

TALAM TRANSFORM BERHAD (1120 - H)
Financial Report for the financial period ended 31 July 2015
(The figures have not been audited)

Schedule A : Condensed Consolidated Statement of Comprehensive Income
For the financial period ended 31 July 2015

	Individual period		Cumulative period	
	Current year quarter 31/07/2015	Preceding year quarter 31/07/2014	Current year quarter 31/07/2015	Preceding year quarter 31/07/2014
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Revenue	10,916	86,038	120,759	165,509
Cost of sales	(9,023)	(67,063)	(53,889)	(147,070)
Gross profit/(loss)	1,893	18,975	66,870	18,439
Other operating income (Schedule A Note 1)	2,974	54,272	20,745	57,527
Gain on disposal of subsidiaries	83,978	-	83,978	-
Administrative expenses (Schedule A Note 2)	(8,872)	(8,501)	(13,768)	(21,062)
Other expenses (Schedule A Note 3)	(67,954)	(60,589)	(142,890)	(61,114)
Result from operating activities	12,020	4,157	14,936	(6,210)
Finance income	1,693	14,092	2,436	16,054
Finance costs	(7,024)	(5,973)	(13,142)	(14,079)
Profit/(Loss) before tax and share of results	6,689	12,276	4,230	(4,235)
Share of results in jointly controlled entities and associate companies	(27)	(95)	(65)	(291)
Profit/(Loss) before tax	6,661	12,181	4,164	(4,526)
Income tax	(13,596)	(3,637)	(12,898)	(3,406)
Profit/(Loss) from continuing operations, net of tax	(6,935)	8,544	(8,734)	(7,932)
Loss from discontinuing operations, net of tax (Schedule E Note 8)	(4,787)	(1,689)	(6,042)	(5,130)
Profit/(Loss) for the period	(11,721)	6,855	(14,775)	(13,062)

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Schedule A : Condensed Consolidated Statement of Comprehensive Income (Cont'd)
For the financial period ended 31 July 2015

	Individual period		Cumulative period	
	Current year quarter 31/07/2015 RM'000	Preceding Year quarter 31/07/2014 RM'000	Current year to-date 31/07/2015 RM'000	Preceding Year to-date 31/07/2014 RM'000
Other comprehensive income/(loss)				
Exchange difference on translation of foreign entity	1,001	(941)	1,132	(5,612)
Total comprehensive profit/(loss) for the period	(10,721)	5,914	(13,644)	(18,674)
Profit/(Loss) for the period attributable to:				
Owners of the Company				
- continuing operations	(7,917)	9,780	(9,943)	(9,619)
- discontinuing operations	(4,068)	(2,925)	(5,135)	(2,925)
	(11,985)	6,855	(15,078)	(12,544)
Non-controlling Interests	264	-	303	(518)
	(11,721)	6,855	(14,775)	(13,062)
Total comprehensive profit/(loss) for the period attributable to:				
Owners of the Company				
- continuing operations	(5,994)	8,150	(8,020)	(8,325)
- discontinuing operations	(5,142)	(2,236)	(6,097)	(9,131)
	(11,136)	5,914	(14,117)	(17,456)
Non-controlling Interests	415	-	473	(1,218)
	(10,721)	5,914	(13,644)	(18,674)
Earnings per share from continuing operations attributable to owners of parent (in sen)				
Earnings per share ("EPS") (in sen)				
Basic	(0.19)	(0.39)	(0.24)	(0.39)
Diluted	(0.19)	(0.39)	(0.24)	(0.39)
Earnings per share from discontinuing operations attributable to owners of parent (in sen)				
Basic	(0.10)	(0.08)	(0.12)	(0.08)
Diluted	(0.10)	(0.08)	(0.12)	(0.08)

