

TALAM CORPORATION BERHAD (1120-H)**Condensed Consolidated Income Statements
For the financial period ended 31 October 2009***(The figures have not been audited)*

	Individual period		Cumulative period	
	Current year quarter 10/31/2009	Preceding year corresponding quarter 10/31/2008	Current year to-date 10/31/2009	Preceding year corresponding period 10/31/2008
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Revenue	74,724	50,282	178,097	157,364
Cost of sales	(52,669)	(41,027)	(140,113)	(130,441)
Gross profit	22,055	9,255	37,984	26,923
Other income	4,358	23,984	32,445	104,066
Administrative and other expenses	(9,873)	(11,502)	(32,037)	(40,008)
Finance costs	(10,126)	(14,644)	(30,598)	(43,320)
Share of results of jointly controlled entities	539	675	1,736	(1,271)
Profit before tax	6,953	7,768	9,530	46,390
Income tax (expense)/credit	(5,465)	461	(5,606)	(2,297)
Profit for the period	1,488	8,229	3,924	44,093
Attributable to:				
Equity holders of the Company	118	8,238	2,554	40,020
Minority interest	1,370	(9)	1,370	4,073
	1,488	8,229	3,924	44,093
Profit per share attributable to equity holders of the Company:				
Basic (sen)	0.01	1.28	0.13	6.23
Diluted (sen)	0.00	1.28	0.08	6.23

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 January 2009.

TALAM CORPORATION BERHAD (1120-H)**Condensed Consolidated Balance Sheet**
As at 31 October 2009

	Unaudited as at end of current financial year 10/31/2009 RM'000	Audited as at preceding financial year end 1/31/2009 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	124,919	128,194
Land held for property development	1,104,409	1,131,204
Investment properties	190,209	191,785
Prepaid lease payments	9,967	10,431
Interest in jointly controlled entities	10,954	9,218
Amount owing by associates	26,122	26,186
Amount owing by jointly controlled entities	187	183
Sinking funds held by trustees	8,691	8,723
Goodwill	39,208	39,208
Total non-current assets	1,514,666	1,545,132
Current assets		
Property development costs	1,173,997	1,192,159
Inventories	69,647	68,766
Current tax assets	403	2,476
Trade and other receivables	235,868	214,596
Cash and bank balances	12,233	17,517
Total current assets	1,492,148	1,495,514
TOTAL ASSETS	3,006,814	3,040,646
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	643,550	386,148
Treasury shares	(493)	(493)
Reserves	79,483	5,282
Equity attributable to equity holders of the Company	722,540	390,937
Minority interest	4,933	3,563
Total equity	727,473	394,500
Non-current liabilities		
Redeemable convertible secured loan stocks	271,939	-
Borrowings	220,073	85,858
Other long term payables	78,034	79,625
Amount owing to jointly controlled entities	47,850	46,178
Deferred tax liabilities	25,284	4,205
Total non-current liabilities	643,180	215,866
Current liabilities		
Provision for liabilities	93,284	96,312
Borrowings	324,509	666,573
Trade and other payables	1,030,817	1,094,098
Deferred progress billings	-	391,613
Current tax liabilities	187,551	181,684
Total current liabilities	1,636,161	2,430,280
Total liabilities	2,279,341	2,646,146
TOTAL EQUITY AND LIABILITIES	3,006,814	3,040,646
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.34	0.62

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 January 2009.

TALAM CORPORATION BERHAD (1120-H)

Condensed Consolidated Statement of Changes in Equity
For the financial period ended 31 October 2009

(The figures have not been audited)

	<----- Non-Distributable Reserve ----->					Distributable	Attributable			
	Share	Treasury	Capital	Share	Foreign	Equity	Reserve	to Equity	Minority	Total
	Capital	Shares	Reserve	Premium	Exchange	Component	Accumulated	the Company	Interest	Equity
	RM'000	RM'000	RM'000	RM'000	Reserve	of RCSLS	Losses	Total	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 February 2008	643,015	(844)	11,201	124,551	26,346	-	(459,809)	344,460	1,783	346,243
Foreign currency translation , representing net expense recognised directly in equity	-	-	-	-	(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)	366,605	5,856	372,461
At 1 February 2009	386,148	(493)	11,201	-	13,153	-	(19,072)	390,937	3,563	394,500
Foreign currency translation , representing net income recognised directly in equity	-	-	-	-	8,409	-	-	8,409	-	8,409
Issued during the period	257,402	-	-	-	-	63,238	-	320,640	-	320,640
Profit for the period	-	-	-	-	-	-	2,554	2,554	1,370	3,924
Total recognised income and expenses for the period	257,402	-	-	-	8,409	63,238	2,554	331,603	1,370	332,973
At 31 October 2009	643,550	(493)	11,201	-	21,562	63,238	(16,518)	722,540	4,933	727,473

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 January 2009.

