

TALAM TRANSFORM BERHAD (192001000012) (1120 – H)
Financial Report for the financial period ended 31 March 2020
(These figures have not been audited)

Schedule A : Condensed Consolidated Statement of Comprehensive Income
For the financial period ended 31 March 2020

	Individual period		Cumulative period	
	Current period ended 31/3/2020	Preceding year quarter ended 31/3/2019	Current year period ended 31/3/2020	Preceding year period ended 31/3/2019
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Revenue	24,174	-	44,773	-
Cost of sales	(22,177)	-	(39,049)	-
Gross profit	1,997	-	5,724	-
Other operating income (Schedule A Note 1)	1,875	-	63,625	-
Administrative expenses	(3,099)	-	(14,730)	-
Authority and professional expenses	223	-	(5,663)	-
Other expenses (Schedule A Note 2)	(7,460)	-	(16,283)	-
Result from operating activities	(6,464)	-	32,673	-
Finance income (Schedule A Note 3)	983	-	9,385	-
Finance costs (Schedule A Note 4)	(13,887)	-	(34,726)	-
(Loss)/Profit before tax and share of results	(19,368)	-	7,332	-
Share of results of jointly controlled entities and associate companies	(3,465)	-	(5,570)	-
(Loss)/Profit before tax	(22,833)	-	1,762	-
Income tax	0	-	(1)	-
(Loss)/Profit from continuing operations, net of tax	(22,833)	-	1,761	-
Results from discontinued operations, net of tax	-	-	-	-
(Loss)/Profit for the period	(22,833)	-	1,761	-

Schedule A : Condensed Consolidated Statement of Comprehensive Income (Cont'd)
For the financial period ended 31 March 2020

	Individual period		Cumulative period	
	Current period ended 31/3/2020 RM'000	Preceding year quarter ended 31/3/2019 RM'000	Current year period ended 31/3/2020 RM'000	Preceding year period ended 31/3/2019 RM'000
Other comprehensive income				
Exchange difference on translation of foreign entity	1,269	-	(214)	-
Total comprehensive (loss)/income for the period	(21,564)	-	1,547	-
(Loss)/Profit for the period attributable to:				
Owners of the Company				
- continuing operations	(22,703)	-	2,586	-
- discontinued operation	-	-	-	-
	(22,703)	-	2,586	-
Non-controlling Interests	(130)	-	(825)	-
	(22,833)	-	1,761	-
Total comprehensive (loss)/income for the period attributable to:				
Owners of the Company				
- continuing operations	(21,291)	-	2,347	-
- discontinued operation	-	-	-	-
	(21,291)	-	2,347	-
Non-controlling Interests	(273)	-	(800)	-
	(21,564)	-	1,547	-
(Loss)/Earnings per share from continuing operations attributable to owners of parent (in sen)				
(Loss)/Earnings per share ("EPS") (in sen)				
Basic	(0.53)	-	0.06	-
Diluted	(0.53)	-	0.06	-

Schedule A : Condensed Consolidated Statement of Comprehensive Income (Cont'd)
For the financial period ended 31 March 2020

	Individual period		Cumulative period	
	Current period ended 31/3/2020	Preceding year quarter ended 31/3/2019	Current year period ended 31/3/2020	Preceding year period ended 31/3/2019
	RM'000	RM'000	RM'000	RM'000
NOTE :				
1) Included in the Other Operating Income:				
Net gain on settlement with WCE Holding Bhd	-	-	33,391	-
Gain on disposal of property, plant and equipment	-	-	58	-
Reversal of provision for impairment of inventories	67	-	7,760	-
Reversal of provision for impairment of receivables no longer required	263	-	6,211	-
Interest over-accrued	-	-	1,793	-
Waiver of debts	1,432	-	13,624	-
2) Included in the Other Expenses				
Amortisation and depreciation	(943)	-	(5,856)	-
Bad debts written off	(107)	-	(264)	-
Provision for impairment of receivables, associates and jointly controlled entities	(162)	-	(1,959)	-
LHD/PDC written down	(500)	-	(500)	-
Provision for impairment of inventories	(5,393)	-	(5,424)	-
3) Included in Finance Income				
Amortisation of financial instruments	885	-	9,038	-
4) Included in Finance Costs				
Amortisation of financial instruments	(10,534)	-	(11,835)	-

Note:

As announced to Bursa Malaysia on 17 December 2019, the Board had on that day approved the change of the financial year end of the Company from January 31 to March 31 to enable the quarterly reporting to be aligned to calendar quarters and also in conjunction with Talam's 100 year anniversary of its incorporation on March 15, 1920. The next set of audited financial statements shall be for a period of fourteen (14) months from February 1, 2019 to March 31, 2020. As such, there will be no comparative financial information available for the financial period ended March 31, 2020.

