

**TALAM TRANSFORM BERHAD (1120 - H)**  
*(Formerly known as Trinity Corporation Berhad)*  
**Financial Report for the financial period ended 31 July 2014**  
*(The figures have not been audited)*

**Schedule A : Condensed Consolidated Statement of Comprehensive Income**  
**For the financial period ended 31 July 2014**

	Individual period		Cumulative period	
	Current year quarter 31/07/2014	Preceding Year quarter 31/07/2013	Current year to-date 31/07/2014	Preceding Year to-date 31/07/2013
	RM'000	RM'000	RM'000	RM'000
<b>Continuing Operations</b>				
<b>Revenue</b>	88,734	19,477	170,654	41,259
Cost of sales	(67,737)	(18,666)	(148,432)	(30,640)
<b>Gross profit</b>	20,997	811	22,222	10,619
Other operating income (Schedule A Note 1)	54,330	30,317	57,585	34,805
Gain on disposal of subsidiaries	-	6,325	-	6,325
Administrative and other expenses (Schedule A Note 2)	(72,073)	(26,796)	(89,495)	(34,221)
<b>Result from operating activities</b>	3,254	10,657	(9,688)	17,528
Finance income	14,092	153	16,054	207
Finance costs	(6,759)	(18,288)	(15,731)	(27,255)
<b>Profit/(Loss) before tax and share of results</b>	10,587	(7,478)	(9,365)	(9,520)
Share of results in jointly controlled entities and associate companies	(95)	1,467	(291)	1,584
<b>Profit/(Loss) before tax</b>	10,492	(6,011)	(9,656)	(7,936)
Income tax	(3,637)	290	(3,406)	548
<b>Profit/(Loss) for the period</b>	6,855	(5,721)	(13,062)	(7,388)
<b>Other comprehensive income</b>				
Exchange difference on translation of foreign entity	(941)	(1,717)	(5,612)	(4,698)
<b>Total comprehensive loss for the period</b>	5,914	(7,438)	(18,674)	(12,086)
Profit/(Loss) for the period attributable to:				
Owners of the Company	7,616	(6,484)	(11,783)	(7,384)
Non-controlling Interests	(761)	763	(1,279)	(4)
	6,855	(5,721)	(13,062)	(7,388)
Total comprehensive profit/(loss) for the period attributable to:				
Owners of the Company	6,816	(8,201)	(16,554)	(12,082)
Non-controlling Interests	(902)	763	(2,120)	(4)
	5,914	(7,438)	(18,674)	(12,086)
<b>Earning per share ("EPS") (in sen)</b>				
Basic EPS	0.18	(0.16)	(0.28)	(0.18)
Diluted EPS	0.18	(0.16)	(0.28)	(0.18)

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**Schedule A : Condensed Consolidated Statement of Comprehensive Income (Cont'd)**  
**For the financial period ended 31 July 2014**

	Individual period		Cumulative period	
	Current year quarter 31/07/2014	Preceding Year quarter 31/07/2013	Current year to-date 31/07/2014	Preceding Year to-date 31/07/2013
	RM'000	RM'000	RM'000	RM'000
<b>NOTE :</b>				
<b>1) Included in the Other Operating Income:</b>				
Gains on early conversion and redemption of convertible securities	7,417	219	9,667	1,605
Gain on disposal of investment properties	-	1,011	-	1,011
(Loss)/Gain on disposal of property, plant and equipment	-	-	58	-
Provision for impairment on receivables no longer required	553	26,183	553	26,713
Provision for impairment on inventories no longer required	639	384	639	384
Rental income	(684)	287	(388)	589
Waiver of debts	45,675	-	45,675	-
<b>2) Included in the Administrative and Other Expenses:</b>				
Depreciation	(1,547)	(1,322)	(3,555)	(2,995)
Loss on disposal of property, plant and equipment	-	(3)	-	(3)
Compensation paid for termination of development project	-	-	(8,708)	-
Property, plant and equipment written off	(3)	-	(11)	-
Provision for liquidated and ascertained damages	(560)	(268)	(1,195)	(272)
Provision for impairment on receivables	(3,905)	(6,155)	(3,905)	(6,155)
Provision for impairment on property development	(46,300)	-	(46,300)	-
Provision for impairment on inventories	(6,148)	-	(6,148)	-

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 January 2014 and the accompanying explanatory notes attached to the interim financial report.