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Schedule A : Condensed Consolidated Statement of Comprehensive Income (Cont'd)
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	Individual period		Cumulative period	
	Current year quarter 31/07/2015	Preceding Year quarter 31/07/2014	Current year to-date 31/07/2015	Preceding Year to-date 31/07/2014
	RM'000	RM'000	RM'000	RM'000
NOTE :				
1) Included in the Other Operating Income:				
Gain on assignment of debt	-	-	17,175	-
Gains on early conversion and redemption of convertible securities	-	7,417	-	9,667
Gains on early redemption of financial instrument	1,101	-	1,101	-
(Loss)/Gain on disposal of property, plant and equipment	-	-	-	58
Provision for impairment on receivables no longer required	1,348	-	1,348	553
Provision for impairment on inventories no longer required	-	-	-	639
Rental income	188	(684)	218	(388)
Write back of provision for liquidated and ascertained damages	-	-	129	-
Waiver of debts	-	-	-	45,675
2) Included in the Administrative				
Provision for liquidated and ascertained damages	(55)	(560)	(519)	(1,195)
Compensation paid for termination of development project	(1,543)	-	(1,543)	(8,708)
3) Included in the Other expenses				
Depreciation	(349)	(993)	(590)	(1,036)
Property, plant and equipment written off	-	(3)	-	(11)
Provision for impairment on receivables	(1,000)	(3,905)	(1,000)	(3,905)
Provision for impairment on goodwill	-	-	-	-
Provision for impairment on land held for property development	(67,861)	-	(141,823)	-
Provision for loss on disposal of development properties	-	(46,300)	-	(46,300)
Provision for impairment on inventories	-	(6,148)	-	(6,148)
Bad debts written off	(1,447)	-	(1,447)	-

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 January 2015 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 2015

	Unaudited	Audited
	as at	as at
	31/07/2015	31/1/2015
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,174	1,265
Land held for property development	424,232	496,232
Investment properties	70,427	70,871
Interest in joint ventures	8,256	8,512
Interest in associates	25,346	8,180
Other investment	476	476
Long term receivables	16,789	33,532
Total non-current assets	546,700	619,068
Current assets		
Property development costs	193,268	237,367
Inventories	64,653	66,828
Trade and other receivables	160,213	162,065
Amount owing by associates	20,022	20,021
Amount owing by jointly controlled entities	137,160	135,348
Sinking funds held by trustees	-	2
Cash and bank balances	16,921	29,590
	592,237	651,221
Assets held for sale	199,117	236,070
Total current assets	791,354	887,291
TOTAL ASSETS	1,338,054	1,506,359

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Schedule B : Condensed Consolidated Statement of Financial Position (Cont'd)
As at 31 July 2015

	Unaudited	Audited
	as at	as at
	31/07/2015	31/1/2015
	RM'000	RM'000
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	844,056	844,056
Treasury shares	(493)	(493)
Reserves	(394,982)	(380,866)
Equity attributable to owners of the Company	448,581	462,697
Non-controlling interests	(4,610)	(5,083)
Total equity	443,971	457,614
Non-current liabilities		
Borrowings	53,317	121,945
Other long term payables	-	145,047
Tax liabilities	55,354	59,719
Deferred tax liabilities	1,195	926
Total non-current liabilities	109,866	327,637
Current liabilities		
Provision for liability	22,915	24,092
Borrowings	134,372	101,495
Trade and other payables	455,677	416,478
Amount owing to joint ventures	33,564	33,564
Current tax liabilities	71,806	87,186
	718,334	662,815
Liabilities directly associated with assets classified as held for sale	65,883	58,293
Total current liabilities	784,217	721,108
Total liabilities	894,083	1,048,745
TOTAL EQUITY AND LIABILITIES	1,338,054	1,506,359
Net assets per share attributable to Owners of the Company (RM)	0.11	0.11

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 January 2015 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 2015

	Current year ended 31/07/2015 RM'000	Preceding year ended 31/07/2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax from continuing operations	4,164	(4,526)
Profit/(Loss) before tax from discontinued operation	(6,042)	(5,130)
Adjustments for:		
Interest expenses:-		
- borrowings	5,845	14,260
- convertible securities	-	1,471
Impairment loss on receivables	1,000	3,352
Impairment loss on inventories	-	5,510
Impairment loss on receivables no longer required	(1,348)	-
Impairment loss on property development costs	-	46,300
Depreciation:		
- property, plant and equipment	145	2,600
- investment properties	445	955
Bad debts written off	1,447	-
Property, plant and equipment written off	-	11
Finance liabilities at amortised costs	7,298	5,222
Finance assets at amortised costs	(1,257)	(15,858)
(Gain) / Loss on disposal of:		
- property, plant and equipment	-	(58)
- subsidiaries	(83,978)	-
Provision for loss on disposal of development properties	141,823	-
Gains on early conversion and redemption of convertible securities	-	(9,667)
Additional provision for liquidated and ascertained damages	-	1,195
Waiver of debts	-	(45,675)
Interest income	(2,436)	(195)
Share of results of joint ventures and associates	64	290
Operating profit/(loss) before working capital changes	<u>67,171</u>	<u>57</u>
Changes in working capital:		
Property development costs	(25,726)	940
Asset held for sale	44,544	(30,721)
Inventories	2,066	1,483
Receivables	16,069	73,523
Payables	(46,581)	27,919
Operating profit after working capital changes	<u>57,543</u>	<u>73,201</u>
Interest received	2,436	195
Income tax paid	(7,266)	(3,995)
Interest paid	(5,845)	(14,260)
Payment for liquidated and ascertained damages	(121)	(2,233)
Net Cash Generated/(Utilised) In Operating Activities	<u>46,747</u>	<u>52,908</u>