TALAM TRANSFORM BERHAD (192001000012) (1120 – H)
Financial Report for the financial period ended 31 March 2020
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Schedule B : Condensed Consolidated Statement of Financial Position
As at 31 March 2020

	Unaudited	Audited
	as at	As at
	31/3/2020	31/1/2019
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,108	471
Inventories	350,432	348,549
Investment properties	187,465	193,512
Interest in joint ventures	303	5,793
Interest in associates	18,449	18,529
Other investment	2	2
Long term associate	31,818	89,377
Long term receivables	28,091	32,616
Total non-current assets	617,667	688,849
Current assets		
Inventories	49,788	69,724
Contract assets	42	8
Trade and other receivables	22,505	27,304
Amount owing by associates	85,550	23,696
Tax recoverable	176	167
Sinking funds held by trustees	4	4
Short term investment	236	3,603
Cash and bank balances	3,695	10,647
Total current assets	161,996	135,153
TOTAL ASSETS	779,663	824,002

TALAM TRANSFORM BERHAD (192001000012) (1120 – H)
Financial Report for the financial period ended 31 March 2020
(These figures have not been audited)

Schedule B : Condensed Consolidated Statement of Financial Position (Cont'd)
As at 31 March 2020

	Unaudited as at 31/3/2020	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	(496,854)	(499,201)
Equity attributable to owners of the Company	361,739	356,392
Non-controlling interests	(7,423)	(6,623)
Total equity	354,316	349,769
Non-current liabilities		
Borrowings	394	4,955
Other long term payables	579	203,547
Total non-current liabilities	973	208,502
Current liabilities		
Provision for liability	731	731
Contract liabilities	448	606
Borrowings	75,219	67,823
Trade and other payables	347,649	196,465
Amount owing to associates	325	104
Current tax liabilities	1	2
Total current liabilities	424,373	265,731
Total liabilities	425,347	474,233
TOTAL EQUITY AND LIABILITIES	779,663	824,002
Net assets per share attributable to Owners of the Company (RM)	0.08	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.

Schedule C : Condensed Consolidated Statement of Cash Flows
For the financial period ended 31 March 2020

	Current year period ended <u>31/3/2020</u> RM'000	Preceding year period ended <u>31/3/2019</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,762	-
Adjustments for:		
Bad debts written off	263	-
Depreciation:		
- property, plant and equipment	312	-
- investment properties	5,545	-
Finance liabilities at amortised costs	11,835	-
Finance assets at amortised costs	(9,037)	-
Interest expenses	22,891	-
Impairment of receivables	1,959	-
Impairment of inventories	5,424	-
Net gain on settlement with WCE Holding Bhd.	(33,391)	-
Gain on disposal of property, plant and equipment	(58)	-
Reversal of provision for impairment of inventories	(7,760)	-
Impairment loss on receivables no longer required	(6,211)	-
Interest income	(346)	-
Interest over-accrued	(1,793)	-
Share of results of joint ventures and associates	5,570	-
LHD/PDC written down	500	-
Waiver of debts	(13,624)	-
Operating loss before working capital changes	<u>(16,159)</u>	<u>-</u>
Changes in working capital:		
Inventories	19,455	-
Receivables	39,719	-
Payables	(47,878)	-
Cash used in operations	<u>(4,863)</u>	<u>-</u>
Interest received	346	-
Income tax paid	(12)	-
Interest paid	<u>(22,891)</u>	<u>-</u>
Net Cash Used In Operating Activities	<u>(27,420)</u>	<u>-</u>

Schedule C : Condensed Consolidated Statement of Cash Flows
For the financial period ended 31 March 2020