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**Schedule B : Condensed Consolidated Statement of Financial Position**  
**As at 31 July 2014**

	<b>Unaudited as at 31/07/2014 RM'000</b>	<b>Audited as at 31/1/2014 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	103,145	113,756
Land held for property development	469,284	482,738
Investment properties	109,446	110,400
Interest in joint ventures	10,361	10,556
Interest in associates	5,111	3,606
Long term receivables	29,792	48,053
<b>Total non-current assets</b>	<b>727,139</b>	<b>769,109</b>
<b>Current assets</b>		
Property development costs	377,266	411,054
Inventories	88,823	95,948
Trade and other receivables	160,751	215,832
Amount owing by associates	20,043	47,500
Amount owing by jointly controlled entities	162,624	-
Sinking funds held by trustees	9	11,647
Cash and bank balances	19,742	24,261
Assets held for sale	210,964	340,887
<b>Total current assets</b>	<b>1,040,222</b>	<b>1,147,129</b>
<b>TOTAL ASSETS</b>	<b>1,767,361</b>	<b>1,916,238</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves</b>		
Share capital	844,056	816,197
Treasury shares	(493)	(493)
Reserves	(273,304)	(243,917)
Equity attributable to owners of the Company	570,259	571,787
<b>Non-controlling interests</b>	<b>1,773</b>	<b>3,893</b>
<b>Total equity</b>	<b>572,032</b>	<b>575,680</b>
<b>Non-current liabilities</b>		
Borrowings	196,043	208,701
Other long term payables	149,465	114,811
Provision for liability	3,429	3,789
Deferred tax liabilities	926	2,121
<b>Total non-current liabilities</b>	<b>349,863</b>	<b>329,422</b>
<b>Current liabilities</b>		
Convertible securities	-	72,944
Provision for liability	7,272	7,950
Borrowings	58,432	81,752
Trade and other payables	638,499	697,221
Amount owing to joint ventures	33,564	44,032
Current tax liabilities	107,699	107,237
<b>Total current liabilities</b>	<b>845,466</b>	<b>1,011,136</b>
<b>Total liabilities</b>	<b>1,195,329</b>	<b>1,340,558</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,767,361</b>	<b>1,916,238</b>
Net assets per share attributable to Owners of the Company (RM)	0.13	0.14

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 January 2014 and the accompanying explanatory notes attached to the interim financial report.

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**Schedule C : Condensed Consolidated Statement of Cash Flows**  
**For the financial period ended 31 July 2014**

	<b>Current year to-date 31/07/2014 RM'000</b>	<b>Preceding year to-date 31/07/2013 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(9,656)	(7,936)
Adjustments for:		
Interest expenses:-		
- borrowings	14,260	25,068
- convertible securities	1,471	2,187
Impairment loss on receivables	3,352	6,155
Impairment loss on inventories	5,510	-
Impairment loss on property development costs	46,300	-
Depreciation:		
- property, plant and equipment	2,600	2,044
- investment properties	955	951
Finance liabilities at amortised costs	(15,858)	-
Finance assets at amortised costs	5,222	-
(Gain) / Loss on disposal of:		
- property, plant and equipment	(58)	3
- investment properties	-	(1,011)
- subsidiaries	-	(6,325)
Gains on early conversion and redemption of convertible securities	(9,667)	(1,605)
Impairment loss on receivables recovered	-	(26,713)
Impairment loss on inventories recovered	-	(384)
Additional provision for liquidated and ascertained damages	1,195	-
Property, plant and equipment written off	11	-
Waiver of debts	(45,675)	-
Interest income	(195)	(207)
Share of results of joint ventures and associates	290	(1,584)
Operating profit/(loss) before working capital changes	<u>57</u>	<u>(9,357)</u>
Changes in working capital:		
Property development costs	940	51,514
Asset held for sale	(30,721)	6,082
Inventories	1,483	3,734
Receivables	73,523	17,512
Payables	27,919	7,132
Operating profit after working capital changes	<u>73,201</u>	<u>76,617</u>
Interest received	195	207
Income tax paid	(3,995)	(1,361)
Interest paid	(14,260)	(25,068)
Payment for liquidated and ascertained damages	<u>(2,233)</u>	<u>(1,202)</u>
Net Cash Generated From Operating Activities	<u>52,908</u>	<u>49,193</u>

