TALAM TRANSFORM BERHAD (Company. No. 1120-H)

ANNUAL REPORT 2016
Soaring To New Heights

CONTENTS

CORPORATE STRUCTURE

As at 4 May 2016

TALAM TRANSFORM BERHAD (1120-H)

- 100% Europlus Berhad
  - 100% Lambang Wira Sdn Bhd
  - 100% Biltradex Sdn Bhd
  - 100% Venue Venture Sdn Bhd
- 100% Talam Plantations Sdn Bhd
  - 100% Larut Overseas Ventures Sdn Bhd
  - 0.001% Malim Enterprise (HK) Limited
- 100% Era-Casa Sdn Bhd
  - 99.999% Malim Enterprise (HK) Limited
- 100% Abra Development Sdn Bhd
- 100% Maxisegar Realty Sdn Bhd
- 100% Inti Johan Sdn Bhd
- 50% Astaka Tegas Sdn Bhd
- 100% Zillion Development Sdn Bhd
  - 25% Oaxis Sdn Bhd
- 100% Winax Development Sdn Bhd
  - 100% Mutual Prosperous Sdn Bhd
  - 40% Trident Treasure Sdn Bhd
- 100% G.L. Development Sdn Bhd
  - 50% Crest Envy Sdn Bhd
  - 50% Good Debut Sdn Bhd
- 100% L.C.B. Management Sdn Bhd
- 100% Talam Leisure Development Sdn Bhd
  - 60% Ulu Yam Golf & Country Club Sdn Bhd
  - 0.0005% Gemapantas Sdn Bhd
- 100% Talam Management Services Sdn Bhd
  - 100% Larut Management Services Sdn Bhd
  - 100% Maxisegar Construction Sdn Bhd
- 50.9995% Gemapantas Sdn Bhd
- 100% Winax Engineering Sdn Bhd

CORPORATE STRUCTURE
(continued)

70% Beautiful Peninsular Sdn Bhd
100% Bukit Khazanah Sdn Bhd — 100% Pandan Lake Club Berhad
51% Saujana Ukay Sdn Bhd

49.94% / 49.94% Larut Talam International Management Services Limited
1% / 99% Parkgrove Limited — 49% Parkgrove (Cambodia) Pte Ltd
1% / 99% Noble House Investments Limited — 49% Noble House Investment (Cambodia) Pte Ltd

85% Jilin Province Maxcourt Hotel Limited

100% Envy Vista Sdn Bhd
100% Untung Utama Sdn Bhd
100% Zhinmun Sdn Bhd
100% Seaview Plantations Sdn Bhd
50% Cekap Tropikal Sdn Bhd

100% Terang Tanah Sdn Bhd — 50% Sierra Ukay Sdn Bhd
100% Ample Zone Berhad
0.005% / 50% Cekap Mesra Development Sdn Bhd

LEGEND

- LOCAL
- OVERSEAS
- SUBSIDIARY
- ASSOCIATE
- JOINT VENTURE

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Tsen Keng Yam
Chairman
Senior Independent Non-Executive Director

Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon
Non-Independent Non- Executive Director

Dato' Kamaruddin Bin Mat Desa
Independent Non-Executive Director

Datuk Ng Bee Ken
Independent Non-Executive Director

Chua Kim Lan
Executive Director

Yaw Chun Soon
Executive Director

Chan Tet Eu
Non-Independent Non-Executive Director

AUDIT COMMITTEE

Tsen Keng Yam
Chairman
Member of the Malaysian Institute of Accountants

Dato' Kamaruddin Bin Mat Desa
Member

Datuk Ng Bee Ken
Member

NOMINATION COMMITTEE

Datuk Ng Bee Ken
Chairman

Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon
Member

Tsen Keng Yam
Member

REMUNERATION COMMITTEE

Datuk Ng Bee Ken
Chairman

Tsen Keng Yam
Member

Dato' Kamaruddin Bin Mat Desa
Member

COMPANY SECRETARY

Soo Kah Pik (MIA 8102)

PRINCIPAL BANKERS

Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad
RHB Investment Bank Berhad

REGISTERED OFFICE

Suite 2.12, Level 2, Menara Maxisegar
Jalan Pandan Indah 4/2
Pandan Indah
55100 Kuala Lumpur
Tel no.: 03-42962000
Fax no.: 03-42977220
Website: www.ttransform.com.my

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel no.: 03-20849000
Fax no.: 03-20949940 / 03-20950292

AUDITORS

Baker Tilly Monteiro Heng (AF0117)
Chartered Accountants
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel no.: 03-22971000
Fax no.: 03-22829980

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Stock Code : 2259
Stock Name : TALAMT

PROFILE OF **BOARD OF DIRECTORS**

TSEN KENG YAM

Tsen Keng Yam, aged 66, male, Malaysian, Chairman/Independent Non-Executive Director, joined the Board of Talam Transform Berhad ("the Company") on 30 April 2004 and became the Chairman on 22 January 2009. He is also the Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee of the Company.

He is a Fellow of the Institute of Chartered Accountants (England and Wales) and a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

In 1978, he joined Hanafiah Raslan & Mohamed as a consultant and was subsequently promoted to Senior Consultant in 1980. He was a principal of Hanafiah Raslan & Mohamed from 1984 to 1987 and was a partner of Arthur Andersen & Co. for more than 14 years from 1988 to 2003. He was formerly a Director of Riverview Rubber Estates Berhad and Narborough Plantations Plc.

TAN SRI DATO' (DR) IR CHAN AH CHYE @ CHAN CHONG YOON

Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon, aged 70, male, Malaysian, Non-Independent Non-Executive Director, joined the Board of the Company on 6 November 1990. He was formerly the Executive Chairman of the Company prior to his re-designation as Non-Independent Non-Executive Director on 22 January 2009. He is a member of the Nomination Committee of the Company.

He graduated with a Bachelors Degree in Civil Engineering from the University of Malaya in 1970 and is a member of the Institution of Engineers, Malaysia since 1974 and was subsequently made a Fellow in 1984. He has over 45 years of experience in the property and construction industry since he started his career with Messrs Binnie & Partners (M) Sdn Bhd and later joined Perbadanan Kemajuan Negeri Selangor in 1971 as a Project Manager handling project designs, management and property development. He was formerly the Executive Director (President/Chief Executive) and former Major Shareholder of Kumpulan Europlus Berhad.

Tan Sri Chan was awarded the prestigious "Property Man of the Year 1998" by the Federation Internationale Des Professions Immobilieres ("FIABCI") in recognition of his achievements in property development. Tan Sri Chan was conferred the Honorary Doctorate of Science (Engineering) by the University Malaya on 11 August 2003.

His son, Chan Tet Eu is also a Director and Major Shareholder of the Company.

DATO' KAMARUDDIN BIN MAT DESA

Dato' Kamaruddin bin Mat Desa, aged 65, male, Malaysian, Independent Non-Executive Director, joined the Board of the Company on 1 October 2007. He is a member of the Audit Committee and Remuneration Committee of the Company.

He holds a Bachelor of Laws (Hons) from International Islamic University, Petaling Jaya, Selangor (1993).

Dato' Kamaruddin had extensive experience in the Royal Malaysian Police Force. During his distinguished career, he held positions such as General Duty/Traffic, Platoon Commander, Police Field Force, Officer in-charge of Police Sub-District, Area Inspector, State Traffic Chief Selangor, Deputy OCPD, Staff Officer (Prosecution) Session Court (Selangor), Staff Officer (Admin) CID Selangor, Police Secretary/Special Officer to IGP, Officer in-charge of Criminal Investigation Department, Deputy Chief Police Officer and Deputy Director, Commercial Crime Investigation Department.

DATUK NG BEE KEN

Datuk Ng Bee Ken, aged 61, male, Malaysian, joined the Board of the Company on 21 May 2010 as an Independent Non-Executive Director. He is also a member of the Audit Committee and Chairman of the Nomination Committee and Remuneration Committee of the Company.

Datuk Ng holds a Bachelor of Law (Hons) from the University of Wales, Cardiff; a Master of Laws from King's College, University of London; and a Barrister-at-Law from Lincoln's Inn. He is also an Advocate and Solicitor of the High Court of Malaya since 1987, and presently is the Managing Partner of the law firm of Azri, Lee Swee Seng & Co where he specializes in corporate law.

Datuk Ng also holds a Master of Science (Corporate Communication) from Universiti Putra Malaysia, an ACEA and is a Certified Mediator at the Malaysian Mediation Centre as accredited by the Malaysian Bar. He was conferred the award of Panglima Jasa Negara by DYMM YDP Agung on 4 June 2011.

Besides legal practice, he is also the Chairman and an Independent Non-Executive Director of Sinotop Holdings Berhad and an Independent Non-Executive Director of Widetech (Malaysia) Berhad, Yong Tai Berhad and Opensys (M) Berhad.

CHUA KIM LAN

Chua Kim Lan, aged 52, female, Malaysian, Executive Director, joined the Board of the Company on 1 October 2007.

Ms Chua Kim Lan graduated from Tunku Abdul Rahman University College in Building Technology in 1984 and holds a Master of Business Administration from Honolulu University, Hawaii in 2000. She was previously attached to Brisdale (M) Sdn Bhd for five (5) years from 1984 to 1989 and the Company for one (1) year prior to joining Europlus Berhad as a Quantity Surveyor in 1991. She was transferred back to the Company subsequent to the merger exercise in 2003 and was formerly the Deputy President of the Company before her appointment to the Board.

YAW CHUN SOON

Yaw Chun Soon, aged 53, male, Malaysian, Executive Director, joined the Board of the Company on 24 July 2014.

Mr Yaw Chun Soon was admitted as a Solicitor and Barrister of the High Court of New Zealand in 1986 and he was called to the Malaysian Bar in 1987. He practiced law as an Advocate & Solicitor of the High Court of Malaya.

Mr Yaw has over 30 years of experience in the legal, financial services, broadcasting and property development industry. He joined TA Securities Berhad in November 1993. In May 1996, he was the General Manager-Operations of Botly Securities Sdn Bhd ("Botly"), a wholly-owned subsidiary of TA Enterprise Berhad and subsequently as the Executive Director of Botly. From May 1998 till October 1998, he was the Corporate Finance Director of TA Bank of the Philippines Inc. and the Director of TA Securities Philippines and TA Properties Development, Philippines Inc. On 19 November 1999, he was appointed to the Board of TA Securities Berhad and subsequently the Executive Director-Operations of TA Securities Holdings Berhad from 14 August 2004 until 30 November 2011. He was also appointed as Executive Director of TA Enterprise Berhad, a public listed company listed on Bursa Malaysia Securities Berhad from 7 October 2009 to 30 November 2011. He is also a director of Asian Outreach (Malaysia) Bhd.

CHAN TET EU

Chan Tet Eu, aged 31, male, Malaysian, Non-Independent Non-Executive Director, joined the Board of the Company on 24 July 2014.

Mr Chan Tet Eu holds a Bachelor of Arts and Media (with Hons) from Lim Kok Wing University and a Certificate of Excellence in mechanical engineering and a Diploma in accounting.

Mr Chan worked in a media outlet and production house, prior to joining a property development company.

His father, Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon is also a Director and Major Shareholder of the Company.

Notes:

1. *Save as disclosed, none of the Directors have:-*

   (i) Any family relationship with any directors and/or major shareholders of the Company;

   (ii) Any conflict of interest with the Company;

   (iii) Any conviction for offences within the past 5 years other than traffic offences; and

   (iv) Any public sanction or penalty imposed by the relevant regulatory bodies.

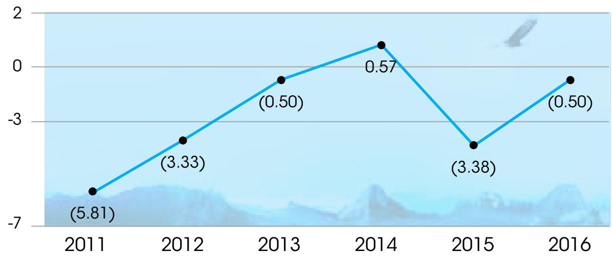
2. *The details of the Directors' attendances at Board of Directors' Meetings held during the financial year ended 31 January 2016 are set out in the Statement on Corporate Governance on page 23 of this Annual Report.*

3. *The Directors' shareholdings in the Company are disclosed in the Statement on Directors' Interests of this Annual Report.*

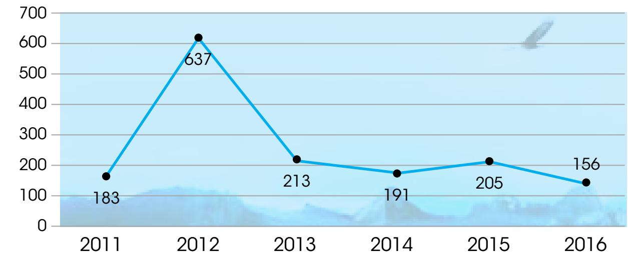
FINANCIAL **HIGHLIGHTS**

TALAM TRANSFORM BERHAD		2016	(restated) 2015	2014	2013	2012	2011
GROUP							
Total Assets	RM'000	1,124,516	1,502,664	1,916,238	1,995,730	2,260,315	2,877,638
Total Liabilities	RM'000	689,730	1,048,746	1,340,558	1,433,363	1,684,778	2,258,111
Equity attributable to owners of the Company	RM'000	443,311	459,556	571,787	559,634	572,950	615,935
Revenue	RM'000	155,609	204,548	191,435	212,636	637,424	183,395
Profit/(Loss) before tax	RM'000	19,406	(97,911)	23,222	(13,994)	(124,418)	(153,753)
Profit/(Loss) after tax attributable to owners of the Company	RM'000	(21,257)	(141,206)	10,421	(20,145)	(126,406)	(167,088)
Earnings/(Loss) per share	Sen	(0.50)	(3.38)	0.57	(0.50)	(3.33)	(5.81)
Return on Assets	%	-2.1%	-10.0%	0.4%	-1.0%	-5.6%	-5.8%
Return on Equity	%	-5.3%	-32.6%	1.4%	-3.6%	-22.2%	-27.2%
Gearing Ratios		0.45	0.56	0.64	0.78	0.81	1.18
COMPANY							
Total Assets	RM'000	1,113,752	1,282,724	1,559,300	1,590,267	1,514,326	1,396,683
Total Liabilities	RM'000	643,498	784,974	970,249	990,165	994,649	808,194
Equity attributable to owners of the Company	RM'000	470,254	497,750	589,051	600,102	519,677	588,489
Revenue	RM'000	28,871	3,468	70,503	802	324	30,000
Profit/(Loss) before tax	RM'000	(27,496)	(117,520)	(10,747)	79,022	(156,134)	(125,101)
Profit/(Loss) after tax attributable to owners of the Company	RM'000	(27,496)	(116,685)	(11,966)	80,113	(153,424)	(125,101)
Return on Assets	%	-2.5%	-9.1%	-0.8%	5.0%	-10.1%	-9.0%
Return on Equity	%	-5.8%	-23.4%	-2.0%	13.3%	-29.5%	-21.3%
Gearing Ratios		0.22	0.25	0.27	0.31	0.39	0.71

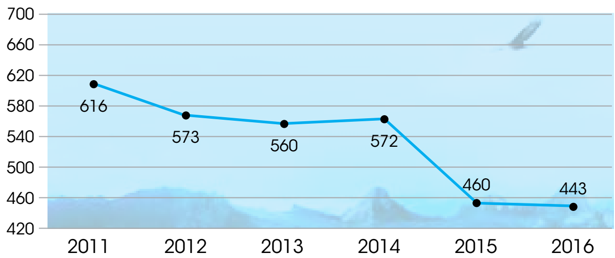
Earnings/(Loss) per share *(Sen)*



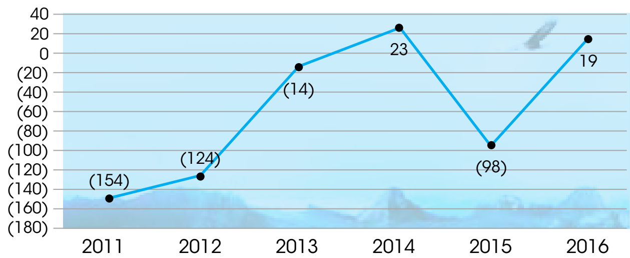
Revenue *(RM' Million)*



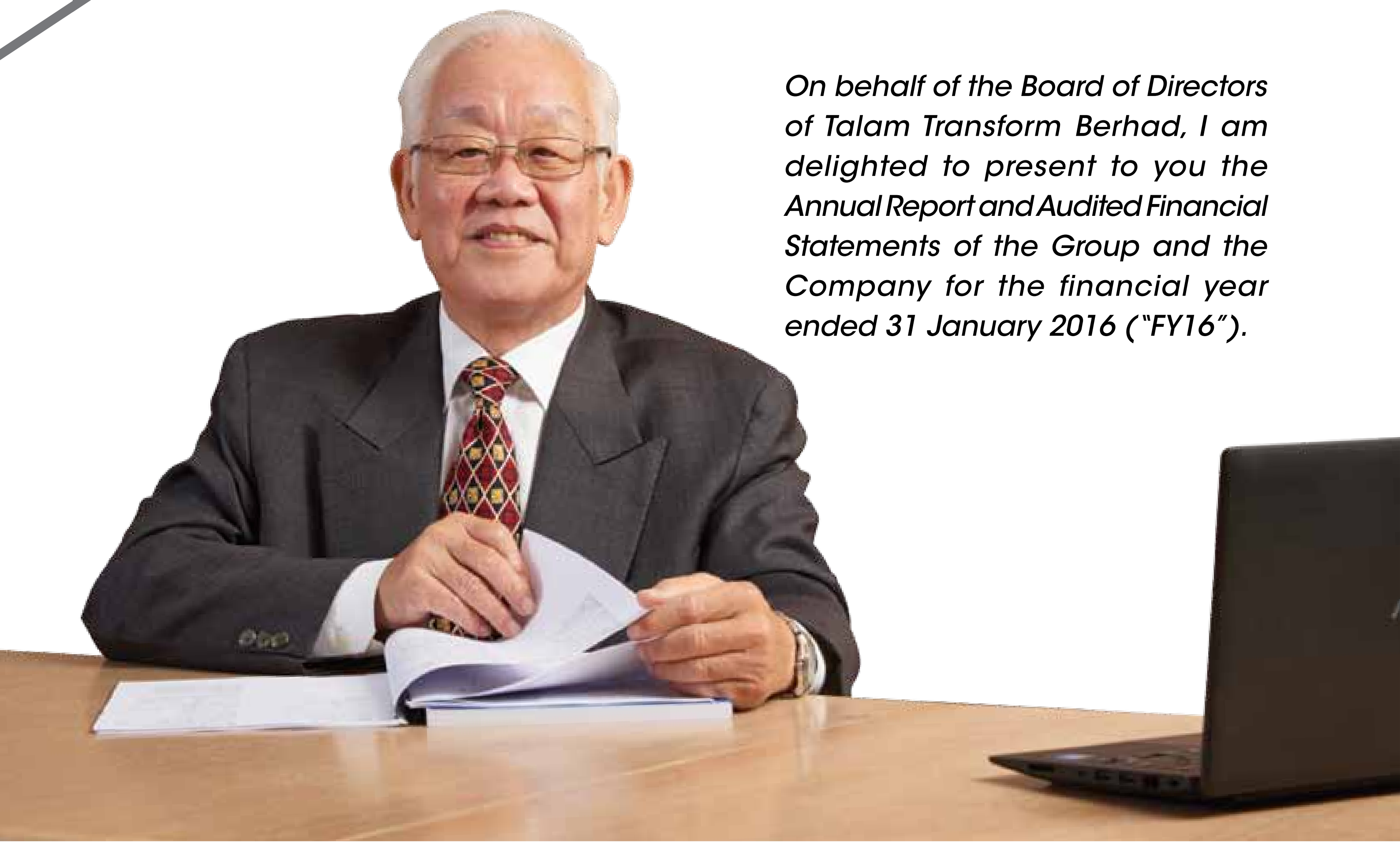
Equity attributable to owners of the Company *(RM' Million)*



Profit/(Loss) before tax *(RM' Million)*



CHAIRMAN'S **STATEMENT**



On behalf of the Board of Directors of Talam Transform Berhad, I am delighted to present to you the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 January 2016 ("FY16").

The property sector was subdued last year on the back of a slowing economy with softer consumer sentiments and tight credit and financing conditions, thus presenting another challenging year for the property sector.

In the midst of a challenging environment, the management has continued to take prudent and proactive steps and measures to reduce the Group's debts to financial institutions and creditors.

Financial Highlights

The Group achieved a revenue of RM156 million in FY16 compared to RM205 million of the previous financial year. The strategic sales of development lands and inventories continue to form the main driver for the revenue generation. A loss after tax of RM24 million was recorded by the Group mainly due to the prudent and cautious steps taken to impair some assets of the Group. The Group's results were also adversely affected by high finance costs caused by the amortization of financial instruments under FRS139.

I am pleased to report that the Group has continued to improve on its financial stability by strengthening its balance sheet and further reducing the gearing in FY16 to 45% from 56% last year, to position for future development growth. At the same time, the Group recorded total current assets of RM495 million against total current liabilities of RM453 million.

PROSPECTS

Going forward the property market is expected to stay sluggish as the economy slows down and consumer and business sentiments remain subdued amidst tight lending conditions.

As the Group emerges from its financial difficulties, it is charting a new growth by laying a strong foundation to overcome these challenges and to build a sustainable long term business on the strength of its expertise and experience in affordable homes that caters to the needs of the Malaysian consumers.

The strategic focus of the Group is to enhance and leverage on our existing 937 acres of development lands in Selangor by entering into strategic alliances with strong robust foreign base companies to launch new development projects and embrace new opportunities to provide innovative sought after property offerings.

The Group remains committed to create value for our shareholders and will continue with its business rationalization and operational management focus to improve its financial performance.

ACKNOWLEDGEMENT

I wish to extend my heartfelt appreciation to our valued shareholders for their continued support and to our valued customers, business partners, lenders, contractors and creditors for their steadfast support and understanding as the Group navigates its way through challenging times.

My appreciation also goes to my fellow directors for remaining resilient in a difficult operating environment and guiding the Group through trying times and progressively bringing financial stability to the Group.

To the management and staff for their determination, dedication and commitment in supporting and sustaining the Group, my special thanks goes out to them.

Most of all, I would like to express my sincere gratitude to the regulators and all the relevant authorities for their continued support and guidance.

TSEN KENG YAM
Chairman

REVIEW OF **OPERATIONS**

Property Investment and Development

Property investment and development remain the core business of Talam Transform Berhad ("TTB") and its subsidiaries ("TTB Group") for the financial year ended 31 January 2016. TTB Group currently has a total balance land bank of approximately 937 acres, mainly in Selangor, comprising a mixed portfolio of commercial, residential and industrial properties at various strategic locations in Sepang, Puchong, Bukit Jalil and Rawang.

An update of the housing development projects currently being undertaken and to be undertaken by the TTB Group are as follows:-

(1) Existing Projects

(a) Taman Puncak Jalil

Taman Puncak Jalil, is located next to Technology Park along Sungai Besi-Puchong road. Adjacent developments are Lestari Perdana on the southeast, Taman Equine on the south, Bandar Kinrara on the northwest and Bukit Jalil Sports Complex on the north. The project has remaining land bank of approximately 30.12 acres, with estimated Gross Development Value of RM462.84 million with an expected development period of six years.

(b) Jalil Heights

Jalil Heights is located on a 31.4 acre leasehold land in Mukim of Petaling, Petaling District within the development known as Lestari Perdana. It is being developed for 284 units of semi-detached houses undertaken by Abra Development Sdn Bhd, a wholly-owned subsidiary of TTB. The project has an estimated Gross Development Value of RM92.80 million. Since its first launch in September 2001, and up to 31 January 2016, Jalil Heights has recorded sales of 276 units valued at RM90.30 million.

(c) Putra Perdana

Putra Perdana is located on the southern side of Puchong-Kajang trunk road, 5 km from Batu 14 Puchong, within Cyberjaya and adjacent to the Multimedia Super Corridor, 5 km west of Putrajaya and 13 km north of the Kuala Lumpur International Airport. The project has remaining land bank of approximately 120.50 acres, with an estimated Gross Development Value of RM2.40 billion.

(d) Bukit Sentosa III

Bukit Sentosa III forms an integrated township covering approximately 1,010 acres of freehold land in the Mukim of Serendah, approximately 47 km north of Kuala Lumpur. It is accessible through the North-South Expressway via the exit at Bukit Beruntung Interchange. The comprehensive new township comprises a mixed development of residential, commercial and industrial properties.

