

TALAM TRANSFORM BERHAD (1120 – H)
Financial Report for the financial period ended 31 July 2016
(These figures have not been audited)

Schedule A : Condensed Consolidated Statement of Comprehensive Income
For the financial period ended 31 July 2016

	Individual period		Cumulative period	
	Current year quarter 31/07/2016	Preceding year quarter 31/07/2015	Current year period ended 31/07/2016	Preceding year period ended 31/07/2015
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Revenue	63,484	10,916	69,290	120,759
Cost of sales	(66,368)	(9,023)	(71,344)	(53,889)
Gross (loss)/profit	(2,884)	1,893	(2,054)	66,870
Other operating income (Schedule A Note 1)	1,469	2,974	1,938	20,745
Gain on disposal of subsidiaries	-	83,978	-	83,978
Administrative expenses	(2,446)	(6,382)	(4,673)	(9,160)
Authority and professional expenses	(1,073)	(2,490)	(1,918)	(4,608)
Other expenses (Schedule A Note 2)	(752)	(67,954)	(1,101)	(142,890)
Result from operating activities	(5,685)	12,019	(7,809)	14,935
Finance income (Schedule A Note 3)	2,212	1,693	3,140	2,436
Finance costs (Schedule A Note 4)	(6,270)	(7,024)	(14,211)	(13,142)
(Loss) before tax and share of results	(9,743)	6,688	(18,880)	4,229
Share of results in jointly controlled entities and associate companies	(534)	(27)	(1,293)	(65)
(Loss)/Profit before tax	(10,277)	6,661	(20,173)	4,164
Income tax	(3)	(13,596)	23	(12,898)
(Loss) from continuing operations, net of tax	(10,279)	(6,935)	(20,150)	(8,734)
Gain/(Loss) from discontinued operations, net of tax (Schedule E Note 8)	9,413	(4,787)	7,001	(6,042)
(Loss) for the period	(867)	(11,722)	(13,149)	(14,776)

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Schedule A : Condensed Consolidated Statement of Comprehensive Income (Cont'd)
For the financial period ended 31 July 2016

	Individual period		Cumulative period	
	Current year quarter 31/07/2016 RM'000	Preceding year quarter 31/07/2015 RM'000	Current year period ended 31/07/2016 RM'000	Preceding Year period ended 31/07/2015 RM'000
Other comprehensive (loss)/income				
Exchange difference on translation of foreign entity	(284)	1,001	(2,258)	1,132
Total comprehensive (loss) for the period	(1,151)	(10,721)	(15,407)	(13,644)
Profit/(Loss) for the period attributable to:				
Owners of the Company				
- continuing operations	(10,279)	(5,784)	(20,149)	(9,943)
- discontinued operation	8,001	(4,068)	5,951	(5,135)
	(2,278)	(9,852)	(14,198)	(15,079)
Non-controlling Interests	1,411	264	1,049	303
	(867)	(11,722)	(13,149)	(14,776)
Total comprehensive profit/(loss) for the period attributable to:				
Owners of the Company				
- continuing operations	(10,564)	(5,994)	(22,484)	(8,020)
- discontinued operation	8,004	(5,142)	6,019	(6,097)
	(2,561)	(11,136)	(16,466)	(14,117)
Non-controlling Interests	1,410	415	1,059	473
	(1,151)	(10,721)	(15,407)	(13,644)
Earnings per share from continuing operations attributable to owners of parent (in sen)				
Earnings per share ("EPS") (in sen)				
Basic	(0.24)	(0.15)	(0.48)	(0.24)
Diluted	(0.24)	(0.15)	(0.48)	(0.24)
Earnings per share from discontinued operations attributable to owners of parent (in sen)				
Basic	0.19	(0.09)	0.14	(0.12)
Diluted	0.19	(0.09)	0.14	(0.12)

Schedule A : Condensed Consolidated Statement of Comprehensive Income (Cont'd)
For the financial period ended 31 July 2016

