

TALAM TRANSFORM BERHAD (1120 – H)
Financial Report for the financial period ended 31 July 2019
(These figures have not been audited)

Schedule A : Condensed Consolidated Statement of Comprehensive Income
For the financial year ended 31 July 2019

| | Individual period | | Cumulative period | |
|---|-----------------------|------------------------------|---------------------------|-----------------------------|
| | Current quarter ended | Preceding year quarter ended | Current year period ended | Preceding year period ended |
| | 31/07/2019 | 31/07/2018 | 31/07/2019 | 31/07/2018 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Continuing Operations | | | | |
| Revenue | 5,463 | 14,568 | 11,240 | 24,125 |
| Cost of sales | (4,247) | (13,760) | (8,789) | (21,574) |
| Gross profit | 1,216 | 808 | 2,451 | 2,551 |
| Other operating income (Schedule A Note 1) | 15,232 | 3,348 | 48,976 | 3,596 |
| Administrative expenses | (3,119) | (2,474) | (5,684) | (5,067) |
| Authority and professional expenses | (1,114) | (1,436) | (4,698) | (2,093) |
| Other expenses (Schedule A Note 2) | (1,964) | (752) | (3,738) | (1,259) |
| Result from operating activities | 10,250 | (505) | 37,306 | (2,272) |
| Finance income (Schedule A Note 3) | 1,798 | 2,558 | 4,718 | 4,737 |
| Finance costs (Schedule A Note 4) | (5,259) | (6,433) | (10,907) | (11,903) |
| Profit/ (Loss) before tax and share of results | 6,788 | (4,380) | 31,117 | (9,438) |
| Share of results of jointly controlled entities and associate companies | (170) | (96) | (581) | (260) |
| Profit/ (Loss) before tax | 6,619 | (4,476) | 30,536 | (9,698) |
| Income tax | 4 | (6) | (4) | (9) |
| Profit/ (Loss) from continuing operations, net of tax | 6,623 | (4,482) | 30,532 | (9,707) |
| Results from discontinued operations, net of tax | - | (946) | - | (718) |
| Profit/ (Loss) for the period | 6,623 | (5,428) | 30,532 | (10,425) |

Schedule A : Condensed Consolidated Statement of Comprehensive Income (Cont'd)
 For the financial year ended 31 July 2019

| | Individual period | | Cumulative period | |
|--|-------------------------------------|--|---|---|
| | Current quarter ended 31/07/2019 | Preceding year quarter ended 31/07/2018 | Current year period ended 31/07/2019 | Preceding year period ended 31/07/2018 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Other comprehensive income | | | | |
| Exchange difference on translation of foreign entity | (1,010) | (2,136) | (733) | (1,834) |
| Total comprehensive income/ (loss) for the period | 5,613 | (7,564) | 29,799 | (12,259) |
| Profit/ (Loss) for the period attributable to: | | | | |
| Owners of the Company | | | | |
| - continuing operations | 6,774 | (4,482) | 30,910 | (9,695) |
| - discontinued operation | - | (803) | - | (610) |
| | 6,774 | (5,285) | 30,910 | (10,305) |
| Non-controlling Interests | (151) | (143) | (378) | (120) |
| | 6,623 | (5,428) | 30,532 | (10,425) |
| Total comprehensive income/ (loss) for the period attributable to: | | | | |
| Owners of the Company | | | | |
| - continuing operations | 5,645 | (6,363) | 30,090 | (11,510) |
| - discontinued operation | - | (1,196) | - | (745) |
| | 5,645 | (7,559) | 30,090 | (12,255) |
| Non-controlling Interests | (32) | (5) | (291) | (4) |
| | 5,613 | (7,564) | 29,799 | (12,259) |
| Earnings per share from continuing operations attributable to owners of parent (in sen) | | | | |
| Earnings per share ("EPS") (in sen) | | | | |
| Basic | 0.16 | (0.11) | 0.73 | (0.23) |
| Diluted | 0.16 | (0.11) | 0.73 | (0.23) |
| Earnings per share from discontinued operations attributable to owners of parent (in sen) | | | | |
| Basic | - | (0.02) | - | (0.01) |
| Diluted | - | (0.02) | - | (0.01) |