Bukit Sentosa III, with a balance land bank of approximately 127.82 acres is undertaken by TTB. The estimated Gross Development Value is about RM451.72 million.

(e) Bandar Bukit Beruntung

Bandar Bukit Beruntung, a converted 5,500 acres of freehold land, is located north-west of Rawang, approximately 40 km from Kuala Lumpur and will be developed by Europlus Berhad, a wholly-owned subsidiary of TTB.

Bandar Bukit Beruntung has a balance land bank of approximately 197.61 acres and current market valuation of RM129.87 million.

(f) Bukit Beruntung III

Bukit Beruntung III is a mixed development project undertaken by Europlus Berhad. The project is located adjacent to the east of Bandar Bukit Beruntung within Bukit Beruntung Township off the East Side of the North-South Expressway, some 50km due north of Kuala Lumpur City Centre. The subject development has a balance land bank of 199.53 acres and estimated Gross Development Value of RM528.65 million.

(g) Berjuntai Bistari Land ("Shah Alam 2")

The proposed Shah Alam 2, currently known as Berjuntai Bistari land, originally consisted of 3,000 acres of leasehold land. The land is located adjacent to the Universiti Industri Selangor campus, about 44 km from the towns of Batang Kali and Kuala Selangor, approximately 30 km from Rawang and 20 km from Bukit Beruntung. The development is accessible via the coastal road to Kuala Selangor.

As at 31 January 2016, a total 145.11 acres of the remaining land is currently being held for development, with a total estimated sale value of RM23.22 million. The remaining 91.39 acres is being mined for sand and eventually will be developed as a water front development when the area matures for development.

(2) Future Project

Sierra Selayang

Sierra Selayang is a residential development project undertaken by Untung Utama Sdn Bhd and Zhinmun Sdn Bhd. The project measures 100 acres and is located at Mukim of Batu, District of Gombak, State of Selangor. The Gross Development Value of Sierra Selayang is estimated to be RM1.01 billion and implementation is expected to be over a period of eight years.

(3) Joint-Venture Projects

(a) Serenia Garden

Serenia Garden is a residential development project undertaken by Sierra Ukay Sdn Bhd which is 50%-owned by TTB Group. The project measures 90 acres and is located in Mukim Ulu Kelang adjacent to the existing Ukay Perdana. The Gross Development Value of Serenia Garden is estimated to be RM615 million and is expected to be implemented over a period of ten years. Up to 31 January 2016, the project has achieved sales of 316 units valued at RM138.99 million.

(b) 160 Units Double Storey Semi-Detached House and 178 Units High Cost Apartments at Taman Puncak Jalil

This is a joint-venture development project undertaken by Trident Treasure Sdn Bhd, a 40%-associate of TTB Group. The development is part of Taman Puncak Jalil project and is located next to Technology Park along Jalan Sungai Besi, Puchong road. The Gross Development Value is estimated to be RM292.33 million. The development is currently awaiting authority's approval on the building plan amendment.

Other Businesses

Hotel Operation

Maxcourt Hotel – 85%-owned by TTB Group, is strategically located in the city center of Changchun City, the capital of Jilin Province of China. Maxcourt Hotel is rated as a 4-star hotel with a total of 240 rooms. The hotel contributed revenue of RMB6.43 million in the financial year ended 31 January 2016. The hotel has ceased operation in June 2015 and is currently in a re-planning stage of refurbishing the premise for banking, offices and hotel in the future.

Commercial Complexes

Menara Maxisegar – A 24-storey Commercial Complex comprising an 18-storey office tower, 3 levels of retail space and 3 levels of car park that fronts Jalan Pandan Indah 4/2 and is strategically located within the commercial center of Pandan Indah. The complex contributed rental income of approximately RM3.28 million in the financial year ended 31 January 2016.

Pandan Kapital – A 2-storey Shopping Complex with one basement car park that fronts Jalan Pandan Utama is strategically located within the commercial centre of Pandan Indah. TTB Group currently own 86% of the retail space of the complex. The complex contributed rental income of RM2.84 million in the financial year ended 31 January 2016.

STATEMENT ON **CORPORATE GOVERNANCE**

The Board of Directors ("Board") of Talam Transform Berhad ("TTB" or "the Company") recognises the importance of good corporate governance and fully supports the principles and recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("Code"). The Board is therefore, committed towards instilling a high standard of corporate governance throughout the Group as a fundamental part of discharging its responsibilities to enhance shareholders' value and the financial performance of the Group. The Board will continue to apply the recommendations as set out in the Code and evaluate the status of the Group's practices and procedures from time to time.

This statement describes the manner in which the Group has applied the principles of the Code and the extent of its compliance with the recommendations of the Code pursuant to paragraph 15.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The reason for not applying specific principles in the Code is explained in this statement.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

(i) Clear functions reserved for the Board and those delegated to management

The Board is fully responsible for the Group's overall strategic plans on business performance, overseeing the proper conduct of business, risk management, succession planning, shareholders' communication, internal control, management information systems and statutory matters, while the management is accountable for the execution of the expressed policies and attainment of the Group's expressed corporate objectives. This demarcation complements and reinforces the supervisory role of the Board. Nevertheless, the Board is always guided by the Board Charter which outlines the duties and responsibilities and matters reserved for the Board in discharging their duties as follows:-

Duties and Responsibilities of the Board

(1) reviewing and adopting the overall strategic plans and programmes for the Group;
(2) overseeing and evaluating the conduct of business of the Company and the Group;
(3) identifying principal risks and ensuring implementation of a proper risk management system to manage such risks;
(4) establishing a succession plan;
(5) developing and implementing a shareholder communication policy for the Company; and
(6) reviewing the adequacy and the integrity of the management information and internal control system of the Company and the Group.

Matters Reserved for the Board

(1) approval of corporate plans and programmes;
(2) approval of annual budgets, including major capital commitments;
(3) approval of new ventures;
(4) approval of material acquisitions and disposals of undertakings and properties;
(5) changes to the management and control structure within the Company and the Group, including key policies, delegates and authority limits.

As part of its efforts to ensure the effective discharge of its duties, the Board has delegated certain functions to the following Committees with each operating within clearly defined terms of reference that provide independent oversights of management and to ensure that there are appropriate checks and balances:-

(1) Audit Committee
(2) Nomination Committee
(3) Remuneration Committee

(ii) Clear roles and responsibilities

There is a clear division of roles and responsibilities between the Independent Non-Executive Chairman and Executive Directors which are undertaken by separate persons to ensure that there is a balance of power and authority, such that no one individual has unfettered powers of decision making. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board, while the Executive Directors have overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions. The Executive Directors are responsible to ensure due execution of the strategic goals, effective operations within the Group and to explain, clarify and inform the Board on matters pertaining to the Group.

The Non-Executive Directors provide the necessary balance of power and authority to the Board with a mix of industry-specific knowledge and broad business and commercial experience. They ensure that all proposals by the management are fully deliberated and examined, after taking into account the interest of shareholders and stakeholders.

The Independent Non-Executive Directors are independent of management and free from any business relationship which could materially interfere with the exercise of their judgment. They play a crucial role in providing unbiased and independent views, advice and judgment to the Board to safeguard the interests of minority shareholders.

(iii) Code of Ethics and Conduct

The Board has made a commitment to create a corporate culture within the Group to operate the business in an ethical manner and to uphold a high standard of professionalism and exemplary corporate conduct. The Code of Ethics and Conduct ("CEC") which sets out the principles and standards of business ethics and conduct of the Group has been adopted and is applicable to all Directors and employees of the Group. The CEC which is subject to regular review and updates is also made available on the Company's website at www.ttransform.com.my.

The Company recognises that any genuine commitment of detecting and preventing actual or suspected unethical, unlawful, illegal, wrongful or other improper conduct must include a mechanism whereby employees can report their concerns freely without fear, reprisal or intimidation. Accordingly, the Company has adopted a Whistle Blowing Policy which has been disseminated to all Directors and employees of the Group. The Whistle Blowing Policy is available on the Company's website at www.ttransform.com.my.

(iv) Sustainable Plan

The Company focuses on key areas of environment conservation and social contribution with the aim to promote sustainable development. A detailed report on sustainability activities, demonstrating the Company's commitment to the environment, social, governance and sustainability agenda, appears in the Corporate Social Responsibility Statement of this Annual Report.

(v) Access to Information and Advice

A full agenda of the meeting and all Board papers are distributed on a timely manner of 5 clear days prior to Board Meetings to ensure that the Directors have sufficient time to review and consider the agenda items to be discussed at the meeting and where necessary, to obtain further explanations in order to be fully briefed before the meeting. The Board papers include reports relevant to the issues of the meeting, covering the areas of strategic, financial, operational and regulatory compliance matters.

In discharging their duties, the Directors have access to all information within the Company and to the advice and services of senior management staff and Company Secretary. If necessary, the Directors may seek independent professional advice and information in furtherance of their duties at the Company's expense, so as to ensure the Directors are able to make independent and informed decisions. Any such request is presented to the Board for approval.

Senior management staff, as well as advisers and professionals appointed on corporate proposals, may be invited to attend Board meetings to provide the Board with their views and explanations and to furnish clarification on issues that may be raised by the Directors.

The Directors are notified of any corporate announcements released to Bursa Securities. Minutes of each Board meeting were circulated to all Directors before the Board meeting for their perusal prior to confirmation of the minutes at the commencement of the Board meeting. The Directors can then request for clarifications or raise comments before the minutes are tabled for confirmation as a correct record of proceedings of the Board meeting. Apart from the Board minutes, the Chairman of the respective Board Committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee will report to the Board on the outcome of the Committee meetings and such reports or minutes will be included in the Board papers.

(vi) Company Secretary

The Company Secretary plays an important advisory role and is a source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures, regulations, board policies and procedures and compliance with the relevant regulatory requirements affecting the Company and Group. The Board is supported by a suitably qualified and competent Company Secretary who is a member of a professional body and also of senior position in the Company.

Every Board member has ready and unrestricted access to the advice and services of the Company Secretary who is capable of carrying out the duties and responsibilities, to which the post entails. The roles and responsibilities of the Company Secretary include the following:-

(1) advise the Board and management on governance issues;
(2) ensure compliance of listing and related statutory obligations;
(3) attend Board, Committees and general meetings, and ensure the proper recording of minutes;
(4) ensure proper upkeep of statutory registers and records;
(5) assist Chairman in the preparation for and conduct of meetings;
(6) assist Chairman in determining the annual Board plan and the administration of other strategic issues; and
(7) assist the induction of new directors, and continuously update the Board on changes to listing rules, other related legislations and regulations.

(vii) Board Charter

The Board Charter was adopted by the Board on 13 December 2012 and is available on the Company's website at www.ttransform.com.my. The Board periodically reviews and updates the Board Charter in accordance with the needs of the Company and new regulations that may have an impact on the discharge of the Board's responsibilities. The last review of the Board Charter was made on 29 January 2016.

The Board Charter was established to ensure that all Board members are aware of their fiduciary duties and responsibilities, various legislations and regulations affecting their conduct, the need to safeguard the interests of the shareholders, customers and other stakeholders and that a high standard of corporate governance is applied in all their dealings on behalf of the Company. The Board Charter also serves as a source of reference and primary induction literature, providing insights to prospective board members and senior management. The Board Charter clearly sets out the division of responsibility and powers of duties between the Board and management, the different committees established by the Board and between the Chairman and Executive Directors.

2. STRENGTHEN COMPOSITION

(i) Nomination Committee

The Nomination Committee has been formed to assist the Board in ensuring that the Board comprises of Directors with the appropriate mix of skills and experience, as well as to ensure a proper balance between Executive Directors and Independent Non-Executive Directors.

The Nomination Committee comprises the following 3 Non-Executive Directors, the majority of whom are Independent Directors:-

Members	Designation
Datuk Ng Bee Ken (Chairman)	Independent Non-Executive Director
Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon	Non-Independent Non-Executive Director
Tsen Keng Yam	Independent Non-Executive Director

Although the Chairman of the Nomination Committee is not the Senior Independent Non-Executive Director, the Board is of the view that the Nomination Committee is able to perform its duties transparently and independently.

The duties and responsibilities of the Nomination Committee are as follows:-

(1) to recommend to the Board, candidates for directorships. In making its recommendation, the Nomination Committee considers the candidates' skills, knowledge, expertise and experience, professionalism, integrity and diversity including gender, ethnic, age and race, where appropriate, which the Director should bring to the Board. In the case of candidates for the position of independent non-executive directors, the Nomination Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from the independent non-executive directors;

(2) to recommend to the Board, directors to fill the seats on Board Committees;

(3) to review succession planning, including nominations to the Board;

(4) to review the required mix of skills, experience and other qualities, including core competencies which non-executive directors should bring to the Board, on an annual basis; and

(5) to assess the effectiveness of the Board as a whole, the committees of the Board, and the contribution of each individual director, including independent non-executive directors, on an annual basis. The Board also assesses the independence of the Independent Directors on an annual basis;

(6) the actual decision as to who should be nominated should be the responsibility of the full Board after considering the recommendations by the Nomination Committee; and

(7) any other duties as may be agreed to by the Nomination Committee and the Board.

During the financial year ended 31 January 2016, two (2) meetings were held and attended by all the members.

(ii) Criteria for recruitment and assessment

The Nomination Committee is responsible for making recommendations to the Board of suitable candidates for appointment as Director, after which the Company Secretary ensures that all appointments are properly made and all legal and regulatory compliance are met. In making these recommendations, the Nomination Committee considers, inter-alia, their skills, knowledge, expertise and experience, professionalism, integrity, commitment (including time commitment) and diversity including gender, ethnic, race and age, where appropriate, which the Directors should bring to the Board. In the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidates' independence. This is consistent with the Group's practice of being an equal opportunity employer where all appointments and employments are based strictly on merit and are not driven by any racial or gender bias.

The Nomination Committee and the Board are mindful of its responsibilities to conduct all Board appointment processes in a manner that promotes gender diversity pursuant to Recommendation 2.2. of the Code and will consider more women representation in the composition of the Board for boardroom diversity when suitable candidate of the female gender becomes available. Presently, Ms Chua Kim Lan is the only female Director on the Board.

During the financial year ended 31 January 2016, the Nomination Committee conducted an assessment of the required mix of skills, experience and other qualities including core competencies which the Non-Executive Directors should bring to the Board and identified areas for improvement. It also conducted an assessment of the Directors and the effectiveness of the Board as a whole, Board Committees and the contribution of each individual Director, including the Independent Non-Executive Directors. All assessments and evaluations carried out by the Nomination Committee in discharging its functions have been properly documented.

The Board evaluation comprises of Directors' Evaluation Form, Board Skills Matrix Form, Board & Board Committees Evaluation Form and Independent Directors Self-Assessment Checklist. The assessment criteria include contributions to interaction, roles and duties, knowledge and integrity, governance and risk management whilst the criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and the Group, tenure of independence and his involvement in any significant transaction with the Group. The Board Committees are evaluated based on assessment criteria which include the right size and composition, effective recommendation and timely reporting to the Board, expertise, competence, experience and communication skill.

The Board studied the results of the evaluation and is generally satisfied with its current size, composition as well as the mix of skill sets and the independence of its Independent Non-Executive Directors.

(iii) Re-election and Re-appointment of Directors

In accordance with the Articles of Association of the Company, all Directors who are newly appointed to the Board, are subject to re-election by shareholders subsequent to their appointment at the immediate Annual General Meeting. The Articles of Association also provide that at least one-third (1/3) or the number nearest to 1/3 of the Directors shall retire from office and be eligible for re-election at every Annual General Meeting. All Directors shall submit themselves for re-election at least once every three (3) years.

Upon the recommendation by the Nomination Committee, Ms Chua Kim Lan shall retire by rotation at the forthcoming 91st Annual General Meeting of the Company pursuant to Article 97 of the Articles of Association and being eligible, have offered herself for re-election.

The re-election of each Director is voted on separately. To assist shareholders in their decision, sufficient information, such as personal profile, meetings' attendance and the shareholding of the Director standing for re-election, are furnished in this Annual Report.

Pursuant to Section 129(6) of the Companies Act, 1965, Directors who are over seventy (70) years of age are required to submit themselves for re-appointment at every Annual General Meeting. The Nomination Committee evaluated and considered the re-appointment of an existing Director, namely, Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon who recently attained the age of seventy years and his re-appointment as a Director pursuant to Section 129(6) of the Companies Act, 1965, to continue in office until the conclusion of the next Annual General Meeting shall immediately take effect if the resolution is passed by a majority of not less than three-fourth (3/4) of such members as being entitled to vote in person or by proxy, at the forthcoming 91st Annual General Meeting of the Company.

The re-appointment of an Independent Director who has served for a cumulative term of more than nine (9) years, to continue serving in the same capacity, will require the Board of Directors to justify, recommend and seek shareholders' approval in order for that individual to continue as such, on a yearly basis.

(iv) Remuneration Committee

The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long term objectives and enhance shareholders' value. The Board's objective in this respect is to offer a competitive remuneration package in order to attract, develop and retain talented individuals to serve as directors.

The Remuneration Committee is primarily responsible for recommending the remuneration policy and reward framework for Executive Directors which are aligned with the business strategy and long term objectives of the Company and also fairly guided by market norms and industry practices, to the Board for approval. The Remuneration Committee also recommends the Executive Directors' remuneration and benefits based on their individual performance and that of the Group.

The Remuneration Committee carries out annual review of the Executive Directors' remuneration whereupon recommendation will be submitted to the Board for approval. Such annual review shall ensure that the remuneration package of the Executive Directors remain sufficiently attractive to attract and retain the Executive Directors.

The determination of the remuneration package of the Non-Executive Directors are a matter for the Board as a whole following the relevant recommendation made by the Remuneration Committee, with the Director concerned abstaining from deliberation and voting on his own remuneration. The remuneration of the Non-Executive Directors comprises of Director's fee, meeting allowances and other emoluments. The remuneration of the Non-Executive Directors reflects the contribution and level of responsibilities undertaken by the particular Non-Executive Director. The Director's fee will be subject to the approval of shareholders at the Annual General Meeting.

The Remuneration Committee comprises the following 3 Non-Executive Directors, all of whom are Independent Directors:-

Members	Designation
Datuk Ng Bee Ken (Chairman)	Independent Non-Executive Director
Tsen Keng Yam	Independent Non-Executive Director
Dato' Kamaruddin Bin Mat Desa	Independent Non-Executive Director

During the financial year ended 31 January 2016, one (1) meeting was held and attended by all the members.

(v) Directors' Remuneration

The details of the Directors' remuneration in the Company during the financial year ended 31 January 2016 are as follows:-

Category	Fees (RM'000)	Salaries and other emoluments (RM'000)	EPF contributions (RM'000)	Total (RM'000)
Executive Directors	60	877	95	1,032
Non-Executive Directors	150	390	–	540

The number of Directors whose total remuneration falls within the following bands:-

	Number of Directors	
	Executive	Non-Executive
RM50,001 to RM100,000	–	4
RM100,001 to RM150,000	–	1
RM400,001 to RM450,000	2	–
TOTAL	2	5

The Company chose not to disclose the remuneration of individual Directors as the Company believes that this information will not add significantly to the understanding and evaluation of the Company's governance.

3. REINFORCE INDEPENDENCE

(i) Annual Assessment of Independent Directors

The Board through the Nomination Committee assesses the Independent Directors on annual basis, with a view to ensure that the Independent Directors bring independent and objective judgment to the Board and this mitigates risks arising from conflict of interest or undue influence from interested parties. Where there is a likely conflict of interest in any matter under deliberation, he is required to disclose his interest and abstain from participating or discussion on the matter.

The concept of independence adopted by the Board is in line with the definition of an Independent Director in Section 1.01 of the MMLR of Bursa Securities and Practice Note 13 (Revised July 2015). The main element for fulfilling the criteria is the appointment of an Independent Director who is not a member of management and free from any relationship which could interfere in the exercise of independent judgment or the ability to act in the best interest of the Company.

The Nomination Committee and Board have upon their annual assessment, concluded that each of the Independent Non-Executive Directors had demonstrated in conduct and behavior that indicate independence and each of them continues to fulfill the definition of independence as set out in the Code and MMLR of Bursa Securities.

(ii) Tenure of an Independent Director

The Board noted that one of the recommendations of the Code states that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years tenure in office, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a non-independent director. This recommendation has been adopted in the Company's Board Charter. However, the Board is of the view that the ability of long serving independent directors to remain independent and to discharge their duties with integrity and competency should not be measured solely by tenure of service. The extended service should not affect their independence, as they are still able to provide independent judgment, experience and objectivity without being subordinated to operational considerations.

Mr Tsen Keng Yam has served on the Board as an Independent Non-Executive Director for more than nine (9) years while Dato' Kamaruddin Bin Mat Desa will be serving the Board as an Independent Non-Executive Director for nine (9) years this coming 1 October 2016. Accordingly, the Nomination Committee and the Board, have determined at the annual performance evaluation and assessment that Mr Tsen Keng Yam and Dato' Kamaruddin Bin Mat Desa to remain and continue to act as Independent Non-Executive Directors of the Company based on the following justifications and will seek shareholders' approval to retain them in that capacity at the forthcoming 91st Annual General Meeting of the Company:-

(1) Both of them have fulfilled the criteria under the definition of Independent Directors as stated in the MMLR of Bursa Securities, and therefore are able to bring independent and objective judgment to the Board;

(2) Mr Tsen's experience in the various industries enables him to provide the Board with a diverse set of experience, expertise, skills and competence;

(3) Mr Tsen has been with the Company for more than twelve (12) years while Dato' Kamaruddin Bin Mat Desa has been with the Company for almost nine (9) years and therefore understands the Company's business operations which enable them to participate actively and contribute during deliberations or discussions at the Board and Board Committees' meetings;

(4) Both have contributed sufficient time and effort and attended the Board and Board Committees' meetings for the financial year ended 31 January 2016 to obtain independent information required for balanced decision making. Mr Tsen has attended all the Board and Board Committees' meetings while Dato' Kamaruddin has attended 4 out of 5 Audit Committee and Board meetings held during the financial year.

(5) Both have exercised due care during their tenure as Independent Non-Executive Directors of the Company and carried out their duties in the interest of the Company and its shareholders.

(iii) Board Composition

The Board currently has seven (7) members comprising two (2) Executive Directors, three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors.

The Board consists of qualified individuals with diverse set of skills, experience and knowledge to govern the Group. The Non-Executive Directors are professionals in the field of engineering, property and construction, finance, accounting and legal. The profiles of the Directors are set out on pages 5 to 8 of this Annual Report. Such information is also available on the Company's website at www.ttransform.com.my.

The present composition of the Board complies with paragraph 15.02 of the MMLR of Bursa Securities which requires that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors.

The Board is chaired by Mr Tsen Keng Yam who is the Senior Independent Non-Executive Director to whom concerns relating to the Company may be conveyed. He can be contacted via email at adrian@ttransform.com.my.

4. FOSTER COMMITMENT

(i) Time Commitment

The Board conduct at least five (5) regular scheduled meetings annually, with additional meetings convened as and when necessary, to consider all matters relating to the overall control, business performance and strategy of the Company.

In fostering the commitment of the Board, the Directors shall devote sufficient time to carry out their responsibilities, the Directors are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment. The Chairman shall also notify the Board if he has any new directorship or significant commitments outside the Company. All the Directors hold not more than five (5) directorships in public listed companies.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. During the financial year ended 31 January 2016, five (5) Board meetings were held and the attendance record of the Directors were satisfactory as evidenced in the table set out below:-

Directors	Number of meetings attended
Tsen Keng Yam (Chairman)	5 out of 5
Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon	5 out of 5
Dato' Kamaruddin Bin Mat Desa	4 out of 5
Datuk Ng Bee Ken	5 out of 5
Chua Kim Lan	5 out of 5
Yaw Chun Soon	5 out of 5
Chan Tet Eu	3 out of 5

All the Directors have complied with the minimum requirements on the attendance at Board meetings held during the financial year ended 31 January 2016 as stipulated in the MMLR of Bursa Securities. In the intervals between Board meetings, for any matters requiring Board's decisions, the Board's approvals are obtained through circular resolutions. The resolutions passed by way of such circular resolutions are then noted at the next Board meeting.

(ii) Directors' Training and Continuing Education Programme

All the Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities. The Company is aware of the importance of continuous training for its Directors to enable them to effectively discharge their duties and sustain active participation in the Board deliberations and will continuously evaluate and determine the training needs of its Directors. Accordingly, the Company organises at least one (1) in-house training every year for the Directors to ensure they are kept up-to-date on the relevant developments.

The Directors are also aware of their duty to continuously update their knowledge and enhance their skills through appropriate continuing education programmes. They are provided with the opportunity, and are encouraged, to attend training to keep themselves updated on relevant new legislation, financial reporting requirements, best practices and changing commercial and other risks.