	Individual period		Cumulative period	
	Current year quarter 31/07/2016	Preceding year quarter 31/07/2015	Current year period ended 31/07/2016	Preceding Year period ended 31/07/2015
	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	-	1,101	-	1,101
Provision for impairment of receivables no longer required	296	1,348	438	1,348
Provision for impairment on property development costs longer required	179	-	179	-
2) Included in the Other Expenses				
Amortisation and depreciation	(301)	(349)	(603)	(590)
Bad debts written off	(287)	-	(287)	-
Provision for loss on disposal of development properties	-	(67,601)	-	(141,823)
3) Included in Finance Income				
Gain on unwinding of amortisation of financial assets	1,965	628	2,884	1,257
4) Included in Finance Costs				
Loss on unwinding of amortisation of financial liabilities	(1,133)	(3,648)	(5,794)	(7,297)

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 January 2016 and the accompanying explanatory notes attached to this interim financial report.

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Financial Report for the financial period ended 31 July 2016
(These figures have not been audited)

Schedule B : Condensed Consolidated Statement of Financial Position
As at 31 July 2016

	Unaudited as at 31/07/2016 RM'000	Audited As at 31/1/2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	107,689	114,923
Land held for property development	365,985	365,962
Investment properties	69,538	69,982
Interest in joint ventures	5,804	7,066
Interest in associates	25,343	25,374
Other investment	476	476
Long term associate	18,004	17,307
Long term receivables	52,208	28,736
Total non-current assets	645,048	629,826
Current assets		
Property development costs	55,242	55,138
Inventories	50,189	50,411
Trade and other receivables	141,320	136,758
Amount owing by associates	136,241	136,220
Sinking funds held by trustees	54	54
Short term investment	224	366
Cash and bank balances	9,475	6,655
	392,745	385,602
Assets held for sale	40,797	109,088
Total current assets	433,541	494,690
TOTAL ASSETS	1,078,589	1,124,516

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(These figures have not been audited)

Schedule B : Condensed Consolidated Statement of Financial Position (Cont'd)
As at 31 July 2016

	Unaudited as at 31/07/2016 RM'000	Audited as at 31/1/2016 RM'000
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	844,056	844,056
Treasury shares	(493)	(493)
Reserves	(416,718)	(400,252)
Equity attributable to owners of the Company	426,845	443,311
Non-controlling interests	(7,466)	(8,525)
Total equity	419,379	434,786
Non-current liabilities		
Borrowings	77,951	77,962
Other long term payables	163,002	157,282
Deferred tax liabilities	1,551	1,549
Total non-current liabilities	242,505	236,793
Current liabilities		
Provision for liability	18,530	18,530
Borrowings	97,587	123,258
Trade and other payables	263,463	274,024
Amount owing to associates	33,564	33,564
Current tax liabilities	3,561	3,561
	416,705	452,937
Total liabilities	659,210	689,730
TOTAL EQUITY AND LIABILITIES	1,078,589	1,124,516
Net assets per share attributable to Owners of the Company (RM)	0.10	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 2016 and the accompanying explanatory notes attached to this interim financial report.

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Financial Report for the financial period ended 31 July 2016
(These figures have not been audited)

Schedule C : Condensed Consolidated Statement of Cash Flows
For the financial period ended 31 July 2016

	Current period ended 31/07/2016 RM'000	Preceding year 's period ended 31/07/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	(20,173)	4,164
Profit/(Loss) before tax from discontinued operation	7,001	(6,042)
Adjustments for:		
Interest expenses	10,108	5,845
Impairment of receivables	-	1,000
Depreciation:		
- property, plant and equipment	2,026	145
- investment properties	444	445
Bad debts written off	-	1,447
Finance liabilities at amortised costs	5,795	7,298
Finance assets at amortised costs	(2,884)	(1,257)
(Gain) / Loss on disposal of:		
- subsidiaries	-	(83,978)
Provision for loss on disposal of development properties	-	141,823
Assets held for sale write down to fair value less costs to sell		
Impairment loss on receivables no longer required	(772)	(1,348)
Impairment loss on property development costs no longer required	(179)	-
Interest income	(256)	(2,436)
Share of results of joint ventures and associates	1,293	64
Operating profit before working capital changes	<u>2,403</u>	<u>67,171</u>
Changes in working capital:		
Property development activities	68,343	18,818
Inventories	222	2,066
Receivables	(25,075)	16,069
Payables	(9,563)	(46,581)
Cash generated from operations carried forward	<u>36,330</u>	<u>57,543</u>
Interest received	256	2,436
Income tax paid	-	(7,266)
Interest paid	(10,108)	(5,845)
Payment for liquidated and ascertained damages	-	(121)
Net Cash Generated In Operating Activities	<u>26,478</u>	<u>46,747</u>