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	<b>Current year to-date 31/07/2014 RM'000</b>	<b>Preceding year to-date 31/07/2013 RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net change in associates balances	27,457	4
Net proceeds from disposal of:		
- assets held for sales	160,644	
- property, plant and equipment	74	2
- investment properties	-	7,007
- subsidiary companies	-	(1)
Dividends received	-	1,000
Net change in joint ventures balances	(173,092)	34
Purchase of property, plant and equipment	(171)	(1,953)
Addition to investment in associates	(1,600)	-
Net Cash Generated In Investing Activities	<u>13,312</u>	<u>6,093</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Repayment of borrowings	(32,500)	(51,557)
Net changes in sinking funds held by trustees	11,638	94
Housing development accounts pledged as security values	-	64
Payment to financial liabilities	(49,865)	-
Net Cash Used In Financing Activities	<u>(70,727)</u>	<u>(51,399)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(4,507)	3,887
<b>EFFECTS OF EXCHANGE DIFFERENCES</b>	(12)	(24)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR</b>	<u>24,165</u>	<u>15,594</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD</b>	<u>19,646</u>	<u>19,457</u>
<b>Cash in hand and bank balances</b>	<b>15,553</b>	<b>19,325</b>
<b>Deposits with licensed banks</b>	<b>4,189</b>	<b>228</b>
	<u>19,742</u>	<u>19,553</u>
<b>Balances pledged as securities to licensed banks - HDA</b>	<b>(96)</b>	<b>(96)</b>
	<u>19,646</u>	<u>19,457</u>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 January 2014 and the accompanying explanatory notes attached to the interim financial report.

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**Schedule D: Condensed Consolidated Statement of Changes in Equity**  
**For the financial period ended 31 July 2014**

	Attributable to owners of the Company							Non-Controlling Interests	Total Equity
	Share Capital	Share Premium	Treasury Shares	Convertible Securities	Capital Reserves*	Accumulated Losses*	Total		
	RM000	RM000	RM000	RM000	RM000	RM000	RM000	RM000	RM000
<b>At 1 February 2014</b>	816,197	-	(493)	16,797	44,443	(305,157)	571,787	3,893	575,680
Convertible securities converted/redeemed during the financial year	27,859	3,964	-	(16,797)	-	-	15,026	-	15,026
Total comprehensive loss for the financial year	-	-	-	-	(4,771)	(11,783)	(16,554)	(2,120)	(18,674)
<b>At 31 July 2014</b>	<b>844,056</b>	<b>3,964</b>	<b>(493)</b>	<b>-</b>	<b>39,672</b>	<b>(316,940)</b>	<b>570,259</b>	<b>1,773</b>	<b>572,032</b>
<b>At 1 February 2013</b>	812,920	-	(493)	19,159	43,637	(315,589)	559,634	2,733	562,367
Convertible securities converted/redeemed during the financial year	1,855	-	-	(1,968)	-	-	(113)	-	(113)
Total comprehensive income/(loss) for the financial year	-	-	-	-	(4,698)	(7,384)	(12,082)	(4)	(12,086)
Realisation of reserve on disposal of subsidiaries	-	-	-	-	(100)	100	-	-	-
<b>At 31 July 2013</b>	<b>814,775</b>	<b>-</b>	<b>(493)</b>	<b>17,191</b>	<b>38,839</b>	<b>(322,873)</b>	<b>547,439</b>	<b>2,729</b>	<b>550,168</b>

\* *Non-distributable*

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 January 2014 and the accompanying explanatory notes attached to the interim financial report.