During the financial year, the training programmes, seminars or forums attended by the Directors are as follows:-

Directors	Training Programmes/Seminars/Forum
Tsen Keng Yam (Chairman)	Related Party Transactions in relation to Bursa Malaysia's Listing Requirements
Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon	Related Party Transactions in relation to Bursa Malaysia's Listing Requirements
Dato' Kamaruddin Bin Mat Desa	Related Party Transactions in relation to Bursa Malaysia's Listing Requirements
Datuk Ng Bee Ken	Related Party Transactions in relation to Bursa Malaysia's Listing Requirements
Chua Kim Lan	Related Party Transactions in relation to Bursa Malaysia's Listing Requirements
	Bursa Malaysia Corporate Governance Breakfast Series with Directors - "How to Minimise Internal Audit"
	Sustainability Symposium: Responsible Business. Responsible Investing.
Yaw Chun Soon	Related Party Transactions in relation to Bursa Malaysia's Listing Requirements
	Sustainability Symposium: Responsible Business. Responsible Investing.
Chan Tet Eu	Related Party Transactions in relation to Bursa Malaysia's Listing Requirements

The Company Secretary has circulated the relevant guidelines on statutory and regulatory requirements to the Board for reference. The external auditors have also briefed the Board members on the changes to the Malaysian Financial Reporting Standards that affect the Company's financial statements during the year.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

(i) Financial Statements Compliance

The Board is responsible to ensure that the quarterly announcements of results of the Group presents a fair, balanced and meaningful assessment of the Group's financial position, performance and prospects. The Board ensures that the Group's financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 ("Act") and the applicable approved accounting standards in Malaysia. The Board is assisted by the Audit Committee in reviewing and scrutinising the information in terms of the overall accuracy, adequacy and completeness of disclosure and ensuring the Group's financial statements comply with applicable financial reporting standards.

The Audit Committee meets with the Group's external auditors to review the scope and adequacy of the audit processes, the annual financial statements and their audit findings. In line with the good corporate governance practices, the Audit Committee also meets with the external auditors at least twice a year to discuss audit plans, audit findings and the financial statements of the Company. The Audit Committee also meets with the external auditors whenever it deems necessary.

(ii) Directors' Responsibility Statement

The Directors are required by the Act, to prepare financial statements for each financial year in accordance with the provisions of the Act and applicable approved accounting standards to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of their results and cash flows for the financial year then ended. Where there are new accounting standards or policies that become effective during the year, the impact of these new treatments would be stated in the notes to the financial statements accordingly.

In preparing the financial statements for the financial year ended 31 January 2016, the Directors have:-

(1) adopted appropriate accounting policies which were consistently applied;
(2) made judgments and estimates that are reasonable and prudent;
(3) ensured that all applicable approved accounting standards have been followed; and
(4) prepared the financial statements on a going concern basis as the Directors have a reasonable expectation, after having made enquiries that the Group and the Company have adequate resources to continue in operational existence in the foreseeable future.

The Directors are responsible for ensuring that the Company keeps accounting records, which discloses with reasonable accuracy the financial position of the Group and the Company and comply with the provisions of the Act. The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and Company and to prevent and detect material fraud and other irregularities.

(iii) External Auditors

On an annual basis, the Audit Committee will review the suitability and independence of the existing external auditors which had been with the Company for eight (8) years based on the External Auditors Performance and Independence Checklist's criteria such as their calibre, quality of services, sufficiency of resources, communication and interaction, independence, objectivity and audit fees. The Audit Committee would also review and approve the provision of non-audit services by the external auditors and noted that for the financial year ended 31 January 2016, there were no such services rendered.

The Audit Committee had obtained written assurance from the external auditors confirming that they were, and had been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The Audit Committee and the Board is satisfied with the competence and independence of the external auditors and the Board had recommended the re-appointment of the external auditors to the shareholders at the 91st Annual General Meeting. The external auditors are invited to attend the said annual general meeting of the Company and are available to answer shareholders' questions on the matters with regard to the audit, its preparation and content of the audit report.

A summary of the activities of the Audit Committee during the financial year is set out in the Audit Committee Report on pages 35 to 39 of this Annual Report.

6. RECOGNISE AND MANAGE RISKS

(i) Risk Management and Internal Control

The Board acknowledges that risk management is an integral part of the Group's business operations. It is an ongoing process which involves different levels of management to identify, evaluate, monitor, manage and mitigate the risks that may affect the achievement of the Group's business and corporate objectives.

The Company has established the Risk Management Committee ("RMC") which is tasked to develop and maintain an effective risk management system for the Group. It reviews matters such as responses to significant risks identified, changes to internal control system and output from monitoring processes. The RMC reports to the Audit Committee, which dedicates separate time for discussion of this subject. Significant issues related to risk management and internal controls are highlighted to the Board.

The RMC comprises the following members:-

Members	Designation
Yaw Chun Soon (Chairman)	Executive Director
Chua Kim Lan	Executive Director
Tan Bak Hai	Senior Vice President I
Ng Giak Lian	Deputy Vice President (Finance)
Soo Kah Pik	Chief Financial Officer

The Statement on Risk Management and Internal Control which provides an overview of the state of risk management, framework, internal control and processes within the Group, is set out on pages 32 to 34 of this Annual Report.

(ii) Internal Audit Function

The Board has an overall responsibility for maintaining a sound system of internal controls to safeguard shareholders' investment. As the system of internal control are designed to mitigate rather than eliminate the likelihood of errors or fraud, the system can only provide reasonable assurance against material misstatement or loss.

The Group has an established in-house Internal Audit Department which performs regular reviews of business processes, appraisal on the effectiveness of governance, risk management and internal controls processes and reports regularly to the Audit Committee. The internal audit engagement is focused on areas of priority according to their risk assessment and in accordance with the annual audit plans approved by the Audit Committee.

The Head of Internal Audit reports independently to the Audit Committee. The Audit Committee reviews and approves the internal audit plan on an annual basis. The Head of Internal Audit provided reports on key findings and progress on areas audited to the Audit Committee.

During the financial year, the Internal Audit Department has issued internal audit reports to the Audit Committee and management with regards to audit findings on the weaknesses in the system and controls of the operations. Areas of improvement were highlighted and implemented by management.

The activities of the internal auditors during the financial year are set out in the Audit Committee Report on pages 35 to 39 of this Annual Report.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

(i) Corporate Disclosure Policies and Procedures

The Board is aware of the need to establish corporate disclosure policies and procedures to enable a comprehensive, accurate and timely disclosures relating to the Company, to the regulators, shareholders and stakeholders. The Company has identified personnel authorised and responsible to approve and disclose material information to shareholders and stakeholders to ensure compliance with the MMLR of Bursa Securities. The Board has delegated the authority to the Executive Directors to approve all announcements for release to Bursa Securities. The Executive Directors work closely with the Board, senior management and the Company Secretary who are privy to the information to maintain strict confidentiality of the information.

(ii) Information Dissemination

The Company continues to recognise the importance of transparency and accountability to its shareholders. The Board ensures that shareholders are informed of the financial performance and major developments in the Group. Such information is communicated to shareholders by timely release of quarterly financial results, circulars, annual reports, announcements and press releases.

Apart from the mandatory announcements through Bursa Securities, the information on the Company is available on the Company's website at www.ttransform.com.my.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

(i) Shareholder Participation at General Meetings

The Company provides information to the shareholders with regards to, amongst others, details of the Annual General Meeting, their entitlements to attend the Annual General Meeting, the right to appoint proxy and also, the qualifications of a proxy.

General meetings are an important venue through which the shareholders can exercise their rights. The Board would ensure suitability of venue and timing of meeting to encourage shareholders' participation in the meetings.

(ii) Encourage Poll Voting

The Chairman of the meeting will inform shareholders of their right to demand for a poll at general meetings. The voting process at the Annual General Meeting shall normally be by way of show of hands unless a poll is demanded. The Chairman may demand for a poll for any substantive resolutions put forward for voting at the shareholders' meetings, if so required.

(iii) Effective Communications with Shareholders

The Board recognises the importance of establishing a direct line of communication with shareholders and investors through timely dissemination of information on the Group and Company's performance and major developments via appropriate channels of communications. Dissemination of information includes the distribution of Annual Report and relevant circulars, information by way of material announcements, issuance of quarterly financial results of the Group to Bursa Securities and the public as well as through press conferences. In addition, stakeholders who wish to reach the Group or Company can do so through the "Contact Us" page in our website. The Group believes that by consistently maintaining a high level of disclosure and extensive communication with its shareholders, the shareholders and investors will be able to make informed investment decision.

The Annual General Meeting is the principal forum for dialogue with shareholders. Besides the usual agenda for the Annual General Meeting, the Board presents the progress and performance of the business as contained in the Annual Report and provides opportunities for shareholders to raise questions pertaining to the business activities of the Group and Company. Members of the Board as well as the external auditors of the Company are present to provide responses to questions from the shareholders during these meetings.

This Statement is made in accordance with a resolution of the Board of Directors dated 5 May 2016.

CORPORATE **SOCIAL RESPONSIBILITY**

The Group is firmly committed to undertake responsible corporate practices and uphold the sustainability elements of the Group and Company, as in the longer term, the sustainable business will deliver value for the shareholders and/or stakeholders which include employees, customers, shareholders and the wider environment and community that we operate in. During the financial year ended 31 January 2016, we have identified our sustainability priorities which comprise of Employee Welfare, Environmental Management, Community and Marketplace.

Employee Welfare

The Group and Company value its employees as they are the key to competitive success in the marketplace which is vital in sustaining its businesses. We endeavour to continuously provide relevant training in order for them to acquire the right skill sets to deliver results. As part of the Group's effort to promote continuous learning for its employees, the Company has conducted in-house classes, improving one's skill set via informal mentoring on the job and outside seminars.

As a policy, the Group and Company do not discriminate against any race, gender, age or ethnicity. The employees are also provided adequate medical benefits as well as hospitalisation and personal accident insurance coverage.

Environmental Management

As part of our continuing efforts towards environmental sustainability, the Group ensures that there are sufficient measures at all construction sites and work places to prevent any adverse impact on the environment.

In the office, the Group has been bringing down its energy consumption with several key initiatives such as:-

- Encouraging all offices to turn off lights and air conditioners during lunch time and after office hours
- Recycling of papers
- Opting for electronic-based processes where applicable

We believe that this is an on-going initiative and will continue to incorporate environmental consideration into our processes.

Community

The Group strives to contribute to the society by providing assistance to the needy segments within the communities. During the financial year, a blood donation campaign was conducted in our premise at Pusat Beli-Belah Pandan Kapital in collaboration with CP Love Organization on 20 December 2015 and achieved 250 donors.

We also encourage our employees to get involved in volunteering activities and encourage them to use their knowledge, skills and resources to make a positive contribution to the local communities.

Marketplace

The Group ensures that its operations are in line with the best practices guidelines set in the Malaysian Code on Corporate Governance 2012.

As part of promoting investor relations, the Group maintains an online platform via its website which provides information on the Group encompassing formal announcements, quarterly financial results and updates on the Group's performance and development with the objective of fostering and maintaining good relations and providing timely information to various stakeholders of the Group.

ADDITIONAL COMPLIANCE INFORMATION
As at 31 January 2016

1. UTILISATION OF PROCEEDS

The Company did not raise funds through any corporate proposal during the financial year ended 31 January 2016.

2. AUDIT AND NON-AUDIT FEES OF TTB GROUP

During the financial year, the Group and the Company incurred audit fees of RM324,657.00 and RM160,000.00 respectively.

During the financial year, the Company did not incur any non-audit fees for services rendered to the Company by the Company's external auditors.

3. MATERIAL CONTRACTS

During the financial year, there were no material contracts entered into by the Company and its subsidiaries involving its Directors' and Major Shareholders' interests, which were still subsisting as at the end of the financial year.

4. MATERIAL CONTRACTS RELATING TO LOANS

During the financial year, there were no material contracts relating to loans entered into by the Company and its subsidiaries involving its Directors' and Major Shareholders' interests which were still subsisting as at the end of the financial year.

5. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Details of the recurrent related party transactions made during the financial year ended 31 January 2016 pursuant to the shareholders' mandate obtained by the Company at the Annual General Meeting held on 28 July 2015 are as follows:-

Nature of transactions undertaken by Talam Transform Berhad ["TTB"] and/or its subsidiaries	Transacting Company	Amount Transacted (RM'000)	Interested Related Party
(A) Construction Contract Costs charged by IJM Construction Sdn Bhd ("IJMC")			
TTB	IJMC	882	Kumpulan Europlus Berhad ("KEURO") & IJM Corporation Berhad ("IJM") (Note 1)
(B) Interest charged by IJMC			
TTB	IJMC	894	KEURO & IJM (Note 1)

5. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (CONT'D)

Nature of transactions undertaken by TTB and/or its subsidiaries	Transacting Company	Amount Transacted (RM'000)	Interested Related Party
(C) Rental charge to KEB Builders Sdn Bhd			
Abra Development Sdn Bhd	KEURO	7	KEURO, IJM, MWE Holdings Berhad ("MWE"), Pinjaya Sdn Bhd ("PSB") & Tan Sri Dato' Surin Upatkoon ("TSDSU") (Note 2)

NOTES:

1. *IJM is a Major Shareholder of TTB by virtue of its interest in KEURO pursuant to Section 6A of the Companies Act, 1965.*

2. *KEURO is a Major Shareholder of TTB and owns 23.54% direct interest in TTB as at 31 January 2016.*

   IJM is a Major Shareholder of TTB by virtue of its interest in KEURO pursuant to Section 6A of the Act.

   MWE is a Major Shareholder of TTB by virtue of its interest in KEURO pursuant to Section 6A of the Act.

   PSB is a Major Shareholder of TTB by virtue of its interest in MWE pursuant to Section 6A of the Act.

   TSDSU is a Major Shareholder of TTB by virtue of his interest in PSB pursuant to Section 6A of the Act.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors, guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Companies, is pleased to provide the following statement pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("Bursa Securities Listing Requirements") which outlines the key elements of risk management and internal control system within the Group for the financial year ended 31 January 2016.

RESPONSIBILITY

The Board recognises its responsibility for the Group's system of internal control and for reviewing its adequacy and integrity. There is an on-going process for the Board to identify, evaluate and manage significant risks faced by the Group on a regular basis for the financial year under review. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the business objectives of the Group. In pursuing these objectives, internal control can only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal control incorporates, inter alia, risk management, financial, operational and compliance controls as well as the governance process.

RISK MANAGEMENT FRAMEWORK

The Board has established an organisational structure with clearly defined lines of accountability and delegated authority. It has extended the responsibilities of the Audit Committee to include the work of reviewing the adequacy and the integrity of the system of internal control, with the assistance of the internal audit function.

The Group has put in place a Risk Management Committee ("RMC"), which is chaired by the Group's Executive Director, and includes participation from representatives from all the departments including the Internal Audit Department. Each department's risk management function is led by the respective head of the department. The RMC is tasked to develop and maintain an effective risk management system for the Group. It reviews matters such as responses to significant risks identified, changes to internal control system and output from monitoring processes. It reports to the Audit Committee, which dedicates separate time for discussion of this subject.

The risk management framework encompasses the Group's subsidiaries, jointly controlled entities and associated companies.

RISK MANAGEMENT PROCESS

The Group maintains a database of key risks specific to the Group together with their corresponding controls which are categorised, amongst others, as follows:-

- Strategic Risk - risks which affect the overall direction of the business
- Internal Business Risk - risks that have an impact on the delivery of the Group's products and services which includes development activities
- External Risk - risks associated with market conditions
- Financial Risk - risks associated with loans exposure and interest rates

The respective departments identify emerging risks on an ongoing basis. The risks are then consolidated into the database. The database which contains identified emerging risks and existing risks represents the Group risk profile.

Annually, all departments of the Group undertake to input their identified emerging risks and update their existing risks into the database. Such updates will also require the respective department heads to review existing controls and if needed, to propose additional controls to mitigate the identified risks.

The updated Group risk profile is then presented to the Executive Committee ("EXCO") for further assessment. The EXCO will review and re-assess the identified risks including the corresponding controls identified by the respective department heads. The EXCO may vary the risks assessment by the respective departments and may propose further controls to be put in place to further mitigate the identified risks. These processes were facilitated by the RMC.

Upon completion of the review by the EXCO, the RMC then prepares the risk management report summarising the Group's identified high risks and moderate risks together with existing controls and proposed controls which are then presented to the Audit Committee for review and deliberation for recommendation and endorsement by the Board of Directors.

INTERNAL CONTROL PROCESS

Key elements of the Group's system of internal control are as follows:-

- Regular review of business processes to assess the effectiveness of internal controls and reports are made regularly to the Audit Committee.
- Review of operational organisation structure with defined lines of responsibilities and delegation of authority. A process of hierarchical reporting has been established, which provides for a documented and auditable trail of accountability.
- Regular Management Committee and EXCO meetings are convened to discuss the Group's operations and performance. The meetings enable the regular monitoring of results against budget, with significant variance explained and appropriate action taken.
- Defined limits of authority for various transactions, including purchasing and payments.
- Standing Instructions and Standard Operating Procedures of all departments are regularly reviewed and updated to ensure effective management of the Group's operations.
- Monitoring of financial results by the Audit Committee and the Board every quarter through quarterly management reports presented that provides financial information as well as information of significant changes in accounting standards and reporting.
- Review of the risk database and its corresponding controls.

INTERNAL AUDIT FUNCTION

The Group's Internal Audit Department reports independently to the Audit Committee. The Audit Committee reviews and approves the internal audit plan, which was developed based on the finalised key risk profile of the Group, on an annual basis. The Internal Audit Department provided reports on key findings and progress of areas audited to the Audit Committee on a regular basis.

All recommendations to improve internal controls were acted upon by the management. Proposed corrective and preventive measures have been implemented by the management to rectify the identified shortcomings.

REVIEW BY THE EXTERNAL AUDITORS

As required by paragraph 15.23 of Bursa Securities Listing Requirements, the External Auditors have conducted a limited assurance review on this Statement on Risk Management and Internal Control for inclusion in this Annual Report. Their limited assurance engagement was performed in accordance with ISAE3000 (Revised 2015), Assurance Engagement other than Audits or Review of Historical Financial Information and Recommended Practice Guide ("RPG") 5 (Revised 2015) and Guidance for Auditors on the Review of Directors' Statement on Internal Control.

Based on their procedures performed, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this statement is not prepared, in all material aspects, in accordance with disclosure required by paragraphs 41 and 42 of the Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate. RPG 5 does not require the External Auditors to consider whether this statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control system.

CONCLUSION

The risk management processes and internal control system of the Group have been reviewed and found to be operating adequately and the Board has received such assurances from the Executive Directors and the Chief Financial Officer.

The processes as outlined on this statement have been in place for the year under review and up to the date of approval of this statement.

The Board is of the opinion that there are no significant weaknesses in the system of internal control during the financial year. The Board and the management will continue to take measures to strengthen the internal control environment to safeguard shareholders' investment and the Group's assets.

This statement is made in accordance with the resolution approved by the Board of Directors on 5 May 2016.

AUDIT COMMITTEE REPORT

COMPOSITION

Members of the Committee	Designation
1. Tsen Keng Yam (Chairman) (Member of the Malaysian Institute of Accountants)	Independent Non-Executive Director
2. Dato' Kamaruddin Bin Mat Desa	Independent Non-Executive Director
3. Datuk Ng Bee Ken	Independent Non-Executive Director

TERMS OF REFERENCE

The following terms of reference of the Audit Committee have been adopted.

Constitution

The Audit Committee was established by the Board of Directors on 24 February 1994.

Membership

The Audit Committee shall be appointed by the Board of Directors from amongst their numbers and shall consist of not less than 3 members, of whom a majority shall be independent directors. An independent director shall be one who fulfils the requirement as provided for in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

At least one member of the Audit Committee must be a member of the Malaysian Institute of Accountants, or if he is not a member of the Malaysian Institute of Accountants, he must have:-

(i) at least 3 years' working experience and passed the examinations specified in Part 1 of the First Schedule of the Accountants Act 1967; or

(ii) at least 3 years' working experience and is a member of one of the associations of accountants specified in Part 11 of the First Schedule of the Accountants Act 1967; or

(iii) a degree / masters / doctorate in accounting or finance and at least 3 years' post qualification experience in accounting or finance; or

(iv) at least 7 years' experience being a chief financial officer of a corporation, or having the function of being primarily responsible for the management of the financial affairs of a corporation.

The members of the Audit Committee shall elect a Chairman from amongst their numbers, who shall be an independent director. If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below 3, the Board of Directors shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum number of 3 members.

No alternate director can be appointed as a member of the Audit Committee.

Authority

The Audit Committee is granted the authority to investigate any activity of its Company and its subsidiaries within its terms of reference. In particular, the Audit Committee has the authority to:-

(i) have resources, which are required to perform its duties;

(ii) have full and unrestricted access to any information, including any information it requires from any employee, and all employees are directed to co-operate with any request made by the Audit Committee;

(iii) be able to obtain independent professional or other advice; and

(iv) have direct communication channels with the external and internal auditors.

Meetings and Reporting Procedures

The Audit Committee will meet at least five (5) times a year. A quorum for a meeting shall be two members, both being independent directors. At least twice a year, the Audit Committee shall meet with the external auditors without any executive directors being present. The external auditors may request for a meeting, if they consider necessary.

The directors and employees will attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.

The Company Secretary shall be the secretary of the Audit Committee. Minutes of the meeting shall be duly entered in the books provided therefore. The minutes will be circulated to all members of the Board of Directors and shall be presented at the Board of Directors' meeting.

Duties and Functions

The duties and functions of the Audit Committee shall be:-

(i) To consider the appointment of the external auditors, the audit fee and any questions of the resignation or dismissal of the external auditors before making a recommendation to the Board of Directors;

(ii) To discuss with external auditors before the audit commences, the audit plan, the nature and scope of the audit and ensure co-ordination where more than one audit firm is involved;

(iii) To review the quarterly results and year-end financial statements prior to the approval by the Board of Directors, focusing particularly on:-

  (a) Any changes in the accounting policies and practices;

  (b) Significant and unusual events;

  (c) The going concern assumption; and

  (d) Compliance with accounting standards, stock exchange and legal requirements.

(iv) To review any related party transaction and conflict of interest situation that may arise in the Company, including any transaction, procedure or course of conduct that raises questions of management integrity;

(v) To discuss problems and reservations arising from the interim and final audits, and matters the external auditors may wish to discuss (in the absence of management where necessary);

(vi) In relation to internal audit function:-

(a) to review the adequacy of the scope, functions, competency and resources of the internal audit function that it has the necessary authority to carry out its work;

(b) to review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;

(c) to review any appraisal or assessment of the performance of members of the internal audit function;

(d) to approve any appointment or termination of senior staff members of the internal audit function;

(e) to take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;

(vii) To keep under review, the effectiveness of the internal control system and in particular, review the external auditors' management letter and management's response;

(viii) To review the audit reports;

(ix) To review the reports of the Risk Management Committee;

(x) To make periodic reports to the Board of Directors, summarising the work performed in fulfilling the Audit Committee's primary responsibilities;

(xi) To evaluate the performance of the external auditors on yearly basis;

(xii) To review and approve the non-audit services to be rendered by external auditors to ensure that these services do not compromise their independence and objectivity; and

(xiii) To consider other topics, as defined by the Board of Directors.

Responsibility

Where the Audit Committee is of the view that a matter reported by it to the Board of Directors of the Company has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad or any serious offence involving fraud and dishonesty committed by the Company or the Group, the Audit Committee has the responsibility to promptly report such matters to the Bursa Malaysia Securities Berhad or any other relevant authorities.

Review of the Composition of the Committee

The term of office and performance of the Audit Committee and each of the members shall be reviewed by the Nomination Committee annually to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

ATTENDANCE AT AUDIT COMMITTEE MEETINGS

During the financial year ended 31 January 2016, there were five (5) Audit Committee meetings held and the number of meetings attended by each Audit Committee member are as follows:-

Audit Committee Member	Number of Meetings attended
1. Tsen Keng Yam	5 out of 5
2. Dato' Kamaruddin Bin Mat Desa	4 out of 5
3. Datuk Ng Bee Ken	5 out of 5

The Chief Financial Officer and the Head of Internal Audit would normally attend all Audit Committee meetings at the invitation of the Audit Committee.