Schedule A : Condensed Consolidated Statement of Comprehensive Income (Cont'd)
For the financial year ended 31 July 2019

| | Individual period | | Cumulative period | |
|---|---|--|---|---|
| | Current quarter ended 31/07/2019 | Preceding year quarter ended 31/07/2018 | Current year period ended 31/07/2019 | Preceding year period ended 31/07/2018 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| NOTE : | | | | |
| 1) Included in the Other Operating Income: | | | | |
| Net gain on settlement with WCE Holding Bhd. | 162 | - | 33,391 | - |
| Reversal of provision for impairment of receivables no longer required | 883 | - | 1,191 | 230 |
| Interest over-accrued | 1,793 | - | 1,793 | - |
| Waiver of debts | 12,192 | 3,223 | 12,192 | 3,223 |
| 2) Included in the Other Expenses | | | | |
| Amortisation and depreciation | (1,244) | (319) | (2,432) | (640) |
| Bad debts written off | - | - | (157) | - |
| Provision for impairment of receivables, associates and jointly controlled entities | 5 | - | (213) | - |
| Provision for impairment of inventories | (11) | - | (31) | - |
| 3) Included in Finance Income | | | | |
| Amortisation of financial instruments | 1,783 | 2,505 | 4,491 | 4,678 |
| 4) Included in Finance Costs | | | | |
| Amortisation of financial instruments | (349) | (91) | (1,301) | (184) |

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 January 2019 and the accompanying explanatory notes attached to this interim financial report.

TALAM TRANSFORM BERHAD (1120 – H)
Financial Report for the financial period ended 31 July 2019
(These figures have not been audited)

Schedule B : Condensed Consolidated Statement of Financial Position
As at 31 July 2019

| | Unaudited as at 31/07/2019 RM'000 | Audited As at 31/1/2019 RM'000 |
|---------------------------------|--|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 1,239 | 471 |
| Inventories | 348,568 | 348,549 |
| Investment properties | 189,506 | 193,512 |
| Interest in joint ventures | 5,255 | 5,793 |
| Interest in associates | 18,486 | 18,529 |
| Other investment | 2 | 2 |
| Long term associate | 92,724 | 89,377 |
| Long term receivables | 33,336 | 32,616 |
| Total non-current assets | 689,116 | 688,849 |
| Current assets | | |
| Inventories | 65,006 | 69,724 |
| Contract assets | - | 8 |
| Trade and other receivables | 16,555 | 27,304 |
| Amount owing by associates | 23,437 | 23,696 |
| Tax recoverable | 172 | 167 |
| Sinking funds held by trustees | 4 | 4 |
| Short term investment | 43 | 3,603 |
| Cash and bank balances | 4,929 | 10,647 |
| Total current assets | 110,146 | 135,153 |
| TOTAL ASSETS | 799,262 | 824,002 |

TALAM TRANSFORM BERHAD (1120 – H)
Financial Report for the financial period ended 31 July 2019
(These figures have not been audited)

Schedule B : Condensed Consolidated Statement of Financial Position (Cont'd)
As at 31 July 2019

| | Unaudited as at 31/07/2019 | Audited as at 31/1/2019 |
|--|---|--|
| | RM'000 | RM'000 |
| EQUITY AND LIABILITIES | | |
| Capital and Reserves | | |
| Share capital | 859,086 | 856,086 |
| Treasury shares | (493) | (493) |
| Reserves | (469,111) | (499,201) |
| Equity attributable to owners of the Company | 389,482 | 356,392 |
| Non-controlling interests | (6,914) | (6,623) |
| Total equity | 382,568 | 349,769 |
| Non-current liabilities | | |
| Borrowings | 59,476 | 4,955 |
| Other long term payables | 203,382 | 203,547 |
| Total non-current liabilities | 262,858 | 208,502 |
| Current liabilities | | |
| Provision for liability | 731 | 731 |
| Contract liabilities | 163 | 606 |
| Borrowings | 9,092 | 67,823 |
| Trade and other payables | 143,835 | 196,465 |
| Amount owing to associates | - | 104 |
| Current tax liabilities | 15 | 2 |
| Total current liabilities | 153,836 | 265,731 |
| Total liabilities | 416,694 | 474,233 |
| TOTAL EQUITY AND LIABILITIES | 799,263 | 824,002 |
| Net assets per share attributable to Owners of the Company (RM) | 0.09 | 0.08 |

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 January 2019 and the accompanying explanatory notes attached to this interim financial report.