	Current year period ended 31/3/2020 RM'000	Preceding year period ended 31/3/2019 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	73	-
Advances from associate companies	12,339	-
Cash inflow arising from private placement	3,000	-
Draw down from other investment	3,367	-
Purchase of property, plant and equipment	(964)	-
Net Cash Generated From Investing Activities	<u>17,815</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(11,043)	-
Drawdown of new loan	13,572	-
Net Cash Generated From Financing Activities	<u>2,529</u>	<u>-</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,076)	-
EFFECTS OF EXCHANGE DIFFERENCES	124	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	9,043	-
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	<u>2,091</u>	<u>-</u>
Cash in hand and bank balances	2,091	-
Deposits with licensed banks	1,604	-
	<u>3,695</u>	-
Balances pledged as securities to licensed banks - HDA	(1,604)	-
	<u>2,091</u>	<u>-</u>

Notes:

- i) As announced to Bursa Malaysia on 17 December 2019, the Board had on that day approved the change of the financial year end of the Company from January 31 to March 31 to enable the quarterly reporting to be aligned to calendar quarters and also in conjunction with Talam's 100 year anniversary of its incorporation on March 15, 1920. The next set of audited financial statements shall be for a period of fourteen (14) months from February 1, 2019 to March 31, 2020. As such, there will be no comparative financial information available for the financial period ended March 31, 2020.
- ii) The condensed consolidated statement of cash flow should be read in conjunction with the accompanying explanatory notes attached to this interim financial report.

Schedule D : Condensed Consolidated Statement of Changes in Equity
For the financial period ended 31 March 2020

	Attributable to owners of the Company					Total	Non-Controlling Interests	Total Equity
	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)/income for the financial year	-	-	(240)	-	2,586	2,347	(800)	1,547
As at 31 March 2020	859,086	(493)	49,427	-	(546,282)	361,739	(7,423)	354,316

Notes:

- i) As announced to Bursa Malaysia on 17 December 2019, the Board had on that day approved the change of the financial year end of the Company from January 31 to March 31 to enable the quarterly reporting to be aligned to calendar quarters and also in conjunction with Talam's 100 year anniversary of its incorporation on March 15, 1920. The next set of audited financial statements shall be for a period of fourteen (14) months from February 1, 2019 to March 31, 2020. As such, there will be no comparative financial information available for the financial period ended March 31, 2020.
- ii) 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 where applicable and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

Due to the change of the financial year end of the Company from January 31 to March 31, there will be no comparative financial information available for the financial period ended March 31, 2020 with regard to the Condensed Consolidated Statements of Comprehensive Income, Changes in Equity and Cash Flows.

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 MFRS, amendments/improvements to MFRSs and new IC Interpretation (“IC Int”)

The Group and the Company have adopted the following new MFRS, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

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 MFRS, amendments/improvements to MFRSs and new IC Int 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.

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

2. Changes in Accounting Policies (Cont'd)

(b) New MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective:

<u>New MFRS</u>		Effective for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022 [^]
MFRS 3	Business Combinations	1 January 2023# 1 January 2020/ 1 January 2022/ 1 January 2023#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2020/ 1 January 2023#
MFRS 9	Financial Instruments	1 January 2020/ 1 January 2022 [^] / 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 June 2020*/ 1 January 2022 [^]
MFRS 101	Presentation of Financial Statements	1 January 2020/ 1 January 2022/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2020
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022 [^]

[^] *The Annual Improvements to MFRS Standards 2018-2020*

* *Earlier application is permitted, including in financial statements not authorised for issue at 28 May 2020*

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

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

On 11 March 2020, the World Health Organisation declared the novel coronavirus (“Covid-19”) outbreak a global pandemic in recognition of its rapid spread across the globe. The Malaysian Government had imposed the Movement Control Order (“MCO”) starting from 18 March 2020 to 3 May 2020 and thereafter the Conditional MCO (“CMCO”) to 9 June 2020 and subsequently the Recovery MCO (“RMCO”) until 31 August 2020. The MCO had mandated the closure of all government offices and private business premises except those involved in the provision of essential services, to curb the spread of Covid-19 in Malaysia. The global pandemic had also resulted in imposition of travel restrictions, lockdowns and other precautionary measures throughout Malaysia, similar to other countries around the world.

The Group had complied with and will continue to observe the government and regulatory directives during the MCO, CMCO and RMCO periods. The Covid-19 pandemic and resulting MCO have adversely impacted the businesses of many of the Group’s tenants in Menara Maxisegar and Pandan Kapital Shopping Complex even though certain tenants had remained open to provide essential services to the local community. The Group has formulated plans to assist affected tenants to recover from their tight cash flow position by offering rental assistance in the form of rebates and/or deferment to tenants who qualify. This, however, will have a knock-on effect, although not significant, on the Group’s revenue, cash flow and the value of investment properties.

