

TALAM TRANSFORM BERHAD (1120 – H)
Financial Report for the financial period ended 31 January 2018
(These figures have not been audited)

Schedule A : Condensed Consolidated Statement of Comprehensive Income
For the financial year ended 31 January 2018

	Individual period		Cumulative period	
	Current quarter 31/01/2018	Preceding year quarter 31/01/2017	Current year ended 31/01/2018	Preceding year ended 31/01/2017
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Revenue	25,736	27,011	56,820	112,993
Cost of sales	(23,915)	(25,283)	(52,936)	(121,121)
Gross profit/(loss)	1,821	1,728	3,884	(8,128)
Other operating income (Schedule A Note 1)	10,950	30,434	11,954	40,804
Gain on disposal of subsidiaries	-	-	2,399	324
Administrative expenses	(2,923)	(3,341)	(11,712)	(10,404)
Authority and professional expenses	(850)	(880)	(4,824)	(3,449)
Other expenses (Schedule A Note 2)	(8,733)	(9,224)	(12,601)	(10,672)
Result from operating activities	265	18,717	(10,900)	8,475
Finance income (Schedule A Note 3)	2,756	1,809	11,651	7,959
Finance costs (Schedule A Note 4)	(7,806)	(30,452)	(23,658)	(50,060)
Loss before tax and share of results	(4,785)	(9,926)	(22,907)	(33,626)
Share of results in jointly controlled entities and associate companies	(317)	(1,124)	753	(2,546)
Loss before tax	(5,102)	(11,050)	(22,154)	(36,172)
Income tax	14	2,165	1	2,181
Loss from continuing operations, net of tax	(5,088)	(8,886)	(22,153)	(33,992)
Profit/(Loss) from discontinued operations, net of tax (Schedule E Note 8)	(525)	(4,927)	(1,798)	(631)
Loss for the period	(5,613)	(13,812)	(23,951)	(34,622)

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Schedule A : Condensed Consolidated Statement of Comprehensive Income (Cont'd)
For the financial year ended 31 January 2018

	Individual period		Cumulative period	
	Current quarter 31/01/2018 RM'000	Preceding year quarter 31/01/2017 RM'000	Current year ended 31/01/2018 RM'000	Preceding year ended 31/01/2017 RM'000
Other comprehensive income/(loss)				
Exchange difference on translation of foreign entity	(2,574)	1,810	(1,650)	976
Total comprehensive loss for the period	(8,187)	(12,002)	(25,601)	(33,646)
Loss for the period attributable to:				
Owners of the Company				
- continuing operations	(5,016)	(8,863)	(22,080)	(33,967)
- discontinued operation	(446)	(4,188)	(1,528)	(536)
	(5,462)	(13,051)	(23,608)	(34,503)
Non-controlling Interests	(151)	(762)	(343)	(119)
	(5,613)	(13,812)	(23,951)	(34,622)
Total comprehensive loss for the period attributable to:				
Owners of the Company				
- continuing operations	(4,777)	(6,835)	(22,558)	(32,671)
- discontinued operation	(3,275)	(4,393)	(2,962)	(827)
	(8,052)	(11,228)	(25,520)	(33,498)
Non-controlling Interests	(135)	(774)	(81)	(148)
	(8,187)	(12,002)	(25,601)	(33,646)
Earnings per share from continuing operations attributable to owners of parent (in sen)				
Earnings per share ("EPS") (in sen)				
Basic	(0.12)	(0.21)	(0.52)	(0.81)
Diluted	(0.12)	(0.21)	(0.52)	(0.81)
Earnings per share from discontinued operations attributable to owners of parent (in sen)				
Basic	(0.01)	(0.10)	(0.04)	(0.01)
Diluted	(0.01)	(0.10)	(0.04)	(0.01)

Schedule A : Condensed Consolidated Statement of Comprehensive Income (Cont'd)
For the financial year ended 31 January 2018

NOTE :

