

TALAM TRANSFORM BERHAD (1120 – H)
Financial Report for the financial period ended 31 January 2017
(These figures have not been audited)

Schedule A : Condensed Consolidated Statement of Comprehensive Income
For the financial period ended 31 January 2017

	Individual period		Cumulative period	
	Current quarter 31/01/2017	Preceding year quarter 31/01/2016	Current year ended 31/01/2017	Preceding year ended 31/01/2016
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Revenue	26,950	31,697	112,931	155,609
Cost of sales	(26,650)	(31,961)	(122,488)	(87,294)
Gross (loss)/profit	300	(264)	(9,557)	68,315
Other operating income (Schedule A Note 1)	30,904	10,244	41,273	42,678
Gain on disposal of subsidiaries	-	12,549	324	282,666
Administrative expenses	(3,102)	(3,372)	(10,165)	(11,387)
Authority and professional expenses	(880)	(3,032)	(3,449)	(8,778)
Other expenses (Schedule A Note 2)	(8,541)	(3,478)	(9,989)	(318,163)
Result from operating activities	18,681	12,647	8,437	55,331
Finance income (Schedule A Note 3)	4,233	1,248	10,383	3,662
Finance costs (Schedule A Note 4)	(32,857)	(13,946)	(52,465)	(38,360)
(Loss) before tax and share of results	(9,943)	(51)	(33,645)	20,633
Share of results in jointly controlled entities and associate companies	(1,123)	(1,148)	(2,545)	(1,227)
(Loss)/Profit before tax	(11,066)	(1,199)	(36,190)	19,406
Income tax	2,165	(7,131)	2,181	(20,679)
(Loss) from continuing operations, net of tax	(8,901)	(8,330)	(34,009)	(1,273)
Gain/(Loss) from discontinued operations, net of tax (Schedule E Note 8)	(4,927)	(4,369)	(631)	(22,407)
(Loss) for the period	(13,828)	(12,699)	(34,640)	(23,680)

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Schedule A : Condensed Consolidated Statement of Comprehensive Income (Cont'd)
For the financial period ended 31 January 2017

	Individual period		Cumulative period	
	Current quarter 31/01/2017 RM'000	Preceding year quarter 31/01/2016 RM'000	Current year ended 31/01/2017 RM'000	Preceding year ended 31/01/2016 RM'000
Other comprehensive (loss)/income				
Exchange difference on translation of foreign entity	1,809	2,106	975	5,252
Total comprehensive (loss) for the period	(12,019)	(10,593)	(33,665)	(18,428)
Profit/(Loss) for the period attributable to:				
Owners of the Company				
- continuing operations	(8,901)	(8,148)	(34,008)	(2,223)
- discontinued operation	(4,188)	(3,702)	(536)	(19,034)
	(13,089)	(11,850)	(34,544)	(21,257)
Non-controlling Interests	(739)	(849)	(96)	(2,423)
	(13,828)	(12,699)	(34,640)	(23,680)
Total comprehensive profit/(loss) for the period attributable to:				
Owners of the Company				
- continuing operations	(7,078)	(4,502)	(32,915)	1,427
- discontinued operation	(4,188)	(5,010)	(622)	(17,672)
	(11,266)	(9,512)	(33,537)	(16,245)
Non-controlling Interests	(753)	(1,081)	(128)	(2,183)
	(12,019)	(10,593)	(33,665)	(18,428)
Earnings per share from continuing operations attributable to owners of parent (in sen)				
Earnings per share ("EPS") (in sen)				
Basic	(0.21)	(0.19)	(0.81)	(0.05)
Diluted	(0.21)	(0.19)	(0.81)	(0.05)
Earnings per share from discontinued operations attributable to owners of parent (in sen)				
Basic	(0.10)	(0.09)	(0.01)	(0.45)
Diluted	(0.10)	(0.09)	(0.01)	(0.45)