SUMMARY OF AUDIT COMMITTEE ACTIVITIES

During the financial year ended 31 January 2016, the Audit Committee carried out its duties, amongst others, in accordance with its terms of reference, as follows:-

(i) Reviewed the quarterly financial results prior to recommending them for consideration and approval by the Board of Directors;

(ii) Reviewed and discussed with the external auditors the audit planning memorandum before commencement of the annual audit;

(iii) Reviewed and discussed with external auditors' findings during the course of their audit and the management's response;

(iv) Evaluated the performance of the external auditors and made recommendations to the Board on their re-appointment and audit fee.

(v) Reviewed annual financial statements and recommend for approval by the Board of Directors;

(vi) Reviewed and deliberated the recurrent related party transactions;

(vii) Reviewed and approved the internal audit plan;

(viii) Reviewed and deliberated the internal audit reports; and

(ix) Reviewed the Risk Management Committee's reports and assessment.

The reviews and deliberations were conducted during the 5 meetings of the Audit Committee held during the financial year ended 31 January 2016.

INTERNAL AUDIT FUNCTION

The Audit Committee is supported in its duties by an in-house internal audit function. The Committee is aware of the fact that the internal audit function is essential to assist in obtaining the assurance and consulting services it requires, regarding the effectiveness of the system of internal control in the Group.

The primary objective of the internal audit function is to review the effectiveness of the system of internal control and this is performed with impartiality, proficiency and due professional care. The internal audit function enables the Audit Committee to discharge its duties by undertaking independent regular and systematic reviews of the system of internal control, so as to provide reasonable assurance that the system continues to operate satisfactorily and effectively.

However, in recent years, due to continued reduced business activities in the Group, the internal audit activities were also scaled down accordingly. Total staff cost incurred in respect of the internal audit function during the financial year ended 31 January 2016 was RM101,500.

During the financial year, the following main internal audit activities were carried out:-

(i) Conducted internal audit in accordance with the risk based / driven internal audit plan. Two routine audits, one special audit and two follow-up audits were carried out during the year. The areas reviewed by the Internal Audit Department were the Administration Department's safeguarding of the Group's assets including their process of assets tagging and assets reconciliation, Complex Management Department's vacant lots available for tenancy, cash counts for subsidiaries' operations ie. Inti Johan Sdn Bhd and Abra Development Sdn Bhd; Finance Department's disbursement transactions for the holding company, Talam Transform Berhad with reference to the disbursement payment vouchers and all its supporting documents; and central e-filing which is managed under the IT department. There is also a follow-up review on the implementation of the central e-filing for the Complex Management, Finance and Project Departments.

(ii) Reviewed the internal control procedures as stipulated in the Group's Standing Instructions and Standard Operating Procedures. During the same period, Standing Instructions and Standard Operating Procedures of the departments were being jointly reviewed and updated, and practical internal control procedures were incorporated;

(iii) Reviewed the recurrent related party transactions of the Company and its Group; and

(iv) Attended the Management Committee and Risk Management Committee meetings.

All internal audit reports, which were deliberated by the Audit Committee and recommendations made to the Board and/or the management, were acted upon.

FINANCIAL **STATEMENTS**

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of Talam Transform Berhad ("the Company") and its subsidiaries ("the Group") for the financial year ended 31 January 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year were that of the provision of management services, investment holding and property development.

The principal activities of the subsidiaries of the Company are stated in Note 33 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	GROUP RM'000	COMPANY RM'000
Loss for the financial year		
- Continuing operations	(1,273)	(27,496)
- Discontinued operation	(22,407)	–
	(23,680)	(27,496)
Attributable to:-		
Owners of the Company	(21,257)	(27,496)
Non-controlling interests	(2,423)	–
	(23,680)	(27,496)

DIVIDEND

No dividend was paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividend in respect of the financial year ended 31 January 2016.

RESERVES AND PROVISIONS

All material transfers to and from reserves and provisions during the financial year have been disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors had taken reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected to be realised.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liabilities in respect of the Group and of the Company that have arisen since the end of the financial year.

In the opinion of the directors, no contingent liabilities or other liabilities of the Group and of the Company have become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company that would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors, other than as disclosed in the financial statements:-

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

There were no shares or debentures issued during the financial year.

TREASURY SHARES

The ordinary shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 in Malaysia.

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

As at 31 January 2016, the Company held as treasury shares a total of 2,635,800 of its 4,220,279,562 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM492,848/- as disclosed in Note 18 to the financial statements.

SHARE OPTION

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:-

Tsen Keng Yam
Tan Sri Dato' (Dr.) Ir. Chan Ah Chye @ Chan Chong Yoon
Dato' Kamaruddin bin Mat Desa
Datuk Ng Bee Ken
Chua Kim Lan
Yaw Chun Soon
Chan Tet Eu

DIRECTORS' INTERESTS

According to the register of directors' shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of those directors, who held office at the end of the financial year, in shares in the Company and its related corporations during the financial year ended 31 January 2016 are as follows:-

	Number of ordinary shares of RM0.20 each			
	At 1.2.2015	Bought	Sold	At 31.1.2016
The Company				
Direct interests				
Tan Sri Dato' (Dr.) Ir. Chan Ah Chye @ Chan Chong Yoon	107,710,694	–	–	107,710,694
Chua Kim Lan	90,039	–	–	90,039
Yaw Chun Soon	445,000	–	–	445,000
Indirect interests				
Tan Sri Dato' (Dr.) Ir. Chan Ah Chye @ Chan Chong Yoon	1,158,760,772	–	–	1,158,760,772 #
Chua Kim Lan	28,125	–	–	28,125 ^
Chan Tet Eu	366,471,466	–	–	366,471,466 *
Yaw Chun Soon	230,000,000	–	–	230,000,000 @

Indirect interest through his spouse, Puan Sri Datin Thong Nyok Choo, his daughter, Chan Siu Wei and deemed interest by virtue of his interest in Pengurusan Projek Bersistem Sdn. Bhd., Sze Choon Holdings Sdn. Bhd., Jejak Progresif Sdn. Bhd. and the sale shares pursuant to Section 134(12)(c) and Section 6A of the Companies Act, 1965 in Malaysia respectively.

The sale shares refer to the proposed disposal of 900,000,000 ordinary shares of RM0.20 each in the Company by Kumpulan Europlus Berhad to Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon.

^ Indirect interest through her spouse, Chin Chee Meng pursuant to Section 134(12)(c) of the Companies Act, 1965 in Malaysia.

* Deemed interest through his father TSDCAC, his mother Puan Sri Datin Thong Nyok Choo, his sister Chan Siu Wei and by virtue of his interest in Pengurusan Projek Bersistem Sdn. Bhd., Sze Choon Holdings Sdn. Bhd. and Jejak Progresif Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 in Malaysia.

@ Deemed interest by virtue of his interest in Jejak Progresif Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 in Malaysia.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in ordinary shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors shown in Note 31 and Note 35 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during, nor at the end of the financial year, was the Company or any of its related corporation a party to any arrangement whose object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SIGNIFICANT AND SUBSEQUENT EVENTS

Significant events during the financial year and subsequent events are disclosed in Note 34 to the financial statements.

AUDITORS

The auditors, Messrs. Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

……………………………………
CHUA KIM LAN
Director

……………………………………..
YAW CHUN SOON
Director

Kuala Lumpur

Date: 30 May 2016

STATEMENTS OF **FINANCIAL POSITION**

As at 31 January 2016

		GROUP			COMPANY	
	Note	2016 RM'000	2015 RM'000 (restated)	2014 RM'000	2016 RM'000	2015 RM'000
Non-current assets						
Property, plant and equipment	5	114,923	114,047	113,756	–	2
Land held for property development	6(a)	365,962	496,232	482,738	92,824	189,918
Investment properties	7	69,982	70,871	110,400	–	–
Investment in subsidiaries	8	–	–	–	489,295	250,187
Investment in associates	9	25,374	8,180	3,606	–	–
Interest in joint ventures	10	7,066	8,512	10,556	–	–
Amount owing by associates	9	17,307	–	–	17,307	–
Other investment	11	476	476	–	–	–
Trade receivables	12(a)	10,690	–	–	10,690	–
Other receivables	12(b)	18,046	33,532	48,053	–	–
Total non-current assets		629,826	731,850	769,109	610,116	440,107
Current assets						
Property development costs	6(b)	55,138	237,367	411,054	–	–
Inventories	13	50,411	68,373	95,948	17,264	557
Amount owing by subsidiaries	8(a)	–	–	–	281,482	602,230
Amount owing by associates	9	136,220	20,021	47,500	133,987	20,000
Amount owing by joint ventures	10	–	135,348	–	–	135,344
Trade receivables	12(a)	4,072	55,821	77,203	58	24,865
Other receivables, deposits and prepaid expenses	12(b)	132,686	108,407	138,565	48,209	24,624
Tax recoverable		–	–	64	–	–
Sinking funds held by trustees	14	54	2	11,647	54	2
Other investment	11	366	–	–	9	–
Cash and bank balances	15	6,655	30,941	24,261	878	6,733
		385,602	656,280	806,242	481,941	814,355
Assets held for sale	16	109,088	114,534	340,887	21,695	28,262
Total current assets		494,690	770,814	1,147,129	503,636	842,617
TOTAL ASSETS		1,124,516	1,502,664	1,916,238	1,113,752	1,282,724

STATEMENTS OF FINANCIAL POSITION
As at 31 January 2016
(continued)

	Note	GROUP 2016 RM'000	GROUP 2015 RM'000 (restated)	GROUP 2014 RM'000	COMPANY 2016 RM'000	COMPANY 2015 RM'000
EQUITY AND LIABILITIES						
Capital and Reserves						
Share capital	17	844,056	844,056	816,197	844,056	844,056
Treasury shares	18	(493)	(493)	(493)	(493)	(493)
Reserves	19	(400,252)	(384,007)	(243,917)	(373,309)	(345,813)
Equity attributable to owners of the Company		443,311	459,556	571,787	470,254	497,750
Non-controlling interests		(8,525)	(5,638)	3,893	–	–
Total equity		434,786	453,918	575,680	470,254	497,750
Non-current liabilities						
Borrowings	20(a)	77,962	121,945	208,701	77,741	121,678
Trade payables	21	–	–	84,904	–	–
Deferred tax liabilities	22	1,549	926	2,121	–	–
Tax liabilities		–	59,719	–	–	–
Provision for liabilities	23	–	–	3,789	–	–
Other payables	24	157,282	145,047	29,907	155,845	144,972
Total non-current liabilities		236,793	327,637	329,422	233,586	266,650
Current liabilities						
Trade payables	21	50,447	128,702	219,158	30,284	91,635
Other payables and accrued expenses	24	223,577	313,806	478,063	61,498	68,986
Convertible securities		–	–	72,944	–	–
Provision for liabilities	23	18,530	24,092	7,950	–	–
Borrowings	20(b)	123,258	133,759	81,752	25,500	5,250
Amount owing to subsidiaries	8(a)	–	–	–	292,630	351,261
Amount owing to associates	9	33,564	–	–	–	–
Amount owing to joint ventures	10	–	33,564	44,032	–	–
Current tax liabilities		3,561	87,186	107,237	–	1,192
Total current liabilities		452,937	721,109	1,011,136	409,912	518,324
Total liabilities		689,730	1,048,746	1,340,558	643,498	784,974
TOTAL EQUITY AND LIABILITIES		1,124,516	1,502,664	1,916,238	1,113,752	1,282,724

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF **COMPREHENSIVE INCOME**

For the financial year ended 31 January 2016

	Note	GROUP 2016 RM'000	GROUP 2015 RM'000 (Restated)	COMPANY 2016 RM'000	COMPANY 2015 RM'000
Continuing operations					
Revenue	25	155,609	204,548	28,871	3,468
Cost of sales	26	(87,294)	(164,068)	(27,973)	(2,300)
Gross profit		68,315	40,480	898	1,168
Other income		328,112	125,279	201,451	86,215
Administrative expenses		(20,165)	(54,462)	(5,995)	(10,106)
Other expenses		(318,163)	(179,054)	(189,635)	(171,910)
Finance income		894	1,713	–	–
Finance costs	27	(38,360)	(29,597)	(34,215)	(22,887)
Share of results of associates		19	(226)	–	–
Share of results of joint ventures		(1,246)	(2,044)	–	–
Profit/(Loss) before tax		19,406	(97,911)	(27,496)	(117,520)
Income tax (expenses)/ benefit	28	(20,679)	(39,611)	–	835
Loss for the year from continuing operations		(1,273)	(137,522)	(27,496)	(116,685)
Discontinued operation					
Loss for the year from discontinued operation, net of tax		(22,407)	(12,479)	–	–
Loss for the financial year	29	(23,680)	(150,001)	(27,496)	(116,685)
Other comprehensive income, net of tax items that will be relassified subsequently to profit or loss					
Exchange differences on translation of foreign entities		5,252	2,855	–	–
Total comprehensive loss for the financial year		(18,428)	(147,146)	(27,496)	(116,685)

STATEMENTS OF COMPREHENSIVE INCOME
For the financial year ended 31 January 2016
(continued)

	Note	GROUP 2016 RM'000	GROUP 2015 RM'000 (Restated)	COMPANY 2016 RM'000	COMPANY 2015 RM'000
Loss for the financial year attributable to:-					
Owners of the Company					
- continuing operations		(2,223)	(130,585)	(27,496)	(116,685)
- discontinued operation		(19,034)	(10,621)	–	–
		(21,257)	(141,206)	(27,496)	(116,685)
Non-controlling interests		(2,423)	(8,795)	–	–
		(23,680)	(150,001)	(27,496)	(116,685)
Total comprehensive income/(loss) for the financial year attributable to:-					
Owners of the Company					
- continuing operations		1,427	(125,746)	(27,496)	(116,685)
- discontinued operation		(17,672)	(12,307)	–	–
		(16,245)	(138,053)	(27,496)	(116,685)
Non-controlling interests		(2,183)	(9,093)	–	–
		(18,428)	(147,146)	(27,496)	(116,685)

	Note	2016	2015
Loss per share attributable to owners of the Company:-			
Continuing operations			
- Basic (sen)		(0.05)	(3.13)
Discontinued operation			
- Basic (sen)		(0.45)	(0.25)
Continuing and discontinued operations			
- Basic (sen)	30	(0.50)	(3.38)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

For the financial year ended 31 January 2016

	Attributable to owners of the Company									
	Non-distributable									
GROUP	Share Capital RM'000	Share Premium RM'000	Convertible Securities RM'000	Capital Reserves RM'000	Reserve classified as held for sale RM'000	Treasury Shares RM'000	Accumulated Losses RM'000	Sub Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 1 February 2014	816,197	–	16,797	44,443	–	(493)	(305,157)	571,787	3,893	575,680
Convertible securities converted/redeemed during the financial year	27,859	12,030	(16,797)	–	–	–	2,292	25,384	–	25,384
Total comprehensive income/(loss) for the financial year	–	–	–	3,281	–	–	(138,193)	(134,912)	(8,538)	(143,450)
Reclassification of reserves to assets held for sale	–	–	–	(40,593)	40,593	–	–	–	–	–
Realisation of reserve on disposal of subsidiaries	–	–	–	–	–	–	438	438	(438)	–
At 31 January 2015	844,056	12,030	–	7,131	40,593	(493)	(440,620)	462,697	(5,083)	457,614
At 1 February 2015										
- as previously stated	844,056	12,030	–	7,131	40,593	(493)	(440,620)	462,697	(5,083)	457,614
- Retrospective restatements (Note 41)	–	–	–	40,465	(40,593)	–	(3,013)	(3,141)	(555)	(3,696)
- as restated	844,056	12,030	–	47,596	–	(493)	(443,633)	459,556	(5,638)	453,918
Total comprehensive income/(loss) for the financial year	–	–	–	5,012	–	–	(21,257)	(16,245)	(2,183)	(18,428)
Realisation of reserve on disposal of subsidiaries	–	–	–	–	–	–	–	–	(704)	(704)
At 31 January 2016	844,056	12,030	–	52,608	–	(493)	(464,890)	443,311	(8,525)	434,786

The accompanying notes form an integral part of these financial statements.

STATEMENT OF **CHANGES IN EQUITY**

For the financial year ended 31 January 2016

COMPANY	Share Capital RM'000	Treasury Shares RM'000	Non-distributable Share Premium RM'000	Non-distributable Convertible Securities RM'000	Accumulated Losses RM'000	Total Equity RM'000
At 1 February 2014	816,197	(493)	–	16,797	(243,450)	589,051
Convertible securities converted/redeemed during the financial year	27,859	–	12,030	(16,797)	2,292	25,384
Total comprehensive loss for the financial year	–	–	–	–	(116,685)	(116,685)
At 31 January 2015	844,056	(493)	12,030	–	(357,843)	497,750
Total comprehensive loss for the financial year	–	–	–	–	(27,496)	(27,496)
At 31 January 2016	844,056	(493)	12,030	–	(385,339)	470,254

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the financial year ended 31 January 2016

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax from				
- continuing operations	19,406	(97,911)	(27,496)	(117,520)
- discontinued operations	(22,407)	(12,479)	–	–
	(3,001)	(110,390)	(27,496)	(117,520)
Adjustments for:-				
Interest expenses:-				
- borrowings	15,998	18,372	8,802	7,657
- convertible securities	–	1,471	–	1,471
Impairment loss on:-				
- receivables - trade	1,317	668	–	–
- receivables - non trade	20,219	40,078	18,238	24,741
- amount owing by subsidiaries	–	–	53,604	111,774
- amount owing by associates	3,990	–	3,990	–
- investment in subsidiaries	–	–	1,300	–
- land held for property development	181,112	101,095	110,305	46,300
- property development costs	73,962	17,647	–	–
Depreciation:-				
- property, plant and equipment	5,349	5,456	2	9
- investment properties	889	921	–	–
Bad debts written off	9,260	423	1,408	–
Bad debts recovered	–	(4,684)	–	(4,573)
Inventories write down	14,411	–	–	–
Property, plant and equipment written off	4,604	25	–	–
(Gain)/Loss on disposal of:-				
- property, plant and equipment	–	(24)	–	–
- investment properties	–	(8,749)	–	–
- subsidiaries	(282,666)	(17,614)	791	–
Gain/(Loss) through amortisation of finance assets	2,768	(7,954)	5,283	–
Loss/(Gain) through amortisation of financial liabilities	18,598	(8,001)	18,810	(8,001)
Impairment loss no longer required				
- receivables - trade	(1,984)	(31)	–	–
- receivables - non trade	(5,826)	(7,020)	–	(11,815)
- subsidiaries	–	–	(196,916)	(33,302)
Sub total carried forward	59,000	21,689	(1,879)	16,741

STATEMENTS OF CASH FLOWS
For the financial year ended 31 January 2016
(continued)

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)				
Sub total brought forward	59,000	21,689	(1,879)	16,741
Additional provision for liquidated and ascertained damages	537	2,713	–	–
Waiver of debt	(19,545)	(45,621)	(908)	(14,569)
Interest income	(894)	(1,713)	(655)	(196)
Share of results of associates	(19)	226	–	–
Share of results of joint ventures	1,246	2,044	–	–
Provision for completion of project	–	13,090	–	–
Operating profit/ (loss) before working capital changes	40,325	(7,572)	(3,442)	1,976
Changes in working capital				
Property development activities	60,245	265,734	(6,644)	(157,014)
Subsidiaries balances	–	–	405,429	257,034
Inventories	2,200	33,526	(16,707)	(284)
Receivables	(277,885)	71,806	(31,704)	28,204
Payables	254,682	(201,415)	(76,794)	13,501
Cash generated from operations	79,567	162,079	270,138	143,417
Interest received	894	1,713	655	196
Income taxes paid	(7,618)	(2,068)	(1,587)	(639)
Interest paid	(15,998)	(18,372)	(8,802)	(7,657)
Payment for liquidated and ascertained damages	(537)	(3,450)	–	–
Net Cash Generated From Operating Activities	56,308	139,902	260,404	135,317
CASH FLOWS FROM INVESTING ACTIVITIES				
Net change in associates balances	(4,841)	27,479	(2,633)	1,444
Net proceeds from disposal of:-				
- property, plant and equipment	–	265	–	–
- investment properties	–	50,000	–	–
- subsidiaries	1,500	–*	–	–*
Net change in joint venture balance	–	(145,816)	–	(135,344)
Investment in associates	(17,175)	(4,800)	–	–
Investment in other investment	(366)	(476)	(9)	–
Investment in subsidiaries	–	–	(241,199)	(4,590)
Purchase of property, plant and equipment (A)	(105)	(875)	–	–
Cash outflow arising from disposal of subsidiaries (Note 8(c))	(3,959)	(39)	–	–
Dividend received from a joint venture	200	–	–	–
Net Cash Used In Investing Activities	(24,746)	(74,262)	(243,841)	(138,490)

STATEMENTS OF CASH FLOWS
For the financial year ended 31 January 2016
(continued)

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	(56,137)	(136,602)	(22,366)	(51,174)
Drawdown of term loan	–	65,543	–	39,543
Changes in sinking fund held by trustees	(52)	11,645	(52)	11,645
Housing development accounts pledged as security values	52	(1)	–	–
Net Cash (Used In)/Generated From Financing Activities	(56,137)	(59,415)	(22,418)	14
NET INCREASE IN CASH AND CASH EQUIVALENTS	(24,575)	6,225	(5,855)	(3,159)
EFFECTS OF EXCHANGE DIFFERENCES	341	454	–	–
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	30,844	24,165	6,733	9,892
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR (Note 15)	**6,610**	**30,844**	**878**	**6,733**

(A) During the financial year, the Group made following cash payments to purchase property, plant and equipment:

	GROUP	
	2016 RM'000	2015 RM'000
Purchase of property, plant and equipment	105	1,330
Financed by finance lease arrangement	–	(455)
Cash payment to purchase property, plant and equipment	105	875

* Represents amount less than RM1,000/-.

The accompanying notes form an integral part of these financial statements.

1. CORPORATE INFORMATION

Talam Transfrom Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and the principal place of business of the Company is located at Suite 2.12, Level 2, Menara Maxisegar, Jalan Pandan Indah 4/2, Pandan Indah, 55100 Kuala Lumpur.

The principal activities of the Company during the financial year were those of the provision of management services, investment holding and property development. The principal activities of the subsidiaries of the Company are stated in Note 33 to the financial statements.

There were no significant changes in the nature of these principal activities during the financial year.

The financial statements are expressed in Ringgit Malaysia rounded to nearest '000 unless otherwise specified.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Financial Reporting Standards ("FRSs") and the requirements of the Companies Act, 1965 in Malaysia.

2.2 Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost basis, other than as disclosed in the significant accounting policies in Note 3 to the financial statements.

2.3 Use of estimates and judgement

The preparation of financial statements in conformity with FRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 to the financial statements.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency at the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2. BASIS OF PREPARATION (CONT'D)

2.5 Adoption of Amendments/Improvements to FRSs and New IC Interpretation ("IC Int")

The Group and the Company had adopted the following amendments/improvements to FRSs and new IC Int that are mandatory for the current financial year:-

Amendments/Improvements to FRSs

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 8	Operating Segments
FRS 13	Fair Value Measurement
FRS 116	Property, Plant and Equipment
FRS 119	Employee Benefits
FRS 124	Related Party Disclosures
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of the above amendments/improvements to FRSs did not have any significant effect on the financial statements of the Group and did not result in significant changes to the Group's and the Company's existing accounting policies except for those as discussed below:-

Amendments to FRS 3 Business Combinations

Amendments to FRS 3 clarify that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to FRS 132. They also clarify that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, Amendments to FRS 3 clarify that FRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in FRS 11) in the financial statements of the joint arrangement itself.

Amendments to FRS 8 Operating Segments

Amendments to FRS 8 require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.

Amendments to FRS 13 Fair Value Measurement

Amendments to FRS 13 relate to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments also clarify that the scope of the portfolio exception of FRS 13 includes all contracts accounted for within the scope of FRS 139 or FRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in FRS 132.

2. BASIS OF PREPARATION (CONT'D)

2.5 Adoption of Amendments/Improvements to FRSs and New IC Interpretation ("IC Int") (Cont'd)

Amendments to FRS 116 Property, Plant and Equipment

Amendments to FRS 116 clarify the accounting treatment for the accumulated depreciation when an asset is revalued. They clarify that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and

- the accumulated depreciation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

Amendments to FRS 124 Related Party Disclosures

Amendments to FRS 124 clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

Amendments to FRS 140 Investment Property

Amendments to FRS 140 clarify that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in FRS 3 and investment property as defined in FRS 140 requires the separate application of both Standards independently of each other.

