

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

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

	Individual period		Cumulative period	
	Current year quarter 31/10/2015	Preceding year quarter 31/10/2014	Current year quarter 31/10/2015	Preceding year quarter 31/10/2014
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Revenue	3,153	47,300	123,912	212,809
Cost of sales	(1,444)	(36,952)	(55,333)	(184,022)
Gross profit/(loss)	1,709	10,348	68,579	28,787
Other operating income (Schedule A Note 1)	10,807	6,715	31,552	64,242
Gain on disposal of subsidiaries	186,139	3,718	270,117	3,718
Administrative expenses (Schedule A Note 2)	(3,831)	(6,723)	(13,761)	(27,785)
Other expenses (Schedule A Note 3)	(167,957)	(19,287)	(314,685)	(80,401)
Result from operating activities	26,867	(5,229)	41,802	(11,439)
Finance income	860	11,876	3,296	27,930
Finance costs	(11,272)	(8,465)	(24,414)	(22,544)
Profit/(Loss) before tax and share of results	16,455	(1,818)	20,684	(6,053)
Share of results in jointly controlled entities and associate companies	(14)	(41)	(79)	(332)
Profit/(Loss) before tax	16,440	(1,859)	20,604	(6,385)
Income tax	(650)	(1,093)	(13,548)	(4,499)
Profit/(Loss) from continuing operations, net of tax	15,790	(2,952)	7,056	(10,884)
Loss from discontinued operations, net of tax (Schedule E Note 8)	(11,996)	(2,791)	(18,038)	(7,921)
Profit/(Loss) for the period	3,794	(5,743)	(10,982)	(18,805)

TALAM TRANSFORM BERHAD (1120 - H)
Financial Report for the financial period ended 31 October 2015
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Schedule A : Condensed Consolidated Statement of Comprehensive Income (Cont'd)
For the financial period ended 31 October 2015

	Individual period		Cumulative period	
	Current year quarter 31/10/2015 RM'000	Preceding Year quarter 31/10/2014 RM'000	Current year to-date 31/10/2015 RM'000	Preceding Year to-date 31/10/2014 RM'000
Other comprehensive income/(loss)				
Exchange difference on translation of foreign entity	2,014	1,180	3,146	(4,432)
Total comprehensive profit/(loss) for the period	5,809	(4,563)	(7,835)	(23,237)
Profit/(Loss) for the period attributable to:				
Owners of the Company				
- continuing operations	15,867	304	5,924	(9,315)
- discontinued operations	(10,196)	(4,996)	(15,332)	(7,921)
	5,671	(4,692)	(9,408)	(17,236)
Non-controlling Interests	(1,877)	(1,051)	(1,574)	(1,569)
	3,794	(5,743)	(10,982)	(18,805)
Total comprehensive profit/(loss) for the period attributable to:				
Owners of the Company				
- continuing operations	13,949	(326)	5,929	(8,651)
- discontinued operations	(6,565)	(3,222)	(12,662)	(12,353)
	7,384	(3,548)	(6,733)	(21,004)
Non-controlling Interests	(1,575)	(1,015)	(1,102)	(2,233)
	5,809	(4,563)	(7,835)	(23,237)
Earnings per share from continuing operations attributable to owners of parent (in sen)				
Earnings per share ("EPS") (in sen)				
Basic	0.38	0.09	0.14	(0.20)
Diluted	0.38	0.09	0.14	(0.20)
Earnings per share from discontinued operations attributable to owners of parent (in sen)				
Basic	(0.24)	(0.08)	(0.36)	(0.08)
Diluted	(0.24)	(0.08)	(0.36)	(0.08)