1) Included in the Other Operating Income:

Provision for impairment of receivables no longer required

5,841 4,005 6,174 12,564

Provision for impairment on property development costs longer required

- - - 179

Provision for impairment on investment property longer required

- 9,712 - 9,712

2) Included in the Administrative

Provision for liquidated and ascertained damages

(128) 405 (665) (1,271)

2) Included in the Other Expenses

Amortisation and depreciation

(311) (1,514) (1,280) (2,419)

Bad debts written off

(65) 80 (348) (207)

Provision for impairment of receivables, associates and jointly controlled entities

(1,129) (6,480) (3,540) (6,480)

Provision for impairment on property development costs

(6,389) (681) (6,532) (681)

3) Included in Finance Income

Gain on discounting of financial assets, net of amortisation

2,699 1,703 11,475 5,168

4) Included in Finance Costs

Loss on discounting of financial liabilities, net of amortisation

(1,835) (25,213) (2,696) (31,034)

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 January 2018

	Unaudited as at 31/01/2018 RM'000	Audited As at 31/1/2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	508	737
Land held for property development	351,145	333,385
Investment properties	95,693	96,676
Interest in joint ventures	6,328	4,585
Interest in associates	18,580	19,570
Other investment	2	476
Long term associate	87,126	98,001
Long term receivables	49,769	61,099
Total non-current assets	609,151	614,529
Current assets		
Property development costs	5,248	35,094
Inventories	50,157	49,720
Trade and other receivables	82,000	83,796
Amount owing by associates	22,333	3,677
Sinking funds held by trustees	54	54
Short term investment	1,295	223
Cash and bank balances	6,337	11,914
	167,424	184,478
Assets held for sale	124,483	157,278
Total current assets	291,907	341,756
TOTAL ASSETS	901,058	956,285

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Schedule B : Condensed Consolidated Statement of Financial Position (Cont'd)
As at 31 January 2018

	Unaudited as at 31/01/2018 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	(471,300)	(445,780)
Equity attributable to owners of the Company	384,293	409,813
Non-controlling interests	(9,739)	(9,658)
Total equity	374,554	400,155
Non-current liabilities		
Borrowings	57,887	70,024
Other long term payables	179,406	161,606
Deferred tax liabilities	2	2
Total non-current liabilities	237,295	231,632
Current liabilities		
Provision for liability	5,780	5,206
Borrowings	52,080	29,217
Trade and other payables	195,304	224,782
Current tax liabilities	3,090	2,938
	256,254	262,143
Liabilities directly associated with assets classified as held for sale	32,955	62,355
Total current liabilities	289,209	324,498
Total liabilities	526,504	556,130
TOTAL EQUITY AND LIABILITIES	901,058	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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(These figures have not been audited)

Schedule C : Condensed Consolidated Statement of Cash Flows
For the financial year ended 31 January 2018

	Current year ended 31/01/2018	Preceding year ended 31/01/2017
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(22,154)	(36,172)
Profit/(Loss) before tax from discontinued operation	(1,798)	(631)
Adjustments for:		
Bad debts written off	348	287
Depreciation:		
- property, plant and equipment	293	3,130
- investment properties	983	666
Finance liabilities at amortised costs	1,146	5,821
Finance assets at amortised costs	(9,925)	(3,465)
Gain on disposal of subsidiaries	(2,399)	(324)
Interest expenses	20,962	13,787
Impairment of receivables	4,026	-
Impairment of inventories	61	-
Impairment of other investment	474	-
Impairment loss on land held for property development	6,533	-
Impairment loss on receivables no longer required	(6,152)	(8,559)
Impairment loss on property development costs no longer required	-	(179)
Additional provision for liquidated and ascertained damages	644	-
Waiver of debts	(4,536)	-
Interest income	(171)	(2,685)
Share of results of joint ventures and associates	(753)	1,422
Operating loss before working capital changes	<u>(12,417)</u>	<u>(26,902)</u>
Changes in working capital:		
Property development activities and assets held for sale	38,328	68,443
Inventories	(498)	384
Receivables	16,269	(3,814)
Payables	(12,353)	(5,471)
Cash generated from operations carried forward	<u>29,329</u>	<u>32,640</u>
Interest received	171	2,685
Interest paid	<u>(20,962)</u>	<u>(13,787)</u>
Net Cash Generated In Operating Activities	<u>8,538</u>	<u>21,538</u>