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Schedule C : Condensed Consolidated Statement of Cash Flows
For the financial period ended 31 July 2016

	Current year to-date 31/07/2016 RM'000	Preceding year to-date 31/07/2015 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Additional of investment in associate	-	(17,174)
Advances to an associate	(21)	-
Dividends received	142	200
Net cash outflow arising from disposal of subsidiaries	-	(170)
Net change in associates balances	-	(1)
Net change in joint ventures balances	-	(1,812)
Purchase of property, plant and equipment	(118)	(55)
Net Cash Generated/(Utilised) From Investing Activities	<u>3</u>	<u>(19,012)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(24,065)	(40,334)
Net changes in sinking funds held by trustees	-	2
Net Cash Utilised In Financing Activities	<u>(24,065)</u>	<u>(40,332)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,416	(12,597)
EFFECTS OF EXCHANGE DIFFERENCES	404	(71)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	6,610	29,493
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	<u>9,430</u>	<u>16,825</u>
Cash in hand and bank balances	5,801	12,616
Deposits with licensed banks	3,674	4,305
	<u>9,475</u>	<u>16,921</u>
Balances pledged as securities to licensed banks - HDA	(45)	(96)
	<u>9,430</u>	<u>16,825</u>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 January 2016 and the accompanying explanatory notes attached to this interim financial report.

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(These figures have not been audited)

Schedule D : Condensed Consolidated Statement of Changes in Equity
For the financial period ended 31 July 2016

	Attributable to owners of the Company						Non-Controlling Interests	Total Equity
	Share Capital	Share Premium	Treasury Shares	Capital Reserves	Accumulated Losses	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 February 2016	844,056	12,030	(493)	52,608	(464,890)	443,311	(8,525)	434,786
Total comprehensive income/(loss) for the financial year	-	-	-	(2,268)	(14,198)	(16,466)	1,059	(15,407)
At 31 July 2016	844,056	12,030	(493)	50,340	(479,088)	426,845	(7,466)	419,379
At 1 February 2015	844,056	12,030	(493)	47,596	(443,633)	459,556	(5,638)	453,918
Total comprehensive income/(loss) for the financial year	-	-	-	5,012	(21,257)	(16,245)	(2,183)	(18,428)
Realisation of reserve on disposal of subsidiaries	-	-	-	-	-	-	(704)	(704)
At 31 January 2016	844,056	12,030	(493)	52,608	(464,890)	443,311	(8,525)	434,786

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 January 2016 and the accompanying explanatory notes attached to this interim financial report.

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 2016 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

2. Changes in Accounting Policies

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 2016.

The Group intends to adopt the following standards, where applicable, when they become effective. The adoption of the following standards is not expected to have material effect on the financial statements:-

		Effective for the financial period beginning on or after
<u>New FRSs</u>		
FRS 9	Financial Instruments	1 January 2018
FRS 14	Regulatory Deferral Accounts	1 January 2016
<u>Amendments/Improvements to FRSs</u>		
FRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
FRS 7	Financial Instruments: Disclosures	1 January 2016
FRS 10	Consolidated Financial Statements	Deferred/ 1 January 2016
FRS 11	Joint Arrangements	1 January 2016
FRS 12	Disclosure of Interest in Other Entities	1 January 2016
FRS 101	Presentation of Financial Statement	1 January 2016
FRS 107	Statement of Cash Flows	1 January 2017
FRS 112	Income Taxes	1 January 2017
FRS 116	Property, Plant and Equipment	1 January 2016
FRS 119	Employee Benefits	1 January 2016
FRS 127	Separate Financial Statements	1 January 2016
FRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2016
FRS 134	Interim Financial Reporting	1 January 2016
FRS 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 issued a 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 investors and venturers (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 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 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 was paid since the beginning of the current quarter.