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

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

	Individual period		Cumulative period	
	Current year quarter 31/10/2015	Preceding Year quarter 31/10/2014	Current year to-date 31/10/2015	Preceding Year to-date 31/10/2014
	RM'000	RM'000	RM'000	RM'000
NOTE :				
1) Included in the Other Operating Income:				
Forfeiture income	2,322	-	2,322	-
Gain on assignment of debt	-	-	17,175	-
Gains on early conversion and redemption of convertible securities	-	-	-	9,667
Gains on legal claim from purchaser	8,157	-	8,157	-
Provision for impairment on receivables no longer required	1	17	1,349	570
Provision for impairment on inventories no longer required	-	912	-	1,551
Waiver of debts	64	-	661	45,675
2) Included in the Administrative				
Compensation paid for termination of development project	-	-	(1,543)	(8,708)
3) Included in the Other expenses				
Depreciation	(296)	(1,759)	(886)	(5,314)
Provision for impairment of receivables	(28,691)	-	(29,691)	(3,905)
Provision for impairment of goodwill	(5,185)	-	(5,185)	-
Provision for impairment of land held for property development	(117,676)	-	(259,499)	-
Provision for loss on disposal of development properties	-	-	-	(46,300)
Provision for impairment of inventories	(12,990)	(2,650)	(12,990)	(8,798)
Bad debts written off	(1,409)	-	(2,856)	-

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.

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

Schedule B : Condensed Consolidated Statement of Financial Position
As at 31 October 2015

	Unaudited	Audited
	as at	as at
	31/10/2015	31/1/2015
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	127,897	1,265
Land held for property development	283,781	496,232
Investment properties	70,205	70,871
Interest in joint ventures	8,001	8,512
Interest in associates	25,337	8,180
Other investment	476	476
Long term receivables	17,418	33,532
Total non-current assets	533,115	619,068
Current assets		
Property development costs	268,600	237,367
Inventories	53,752	66,828
Trade and other receivables	148,989	162,065
Amount owing by associates	20,022	20,021
Amount owing by jointly controlled entities	90,371	135,348
Sinking funds held by trustees	-	2
Cash and bank balances	6,498	29,590
	588,232	651,221
Assets held for sale	50,561	236,070
Total current assets	638,793	887,291
TOTAL ASSETS	1,171,908	1,506,359

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

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

	Unaudited	Audited
	as at	as at
	31/10/2015	31/1/2015
	RM'000	RM'000
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	844,056	844,056
Treasury shares	(493)	(493)
Reserves	(387,599)	(380,866)
Equity attributable to owners of the Company	455,964	462,697
Non-controlling interests	(6,888)	(5,083)
Total equity	449,076	457,614
Non-current liabilities		
Borrowings	83,357	121,945
Other long term payables	-	145,047
Tax liabilities	-	59,719
Deferred tax liabilities	1,195	926
Total non-current liabilities	84,552	327,637
Current liabilities		
Provision for liability	18,530	24,092
Borrowings	122,685	101,495
Trade and other payables	444,906	416,478
Amount owing to joint ventures	48,447	33,564
Current tax liabilities	3,712	87,186
	638,280	662,815
Liabilities directly associated with assets classified as held for sale	-	58,293
Total current liabilities	638,280	721,108
Total liabilities	722,832	1,048,745
TOTAL EQUITY AND LIABILITIES	1,171,908	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.

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

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

	Current year ended 31/10/2015 RM'000	Preceding year ended 31/10/2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	20,604	(6,385)
Profit/(Loss) before tax from discontinued operation	(18,038)	(7,921)
Adjustments for:		
Interest expenses:-		
- borrowings	12,039	15,673
- convertible securities	-	1,471
Impairment of receivables	29,691	3,335
Impairment of inventories	12,990	7,247
Impairment of property development costs	259,499	46,300
Property, plant and equipment impaired	1,863	11
Depreciation:		
- property, plant and equipment	7,934	3,881
- investment properties	667	1,433
Bad debts written off	2,856	-
Finance liabilities at amortised costs	15,323	9,890
Finance assets at amortised costs	(1,886)	(27,369)
(Gain) / Loss on disposal of:		
- property, plant and equipment	-	(85)
- subsidiaries	(270,117)	-
- assets held for sale	(63,756)	-
Gains on early conversion and redemption of convertible securities	-	(9,667)
Additional provision for liquidated and ascertained damages	-	1,676
Waiver of debts	-	(45,675)
Interest income	(1,413)	(560)
Share of results of joint ventures and associates	79	332
Operating profit/(loss) before working capital changes	<u>8,335</u>	<u>(6,413)</u>
Changes in working capital:		
Property development costs	(60,354)	(6,045)
Asset held for sale	-	(61,231)
Inventories	(1,879)	568
Receivables	(13,992)	80,407
Payables	(26,051)	(7,002)
Operating profit after working capital changes	<u>(93,941)</u>	<u>284</u>
Interest received	1,413	560
Income tax paid	(7,354)	(6,565)
Interest paid	(12,039)	(15,673)
Payment for liquidated and ascertained damages	(121)	(2,887)
Net Cash Generated/(Utilised) In Operating Activities	<u>(112,042)</u>	<u>(24,281)</u>

