

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

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

	Individual period		Cumulative period	
	Current quarter ended 31/10/2018	Preceding year quarter ended 31/10/2017	Current year period ended 31/10/2018	Preceding year period ended 31/10/2017
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Revenue	15,356	2,981	39,481	31,084
Cost of sales	(12,726)	(2,332)	(34,300)	(29,021)
Gross profit	2,630	649	5,181	2,063
Other operating income (Schedule A Note 1)	234	3,600	3,831	4,103
Gain on disposal of subsidiaries	3,673	-	3,673	2,399
Administrative expenses	(3,047)	(3,011)	(8,115)	(8,789)
Authority and professional expenses	(843)	(1,272)	(2,936)	(3,974)
Other expenses (Schedule A Note 2)	(3,974)	(429)	(5,233)	(3,868)
Result from operating activities	(1,327)	(463)	(3,600)	(8,066)
Finance income (Schedule A Note 3)	3,048	2,710	7,785	8,895
Finance costs (Schedule A Note 4)	(5,172)	(5,755)	(17,074)	(15,852)
Loss before tax and share of results	(3,452)	(3,508)	(12,890)	(15,023)
Share of results of jointly controlled entities and associate companies	(142)	(239)	(402)	1,070
Loss before tax	(3,594)	(3,747)	(13,291)	(13,953)
Income tax	(25)	(6)	(33)	(13)
Loss from continuing operations, net of tax	(3,619)	(3,752)	(13,324)	(13,965)
Profit/(Loss) from discontinued operations, net of tax (Schedule E Note 8)	(326)	289	(1,043)	(1,273)
Loss for the period	(3,946)	(3,462)	(14,369)	(15,238)

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

	Individual period		Cumulative period	
	Current quarter ended 31/10/2018 RM'000	Preceding year quarter ended 31/10/2017 RM'000	Current year period ended 31/10/2018 RM'000	Preceding year period ended 31/10/2017 RM'000
Other comprehensive income/(loss)				
Exchange difference on translation of foreign entity	452	1,562	(1,382)	924
Total comprehensive loss for the period	(3,494)	(1,901)	(15,751)	(14,315)
Loss for the period attributable to:				
Owners of the Company				
- continuing operations	(3,631)	(3,753)	(13,324)	(13,965)
- discontinued operation	(277)	246	(887)	(1,082)
	(3,909)	(3,506)	(14,211)	(15,046)
Non-controlling Interests	(37)	43	(158)	(192)
	(3,946)	(3,462)	(14,369)	(15,238)
Total comprehensive loss for the period attributable to:				
Owners of the Company				
- continuing operations	(3,776)	(1,235)	(15,284)	(12,154)
- discontinued operation	349	(944)	(396)	(2,216)
	(3,427)	(2,178)	(15,680)	(14,369)
Non-controlling Interests	(67)	277	(71)	54
	(3,494)	(1,901)	(15,751)	(14,315)
Earnings per share from continuing operations attributable to owners of parent (in sen)				
Earnings per share ("EPS") (in sen)				
Basic	(0.09)	(0.09)	(0.32)	(0.33)
Diluted	(0.09)	(0.09)	(0.32)	(0.33)
Earnings per share from discontinued operations attributable to owners of parent (in sen)				
Basic	(0.01)	0.00	(0.02)	(0.03)
Diluted	(0.01)	0.00	(0.02)	(0.03)

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

	Individual period		Cumulative period	
	Current quarter ended 31/10/2018	Preceding year quarter ended 31/10/2017	Current year period ended 31/10/2018	Preceding year period ended 31/10/2017
	RM'000	RM'000	RM'000	RM'000
NOTE :				
1) Included in the Other Operating Income:				
Provision for impairment of receivables no longer required	177	278	407	333
Waiver of debts	17	3,100	3,240	3,100
2) Included in the Other Expenses				
Amortisation and depreciation	(321)	(324)	(961)	(969)
Property, plant and equipment written off	-	(272)	-	(283)
Provision for impairment of receivables, associates and jointly controlled entities	(405)	-	(405)	(2,411)
Provision for impairment of inventories	(3,177)	-	(3,177)	-
3) Included in Finance Income				
Gain on discounting of financial instruments, net of amortisation	3,041	2,700	7,719	8,776
4) Included in Finance Costs				
Loss on discounting of financial instruments, net of amortisation	-	(288)	(184)	(861)