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

8. Discontinued operation

On 13 November 2015, the Company announced the official termination of the Share Sale Agreement (SSA) between Malim Enterprise (HK) Limited and Cre8ive Hotel Management Limited for the proposed disposal of the entire 85% equity interest in Jilin Province Maxcourt Hotel Limited (JPMHL). The termination of this SSA was due to the failure of the purchaser to provide the relevant documents for submission to the local authorities and to settle the outstanding bank loan of the JPMHL.

JPMHL is a wholly-owned subsidiary of the Group which is reported in the hotel and recreation segment, has already ceased operation.

Statement of financial position disclosure :

The financial position of JPMHL is as follows :

	As at 31/07/2016	As at 31/01/2016 (audited)
	RM'000	RM'000
Assets:		
Property, plant and equipment	106,693	113,887
Trade and other receivables	716	-
Cash and bank balance	419	129
Total assets	<u>107,828</u>	<u>114,016</u>
Liabilities:		
Short term borrowings	31,045	34,682
Trade and other payables	20,868	36,151
Total liabilities	<u>51,913</u>	<u>70,833</u>

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

8. Discontinued operation (Cont'd)

Statement of comprehensive income disclosure :

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

	Individual period		Cumulative period	
	Current quarter 31/07/2016 RM'000	Preceding quarter 31/07/2015 RM'000	Current year period ended 31/07/2016 RM'000	Preceding year period ended 31/07/2015 RM'000
Income	16,504	1,209	17,072	2,637
Expenses	(6,324)	(5,085)	(8,380)	(6,876)
Profit/(Loss) from operations	10,180	(3,876)	8,692	(4,239)
Finance costs	(768)	(911)	(1,691)	(1,803)
Profit/(Loss) before tax from discontinued operation	9,412	(4,787)	7,001	(6,042)
Taxation	-	-	-	-
Profit/(Loss) from discontinued operation	9,412	(4,787)	7,001	(6,042)
Translation reserve	4	(1,262)	80	(1,131)
Total comprehensive income/(loss) from discontinued operation	9,416	(6,049)	7,081	(7,173)

Statement of cash flows disclosures :

The cash flows attributable to JPMHL are as follows :

	Individual period		Cumulative period	
	Current quarter 31/07/2016 RM'000	Preceding quarter 31/07/2015 RM'000	Current year period ended 31/07/2016 RM'000	Preceding year period ended 31/07/2015 RM'000
Cash flow generated from/use in:				
Operating activities	(178)	(895)	2,305	(680)
Investing activities	-	-	-	-
Financing activities	(3)	849	(2,015)	(587)
Net cash inflow/(outflow)	(181)	(46)	290	(1,267)
Cash flow at the beginning of the financial period	-	-	129	1,350
Cash and cash equivalent at the end of financial period	(181)	(46)	419	83

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

9. Segmental 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<u>Revenue</u>				
Property Development and Investment	63,484	10,916	69,290	120,759
Hotel and Recreation (Discontinued)	-	1,209	-	2,637
	<u>63,484</u>	<u>12,125</u>	<u>69,290</u>	<u>123,396</u>
 <u>Profit/(Loss) before tax</u>				
Property Development and Investment	(10,277)	6,661	(20,173)	4,164
Hotel and Recreation (Discontinued)	9,413	(4,787)	7,001	(6,042)
	<u>(864)</u>	<u>1,874</u>	<u>(13,172)</u>	<u>(1,878)</u>

10. Changes in the Composition of the Group

There was no change in the composition of the Group for the current quarter.

11. Contingent Liabilities and Assets

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

12. Events After the Reporting Period

There was no material event subsequent to the current quarter.