TALAM TRANSFORM BERHAD (1120 – H)
Financial Report for the financial period ended 31 July 2019
(These figures have not been audited)

Schedule C : Condensed Consolidated Statement of Cash Flows
For the financial year ended 31 July 2019

| | Current year period ended <u>31/07/2019</u> RM'000 | Preceding year period ended <u>31/07/2018</u> RM'000 |
|--|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit/ (Loss) before tax | 30,536 | (9,698) |
| Profit before tax from discontinued operation | - | (717) |
| Adjustments for: | | |
| Bad debts written off | 157 | - |
| Depreciation: | | |
| - property, plant and equipment | 78 | 153 |
| - investment properties | 2,354 | 487 |
| Finance liabilities at amortised costs | 787 | 184 |
| Finance assets at amortised costs | (4,068) | (4,678) |
| Interest expenses | 9,607 | 11,718 |
| Impairment of receivables | 213 | - |
| Impairment of inventories | 31 | - |
| Net gain on settlement with WCE Holding Bhd. | (33,390) | - |
| Impairment loss on receivables no longer required | (1,191) | (230) |
| Interest income | (227) | (59) |
| Interest over-accrued | (1,793) | - |
| Share of results of joint ventures and associates | 581 | 260 |
| Waiver of debts | (12,192) | (3,223) |
| Operating profit/(loss) before working capital changes | <u>(8,517)</u> | <u>(5,803)</u> |
| Changes in working capital: | | |
| Inventories | 4,668 | (2,719) |
| Receivables | 42,939 | 30,340 |
| Payables | (49,443) | 9,541 |
| Cash generated from operations carried forward | <u>(10,353)</u> | <u>31,359</u> |
| Interest received | 227 | 59 |
| Income tax paid | (5) | - |
| Interest paid | (9,607) | (11,718) |
| Net Cash Generated In Operating Activities | <u>(19,738)</u> | <u>19,700</u> |

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Schedule C : Condensed Consolidated Statement of Cash Flows
For the financial year ended 31 July 2019

| | Current year period ended 31/07/2019 RM'000 | Preceding year period ended 31/07/2018 RM'000 |
|---|--|--|
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Advances from associate companies | 12,339 | - |
| Cash inflow arising from private placement | 3,000 | - |
| Draw down from other investment | 3,560 | (565) |
| Purchase of property, plant and equipment | (850) | (44) |
| Net Cash Utilised From Investing Activities | <u>18,049</u> | <u>(609)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of borrowings | (7,981) | (19,897) |
| Drawdown of new loan | 3,572 | - |
| Net Cash Utilised In Financing Activities | <u>(4,409)</u> | <u>(19,897)</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (6,098) | (806) |
| EFFECTS OF EXCHANGE DIFFERENCES | 380 | (81) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR | 9,043 | 4,882 |
| CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD | <u>3,325</u> | <u>3,995</u> |
| Cash in hand and bank balances | 3,325 | 3,995 |
| Deposits with licensed banks | <u>1,604</u> | <u>1,604</u> |
| | 4,929 | 5,599 |
| Balances pledged as securities to licensed banks - HDA | <u>(1,604)</u> | <u>(1,604)</u> |
| | <u>3,325</u> | <u>3,995</u> |

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 January 2019 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 July 2019

| | Attributable to owners of the Company | | | | | Total | Non-Controlling Interests | Total Equity |
|--|---------------------------------------|-----------------|------------------|----------------------|--------------------|----------------|---------------------------|----------------|
| | ← Non - Distributable → | | | | | | | |
| | Share Capital | 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 |
| At 1 February 2019 | 856,086 | (493) | 49,667 | - | (548,868) | 356,392 | (6,623) | 349,769 |
| Issued during the financial period | 3,000 | - | - | - | - | 3,000 | - | 3,000 |
| Total comprehensive loss for the financial year | - | - | (820) | - | 30,910 | 30,090 | (291) | 29,799 |
| As at 31 July 2019 | 859,086 | (493) | 48,847 | - | (517,958) | 389,482 | (6,914) | 382,568 |
| 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 | - | - | (535) | - | (26,071) | (26,606) | (1,417) | (28,023) |
| Reclassification of disposal to assets held for sale | - | - | 49,410 | (49,410) | - | - | - | - |
| Disposal of subsidiaries | - | - | (1,500) | - | - | (1,500) | 4,538 | 3,038 |
| At 31 January 2019 | 856,086 | (493) | 49,667 | - | (548,868) | 356,392 | (6,623) | 349,769 |

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 January 2019 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 2019 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 2019.