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**Schedule E : Significant Events and Transactions Pursuant to FRS 134**

**1. Basis of Preparation**

The unaudited quarterly report has been prepared in accordance with the reporting requirements as set out in Financial Reporting Standard (“FRS”) 134 “Interim Financial Reporting” and Paragraph 9.22 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements (“Bursa Securities Listing Requirements”) and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 January 2014 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

The significant accounting policies and methods adopted for the unaudited condensed financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 January 2014 except for the following revised FRSS, amendment/improvement to FRSSs, new IC Int and amendments to IC Int which have been adopted during the financial period.

**Amendments/Improvement to FRSSs**

FRS 10	Consolidated Financial Statements
FRS 12	Disclosure of Interests in Other Entities
FRS 127	Separate Financial Statement
FRS 132	Financial Instruments : Presentation
FRS 136	Impairment of Assets
FRS 139	Financial Instruments : Recognition & Measurement

**Amendments to IC Int**

IC Int 21	Levies
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The Group has not early adopted the following standards that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the Group:-

		<b>Effective for the financial period beginning on or after</b>
<b><u>New FRSSs</u></b>		
FRS 9	Financial Instruments	To be announced by the MASB
FRS 14	Regulatory Deferral Accounts	1 January 2016
<b><u>Amendments/Improvements to FRSSs</u></b>		
FRS 1	First-time Adoption of Financial Reporting	1 July 2014
FRS 2	Share-based Payment	1 July 2014
FRS 3	Business Combinations	1 July 2014
FRS 7	Financial Instruments: Disclosures	Applies when FRS 9 is applied
FRS 8	Operating Segments	1 July 2014
FRS 9	Financial Instruments	To be announced by the MASB
FRS 11	Joint Arrangements	1 January 2016
FRS 13	Fair Value Measurement	1 July 2014
FRS 116	Property, Plant and Equipment	1 July 2014 and 1 January 2016
FRS 119	Employee Benefits	1 July 2014
FRS 124	Related Party Disclosures	1 July 2014
FRS 138	Intangible Assets	1 July 2014 and 1 January 2016
FRS 140	Investment Property	1 July 2014

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**Schedule E : Significant Events and Transactions Pursuant to FRS 134 (Cont'd)**

**1. Basis of Preparation (Cont'd)**

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the MASB had on 19 November 2011 issue a new MASB approved accounting standards, MFRSs (“MFRSs Framework”) for application in the annual periods beginning on or after 1 January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 *Agriculture* and/or IC Int 15 *Agreements for the Construction of Real Estate* (“*Transitioning Entities*”). The Transitioning Entities are given an option to defer adoption of the MFRSs framework to financial periods beginning on or after 1 January 2014. Transitioning Entities also includes those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs framework to financial year beginning on 1 February 2015. The Group and the Company will prepare its first MFRSs financial statements using the MFRSs framework for the financial year ending 31 January 2016.

As at 31 January 2013, all FRSs issued under the existing FRSs framework are equivalent to the MFRSs issued under MFRSs framework except for differences in relation to the transitional provisions, the adoption of MFRS 141 *Agriculture* and IC Int 15 *Agreements for the Construction of Real Estate* as well as differences in effective dates contained in certain of the existing FRSs. As such, the main effects arising from the transition to the MFRSs Framework is as follows:

***Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards (“MFRS 1”)***

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs effective for annual periods beginning on or after 1 January 2014 have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs. The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

**2. Seasonality or Cyclicity of Operations**

The business operations of the Group were not affected by any material seasonal or cyclical factor.

**3. Unusual Items due to their Nature, Size or Incidence**

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

**4. Changes in Estimates**

There were no significant changes to estimates that have a material effect on the results of the Group for the current year quarter.