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Schedule C : Condensed Consolidated Statement of Cash Flows
For the financial period ended 31 July 2015

	Current year to-date 31/07/2015 RM'000	Preceding year to-date 31/07/2014 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in associates balances	(1)	27,457
Net proceeds from disposal of:		
- assets held for sales	-	160,644
- property, plant and equipment	-	74
Dividends received	200	-
Net change in joint ventures balances	(1,812)	(173,092)
Additional of investment in associate	(17,174)	-
Purchase of property, plant and equipment	(55)	(171)
Net cash outflow arising from disposal of subsidiaries	(170)	-
Addition to investment in associates	-	(1,600)
Net Cash Generated/(Utilised) From Investing Activities	<u>(19,012)</u>	<u>13,312</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(40,334)	(32,500)
Net changes in sinking funds held by trustees	2	11,638
Payment to financial liabilities	-	(49,865)
Net Cash Generated/(Utilised) In Financing Activities	<u>(40,332)</u>	<u>(70,727)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(12,597)	(4,507)
EFFECTS OF EXCHANGE DIFFERENCES	(71)	(12)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	29,493	24,165
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	<u>16,825</u>	<u>19,646</u>
Cash in hand and bank balances	12,616	15,553
Deposits with licensed banks	<u>4,305</u>	<u>4,189</u>
	16,921	19,742
Balances pledged as securities to licensed banks - HDA	<u>(96)</u>	<u>(96)</u>
	<u>16,825</u>	<u>19,646</u>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 January 2015 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 2015

	Attributable to owners of the Company								Non-Controlling Interests	Total Equity
	Share Capital	Share Premium	Treasury Shares	Non - Distributable Convertible Securities	Capital Reserves	Assets Held for Sale	Accumulated Losses	Total		
At 1 February 2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	844,056	12,030	(493)	-	7,131	40,593	(440,620)	462,697	(5,083)	457,614
Total comprehensive income/(loss) for the financial year	-	-	-	-	961	-	(15,078)	(14,117)	473	(13,644)
Reclassification of disposal to assets held for sale	-	-	-	-	(961)	961	-	-	-	-
At 31 July 2015	844,056	12,030	(493)	-	7,131	41,554	(455,698)	448,580	(4,610)	443,970
At 1 February 2014	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	12,030	-	(16,797)	-	-	2,292	25,384	-	25,384
Total comprehensive income/(loss) for the financial year	-	-	-	-	3,281	-	(138,193)	(134,912)	(8,538)	(143,450)
Reclassification of disposal to assets held for sale	-	-	-	-	(40,593)	40,593	-	-	-	-
Acquisition of non-controlling interest	-	-	-	-	-	-	438	438	(438)	-*
At 31 January 2015	844,056	12,030	(493)	-	7,131	40,593	(440,620)	462,697	(5,083)	457,614

* Represent amount less than RM1,000/-

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 January 2015 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 2015 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 2015 except for the following revised FRSs, amendment/improvement to FRSs, new IC Int and amendments to IC Int which have been adopted during the financial period.

2. Changes in Accounting Policies

Amendments/Improvement to FRSs

MFRS 1	First-time Adoption of Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 8	Operating Segments
MFRS 13	Fair Value Measurement
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 124	Related Party Disclosures
MFRS 138	Intangible Assets
MFRS 140	Investment Property

The Group has not early adopted the following standards that have been issued by the Malaysian Accounting Standards Board as there are not yet effective for the Group:-

		Effective for the financial period beginning on or after
<u>New MFRSs</u>		
MFRS 9	Financial Instruments	1 January 2018
MFRS 14	Regulatory Deferral Accounts	1 January 2016
<u>Amendments/Improvements to MFRSs</u>		
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 10	Consolidated Financial Statements	1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosure of Interest in Other Entities	1 January 2016
MFRS 101	Presentation of Financial Statement	1 January 2016
MFRS 116	Property, Plant and Equipment	1 January 2016
MFRS 119	Employee Benefits	1 January 2016
MFRS 127	Separate Financial Statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 134	Interim Financial Reporting	1 January 2016
MFRS 138	Intangible Assets	1 January 2016

Schedule E : Significant Events and Transactions Pursuant to FRS 134

2. Changes in Accounting Policies (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 new MASB approved accounting standards, MFRSs (“MFRSs Framework”) for application in the annual periods beginning on or after 1 January 2012, with exception of entities that are within the scope of MFRS 141 “Agriculture” and/or IC Interpretation 15 “Agreement for Construction of Real Estate”, including their parent, significant investor and venturer (herein called “Transitioning Entities”).