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 January 2018 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 October 2018

	Unaudited as at 31/10/2018 RM'000	Audited As at 31/1/2018 RM'000 (Restated)	Audited As at 1/2/2017 RM'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	329	508	737
Inventories	349,110	351,145	333,385
Investment properties	95,012	95,693	96,676
Interest in joint ventures	5,949	6,328	4,585
Interest in associates	18,552	18,574	19,570
Other investment	2	2	476
Long term associate	89,349	87,125	98,001
Long term receivables	45,165	47,834	61,099
Total non-current assets	603,466	607,209	614,529
Current assets			
Inventories	55,193	55,266	84,814
Contract assets	1	1	-
Trade and other receivables	46,586	83,291	83,796
Amount owing by associates	22,389	22,333	3,677
Sinking funds held by trustees	958	54	54
Short term investment	484	1,298	223
Cash and bank balances	6,079	6,486	11,914
	131,691	168,729	184,478
Assets held for sale	120,101	124,483	157,278
Total current assets	251,792	293,212	341,756
TOTAL ASSETS	855,258	900,421	956,285

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(These figures have not been audited)

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

	Unaudited as at 31/10/2018	Audited as at 31/1/2018	Audited as at 1/2/2017
	RM'000	RM'000 (Restated)	RM'000 (Restated)
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	856,086	856,086	856,086
Treasury shares	(493)	(493)	(493)
Reserves	(488,278)	(471,095)	(445,780)
Equity attributable to owners of the Company	367,315	384,498	409,813
Non-controlling interests	(5,277)	(9,744)	(9,658)
Total equity	362,038	374,754	400,155
Non-current liabilities			
Borrowings	57,400	57,700	70,024
Other long term payables	195,099	179,406	161,606
Deferred tax liabilities	-	-	2
Total non-current liabilities	252,498	237,106	231,632
Current liabilities			
Provision for liability	5,780	5,780	5,206
Contract liabilities	1,099	544	-
Borrowings	32,645	52,084	29,217
Trade and other payables	169,675	194,275	224,782
Current tax liabilities	-	2,923	2,938
	209,199	255,606	262,143
Liabilities directly associated with assets classified as held for sale	31,522	32,955	62,355
Total current liabilities	240,721	288,561	324,498
Total liabilities	493,220	525,667	556,130
TOTAL EQUITY AND LIABILITIES	855,258	900,421	956,285
Net assets per share attributable to Owners of the Company (RM)	0.09	0.09	0.09

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 January 2018 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 October 2018

	Current year period ended <u>31/10/2018</u> RM'000	Preceding year period ended <u>31/10/2017</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(13,291)	(17,053)
Profit/(Loss) before tax from discontinued operation	(1,043)	(1,273)
Adjustments for:		
Bad debts written off	11	-
Depreciation:		
- property, plant and equipment	230	231
- investment properties	731	737
Finance liabilities at amortised costs	(762)	861
Finance assets at amortised costs	(6,773)	(8,775)
Gain on disposal of subsidiaries	(3,673)	(2,399)
Interest expenses	16,890	14,991
Impairment of receivables	405	2,411
Impairment of inventories	3,177	-
Impairment loss on land held for property development	24	143
Impairment loss on receivables no longer required	(407)	(485)
Waiver of debts	(3,240)	-
Interest income	(66)	(119)
Share of results of joint ventures and associates	401	(1,071)
Operating loss before working capital changes	<u>(7,386)</u>	<u>(11,801)</u>
Changes in working capital:		
Inventories	(1,346)	17,102
Receivables	35,957	27,927
Payables	7,954	(7,523)
Cash generated from operations carried forward	<u>35,179</u>	<u>25,705</u>
Interest received	66	119
Interest paid	<u>(16,890)</u>	<u>(14,991)</u>
Net Cash Generated In Operating Activities	<u>18,355</u>	<u>10,833</u>