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**Schedule E : Significant Events and Transactions Pursuant to FRS 134 (Cont'd)**

**5. Debt and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayments of debt and equity securities in the current year quarter and current year-to-date, other than the following:

	<b>Current year Quarter 31/07/2014 Nos</b>	<b>Current year to-date 31/07/2014 Nos</b>
<b><u>(a) Issuance of New Shares</u></b>		
- conversion of RCPS 2009/2014 of RM0.20 each to ordinary share of RM0.20 each	128,310,773	139,294,473
<b><u>(b) Redemption of Loan Stocks</u></b>		
- redemption and cancellation of RCCLS class A of RM0.20 each	197,716,250	197,716,250
- redemption and cancellation of RCCLS class B of RM0.20 each	-	51,612,905
Total	197,716,250	249,329,155

**6. Dividend**

No dividend has been paid since the beginning of the current year quarter.

**7. Segment Information**

The segment analysis for the Group for the quarter and year-to-date, as follow:-

	<b>Quarter ended 31 July</b>		<b>Year-to-date ended 31 July</b>	
	<b>2014 RM'000</b>	<b>2013 RM'000</b>	<b>2014 RM'000</b>	<b>2013 RM'000</b>
<u>Revenue</u>				
Property Development and Investment	86,038	13,024	165,509	29,768
Hotel and Recreation	2,696	6,453	5,145	11,491
	88,734	19,477	170,654	41,259
<u>Profit/(Loss) before tax</u>				
Property Development and Investment	12,181	(5,178)	(4,526)	(2,159)
Hotel and Recreation	(1,689)	(833)	(5,130)	(5,777)
	10,492	(6,011)	(9,656)	(7,936)

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**Schedule E : Significant Events and Transactions Pursuant to FRS 134 (Cont'd)**

**8. Changes in the Composition of the Group**

During the previous quarter, the Group increased its equity interest in Venue Ventures Sdn. Bhd., a 99.65%-owned subsidiary to a wholly-owned subsidiary company.

**9. Contingent Liabilities**

	<u>RM'000</u>
(a) Corporate guarantees given to financial institutions for credit facilities granted to associated company	5,000
(b) Assets pledged to financial institutions for credit facilities granted to Kumpulan Europlus Berhad group (The Group owes Kumpulan Europlus Berhad group RM24.94 million as at 31 July 2014)	31,326
	<u>36,326</u>

**10. Events After the Reporting Period**

There were no material events subsequent to current year quarter ended 31 July 2014 that have not been reflected in the financial statements.

**11. Contingent Assets**

As at the date of this report, the Group does not have any contingent assets.

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**Schedule F : Additional Disclosures Pursuant to Appendix 9B of the Listing requirements of Bursa Malaysia Securities Berhad**

**1. Review of Performance**

**(a) Overall Results Commentary:**

For the current quarter

The Group recorded revenue of RM88.73 million, a 355.5% increase over the RM19.48 million generated during last year's corresponding quarter. The improvement is mainly due to disposal of development lands by the Property Development and Investment Division.

Group pre-tax profit was RM10.49 million compared to a pre-tax loss of RM6.01 million for the same quarter last year. The improvement is mainly due to higher gross profit and other income and lower finance cost, but reduced by provision for impairment on property development costs of RM46.3 million.

For the current year-to-date

Revenue for the Group rose to RM170.65 million from RM41.26 million, a year-on-year increase of 313.6%. The improvement is mainly due to disposal of development lands by the Property Development and Investment Division.

The Group recorded a pre-tax loss of RM9.66 million, marginally higher than the pre-tax loss of RM7.94 million for the corresponding period of the preceding year. The Group's results were affected by higher administrative and other expenses, despite improvements in other income and lower finance cost.

**(b) Segmental Results Commentary:**

**(i) Property Development and Investment Division**

For the current quarter

The Division recorded revenue of RM86.04 million, a year-on-year increase of 560.8% over RM13.02 million. The improvement is mainly due to disposal of development lands during the current quarter.

The division recorded a pre-tax profit of RM12.18 million compared to a pre-tax loss of RM5.18 million for the same quarter last year. The improvement is mainly due to higher gross profit and other income and lower finance cost, but reduced by provision for impairment on property development of RM46.3 million.

For the current year-to-date

The Group recorded revenue of RM165.51 million, an increase of 456% over the RM29.77 million from the corresponding period of the preceding year. The improvement is mainly due to disposal of development lands during the current quarter.