Schedule A : Condensed Consolidated Statement of Comprehensive Income (Cont'd)
For the financial period ended 31 January 2017

	Individual period		Cumulative period	
	Current quarter 31/01/2017	Preceding year quarter 31/01/2016	Current year ended 31/01/2017	Preceding year ended 31/01/2016
	RM'000	RM'000	RM'000	RM'000
NOTE :				
1) Included in the Other Operating Income:				
Creditors written off	-	908	-	908
Forfeiture income	-	-	-	2,322
Gain on assignment of debt	-	-	-	17,175
Gains on legal claim from purchaser	-	-	-	8,157
Provision for cost to complete no longer required	12,053	-	12,053	-
Provision for impairment of receivables no longer required	7,562	6,461	16,121	7,810
Provision for impairment of investment property no longer required	9,712	-	9,712	-
Provision for impairment on property development costs longer required	-	-	179	-
Provision for liquidated and ascertained damages no longer required	1,271	-	1,271	-
2) Included in the Other Expenses				
Amortisation and depreciation	(1,525)	(303)	(2,430)	(1,189)
Bad debts written off	(7)	(6,404)	(294)	(9,260)
Provision no longer required/(provision) for impairment of receivables and jointly controlled entities	(700)	4,165	(700)	(25,526)
Provision for impairment of goodwill	-	-	-	(5,185)
Provision for impairment of investment in associate company	(5,739)	-	(5,739)	-
Provision no longer required/(provision) for impairment of land held for property development	(37)	4,425	(37)	(255,074)
Provision no longer required/(provision) for impairment of inventories	(160)	(1,421)	(160)	(14,411)
3) Included in Finance Income				
Gain on discounting of financial assets, net of amortisation	4,187	882	7,652	2,768
4) Included in Finance Costs				
Loss on discounting of financial liabilities, net of amortisation	(27,616)	(3,275)	(33,437)	(18,598)

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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(These figures have not been audited)

Schedule B : Condensed Consolidated Statement of Financial Position
As at 31 January 2017

	Unaudited as at 31/01/2017 RM'000	Audited As at 31/1/2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	737	114,923
Land held for property development	333,385	365,962
Investment properties	96,677	69,982
Interest in joint ventures	4,585	7,066
Interest in associates	19,570	25,374
Other investment	476	476
Long term associate	98,001	17,307
Long term receivables	61,099	28,736
Total non-current assets	614,530	629,826
Current assets		
Property development costs	34,996	55,138
Inventories	49,877	50,411
Trade and other receivables	83,320	136,758
Amount owing by associates	3,662	136,220
Sinking funds held by trustees	54	54
Short term investment	223	366
Cash and bank balances	11,894	6,655
	184,026	385,602
Assets held for sale	157,278	109,088
Total current assets	341,304	494,690
TOTAL ASSETS	955,834	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 January 2017

	Unaudited as at 31/01/2017 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	(433,789)	(400,252)
Equity attributable to owners of the Company	409,774	443,311
Non-controlling interests	(9,636)	(8,525)
Total equity	400,138	434,786
Non-current liabilities		
Borrowings	70,024	77,962
Other long term payables	161,606	157,282
Deferred tax liabilities	2	1,549
Total non-current liabilities	231,632	236,793
Current liabilities		
Provision for liability	5,206	18,530
Borrowings	29,217	123,258
Trade and other payables	224,348	274,024
Amount owing to associates	-	33,564
Current tax liabilities	2,938	3,561
	261,709	452,937
Liabilities directly associated with assets classified as held for sale	62,355	-
Total current liabilities	324,064	452,937
Total liabilities	555,696	689,730
TOTAL EQUITY AND LIABILITIES	955,834	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 January 2017
(These figures have not been audited)

Schedule C : Condensed Consolidated Statement of Cash Flows
For the financial period ended 31 January 2017