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

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

	Current year to-date 31/10/2015 RM'000	Preceding year to-date 31/10/2014 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in associates balances	(1)	25,856
Net proceeds from disposal of:		
- assets held for sales	106,860	210,181
- property, plant and equipment	-	102
Dividends received	200	-
Net change in joint ventures balances	60,110	(134,306)
Additional of investment in associate	(17,174)	-
Purchase of property, plant and equipment	(64)	(575)
Net cash outflow arising from disposal of subsidiaries	(6,275)	-
Net Cash Generated/(Utilised) From Investing Activities	<u>143,656</u>	<u>101,258</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(54,698)	(47,984)
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>(54,696)</u>	<u>(86,211)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(23,082)	(9,234)
EFFECTS OF EXCHANGE DIFFERENCES	(9)	(23)
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>6,402</u>	<u>14,908</u>
Cash in hand and bank balances	4,678	21,418
Deposits with licensed banks	<u>1,820</u>	<u>2,602</u>
	6,498	24,020
Balances pledged as securities to licensed banks - HDA	<u>(96)</u>	<u>(96)</u>
	<u>6,402</u>	<u>23,924</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.

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

Schedule D : Condensed Consolidated Statement of Changes in Equity
For the financial period ended 31 October 2015

	Attributable to owners of the Company							Non-Controlling Interests	Total Equity
	Share Capital	Share Premium	Non - Distributable Treasury Shares	Convertible Securities	Capital Reserves	Accumulated Losses	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 February 2015	844,056	12,030	(493)	-	47,724	(440,620)	462,697	(5,083)	457,614
Total comprehensive income/(loss) for the financial year	-	-	-	-	2,675	(9,408)	(6,733)	(1,102)	(7,835)
Disposal of a subsidiary	-	-	-	-	-	-	-	(703)	(703)
At 31 October 2015	844,056	12,030	(493)	-	50,399	(450,028)	455,964	(6,888)	449,076

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	4,647	-	(16,797)	-	2,292	18,001	-	18,001
Total comprehensive income/(loss) for the financial year	-	-	-	-	(3,768)	(8,220)	(11,988)	(8,538)	(20,526)
Acquisition of non-controlling interest	-	-	-	-	-	438	438	(438)	-*
At 31 October 2014	844,056	4,647	(493)	-	40,675	(310,647)	578,238	(5,083)	573,155

* 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.

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

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.

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

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

8. Discontinued operation

Jilin Province Maxcourt Hotel Limited (“JPMHL”), a wholly-owned subsidiary of the Group which is reported in the hotel and recreation segment had ceased operations during the current quarter.

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
	31/10/2015	31/10/2014	31/10/2015	31/10/2014
	RM'000	RM'000	RM'000	RM'000
Revenue	440	2,671	3,077	7,816
Expenses	(11,294)	(4,096)	(18,170)	(12,718)
Loss from operations	(10,854)	(1,425)	(15,093)	(4,902)
Finance costs	(1,145)	(1,368)	(2,948)	(3,020)
Loss before tax from discontinued operation	(11,999)	(2,793)	(18,041)	(7,922)
Taxation	-	-	-	-
Loss from discontinued operation	(11,999)	(2,793)	(18,041)	(7,922)
Translation reserve	4,276	-	3,145	(5,130)
Total comprehensive loss from discontinued operation	(7,723)	(2,793)	(14,896)	(13,052)