2.6 New FRSs and Amendments/Improvements to FRSs that have been issued, but not yet effective

The Group and the Company have not adopted the following new FRSs and amendments/ improvements to FRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

		Effective for financial periods beginning on or after
<u>New FRS</u>		
FRS 9	Financial Instruments	1 January 2018
<u>Amendments/Improvements to FRSs</u>		
FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
FRS 7	Financial Instruments: Disclosures	1 January 2016
FRS 10	Consolidated Financial Statements	Deferred/ 1 January 2016
FRS 11	Joint Arrangements	1 January 2016
FRS 12	Disclosure of Interests in Other Entities	1 January 2016
FRS 101	Presentation of Financial Statements	1 January 2016
FRS 107	Statement of Cash Flows	1 January 2017
FRS 112	Income Taxes	1 January 2017
FRS 116	Property, Plant and Equipment	1 January 2016
FRS 119	Employee Benefits	1 January 2016
FRS 127	Separate Financial Statements	1 January 2016
FRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2016
FRS 138	Intangible Assets	1 January 2016

2. BASIS OF PREPARATION (CONT'D)

2.6 New FRSs and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted (Cont'd)

A brief discussion on the above significant new FRSs and amendments/improvements to FRSs are summarised below. Due to the complexity of these new FRSs and the amendments/improvements to FRSs, the financial effects of their adoption are currently still being assessed by the Group and the Company.

FRS 9 Financial Instruments

Key requirements of FRS 9:-

- FRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

  In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

- FRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity 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.

- FRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendments to FRS 5 introduce specific guidance on when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution is discontinued.

2. BASIS OF PREPARATION (CONT'D)

2.6 New FRSs and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted (Cont'd)

Amendments to FRS 7 Financial Instruments: Disclosures

Amendments to FRS 7 provide additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of FRS 7.

The amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to FRS 7) to condensed interim financial statements.

Amendments to FRS 101 Presentation of Financial Statements

Amendments to FRS 101 improve the effectiveness of disclosures. The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendments to FRS 107 Statement of Cash Flows

Amendments to FRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

Amendments to FRS 112 Income Taxes

Amendments to FRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

Amendments to FRS 116 Property, Plant and Equipment

Amendments to FRS 116 prohibit revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

Amendments to FRS 127 Separate Financial Statements

Amendments to FRS 127 allow a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

2. BASIS OF PREPARATION (CONT'D)

2.6 New FRSs and Amendments/Improvements to FRSs that are issued, but not yet effective and have not been early adopted (Cont'd)

Amendments to FRS 10 Consolidated Financial Statements and FRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in FRS 10 and those in FRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in FRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to FRS 10 Consolidated Financial Statements, FRS 12 Disclosures of Interests in Other Entities and FRS 128 Investments in Associates and Joint Ventures

These amendments address the following issues that have arisen in the application of the consolidation exception for investment entities:-

- Exemption from presenting consolidated financial statements: the amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

- Consolidation of intermediate investment entities: the amendments clarify that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.

- Policy choice for equity accounting for investments in associates and joint ventures: the amendments allow a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

2.7 MASB Approved Accounting Standards, MFRSs

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.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Int 15 Agreements for the Construction of Real Estate ("Transitioning Entities"). The Transitioning Entities are given an option to defer the adoption of MFRSs Framework and shall apply the MFRSs framework for annual periods beginning on or after 1 January 2018. Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

2. BASIS OF PREPARATION (CONT'D)

2.7 MASB Approved Accounting Standards, MFRSs (Cont'd)

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs framework. As such, the Group and the Company will prepare their first MFRSs financial statements using the MFRSs framework for financial year ended 31 January 2019. The main effects arising from the transition to the MFRSs Framework are discussed below.

The effect is based on the Group's and the Company's best estimates at the reporting date. The financial effects may change or additional effects may be identified, prior to the completion of the Group's and the Company's first MFRSs based financial statements.

Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1")

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs.

The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:-

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract; and
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The Group is currently assessing the impact of the adoption of this standard.

MFRS 16 Leases

Currently under MFRS 16 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

3. SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements of the Group and the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries, associates, and joint ventures used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:-

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus

- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus

- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less

- the net fair value of the identifiable assets acquired and the liabilities assumed at the acquisition date.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(a) Subsidiaries and business combination (Cont'd)

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have been previously recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings, on the same basis as could be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(c) Associates (Cont'd)

Under the equity method, the investments in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(d) Joint arrangements

Joint arrangements arise when the Group and another party or parties are bound by a contractual arrangement, and the contractual arrangement gives the Group and the other party or parties, joint control of the arrangement. Joint control exists when there is contractually agreed sharing of control of an arrangement whereby decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified and accounted for as follows:-

- A joint arrangement is classified as a "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for its share of its assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

- A joint arrangement is classified as "joint venture" when the Group has rights to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method in accordance with FRS 128 *Investments in Associates and Joint Ventures*.

The Group has assessed the nature of its joint arrangement and determined them to be a joint venture and accounted for its interest in the joint venture using the equity method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(e) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statements

In the Company's statement of financial position, investments in subsidiaries and associates are measured at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as could be required for impairment of non-financial assets as disclosed in Note 3.13(b).

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the dates of the transactions.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are carried at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary item that is designated as a hedging instrument in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Foreign currency transactions and operations (Cont'd)

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserve related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

3.4 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instrument.

When financial instruments are recognised initially, they are measured at fair value plus, in the case of financial instruments not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

<u>Financial assets at fair value through profit or loss</u>

Financial assets are classified as fair value through profit or loss when the financial assets is either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or it is designated into this category upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

The Group has not designated any financial assets at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

(i) Financial assets (Cont'd)

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(a). Gains and losses are recognised in profit or loss through the amortisation process.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(a). Gains and losses are recognised in profit or loss through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available for sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Unquoted equity instruments carried at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(a).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

(ii) Financial liabilities

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

The Group has not designated any financial liabilities at fair value through profit or loss.

Other financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned. A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company themselves purchase or sell an asset). Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and

(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

(v) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vi) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition of measurement of impairment losses is in accordance with Note 3.13(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.19.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate items of property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Property, plant and equipment (Cont'd)

(b) Subsequent cost

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The annual rates used for this purpose are as follows:-

Leasehold land and buildings	2% - 4%
Renovation	10% - 35%
Plant and machinery, tools and equipment, crockery and kitchenware	10% - 35%
Office equipment, furniture and fittings	10% - 20%
Motor vehicles	20%

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each reporting date. The effects of any revisions of the residual values and useful lives are included in the profit or loss for the financial year in which the changes arise.

Fully depreciated assets are retained in the financial statements until the assets are no longer in use.

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the financial year the asset is derecognised.

3.6 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases (Cont'd)

(a) Lessee Accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

(b) Lessor Accounting

If an entity in the Group is a lessor in operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

3.7 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties on freehold land are stated at cost less accumulated impairment losses, if any, and are not depreciated as it has an indefinite life. Whereas, other investment properties are stated at cost less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(b) to the financial statements.

Other investment properties are depreciated on a straight line basis to write off the cost of the assets to their residual values over their estimated useful life at an annual rate of 1% to 2.5%.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.19.

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Investment properties (Cont'd)

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value.

Costs of finished goods and consumables are determined using the first-in-first-out basis.

<u>Property development inventory</u>

Cost includes:-

- Freehold and leasehold rights for land
- Amounts paid to contractors for construction
- Borrowing costs, planning and design costs, costs for site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

The cost of inventory recognised in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specification costs based on the relative sale value of the property sold.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3.9 Land held for property development

Land held for property development consists of land and development costs on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current assets and is stated at cost less any accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(b) to the financial statements.

Cost comprises the cost of land and all related costs incurred on activities necessary to prepare the land for its intended use.

Land held for property development is transferred to property development costs and included under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Property development cost

Property development costs comprise of costs of acquisition of land and all costs that are directly attributable to development activities or costs that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion of property development costs incurred for the work performed up to the reporting date over the estimated total property development costs to completion. Under this method, profits are recognised as the property development activity progresses.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any foreseeable loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately in the profit or loss.

Property development costs not recognised as an expense is recognised as an asset, which is measured at the lower of cost and net realisable value. Upon the completion of development, the unsold completed development properties are transferred to inventories.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the profit or loss is classified as progress billings within trade payables.

3.11 Non-current assets or disposal groups held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when:-

- the asset or disposal group is available for immediate sale in its present condition;
- the management is committed to a plan to sell the asset and the asset or disposal group is actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale is expected to be completed within one year from the date of classification and actions required to complete the plan indicates that it is unlikely that significant changes to the plan will be made or that the sale will be withdrawn.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets or disposal group are measured at the lower of carrying amount and fair value less costs to sell.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Non-current assets or disposal groups held for sale (Cont'd)

Any impairment loss on the disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property that is measured at fair value, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint venture ceases once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statements of financial position.

3.12 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

3.13 Impairment of assets

(a) Impairment and uncollectibility of financial assets

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries and associates) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables and held-to-maturity investments

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If there is no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Impairment of assets (Cont'd)

(a) Impairment and uncollectibility of financial assets (Cont'd)

Loans and receivables and held-to-maturity investments (Cont'd)

If, in a subsequent period, the amount of the impairment loss decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loan together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

Available-for-sale financial assets

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

When a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to loss event occurring after the recognition of the impairment loss in profit or loss.

Unquoted equity instruments carried at cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment shall not be reversed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Impairment of assets (Cont'd)

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

The recoverable amount of an asset of CGU is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss.

3.14 Share capital

(a) Ordinary shares

Ordinary shares are equity instruments and classified as equity. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Share capital (Cont'd)

(b) Redeemable convertible preference share capital

Preference shares are classified as equity if they are non-redeemable and dividends are discretionary at the option of the issuer. Preference shares are classified as liabilities if they are redeemable on a specific date or at the option of the shareholders and dividends thereon are recognised in the profit or loss as interest expense. Preference shares that are compound instruments are split into liability and equity components. Each component is accounted for separately. Dividends on preference shares are recognised on an accrual basis as a liability and are reported as finance costs in the profit or loss.

(c) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

3.15 Redeemable convertible secured loan stock ("RCSLS")

RCSLS is regarded as compound instruments consisting of an equity component and a liability component.

At the issue date, the fair value of the liability portion is determined using a market interest rate for an equivalent financial instrument; this amount is carried as liability on the amortised cost basis on conversion or maturity of the instrument. The remainder of the proceeds is allocated to the conversion option which is recognised and included in shareholders' equity upon maturity; the value of the conversion does not change in subsequent periods.

Attributable transaction costs are apportioned and deducted directly from the liability and equity component based on their carrying amounts as the date of issue.

Under the effective interest rate method, the interest expense on the liability component is calculated by applying the prevailing market interest for an equivalent financial instrument to the instrument at the issue date. The difference between this amount and the interest paid is added to the carrying amount of the RCSLS.

3.16 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Employee benefits (Cont'd)

(b) Post-employment benefits

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Certain foreign subsidiaries make contributions to their respective countries' statutory pension scheme. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.18 Revenue and other income

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Property development

Revenue from the sale of property development projects is recognised progressively as the project activity progresses and when the agreements of sales have been finalised. The recognition of revenue is based on the percentage of completion method, net of discount, and is consistent with the method adopted for profit recognition. Any expected loss on development project shall be recognised as an expense immediately.

(b) Sales of inventories and land

Revenue is recognised when the significant risk and rewards of ownership have been passed to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due and associated costs.

(c) Revenue from hotel operations and other recreational income

Revenue is recognised upon services rendered and customer's acceptance, net of taxes and discounts.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Revenue and other income (Cont'd)

(d) Management fee

Management fee is recognised on an accrual basis, net of service taxes.

(e) Interest income

Interest income other than interest income from late payment by house buyers and other trade receivables are recognised on an accrual basis unless collectability is in doubt in which recognition will be on a receipt basis.

(f) Rental income

Rental income from investment properties are recognised on an accrual basis.

3.19 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.20 Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Income tax (Cont'd)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intends to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 Discontinued operation

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:-

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statements of profit or loss and other comprehensive is re-presented as if the operation had been discontinued from the start of the comparative period.

3.22 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the executive director of operations who is responsible for allocating resources and assessing performance of the operating segments and recommends strategic decisions to the Board.

3.23 Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:-

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.24 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:-

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statement of financial position.

3.25 Earnings Per Share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS"). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.26 Related parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:
- controls, is controlled by, or is under common control with, the entity (this includesparents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venturer;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements requires management to make judgement, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require material adjustments to the carrying amount of the assets or liabilities affected in the future. The estimates and judgements are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Classification between property, plant and equipment and investment properties (Note 5 and Note 7)

Certain properties comprise of a portion that is held to earn rental or for capital appreciation whilst the remaining portion is held for use in the production or supply of goods or services or for administrative purposes. If this portion could be sold separately (or lease out separately as finance lease), the Group would account for the portions separately. If the portion could not be sold separately, it will be classified as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is required to be made on individual property basis to determine whether such ancillary services are of such significance that a property does not qualify as an investment properties.

(b) Classification between operating lease and finance lease for leasehold land (Note 5)

The Group has developed certain criteria based on FRS 117 Leases in making judgement whether a leasehold land should be classified either as operating lease or finance lease.

Finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an assets and operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership. If the leasehold land meets the criteria of the financial lease, the lease will be classified as property, plant and equipment if it is for own use. Judgements are made on the individual leasehold land to determine whether the leasehold land qualifies as operating lease or finance lease.

The Group has classified the leases as finance leases as they met the criteria of a finance lease under FRS 117.

(c) Classification as assets held for sale (Note 16)

The Group is expected to complete the disposals within one year from the date of classification. As at the reporting date, certain assets held for disposal have yet to be completed after one year from the date of classification. The delay is caused by events or circumstances beyond the control of the Group. The directors are of the opinion that these assets shall continue to classify as assets held for sale as the extension of the period to complete the sale beyond one year is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the assets.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

(d) Useful lives of property, plant and equipment and investment properties (Note 5 and Note 7)

The Group estimates the useful lives of property, plant and equipment and investment properties based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment and investment properties are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment and investment properties are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment and investment properties would increase the recorded expenses and decrease the non-current assets.

(e) Impairment of investments in subsidiaries and recoverability of amounts owing by subsidiaries (Note 8)

The Company tests investments in subsidiaries and amounts owing by subsidiaries for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary. Costs of investment in subsidiaries which have ceased operations were impaired up to net assets of the subsidiaries. The impairment made on investment in subsidiaries entails an allowance for impairment on the amount owing by these subsidiaries.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Company's tests for impairment of investments in subsidiaries and amounts owing by subsidiaries.

(f) Impairment of non-financial assets

The Group determines whether its non-financial assets, which include property, plant and equipment, land held for property development and investment properties are impaired by evaluating the extent to which the recoverable amount of these assets are less than their cost. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's test for impairment of assets.

(g) Property development (Note 6)

The Group recognises property development profits by reference to the stage of completion of the development activity at the reporting date. The stage of completion is determined based on the proportion that the property development costs incurred to date bear to the estimated total costs for the property development. Where it is probable that total property development costs of a development phase will exceed total property development revenue of the development phase, the expected loss on the development phase is recognised as an expense immediately.

Significant judgement is required in the estimation of total property development costs. Where the actual total property development costs is different from the estimated total property development costs, such difference will impact the property development profit or loss recognised.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

(h) Income taxes (Note 28)

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(i) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(j) Impairment of loans and receivables (Note 12)

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(k) Allowance for slow-moving inventories (Note 13)

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgements and estimates. Possible changes in these estimates could result in revisions to the carrying value of inventories.

(l) Provisions (Note 23)

The Group recognises provisions when it has a present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recording of provisions requires the application of judgements about the ultimate resolution of these obligations. As a result, provisions are reviewed at each reporting date and adjusted to reflect the Group's current best estimate.

(m) Estimation of fair value of properties (Note 7)

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:-

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences; or/and

(b) recent prices of similar properties based on less active market, with adjustments to reflect any changes in economic conditions since the date of transactions that occurred at those prices.

(c) Recent valuation report prepared by professional property consultant on specific properties.

5. PROPERTY, PLANT AND EQUIPMENT

GROUP	Leasehold Land and Buildings RM'000	Renovation RM'000	Plant and Machinery, Equipment, Crockery and Kitchenware RM'000	Office Equipment, Furniture and Fittings RM'000	Motor Vehicles RM'000	Total RM'000
Cost						
At 1 February 2014	158,316	6,961	22,060	6,080	1,408	194,825
Additions	–	31	184	1	1,114	1,330
Disposals	–	(15)	(1,588)	(240)	(702)	(2,545)
Disposal of subsidiaries	–	–	–	–	(355)	(355)
Write offs	–	–	(144)	(132)	(276)	(552)
Transfer to assets held for sales	(164,692)	(6,462)	(19,477)	(6,240)	(269)	(197,140)
Exchange differences	6,376	322	660	531	201	8,090
At 31 January 2015	–	837	1,695	–	1,121	3,653
At 1 February 2015						
- as previously stated	–	837	1,695	–	1,121	3,653
- retrospective restatements (Note 41)	164,692	6,462	19,477	6,240	269	197,140
- as restated	164,692	7,299	21,172	6,240	1,390	200,793
Additions	–	35	70	–	–	105
Disposal of subsidiaries	–	–	(481)	–	–	(481)
Write offs	–	(7,103)	(21,298)	(6,828)	(294)	(35,523)
Exchange differences	15,424	605	1,822	588	25	18,464
At 31 January 2016	180,116	836	1,285	–	1,121	183,358

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

GROUP	Leasehold Land and Buildings RM'000	Renovation RM'000	Plant and Machinery, Equipment, Crockery and Kitchenware RM'000	Office Equipment, Furniture and Fittings RM'000	Motor Vehicles RM'000	Total RM'000
Accumulated Depreciation						
At 1 February 2014	51,474	2,756	21,092	4,658	1,089	81,069
Charge for the financial year	895	623	123	85	185	1,911
Disposals	–	(15)	(1,588)	(219)	(683)	(2,505)
Disposal of subsidiaries	–	–	–	–	(154)	(154)
Write offs	–	–	(140)	(111)	(276)	(527)
Transfer to assets held for sales	(54,290)	(2,677)	(18,530)	(4,931)	(235)	(80,663)
Exchange differences	1,921	148	472	518	198	3,257
At 31 January 2015	–	835	1,429	–	124	2,388
At 1 February 2015						
- as previously stated	–	835	1,429	–	124	2,388
- retrospective restatements (Note 41)	57,078	3,166	18,794	5,075	245	84,358
- as restated	57,078	4,001	20,223	5,075	369	86,746
Charge for the financial year	3,916	707	257	232	237	5,349
Disposal of subsidiaries	–	–	(479)	–	–	(479)
Write offs	–	(4,162)	(20,635)	(5,839)	(283)	(30,919)
Exchange differences	5,234	290	1,659	532	23	7,738
At 31 January 2016	66,228	836	1,025	–	346	68,435
Net Book Value						
At 31 January 2014	106,842	4,205	968	1,422	319	113,756
At 31 January 2015	107,614	3,298	949	1,165	1,021	114,047
At 31 January 2016	113,888	–	260	–	775	114,923

Included in property, plant and equipment of the Group are motor vehicles acquired under finance lease arrangements with carrying amounts of RM390,000/- (2015: RM507,000/-).

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

COMPANY	Renovation RM'000
Cost	
At 31 January 2015/ 2016	733
Accumulated Depreciation	
At 1 February 2014	722
Charge for the financial year	9
At 31 January 2015	731
Charge for the financial year	2
At 31 January 2016	733
Net Book Value	
At 31 January 2015	2
At 31 January 2016	–

(a) Included in the property, plant and equipment of the Group are properties of RM113.89 million (2015: RM112.78 million) which are charged as securities for credit facilities of the Group as disclosed in Note 20(ii) to the financial statements.

(b) On 13 November 2015, the Company announced the official termination of the Share Sale Agreement ("SSA") between Malim Enterprise (HK) Limited, a wholly-owned subsidiary of the Group and Cre8ive Hotel Management Limited for the proposed disposal of the entire 85% equity interest in Jilin Province Maxcourt Hotel Limited ("JPMHL"). The termination of this SSA was due to the failure of the purchaser to provide the relevant documents for submission to the local authorities.

Following the termination of this SSA, the property, plant and equipment amounting to RM116.48 million, previously classified as held for sale in the audited financial statements as at 31 January 2015, are now being reclassified to property, plant and equipment. The retrospective restatements from disposal group held for sale also give rise to additional depreciation charge amounting to RM3.55 million for the financial year ended 31 January 2015.

Please refer to Note 41 for further details.

6. LANDS HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land Held for Property Development

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At cost:-				
Land Cost	465,845	253,951	225,316	75,134
Development costs	214,163	311,468	10,902	14,860
At 1 February	680,008	565,419	236,218	89,994
Addition during the year	(12,538)	1,516	34,617	157,014
Disposal during the year	(6,777)	(8,950)	–	–
Disposal of subsidiaries during the year	(83,241)	–	–	–
Transfer from property development cost	73,290	118,784	–	1,492
Transfer (to)/from assets held for sale (Note16)	(20,181)	3,239	(38,895)	(12,282)
At 31 January	630,561	680,008	231,940	236,218
Accumulated impairment loss				
At 1 February	(183,776)	(82,681)	(46,300)	–
Charge during the year	(181,112)	(101,095)	(110,305)	(46,300)
Disposal of subsidiaries during the year	82,800	–	–	–
Transfer from assets held for sale (Note16)	17,489	–	17,489	–
At 31 January	(264,599)	(183,776)	(139,116)	(46,300)
Carrying amount at 31 January	365,962	496,232	92,824	189,918

6. LANDS HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

(b) Property Development Costs

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At cost:-				
Land cost	65,986	192,568	–	1,962
Development costs	254,729	558,116	–	307
At 1 February	320,715	750,684	–	2,269
Cost incurred during the year	30,118	3,686	–	–
Transfer to land held for property development	(73,290)	(273,384)	–	(1,492)
Transfer to assets held for sale (Note 16)	(65,095)	(10,135)	–	–
Disposal of subsidiaries during the year	(135,231)	–	–	–
Reversal of completed project	–	(150,136)	–	(777)
At 31 January	77,217	320,715	–	–
Accumulated impairment loss				
At 1 February	(22,079)	(4,432)	–	–
Charge during the year	(73,962)	(17,647)	–	–
Disposal of subsidiaries during the year	73,962	–	–	–
At 31 January	(22,079)	(22,079)	–	–
Cumulative costs recognised in profit or loss				
At 1 February	(61,269)	(335,198)	–	(777)
Recognised during the year	–	(30,807)	–	–
Transfer to land held for property development	–	154,600	–	–
Disposal of subsidiaries during the year	61,269	–	–	–
Reversal of completed project	–	150,136	–	777
At 31 January	–	(61,269)	–	–
Carrying amount at 31 January	55,138	237,367	–	–

6. LANDS HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

(c) Certain land held for property development and lands under development of the Group and the Company are charged as security for credit facilities as disclosed in Note 20(ii) to the financial statements as follows:-

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Land held for property development	25,426	181,169	15,060	153,696
Property development costs	–	33,894	–	–
	25,426	215,063	15,060	153,696

(d) In the previous financial year, certain land under development of the Group of RM5.53 million were charged as security for banking facilities granted to a corporate shareholder, Kumpulan Europlus Berhad ("KEB") as disclosed in Note 32 to the financial statements.These were subsequently discharged during the current financial year.

KEB is a related party as disclosed in Note 35(a) to the financial statements.

(e) Certain land held for property development and land under development of the Group and the Company are pledged as security to IJM Group as follows:-

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Land held for property development	8,470	24,127	4,760	13,878
Property development costs	56,738	117,770	–	–
	65,208	141,897	4,760	13,878

IJM Group is a related party as disclosed in Note 35(a) to the financial statements.

(f) The leasehold land of the Group has remaining lease terms of 77 to 85 years.

7. INVESTMENT PROPERTIES

	GROUP RM'000
Cost	
At 31 January 2015/ 2016	91,105
Accumulated Depreciation	
At 1 February 2014	21,057
Charge for the financial year	921
Disposal	(11,456)
At 1 February 2015	10,522
Charge for the financial year	889
At 31 January 2016	11,411
Accumulated Impairment Losses	
At 31 January 2015/2016	9,712
Net Book Value	
At 31 January 2015	70,871
At 31 January 2016	69,982

(a) The fair values of the investment properties as at the reporting date are as follows:-

	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group			
2016			
Land and buildings	55,000	23,292	78,292
2015			
Land and buildings	55,000	61,873	116,873

(b) The Group leases out several of its investment properties which have remaining lease of terms between one to five years and the leases are renewable upon expiry.The leases do not include any contingent rentals.