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Schedule C : Condensed Consolidated Statement of Cash Flows
For the financial year ended 31 January 2018

	Current year ended 31/01/2018 RM'000	Preceding year ended 31/01/2017 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances to an associate	-	1,003
Dividends received	-	149
Investment in other investment	(1,067)	-
Purchase of property, plant and equipment	(65)	(118)
Net Cash Utilised From Investing Activities	<u>(1,132)</u>	<u>1,034</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(16,397)	(28,734)
Repayment of borrowing directly associated with assets classified as held for sale	(22,136)	-
Drawdown of new loan	26,000	-
Net Cash Utilised In Financing Activities	<u>(12,533)</u>	<u>(28,734)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,127)	(6,162)
EFFECTS OF EXCHANGE DIFFERENCES	(450)	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>6,292</u>	<u>451</u>
Cash in hand and bank balances	4,896	6,281
Deposits with licensed banks	<u>1,441</u>	<u>10,192</u>
	6,337	16,473
Balances pledged as securities to licensed banks - HDA	<u>(45)</u>	<u>(45)</u>
	<u>6,292</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 year ended 31 January 2018

	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	-	-	-	(1,912)	-	(23,608)	(25,520)	(81)	(25,601)
At 31 January 2018	856,086	-	(493)	10,043	41,658	(523,001)	384,293	(9,739)	374,554
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.

This agreement was mutually and amicably terminated on 5 February 2018. The termination was due to the failure of Purchaser to obtain approval from the Trade and Industry Bureau of Jilin Province.

Subsequently, on 6 February 2018, the Group had entered into a Share Sales Agreement (the “Agreement”) to dispose 100% of the equity interest in Malim Group to World Lucky Business Chief Club Limited (the “Purchaser”).

Malim Group consists of Malim Enterprise (HK) Limited (“Malim”) and Jilin Province Maxcourt Hotel Limited (“JPMHL”). JPMHL is a subsidiary of Malim that will be disposed together with Malim.

Statement of financial position disclosure :

The financial position of Malim Group is as follows :

	As at 31/01/2018	As at 31/01/2017 (audited)
	RM'000	RM'000
Assets:		
Property, plant and equipment	107,566	112,588
Trade and other receivables	2,043	762
Cash and bank balance	503	322
Total assets	<u>110,112</u>	<u>113,672</u>
Liabilities:		
Short term borrowings	9,223	32,828
Trade and other payables	23,732	29,527
Total liabilities	<u>32,955</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 Malim Group for the current quarter are as follows :

	Individual period		Cumulative period	
	Current quarter 31/01/2018 RM'000	Preceding year quarter 31/01/2017 RM'000	Current year ended 31/01/2018 RM'000	Preceding year ended 31/01/2017 RM'000
Income	304	2,099	2,420	20,015
Expenses	(4,174)	(5,887)	(6,441)	(16,661)
Profit from operations	(3,870)	(3,788)	(4,021)	3,354
Finance costs	(80)	(1,139)	(1,202)	(3,985)
(Loss)/Profit before tax from discontinued operation	(3,950)	(4,927)	(5,223)	(631)
Taxation	-	-	-	-
(Loss)/Profit from discontinued operation	(3,950)	(4,927)	(5,223)	(631)
Translation reserve	97	(95)	1,738	(196)
Total comprehensive (loss)/income from discontinued operation	(3,853)	(5,022)	(3,485)	(827)

Statement of cash flows disclosures :

The cash flows attributable to Malim Group are as follows :