	Current year ended 31/01/2017	Preceding year ended 31/01/2016
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	(36,190)	19,406
Profit/(Loss) before tax from discontinued operation	(631)	(22,407)
Adjustments for:		
Additional provision for liquidated and ascertained damages	-	537
Bad debts written off	294	9,260
Depreciation:		
- property, plant and equipment	3,975	5,349
- investment properties	2,120	889
Finance liabilities at amortised costs	6,046	18,598
Finance assets at amortised costs	19,740	2,768
Gain on disposal of subsidiaries	(324)	(282,666)
Interest expenses	23,012	15,998
Impairment of receivables	700	25,526
Impairment of inventories	-	14,411
Impairment of investment in associate company	5,739	-
Impairment of property development costs	(179)	255,074
Impairment loss on receivables no longer required	(16,670)	(7,810)
Impairment loss on Investment property no longer required	(9,712)	-
Impairment loss on property development costs no longer required	37	-
Interest income	(2,710)	(894)
Property, plant and equipment impaired	-	4,604
Provision for completion of project no longer required	(12,053)	-
Provision for liquidated and ascertained damages no longer required	(1,271)	-
Share of results of joint ventures and associates	2,545	1,227
Waiver of debt	-	(19,545)
Operating profit before working capital changes	<u>(15,532)</u>	<u>40,325</u>
Changes in working capital:		
Property development activities	93,301	60,245
Inventories	534	2,200
Receivables	33,765	(277,885)
Payables	(18,183)	254,682
Cash generated from operations carried forward	<u>93,885</u>	<u>79,567</u>
Interest received	2,710	894
Income tax paid	-	(7,618)
Interest paid	(23,012)	(15,998)
Payment for liquidated and ascertained damages	-	(537)
Net Cash Generated In Operating Activities	<u>73,583</u>	<u>56,308</u>

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Schedule C : Condensed Consolidated Statement of Cash Flows
For the financial period ended 31 January 2017

	Current year ended 31/01/2017 RM'000	Preceding year ended 31/01/2016 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to investment in associates	-	(17,175)
Advances to an associate	1,003	-
Dividends received	143	200
Investment in other investment	-	(366)
Net cash outflow arising from disposal of subsidiaries	-	(3,959)
Net change in associates balances	-	(4,841)
Net proceeds from disposal of subsidiary	-	1,500
Purchase of property, plant and equipment	(135)	(105)
Net Cash Generated/(Utilised) From Investing Activities	<u>1,011</u>	<u>(24,746)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(69,965)	(56,137)
Net changes in sinking funds held by trustees	-	-
Net Cash Utilised In Financing Activities	<u>(69,965)</u>	<u>(56,137)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,629	(24,575)
EFFECTS OF EXCHANGE DIFFERENCES	610	341
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	6,610	30,844
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	<u>11,849</u>	<u>6,610</u>
Cash in hand and bank balances	7,708	6,382
Deposits with licensed banks	<u>4,186</u>	<u>273</u>
	11,894	6,655
Balances pledged as securities to licensed banks - HDA	<u>(45)</u>	<u>(45)</u>
	<u>11,849</u>	<u>6,610</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 January 2017

	Attributable to owners of the Company						Non-Controlling Interests	Total Equity
	← Non - Distributable →					Total		
	Share Capital	Share Premium	Treasury Shares	Capital Reserves	Accumulated Losses			
	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	-	-	-	1,006	(34,544)	(33,537)	(128)	(33,665)
Disposal of a subsidiary	-	-	-	-	-	-	(983)	(983)
At 31 January 2017	844,056	12,030	(493)	53,614	(499,434)	409,774	(9,636)	400,138
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.

(a) Adoption of amendments/improvements to FRSs

The Group has adopted the following amendments/improvements to FRSs that are mandatory:

Amendments/Improvements to FRSs

FRS 5	Non-current Asset Held for Sale and Discontinued Operations
FRS 7	Financial Instruments: Disclosures
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interest in Other Entities
FRS 101	Presentation of Financial Statement
FRS 116	Property, Plant and Equipment
FRS 119	Employee Benefits
FRS 127	Separate Financial Statements
FRS 128	Investments in Associates and Joint Ventures
FRS 138	Intangible Assets

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group’s and the Company’s existing accounting policies.