The Group recorded a pre-tax loss of RM4.53 million compared to the pre-tax loss of RM2.16 million reported for the same period last year. The improvement is mainly due to higher gross profit and other income and lower finance cost, but reduced by provision for impairment on property development of RM46.3 million.

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**Schedule F : Additional Disclosures Pursuant to Appendix 9B of the Listing requirements of Bursa Malaysia Securities Berhad**

**1. Review of Performance**

**(b) Segmental Results Commentary:**

**(ii) Hotel and Recreation Division**

For the current quarter

The Division's revenue fell to RM2.70 million from RM6.45 million, down 58.14% against the same quarter of the preceding year mainly due to the termination of tenancies by long staying Japanese guests.

The division recorded a higher pre-tax loss of RM1.69 million compared to a pre-tax loss of RM0.83 million for the corresponding quarter of the previous year mainly due to lower occupancy rate achieved.

For the current year-to-date

The Group's revenue fell 55.2% to RM5.15 million against the same period of the preceding year. The poorer result was mainly due to reasons explained above.

However, the Group's pre-tax loss improved marginally to RM5.13 million from RM5.78 million year-on-year. The improvement was mainly due to greater operating income in the current year to date period.

**2. Comparison with Preceding Quarter's Results (Quarter 4, 2014 vs Quarter 3, 2014)**

	<b>Current year Quarter 31 July 2014 RM'000</b>	<b>Immediate preceding Quarter 30 April 2014 RM'000</b>
Revenue	88,734	81,920
Profit/(Loss) before tax	10,492	(20,148)

The Group recorded a quarter-on-quarter improvement of 8.3% in revenue to RM88.7 million from RM81.9 million. Pre-tax profit rose to RM10.49 million for the current quarter, compared to a pre-tax loss of RM20.15 million for the preceding quarter.

The improvement in result was mainly due to lower cost of sales and higher other income.

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**3. Prospects**

The Group will continue to enter into joint ventures with reputable corporations to develop its land banks, in addition to the current joint venture development projects. The Group will launch new development projects once approvals are obtained from the relevant authorities. However, the Board foresees a challenging financial year ahead for the Group due to market conditions brought about by tougher lending guidelines by Bank Negara Malaysia and an increasing construction costs environment.

**4. Profit Forecast and Profit Guarantee**

The Group has not provided any profit forecast or profit guarantee in a public document during the current year quarter.

**5. Income Tax Expense**

<u>Group</u>	<b>Current year quarter 31/07/2014 RM'000</b>	<b>Current year to-date 31/07/2014 RM'000</b>
Income tax - current year	(4,457)	(4,457)
Deferred taxation - current year	820	1,051
	<u>(3,637)</u>	<u>(3,406)</u>

The deferred tax credit is in respect of the convertible securities.

**6. Status of Corporate Proposals**

There were no outstanding corporate proposals or new announcements made in the current year quarter.

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**7. Group Borrowings and Debt Securities**

The Group's borrowings and debt securities as at 31 July 2014 are as follow:

	<b>Total</b>	
	<b>RM'000</b>	
<b><u>Secured</u></b>		
Short term borrowings		58,432
Long term borrowings		196,043
		<b>254,475</b>
	<b>Foreign</b>	<b>RM</b>
Foreign currency borrowings included above:	<b>Currency</b>	<b>Equivalent</b>
	<b>'000</b>	<b>'000</b>
Chinese Renminbi	82,237	42,204

**8. Material Litigation**

Save as disclosed below, neither Talam Transform Berhad ("Talam") nor its subsidiaries are engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the business or financial position of the Group, and the Board has no knowledge of any proceedings pending or threatened against the Group or of any fact likely to give rise to any proceedings which might materially and adversely affect the business or financial position of Talam Group:

(i) Talam Transform Berhad ("Talam")

- (a) Talam has initiated legal proceedings against Bangkok Bank Berhad ("BBB") for disposing a piece of property that is pledged to BBB for credit facilities granted to a related party, Keuro Leasing Sdn Bhd, a wholly owned subsidiary of Kumpulan Europlus Berhad. The property, valued at RM48.70 million, is part and parcel of the properties being disposed to Menteri Besar Selangor (Incorporated) ("MBI") under a settlement agreement entered into on 12 March 2010 between the Company and MBI which was made known to BBB. Despite its awareness of this settlement agreement, BBB, had on 7 September 2010, proceeded to auction the property to a purchaser for RM15.00 million which is well below the transacted value with MBI of RM48.70 million.