	Individual period		Cumulative period	
	Current quarter 31/01/2018 RM'000	Preceding year quarter 31/01/2017 RM'000	Current year ended 31/01/2018 RM'000	Preceding year ended 31/01/2017 RM'000
Cash flow generated from/(use) in:				
Operating activities	(853)	102	(4,156)	2,769
Investing activities	-	-	-	-
Financing activities :				
- Advances from holding company	50	-	27,942	-
- Repayment of bank loan	-	(92)	(23,605)	(2,576)
Net cash inflow/(outflow)	(803)	10	181	193
Cash flow at the beginning of the financial period	-	-	323	129
Cash and cash equivalent at the end of financial period	(803)	10	504	322

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 January 2018	ended 31 January 2017	ended 31 January 2018	ended 31 January 2017
<u>Revenue</u>	RM'000	RM'000	RM'000	RM'000
Property Development	18,608	24,980	43,837	105,274
Hotel and Recreation (Discontinued)	-	-	-	-
Property Investment and Management	1,448	2,031	6,494	7,719
Construction	5,680	-	6,489	-
	<u>25,736</u>	<u>27,011</u>	<u>56,820</u>	<u>112,993</u>
<u>(Loss)/Profit before tax</u>				
Property Development	(3,032)	(27,649)	(20,679)	(56,607)
Hotel and Recreation (Discontinued)	(525)	(4,927)	(1,798)	(631)
Property Investment and Management	(2,325)	16,599	(1,761)	20,435
Construction	256	-	287	-
	<u>(5,626)</u>	<u>(15,977)</u>	<u>(23,951)</u>	<u>(36,803)</u>
<u>Segment assets</u>				
Property Development			690,616	745,223
Hotel and Recreation (Discontinued)			110,112	113,672
Property Investment and Management			85,316	86,094
Construction			15,014	11,296
			<u>901,058</u>	<u>956,285</u>
<u>Segment liabilities</u>				
Property Development			467,737	470,817
Hotel and Recreation (Discontinued)			32,955	62,355
Property Investment and Management			19,844	18,063
Construction			5,968	4,895
			<u>526,504</u>	<u>556,130</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 RM25.74 million, a 4.70% decrease from the RM27.01 million generated during last year's corresponding quarter. The drop is mainly due to lower proceeds from sale of development lands which was partly compensated by higher stock sales and new revenue from construction.

Group pre-tax loss was RM5.63 million compared to RM11.05 million for the same quarter last year. The lower pre-tax loss was primarily due to a RM5.84 million reversal of provision for impairment of receivables due to their recovery and lower finance cost resulting from lower FRS139 discounting on financial instruments.

For the current year-to-date

The Group recorded revenues of RM56.82 million, a 49.71% decrease from the RM112.99 million generated during last year's corresponding period. The decrease is mainly due to lower proceeds from sale of development lands, which fell by RM62.47 million.

Group pre-tax loss was RM23.95 million compared to a pre-tax loss of RM36.17 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, lower finance cost due to the full settlement of 2 term loans and lower FRS139 charges and also 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 RM18.61 million, a 25.50% decrease from the RM24.98 million generated during last year's corresponding quarter. The drop is mainly due to lower proceeds from sale of development lands which was partly compensated by higher stock sales.

The division's pre-tax loss was RM3.03 million compared to RM27.65 million for the same quarter last year. The improvement was primarily because in the preceding year quarter, there was a charge of RM26.27 million from FRS139 discounting on the long-term receivables of the Group. Subsequently, this quarter has captured a RM2.70 million unwinding of that charge.

For the current year-to-date

The division recorded revenues of RM43.84 million, a 58.35% decrease from the RM105.27 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 RM20.68 million compared to a pre-tax loss of RM56.61 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 lower FRS139 charges and also 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 loss of RM0.525 million compared to a pre-tax loss of RM4.93 million for the same quarter last year. The improvement was mainly due to lower finance cost after repayment of a RMB36 million bank loan.

