding financial year end 31/01/2008 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	186,468	191,177
Land held for property development	1,136,252	1,129,501
Investment properties	84,489	84,516
Leasehold land	10,605	11,126
Interest in jointly controlled entities	8,816	10,077
Other investment	76,332	76,332
Amount owing by associates	26,199	26,042
Amount owing by jointly controlled entities	150	5,874
Sinking funds held by trustees	9,801	9,801
Total non-current assets	1,539,112	1,544,446
Current assets		
Property development costs	1,228,667	1,181,547
Inventories	73,258	74,723
Current tax assets	2,121	2,343
Trade and other receivables	286,950	281,157
Cash and bank balances	9,214	22,281
Total current assets	1,600,210	1,562,051
TOTAL ASSETS	3,139,322	3,106,497
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	643,015	643,015
Treasury shares	(844)	(844)
Reserves	(275,566)	(297,711)
Equity attributable to equity holders of the Company	366,606	344,460
Minority interest	5,856	1,783
Total equity	372,462	346,243
Non-current liabilities		
Borrowings	87,066	87,630
Other long term payables	78,968	75,541
Amount owing to jointly controlled entities	45,504	35,964
Deferred tax liabilities	3,959	3,959
Total non-current liabilities	215,497	203,094
Current liabilities		
Provision for liabilities	96,615	97,014
Borrowings	695,127	729,831
Trade and other payables	1,130,054	1,103,099
Deferred progress billings	444,920	444,920
Current tax liabilities	184,648	182,296
Total current liabilities	2,551,364	2,557,160
Total liabilities	2,766,861	2,760,254
TOTAL EQUITY AND LIABILITIES	3,139,322	3,106,497
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.58	0.55

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 January 2008.

TALAM CORPORATION BERHAD (1120-H)

Condensed Consolidated Statement of Changes in Equity

For the financial period ended 31 October 2008

(The figures have not been audited)

	<----- Non-Distributable Reserve ----->					Relating to Assets Held for Sale	Distributable Reserve Accumulated Losses	Attributable to Equity Holders of the Company Total	Minority Interest	Total Equity
	Share Capital	Treasury Shares	Capital Reserve	Share Premium	Foreign Exchange Reserve					
	RM'000	RM'000	RM'000	RM'000	RM'000					RM'000
At 1 February 2007 (Restated)	642,423	(844)	11,201	124,551	32,414	-	(463,229)	346,516	14,750	361,266
Foreign currency translation , representing net income recognised directly in equity	-	-	-	-	603	-	-	603	(83)	520
Amount recognised directly in equity relating to assets classified as held for sale	-	-	-	-	(21,991)	21,991	-	-	-	-
Profit for the period	-	-	-	-	-	-	2,182	2,182	(493)	1,689
Total recognised income and expenses for the period	-	-	-	-	(21,388)	21,991	2,182	2,785	(576)	2,209
At 31 October 2007	642,423	(844)	11,201	124,551	11,026	21,991	(461,047)	349,301	14,174	363,475
At 1 February 2008	643,015	(844)	11,201	124,551	26,346	-	(459,809)	344,461	1,783	346,244
Foreign currency translation	-	-	-	-	(17,875)	-	-	(17,875)	-	(17,875)
Profit for the period	-	-	-	-	-	-	40,020	40,020	4,073	44,093
Total recognised income and expenses for the period	-	-	-	-	(17,875)	-	40,020	22,145	4,073	26,218
At 31 October 2008	643,015	(844)	11,201	124,551	8,471	-	(419,789)	366,606	5,856	372,462

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 January 2008.

TALAM CORPORATION BERHAD (1120-H)

Condensed consolidated cash flow statement
For the financial period ended 31 October 2008

(The figures have not been audited)

	Current year to-date RM'000	Preceding year corresponding period RM'000
Net cash generated from/(used in) operating activities	62,416	(21,345)
Net cash (used in)/generated from investing activities	(22,339)	9,467
Net cash (used in)/generated from financing activities	(35,315)	33,264
Net increase in cash and cash equivalents	<u>4,762</u>	<u>21,386</u>
Effects of exchange rate changes	(17,875)	520
Cash and cash equivalents at beginning of the financial period	14,769	4,098
Cash and cash equivalents at end of the financial period	<u>1,656</u>	<u>26,004</u>

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

Cash and bank balances	9,125	19,088
Deposits	89	18,335
	<u>9,214</u>	<u>37,423</u>
Bank overdrafts	(7,558)	(11,428)
	<u>1,656</u>	<u>25,995</u>
Cash and bank balances classified as held for sale	-	9
	<u>1,656</u>	<u>26,004</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 January 2008.

