

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

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

	Individual period		Cumulative period	
	Current quarter ended	Preceding year quarter ended	Current year period ended	Preceding year period ended
	31/10/2017	31/10/2016	31/10/2017	31/10/2016
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Revenue	2,981	16,692	31,084	85,982
Cost of sales	(2,332)	(24,494)	(29,021)	(95,838)
Gross profit/(loss)	649	(7,802)	2,063	(9,856)
Other operating income (Schedule A Note 1)	501	8,432	1,004	10,370
Gain on disposal of subsidiaries	-	324	2,399	324
Administrative expenses	(3,011)	(2,390)	(8,789)	(7,063)
Authority and professional expenses	(1,272)	(651)	(3,974)	(2,569)
Other expenses (Schedule A Note 2)	(429)	(347)	(3,868)	(1,448)
Result from operating activities	(3,563)	(2,434)	(11,166)	(10,242)
Finance income (Schedule A Note 3)	2,710	3,010	8,895	6,150
Finance costs (Schedule A Note 4)	(5,755)	(5,397)	(15,852)	(19,608)
Loss before tax and share of results	(6,608)	(4,821)	(18,123)	(23,700)
Share of results in jointly controlled entities and associate companies	(239)	(129)	1,070	(1,422)
Loss before tax	(6,847)	(4,950)	(17,053)	(25,122)
Income tax	(6)	(7)	(13)	16
Loss from continuing operations, net of tax	(6,852)	(4,958)	(17,065)	(25,107)
Profit/(Loss) from discontinued operations, net of tax (Schedule E Note 8)	289	(2,705)	(1,273)	4,296
Loss for the period	(6,563)	(7,662)	(18,338)	(20,810)

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

	Individual period		Cumulative period	
	Current quarter ended 31/10/2017 RM'000	Preceding year quarter ended 31/10/2016 RM'000	Current year period ended 31/10/2017 RM'000	Preceding year period ended 31/10/2016 RM'000
Other comprehensive income/(loss)				
Exchange difference on translation of foreign entity	1,562	1,424	924	(834)
Total comprehensive loss for the period	(5,001)	(6,238)	(17,414)	(21,644)
Loss for the period attributable to:				
Owners of the Company				
- continuing operations	(6,852)	(4,957)	(17,065)	(25,105)
- discontinued operation	246	(2,299)	(1,082)	3,652
	(6,606)	(7,256)	(18,146)	(21,453)
Non-controlling Interests	43	(406)	(192)	643
	(6,563)	(7,662)	(18,338)	(20,810)
Total comprehensive loss for the period attributable to:				
Owners of the Company				
- continuing operations	(6,864)	(3,352)	(17,781)	(25,835)
- discontinued operation	1,585	(2,453)	313	3,566
	(5,278)	(5,805)	(17,468)	(22,270)
Non-controlling Interests	277	(433)	54	626
	(5,001)	(6,238)	(17,414)	(21,644)
Earnings per share from continuing operations attributable to owners of parent (in sen)				
Earnings per share ("EPS") (in sen)				
Basic	(0.17)	(0.12)	(0.40)	(0.60)
Diluted	(0.17)	(0.12)	(0.40)	(0.60)
Earnings per share from discontinued operations attributable to owners of parent (in sen)				
Basic	0.01	(0.05)	(0.03)	0.09
Diluted	0.01	(0.05)	(0.03)	0.09

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

	Individual period		Cumulative period	
	Current quarter ended 31/10/2017	Preceding year quarter ended 31/10/2016	Current year period ended 31/10/2017	Preceding year period ended 31/10/2016
	RM'000	RM'000	RM'000	RM'000
NOTE :				
1) Included in the Other Operating Income:				
Provision for impairment of receivables no longer required	278	8,121	333	8,559
Provision for impairment on property development costs longer required	-	179	-	179
2) Included in the Other Expenses				
Amortisation and depreciation	(323)	(302)	(969)	(905)
Bad debts written off	(283)	-	(283)	(287)
Provision for impairment of receivables and jointly controlled entities	-	-	(2,411)	-
Provision for impairment on property development costs	(5)	-	(143)	-
3) Included in Finance Income				
Gain on discounting of financial assets, net of amortisation	2,700	581	8,776	3,465
4) Included in Finance Costs				
Loss on discounting of financial liabilities, net of amortisation	(288)	(27)	(861)	(5,821)

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 January 2017 and the accompanying explanatory notes attached to this interim financial report.