Based on the MASB announcement on 2 September 2014, the adoption of the amendments to MFRS 116 and MFRS 141 “Agriculture: Bearer Plants” will be mandatory for annual periods beginning on or after 1 January 2016.

MASB made an announcement on 8 September 2015 regarding the deferral of the effective date for MFRS 15 “Revenue from Contract with Customers”. According to the announcement, the adoption of MFRS 15 “Revenue from Contract with Customers” will be mandatory for annual periods beginning on or after 1 January 2018.

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 2018. The Group and the Company will prepare their first MFRSs financial statements using the MFRSs framework for the financial year ending 31 January 2019.

3. Seasonality or Cyclicity of Operations

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

4. 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.

5. Changes in Estimates

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

6. 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.

7. Dividend

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

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

8. Discontinuing operation and disposal classified as held for sale

On 4 April 2014, the Company announced the disposal of one of its subsidiaries, Jilin Province Maxcourt Hotel Limited ("JPMHL"), which is reported in the hotel and recreation segment.

In the current year quarter, the assets and liabilities related to JPMHL have been presented in the statement of financial position as "Assets held for sale" and "Liabilities directly associated with assets classified as held for sale"

Statement of financial position disclosures

The major classes of assets and liabilities of JPMHL classified as held for sale as at 31 July 2015 are as below :

	Current year	
	Quarter	Year ended
	31 July	31 January
	2015	2015
	RM'000	RM'000
Assets:		
Property, plant and equipment	123,617	116,477
Inventories	1,540	1,545
Trade and other receivables	1,404	2,163
Cash and bank balance	84	1,351
Assets held for sale	126,645	121,536
Liabilities:		
Short term borrowing	33,720	32,264
Trade and other payables	32,164	26,029
Liabilities directly associated with assets classified as held for sale	65,884	58,293

Other than the assets held for sale related to this discontinuing operation, the consolidated statement of financial position also included other non-current assets classified as held for sale amounting to RM 52.35 million.

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

8. Discontinuing operation and disposal classified as held for sale (Cont'd)

Statement of comprehensive income disclosure

The results of JPMHL for the current period are as follows :

	Individual period		Cumulative period	
	Current quarter	Preceding year quarter	Current year to-date	Preceding year to-date
	31/07/2015	31/07/2014	31/07/2015	31/07/2014
	RM'000	RM'000	RM'000	RM'000
Revenue	1,209	2,696	2,637	5,145
Expenses	(5,085)	(3,598)	(6,876)	(8,622)
Loss from operations	(3,876)	(902)	(4,239)	(3,477)
Finance costs	(911)	(786)	(1,803)	(1,652)
Loss before tax from discontinuing operation	(4,787)	(1,688)	(6,042)	(5,129)
Taxation	-	-	-	-
Loss from discontinuing operation	(4,787)	(1,688)	(6,042)	(5,129)
Translation reserve	(1,262)	(459)	(1,131)	(5,130)
Total comprehensive loss from discontinuing operation	(6,049)	(2,147)	(7,173)	(10,259)

Statement of cash flows disclosures

The cash flows attributable to JPMHL are as follows :

	Individual period		Cumulative period	
	Current quarter	Preceding year quarter	Current year to-date	Preceding year to-date
	31/07/2015	31/07/2014	31/07/2015	31/07/2014
	RM'000	RM'000	RM'000	RM'000
Cash flow generated from/use in:				
Operating activities	(1,167)	316	(680)	2,061
Investing activities	-	-	-	-
Financing activities	849	(84)	(587)	(1,678)
Net cash inflow/(outflow)	(318)	232	(1,267)	383