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Interim financial report for the period ended 31 October 2008
(The figures have not been audited)

NOTES TO CONDENSED FINANCIAL STATEMENTS

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 January 2008.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the latest audited annual financial statements.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 January 2008.

A2. Seasonality or Cyclicity of Operations

The business operations of the Group are not affected by any material seasonal or cyclical factors.

A3. Unusual Items

There were no unusual items that have material effects on the assets, liabilities, equity, net income, or cash flows for the current financial period.

A4. Material Changes in Estimates

There was no change to estimate that have a material effect in the current financial period.

A5. Debt and Equity Securities

There were no issuance and repayment of debt and equity security, share buy-back, shares cancellation for the current financial period.

A6. Dividends

No dividends have been paid since the beginning of the current financial period.

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NOTES TO CONDENSED FINANCIAL STATEMENTS

A7. Segment Information

	9 months ended 31 October 2008 RM'000	9 months ended 31 October 2007 RM'000
Segment Revenue		
Property Investment and Development	142,492	124,490
Hotel and Recreation	14,872	12,958
Total / External Revenue	<u>157,364</u>	<u>137,448</u>
Segment Results		
Property Investment and Development	52,704	7,996
Hotel and Recreation	(6,314)	(6,053)
Profit before tax	<u>46,390</u>	<u>1,943</u>

A8. Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward without amendment from the latest audited annual financial statements.

A9. Material Subsequent Events

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements.

A10. Changes in the Composition of The Group

The Company has on 20 November 2008 announced the conversion of the RM76,332,275.00 5-Year 1% Irredeemable Convertible Unsecured Loan Stock issued to the Company's subsidiary, Europlus Corporation Berhad by Venue Venture Sdn Bhd ("VVSb") into 76,332,275 new ordinary shares of RM1.00 each of VVSb.

Upon conversion, VVSb and its 3 subsidiaries namely, Bukit Khazanah Sdn Bhd, Pandan Lake Club Berhad and Saujana Ukay Sdn Bhd (formerly known as Gemar Megaprima Sdn Bhd) will become subsidiaries of Talam.

A11. Contingent Liabilities

The Company has provided the following corporate guarantees:-

	RM'000
To financial institutions for	
- facilities granted to subsidiaries	<u>160,392</u>
To non-financial institutions for	
- facilities granted to subsidiaries	319,681
- purchase of land by subsidiaries	<u>201,634</u>

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NOTES TO CONDENSED FINANCIAL STATEMENTS

A12. Capital Commitments

The Company has a capital commitment of up to RM150 million pursuant to the Option Agreement entered on 10 January 2005 in relation to the Sukuk Al-Ijarah Issuance of RM150 million. As at 31 October 2008, the total outstanding is RM88,272,600.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

The Group's revenue decreased by 8.04% to RM50.3 million from RM54.7 million as recorded in the corresponding quarter of the preceding year mainly due to lower contribution from certain development projects of which the final billings are affected by various procedures in handing over vacant possession.

The Group pre-tax profit increased from a profit of RM2.5 million in the corresponding quarter of the preceding year to RM7.8 million in the current quarter mainly due to reversal of finance cost over provided.

B2. Comparison with Preceding Quarter's Results

The Group recorded a pre-tax profit for the current quarter of RM7.8 million, a decrease of 70.68% from a pre-tax profit of RM26.6 million in the immediate preceding quarter mainly due to reduction in reversal of finance cost in the current quarter.

B3. Prospects

The Securities Commission ("SC") has vide its letter dated 29 April 2008, approved the Group's Regularisation Plan (as detailed in B8), which had also been approved by the shareholders via extraordinary general meeting ("EGM") held on 15 September 2008. The implementation of the Regularisation Plan will enable the Group to restructure its defaulted borrowings and address the accumulated losses of the Group thus significantly improve its capital structure and gearing position. This coupled with the appointment of IJM Construction Sdn Bhd as the principal contractor for construction works to development projects of the Group, is expected to enhance the income stream of the Group to further strengthen the Group's financial position.

Considering the recent development in the Group and the current economic situation prevailing in the Country and the World, the Board is of the opinion that it will be challenging for the remaining period of the current financial year.

B4. Profit Forecast and Guarantee

This note is not applicable.

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NOTES TO CONDENSED FINANCIAL STATEMENTS

B5. Income Tax Expense

	Current Quarter ended 31 October 2008 RM '000	9 months Cumulative to 31 October 2008 RM '000
Current tax expense	0	2,731
Over provision of prior year tax expense	(461)	(434)
	<u>(461)</u>	<u>2,297</u>
Profit before taxation	<u>7,768</u>	<u>46,390</u>
Effective Tax Rate	<u>N/A</u>	<u>4.95%</u>

The effective tax rate for the current quarter is not applicable principally due to losses incurred by certain subsidiary companies.