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

	Current year period ended 31/10/2018 RM'000	Preceding year period ended 31/10/2017 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in other investment	814	(2,238)
Purchase of property, plant and equipment	(44)	(64)
Net Cash Utilised From Investing Activities	<u>770</u>	<u>(2,302)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(19,921)	(38,610)
Drawdown of new loan	-	26,000
Net Cash Utilised In Financing Activities	<u>(19,921)</u>	<u>(12,610)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(796)	(4,079)
EFFECTS OF EXCHANGE DIFFERENCES	389	(699)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	4,882	11,869
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	<u>4,475</u>	<u>7,091</u>
Cash in hand and bank balances	4,475	6,955
Deposits with licensed banks	<u>1,604</u>	<u>181</u>
	6,079	7,136
Balances pledged as securities to licensed banks - HDA	<u>(1,604)</u>	<u>(45)</u>
	<u>4,475</u>	<u>7,091</u>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 January 2018 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 October 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 2018	856,086	-	(493)	2,292	49,410	(522,797)	384,498	(9,744)	374,754
Total comprehensive loss for the financial year	-	-	-	(1,469)	-	(14,211)	(15,680)	(71)	(15,751)
Disposal of a subsidiary	-	-	-	(1,503)	-	-	(1,503)	4,538	3,035
As at 31 October 2018	856,086	-	(493)	(680)	49,410	(537,008)	367,315	(5,277)	362,038
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	-	-	-	(1,911)	-	(23,404)	(25,315)	(88)	(25,403)
Reclassification of disposal to assets held for sale	-	-	-	(7,752)	7,752	-	-	-	-
Realisation of reserve on disposal of subsidiaries	-	-	-	-	-	-	-	2	2
At 31 January 2018	856,086	-	(493)	2,292	49,410	(522,797)	384,498	(9,744)	374,754

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 January 2018 and the accompanying explanatory notes attached to this interim financial report.

Schedule E : Significant Events and Transactions Pursuant to MFRS 134

1. Basis of Preparation

The unaudited quarterly report has been prepared in accordance with the reporting requirements as set out in Malaysian Financial Reporting Standard (“MFRS”) 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 2018 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 2018.

(a) Adoption of new MFRSs and amendments/improvements to MFRSs

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

New MFRSs

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standard <i>(Annual Improvement to MFRS Standards 2014 – 2016 Cycle)</i>
MFRS 2	Classification and Measurement of Share-based Payment Transactions
MFRS 128	Investment in Associates and Joint Ventures <i>(Annual Improvement to MFRS Standards 2014 – 2016 Cycle)</i>
MFRS 140	Transfer of Investment Property

The adoption of the above new and 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, except for those as discussed below.

(i) Adoption of MFRS 9

By adopting MFRS 9, the Group applied expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires the Group to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a timelier basis. This model also requires the Group to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

Schedule E : Significant Events and Transactions Pursuant to MFRS 134

2. Changes in Accounting Policies (Cont'd)

(a) Adoption of new MFRSs and amendments/improvements to MFRSs (Cont'd)

(ii) Adoption of MFRS 15

Presentation of contract assets and contract liabilities

The Group has changed the presentation of certain disclosures in the statements of financial position to reflect the terminology of MFRS 15:

- Contract assets recognised in relation to property development contracts, which were previously presented as accrued billings and retention sum as part of trade and other receivables.
- Contract liabilities in relation to expected volume discounts and refunds to customers, which were previously presented as provisions.
- Contract liabilities/assets recognised in relation to construction contracts, which were previously presented as part of amount due to/by contract customers.

Presentation of land held for property development and property development costs

The Group has reclassified its land held for property development and property development costs to inventories in view the FRS 201 has now been replaced by MFRS 15.