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 a revenue of RM63.48 million, a 481.32% increase from the RM10.92 million generated during last year's corresponding quarter. The increase is mainly due to a sale of development land. Furthermore, this revenue was reduced by a one-off discounting effect amounting to RM8.7 million, done in accordance with the requirements of FRS139 in view of the deferred payment arrangements of a land sale transaction during the current quarter.

Group pre-tax loss was RM10.28 million compared to a pre-tax profit of RM6.66 million for the same quarter last year. The Group's results were affected mainly by the gross loss caused by the above accounting adjustment and the absence of gain on disposal of subsidiaries.

For the current year-to-date

The Group recorded revenues of RM69.29 million, a 42.62% decrease from the RM120.76 million generated during last year's corresponding period. The decrease is mainly due to lower proceeds from sale of development lands, in addition to the accounting adjustment as explained above.

Group pre-tax loss was RM20.17 million compared to a pre-tax profit of RM4.16 million for the same period last year. The Group's results were affected mainly by the reasons stated above. In addition, included in finance costs were RM5.79 million and RM7.30 million for each of the periods respectively, which were losses on unwinding of amortization of financial liabilities in accordance with FRS139.

(b) Segmental Results Commentary:

(i) Property Development and Investment Division

For the current quarter

The division recorded revenues of RM63.48 million, a year-on-year increase of 481.32% from RM10.92 million. The result is mainly due to the reasons stated above.

The division recorded a pre-tax loss of RM10.28 million compared to a pre-tax profit of RM6.66 million for the same quarter last year. The result was mainly due to the reasons explained above.

For the current year-to-date

The division recorded revenues of RM69.29 million, a 42.62% decrease from the RM120.76 million generated during last year's corresponding period. The decrease is mainly due to the reasons stated above.

The division's pre-tax loss was RM20.17 million compared to a pre-tax profit of RM4.16 million for the same period last year. The division's performance was mainly due to the reasons explained above.

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

1. Review of Performance (Cont'd)

(b) Segmental Results Commentary (Cont'd):

(ii) Hotel and Recreation Division

The division did not generate any revenue for the current quarter and current year-to-date since the hotel has already ceased operation. However, the division continued to receive office rental income of RMB0.90 million for the current quarter and RMB1.85 million for the current year-to-date for a portion of the ground and fifth floors of the building, which are tenanted.

For the current quarter

The division recorded a pre-tax profit of RM9.41 million compared to a pre-tax loss of RM4.79 million for the same quarter last year. The improvement in result was mainly due to management's success in negotiating with the local authority for the waiver of property and land use taxes, thereby enabling a reversal of the tax provision from the books.

For the current year-to-date

The division's pre-tax profit was RM7.00 million compared to a pre-tax loss of RM6.04 million for the same period last year. The division's performance was mainly due to the reason stated above.

2. Comparison with Preceding Quarter's Results (Quarter 2, 2017 vs Quarter 1, 2017)

	Current Quarter ended 31 July 2016 RM'000	Immediate preceding Quarter ended 30 April 2016 RM'000
Revenue	63,484	5,806
Loss before tax	(10,277)	(9,896)

The Group recorded a quarterly increase of 993.42% in revenue to RM63.48 million from RM5.81 million. The improvement was mainly due to a sale of development land during the current quarter.

The current quarter recorded a pre-tax loss of RM10.28 million compared to a pre-tax loss of RM9.90 million for the preceding quarter. Contributing to this loss was a one-off discounting effect against revenue amounting to RM8.7 million, done in accordance with the requirements of FRS139, in view of the deferred payment arrangements of a land sale transaction. Routine operating expenses and finance costs largely account for the other losses.

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.