7. INVESTMENT PROPERTIES (CONT'D)

(b) Future minimum rental receivable under the non-cancellable operating leases at the reporting date are as follows:

	GROUP	
	2016 RM'000	2015 RM'000
- Not later than one year	4,065	4,614
- More than one year and not later than five years	2,281	1,431
- More than five years	8	–
	6,354	6,045

(c) Certain investment properties of the Group of RM51.71 million (2015: RM70.58 million) are charged as security for credit facilities as disclosed in Note 20(ii) to the financial statements.

<u>Valuation of investment properties</u>

Level 2 fair value

The fair value of the investment properties of the Group are derived at by reference to market indication of transaction prices of similar properties within the same location and were performed by a registered independent valuer with an appropriate recognised professional qualification and recent experience in the location and categories of the properties being valued.

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description	Valuation technique	Significant unobservable input	Relationship of unobservable input to
Land and building	Income approach	Estimated average rental rate per square foot per month RM1.45 - RM1.53 (2015: RM1.27 - RM1.54)	The higher the estimated rental/ average rental rate per square foot per month, the higher the fair value
		Estimated average outgoing per square foot per month RM0.93 - RM1.03 (2015: RM1.03 - RM1.04)	The lower the estimated outgoing per square foot per month, the higher the fair value

There have been no transfers between the levels during the financial year ended 31 January 2016 and 31 January 2015.

8. INVESTMENT IN SUBSIDIARIES

	COMPANY 2016 RM'000	COMPANY 2015 RM'000
Unquoted shares at cost	472,637	472,637
Disposals	(69,295)	– *
	403,342	472,637
Less: Accumulated impairment losses		
At 1 February	(222,450)	(222,450)
Additions	(1,300)	–
Disposals	68,504	– *
At 31 January	(155,246)	(222,450)
	248,096	250,187
Loans that are part of net investments	241,199	–
	489,295	250,187

* Represents an amount less than RM1,000/-.

Loans that are part of net investments represent amount owing by subsidiaries which are non-trade in nature, unsecured and non-interest bearing. The settlement of the amounts are neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as a long-term source of capital to the subsidiaries. As these amount are, in substance, a part of the Company's net investment in the subsidiaries, they are stated at cost less accumulated impairment loss, if any.

(a) Amount owing by/(to) subsidiaries

	COMPANY 2016 RM'000	COMPANY 2015 RM'000
Amount owing by subsidiaries	759,083	981,944
Transferred to investment in subsidiaries	(281,590)	–
Less: Accumulated impairment losses		
At 1 February	(379,714)	(312,154)
Addition	(53,604)	(111,774)
Disposal of subsidiaries	–	10,912
Transferred to investment in subsidiaries	40,391	–
Reversal	196,916	33,302
At 31 January	(196,011)	(379,714)
	281,482	602,230
Amount owing to subsidiaries	(292,630)	(351,261)

Amount the owing by/(to) subsidiaries are unsecured, interest free and repayable on demand.

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Non-controlling interest ("NCI") in subsidiaries

The Group's subsidiaries that have material NCI are as follows:-

GROUP 2016	Cekap Mesra Development Sdn Bhd RM'000	Jilin Province Maxcourt Hotel Limited RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	49.99%	15%		
Carrying amount of NCI	(4,499)	(5,020)	994	(8,525)
Profit/(Loss) allocated to NCI in current financial year	1,029	(3,361)	(91)	(2,423)
Summarised financial information before intra-group elimination				
Assets and liabilities				
Non-current assets	–	113,888	3,941	117,829
Current assets	18,636	128	3,087	21,851
Total assets	18,636	114,016	7,028	139,680
Non-current liabilities	–	–	–	–
Current liabilities	26,006	117,125	4,039	147,170
Total liabilities	26,006	117,125	4,039	147,170
Revenue	76	4,053	–	4,129
Profit/(Loss) for the year	2,058	(22,407)	(221)	(20,570)
Total comprehensive income	2,058	(20,807)	(221)	(18,970)
Other information				
Dividend paid to NCI	–	–	–	–

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Non-controlling interest ("NCI") in subsidiaries (Cont'd)

The Group's subsidiaries that have material NCI are as follow:- (Cont'd)

GROUP 2015	**Cekap Mesra Development Sdn Bhd RM'000**	**Jilin Province Maxcourt Hotel Limited RM'000**	**Other individually immaterial subsidiaries RM'000**	**Total RM'000**
NCI percentage of ownership interest and voting interest	49.99%	15%		
Carrying amount of NCI	(5,528)	(1,884)	1,774	(5,638)
Loss allocated to NCI in current financial year	(6,361)	(1,872)	(562)	(8,795)
Summarised financial information before intra-group elimination				
Assets and liabilities				
Non-current assets	–	112,782	4,033	116,815
Current assets	24,876	5,059	41,229	71,164
Total assets	24,876	117,841	45,262	187,979
Non-current liabilities	–	–	10,469	10,469
Current liabilities	34,303	58,293	9,850	102,446
Total liabilities	34,303	58,293	20,319	112,915
Revenue	20,105	10,388	–	30,493
Loss for the year	(12,724)	(12,479)	(16,794)	(41,997)
Total comprehensive income	(12,724)	(14,466)	(16,794)	(43,984)
Other information				
Dividend paid to NCI	–	–	–	–

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Disposal of subsidiaries

(i) On 10 July 2015, the Group entered into a Sale of Shares Agreement to dispose of 2,600,000 ordinary shares of RM1.00 each representing 100% equity interest in Kenshine Corporation Sdn Bhd for a cash consideration of RM1/-.

(ii) On 14 August 2015, the Group entered into a Sale of Shares Agreement to dispose of 2,500,000 ordinary shares of RM1.00 each representing 100% equity interest in Maxisegar Sdn Bhd for a cash consideration of RM1/-.

On the same date, the Group had entered into a Sale of Shares Agreement to dispose of 2,600,000 ordinary shares of RM1.00 each representing 100% equity interest in Europlus Corporation Sdn Bhd ("ECSB") for a cash consideration of RM1,500,000/- ("Disposal"). With the Disposal, ECSB and its subsidiaries, Star Base Sdn Bhd and Daya Kreatif Sdn Bhd ceased as wholly-owned subsidiaries of Group.

(iii) On 2 October 2015, the Group entered into a Sale of Shares Agreement to dispose of 100 ordinary shares of HK$1.00 each representing 100% equity interest in Talam Corporation (HK) Limited for a cash consideration of RM1/-.

On the same date, the Group had entered into a Sale of Shares Agreement to dispose of 2 ordinary shares of HK$1.00 each representing 100% equity interest in Larut Consolidated (HK) Limited for a cash consideration of RM1/-.

The effects on the financial result of the Group on the above disposal of subsidiaries are as follows:-

	GROUP	
	2016 RM'000	2015 RM'000
Revenue	232,851	129
Cost of sales	(214,585)	(116)
Gross profit	18,266	13
Other income	53,634	3,676
Administrative and other expenses	(119,665)	(2,747)
Finance cost	(7,101)	–
(Loss)/Profit before taxation	(54,866)	942
Taxation	(22,722)	–
(Loss)/Profit for the financial year attributable to the Group	(77,588)	942

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Disposal of subsidiaries (cont'd)

The effects on the financial position of the Group on the above disposal of subsidiaries are as follows:-

	GROUP	
	2016 RM'000	2015 RM'000
Non-current assets	443	201
Current assets	294,293	14,820
Current liabilities	(575,902)	(32,635)
Net assets disposed	(281,166)	(17,614)
Gain on disposal of subsidiaries	282,666	17,614
Proceeds from disposals	1,500	–*
Less: Cash and cash equivalents	(3,959)	(39)
Net cash outflow arising from disposal of subsidiaries	(2,459)	(39)

* Represents amount less than RM1,000/-.

9. INVESTMENT IN ASSOCIATES

	GROUP 2016 RM'000	GROUP 2015 RM'000
Unquoted shares, at cost	30,704	13,019
Share of post-acquisition reserves	(5,330)	(4,839)
	25,374	8,180

(a) Details of the associates are as follows:-

Name of Companies	Financial Year End	Effective Equity Interest and Voting Interest 2016 %	2015 %	Nature of relationship
Incorporated in Malaysia				
Trident Treasure Sdn. Bhd. * ^ #	31 December	40	40	Property development. The activities contribute to the Group's property development segment
Good Debut Sdn. Bhd.	31 January	50	–	Property development. The activities contribute to the Group's property development segment
Cekap Tropikal Sdn. Bhd. * ^ #	31 March	50	–	Property development. The activities contribute to the Group's property development segment
Oaxis Sdn. Bhd. *	31 January	25	–	Property development. The activities contribute to the Group's property development segment
Incorporated in Cambodia				
Parkgrove (Cambodia) Pte. Ltd. #	31 January	49	49	Dormant
Noble House Investment (Cambodia) Pte. Ltd. #	31 January	49	49	Dormant

9. INVESTMENT IN ASSOCIATES (CONT'D)

(a) Details of the associates are as follow:- (Cont'd)

* Audited by firms other than Messrs. Baker Tilly Monteiro Heng.

^ The financial year end of these associates is not conterminous with the Group. As such, for the purpose of applying the equity method of accounting, the financial statements of these associates for the financial year ended 31 March 2015 and 31 December 2015 have been used and appropriate adjustments have been made for the effects of any significant transactions between that financial year end 1 April 2015 to 31 January 2016 and 1 January 2016 to 31 January 2016 respectively.

The audited financial statements and auditors' reports of these associates are not available. The management accounts have been used for the purpose of applying the equity method of accounting.

(b) During the financial year, two joint ventures were classified as associated companies. The Group's joint venture arrangements with IJM Properties Sdn. Bhd. ("IJMP") in Good Debut Sdn. Bhd. ("GDSB") and Cekap Tropikal Sdn. Bhd. ("CTSB"), had been terminated. The share-holdings of the Group and IJMP in both of these companies had remained at 50% each. The Group has no rights to variable returns from its involvement with the entities nor the ability to affect those returns. The Group is, however, in position to exercise significant influence over the operations of these companies.

(c) In the previous financial year, the Company entered into a settlement agreement with IJMP, whereby the Company is obliged to assume the debts owed by GDSB and CTSB to IJMP. This arrangement would enable both of these companies to eventually become wholly-owned subsidiaries of the Group upon full settlement of abovementioned debt due to IJMP.

(d) The amounts owing to associates are unsecured, interest free and repayable on demand.

(e) During the financial year, the amount owing by an associate amounting to RM17.31 million has been reclassified to long term due to the delay of development project undertaken by the associate. The balance of amounts owing by associates are unsecured, interest free and repayable in demand.

(f) On 24 March 2015, the Group entered into a sale and purchase agreement to acquire a total of 2,000,000 ordinary shares of RM1.00 each representing 25% of the issued and paid-up share capital of Oaxis Sdn. Bhd. for a total consideration of RM17,174,922/-.

9. INVESTMENT IN ASSOCIATES (CONT'D)

(g) The Group's share of results of the material associates and the summarised financial information are as follows:-

GROUP 2016	Trident Treasure Sdn. Bhd. RM'000	Good Debut Sdn Bhd RM'000	Cekap Tropikal Sdn Bhd RM'000	Oaxis Sdn Bhd RM'000	Other individually immaterial associates RM'000	Total RM'000
Summary of financial information						
Assets and liabilities						
Non-current assets	4,559	24,462	49,996	62	4,101	83,180
Current assets	41,405	23,328	10,871	48,415	–	124,019
Total assets	45,964	47,790	60,867	48,477	4,101	207,199
Non-current liabilities	21,050	–	20	18	–	21,088
Current liabilities	5,581	52,142	90,401	41,881	52	190,057
Total liabilities	26,631	52,142	90,421	41,899	52	211,145
Results						
Revenue	–	5,210	–	–	–	5,210
(Loss)/Profit after taxation	(70)	322	(3)	187	(1)	435
Reconciliation of net assets to carrying amount						
Share of the net assets at the acquisition date	8,462	250	260	1,624	4,219	14,815
Goodwill on acquisition	338	–	–	15,551	–	15,889
Cost of investment	8,800	250	260	17,175	4,219	30,704
Provision of impairment loss	–	–	–	–	(4,219)	(4,219)
Share of post-acquisition profits	(648)	(250)	(260)	47	–	(1,111)
Carrying amount in the statement of financial position	8,152	–	–	17,222	–	25,374
Group's share of (loss)/profit						
Group's share of total comprehensive (loss)/profit	(28)	–	–	47	–	19
Other information						
Dividend received	–	–	–	–	–	–

9. INVESTMENT IN ASSOCIATES (CONT'D)

(g) The Group's share of results of the material associates and the summarised financial information are as follows :- (Cont'd)

GROUP 2015	Trident Treasure Sdn. Bhd. RM'000	Other individually immaterial associates RM'000	Total RM'000
Summary of financial information			
Assets and liabilities			
Non-current assets	4,559	2,317	6,876
Current assets	45,983	1,740	47,723
Total assets	50,542	4,057	54,599
Non-current liabilities	11,050	–	11,050
Current liabilities	20,089	18,547	38,636
Total liabilities	31,139	18,547	49,686
Results			
Revenue	–	–	–
Loss after taxation	(564)	–	(564)
Reconciliation of net assets to carrying amount			
Share of the net assets at the acquisition date	8,462	4,219	12,681
Goodwill on acquisition	338	–	338
Cost of investment	8,800	4,219	13,019
Provision of impairment loss	–	(4,219)	(4,219)
Share of post-acquisition losses	(620)	–	(620)
Carrying amount in the statement of financial position	8,180	–	8,180
Group's share of loss			
Group's share of total comprehensive loss	(226)	–	(226)
Other information			
Dividend received	–	–	–

9. INVESTMENT IN ASSOCIATES (CONT'D)

(h) The Group has not recognised losses relating to Good Debut Sdn. Bhd., Cekap Tropikal Sdn. Bhd. and Astaka Tegas Sdn. Bhd. where its share of losses exceeds the Group's interest in these associates and accordingly, the Group has no further obligation in respect of these losses.

The Group's cumulative share of unrecognised losses at the reporting date was RM 17.24 million (2015: RM17.39 million).

10. INTEREST IN JOINT VENTURES

	GROUP	
	2016 RM'000	**2015 RM'000**
Unquoted shares, at cost	10,250	10,760
Share of post-acquisition reserves	(3,184)	(2,248)
	7,066	8,512

(a) Details of the joint ventures, which are incorporated in Malaysia, are as follows:-

Name of Companies	Financial Year End	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %	Nature of relationship
Astaka Tegas Sdn. Bhd.	31 March	50	50	Dormant
Sierra Ukay Sdn. Bhd.	31 March	50	50	Property development. The activities contribute to the Group's property development segment
Good Debut Sdn. Bhd.	31 March	–	50	Property development. The activities contribute to the Group's property development segment
Cekap Tropikal Sdn. Bhd.	31 March	–	50	Property development. The activities contribute to the Group's property development segment
Crest Envy Sdn. Bhd.	30 June	50	50	Property development. The activities contribute to the Group's property development segment

10. INTEREST IN JOINT VENTURES (CONT'D)

(a) The financial statements of the joint ventures are audited by firms other than Messrs. Baker Tilly Monteiro Heng. The audited financial statements and auditor's reports of these joint ventures are not available in the current financial year. The management accounts have been used for the purpose of applying the equity method of accounting.

The financial year ends of these joint ventures are not conterminous with the Group. As such, for the purpose of applying the equity method of accounting, the management account of these jointly ventures for the financial year ended 31 March 2015 and 30 June 2015 have been used and appropriate adjustments have been made for the effects of significant transactions between 1 April 2015 to 31 January 2016 and 1 July 2015 to 31 January 2016 respectively.

(b) The investment in Sierra Ukay Sdn. Bhd. amounting to RM10 million consisting of 1,000,000 ordinary shares of RM1/- each and 9,000 preference shares of RM1/- has been pledged as security to IJM Group as disclosed in Note 21(b) to the financial statements. IJM Group is a related party as disclosed in Note 35(a) to the financial statement.

(c) The amount owing by joint ventures is unsecured, interest free and is repayable on demand.

(d) Amount owing to joint ventures is unsecured, and interest free and is repayable on demand. (2015: 7.60% to 8.60%) per annum.

(e) As mentioned in Note 9, during the financial year, two joint ventures were redesignated as associated companies. Although the Group's joint venture arrangements with IJM Properties Sdn. Bhd. ("IJMP") in Good Debut Sdn. Bhd. ("GDSB") and Cekap Tropikal Sdn. Bhd. ("CTSB"), had been terminated, the share-holdings of the Group and IJMP in both of these companies had remained at 50% each.

In the previous financial year, the Company entered into a settlement agreement with IJMP, whereby the Company is obliged to assume the debts owed by GDSB and CTSB to IJMP. This arrangement would enable both of these companies to eventually become wholly-owned subsidiaries of the Group upon full settlement of abovementioned debt due to IJMP.

10. INTEREST IN JOINT VENTURES (CONT'D)

(f) The Group's share of results of the material joint ventures and the summarised financial information are as follows:-

GROUP 2016	Sierra Ukay Sdn. Bhd. RM'000	Crest Envy Sdn. Bhd. RM'000	Other individually immaterial joint ventures RM'000	Total RM'000
Reconciliation of net assets to carrying amount				
Group's share of net assets	6,763	303	–	7,066
Summary of financial information				
Assets and liabilities				
Non-current assets	4,802	–	–*	4,802
Current assets	266,541	625	–	267,166
Total assets	271,343	625	–	271,968
Non-current liabilities	–	–	–	–
Current liabilities	257,818	19	389	258,226
Total liabilities	257,818	19	389	258,226
Results				
Revenue	8,542	83	–	8,625
Loss after taxation	(2,370)	(122)	–	(2,492)
Group's share of loss				
Group's share of loss	(1,185)	(61)	–	(1,246)
Group's share of total comprehensive loss	(1,185)	(61)	–	(1,246)
Other information				
Dividend received	–	200	–	200

* Amount less than RM1,000/-

10. INTEREST IN JOINT VENTURES (CONT'D)

(f) The Group's share of results of the material joint ventures and the summarised financial information are as follow: - (Cont'd)

GROUP 2015	Sierra Ukay Sdn. Bhd. RM'000	Crest Envy Sdn. Bhd. RM'000	Good Debut Sdn. Bhd. RM'000	Cekap Tropikal Sdn. Bhd. RM'000	Other individually immaterial joint ventures RM'000	Total RM'000
Group's share of net assets	7,948	564	–	–	–	8,512
Summary of financial information						
Assets and liabilities						
Non-current assets	4,031	310	45	49,996	–	54,382
Current assets	235,287	3,072	41,498	10,874	–	290,731
Total assets	239,318	3,382	41,543	60,870	–	345,113
Non-current liabilities	–	–	–	20	–	20
Current liabilities	223,423	2,254	46,217	90,401	388	362,683
Total liabilities	223,423	2,254	46,217	90,421	388	362,703
Results						
Revenue	–	2,535	–	–	–	2,535
(Loss)/Profit after taxation	(4,588)	499	(545)	(1,446)	(2)	(6,082)
Group's share of (loss)/profit						
Group's share of loss	(2,294)	250	–	–	–	(2,044)
Group's share of total comprehensive (loss)/profit	(2,294)	250	–	–	–	(2,044)
Other information						
Dividend received	–	–	–	–	–	–

Cekap Tropikal Sdn. Bhd. and Good Debut Sdn. Bhd. have been classified as associated companies as disclosed in Note 9 to the financial statements.

The Group has not recognised losses relating to Astaka Tegas Sdn. Bhd. where its share of losses exceeds the Group's interest in these joint ventures and accordingly, the Group has no further obligation in respect of these losses.

The Group's cumulative share of unrecognised losses at the reporting date was RM Nil (2015: RM17.34 million).

11. OTHER INVESTMENT

	GROUP		COMPANY	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-Current				
Available-for-sale ("AFS") financial assets				
At cost:				
- Unquoted equity share	476	476	–	–
Current				
Financial assets at fair value through profit or loss ("FVTPL")				
At fair value:				
- Unquoted investment in Malaysia	366	–	9	–

The unquoted investment represents investment in short and medium term variable income instrument issued and managed by an investment management company.

12. TRADE AND OTHER RECEIVABLES

(a) Trade receivables

	GROUP 2016 RM'000	GROUP 2015 RM'000 (restated)	GROUP 2014 RM'000	COMPANY 2016 RM'000	COMPANY 2015 RM'000
Non-current					
Trade Receivables	10,690	–	–	10,690	–
Current					
Trade receivables	11,359	61,857	86,910	58	24,865
Less:					
Accumulated impairment losses					
At 1 February	(9,470)	(10,920)	(11,321)	–	–
Foreign exchange difference	(1)	–*	–*	–	–
Reversal	1,984	31	644	–	–
Additions	(1,317)	(668)	(661)	–	–
Disposal of subsidiaries	1,517	2,087	418	–	–
At 31 January	(7,287)	(9,470)	(10,920)	–	–
	4,072	52,387	75,990	58	24,865
Accrued billings	–	3,434	1,213	–	–
	4,072	55,821	77,203	58	24,865
Total	14,762	55,821	77,203	10,748	24,865

* Represent an amount less than RM1,000/-

12. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

The analysis of the trade receivables ageing is as follows:-

	GROUP			COMPANY	
	2016 RM'000	2015 RM'000 (restated)	2014 RM'000	2016 RM'000	2015 RM'000
Gross					
Not past due	11,160	32,414	51,166	10,690	20,570
1 to 30 days past due	70	958	757	–	847
31 to 60 days past due	62	1,798	398	–	85
61 to 90 days past due	6	2,209	1,358	–	1,295
91 to 120 days past due	8	41	5,336	–	–
More than 121 days past due	10,743	24,437	27,895	58	2,068
	22,049	61,857	86,910	10,748	24,865
Individually Impaired					
Not past due	–	–	(91)	–	–
1 to 30 days past due	(19)	–	(24)	–	–
31 to 60 days past due	(41)	–	(104)	–	–
61 to 90 days past due	(3)	–	(21)	–	–
91 to 120 days past due	–	–	(17)	–	–
More than 121 days past due	(7,224)	(9,470)	(10,663)	–	–
	(7,287)	(9,470)	(10,920)	–	–
Nett					
Not past due	11,160	32,414	51,075	10,690	20,570
1 to 30 days past due	51	958	733	–	847
31 to 60 days past due	21	1,798	294	–	85
61 to 90 days past due	3	2,209	1,337	–	1,295
91 to 120 days past due	8	41	5,319	–	–
More than 121 days past due	3,519	14,967	17,232	58	2,068
	14,762	52,387	75,990	10,748	24,865

12. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

The Group's trade receivables that are impaired at the reporting date are as follows:-

	Individually impaired		
Group	2016 RM'000	2015 RM'000 (restated)	2014 RM'000
Trade receivables	7,287	9,470	10,920
- nominal amounts	(7,287)	(9,470)	(10,920)
	–	–	–

(i) Included in trade receivables are amounts due from related parties (Note 35(a)) as follows:-

	GROUP		
	2016 RM'000	2015 RM'000 (restated)	2014 RM'000
Kumpulan Europlus Berhad and its subsidiaries ("KEB Group")	6,537	6,530	6,249

The amount owing by KEB Group is interest free (2015: 4.30%, 2014: 4.30%) per annum and is repayable on demand.

(ii) The Group's normal trade credit terms ranges from 14 days to 60 days (2015: 14 days to 60 days, 2014: 14 days to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

(iii) As at 31 January 2016, approximately 72.81% (2015: 44.54%, 2014: 61.28%) of the Group's trade receivables are due from 1 major customer.

(iv) Based on the Group's historical experience and the Group's assessment of the collectability of trade receivables, the directors believe that no further impairment is necessary in respect of trade receivables that are past due but not impaired.

(v) During the financial year, the Group and the Company have written off trade and other receivables amounting to RM9.26 million (2015: RM0.42 million, 2014: RM0.19 million) and RM1.41 million (2015: RM Nil, 2014: RM Nil) to the income statement respectively.

12. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Other receivables

	GROUP 2016 RM'000	GROUP 2015 RM'000 (restated)	GROUP 2014 RM'000	COMPANY 2016 RM'000	COMPANY 2015 RM'000
Non-current					
Other receivables	18,046	33,532	48,053	–	–
Current					
Other receivables	241,969	225,635	222,185	118,106	76,283
Less:					
Accumulated impairment losses					
At 1 February	(119,460)	(86,399)	(82,058)	(51,663)	(38,737)
Additions	(20,219)	(40,078)	(12,206)	(18,238)	(24,741)
Reversals	5,826	7,017	7,598	–	11,815
Disposal of subsidiaries	23,303	–	267	–	–
At 31 January	(110,550)	(119,460)	(86,399)	(69,901)	(51,663)
	131,419	106,175	135,786	48,205	24,620
Refundable deposits	17,137	18,857	19,033	1,012	1,012
Less:					
Accumulated impairment losses					
At 1 February	(16,625)	(16,628)	(17,747)	(1,008)	(1,008)
Reversals	–	3	20	–	–
Disposal of subsidiaries	755	–	1,099	–	–
At 31 January	(15,870)	(16,625)	(16,628)	(1,008)	(1,008)
	1,267	2,232	2,405	4	4
Prepaid expenses	–	–	374	–	–
	132,686	108,407	138,565	48,209	24,624
Total	150,732	141,939	186,618	48,209	24,624

12. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Other receivables (Cont'd)

(i) Included in current other receivables of the Group are miscellaneous charges receivable from house purchasers of RM0.43 million (2015: RM6.14 million, 2014: RM3.22 million).

(ii) Included in current other receivables of the Group and of the Company are amounts due from related parties as follows:-

	GROUP			COMPANY	
	2016 RM'000	2015 RM'000 (restated)	2014 RM'000	2016 RM'000	2015 RM'000
KEB Group	4,668	4,900	4,709	3,893	3,926
Radiant Pillar Group	6	6	6	6	6
	4,674	4,906	4,715	3,899	3,932

The nature of the relationship with the above related parties is disclosed in Note 35(a) to the financial statements.

The amount owing by KEB Group is interest free (2015: 4.30%, 2014: 4.30%) and is repayable on demand.

(iii) As at 31 January 2016, approximately 45.31% (2015: 58.30%, 2014: 71.88%) of the Group's other receivables are due from 3 significant other receivables.

(iv) Included in current other receivables of the Group are amount due from certain contractors of the Group totalling RM2.43 million (2015: RM17.88 million, 2014: RM23.46 million). The directors are of the opinion that these receivables are fully recoverable.

(v) Included in current other receivables of the Group is an amount of RM Nil (2015: RM0.73 million, 2014: RM1.94 million) denominated in Chinese Renminbi.

(vi) Included in non-current other receivables of the Group is in respect of proceeds receivables from the disposal of investment property and is expected to be collected as follows:-

	One to two years RM'000	Two to three years RM'000	Total RM'000
Non-current			
Other receivables	18,046	–	18,046

13. INVENTORIES

	GROUP			COMPANY	
	2016 RM'000	2015 RM'000 (restated)	2014 RM'000	2016 RM'000	2015 RM'000
At cost:-					
Completed properties	5,786	23,257	5,544	–	–
Consumables and others	–	1,545	1,821	–	–
	5,786	24,802	7,365	–	–
At net realisable value:-					
Completed properties held for sale	41,995	38,773	78,475	16,496	557
Properties under construction held for sale	2,630	4,798	10,108	768	–
	44,625	43,571	88,583	17,264	557
TOTAL	50,411	68,373	95,948	17,264	557

(i) Included in the inventories of the Group are properties of RM0.74 million (2015: RM2.69 million, 2014: RM4.24 million) which are charged as securities for credit facilities of the Group as disclosed in Note 20(i) and Note 20(ii) to the financial statements.

(ii) Certain inventories of the Group amounting to RM9.62 million (2015: RM13.59 million, 2014: RM20.09 million) are pledged as security to IJM Group as disclosed in Note 21(b) and Note 24(iv) to the financial statements. IJM Group is a related party as disclosed in Note 35(a) to the financial statements.

(iii) Inventories of the Group and the Company amounting to RM3.75 million and RM Nil respectively (2015: RM20.32 million and RM2.30 million, 2014: RM12.34 million and RM0.02 million) are recognised as an expense in cost of sales.

(iv) The cost of inventories of the Group recognised as an expense during the financial year in respect of write-down of inventories to net realisable value was RM14.41 million.

14. SINKING FUNDS HELD BY TRUSTEES

The sinking funds are held by trustees for the redemption and/or servicing of credit facilities.

15. CASH AND BANK BALANCES

	GROUP			COMPANY	
	2016 RM'000	2015 RM'000 (restated)	2014 RM'000	2016 RM'000	2015 RM'000
Housing development accounts ("HDA")	54	2,880	2,161	–	–
Deposits with licensed banks	273	5,293	9,944	–	3,636
Cash in hand and bank balances	6,328	22,768	12,156	878	3,097
Cash and bank balances	6,655	30,941	24,261	878	6,733
Less:					
Balances pledged as security to licensed banks					
- HDA	(45)	(97)	(96)	–	–
Cash and cash equivalents	6,610	30,844	24,165	878	6,733

The housing development accounts of the Group and the Company are maintained pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966. These accounts, which consist of monies received from purchasers, are for the payment of property development costs incurred and are restricted from use in other operations. The surplus monies, if any, will be released to the Company and respective subsidiaries upon the completion of the property development projects and after all property development costs have been fully settled.

16. ASSETS HELD FOR SALE AND DISCONTINUED OPERATION

	GROUP 2016 RM'000	GROUP 2015 RM'000 (restated)	GROUP 2014 RM'000	COMPANY 2016 RM'000	COMPANY 2015 RM'000
At 1 February, as previously stated	114,534	340,887	184,930	28,262	15,980
Retrospective restatements (Note 41)	–	(121,536)	–	–	–
At 1 February, as restated	114,534	219,351	184,930	28,262	15,980
Addition	–	467	701	–	–
Transfer from/(to) land held for property development	2,692	(3,239)	195,616	21,406	12,282
Transfer from property development costs	65,095	10,135	17,583	–	–
Transfer to investment properties	–	(2,643)	–	–	–
Transfer to inventories	–	(1,956)	–	–	–
Disposals during the year	(71,048)	(229,117)	(57,943)	(27,973)	–
Disposals of subsidiaries during the year	(2,185)	–	–	–	–
Assets held for sales - land and buildings	109,088	(7,002)	340,887	21,695	28,262
Addition: - assets held for sale in JPMHL	–	121,536	–	–	–
At 31 January	109,088	114,534	340,887	21,695	28,262

(i) Assets held for sale amounting to RM79.37 million (2015: RM65.87 million, 2014: RM8.29 million) are charged as security for credit facilities of the Group as disclosed in Note 20(ii) to the financial statements.

(ii) Assets held for sale of RM4.83 million (2015: RM19.89 million, 2014: RM35.64 million) are pledged as security to IJM Group as disclosed in Note 21(b) to the financial statements. IJM Group is a related party as disclosed in Note 35(a) to the financial statements.

(iii) Assets held for sales amounting to RM71.05 million (2015: RM180.15 million, 2014: RM39.71 million) are recognized as cost of sales as disclosed in Note 26 to the financial statements.

(iv) On 3 April 2014, Malim Enterprise (HK) Limited, a wholly-owned subsidiary of the Company entered into a Share Sale Agreement with Cre8ive Hotels Management Limited to dispose of one of its subsidiaries, Jilin Province Maxcourt Hotel Limited ("JPMHL"), which is reported in the hotel and recreation segment.

The assets and liabilities related to JPMHL were then presented in the statement of financial position as "Assets held for sale" and "Liabilities directly associated with assets classified as held for sale".

On 13 November 2015, the Company announced the official termination of this agreement due to the failure of the purchaser to provide the relevant documents for submission to the local authorities.

Accordingly, the financial statements of JPMHL have been reclassified back to the respective assets and liabilities items instead of being classified as held for sale.

Please refer to Note 41 for further details.

16. ASSETS HELD FOR SALE AND DISCONTINUED OPERATION (CONT'D)

(v) Statement of comprehensive income disclosure

In the previous financial year, the financial results of JPMHL were presented as discontinued operations as the results of JPMHL represents the Group's entire hotel and recreation segment. Despite the termination of the SSA as mentioned in Note 16(iv) above, the Group has ceased the hotel operations during the financial year. Accordingly, the Group continues to show the financial results arising from JPMHL separately as discontinued operations in accordance with FRS 5.

The results of JPMHL being presented as discontinued operation for the current year are as follows:-

	2016 RM'000	2015 RM'000 (restated)
Revenue	4,053	10,388
Expenses	(23,409)	(18,862)
Loss from operations	(19,356)	(8,474)
Finance costs	(3,051)	(4,005)
Loss before tax from discontinued operation	(22,407)	(12,479)
Taxation	–	–
Loss from discontinued operation	(22,407)	(12,479)
Translation reserve	1,601	(1,984)
Total comprehensive loss from discontinued operation	(20,806)	(14,463)

The following items have been charged in arriving at loss before tax:

	2016 RM'000	2015 RM'000 (restated)
Depreciation of property, plant and equipment	5,052	5,191
Impairment loss on receivables	1,587	–
Inventories written off	1,583	–
Property, plant and equipment written off	4,604	–

The cash flows attributable to JPMHL are as follows:-

	2016 RM'000	2015 RM'000
Cash flow generated (used)/from in:		
Operating activities	(572)	17,289
Investing activities	–	(32)
Financing activities	(649)	(16,068)
Net cash outflow	(1,221)	1,189

17. SHARE CAPITAL

	GROUP AND COMPANY			
	Number of Shares		Amount	
	2016 '000 unit	2015 '000 unit	2016 RM'000	2015 RM'000
Authorised				
Ordinary shares of RM0.20 each				
At 1 February/At 31 January	8,000,000	8,000,000	1,600,000	1,600,000
Redeemable convertible preference shares of RM0.20 each (RCPS)				
At 1 February/At 31 January	1,500,000	1,500,000	300,000	300,000
Irredeemable convertible preference shares ("ICPS") of RM0.10 each				
At 1 February/At 31 January	1,000,000	1,000,000	100,000	100,000
Total	10,500,000	10,500,000	2,000,000	2,000,000
Issued and paid-up				
Ordinary shares of RM0.20 each				
At 1 February	4,220,280	4,080,985	844,056	816,197
Conversion of RCPS	–	139,295	–	27,859
At 31 January	4,220,280	4,220,280	844,056	844,056
RCPS of RM0.20 each				
At 1 February	–	139,295	–	7,341
Converted during the financial year	–	(139,295)	–	(7,341)
At 31 January	–	–	–	–
Total	4,220,280	4,220,280	844,056	844,056

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

18. TREASURY SHARES

	GROUP AND COMPANY			
	Number of Shares		Amount	
	2016 '000 unit	2015 '000 unit	2016 RM'000	2015 RM'000
Ordinary shares of RM0.20 each				
At 1 February/At 31 January	2,636	2,636	(493)	(493)

19. RESERVES

		GROUP			COMPANY	
		2016 RM'000	2015 RM'000 (restated)	2014 RM'000	2016 RM'000	2015 RM'000
Capital Reserves:-						
Other capital reserve	(a)	2,292	2,292	2,292	–	–
Foreign exchange reserve	(b)	50,316	45,304	42,151	–	–
Total capital reserves		52,608	47,596	44,443	–	–
Share Premium	(c)	12,030	12,030	–	12,030	12,030
Convertible securities	(d)	–	–	16,797	–	–
Accumulated losses		(464,890)	(443,633)	(305,157)	(385,339)	(357,843)
		(400,252)	(384,007)	(243,917)	(373,309)	(345,813)

(a) Other capital reserve

The capital reserve represents the capitalisation of subsidiaries' retained earnings in the prior financial year.

(b) Foreign exchange reserve

The foreign capital reserve arose from the translation of the financial statements of foreign subsidiaries or foreign operation and is not distributable by way of dividends.

(c) Share Premium

The share premium arose from the conversion of the Redeemable Convertible Preference Shares upon the maturity date.

(d) Convertible securities

The reserve will be transferred to the share capital and the premium accounts upon the redemption of convertible securities and the reserve in relation to the unredeemed convertible securities on the expiry date of the exercise period will be transferred to retained earnings.

20. BORROWINGS

	GROUP 2016 RM'000	GROUP 2015 RM'000 (restated)	GROUP 2014 RM'000	COMPANY 2016 RM'000	COMPANY 2015 RM'000
(a) Long term borrowings					
Secured:-					
BaIDS (Note 20(i))	52,093	87,384	88,701	52,093	87,384
Term and bridging loans (Note 20(ii))	8,043	34,294	120,000	8,043	34,294
Revolving credits (Note 20(iii)):					
- Related party	17,605	–	–	17,605	–
Finance lease liability (Note 20(iv))	221	267	–	–	–
	77,962	121,945	208,701	77,741	121,678
(b) Short term borrowings					
Secured:-					
Revolving credits (Note 20(iii)):					
- Related party	–	14,342	14,342	–	–
Term and bridging loans (Note 20(ii))	123,170	119,298	48,333	25,500	5,250
Finance lease liability (Note 20(iv))	88	119	–	–	–
Sukuk Al-Ijarah	–	–	19,077	–	–
	123,258	133,759	81,752	25,500	5,250
Total Borrowings	201,220	255,704	290,453	103,241	126,928

20. BORROWINGS (CONT'D)

The currency exposure profiles of the Group's and of the Company's borrowings are as follows:-

	GROUP			COMPANY	
	2016 RM'000	2015 RM'000 (restated)	2014 RM'000	2016 RM'000	2015 RM'000
Ringgit Malaysia	166,538	223,440	242,121	103,241	126,928
Chinese Renminbi	34,682	32,264	48,332	–	–
	201,220	255,704	290,453	103,241	126,928

(i) Al-Bai Bithaman Ajil Islamic Debt Securities ("BaIDs")

The 10-year BaIDS was issued at 100% of its nominal value on 29 June 2009 and bears the following profit rates:-

Period	Profit rate (per annum)
Year 1 - 3	Not applicable
Year 4 - 5	2%
Year 6 - 8	6%
Year 9	8%
Year 10	9%

The BaIDs of the Company consist of non-interest bearing primary notes together with non-detachable secondary notes. The redemption of the primary notes shall be made on 100% of its nominal value at maturity date while the redemption of the secondary notes shall be made on a semi-annual basis throughout the tenure of the BaIDs.

The BaIDs is secured by assets of the Group as disclosed in Note 13(i) to the financial statements.

(ii) The term and bridging loans are secured on the assets of the Group as disclosed in Note 5(a), Note 6(c), Note 7(c), Note 13(i), Note 16(i) and Note 16(ii) to the financial statements.

(iii) The nature of the relationship of the related party, Pengurusan Projek Bersistem Sdn. Bhd. is disclosed in Note 35(a) to the financial statements.

20. BORROWINGS (CONT'D)

(iv) Finance lease liability

	GROUP	
	2016 RM'000	2015 RM'000
Future minimum finance lease payments		
- not later than one year	99	99
- later than one year and not later than two years	99	99
- later than two years but not later than five years	134	232
	332	430
Future interest charges	(23)	(44)
Present value of finance lease liabilities	309	386
Represented by:-		
Current		
- not later than one year	88	119
Non-current		
- later than one year and not later than two years	88	89
- later than two years but not later than five years	133	178
	221	267
	309	386

The finance lease liability is effectively secured on the rights of the assets under finance lease.

(v) The range of effective interest and profit rates during the financial year for borrowings are as follow:-

	GROUP		COMPANY	
	2016 %	2015 %	2016 %	2015 %
Revolving credits	–	8.00	–	–
Term and bridging loans	3.99 - 12.00	3.80 - 12.00	9.35	9.35
Finance lease liabilities	2.32	2.32	–	–
BaIDS	6.00	2.00 - 6.00	6.00	2.00 - 6.00

21. TRADE PAYABLES

	GROUP 2016 RM'000	GROUP 2015 RM'000 (restated)	GROUP 2014 RM'000	COMPANY 2016 RM'000	COMPANY 2015 RM'000
Non-current					
Trade payables	–	–	84,904	–	–
Current					
Trade payables	49,080	121,049	188,263	30,284	91,635
Progress billings in respect of property development costs	–	157	23,635	–	–
Retention sum	1,367	7,496	7,260	–	–
	50,447	128,702	219,158	30,284	91,635
Total trade payables	50,447	128,702	304,062	30,284	91,635

(a) Included in trade payables and retention sum are amounts due to related parties as follows:-

	GROUP 2016 RM'000	GROUP 2015 RM'000	GROUP 2014 RM'000	COMPANY 2016 RM'000	COMPANY 2015 RM'000
Trade payables					
KEB Group	737	4,320	4,325	–	–
IJM Group	–	62,312	115,453	–	62,312
	737	66,632	119,778	–	62,312
Retention sums					
KEB Group	–	595	595	–	–
Total	737	67,227	120,373	–	62,312

(b) The amount payable to IJM Group is interest bearing at 8.00% per annum (2015: Nil, 2014: 7.6% to 8.6% per annum) and is secured on the assets of the Group as disclosed in Note 6(e), Note 10(b), Note 13(ii) and Note 16(ii) to the financial statements. IJM Group is a related party as disclosed in Note 35(a) to the financial statements.

The amount payable to KEB Group is interest free (2015: 4.30% per annum, 2014: 4.30% per annum) and is a related party as disclosed in Note 35(a) to the financial statements.

21. TRADE PAYABLES (CONT'D)

(c) Included in trade payables of the Group and the Company is an amount of RM29.43 million (2015: RM28.50 million, 2014: RM122.4 million) payable to Menteri Besar Selangor (Incorporated).

(d) The normal trade credit terms granted to the Group ranges from 30 days to 90 days (2015: 30 days to 90 days, 2014: 30 days to 90 days).

(e) Included in trade payables of the Group is an amount of RM6.18 million (2015: RM4.99 million, 2014: RM6.90 million) denominated in Chinese Renminbi.

22. DEFERRED TAX LIABILITIES

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 1 February	926	2,121	–	1,195
Recognised in the profit or loss (Note 28)				
- current year	46	(368)	–	(368)
- prior year	577	–	–	–
	1,549	1,753	–	827
Reversal in respect of convertible securities:-				
- converted during the financial year	–	(775)	–	(775)
- redeemed during the financial year	–	(52)	–	(52)
	–	(827)	–	(827)
At 31 January	1,549	926	–	–

The deferred tax liabilities are in respect of the following:-

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deferred tax liabilities				
Tax effects on:-				
Temporary differences arising from the carrying amount and the tax written down values	1,549	926	–	–
	1,549	926	–	–

22. DEFERRED TAX LIABILITIES (CONT'D)

Deferred tax assets have not been recognised in respect of the following items:-

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deductible temporary differences	10,141	10,152	–	–
Unused tax losses	286,111	229,474	–	–
	295,252	239,626	–	–
Potential deferred tax assets not recognised @ 24%	71,100	57,510	–	–

23. PROVISION FOR LIABILITIES

	Provision for Liquidated and Ascertained damages		Provision for cost to Completion of project		Total	
GROUP	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 1 February	11,002	11,739	13,090	–	24,092	11,739
Additions	537	2,855	–	13,090	537	15,945
Reversals	–	(142)	–	–	–	(142)
Disposal of subsidiaries	(5,562)	–	–	–	(5,562)	–
Utilised	(537)	(3,450)	–	–	(537)	(3,450)
At 31 January	5,440	11,002	13,090	13,090	18,530	24,092

Provision for liquidated and ascertained damages is recognised in respect of the delayed projects undertaken by certain subsidiaries.The provision has been recognised for the expected liquidated ascertained damages claims based on the applicable terms and conditions stated in the sale and purchase agreements.

Provision for cost to completion of project is recognised in respect of probable outflow of resources related to development project undertaken by a subsidiary.

24. OTHER PAYABLES AND ACCRUED EXPENSES

	GROUP 2016 RM'000	GROUP 2015 RM'000	GROUP 2014 RM'000	COMPANY 2016 RM'000	COMPANY 2015 RM'000
Non-current					
Other payables	157,282	145,047	29,907	155,845	144,972
Current					
Other payables	135,982	207,351	218,215	53,816	60,855
Accrued expenses	87,595	106,455	259,848	7,682	8,131
	223,577	313,806	478,063	61,498	68,986
Total other payables	380,859	458,853	507,970	217,343	213,958

Included in other payables and accrued expenses of the Group and of the Company are the following:-

		GROUP 2016 RM'000	GROUP 2015 RM'000	GROUP 2014 RM'000	COMPANY 2016 RM'000	COMPANY 2015 RM'000
Accrued interest expenses (secured)	(i)	415	6,364	139,534	282	818
Accrued interest expenses (unsecured)		779	8,088	7,433	–	170
Advances from minority shareholder of subsidiaries	(ii)	75	75	75	–	–
Amount owing to KEB Group	(iii)	26,697	30,049	31,273	9,706	10,267
Amount payable to authorities in relation to development project		4,183	11,520	11,836	–	–
Amount payable to IJM Group	(iv)	190,733	187,500	40,668	190,733	187,500
Deposit received from an associate company		21,300	21,300	21,300	–	–
Refundable deposit received from purchasers of properties and tenants of complexes		1,876	6,339	6,414	–	–
Amount payable to a director	(v)	8,088	7,932	25,432	–	–

(i) The accrued interest expenses are in respect of the secured BaIDS, term and bridging loans.

(ii) The advance from minority shareholder of subsidiaries is unsecured, interest free and payable on demand.

(iii) Amounts owing to a corporate shareholder, Kumpulan Europlus Berhad, is interest free (2015: 4.30% per annum, 2014: 4.30% per annum).

Kumpulan Europlus Berhad is a related party as disclosed in Note 35(a) to the financial statements.

24. OTHER PAYABLES AND ACCRUED EXPENSES (CONT'D)

(iv) The amount payable to IJM Group is interest bearing at 8.00% per annum (2015: Nil, 2014:7.60% to 8.60% per annum) and is secured on the assets of the Group as disclosed in Note 6(e), Note 13(ii) and Note 16(ii) to the financial statements.

The amount payable to IJM Group amounting to RM155.8 million (2015: RM145 million, 2014: RM114.81 million) is disclosed under long term payables. On 29 January 2016, The Group's entered into a settlement arrangement with IJM Group to settle the amount RM161,583,292/- within 2 years to 21 May 2018.

IJM Group is a related party disclosed in Note 35(a) to the financial statement.

(v) The amount payable to a director of the Company is unsecured, interest free and is payable on demand.

25. REVENUE

	GROUP		COMPANY	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Property development revenue	141,968	170,927	28,831	1,168
Rental income from investment properties	6,264	5,268	–	–
Management fees and charges to third parties	1,679	129	–	–
Sales of inventories	5,658	27,673	–	2,300
Others	40	551	40	–
	155,609	204,548	28,871	3,468

26. COST OF SALES

	GROUP		COMPANY	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Property development costs	77,825	142,254	27,973	–
Cost of rental	5,721	1,476	–	–
Cost of inventories sold	3,748	20,316	–	2,300
Others	–	22	–	–
	87,294	164,068	27,973	2,300

27. FINANCE COSTS

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest expenses on:				
- term and bridging loans	8,677	9,344	4,751	3,696
- other borrowings	894	732	894	120
- convertible securities	–	1,471	–	1,471
- finance lease liability	21	7	–	–
	9,592	11,554	5,645	5,287
Amortisation of financial instrument	25,413	13,759	25,413	13,759
Profit on Islamic debt securities	3,355	4,284	3,157	3,841
	38,360	29,597	34,215	22,887

Included in interest expenses of the Group are amounts paid or payable to the following related parties:-

	GROUP	
	2016 RM'000	2015 RM'000
Pengurusan Projek Bersistem Sdn. Bhd.	–	666
KEB Group	–	24

The nature of the relationship with the above related parties is disclosed in Note 35(a) to the financial statements.

28. INCOME TAX EXPENSE/(BENEFIT)

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000 (restated)	2016 RM'000	2015 RM'000
Income tax:				
- current financial year	22,721	9,646	–	–
- prior financial years	(2,665)	30,333	–	(467)
	20,056	39,979	–	(467)
Deferred tax (Note 22):				
- current financial year	46	(368)	–	(368)
- prior financial years	577	–	–	–
	623	(368)	–	(368)
	20,679	39,611	–	(835)

28. INCOME TAX EXPENSE/(BENEFIT) (CONT'D)

Income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the financial year. In the Budget Speech 2014, the Government announced that the statutory tax rate would be reduced to 24% from 25% effective year of assessment 2016.The corporate tax rate applicable to the China subsidiary of the Group is 25%. Taxation for other jurisdictions is calculated at the prevailing tax rates in the respective jurisdictions.