The Company's applications against the successful bidder were not successful and the Company has decided to proceed with full trial against BBB. The Court has fixed 17, 18, 19 September 2014 and 13, 14 October 2014 as full trial dates for the above matter.

Based on legal counsel's advice, the Board of Directors of the Company believes that the Company has a reasonably good and valid claim in the legal action being taken. If necessary, the Company will identify a piece of land to replace the abovementioned land to MBI. The disposal of this property will not have any significant impact on completion of the MBI Settlement.

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**8. Material Litigation (Cont'd)**

(i) Talam Transform Berhad ("Talam")

- (b) Talam has on 14 November 2013 via its lawyers initiated a legal proceeding for a sum of RM324 million as damages against Datuk Chua Tee Yong for utterance of defamatory statements against Talam on the media.

Datuk Chua Tee Yong has on 26 November 2013 via his lawyers filed an appearance with a view to defend.

On 10 February 2014, Datuk Chua Tee Yong via his lawyer filed an application to strike out the statement of claims and the Company has via its lawyer on 8 April 2014 filed an application to amend the statement of claims and included Star Publications (M) Bhd ("STAR") as co-defendant to the proceeding. Both applications were heard on 8 May 2014 and the Court struck out the defendant's application and allowed the Company's application to be amended to include STAR as co-defendant and has fixed 17,18 & 19 November 2014 for hearing.

**9. Proposed dividend**

No dividend has been declared for the current year quarter.

**10. Earnings Per Share**

a) Basic earnings per share

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

	<b>Current year quarter 31 July 2014</b>	<b>Current year to-date 31 July 2014</b>
Profit attributable to owners of the Company (RM'000)	7,616	(11,783)
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	4,189,463	4,189,463
Basic earning per share (sen)	0.18	(0.28)

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**10. Earnings Per Share (Cont'd)**

b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, the profit for the current year quarter attributable to owners 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 beginning of the financial year.

	<b>Current year quarter 31 July 2014</b>	<b>Current year to-date 31 July 2014</b>
Profit attributable to owners of the Company (RM'000)	7,616	(11,783)
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	4,189,463	4,189,463
Adjustment for assumed conversion of RCPS ('000)	-*	-*
Adjustment for assumed conversion of RCSLS ('000)	-*	-*
Adjusted weighted average number of Ordinary shares in issue and issuable ('000)	4,189,463	4,189,463
Diluted earning per share (sen)	0.18	(0.28)

\* The outstanding RCPS and RCSLS have been excluded from the computation of diluted earnings per ordinary share as their effect would be anti-dilutive.



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**11. Realised and Unrealised Profits/(Losses) Disclosure**

The breakdown of the accumulated profits/(losses) of the Group as at 31 July 2014 into realised and unrealised profits/(losses) is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants on 20 December 2010.

	<b>As at 31 July 2014 RM'000</b>	<b>As at 31 July 2013 RM'000</b>
<b>Total accumulated losses of the Group and its subsidiaries</b>		
- Realised	(305,948)	(310,245)
- Unrealised	(10,701)	(14,212)
 <b>Joint ventures</b>		
- Realised	(196)	1,648
 <b>Associated companies</b>		
- Realised	(95)	(64)
	<hr/> <hr/>	<hr/> <hr/>
	(316,940)	(322,873)

**12. Annual Audited Report**

The auditors' report on the financial statements of the Group for the financial year ended 31 January 2014 did not contain any qualification.

**13. Authorisation for Issue**

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 19 September 2014.

By order of the Board

Raw Koon Beng  
 Company Secretary