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

5. Income Tax Expense

<u>Group</u>	Current quarter 31/07/2016 RM'000	Current year period ended 31/07/2016 RM'000
Income tax expenses	(3)	(3)
Tax refund	-	26
	<u>(3)</u>	<u>23</u>

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 2016 are as follows:

<u>Secured</u>	<u>Total</u> RM'000
Short term borrowings	97,587
Long term borrowings	77,951
	<u>175,539</u>

Foreign currency borrowings included above:	Foreign Currency '000	RM Equivalent '000
Chinese Renminbi	51,647	31,045

Schedule F : Additional Disclosures Pursuant to Appendix 9B of the 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:

- (i) 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 was 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 and the appeal was fully heard on 21 and 22 April 2016 and on 22 August 2016 the Court of Appeal had dismissed the appeal with costs.

TTB had on 19 September 2016 filed a Notice of Motion (Federal Court Civil Application No: 08-470-09/2016) for leave pursuant to Section 96 of the Courts of Judicature Act, 1964 to appeal to the Federal Court against the part of decision of the Court of Appeal given on 22 August 2016 in the Court of Appeal Civil Appeal No. B-02(W)-1890-11/2015 dismissing TTB and Continental Heights Development Sdn Bhd’s appeal against the Judgment dated 22 October 2015 of the High Court at Shah Alam.

Based on legal counsel’s advice, the Board of Directors of TTB believes that the questions of law framed satisfy the requirements in section 96 of the Courts of Judicature Act 1964 and that there are merits in TTB’s’ appeal, and if leave is granted, there is a strong likelihood that TTB will succeed in the appeal.

- (ii) A Writ of Summons and the Statement of Claim was filed in the Kuala Lumpur High Court by Universal Healthcare (R&D) Sdn Bhd (“**UHSB**”) against TTB and 3 other Defendants who were Directors of Pandan Indah Medical Management Sdn Bhd (In Liquidation), a former subsidiary of TTB (“**PIMM**”).

UHSB claims against TTB for the Declarations that TTB is a director of PIMM and that the business of PIMM was carried out by its Directors and/or TTB and that the Directors of PIMM and/or TTB are personally liable to UHSB. Consequently, UHSB is seeking an order that the Directors of PIMM and/or TTB pay jointly and/or severally, the alleged debt arising from the judgment sum of RM23.82 million assessed by UHSB against PIMM together with interest at the rate of 8% per annum from the date of Writ of Summons until full settlement amounting to RM49.23 million (as at 12 October 2015) and /or in the alternative, damages to be assessed.

TTB has filed its defence and also counterclaimed against UHSB and the 3 Directors of UHSB for general damages, exemplary damages and aggravated damages for the tort of abuse of process and/or malicious prosecution.

TTB had filed an application to strike out UHSB’s claim. TTB’s lawyers had on 12 April 2016 informed TTB that its application was dismissed by the High Court and the trial of the Civil Suit is now fixed for hearing on 19, 20, 23 & 24 January 2017.

Based on legal counsel’s advice, the Civil Suit’s likelihood of success is remote.

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

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 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 2016 RM'000	Current year-to-date 31 July 2016 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	(10,279)	(20,149)
Profit/(Loss) from discontinuing operations attributable to owners of the Company	8,001	5,951
Profit/(Loss) attributable to owners of the Company	(2,278)	(14,198)
Earnings per share ("EPS") (in sen)		
Basic	(0.05)	(0.34)
Diluted	(0.05)	(0.34)
Earnings per share from continuing operations attributable to owners of parent (in sen)		
Basic	(0.24)	(0.48)
Diluted	(0.24)	(0.48)
Earnings per share from discontinued operations attributable to owners of parent (in sen)		
Basic	0.19	0.14
Diluted	0.19	0.14

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 2016 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 2016	As at 31 January 2016
	RM'000	RM'000
Total accumulated losses of the Group		
- Realised	(449,201)	(436,297)
- Unrealised	(20,081)	(20,079)
 Joint ventures		
- Realised	(4,446)	(3,184)
 Associated companies		
- Realised	(5,361)	(5,330)
	<u>(479,088)</u>	<u>(464,890)</u>

12. Annual Audited Report

The auditors' report on the financial statements of the Group for the financial year ended 31 January 2016 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 23 September 2016.

By order of the Board

Soo Kah Pik
 Company Secretary