For the current year-to-date

The division's pre-tax loss was RM1.798 million compared to a pre-tax loss of RM0.63 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 RM1.45 million, a 28.57% decrease from the RM2.03 million generated during last year's corresponding quarter. The result is mainly due to lower management fee income from a project that has now entered a new stage.

The division's pre-tax loss was RM2.33 million compared to a pre-tax profit of RM16.60 million for the same quarter last year. The profit in the comparative period was primarily due to two one-off adjustments totaling RM21.76 million. These were a RM9.71 million reversal of the provision for impairment loss on investment property due to better market valuation together with a reversal of provision for future costs to complete a project of RM12.05 million because some of the shared infrastructure work was no longer required.

For the current year-to-date

The division recorded revenues of RM6.49 million, a 15.93% decrease from the RM7.72 million generated during last year's corresponding period. The decrease is mainly due to lower management fee income as explained above.

The division's pre-tax loss was RM1.76 million compared to a pre-tax profit of RM20.4 million for the same period last year. The decline in the division's performance was mainly due to the reasons stated above.

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

1. Review of Performance

(b) Segmental Results Commentary:

(iv) Construction Division

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

For the current quarter

The division recorded a revenue of RM5.68 million and a pre-tax profit of RM0.26 million.

For the current year-to-date

The division recorded a revenue of RM6.49 million and a pre-tax profit of RM0.29 million

2. Comparison with Preceding Quarter's Results (Quarter 4, FYE 2018 vs Quarter 3, FYE 2018)

	Current Quarter ended 31 January 2018 RM'000	Immediate preceding Quarter ended 31 October 2017 RM'000
Revenue	25,736	2,981
Loss before tax	(5,102)	(6,847)

The Group recorded a quarterly increase of 763.42% in revenue to RM25.74 million from RM2.98 million. The increase was mainly due to higher proceeds from sale of development lands and stocks and also higher construction revenue.

The current quarter recorded a pre-tax loss of RM5.10 million compared to a pre-tax loss of RM6.85 million for the preceding quarter. The result was due to an improvement in gross profit.

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, and 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 31/01/2018 RM'000	Current year ended 31/01/2018 RM'000
Income tax expenses - prior years	11	6
Income tax expenses - current year	3	(5)
	14	1

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 31.01.2017	29,217	70,024	99,241
Repayment	(3,230)	(13,167)	(16,397)
New loan	26,000	-	26,000
Reclassified from long term borrowing to short term borrowing	93	(93)	-
FRS139 financial instrument impact	-	1,123	1,123
As at 31.01.2018	52,080	57,887	109,967

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 to be partly 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 further continued with the hearing on 18, 19, 23 and 29 January 2018 and 9 and 12 February 2018. Now the Court has further fixed 26 April 2018, 5,7,8,25 & 26 June 2018 for continued hearing.

Based on our legal counsel’s advice, this 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 January 2018 RM'000	Current year-to-date 31 January 2018 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	(5,016)	(22,080)
Loss from discontinuing operations attributable to owners of the Company	(446)	(1,528)
Loss attributable to owners of the Company	<u>(5,462)</u>	<u>(23,608)</u>
Earnings per share ("EPS") (in sen)		
Basic	<u>(0.13)</u>	<u>(0.56)</u>
Diluted	<u>(0.13)</u>	<u>(0.56)</u>
Earnings per share from continuing operations attributable to owners of parent (in sen)		
Basic	<u>(0.12)</u>	<u>(0.52)</u>
Diluted	<u>(0.12)</u>	<u>(0.52)</u>
Earnings per share from discontinued operations attributable to owners of parent (in sen)		
Basic	<u>(0.01)</u>	<u>(0.04)</u>
Diluted	<u>(0.01)</u>	<u>(0.04)</u>

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

11. 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.

12. 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 2018.

By order of the Board

Soo Kah Pik
Company Secretary