TALAM CORPORATION BERHAD (1120-H)

Condensed consolidated cash flow statement
For the financial period ended 31 October 2009

(The figures have not been audited)

	Current year to-date RM'000	Preceding year corresponding period RM'000
Net cash (used in)/from operating activities	(44,903)	62,416
Net cash from/(used in) investing activities	26,830	(22,339)
Net cash from/(used in) financing activities	7,281	(35,315)
Net (decrease)/increase in cash and cash equivalents	<u>(10,793)</u>	<u>4,762</u>
Effects of exchange rate changes	8,409	(17,875)
Cash and cash equivalents at beginning of the financial period	11,002	14,769
Cash and cash equivalents at end of the financial period	<u>8,619</u>	<u>1,656</u>

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

Cash and bank balances	11,831	9,125
Deposits	402	89
	<u>12,233</u>	<u>9,214</u>
Bank overdrafts	(3,613)	(7,558)
	<u>8,619</u>	<u>1,656</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 January 2009.

TALAM CORPORATION BERHAD (1120-H)
Interim financial report for the period ended 31 October 2009
(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 2009.

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 2009.

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

The Group has recorded significant other income for the year-to-date of RM17.08 million from Liquidated and ascertained damages (“LAD”) received from a contractor for the late completion and delivery of construction work awarded.

There were no other 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.

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NOTES TO CONDENSED FINANCIAL STATEMENTS

A5. Debt and Equity Securities

- (a) During the current year-to-date, the following securities were issued by the Company pursuant to the Regularisation Plan:

	No. of unit	Amount (RM)
Redeemable Convertible Preference Shares (“RCPS”) 2009/2014 of RM0.20 each	1,287,010,000	257,402,000
Redeemable Convertible Secured Loan Stock (“RCSLS”)–A 2009/2014 of RM0.20 each	251,640,000	50,328,000
RCSLS–B 2009/2014 of RM0.20 each	89,622,905	17,924,581
RCSLS–C 2009/2014 of RM0.20 each	855,010,000	171,002,000
RCSLS–D 2009/2014 of RM0.20 each	585,010,000	117,002,000

- (b) The following ordinary shares of RM0.20 each were also issued:

	Current Year Quarter 31 October 2009	Current Year-To-Date 31 October 2009
Pursuant to the conversion of RCPS 2009/2014 of RM0.20 each	40,305,600	194,447,685

A6. Dividends

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

A7. Segment Information

	9 months ended 31 October 2009 RM’000	9 months ended 31 October 2008 RM’000
Segment Revenue		
Property Investment and Development	164,948	142,492
Hotel and Recreation	13,149	14,872
Total / External Revenue	<u>178,097</u>	<u>157,364</u>
Segment Results		
Property Investment and Development	14,482	52,704
Hotel and Recreation	(4,952)	(6,314)
Profit before tax	<u>9,530</u>	<u>46,390</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.

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(The figures have not been audited)

NOTES TO CONDENSED 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 except those reflected in the last quarter report.

A10. Changes in the Composition of the Group

There were no material changes in the composition of the Group for the current financial period.

A11. Contingent Liabilities

The Company has provided the following corporate guarantees: -

	RM'000
To financial institutions for	
- facilities granted to subsidiaries	214,020
- facilities granted to jointly controlled entities	21,650
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To non-financial institutions for	
- purchase of land by subsidiaries	201,634
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A12. Capital Commitments

The Company has a capital commitment of RM87,066,000 pursuant to the Option Agreement entered on 10 January 2005 in relation to the Sukuk Al-Ijarah Issuance of RM150 million.

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

B1. Review of Performance

The Group recorded revenue of RM74.72 million for the current quarter which represents an increase of 48.61% over that of RM50.28 million of the corresponding quarter of the preceding year. This was mainly due to the recognition of disposal of development land during the current quarter under review.

The Group's pre-tax profit for the current quarter decreased by 10.55% to RM6.95 million compared to RM7.77 million in the preceding year corresponding quarter, despite recording a significant gross profit of RM22.06 million during the current quarter, due to the reduction of other income for the current quarter. The substantial other income recorded in preceding year corresponding quarter was mainly due to the reversal of finance cost over provided in prior years.