The Group’s construction operations also had to be shut down during the MCO and CMCO periods and this has caused several months of delay in revenue and cash-flow. Our construction site operations were only able to resume on 9 June 2020 upon full compliance with government Standard Operating Procedures (“SOPs”).

The marketing of the Group’s almost completed “build then sell” Seroja Apartments which was expected to bring in cash-flows of around RM50 million was delayed due to the MCO and CMCO. This delay had a direct impact on the Group’s revenue and cash-flows resulting in the Group’s inability to meet certain interest payment obligations on time. However, the Group has succeeded in getting the loans due dates extended and/or the interests deferred.

The Group’s project approvals from the relevant authorities in Selayang, Ukay Perdana and joint venture projects in Bukit Beruntung, Putra Perdana and Saujana Putra have also been affected by the MCO due to the cancellation of the Local Council’s meetings to approve the plans. This will definitely affect the timing of payments from the joint venture partners as our entitlements are tied to an approval and sales milestone.

With the post-MCO resumption of construction activities and sales of our Seroja Apartments, the Group expects to generate cash flows in the region of RM40 million during the new financial year, thus enabling the Group to sustain part of its operating expenditures and meet its debt obligations. Furthermore, in an effort to reduce operating costs, the Group has implemented a salary reduction scheme involving employees earning above RM4,000 per month and directors, with reductions ranging from 20% to 50%, coupled with a corresponding reduction of 1 to 2 working days per week, commencing in May 2020.

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

4. Unusual Items due to their Nature, Size or Incidence (Cont')

The Covid-19 pandemic has brought significant economic uncertainties to the whole world. As the current situation is unprecedented and fluid, it is very difficult to predict the economic eventualities and ascertain the actual impact to the Group with a high degree of precision. However, notwithstanding the above, the Group is cautiously confident that there will be minimal effect on the Group's operations. Nevertheless, the Group is monitoring the situation closely and continues to evaluate the possible ramifications of the prolonged effect of COVID-19 and the after effects of the MCO on the operations, financial position, cash flows and operating results of the Group as the situation develops, while taking appropriate and timely measures to minimise the impact of an outbreak on the Group's operations. Prudent cash flow management will be key during such times.

Since May 2020, the government has progressively relaxed the MCO and by June 2020, most of the restrictions have been lifted while some still remain. The Group reopened its office at Menara Maxisegar on 4 May 2020 and prior to that, employees were required to work from home. Meanwhile, business activities have to adapt to a new normal, for the time being. The Group will continue to support the Government's efforts in combating the pandemic through strict compliance with the relevant SOPs and guidelines issued by relevant competent authorities in ensuring that the best recommended practices are being adhered to at all times while always prioritising the health and safety of our staff. Safety measures taken include restricting access into buildings to only 1 main entrance at lobby and 1 from car park, temperature scanning and recording of all employees, tenants and visitors entering the buildings, providing hand sanitisers at all entrances, limiting number of lift passengers to a maximum of 4 at any one time, practising social distancing in seating arrangements of employees in office and meeting rooms and requiring all to wear face masks. The Group's construction site activities have to comply with all applicable SOPs and obtain all necessary approvals from relevant authorities, including the requirement for all site workers to perform a Covid-19 test, before the site works are allowed to recommence. All the sites have obtained approval and are able to start works in 1st week of June 2020 and are slowly regaining momentum.

The Board is confident that the Group will survive this economic downturn as it continues to engage with new investors and new joint venture partners whilst exploring new business opportunities.

There were no unusual items that have material effect on the assets, liabilities, equity, net income, or cash flows for the current period 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.

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

6. Debt and Equity Securities

During the financial period ended 31 March 2020, 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 March 2020	<u>4,295,280</u>	<u>859,086</u>

Save for the above, there was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the financial period under review.