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

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

New MFRS

MFRS 16 Leases

Amendments/Improvements to MFRSs

MFRS 3 Business Combinations

MFRS 9 Financial Instruments

MFRS 11 Joint Arrangements

MFRS 112 Income Taxes

MFRS 119 Employee Benefits

MFRS 123 Borrowing Costs

MFRS 128 Investment in Associates and Joint Ventures

New IC Int

IC Int 23 Uncertainty over Income Tax Treatments

The adoption of the above new and amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group.

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 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 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 10 Consolidated Financial Statements | Deferred |
| MFRS 14 Regulatory Deferral Accounts | 1 January 2020 |
| MFRS 15 Revenue from Contracts with Customers | 1 January 2021 |
| 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 116 Property, Plant and Equipment | 1 January 2021 |
| 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 |
| <u>Amendments to IC Int</u> | |
| 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 |

The initial application of the abovementioned standards, amendments or interpretations are not expected to have any material impacts to the financial statements of the Group.

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

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

For the current financial quarter ended 31 July 2019, changes in equity are as follows: -

| | No. of shares issued ('000 unit) | RM'000 |
|--|---|----------------|
| Issued and paid-up share capital as at 1 February 2019 | 4,220,280 | 856,086 |
| Issuance of new ordinary shares from private placement at RM0.04 each | 75,000 | 3,000 |
| Issued and paid-up share capital as at 31 July 2019 | <u>4,295,280</u> | <u>859,086</u> |

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. Segmental Information

The segment analysis for the Group for the quarter and year-to-date, as follow:-

| | Quarter ended 31 July | | Year-To-Date ended 31 July | |
|------------------------------------|--------------------------|----------------|-------------------------------|-----------------|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 |
| <u>Revenue</u> | | | | |
| Property Development | 1,511 | 3,030 | 2,141 | 5,438 |
| Property Investment and Management | 1,693 | 1,628 | 3,418 | 3,363 |
| Construction | 2,259 | 9,910 | 5,681 | 15,324 |
| | <u>5,463</u> | <u>14,568</u> | <u>11,240</u> | <u>24,125</u> |
| <u>(Loss)/Profit before tax</u> | | | | |
| Property Development | 7,925 | (5,138) | 33,174 | (10,845) |
| Property Investment and Management | (1,405) | (840) | (2,894) | (376) |
| Construction | 100 | 556 | 257 | 806 |
| | <u>6,620</u> | <u>(5,422)</u> | <u>30,537</u> | <u>(10,415)</u> |
| <u>Segment assets</u> | | | | |
| Property Development | | | 619,463 | 659,186 |
| Property Investment and Management | | | 177,504 | 190,229 |
| Construction | | | 2,295 | 10,229 |
| | | | <u>799,262</u> | <u>859,644</u> |
| <u>Segment liabilities</u> | | | | |
| Property Development | | | 362,373 | 442,235 |
| Property Investment and Management | | | 50,312 | 49,805 |
| Construction | | | 4,009 | 5,109 |
| | | | <u>416,694</u> | <u>497,149</u> |

The Hotel and Recreation segment has been merged into the Property Investment and Management segment in view that the division has ceased operation and is merely receiving some office rental income. During the last financial year, the division's assets had already been reclassified from "Assets Held For Sale" to "Investment Properties" in the Consolidated Statement of Financial Position as at 31 January 2019.

9. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter.

10. Contingent Liabilities and Assets

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

11. 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 RM5.46 million, a 62.53% decrease from the RM14.57 million generated during last year's comparative quarter. The decrease was mainly due to a drop in construction revenue of RM7.65 million and lower revenue from sale of stocks of RM1.52 million.

Group pre-tax profit was RM6.62 million compared to a pre-tax loss of RM4.48 million for the same quarter last year. The improvement is due to waiver of debt from two overseas associates amounting to RM12.20 million which is slightly mitigated by a higher depreciation charge of RM0.94 million in respect of the hotel assets which were reclassified from "Assets Held For Sale" to "Investment Properties" in the balance sheet as at the end of the last financial year.

For the current year-to-date

The Group recorded a revenue of RM11.24 million, a 53.42% decrease from the RM24.13 million generated during last year's corresponding period. The decrease was mainly due to lower construction revenue and lower sales of stock during the current period as mentioned above.