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

	Unaudited as at 31/10/2017 RM'000	Audited As at 31/1/2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	570	737
Land held for property development	332,670	333,385
Investment properties	95,939	96,676
Interest in joint ventures	6,629	4,585
Interest in associates	18,597	19,570
Other investment	476	476
Long term associate	95,635	98,001
Long term receivables	44,962	61,099
Total non-current assets	595,478	614,529
Current assets		
Property development costs	36,760	35,094
Inventories	52,565	49,720
Trade and other receivables	81,253	83,796
Amount owing by associates	11,219	3,677
Sinking funds held by trustees	54	54
Short term investment	2,461	223
Cash and bank balances	7,136	11,914
	191,448	184,478
Assets held for sale	136,237	157,278
Total current assets	327,685	341,756
TOTAL ASSETS	923,163	956,285

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Schedule B : Condensed Consolidated Statement of Financial Position (Cont'd)
As at 31 October 2017

	Unaudited as at 31/10/2017 RM'000	Audited as at 31/1/2017 RM'000
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	856,086	856,086
Treasury shares	(493)	(493)
Reserves	(463,248)	(445,780)
Equity attributable to owners of the Company	392,345	409,813
Non-controlling interests	(9,603)	(9,658)
Total equity	382,742	400,155
Non-current liabilities		
Borrowings	58,380	70,024
Other long term payables	161,127	161,606
Deferred tax liabilities	2	2
Total non-current liabilities	219,509	231,632
Current liabilities		
Provision for liability	5,206	5,206
Borrowings	52,080	29,217
Trade and other payables	228,185	224,782
Current tax liabilities	3,105	2,938
	288,576	262,143
Liabilities directly associated with assets classified as held for sale	32,336	62,355
Total current liabilities	320,912	324,498
Total liabilities	540,420	556,130
TOTAL EQUITY AND LIABILITIES	923,163	956,285
Net assets per share attributable to Owners of the Company (RM)	0.09	0.10

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 January 2017 and the accompanying explanatory notes attached to this interim financial report.

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

	Current period ended <u>31/10/2017</u> RM'000	Preceding year period ended <u>31/10/2016</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(17,053)	(25,122)
Profit/(Loss) before tax from discontinued operation	(1,273)	4,296
Adjustments for:		
Bad debts written off	-	287
Depreciation:		
- property, plant and equipment	231	3,130
- investment properties	737	666
Finance liabilities at amortised costs	861	5,821
Finance assets at amortised costs	(8,775)	(3,465)
Gain on disposal of subsidiaries	(2,399)	(324)
Interest expenses	14,991	13,787
Impairment of receivables	2,411	-
Impairment of property development costs	143	-
Impairment loss on receivables no longer required	(485)	(8,559)
Impairment loss on property development costs no longer required	-	(179)
Interest income	(119)	(2,685)
Share of results of joint ventures and associates	(1,071)	1,422
Operating loss before working capital changes	<u>(11,800)</u>	<u>(10,925)</u>
Changes in working capital:		
Property development activities and assets held for sale	19,947	68,443
Inventories	(2,845)	384
Receivables	27,926	(3,814)
Payables	(7,523)	(5,471)
Cash generated from operations carried forward	<u>25,705</u>	<u>48,617</u>
Interest received	119	2,685
Interest paid	(14,991)	(13,787)
Net Cash Generated In Operating Activities	<u>10,833</u>	<u>37,515</u>

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

	Current period ended 31/10/2017 RM'000	Preceding year period ended 31/10/2016 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances to an associate	-	1,003
Dividends received	-	149
Investment in other investment	(2,238)	-
Purchase of property, plant and equipment	(64)	(118)
Net Cash Utilised From Investing Activities	<u>(2,302)</u>	<u>1,034</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(38,610)	(28,734)
Drawdown of new loan	26,000	-
Net Cash Utilised In Financing Activities	<u>(12,610)</u>	<u>(28,734)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,079)	9,815
EFFECTS OF EXCHANGE DIFFERENCES	(699)	3
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	11,869	6,610
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	<u>7,091</u>	<u>16,428</u>
Cash in hand and bank balances	6,955	6,281
Deposits with licensed banks	181	10,192
	<u>7,136</u>	<u>16,473</u>
Balances pledged as securities to licensed banks - HDA	(45)	(45)
	<u>7,091</u>	<u>16,428</u>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 January 2017 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 October 2017