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
	31/10/2015	31/10/2014	31/10/2015	31/10/2014
	RM'000	RM'000	RM'000	RM'000
Cash flow generated from/use in:				
Operating activities	51	(1,631)	(629)	430
Investing activities	-	78	-	78
Financing activities	(62)	1,441	(649)	(237)
Net cash inflow/(outflow)	(11)	(112)	(1,278)	271
Cash flow at the beginning of the financial year	-	-	1,350	162
Cash and cash equivalent at the end of financial year	(11)	(112)	72	433

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

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		Year-To-Date	
	ended 31 October 2015	2014	ended 31 October 2015	2014
<u>Revenue</u>	RM'000	RM'000	RM'000	RM'000
Property Development and Investment	3,153	47,300	123,912	212,809
Hotel and Recreation (Discontinued)	440	2,671	3,077	7,816
	<u>3,593</u>	<u>49,971</u>	<u>126,989</u>	<u>220,625</u>
 <u>Profit/(Loss) before tax</u>				
Property Development and Investment	16,440	7,157	20,604	2,631
Hotel and Recreation (Discontinued)	(11,996)	(2,791)	(18,038)	(7,921)
	<u>4,444</u>	<u>4,366</u>	<u>2,566</u>	<u>(5,290)</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:-

The Company had on 14 August 2015 entered into a sale and purchase agreement to dispose of 2,500,000 ordinary shares of RM1.00 each representing 100% equity interest in Maxisegar Sdn Bhd ("MSB") for a cash consideration of RM1.00 ("Disposal"). With the Disposal, MSB ceased as a wholly-owned subsidiary of the Company.

Winax Development Sdn Bhd, a wholly-owned subsidiary of the Group, had on 14 August 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 Europlus Corporation Sdn Bhd ("ECSB") for a cash consideration of RM1,500,000.00 ("Disposal"). With the Disposal, ECSB and its subsidiaries, Star Base Sdn Bhd and Daya Kreatif Sdn Bhd ceased as wholly-owned subsidiaries of Group.

Talam Plantations Sdn Bhd, a wholly-owned subsidiary of the Group, had on 9 October 2015 entered into a Sale of Shares Agreement to dispose of 100 ordinary shares of HK\$1.00 each representing 100% equity interest in Talam Corporation (HK) Limited ("TCHK") for a cash consideration of RM1.00 ("Disposal"). With the Disposal, TCHK ceased as a wholly-owned subsidiary of Group.

On the same date, Larut Overseas Ventures Sdn Bhd, a wholly-owned subsidiary of the Group, had entered into a Sale of Shares Agreement to dispose of 2 ordinary shares of HK\$1.00 each representing 100% equity interest in Larut Consolidated (HK) Limited ("LCHK") for a cash consideration of RM1.00 ("Disposal"). With the Disposal, LCHK ceased as a wholly-owned subsidiary of Group.

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

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

11. Contingent Liabilities

	<u>RM'000</u>
Assets pledged to financial institutions for credit facilities granted to Kumpulan Europlus Berhad group	5,534
	<u>5,534</u>

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 RM3.15 million, a 93.34% decrease from the RM47.30 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 RM16.44 million compared to a pre-tax loss of RM1.86 million for the same quarter last year. The Group's results improved mainly due to gains on disposal of subsidiaries.

For the current year-to-date

The Group recorded revenues of RM123.91 million, a 41.77% decrease from the RM212.81 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 RM20.60 million compared to a pre-tax loss of RM6.39 million for the same period last year. The Group's performance improved mainly due to higher gross profits and from gains on disposal of subsidiaries.

(b) Segmental Results Commentary:

(i) Property Development and Investment Division

For the current quarter

The division recorded revenues of RM3.15 million, a year-on-year decrease of 93.34% from RM47.30 million. The result is mainly due to the reasons stated above.

The division recorded a pre-tax profit of RM16.44 million compared to a pre-tax loss of RM1.86 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 RM123.91 million, a 41.77% decrease from the RM212.80 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 RM20.60 million compared to a pre-tax loss of RM6.39 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 RM0.44 million from RM2.67 million, down by 83.52% 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 RM12.00 million compared to a pre-tax loss of RM2.79 million for the corresponding quarter of the previous year mainly due to the same reason as above.