7. Dividend

No dividend has been paid since the beginning of the current period

8. Change of Financial Year End

As announced to Bursa Malaysia on 17 December 2019, the Board had on that day approved the change of financial year end of the Company from 31 January to 31 March to enable its quarterly reporting to be aligned to calendar quarters and also in conjunction with Talam's 100 years anniversary of its incorporation on 15 March 1920. Therefore, the new financial period shall commence from 1 February 2019 to 31 March 2020, covering a period of fourteen (14) months. Thereafter, the financial year of the Company shall revert to twelve (12) months ending 31 March, for each subsequent year.

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:-

	2 Months ended 31 March		14 Months ended 31 March	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Revenue</u>				
Property Development	19,039	-	21,308	-
Property Investment and Management	1,141	-	7,907	-
Construction	3,994	-	15,558	-
	<u>24,174</u>	<u>-</u>	<u>44,773</u>	<u>-</u>
<u>(Loss)/Profit before tax</u>				
Property Development	(21,640)	-	8,944	-
Property Investment and Management	(1,352)	-	(7,855)	-
Construction	159	-	672	-
	<u>(22,833)</u>	<u>-</u>	<u>1,761</u>	<u>-</u>
<u>Segment assets</u>				
Property Development			601,352	-
Property Investment and Management			173,778	-
Construction			4,533	-
			<u>779,663</u>	<u>-</u>
<u>Segment liabilities</u>				
Property Development			366,946	-
Property Investment and Management			52,620	-
Construction			5,781	-
			<u>425,347</u>	<u>-</u>

Note: Due to the change in the financial year end as stated in Note 8, no comparable figures are presented.

The Hotel and Recreation segment has been merged into the Property Investment and Management segment in view that the division had 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.

10. Changes in the Composition of the Group

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

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 period other as described in (4) above.

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

1. Review of Performance

Due to the change in the financial year end as stated in Note 8, no comparable figures are presented.

(a) Overall Results Commentary:

For the current 2-month period

The Group recorded a revenue of RM24.17 million, out of which sale of stocks and land contributed RM14.51 million and RM4.53 million respectively.

Group pre-tax loss was RM22.83 million. The Group had previously capitalized a land use right in respect of a joint-venture amounting to RM4.97 million. In view of the uncertainty brought about by the Covid-19 pandemic, the Group has decided to prudently impair the amount first. The higher finance cost is attributed to a RM9.87 million provision, which is non-cash and non-operational in nature, emanating from the discounting effect of MFRS9 on long term receivables, which will be amortised as finance income in future quarters. Share of results of an associate company, by way of equity accounting, contributed a loss of RM3.46 million in view that the associate had down-graded the profitability of the project resulting in excess capitalized costs being immediately charged out.

For the current period-to-date

The Group recorded a revenue of RM44.77 million. Main contributors of revenue are from construction amounting to RM15.56 million and sale of stocks of RM16.78 million.

Group pre-tax profit of RM1.76 million included a net gain of RM33.4 million that arose from the Global Settlement Agreement with WCE Holdings Bhd. together with reversal of an overprovision of interest to IJM Group of RM1.79 million. Other income includes RM13.62 million of debts waived and a reversal of impairment of receivables and inventories amounting to RM13.97 million. In addition to the explanations above for the 2-month period, profitability was also adversely impacted by a higher depreciation charge of RM4.42 million that came about from the reclassification of the assets of the Hotel and Recreation Division from "Assets Held For Sale" to "Investment Properties".

(b) Segmental Results Commentary:

(i) Property Development Division

For the current 2-month period

The division recorded a revenue of RM19.04 million with a pre-tax loss of RM21.64 million. Stock sales amounted to RM14.51 million while land sales came to RM4.53 million.

The results of this current period were mainly due to the same explanations as presented in Schedule F Note 1 (a) above.

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

1. Review of Performance (Cont'd)

(b) Segmental Results Commentary (Cont'd):

(i) Property Development Division

For the current year-to-date

The division recorded a revenue of RM21.31 million with a pre-tax profit of RM8.94 million.

The reasons for the lower pre-tax profit are already explained in Schedule F Note 1 (a) above.

(ii) Property Investment and Management Division

For the current 2-month period

The division recorded a revenue of RM1.14 million with a pre-tax loss of RM1.35 million.

There was an additional RM0.63 million of depreciation charge on the hotel assets due to the reclassification of the hotel assets from "Assets Held For Sale" to "Investment Properties". 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. Revenue for March 2020 was slightly affected by the MCO in the form of rent rebates and discount granted to some tenants to help them through this difficult time.