The effect arising from the adoption of MFRS Frame work on the financial statement is as follows:

	As previously reported RM'000	Effect of Transitioning to MFRS RM'000	As restated RM'000
<u>As at 1 February 2017</u>			
Non-current assets			
Land held for property development	333,385	(333,385)	-
Inventories	-	333,385	333,385
Current assets			
Property development costs	35,094	(35,094)	-
Inventories	49,720	35,094	84,814
<u>As at 31 January 2018</u>			
Non-current assets			
Land held for property development	351,145	(351,145)	-
Inventories	-	351,145	351,145
Current assets			
Property development costs	5,109	(5,109)	-
Inventories	50,157	5,109	55,266
Amount due by contract customers	1	(1)	-
Contract assets	-	1	1
Current liabilities			
Amount due to contract customers	544	(544)	-
Contract liabilities	-	544	544

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

2. Changes in Accounting Policies (Cont'd)

(b) Amendments/improvements to MFRSs 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 MFRSs</u>	
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
<u>Amendments/Improvements to MFRSs</u>	
MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards	1 January 2021
MFRS 2 Share-based Payment	1 January 2020
MFRS 3 Business Combinations	1 January 2019/ 1 January 2020
MFRS 5 Non-current Assets Held for Sale and Discontinued Operation	1 January 2021
MFRS 6 Exploration for and Evaluation of Mineral Resources	1 January 2020
MFRS 7 Financial Instruments: Disclosures	1 January 2021
MFRS 9 Prepayment Features with Negative Compensation	1 January 2019
MFRS 10 Consolidated Financial Statements	Deferred
MFRS 11 Joint Arrangements (Annual Improvement to MFRS Standards 2015 – 2017 Cycle)	1 January 2019
MFRS 14 Regulatory Deferral Accounts	1 January 2020
MFRS 15 Revenue from Contracts with Customers	1 January 2021
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contract	1 January 2021
MFRS 101 Presentation of Financial Statements	1 January 2020
MFRS 107 Statement of Cash Flows	1 January 2021
MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
MFRS 112 Income Taxes (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)	1 January 2019
MFRS 116 Property, Plant and Equipment	1 January 2021
MFRS 119 Plan Amendment, Curtailment or Settlement	1 January 2019
MFRS 123 Borrowing Costs (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)	1 January 2019
MFRS 128 Long-term Interest in Associates and Joint Ventures	1 January 2019
MFRS 132 Financial Instruments: Presentation	1 January 2021
MFRS 134 Interim Financial Reporting	1 January 2020
MFRS 136 Impairment of Assets	1 January 2021
MFRS 137 Provision, Contingent Liabilities and Contingent Assets	1 January 2020
MFRS 138 Intangible Assets	1 January 2020
MFRS 140 Investment Property	1 January 2021
<u>New IC Int</u>	
IC Int 23 Service Concession Arrangements	1 January 2020

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

2. Changes in Accounting Policies (Cont'd)

(b) Amendments/improvements to MFRSs that are issued, but not yet effective and have not been early adopted

Amendments to IC Int

IC Int 12	Service Concession Arrangements	1 January 2020
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020
IC Int 132	Intangible Assets – Web Site Costs	1 January 2020

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 other than what has already been disclosed in this report.

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 MFRS 134 (Cont'd)

8. Discontinued operation

On 6 February 2018, the Group entered into a Shares Sale Agreement (the “Agreement”) to dispose 100% of the equity interest in Malim Group to World Lucky Business Chief Club Limited (the “Purchaser”) which as reported in the hotel and recreation segment, has already ceased operation. The Group has received the deposit amounting of RM1.09 million during the current financial year.

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 31/10/2018	As at 31/01/2018 (audited)
	RM'000	RM'000
Assets:		
Property, plant and equipment	105,111	107,565
Trade and other receivables	454	2,044
Cash and bank balance	166	503
Total assets	<u>105,731</u>	<u>110,112</u>
Liabilities:		
Short term borrowings	9,004	9,223
Trade and other payables	22,518	23,732
Total liabilities	<u>31,522</u>	<u>32,955</u>