Group pre-tax profit was RM30.54 million compared to a pre-tax loss of RM9.70 million for the same period last year. The improvement was mainly due to a net gain of RM33.4 million arising from the Global Settlement Agreement entered into with WCE Holdings Bhd. ("WCE") as already disclosed in the previous quarterly announcement, together with the RM12.2 million debt waived as mentioned above.

At the same time, depreciation charge was higher by RM1.90 million due to the reclassification of the assets of the Hotel and Recreation Division from "Assets Held For Sale" to "Investment Properties" in the balance sheet as at the end of the last financial year. Authority and professional expenses were also higher as a result of quit rent and assessment expenses accrued and additional professional fees that were incurred on the private placement exercise and the Settlement BalDS extension during this period.

(b) Segmental Results Commentary:

(i) Property Development Division

For the current quarter

The division recorded a revenue of RM1.51 million, a decrease of 50.17% from the RM3.03 million generated during last year's corresponding quarter. The decrease was mainly due to lower sales of stock during current quarter.

The division's pre-tax profit was RM7.92 million against a pre-tax loss of RM5.14 million for the same quarter last year. This better result was mainly due to the RM12.2 million debt waiver as mentioned above and also a higher gross profit margin from stock sales.

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:

(i) Property Development Division

For the current year-to-date

The division recorded a revenue of RM2.14 million, a 60.66% decrease from the RM5.44 million generated during last year's corresponding period. The decrease is mainly because of lower sales of stock during the current period.

The division's pre-tax profit was RM33.17 million as compared to a pre-tax loss of RM10.85 million for the same period last year. The improvement in results was mainly due to the same explanations as presented in Schedule F Note 1 (a) above.

(ii) Property Investment and Management Division

For the current quarter

The division recorded a revenue of RM1.69 million, a marginal increase from the RM1.63 million generated during last year's comparative quarter.

The division's pre-tax loss was higher at RM1.41 million compared to RM0.84 million for the same quarter last year. The higher loss is mainly due to an additional RM0.94 million of depreciation charge on the hotel assets against none in the comparative quarter because the hotel assets were then classified as "Assets Held For Sale" under MFRS 5. At the same time, there were savings from lower land use and property tax from a partial tax exemption granted by the China tax authority effective from April 2019 onwards.

For the current year-to-date

The division recorded a revenue of RM3.42 million, a slight increase from the RM3.36 million generated during last year's corresponding period.

The division's pre-tax loss was RM2.89 million compared to RM0.38 million for the same period last year. The increase is mainly due to the reason stated above where the additional depreciation charged for the 6-month period was RM1.90 million. Higher charge for quit rents and assessments also contributed an additional RM0.46 million to the loss.

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):

(iii) Construction Division

For the current quarter

The division recorded a revenue of RM2.26 million, a 77.19% decrease from the RM9.91 million generated during last year's corresponding quarter. Construction revenue from one of our projects is tapering off as it is nearing completion, hence dropping from RM7.79 million one year ago to RM0.58 million this quarter. Revenue from another project is expected to pick up pace soon in view that the building construction works has just commenced.

As a result of the above, the division's pre-tax profit had reduced to RM0.10 million against RM0.56 million over the same period.

For the current year-to-date

The division recorded a revenue of RM5.68 million, a 62.92% decrease from the RM15.32 million generated during last year's corresponding period. The decline is due to the same reasons as stated above.

The division's pre-tax profit was RM0.26 million compared to a pre-tax profit of RM0.81 million for the same period last year. The explanation for the division's performance is as above.

2. Comparison with Preceding Quarter's Results (Quarter 2, FYE 2020 vs Quarter 1, FYE 2020)

| | Current Quarter ended 31 July 2019 RM'000 | Immediate preceding Quarter ended 30 April 2019 RM'000 |
|---------------------------|--|---|
| Revenue | 5,463 | 5,777 |
| (Loss)/ Profit before tax | 6,619 | 23,918 |

The Group recorded a 5.44% quarterly decrease in revenue from RM5.78 million to RM5.46 million. The decrease was mainly due to decline in construction revenue from RM3.42 million to RM2.26 million, the cause of which was explained above but was cushioned by higher sales of stock during the current quarter.

The current quarter recorded a pre-tax profit of RM6.62 million compared to a pre-tax profit of RM23.92 million for the immediate preceding quarter. The profit of the preceding quarter was mainly derived from a one-off gain of RM33.2 million arising from the WCE settlement. However, the current quarter had benefitted from a waiver of debt from two overseas associates amounting to RM12.20 million, a reversal of over-accrued interest amounting to RM1.79 million as well as lower charges for authority and regulatory expenses by RM2.47 million as compared to the preceding quarter.