For the current year-to-date

The division recorded a revenue of RM7.91 million with a pre-tax loss of RM7.86 million.

This result was after including an additional depreciation charge of RM4.42 million for the 14-month period as explained above. China property taxes and loan interests also contributed RM1.10 million and RM1.06 million respectively to the loss while local quit rents and assessments account for another RM2.20 million.

(iii) Construction Division

For the current 2-month period

The division recorded a revenue of RM3.99 million. Revenue for March 2020 was slightly affected by the MCO which caused the suspension of all construction activities. Construction revenue from one of our projects is tapering off as it is nearing completion while revenue from another project is expected to pick up pace soon in view that the building construction works has just commenced.

The division's pre-tax profit amounted to RM0.16 million.

For the current year-to-date

The division recorded a revenue of RM15.56 million with the pre-tax profit of RM0.67 million.

The explanation for the division's performance is as above.

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

2. Comparison with Preceding Quarter's Results (2-month Period Ended 31 March 2020 vs Quarter 4, FYE 2020)

Due to the change in the financial year end, the performance of the current two-month period ended 31 March 2020 is not comparable against the preceding quarter reported previously.

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 expected to commence in the 3rd quarter of FY2021, having been delayed by the imposition of the MCO. However, the Board foresees a challenging environment ahead for the Group due to market conditions caused by the economic uncertainties brought about by the Covid-19 pandemic, coupled with the already weakened state of the property market which had existed since end of 2019.

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

	Current period ended 31/3/2020 RM'000	Current 14-month period ended 31/3/2020 RM'000
<u>Group</u>		
Income tax expenses	0	(1)

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

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. **The Company then 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)
1	Partially finance the balance construction cost of Seroja Apartments project.	2,500		700	1,800
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

The balance of the Proposed Utilisation had not been utilised as the Placement has not yet completed. On behalf of the Board, UOB Kay Hian Securities (M) Sdn. Bhd. had on 30 September 2019 announced that Bursa Malaysia Securities Berhad had, vide its letter dated 27 September 2019, resolved to grant a further extension of time until 9 April 2020 for Talam to complete the Private Placement. **Subsequently, on 9 April 2020 on behalf of the Board, UOB Kay Hian Securities (M) Sdn. Bhd. had announced that the Private Placement had lapsed on that date.**

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 31.01.2019	67,823	4,955	72,778
Repayment	(5,410)	(5,633)	(11,043)
New loan	5,000	8,572	13,572
Reclassified from long term borrowing to short term borrowing	7,853	(7,853)	-
Reclassified from disposal group	-	-	-
Forex movement	(46)	352	306
As at 31.03.2020	75,220	393	75,613
Foreign currency borrowings included above:		Foreign Currency '000	RM Equivalent '000
Chinese Renminbi		14,999	9,103

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 Civil Suit No. 22NCC-327-10/2015 (“Civil Suit”) 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 heard on 19 and 20 June 2017, 1, 2 and 3 August 2017, 20 and 24 October 2017, 27 and 28 November 2017, 18, 19 and 29 January 2018, 9 and 12 February 2018, 15 March 2018 and 5, 7, and 8 June 2018. The full hearing was completed on 25 June 2018. Both parties had put in their written submissions 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 fixed 29 August 2019 to deliver its decision which was then deferred to 29 January 2020 and subsequently to 6 March 2020.

The High Court had on 6 March 2020 delivered its decision and dismissed UHSB’s Civil Suit and also TTB’s Counter Claim with no order as to costs. UHSB’s Solicitors had on 14 May 2020 served a Notice of Appeal dated 1st April 2020 to appeal to the Court of Appeal against part of the decision of the High Court dismissing UHSB’s High Court Civil Suit.

9. Proposed dividend

No dividend has been declared for the current quarter.

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

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 period ended 31 March 2020 RM'000	Current year period ended 31 March 2020 RM'000
Weighted average number of ordinary shares in issue, excluding treasury shares	4,292,644	4,276,572
(Loss)/Profit from continuing operations attributable to owners of the Company	(22,703)	2,586
(Loss)/Profit attributable to owners of the Company	(22,703)	2,586
(Loss)/Earnings per share ("EPS") (in sen)		
Basic	(0.53)	0.06
Diluted	(0.53)	0.06

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 30 June 2020.

By order of the Board

Soo Kah Pik
Company Secretary