For the current year-to-date

The division's revenue fell 60.61% to RM3.08 million from RM7.82 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 RM18.04 million compared to a pre-tax loss of RM7.92 million for the corresponding period of the previous year mainly due to the reason as above.

2. Comparison with Preceding Quarter's Results (Quarter 3, 2016 vs Quarter 2, 2016)

	Current Quarter ended 31 October 2015 RM'000	Immediate preceding Quarter ended 31 July 2015 RM'000
Revenue	3,153	10,916
Profit before tax	16,440	6,661

The Group recorded a quarterly decrease of 71.15% in revenue to RM3.15 million from RM10.92 million. The current quarter recorded a pre-tax profit of RM16.44 million compared to a pre-tax profit of RM6.66 million for the preceding quarter.

The improvement was mainly due to higher other operating income and gains on disposal of subsidiaries.

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 environment 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.

TALAM TRANSFORM BERHAD (1120 - H)
Financial Report for the financial period ended 31 October 2015
(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

	Current quarter	Current year to-date
Group	31/10/2015	31/10/2015
	RM'000	RM'000
Income tax		
- prior years	-	2,666
- current year	(650)	(15,946)
	<hr/>	<hr/>
	(650)	(13,280)
Deferred taxation - prior years	-	(268)
	<hr/>	<hr/>
	(650)	(13,548)
	<hr/>	<hr/>

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 October 2015 are as follows:

	Total
	RM'000
Secured	
Short term borrowings	122,685
Long term borrowings	83,357
	<hr/>
	206,042
	<hr/>
Foreign currency borrowings included above:	
	Foreign Currency '000
	RM Equivalent '000
Chinese Renminbi	54,710
	<hr/>
	33,543
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TALAM TRANSFORM BERHAD (1120 – H)
Financial Report for the financial period ended 31 October 2015
(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)

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”)

TTB had initiated legal proceedings against Bangkok Bank Berhad (“**BBB**”) for foreclosing a piece of property that was pledged to BBB for credit facilities granted to a related party, Keuro Leasing Sdn Bhd, a then wholly-owned subsidiary of TTB. 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 TTB and MBI which was made known to BBB. Notwithstanding the above, 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.

TTB proceeded with full trial against BBB. However, the High Court had dismissed TTB’s claims with cost on 22 October 2015.

TTB had on 5 November 2015, filed an appeal to the Court of Appeal against the decision of the High Court.

Based on the legal counsel’s advice, the Board of Directors of TTB believes that TTB has a reasonably good and valid appeal.

9. Proposed dividend

No dividend has been declared for the current quarter.

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 October 2015 RM'000	Current period ended 31 October 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	15,867	5,924
Profit/(Loss) from discontinuing operations attributable to owners of the Company	(10,196)	(15,332)
Profit/(Loss) attributable to owners of the Company	5,671	(9,408)

TALAM TRANSFORM BERHAD (1120 - H)
Financial Report for the financial period ended 31 October 2015
(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)

10. Earnings Per Share (Con't)

	Current quarter ended 31 October 2015 RM'000	Current period ended 31 October 2015 RM'000
Earnings per share ("EPS") (in sen)		
Basic	0.13	(0.22)
Diluted	0.13	(0.22)
Earnings per share from continuing operations attributable to owners of parent (in sen)		
Basic	0.38	0.14
Diluted	0.38	0.14
Earnings per share from discontinued operations attributable to owners of parent (in sen)		
Basic	(0.24)	(0.36)
Diluted	(0.24)	(0.36)

11. Realised and Unrealised Profits/(Losses) Disclosure

The breakdown of the accumulated profits/(losses) of the Group as at 31 October 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 October 2015 RM'000	As at 31 October 2014 RM'000
Total accumulated losses of the Group		
- Realised	(422,937)	(302,079)
- Unrealised	(19,725)	(10,528)
Joint ventures		
- Realised	(2,509)	(196)
Associated companies		
- Realised	(4,857)	(136)
	<u>(450,028)</u>	<u>(312,939)</u>

TALAM TRANSFORM BERHAD (1120 – H)
Financial Report for the financial period ended 31 October 2015
(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)

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 30 December 2015.

By order of the Board

Soo Kah Pik
Company Secretary