	Attributable to owners of the Company						Total	Non-Controlling Interests	Total Equity
	← Non - Distributable →								
	Share Capital	Share Premium	Treasury Shares	Capital Reserves	Assets Held for Sale	Accumulated Losses			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 February 2017	856,086	-	(493)	11,955	41,658	(499,393)	409,813	(9,658)	400,155
Total comprehensive loss for the financial year	-	-	-	678	-	(18,146)	(17,468)	54	(17,414)
Disposal of a subsidiary	-	-	-	-	-	-	-	1	1
At 31 October 2017	856,086	-	(493)	12,633	41,658	(517,539)	392,345	(9,603)	382,742
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	-	-	-	1,005	-	(34,503)	(33,498)	(148)	(33,646)
Reclassification of disposal to assets held for sale	-	-	-	(41,658)	41,658	-	-	-	-
Transition to no-par value regime on 31.01.2017	12,030	(12,030)	-	-	-	-	-	-	-
Realisation of reserve on disposal of subsidiaries	-	-	-	-	-	-	-	(985)	(985)
At 31 January 2017	856,086	-	(493)	11,955	41,658	(499,393)	409,813	(9,658)	400,155

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 2017 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 2017.

(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 12	Disclosure of Interest in Other Entities
FRS 107	Statement of Cash Flow
FRS 112	Income Taxes

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
<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 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

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)

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 effect 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 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 Trade and Industry 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 31/10/2017	As at 31/01/2017 (audited)
	RM'000	RM'000
Assets:		
Property, plant and equipment	108,374	112,588
Trade and other receivables	1,200	762
Cash and bank balance	1,661	322
Total assets	<u>111,235</u>	<u>113,672</u>
Liabilities:		
Short term borrowings	9,577	32,828
Trade and other payables	22,759	29,527
Total liabilities	<u>32,336</u>	<u>62,355</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 ended 31/10/2017 RM'000	Preceding year quarter ended 31/10/2016 RM'000	Current year period ended 31/10/2017 RM'000	Preceding year period ended 31/10/2016 RM'000
Income	639	844	2,116	17,916
Expenses	(983)	(2,394)	(2,267)	(10,774)
Profit from operations	(344)	(1,550)	(151)	7,142
Finance costs	633	(1,155)	(1,122)	(2,846)
(Loss)/Profit before tax from discontinued operation	289	(2,705)	(1,273)	4,296
Taxation	-	-	-	-
(Loss)/Profit from discontinued operation	289	(2,705)	(1,273)	4,296
Translation reserve	1,576	(181)	1,641	(101)
Total comprehensive (loss)/income from discontinued operation	1,865	(2,886)	368	4,195

Statement of cash flows disclosures :

The cash flows attributable to JPMHL are as follows :

	Individual period		Cumulative period	
	Current quarter ended 31/10/2017 RM'000	Preceding year quarter ended 31/10/2016 RM'000	Current year period ended 31/10/2017 RM'000	Preceding year period ended 31/10/2016 RM'000
Cash flow generated from/(use) in:				
Operating activities	415	362	(3,303)	2,667
Investing activities	-	-	-	-
Financing activities :				
- Advances from holding company	-	-	27,892	-
- Repayment of bank loan	-	(469)	(23,251)	(2,484)
Net cash inflow/(outflow)	415	(107)	1,338	183
Cash flow at the beginning of the financial period	-	-	323	1,350
Cash and cash equivalent at the end of financial period	415	(107)	1,661	1,533

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-To-Date	
	ended 31 October 2017	ended 31 October 2016	ended 31 October 2017	ended 31 October 2016
<u>Revenue</u>	RM'000	RM'000	RM'000	RM'000
Property Development	647	15,336	25,229	80,294
Hotel and Recreation (Discontinued)	-	-	-	-
Property Investment and Management	1,525	1,356	5,046	5,688
Construction	809	-	809	-
	<u>2,981</u>	<u>16,692</u>	<u>31,084</u>	<u>85,982</u>
 <u>(Loss)/Profit before tax</u>				
Property Development	(6,921)	(4,420)	(17,648)	(25,907)
Hotel and Recreation (Discontinued)	289	(2,705)	(1,273)	4,296
Property Investment and Management	41	(529)	564	785
Construction	31	-	31	-
	<u>(6,559)</u>	<u>(7,654)</u>	<u>(18,325)</u>	<u>(20,826)</u>
 <u>Segment assets</u>				
Property Development			712,702	862,563
Hotel and Recreation (Discontinued)			111,235	113,672
Property Investment and Management			85,882	78,638
Construction			13,344	12,250
			<u>923,163</u>	<u>1,067,123</u>
 <u>Segment liabilities</u>				
Property Development			485,256	554,821
Hotel and Recreation (Discontinued)			32,336	62,355
Property Investment and Management			18,315	32,987
Construction			4,513	4,801
			<u>540,420</u>	<u>654,964</u>

10. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter. However, during the first quarter, 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 E : Significant Events and Transactions Pursuant to FRS 134 (Cont'd)

11. Contingent Liabilities and Assets

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

12. Events After the Reporting Period

There was no material event subsequent to the current year 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 RM2.98 million, a 82.14% decrease from the RM16.69 million generated during last year's corresponding quarter. The drop is mainly due to absence of proceeds from sale of development lands.

Group pre-tax loss was RM6.85 million compared to RM4.95 million for the same quarter last year. The higher pre-tax loss was primarily because in the preceding year quarter, there was a reversal of a provision for doubtful debt amounting to RM8.12 million which was mitigated by a better gross profit margin in the current year quarter.

For the current year-to-date

The Group recorded revenues of RM31.08 million, a 63.85% decrease from the RM85.98 million generated during last year's corresponding period. The decrease is mainly due to lower proceeds from sale of development lands and management fees.

Group pre-tax loss was RM17.05 million compared to a pre-tax loss of RM25.12 million for the same period last year. The improvement was mainly due to a better gross profit, higher finance income arising from the amortisation of FRS139 charges amounting to RM8.78 million, lower finance cost due to the full settlement of 2 term loans and a better share of results from a jointly controlled entity.

(b) Segmental Results Commentary:

(i) Property Development Division

For the current quarter

The division recorded a revenue of RM0.65 million, a 95.76% decrease from the RM15.34 million generated during last year's corresponding quarter. The result is mainly due to lower proceeds from sale of development lands.

The division's pre-tax loss was RM6.92 million compared to RM4.42 million for the same quarter last year. The higher pre-tax loss was primarily because in the preceding year quarter, there was a reversal of a provision for doubtful debt amounting to RM8.12 million which was mitigated by a better gross profit margin in the current year quarter.

For the current year-to-date

The division recorded revenues of RM25.23 million, a 68.58% decrease from the RM80.29 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 RM17.65 million compared to a pre-tax loss of RM25.91 million for the same period last year. The improvement was mainly due to a better gross profit, higher finance income arising from the amortisation of FRS139 charges amounting to RM8.78 million, lower finance cost due to the full settlement of 2 term loans and a better share of results from a jointly controlled entity.

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

1. Review of Performance

(b) Segmental Results Commentary:

(ii) Hotel and Recreation Division

The division did not generate any revenue for the current quarter since the hotel had already ceased operation. However, the division continued to receive office rental income of RM0.58 million for the current quarter 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 profit of RM0.29 million compared to a pre-tax loss of RM2.71 million for the same quarter last year. The improvement was mainly due to lower finance cost after repayment of a RMB36 million bank loan. The result was improved further because of lower staff cost after the completion of staff retrenchment exercise.

For the current year-to-date

The division's pre-tax loss was RM1.27 million compared to a pre-tax profit of RM4.3 million for the same period last year. The profit in the comparative period resulted from a one-off waiver of property tax and land use tax which contributed a net gain of RM10.3 million. However, during the current year quarter, the division's result improved due to lower staff cost after the retrenchment exercise, zero depreciation expenses as the property, plant and equipment were reclassified to assets held for sale and lower finance cost after a RMB36 million repayment of a bank loan.

(iii) Property Investment and Management Division

For the current quarter

The division recorded a revenue of RM1.53 million, a 12.5% increase from the RM1.36 million generated during last year's corresponding quarter. The result is mainly due to higher management fee income.

The division's pre-tax profit was RM0.04 million compared to a pre-tax loss of RM0.53 million for the same quarter last year. The loss in the comparative period was primarily due to high quit rent expenses for investment properties being charged in that quarter.

For the current year-to-date

The division recorded revenues of RM5.05 million, a 11.25% decrease from the RM5.69 million generated during last year's corresponding period. The decrease is mainly due to lower management fee income from a project that has now entered a new stage.