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

9. Segment Information

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

	Quarter ended 31 July		Year-To-Date ended 31 July	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<u>Revenue</u>				
Property Development and Investment	10,916	86,038	120,759	165,509
Hotel and Recreation (Discontinuing)	1,209	2,696	2,637	5,145
	<u>12,125</u>	<u>88,734</u>	<u>123,396</u>	<u>170,654</u>
<u>Profit/(Loss) before tax</u>				
Property Development and Investment	6,661	12,181	4,164	(4,526)
Hotel and Recreation (Discontinuing)	(4,787)	(1,689)	(6,042)	(5,130)
	<u>1,874</u>	<u>10,492</u>	<u>(1,878)</u>	<u>(9,656)</u>

10. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter except that:-

G.L. Development Sdn Bhd ("GLSB"), a wholly-owned subsidiary of the Company had on 18 June 2015 entered into sale and purchase agreements to acquire 250,000 ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of Bay Vista Sdn Bhd ("BVSB") for a total cash consideration of RM2.00 ("Acquisition"). With the Acquisition, BVSB became a wholly-owned subsidiary of the Group.

Europlus Corporation Sdn Bhd, a wholly-owned subsidiary of the Group, had on 10 July 2015 entered into a Sale of Shares Agreement to dispose of 2,600,000 ordinary shares of RM1.00 each representing 100% equity interest in Kenshine Corporation Sdn Bhd ("KCSB") for a cash consideration of RM1.00 ("Disposal"). With the Disposal, KCSB ceased as a wholly-owned subsidiary of Group.

In the previous quarter, Zillion Development Sdn Bhd, a wholly-owned subsidiary of the Group had on 24 March 2015 entered into a sale and purchase agreement to acquire a total of 2,000,000 ordinary shares of RM1.00 each representing 25% of the issued and paid-up share capital of Oasis Sdn. Bhd. ("OSB") for a total consideration of RM17,174,922.00 only ("Acquisition"). With the Acquisition, OSB became an associate company of the Group.

11. Contingent Liabilities

	<u>RM'000</u>
(a) Corporate guarantees given to financial institutions for credit facilities granted to associated company	3,000
(b) Assets pledged to financial institutions for credit facilities granted to Kumpulan Europlus Berhad group (The Group owes Kumpulan Europlus Berhad group RM22.94 million as at 31 July 2015)	5,534
	<u>8,534</u>

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

12. Events After the Reporting Period

There was no material event subsequent to current quarter.

13. Contingent Assets

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

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 revenues of RM10.92 million, a 87.31% decrease from the RM86.04 million generated during last year's corresponding quarter. The decrease is mainly due to lower proceeds from sale of development lands.

Group pre-tax profit was RM6.66 million compared to a pre-tax profit of RM12.18 million for the same quarter last year. The Group's performance was affected by lower proceeds from sale of development lands, lower other operating income, lower finance income and a provision for impairment of land held for development. However, the adverse impact was mitigated by a gain on disposal of subsidiary.

For the current year-to-date

The Group recorded revenues of RM120.76 million, a 27.04% decrease from the RM165.51 million generated during last year's corresponding period. The decrease is mainly due to lower proceeds from sale of development lands.

Group pre-tax profit was RM4.16 million compared to a pre-tax loss of RM4.53 million for the same period last year. The improvement was mainly due to higher gross profit, gain on disposal of subsidiary and lower finance cost.

(b) Segmental Results Commentary:

(i) Property Development and Investment Division

For the current quarter

The division recorded revenues of RM10.92 million, a year-on-year decrease of 87.31% from RM86.04 million. The result is mainly due to the reasons stated above.

The division recorded a pre-tax profit of RM6.66 million compared to a pre-tax loss of RM12.18 million for the same quarter last year. The result was mainly due to the reasons stated above.

For the current year-to-date

The division recorded revenues of RM120.76 million, a 27.04% decrease from the RM165.51 million generated during last year's corresponding period. The decrease is mainly due to the reason stated above.

The division's pre-tax profit was RM4.16 million compared to a pre-tax loss of RM4.53 million for the same period last year. The division's performance was mainly due to the reasons stated above.

Schedule F : Additional Disclosures Pursuant to Appendix 9B of the Listing requirements of Bursa Malaysia Securities Berhad (Cont'd)

1. Review of Performance

(b) Segmental Results Commentary:

(ii) Hotel and Recreation Division

For the current quarter

The division's revenue fell to RM1.21 million from RM2.70 million, down by 55.19% from the same quarter of the preceding year mainly due to the winding-down of operations.

The division recorded a higher pre-tax loss of RM4.79 million compared to a pre-tax loss of RM1.69 million for the corresponding quarter of the previous year mainly due to the reason as above.

For the current year-to-date

The division's revenue fell 48.74% to RM2.64 million from RM5.15 million generated in the same period last year. The poorer result was mainly due to the reason explained above.