(b) New FRSs, amendments/improvements to FRSs that are issued, but not yet effective and have not been early adopted

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

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

2. Changes in Accounting Policies (Cont'd)

(b) New FRSs, amendments/improvements to FRSs that are issued, but not yet effective and have not been early adopted (Cont'd)

		Effective for the financial period beginning on or after
<u>Amendments/Improvements to FRSs</u>		
FRS 1	First- time adoption of MFRSs	1 January 2018
FRS 2	Share-based Payment	1 January 2018
FRS 4	Insurance Contracts	1 January 2018
FRS 10	Consolidated Financial Statements	Deferred
FRS 12	Disclosure of Interest in Other Entities	1 January 2017
FRS 107	Statement of Cash Flows	1 January 2017
FRS 112	Income Taxes	1 January 2017
FRS 128	Investments in Associates and Joint Ventures	1 January 2018/ Deferred
FRS 140	Investment Property	1 January 2018
<u>New IC Int</u>		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

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.

Schedule E : Significant Events and Transactions Pursuant to FRS 134

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 other than a one-off charge of RM26.27 million due to the discounting effect of FRS139 on long-term receivables which is non-operational and non-cash in nature.

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 5 January 2017, Malim Enterprise (HK) Limited, a wholly-owned subsidiary of the Company entered into a Share Sale Agreement with Jilin Province Zhuo Yue Investment Co. Limited to dispose of its subsidiary, Jilin Province Maxcourt Hotel Limited (“JPMHL”), which as reported in the hotel and recreation segment, has already ceased operation.

The approval from the Bureau of Economic Cooperation of People’s Republic of China has already been obtained while still pending the approval of the Commerce Bureau of Jilin Province.

The assets and liabilities related to JPMHL are being 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 disclosure :

The financial position of JPMHL is as follows :

	As at 31/01/2017	As at 31/01/2016 (audited)
	RM'000	RM'000
Assets:		
Property, plant and equipment	112,895	113,887
Trade and other receivables	761	-
Cash and bank balance	323	129
Total assets	<u>113,979</u>	<u>114,016</u>
Liabilities:		
Short term borrowings	32,828	34,682
Trade and other payables	29,527	36,151
Total liabilities	<u>62,355</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 31/01/2017 RM'000	Preceding year quarter 31/01/2016 RM'000	Current year ended 31/01/2017 RM'000	Preceding year ended 31/01/2016 RM'000
Income	2,100	976	20,015	4,053
Expenses	(6,220)	(5,239)	(16,994)	(23,409)
Profit/(Loss) from operations	(4,120)	(4,263)	3,021	(19,356)
Finance costs	(807)	(103)	(3,652)	(3,051)
Profit/(Loss) before tax from discontinued operation	(4,927)	(4,366)	(631)	(22,407)
Taxation	-	-	-	-
Profit/(Loss) from discontinued operation	(4,927)	(4,366)	(631)	(22,407)
Translation reserve	-	(1,544)	(101)	1,601
Total comprehensive income/(loss) from discontinued operation	(4,927)	(5,910)	(732)	(20,806)

Statement of cash flows disclosures :

The cash flows attributable to JPMHL are as follows :

	Individual period		Cumulative period	
	Current quarter 31/01/2017 RM'000	Preceding year quarter 31/01/2016 RM'000	Current year ended 31/01/2017 RM'000	Preceding year ended 31/01/2016 RM'000
Cash flow generated from/use in:				
Operating activities	11	57	2,769	(617)
Investing activities	-	-	-	-
Financing activities	-	-	(2,575)	(604)
Net cash inflow/(outflow)	11	57	194	(1,221)
Cash flow at the beginning of the financial period	-	-	129	1,350
Cash and cash equivalent at the end of financial period	11	57	323	129