The division's pre-tax profit was RM0.56 million compared to a pre-tax profit of RM0.79 million for the same period last year. The division's performance was mainly due to the reason 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:

(iv) Construction Contract Division

There is no comparative figure available as this is a new division which had commenced operations during the current quarter.

For the current quarter and current year-to-date

The division recorded a revenue of RM0.81 million and a pre-tax profit of RM0.03 million.

2. Comparison with Preceding Quarter's Results (Quarter 3, FYE 2018 vs Quarter 2, FYE 2018)

	Current Quarter ended 31 October 2017 RM'000	Immediate preceding Quarter ended 31 July 2017 RM'000
Revenue	2,981	23,723
Loss before tax	(6,847)	(4,599)

The Group recorded a quarterly decrease of 87.43% in revenue to RM2.98 million from RM23.72 million. The decrease was mainly due to lower proceeds from sale of development lands.

The current quarter recorded a pre-tax loss of RM6.85 million compared to a pre-tax loss of RM4.6 million for the preceding quarter. The result was affected mainly by lower share of results from the associate companies.

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 have already been approved by the relevant authorities. The Group has started its build then 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, an increasing construction costs environment amid a softening property market.

4. Profit Forecast and Profit Guarantee

The Group has not provided any profit forecast or profit guarantee in any 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 31/10/2017 RM'000	Current year period ended 31/10/2017 RM'000
Income tax expenses - prior years	-	(5)
Income tax expenses - current year	(6)	(8)
	<u>(6)</u>	<u>(13)</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 are as follows:

	Secured		Total RM'000
	Short term borrowing RM'000	Long term borrowing RM'000	
As at 31.10.2016	94,736	77,152	171,888
Repayment	(37,092)	(19,707)	(56,799)
New loan	26,000	-	26,000
Reclassified to liabilities directly associated with assets held for sale	(31,669)	-	(31,669)
Reclassified from long term borrowing to short term borrowing	105	(105)	-
FRS139 financial instrument impact	-	1,040	1,040
As at 31.10.2017	52,080	58,380	110,460

The purpose of the new loan is to partially settle the liabilities of the hotel and recreation division and also finance the Group's development project.

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 the Group and the Company 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 of Directors 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 the 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 wholly-owned subsidiary of WCE Holdings Bhd. (“WCE”). 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 2 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 has recourse to and will seek recovery of losses from Keuro Leasing Sdn. Bhd. and WCE. WCE and TTB are currently in negotiations to settle this matter.

- (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.

The full trial of the Civil Suit commenced on 19 to 24 January 2017 and continued with part heard on 19, 20 and 21 June 2017 and 31 July, 01, 02 and 03 August 2017, 20 and 24 October 2017 and 27 and 28 November 2017. The Court now further fixed 18, 19, 23 and 29 January 2018 and 9 and 12 February 2018 for continued hearing.

Based on legal counsel’s advice, the Civil Suit by UHSB is unlikely to succeed.

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 October 2017 RM'000	Current year-to-date 31 October 2017 RM'000
Weighted average number of ordinary shares in issue, excluding treasury shares	4,217,644	4,217,644
Loss from continuing operations attributable to owners of the Company	(6,852)	(17,065)
Loss from discontinuing operations attributable to owners of the Company	246	(1,082)
Loss attributable to owners of the Company	<u>(6,606)</u>	<u>(18,146)</u>
Earnings per share ("EPS") (in sen)		
Basic	<u>(0.16)</u>	<u>(0.43)</u>
Diluted	<u>(0.16)</u>	<u>(0.43)</u>
Earnings per share from continuing operations attributable to owners of parent (in sen)		
Basic	<u>(0.17)</u>	<u>(0.40)</u>
Diluted	<u>(0.17)</u>	<u>(0.40)</u>
Earnings per share from discontinued operations attributable to owners of parent (in sen)		
Basic	<u>0.01</u>	<u>(0.03)</u>
Diluted	<u>0.01</u>	<u>(0.03)</u>

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 October 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 October 2017 RM'000	As at 31 January 2017 RM'000
Total accumulated losses of the Group		
- Realised	(502,343)	(483,125)
- Unrealised	(5,208)	(5,208)
Joint ventures		
- Realised	(3,621)	(5,665)
Associated companies		
- Realised	(6,368)	(5,395)
	<u>(517,539)</u>	<u>(499,393)</u>

12. Annual Audited Report

The auditors' report on the financial statements of the Group for the financial year ended 31 January 2017 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 22 December 2017.

By order of the Board

Soo Kah Pik
 Company Secretary