The division recorded a higher pre-tax loss of RM6.04 million compared to a pre-tax loss of RM5.13 million for the corresponding period of the previous year mainly due to the reason as above.

2. Comparison with Preceding Quarter's Results (Quarter 2, 2016 vs Quarter 1, 2016)

	Current Quarter ended 31 July 2015 RM'000	Immediate preceding Quarter ended 30 April 2015 RM'000
Revenue	10,916	109,843
Profit/(Loss) before tax	6,661	(2,497)

The Group recorded a quarterly decrease of 90.06% in revenue to RM10.92 million from RM109.84 million. The current quarter recorded a pre-tax profit of RM6.66 million compared to a pre-tax loss of RM2.50 million for the preceding quarter.

The improvement was mainly due to higher gross profit, gain on disposal of subsidiary and lower finance cost.

3. Prospects

The Group's joint venture projects are on-going. In addition, the Group has submitted its new development plans on various parcels of land and will launch them 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 quarter.

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(The figures have not been audited)

Schedule F : Additional Disclosures Pursuant to Appendix 9B of the Listing requirements of Bursa Malaysia Securities Berhad (Cont'd)

5. Income Tax Expense

Group	Current year quarter 31/07/2015 RM'000	Current year to-date 31/07/2015 RM'000
Income tax		
- prior years	1,968	2,666
- current year	(15,296)	(15,296)
	(13,328)	(12,630)
Deferred taxation - prior years	(268)	(268)
	(13,596)	(12,898)

6. Status of Corporate Proposals

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

7. Group Borrowings and Debt Securities

The Group's borrowings and debt securities as at 31 July 2015 are as follows:

<u>Secured</u>	Foreign Currency '000	RM Equivalent '000
Short term borrowings		104,330
Long term borrowings		83,359
		187,689
Foreign currency borrowings included above:		
Chinese Renminbi	54,999	33,720
	54,999	33,720

Schedule F : Additional Disclosures Pursuant to Appendix 9B of the Main Market Listing requirements of Bursa Malaysia Securities Berhad (Cont'd)

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:

Talam Transform Berhad (“Talam”)

- (a) Talam has initiated legal proceedings against Bangkok Bank Berhad (“BBB”) for foreclosing 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 proceeded with full trial against BBB and the Court had initially fixed 30 June 2015 for delivery of decision. However, on that date, the Court deferred its decision to a date to be fixed by the Court. 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.

9. Proposed dividend

No dividend has been declared for the current quarter.

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Schedule F : Additional Disclosures Pursuant to Appendix 9B of the Main Market Listing requirements of Bursa Malaysia Securities Berhad (Cont'd)

10. 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.

	Current quarter ended 31 July 2015 RM'000	Current year ended 31 July 2015 RM'000
Weighted average number of ordinary shares in issue, excluding treasury shares	4,217,644	4,217,644
Profit/(Loss) from continuing operations attributable to owners of the Company	(7,917)	(9,943)
Profit/(Loss) from discontinuing operations attributable to owners of the Company	(4,068)	(5,135)
Profit/(Loss) attributable to owners of the Company	(11,985)	(15,078)
Earnings per share ("EPS") (in sen)		
Basic	(0.28)	(0.36)
Diluted	(0.28)	(0.36)
Earnings per share from continuing operations attributable to owners of parent (in sen)		
Basic	(0.19)	(0.24)
Diluted	(0.19)	(0.24)
Earnings per share from discontinued operations attributable to owners of parent (in sen)		
Basic	(0.10)	(0.12)
Diluted	(0.10)	(0.12)

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(The figures have not been audited)

Schedule F : Additional Disclosures Pursuant to Appendix 9B of the Main Market Listing requirements of Bursa Malaysia Securities Berhad (Cont'd)

11. Realised and Unrealised Profits/(Losses) Disclosure

The breakdown of the accumulated profits/(losses) of the Group as at 31 July 2015 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.

	As at 31 July 2015 RM'000	As at 31 July 2014 RM'000
Total accumulated losses of the Group		
- Realised	(424,236)	(305,948)
- Unrealised	(24,110)	(10,701)
 Joint ventures		
- Realised	(2,504)	(196)
 Associated companies		
- Realised	(4,848)	(95)
	<hr/> (455,698)	<hr/> (316,940)

12. Annual Audited Report

The auditors' report on the financial statements of the Group for the financial year ended 31 January 2015 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 25 September 2015.

By order of the Board

Soo Kah Pik
 Company Secretary