Schedule E : Significant Events and Transactions Pursuant to MFRS 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 ended 31/10/2018 RM'000	Preceding year quarter ended 31/10/2017 RM'000	Current year period ended 31/10/2018 RM'000	Preceding year period ended 31/10/2017 RM'000
Income	548	639	1,622	2,116
Expenses	<u>(646)</u>	<u>(3,958)</u>	<u>(1,990)</u>	<u>(5,242)</u>
Loss from operations	(98)	(3,319)	(368)	(3,126)
Finance costs	<u>(228)</u>	<u>633</u>	<u>(675)</u>	<u>(1,122)</u>
Loss before tax from discontinued operation	(326)	(2,686)	(1,043)	(4,248)
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss from discontinued operation	(326)	(2,686)	(1,043)	(4,248)
Translation reserve	<u>736</u>	<u>1,576</u>	<u>577</u>	<u>1,641</u>
Total comprehensive profit/(loss) from discontinued operation	<u>410</u>	<u>(1,110)</u>	<u>(466)</u>	<u>(2,607)</u>

Statement of cash flows disclosures :

The cash flows attributable to Malim Group are as follows :

	Individual period		Cumulative period	
	Current quarter ended 31/10/2018 RM'000	Preceding year quarter ended 31/10/2017 RM'000	Current year period ended 31/10/2018 RM'000	Preceding year period ended 31/10/2017 RM'000
Cash flow generated from/(use) in:				
Operating activities	(138)	415	(350)	(3,303)
Investing activities	-	-	-	-
Financing activities :				
- Advances from holding company	39	-	13	27,892
- Repayment of bank loan	-	-	-	(23,251)
Net cash (outflow)/ inflow	<u>(99)</u>	<u>415</u>	<u>(337)</u>	<u>1,338</u>
Cash flow at the beginning of the financial period	<u>-</u>	<u>-</u>	<u>503</u>	<u>323</u>
Cash and cash equivalent at the end of financial period	<u>(99)</u>	<u>415</u>	<u>166</u>	<u>1,661</u>

Schedule E : Significant Events and Transactions Pursuant to MFRS 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 2018	2017	ended 31 October 2018	2017
<u>Revenue</u>	RM'000	RM'000	RM'000	RM'000
Property Development	4,029	599	9,467	25,079
Hotel and Recreation (Discontinued)	-	-	-	-
Property Investment and Management	1,646	1,574	5,009	5,197
Construction	9,681	809	25,005	809
	<u>15,356</u>	<u>2,982</u>	<u>39,481</u>	<u>31,085</u>
<u>(Loss)/Profit before tax</u>				
Property Development	(4,090)	(3,417)	(14,933)	(14,548)
Hotel and Recreation (Discontinued)	(326)	289	(1,043)	(1,273)
Property Investment and Management	43	(361)	382	564
Construction	453	31	1,260	31
	<u>(3,920)</u>	<u>(3,458)</u>	<u>(14,334)</u>	<u>(15,226)</u>
<u>Segment assets</u>				
Property Development			658,580	717,146
Hotel and Recreation (Discontinued)			105,592	111,235
Property Investment and Management			85,571	85,882
Construction			5,515	1,320
			<u>855,258</u>	<u>915,583</u>
<u>Segment liabilities</u>				
Property Development			438,442	479,044
Hotel and Recreation (Discontinued)			30,420	32,336
Property Investment and Management			19,346	18,315
Construction			5,012	47
			<u>493,220</u>	<u>529,742</u>

10. Changes in the Composition of the Group

During this quarter, the Company disposed of its investments in the following subsidiaries:

On 25 October 2018, the Group entered into a Sale of Shares Agreement to dispose of 10,001 Ordinary Shares (representing 50.005% equity interest), 980,000 16% Cumulative Redeemable Preference Shares (representing 100% shareholding interest) and 1,000,100 16% Non-Cumulative Irredeemable Preference Shares (representing 50.005% shareholding interest) in Cekap Mesra Development Sdn Bhd ("CMDSB") for a cash consideration of RM5/-. ("Disposal 1")

On the same date, the Group had entered into a Sale of Shares Agreement to dispose of 750,000 Ordinary Shares (representing 100% equity interest) in Maxisegar Construction Sdn. Bhd. ("MCSB") for a cash consideration of RM1/-. ("Disposal 2")

With the Disposal 1 and Disposal 2, CMDSB and MCSB ceased as subsidiaries of the Group.