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NOTES TO CONDENSED FINANCIAL STATEMENTS

B1. Review of Performance (Continued)

The Group recorded higher revenue of RM178.10 for the current year-to-date, an increase of 13.18% compared to the preceding year corresponding period of RM157.36 million. The higher revenue achieved was mainly due to recognition of disposal of development land. The Group's pre-tax profit for the current year-to-date dropped by 79.46% to RM9.53 million compared to RM46.39 million of the preceding year corresponding period, despite recording significant gross profit of RM37.98 million, mainly due to a substantial reduction in other income. The pre-tax profit of the preceding year corresponding period was substantially higher attributable to the reversal of finance cost over provided in prior years.

B2. Comparison with Preceding Quarter's Results

The Group recorded higher revenue and pre-tax profit for the current quarter of RM74.72 million and RM6.95 million respectively, as compared to RM41.99 million and RM0.33 million of the immediate preceding quarter. The higher revenue and increase in pre-tax profit for the current quarter were due to recognition of disposal of development land.

B3. Prospects

In view of the global financial turmoil and the economic situation prevailing in the country, the Board is of the opinion that this is a challenging year. The Group will undertake all necessary measures to mitigate the effect of the adverse economic environment and to meet these challenges.

B4. Profit Forecast and Guarantee

This note is not applicable.

B5. Taxation

	Current Quarter ended 31 October 2009 RM '000	9 months Cumulative to 31 October 2009 RM '000
Current tax expense	5,451	5,472
Under provision of prior year tax expense	14	134
	<u>5,465</u>	<u>5,606</u>
Profit before taxation	<u>6,953</u>	<u>9,530</u>
Effective Tax Rate	<u>78.60%</u>	<u>58.82%</u>

The effective tax rate is higher than the statutory tax rate because of losses incurred by certain group of companies which are not available for group tax relief.

B6. Disposal of Unquoted Investments and/or Properties

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

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NOTES TO CONDENSED FINANCIAL STATEMENTS

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 proposals under the Company's Regularisation Plan as approved by the Securities Commission ("SC") have been completed, upon the listing and quotation of the RCPS, RCSLS-B, RCSLS-C and RCSLS-D on the main board of Bursa Securities on 1 July 2009. The Company shall apply to Bursa Securities for the upliftment from PN17 status once the defaulted loans with lenders are settled in the next few months.

B9. Group Borrowings and Debt Securities

The Group's borrowings and debt securities as at 31 October 2009 are as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short term borrowings	295,633	28,876	324,509
Long term borrowings	220,073	-	220,073
RCSLS-A	50,328	-	50,328
RCSLS-B	17,925	-	17,925
RCSLS-C	171,002	-	171,002
RCSLS-D	117,002	-	117,002
	<u>871,963</u>	<u>28,876</u>	<u>900,839</u>
		Foreign	RM
Foreign currency borrowings included above:		Currency	Equivalent
		'000	'000
Chinese Renminbi		<u>86,099</u>	<u>42,972</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 2009 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.

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(The figures have not been audited)

NOTES TO CONDENSED FINANCIAL STATEMENTS

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 period, excluding treasury shares held by the Company.

	Current Quarter ended 31 October 2009	9 months Cumulative to 31 October 2009
Profit attributable to equity holders of the Company (RM'000)	118	2,554
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	2,106,888	1,921,690
Basic earnings per share (sen)	0.01	0.13

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 RCPS and RCSLS. 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 RCPS and RCSLS into ordinary shares. The RCPS and RCSLS are deemed to have been converted into ordinary shares at the date of issuance.

	Current Quarter ended 31 October 2009	9 months Cumulative to 31 October 2009
Profit attributable to equity holders of the Company (RM'000)	118	2,554
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	2,106,888	1,921,690
Adjustment for assumed conversion of RCPS ('000)	1,092,562	492,253
Adjustment for assumed conversion of RCSLS ('000)	1,781,283	802,556
Adjusted weighted averages number of ordinary shares in issue and issuable ('000)	4,980,733	3,216,499
Diluted earnings per share (sen)	0.00	0.08

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(The figures have not been audited)

NOTES TO CONDENSED FINANCIAL STATEMENTS

B14. Annual Audited Report

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 on certain subsidiaries:
 - (i) appropriateness of going concern basis of accounting used in preparation of financial statement.
- (2) Audit qualifications on certain subsidiaries:
 - (i) the auditors have not obtained sufficient evidence to satisfy themselves as to the existence and ownership of the associates and impairment losses on the investment in and amount due from associates in the financial statements are appropriate.
 - (ii) the auditors have not obtained sufficient evidence to satisfy themselves whether impairment losses on the investment in and amount due from subsidiaries in the financial statements are appropriate.

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 14 December 2009.

By order of the Board

Wong Soon Kiong
Company Secretary