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		Year	
	ended 31 January 2017	2016	ended 31 January 2017	2016
<u>Revenue</u>	RM'000	RM'000	RM'000	RM'000
Property Development and Investment	26,949	31,697	112,931	155,609
Hotel and Recreation (Discontinued)	-	976	-	4,053
	<u>26,949</u>	<u>32,673</u>	<u>112,931</u>	<u>159,662</u>
 <u>Profit/(Loss) before tax</u>				
Property Development and Investment	(11,066)	(1,199)	(36,190)	19,405
Hotel and Recreation (Discontinued)	(4,927)	(4,369)	(631)	(22,407)
	<u>(15,993)</u>	<u>(5,568)</u>	<u>(36,821)</u>	<u>(3,002)</u>

10. Changes in the Composition of the Group

There were no changes 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

On 10 March 2017, Beautiful Peninsular Sdn. Bhd. ("BPSB"), a 70%-owned indirect subsidiary of the Group was struck off from the register of companies by the Companies Commission of Malaysia and published in the Gazette pursuant to Section 308 of the Companies Act, 1965. Accordingly, BPSB was dissolved and ceased to be a subsidiary of the Group.

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 RM26.95 million, a 15.0% decrease from the RM31.70 million generated during last year's corresponding quarter. The drop is mainly due to lower sales of development lands.

Group pre-tax loss was RM11.07 million compared to RM1.20 million for the same quarter last year. The decline was primarily due to a one-off charge of RM26.27 million emanating from the discounting effect of FRS139 on long term receivables. This non-operational and non-cash charge was mitigated by the reversal of provisions for impairment losses of RM7.56 million on receivables due to their recovery and RM9.71 million on investment property costs due to better market valuations. There was also a reversal of provision for future costs to complete a project amounting to RM12.05 million because some of the shared infrastructure work is no longer required to be constructed.

For the current year

The Group recorded revenues of RM112.93 million, a 27.43% decrease from the RM155.61 million generated during last year. The decrease is mainly due to lower sales of development lands. In addition, the current year's 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 in the second quarter.

Group pre-tax loss was RM36.19 million compared to a pre-tax profit of RM19.41 million for the same period last year. The Group's results were affected mainly by lower gross profit, the virtual absence of gain on disposal of subsidiaries, higher finance costs resulting from the discounting effects of FRS139, mitigated by significantly lower impairment provisions on assets and higher finance income.

(b) Segmental Results Commentary:

(i) Property Development and Investment Division

For the current quarter

The division recorded revenues of RM26.95 million, a 15.0% decrease from the RM31.70 million generated during last year's corresponding quarter. The result is mainly due to lower sales of development lands.

The division pre-tax loss was RM11.07 million compared to RM1.20 million for the same quarter last year. The decline was primarily due to reasons as explained above.

For the current year

The division recorded revenues of RM112.93 million, a 27.43% decrease from the RM155.61 million generated during last year.

The division's pre-tax loss was RM36.19 million compared to a pre-tax profit of RM19.41 million for the same period last year.

The division's performance was mainly due to the same reasons as explained above for the Group.

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 since the hotel had already ceased operation. However, the division continued to receive office rental income of RMB0.98 million for the current quarter and RMB3.65 million for the current year for a portion of the ground and fifth floors of the building, which are still tenanted.

For the current quarter

The division recorded a pre-tax loss of RM4.93 million compared to a pre-tax loss of RM4.37 million for the same quarter last year. The marginal decrease in result was mainly due to the weaker exchange rate of the Ringgit against Renminbi which has weakened by 4.5% over the year, being applied in the translation of results.

For the current year

The division's pre-tax loss was RM0.63 million compared to a pre-tax loss of RM22.41 million for the same period last year. The improvement in result was mainly due to lower depreciation and administrative expenses as a result of having ceased operation. Furthermore, management's success in negotiating with the local authority for the waiver of property and land use taxes enabled a reversal of RM11.3 million net tax provision from the books.