B6. Disposal of Unquoted Investments and/or Properties

There is no sale of unquoted investments or properties during the quarter under review.

B7. Purchase or Disposal of Quoted Securities

There is no purchase or disposal of quoted investments during the quarter under review.

B8. Status of Corporate Proposals

The SC had vide their letter dated 29 April 2008, approved the Proposed Regularisation Plan. Please refer to announcement made on 2 May 2008 for the complete details.

On 22 August 2008, circulars to shareholders were despatched to the Company's shareholders for their approval in respect of the following: -

- 1) Proposed Regularisation Plan;
- 2) Proposed increase in authorised share capital ("Proposed Increase");
- 3) Proposed amendments to the Memorandum and Articles of Association ("Proposed Amendments"); and
- 4) Proposed shareholders' approval and ratification for the provision of financial assistance in the form of proportionate corporate guarantee by Talam Corporation Berhad attributable to the principal sum amounting to RM68.0 million pursuant to the credit facilities granted to Cekap Tropikal Sdn. Bhd., a 49.99% - associated company of Talam ("Proposed Ratification").

The Company's shareholders have via the EGMs held on 15 September 2008, approved the Proposed Regularisation Plan, Proposed Increase, Proposed Amendments and Proposed Ratification. The Company has on 6 October 2008 submitted the petition for the proposed reduction of the share capital and share premium account of the Company to the High Court

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NOTES TO CONDENSED FINANCIAL STATEMENTS

of Malaya. The hearing of the petition, which has been fixed on 21 November 2008 has been postponed to 5 December 2008.

The court has on the 5 December 2008 granted the order and we are currently awaiting the extraction of the sealed order.

B9. Group Borrowings and Debt Securities

The Group's borrowings and debt securities as at 31 October 2008 are as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short term borrowings	671,686	23,441	695,127
Long term borrowings	87,066	0	87,066
	<u>758,752</u>	<u>23,441</u>	<u>782,193</u>
		Foreign	RM
Foreign currency borrowings included above:		Currency	Equivalent
		'000	'000
Chinese Renminbi		<u>74,754</u>	<u>38,670</u>

B10. Off Balance Sheet Risk Financial Instruments

The Group did not contract for any financial instruments with off balance sheet risk as at the date of this announcement.

B11. Material Litigation

There was no change in material litigation since 31 January 2008 which exceeds 5% of the Group's net assets.

B12. Proposed dividend

No dividend has been declared for the current and preceding financial year to-date.

B13. Earnings Per Share

a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	Current Quarter ended 31 October 2008	9 months Cumulative to 31 October 2008
Profit attributable to equity holders of the Company (RM'000)	<u>8,238</u>	<u>40,020</u>
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	<u>642,701</u>	<u>642,701</u>
Basic earnings per share (sen)	<u>1.28</u>	<u>6.23</u>

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NOTES TO CONDENSED FINANCIAL STATEMENTS

b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the effects of dilutive potential ordinary shares from conversion of 5% ICPS. The adjusted weighted average number of ordinary shares is the weighted average number of ordinary shares which would be issued on the conversion of the outstanding ICPS into ordinary shares. The ICPS are deemed to have been converted into ordinary shares at the date of issuance.

	Current Quarter ended 31 October 2008	9 months Cumulative to 31 October 2008
Profit attributable to equity holders of the Company (RM'000)	8,238	40,020
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	628,304	628,304
Adjustment for assumed conversion of ICPS ('000)	14,397	14,397
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	642,701	642,701
Diluted earnings per share (sen)	1.28	6.23

B14. Annual Audited Report

Refer to annexure attached.

B15. Authorization for Issue

The interim financial reports were authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 17 December 2008.

By order of the Board

Ting Kok Keong
 Company Secretary

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NOTES TO CONDENSED FINANCIAL STATEMENTS

ANNEXURE TO ANNUAL AUDITED REPORT

B14. Annual Audited Report for the year ended 31 January 2008

There was no qualification on the annual audit report of the preceding financial year save for the auditors' report of certain subsidiaries for the preceding financial year as follows:

- 1) Audit emphasis of matters of certain subsidiaries:
 - (i) appropriateness of going concern basis of accounting is dependent on continued financial support given by the Company.
 - (ii) ability to meet obligation under the Sukuk al-Ijarah is dependent on the timely rental payments by its related companies and a third party.
- 2) Audit qualifications on certain subsidiaries based on the following reasons:
 - (i) was in a capital deficiency position.
 - (ii) the auditors reported that they have not obtained sufficient evidence to satisfy themselves whether impairment losses on the investment in and amount due from subsidiaries and associates in the financial statements are appropriate.