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

11. Contingent Liabilities and Assets

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

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 RM15.36 million, a 415.44% increase from the RM2.98 million generated during last year's corresponding quarter. The increase was mainly due to higher construction revenue and higher sale of inventories, particularly from the Bukit Beruntung area.

Group pre-tax loss was RM3.59 million marginally lower than the RM3.75 million for the same quarter last year. The improvement was mainly due to higher gross profit generated from the sale of inventories and the gain from disposal of subsidiaries which was mitigated by a provision for impairment of inventory as disclosed under "Other expenses".

For the current year-to-date

The Group recorded revenues of RM39.48 million, a 27.03% increase from the RM31.08 million generated during last year's corresponding period. The increase was mainly due to revenue from construction, which had grown significantly and increased sale of inventories. This revenue growth was in spite of there being no revenue from sale of land during the current period in comparison with RM21.9 million during the corresponding period.

Group pre-tax loss was RM13.29 million compared to RM13.95 million for the same period last year. The lower pre-tax loss was mainly due to a higher gross profit, gain from disposal of subsidiaries and lower provision for doubtful debts, which was off-set against a provision for impairment of inventory.

(b) Segmental Results Commentary:

(i) Property Development Division

For the current quarter

The division recorded a revenue of RM4.03 million, an increase of 571.67% from the RM0.60 million generated during last year's corresponding quarter. The increase was mainly due to higher sale of inventories, especially in Bukit Beruntung area.

The division's pre-tax loss was RM4.09 million against RM3.42 million for the same quarter last year. The higher pre-tax loss was mainly due to a provision for impairment of inventory but mitigated by higher gross profit generated from the sale of inventories and also a gain on disposal of subsidiaries.

For the current year-to-date

The division recorded a revenue of RM9.47 million, a 62.24% decrease from the RM25.08 million generated during last year's corresponding period. The decrease is mainly due to the absence of revenue from sale of land but partly compensated by higher sale of inventories.

The division's pre-tax loss was RM14.93 million compared to RM14.55 million for the same period last year. The marginally higher loss was mainly due to a provision for impairment of inventory which was mitigated by a better gross profit and a lower provision for impairment of receivables as mentioned above. As reported in the previous quarter, a Renminbi bank loan previously held by Jilin Maxcourt Hotel was refinanced through a fresh RM26 million loan, resulting in a RM0.94 million increase in finance cost for this division but with a reciprocal reduction in the Hotel and Recreation Division.

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 (Cont'd):

(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 continues to receive office rental income of RM0.54 million for the current quarter for a portion of the ground floor of the building, which is still tenanted.

For the current quarter

The division recorded a pre-tax loss of RM0.33 million compared to a pre-tax profit of RM0.29 million for the same quarter last year. The profit last year was mainly the result of a one-off reversal of accrued interest amounting to RM0.8 million following the repayment of its RMB36 million loan.

For the current year-to-date

The division's pre-tax loss was RM1.04 million against RM1.27 million for the same period last year. The division's results improvement was mainly due to lower finance and staff cost.

(iii) Property Investment and Management Division

For the current quarter

The division recorded a revenue of RM1.65 million, a 5.1% increase from the RM1.57 million generated during last year's corresponding quarter. The marginal improvement is from higher rental income during the current quarter.

The division's pre-tax profit was RM0.04 million compared to a pre-tax loss of RM0.36 million for the same quarter last year. The result is mainly due to the reason as mentioned above.

For the current year-to-date

The division recorded a revenue of RM5.01 million, a 3.65% decrease from the RM5.20 million generated during last year's corresponding period, which is caused by a drop in management fee income arising from a project that has been completed while pending the new launch of another project.

The division's pre-tax profit was RM0.34 million, down from RM0.93 million for the same period last year. The result is mainly due to the reason as explained above.

(iv) Construction Division

For the current quarter

The division recorded a revenue of RM9.68 million, a 1,095% increase from the RM0.81 million generated during last year's corresponding quarter. The significant improvement is because of the higher level of completion for Project Alam Perdana Industrial Park and D Seven at Lagoon Perdana during this quarter.