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

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's first "Build then Sell" project will be completing very soon and the sales launch is targeted to take place in the fourth quarter. However, the Board foresees a challenging environment ahead for the Group due to market conditions brought about by stringent 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.

5. Income Tax Expense

| <u>Group</u> | Current quarter ended 31/07/2019 RM'000 | Current year period ended 31/07/2019 RM'000 |
|---------------------|--|--|
| Income tax expenses | 4 | (4) |

6. Status of Corporate Proposals

On 22 March 2019, the Company announced the proposal to undertake a private placement of up to 10% of the total number of issued shares at a proposed issue price of RM0.045 per placement share. This proposal was approved by Bursa Malaysia on 10 April 2019. Subsequently, the Company announced on 9 May 2019 that the price for the private placement has been fixed at RM0.04 per placement share. As at the date of this report, 75,000,000 new shares have been placed, thus enabling the Company to raise fresh capital funds of RM 3.0 million.

A summary of the utilisation of the RM3 million proceeds is presented below :

| | Utilisation | Proposed Utilisation Submitted (RM'000) | Actual Proceeds Raised (RM'000) | Actual Utilisation (RM'000) | Balance of Proceeds To Be Placed (RM'000) | Explanations |
|----|---|--|--|-----------------------------------|---|--|
| 1 | Partially finance the balance construction cost of Seroja Apartments project | 2,500 | | 700 | 1,800 | The balance of the Proposed Utilisation has not been utilised as the Placement has not yet completed. On behalf of the Board, UOB Kay Hian Securities (M) Sdn. Bhd. had on 20 September 2019 submitted the application to Bursa Malaysia Securities Berhad to seek its approval for an extension of time up to 9 April 2020 to complete the implementation of the Private Placement. |
| 2 | Partial repayment of borrowings (Settlement BalDS) | 2,641 | | 0 | 2,641 | |
| 3a | General working capital – payment to contractors and purchase of construction materials for other on-going projects | 6,000 | | 0 | 6,000 | |
| 3b | General working capital – Operating expenses : | | | | 0 | |
| | General Administrative expenses | 3,297 | | 402 | 2,895 | |
| | Staff Related expenses | 2,871 | | 851 | 2,020 | |
| | Professional Fees | 600 | | 589 | 11 | |
| | Miscellaneous | 970 | | 398 | 572 | |
| 4 | Placement expenses | 100 | | 60 | 40 | |
| | TOTAL | 18,979 | 3,000 | 3,000 | 15,979 | |

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

7. Group Borrowings and Debt Securities

The Group's borrowings and debt securities are as follows:

| | Secured | | Total RM'000 |
|---|------------------------------|--------------------------------------|-----------------------------------|
| | Short term RM'000 | Long term RM'000 | |
| As at 31.07.2018 | 32,669 | 57,400 | 90,069 |
| Repayment | (34,069) | - | (34,069) |
| New loan | - | 3,572 | 3,572 |
| Reclassified from long term borrowing to short term borrowing | 1,496 | (1,496) | - |
| Reclassified from disposal group | 9,149 | | 9,149 |
| Forex movement | (153) | - | (153) |
| As at 31.07.2019 | 9,092 | 59,476 | 68,568 |
| | | Foreign Currency '000 | RM Equivalent '000 |
| Foreign currency borrowings included above: | | | |
| Chinese Renminbi | | 14,998 | 8,996 |

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 nor 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:

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.

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 had on 10 January 2019 and 12th to 14th June 2019 heard oral submissions and the Court has fixed 29 August 2019 to deliver its decision. On that date, the Court has deferred the decision to a date to be fixed.

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 July 2019 RM'000 | Current year period ended 31 July 2019 RM'000 |
|---|--|--|
| Weighted average number of ordinary shares in issue, excluding treasury shares | 4,292,644 | 4,255,144 |
| Profit from continuing operations attributable to owners of the Company | 6,774 | 30,910 |
| Profit attributable to owners of the Company | 6,774 | 30,910 |
| Earnings per share ("EPS") (in sen) | | |
| Basic | 0.16 | 0.73 |
| Diluted | 0.16 | 0.73 |

Schedule F : Additional Disclosures Pursuant to Appendix 9B of the 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 2019 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 27 September 2019.

By order of the Board

Soo Kah Pik
Company Secretary