2. Comparison with Preceding Quarter's Results (Quarter 4, 2017 vs Quarter 3, 2017)

	Current Quarter ended 31 January 2017 RM'000	Immediate preceding Quarter ended 31 October 2016 RM'000
Revenue	26,950	16,692
Loss before tax	(11,066)	(4,950)

The Group recorded a quarterly increase of 61.5% in revenue to RM26.95 million from RM16.69 million. The improvement was mainly due to recognition of proceeds from a sale of development rights on a piece of land to an associate company during the quarter.

The current quarter recorded a pre-tax loss of RM11.07 million compared to a pre-tax loss of RM4.95 million for the preceding quarter. The decline was primarily due to a one-off charge of RM26.27 million emanating from the discounting effect of FRS139 on long term receivables. This non-operational and non-cash charge was mitigated by the reversal of provisions for impairment losses of RM7.56 million on receivables due to their recovery and RM9.71 million on investment property costs due to better market valuations. There was also a reversal of provision for future costs to complete a project amounting to RM12.05 million because some of the shared infrastructure work is no longer required to be constructed.

3. Prospects

The Group's joint venture projects are on-going. In addition, the Group had submitted its new development plans on various parcels of land, some of which has already been approved by the relevant authorities. The Group has started its build and sell projects which are being funded by cash flows from asset sales that are already locked in. 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.

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

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.

5. Income Tax Expense

<u>Group</u>		Current quarter 31/01/2017 RM'000	Current year period ended 31/01/2017 RM'000
Income tax	- prior years	623	623
Income tax expenses		(7)	(17)
Tax refund		-	26
		<hr/> 616	<hr/> 632
Deferred taxation	- current year	1,549	1,549
		<hr/> 2,165	<hr/> 2,181

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 January 2017 are as follows:

<u>Secured</u>	Total RM'000
Short term borrowings	29,217
Long term borrowings	70,024
	<hr/> 99,240

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 (“TTB”) nor its subsidiaries are engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material and adverse 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 TTB 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., now a wholly-owned subsidiary of WCE Holdings Bhd.. The property, valued at RM48.70 million, was part and parcel of 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 and 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 for leave pursuant to Section 96 of the Courts of Judicature Act, 1964 to appeal to the Federal Court against part of the 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. The Federal Court had on 2nd March 2017 heard our Notice of Motion for leave to appeal to the Federal Court and the application for leave to appeal was dismissed with cost.

TTB had already fully impaired on the amount lost and will seek recovery from parties who are responsible.

- (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 defense 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.

The full trial of the Civil Suit was part heard on 19 to 24 January and fixed for continued hearing on 19, 20 & 21, June 2017 and 31 July, 01, 02 & 03 August 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 January 2017 RM'000	Current year-to-date 31 January 2017 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	(8,901)	(34,008)
Profit/(Loss) from discontinuing operations attributable to owners of the Company	(4,188)	(536)
Profit/(Loss) attributable to owners of the Company	(13,089)	(34,544)
Earnings per share ("EPS") (in sen)		
Basic	(0.31)	(0.82)
Diluted	(0.31)	(0.82)
Earnings per share from continuing operations attributable to owners of parent (in sen)		
Basic	(0.21)	(0.81)
Diluted	(0.21)	(0.81)
Earnings per share from discontinued operations attributable to owners of parent (in sen)		
Basic	(0.10)	(0.01)
Diluted	(0.10)	(0.01)

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 January 2017 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 January 2017	As at 31 January 2016
	RM'000	RM'000
Total accumulated losses of the Group		
- Realised	(483,167)	(436,297)
- Unrealised	(5,208)	(20,079)
 Joint ventures		
- Realised	(5,665)	(3,184)
 Associated companies		
- Realised	(5,394)	(5,330)
	<u>(499,434)</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 30 March 2017.

By order of the Board

Soo Kah Pik
 Company Secretary