The division's pre-tax profit was RM0.45 million, up from RM0.03 million for the same quarter last year. The improvement is mainly due to higher gross profit generated during the current quarter.

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 (Cont'd):

(iv) Construction Division (Cont'd)

For the current year-to-date

The division recorded a revenue of RM25.01 million, a 30,876.54% increase from the RM0.81 million generated during last year's corresponding quarter. The significant improvement is mainly due to the reason as mentioned above and also because the Group only started generating construction revenue from October last year.

The division's pre-tax profit was RM1.26 million, much higher than RM0.03 million for the same quarter last year. The improvement is mainly due to the reason as stated above.

2. Comparison with Preceding Quarter's Results (Quarter 3, FYE 2019 vs Quarter 2, FYE 2019)

	Current Quarter ended 31 October 2018 RM'000	Immediate preceding Quarter ended 31 July 2018 RM'000
Revenue	15,356	14,568
Loss before tax	(3,594)	(4,476)

The Group recorded a 5.42% quarterly increase in revenue from RM14.56 million to RM15.36 million. The improvement was mainly due to higher sale of inventories during the current quarter.

The current quarter recorded a pre-tax loss of RM3.59 million compared to RM4.48 million for the preceding quarter. The improvement primarily came from the gain on disposal of subsidiaries and higher gross profit generated from sale of inventories, against which, was a provision for impairment of inventory. Finance cost was also substantially reduced following the repayment of RM20.7 million of borrowings during this quarter.

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 had 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 were already locked in. However, the Board foresees a challenging environment ahead for the Group due to market conditions brought about by tough lending guidelines by Bank Negara Malaysia, amid a soft 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 ended 31/10/2018 RM'000	Current year period ended 31/10/2018 RM'000
Income tax expenses	(25)	(33)

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 31.10.2017	52,080	58,380	110,460
Repayment	(19,494)	(1,201)	(20,695)
Reclassified from long term borrowing to short term borrowing	59	(59)	-
FRS139 financial instrument impact	-	280	280
As at 31.10.2018	32,645	57,400	90,045

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

8. Material Litigation

Save as disclosed below, neither 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 a total alleged claim of 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.

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

8. Material Litigation (Cont'd)

- (ii) The full trial of the Civil Suit commenced on 19, 23 and 24 January 2017 and continued to be partly heard on 19 and 20 June 2017, 1, 2 and 3 August 2017, 20 and 24 October 2017 and 27 and 28 November 2017. The Court further continued with the hearing on 18, 19 and 29 January 2018 and 9 and 12 February 2018 and 15 March 2018 and 5, 7, & 8 June 2018 for continued hearing and completed the full hearing on 25 June 2018. Both parties have put in their written submission on 20 August 2018 and the reply on 12 September 2018. The Court has fixed 10 January 2019 for clarification and oral submission and the Court will deliver the decision 29 January 2019.

Based on our legal counsel's advice, this Civil Suit by UHSB is unlikely to succeed.

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 2018 RM'000	Current year period ended 31 October 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	(3,631)	(13,324)
Loss from discontinuing operations attributable to owners of the Company	(277)	(887)
Loss attributable to owners of the Company	<u>(3,909)</u>	<u>(14,211)</u>

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

10. Earnings Per Share (Cont'd)

	Current quarter ended 31 October 2018 RM'000	Current year period ended 31 October 2018 RM'000
Earnings per share ("EPS") (in sen)		
Basic	(0.10)	(0.34)
Diluted	(0.10)	(0.34)
Earnings per share from continuing operations attributable to owners of parent (in sen)		
Basic	(0.09)	(0.32)
Diluted	(0.09)	(0.32)
Earnings per share from discontinued operations attributable to owners of parent (in sen)		
Basic	(0.01)	(0.02)
Diluted	(0.01)	(0.02)

11. Annual Audited Report

The auditors' report on the financial statements of the Group for the financial year ended 31 January 2018 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 31 December 2018.

By order of the Board

Soo Kah Pik
 Company Secretary