A reconciliation of income tax expense applicable to (loss)/ profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:-

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000 (restated)	2016 RM'000	2015 RM'000
(Loss)/ Profit before tax:				
- Continuing operation	19,406	(97,911)	(27,496)	(117,520)
- Discontinued operation	(22,407)	(12,479)	–	–
	(3,001)	(110,390)	(27,496)	(117,520)
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	(720)	(27,598)	(6,599)	(29,380)
Income not subject to tax	(152,104)	(46,142)	(42,008)	(22,027)
Expenses not deductible for tax purposes	161,707	80,864	38,419	49,592
Origination of deferred tax assets not recognised in the financial statements	13,590	1,876	10,188	1,815
Share of results of associates	(5)	57	–	–
Share of results of joint venture	299	511	–	–
Effect of conversion/redemption of convertible securities	–	(368)	–	(368)
Effect of different tax rate	–	78	–	–
Underprovision of income tax expense in prior financial years	(2,088)	30,333	–	(467)
Tax expense for the financial year	20,679	39,611	–	(835)

29. LOSS FOR THE FINANCIAL YEAR

	GROUP		COMPANY	
	2016 RM'000	**2015 RM'000 (restated)**	**2016 RM'000**	**2015 RM'000**
Loss before tax from continuing operations and discontinued operation is arrived at:-				
Auditors' remuneration:				
- current year	325	278	160	90
- (over)/ under accrual in prior years	(131)	17	(107)	2
Bad debts written off	9,260	423	1,408	–
Depreciation of:-				
- property, plant and equipment	5,349	5,456	2	9
- investment properties	889	921	–	–
Impairment loss on:				
- investment in subsidiaries	–	–	1,300	–
- receivables - trade	1,317	668	–	–
- receivables - non trade	20,219	40,078	18,238	24,471
- amount owing by subsidiaries	–	–	53,604	111,774
- amount owing by associates	3,990	–	3,990	–
- land held for property development	181,112	101,095	110,305	46,300
- property development costs	73,962	17,647	–	–
Provision for liquidated and ascertained damages	537	2,713	–	–
Provision for cost to completion of project	–	13,090	–	–
Loss/ (Gain) on financial assets at amortised cost	2,768	(7,954)	5,283	–

29. LOSS FOR THE FINANCIAL YEAR (CONT'D)

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000 (restated)	2016 RM'000	2015 RM'000
Loss before tax from continuing operations and discontinued operation is arrived at:				
Inventories write down	14,411	–	–	–
Property, plant and equipment written off	4,604	25	–	–
Rental of office/ complex	–	192	–	–
Staff costs:-				
- wages and salaries	6,751	6,734	–	–
- social security	108	85	–	–
- defined contribution	748	482	–	–
- other staff related expenses	580	62	–	–
(Gain)/ Loss on disposal of:-				
- property, plant and equipment	–	(24)	–	–
- investment properties	–	(8,749)	–	–
- subsidiaries	(282,666)	(17,614)	791	–
Loss/ (Gain) on financial liabilities at amortised cost	18,598	(8,001)	18,810	(8,001)
Impairment loss no longer required:-				
- receivables - trade	(1,984)	(31)	–	–
- receivables - non trade	(5,826)	(7,020)	–	(11,815)
- amount owing by subsidiaries	–	–	(196,916)	(33,302)
Interest income	(847)	(1,713)	(619)	(196)
Income receivables from money market	(47)	–	(36)	–
Management fee	3,480	3,480	–	–
Bad debt recovered	–	(4,684)	–	(4,573)
Waiver of debt	(19,545)	(45,621)	(908)	(14,569)

30. LOSS PER SHARE

(a) Basic loss per ordinary share

Basic loss per share is calculated by dividing the loss for the financial year from continuing and discontinued operation attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	GROUP	
	2016	**2015 (restated)**
Loss for the financial year attributable to owners of the Company (RM'000)		
- Continuing operation	(2,223)	(130,585)
- Discontinued operation	(19,034)	(10,621)
Weighted average number of shares (Units'000)	4,217,644	4,174,300
Basic loss per share (sen)		
- Continuing operation	(0.05)	(3.13)
- Discontinued operation	(0.45)	(0.25)
- Continuing and discontinued operation	(0.50)	(3.38)

(b) Diluted loss per ordinary share

The Group has no potential dilutive of ordinary shares. As such, there is no dilution effect on the loss per share of the Group.

31. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Company:-				
Executive directors:				
- Fees	60	60	60	60
- Salaries	792	627	792	627
- Defined contribution	95	74	95	74
- Other emoluments	85	69	85	69
	1,032	830	1,032	830
Non-executive directors:				
Present Directors:-				
- Fees	150	136	150	136
- Other emoluments	390	356	390	356
	540	492	540	492
	1,572	1,322	1,572	1,322

The numbers of directors of the Company whose total remuneration during the financial year fall within the following bands are as follows:-

	COMPANY	
	2016	2015
Executive directors:-		
RM450,001 - RM500,000	–	1
RM400,001 - RM450,000	2	–
RM350,001 - RM400,000	–	–
RM300,001 - RM350,000	–	–
RM250,001 - RM300,000	–	1
RM200,001 - RM250,000	–	–
RM150,001 - RM200,000	–	–
RM100,001 - RM150,000	–	1
Below RM100,000	–	–
Non-Executive directors:-		
RM150,001 - RM200,000	–	1
RM100,001 - RM150,000	1	–
Below RM100,000	4	4
	7	8

32. FINANCIAL GUARANTEES

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unsecured:-				
Financial guarantees given to financial institutions for:				
- credit facilites granted to associate company	–	4,000	–	4,000
	–	4,000	–	4,000
Secured:-				
Assets pledged to financial institutions for credit facilities granted to Kumpulan Europlus Berhad group (as disclosed in Note 6(d) to the financial statements)	–	5,534	–	–
	–	9,534	–	4,000

33. SUBSIDIARIES

Details of subsidiaries are as follows:-

Name of Companies	Effective Equity Interest and Voting Interest 2016 %	2015 %	Principal Activities
Incorporated in Malaysia			
Abra Development Sdn. Bhd.	100	100	Property development and investment holding
Ample Zone Berhad *	100	100	Dormant
Beautiful Peninsular Sdn. Bhd. * #	70	70	Property development
Biltradex Sdn. Bhd.	100	100	Property development and investment holding
Bukit Khazanah Sdn. Bhd. *	100	100	Property development and investment holding
Cekap Mesra Development Sdn. Bhd.	50.01	50.01	Property development

33. SUBSIDIARIES (CONT'D)

Details of subsidiaries are as follows:- (Cont'd)

Name of Companies	Effective Equity Interest and Voting Interest 2016 %	2015 %	Principal Activities
Incorporated in Malaysia			
Daya Kreatif Sdn. Bhd.	–	100	Property development
Envy Vista Sdn. Bhd.	100	100	Dormant
Era-Casa Sdn. Bhd.	100	100	Investment holding
Europlus Berhad	100	100	Investment holding and property development
Europlus Corporation Sdn. Bhd.	–	100	Property development and investment holding
Gemapantas Sdn. Bhd.	51	51	Investment holding
G.L. Development Sdn. Bhd.	100	100	Property investment and development
Inti Johan Sdn. Bhd.	100	100	Property investment and management
Kenshine Corporation Sdn. Bhd.	–	100	Property development
Lambang Wira Sdn. Bhd.	100	100	Investment holding
Larut Management Services Sdn. Bhd.	100	100	Investment holding
Larut Overseas Ventures Sdn. Bhd.	100	100	Investment holding
L.C.B. Management Sdn. Bhd.	100	100	Provision of management services
Maxisegar Construction Sdn. Bhd.	100	100	Property investment, management and development
Maxisegar Realty Sdn. Bhd.	100	100	Dormant
Maxisegar Sdn. Bhd.	–	100	Property development and investment holding

33. SUBSIDIARIES (CONT'D)

Details of subsidiaries are as follows:- (Cont'd)

Name of Companies	Effective Equity Interest and Voting Interest 2016 %	2015 %	Principal Activities
Incorporated in Malaysia			
Mutual Prosperous Sdn. Bhd. *	100	100	Investment holding
Pandan Lake Club Berhad *	100	100	Operation of a Recretational Club
Seaview Plantations Sdn. Bhd.	100	100	Property development and investment holding
Saujana Ukay Sdn. Bhd. *	51	51	Property development
Star Base Sdn. Bhd.	–	96.49	Property development
Talam Leisure Development Sdn. Bhd.	100	100	Property development and investment holding
Talam Management Services Sdn. Bhd.	100	100	Dormant
Talam Plantations Sdn. Bhd.	100	100	Investment holding
Terang Tanah Sdn. Bhd.	100	100	Investment holding
Ulu Yam Golf And Country Club Sdn. Bhd.	60	60	Dormant
Untung Utama Sdn. Bhd. *	100	100	Property development
Venue Venture Sdn. Bhd. *	100	100	Investment holding, property investment and management
Winax Development Sdn. Bhd.	100	100	Investment holding
Winax Engineering Sdn. Bhd.	100	100	Investment holding
Zhinmun Sdn. Bhd. *	100	100	Property development
Zillion Development Sdn. Bhd.	100	100	Property investment and development

33. SUBSIDIARIES (CONT'D)

Details of subsidiaries are as follows:- (Cont'd)

Name of Companies	Effective Equity Interest and Voting Interest 2016 %	2015 %	Principal Activities
Incorporated in Hong Kong			
Larut Consolidated (HK) Limited *¥	–	100	Investment holding
Larut Talam International Management Services Limited *¥	99.88	99.88	Dormant
Malim Enterprise (HK) Limited *¥	100	100	Investment holding
Noble House Investments Limited *¥	100	100	Investment holding
Parkgrove Limited *¥	100	100	Investment holding
Talam Corporation (HK) Limited *¥	–	100	Investment holding
Incorporated in The People's Republic of China			
Jilin Province Maxcourt Hotel Limited *	85	85	Operating and managing a hotel

* Audited by firms other than Messrs. Baker Tilly Monteiro Heng.

¥ The audited financial statements of these subsidiaries are not available. Management accounts had been used for the purpose of consolidation. These subsidiaries are currently dormant or inactive.

\# The subsidiary is in the process of being struck off by the registrar.

34. SIGNIFICANT AND SUBSEQUENT EVENTS

(i) On 20 March 2015, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with Metro Ingenious Sdn. Bhd. for the disposal of two parcels of freehold vacant land in Bandar Serendah, Daerah Ulu Selangor, measuring approximately 277,969 square meters and 490,238 square meters respectively, for a total disposal consideration of RM106,860,000/-.

(ii) On 13 November 2015, the Company announced the official termination of the Share Sale Agreement ("SSA") between Malim Enterprise (HK) Limited, a wholly-owned subsidiary of the Company, and Cre8ive Hotel Management Limited for the proposed disposal of its entire 85% equity interest in Jilin Province Maxcourt Hotel Limited ("JPMHL"). This SSA was originally entered into on 3 April 2014. The termination of this SSA was due to the failure of the purchaser to provide the relevant documents for submission to the local authorities as disclosed in Note 41 to the financial statements.

34. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D)

(iii) On 24 March 2016, the Company has entered into the following two separate sale and purchase agreements with Setiatiwi Land Sdn. Bhd. ("SLSB") and Setiatiwi Development Sdn. Bhd. ("SDSB") :-

(a) Sale and Purchase Agreement with SLSB for the disposal of 249 lots of vacant land which are all located in Mukim Serendah, Daerah Ulu Selangor, Negeri Selangor Darul Ehsan with separate issue document of titles which have been duly issued for a total cash consideration of RM7,324,405/-;

(b) Sale and Purchase Agreement with SDSB for the disposal of 490 lots of vacant land which are all located in Mukim Serendah, Daerah Ulu Selangor, Negeri Selangor Darul Ehsan with separate issue document of titles which have been duly issued for a total cash consideration of RM14,370,327/-.

35. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the financial year under review, the significant related party transactions were as follows:-

(a) Transactions with related parties

	GROUP		COMPANY	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Construction costs paid/payable:				
- IJM Group	882	278	882	–
Rental income received/ receivable:				
- KEB Group	(7)	(34)	–	–
Dividend received from a joint venture				
- Crest Envy Sdn. Bhd.	(200)	–	–	–
Interest expense paid/payable:				
(i) IJM Group	894	–	894	–
(ii) Joint venture:				
- Sierra Ukay Sdn. Bhd.	–	139	–	24
- Cekap Tropikal Sdn. Bhd.	–	65	–	23
- Good Debut Sdn. Bhd.	–	73	–	73
(iii) Related parties:				
- Pengurusan Projek Bersistem Sdn. Bhd.	–	666	–	–
- KEB Group	–	24	–	–

35. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(a) Transactions with related parties (Cont'd)

The nature of the relationship with the related parties is as follows:-

Related Parties	Nature of Relationship
Pengurusan Projek BersistemSdn. Bhd. ("PPBSB")	PPBSB is a corporate shareholder of the Company. Tan Sri Dato' (Dr.) Ir. Chan Ah Chye @ Chan Chong Yoon ("TSDCAC"), a director of the Company and his spouse, Puan Sri Datin Thong Nyok Choo ("PSDTNC"), are both substantial shareholders of the Company, have substantial financial interest in PPBSB.
Agrocon (M) Sdn. Bhd. ("AMSB")	The sister of TSDCAC, a director and substantial shareholder of the Company, has substantial financial interest in AMSB.
Kumpulan Europlus Berhad and its subsidiaries ("KEB Group")	Kumpulan Europlus Berhad ("KEB") is a substantial shareholder of the Company.
IJM Corporation Berhad ("IJM") and its subsidiaries ("IJM Group")	IJM is a substantial shareholder of the Company by virtue of IJM having substantial equity interest in KEB.
Radiant Pillar Sdn. Bhd. ("RP") and its subsidiaries	RP is a 60%-owned subsidiary of IJM and 40%-owned associate of KEB. Both IJM and KEB are substantial shareholders of the Company.

35. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(b) Key management personnel compensation

The remuneration of key management personnel, which includes the directors' remuneration, is disclosed as follows:-

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Directors:-				
Fees	60	60	60	60
Salaries	792	627	792	627
Defined contribution	95	74	95	74
Other emoluments	85	69	85	69
	1,032	830	1,032	830
Subsidiaries:-				
Salaries	289	277	–	–
Defined contribution	32	34	–	–
Other emoluments	32	139	–	–
	1,385	1,280	1,032	830
Benefit-in-kinds	20	14	20	–
	1,405	1,294	1,052	830
Included in the staff costs:-				
Key Management Personnel other than Directors:-				
Salaries and other remuneration	408	289	–	–
Defined contribution	33	31	–	–
	441	320	–	–

36. CAPITAL MANAGEMENT

The primary objective of the Group's capital management practice is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value as well as to enable the Group to continue as going concern. To achieve this, the Group ensures that an optimal capital structure is maintained. The Group periodically reviews and manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

The directors monitor and determine the optimal debt to equity ratio that complies with the debts covenants. No changes were made in the objectives, policies or processes during the financial year ended 31 January 2016 and 31 January 2015.

	GROUP		COMPANY	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Borrowings	201,220	255,704	103,241	126,928
Less: Cash and bank balances	(6,655)	(30,941)	(878)	(6,733)
Net debts	194,565	224,763	102,363	120,195
Equity attributable to owners of the Company	443,311	459,556	470,254	497,750
Net gearing ratio (times)	0.44	0.49	0.22	0.24

The Group is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

The Group's financial risk management policies are as follows:-

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rate.

The Group borrows in the currency in which its business units operate in as far as possible. This provides a natural hedge against any foreign currency fluctuation. The Group's policy is to borrow principally on a fixed rate basis but retain a proportion of floating rate debt. The objectives for the mix between fixed and floating rate borrowings is to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's and Company's total equity and profit for the financial year.

GROUP	**Change in basis period**	**Effect on profit for the financial year RM'000**	**Effect on equity RM'000**
31 January 2016	+ 50	656	–
	- 50	(656)	–
31 January 2015	+ 50	768	–
	- 50	(768)	–

COMPANY	**Change in basis period**	**Effect on profit for the financial year RM'000**	**Effect on equity RM'000**
31 January 2016	+ 50	168	–
	- 50	(168)	–
31 January 2015	+ 50	198	–
	- 50	(198)	–

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(i) Interest Rate Risk (Cont'd)

The following summarised the carrying amount as at the end of the reporting period and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk.

	Within one year RM'000	One to two year RM'000	Two to five years RM'000
Group			
31 January 2016			
Floating interest rate			
Term and bridging loans	123,170	8,043	–
31 January 2015			
Floating interest rate			
Term and bridging loans	119,298	34,294	–
Company			
31 January 2016			
Floating interest rate			
Term and bridging loan	25,500	8,043	–
31 January 2015			
Floating interest rate			
Term and bridging loans	5,250	34,293	–

(ii) Operational Risk

The operational risk arises from the daily activities of the Group as a property developer which includes legal, credit, reputation and financing risk and other risks associated to daily running of its business operations.

Such risks are mitigated through proper authority levels of approvals limits, clear reporting structure, segregation of duties, policies and procedures implemented and periodic management meetings.

In dealing with its stewardship, the Board of Directors recognises that effective risk management is an integral part of good business practice.

The Board of Directors will pursue an on-going process of identifying, assessing and managing key business areas, overall operational and financial risks faced by the business units as well as regularly review and enhancing risk mitigating strategies with its appointed and key management personnel.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(iii) Credit Risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its third party receivables, amount owing by associates and amount owing by joint ventures.

The credit risk concentration for the Group and the Company is disclosed in Note 12 to the financial statements.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Receivables are monitored on a going basis via Group's management reporting procedures and action will be taken for long outstanding debt. Majority of the receivables are from property development segment. The credit risk is limited as the ownership and rights to the properties revert to the Group in the event of default.

At the end of the reporting period, the maximum exposure to credit risk arising from trade and other receivables, amount owing by associates and amount owing by joint ventures is represented by their carrying amounts in the statements of financial position.

The Group and Company monitor the results at the subsidiaries and related companies in determining the recoverability of the intercompany balances.

Other financial assets

For other financial assets (including other investment and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to an associate and a related party. The Company monitors the results of the associate, related party and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM Nil (2015: RM9.53 million) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 32.

Impairment losses

Impairment losses as at year end mainly related to purchasers that defaulted in payments. The Group has taken the necessary steps to recover the outstanding balance through legal prosecutions.

Based on the historical trend, the Group is confident that the allowance for impairment losses as at reporting date are sufficiently covers the risk of default.

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(iv) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

A subsidiary operating in The People's Republic of China has assets and liabilities together with expected cash flows from anticipated transactions denominated in its functional currency that reduce its exposure to foreign exchange.

The Group maintain a natural hedge, where possible, by borrowing in the currency of the country in which the investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investment.

Where the Group's operations are overseas, the funding is sourced in that local currency in which the operations are carried out to hedge against any foreign exchange fluctuation.

No sensitivity analysis for foreign currency risk is prepared at the end of reporting period as the Group does not have significant exposure to foreign currency risk.

(v) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities between financial assets and liabilities, principally from trade and other payables, loan and borrowings.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met on timely basis.

The following summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date on contractual undiscounted repayment obligations:-

Group	Carrying Amount RM'000	Contractual Cashflow RM'000	On demand/ within one year RM'000	Two to five year RM'000
31 January 2016				
Trade and other payables	431,306	437,253	274,024	163,229
Floating rate bank loan	131,213	141,745	132,950	8,795
Term and bridging loan	69,698	74,386	–	74,386
Finance lease liabilities	309	332	99	233
Amount owing to associate companies	33,564	33,564	33,564	–
Total undiscounted financial liabilities	666,090	687,280	440,637	246,643

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(v) Liquidity Risk (Cont'd)

Group	Carrying Amount RM'000	Contractual Cashflow RM'000	On demand/ within one year RM'000	Two to five year RM'000
31 January 2015				
Trade and other payables	587,555	604,166	442,508	161,658
Floating rate bank loan	153,592	165,204	127,705	37,499
Term and bridging loan	101,726	110,738	–	110,738
Finance lease liabilities	386	430	99	331
Amount owing to joint ventures	33,564	33,564	33,564	–
Total undiscounted financial liabilities	876,823	914,102	603,876	310,226
Company				
31 January 2016				
Trade and other payables	247,627	253,365	91,782	161,583
Floating rate bank loan	33,543	36,679	27,884	8,795
Term and bridging loan	69,698	74,386	–	74,386
Amount owing to subsidiaries	292,630	292,630	292,630	–
Total undiscounted financial liabilities	643,498	657,060	412,296	244,764
31 January 2015				
Trade and other payables	305,593	322,204	160,621	161,583
Floating rate bank loan	39,543	43,240	5,741	37,499
Term and bridging loan	87,385	95,249	–	95,249
Amount owing to subsidiaries	351,261	351,261	351,261	–
Total undiscounted financial liabilities	783,782	811,954	517,623	294,331

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(v) Liquidity Risk (Cont'd)

Despite the uncertainty in the property development market, the Group will endeavour to undertake all necessary measures to mitigate the adverse effects on the liquidity position of the Group.

The Group will dispose of its excess land, if the need arises, to generate cash and to meet its obligations.

Besides current development projects, cash will be generated by joint venture projects undertaken with other reputable corporations.

The Group will refinance certain loans and borrowings that will fall due in the next twelve months to cushion the repayments of these obligations.

(vi) Market Risk

The market risk arises from changes in the state of domestic property prices, the cost of building materials, availability of labour and other related cost in property development.

The Group concentrates on development projects in careful selected locations and this has resulted in resilience against downswing of the property sector.

38. FINANCIAL INSTRUMENTS

(a) Fair value measurement

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:-

	Note to financial statements
Amount owing by/(to) associates (Current)	Note 9
Amount owing by/(to) joint ventures	Note 10
Trade and other receivables (Current)	Note 12
Trade and other payables (Current)	Note 21 and Note 24

The carrying amounts of these financial instruments are reasonable approximation of fair value, due to the relative short- term nature of these instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted equity shares due to the lack of comparable quoted prices in the active market and the fair value cannot be reliably measured.

The fair value of non- current financial lease liability is estimated using discounted cash flow analysis, based on current lending rate for similar types of lease arrangements.

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair Value Hierarchy

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:-

	Fair value of financial instruments carried at fair value					
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total Fair Value RM'000	Carrying Amount RM'000
2016						
Group						
Financial assets						
Other investments	366	–	–	366	366	366
Financial liabilities						
Finance lease liabilities	–	–	287	287	287	309
2015						
Group						
Financial liabilities						
Finance lease liabilities	–	–	363	363	363	386
2016						
Company						
Financial assets						
Other investments	9	–	–	9	9	9

	Fair value of financial instruments not carried at fair value					
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total Fair Value RM'000	Carrying Amount RM'000
2016						
Group						
Financial assets						
Non-current						
Amount owing by associates	–	–	17,307	17,307	17,307	17,307
Trade and other receivables	–	–	28,736	28,736	28,736	28,736
Financial liabilities						
Non-current						
Trade and other payables	–	–	157,282	157,282	157,282	157,282
Borrowings (excluding finance lease liabilities)	–	–	200,911	200,911	200,911	200,911

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair Value Hierarchy (Cont'd)

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:- (Cont'd)

	Fair value of financial instruments not carried at fair value				Total Fair	Carrying
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Value RM'000	Amount RM'000
2015						
Group						
Financial assets						
Non-current						
Trade and other receivables	–	–	33,532	33,532	33,532	33,532
Financial liabilities						
Non-current						
Trade and other payables	–	–	145,047	145,047	145,047	145,047
Borrowings (excluding finance lease liabilities)			255,318	255,318	255,318	255,318
2016						
Company						
Financial assets						
Non-current						
Amount owing by associates	–	–	17,307	17,307	17,307	17,307
Trade and other receivables	–	–	10,690	10,690	10,690	10,690
Non-current						
Trade and other payables	–	–	155,845	155,845	155,845	155,845
Borrowings (excluding finance lease liabilities)	–	–	103,241	103,241	103,241	103,241
2015						
Company						
Non-current						
Trade and other payables	–	–	144,972	144,972	144,972	144,972
Borrowings (excluding finance lease liabilities)	–	–	126,928	126,928	126,928	126,928

There have been no transfers between the levels during the financial year ended 31 January 2016 and 31 January 2015.

38. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification of financial instruments

The table below provides an analysis of financial instruments categories as follows:-

(a) Loans and receivables ("L&R")
(b) Available-for-sale financial assets ("AFS")
(c) Financial liabilities at amortised cost ("FLAC")

	Carrying Amount RM'000	L&R	AFS	FLAC
Group				
31 January 2016				
Financial assets				
Other investments	842	–	476	366
Trade and other receivables	165,494	165,494	–	–
Amount owing by associates	153,527	153,527	–	–
Sinking funds held by trustees	54	54	–	–
Cash and bank balances	6,655	6,655	–	–
	326,572	325,730	476	366
Financial liabilities				
Trade and other payables	431,306	–	–	431,306
Amount due to associate	33,564	–	–	33,564
Borrowings	201,220	–	–	201,220
	666,090	–	–	666,090
Group				
31 January 2015				
Financial assets				
Other investments	476	–	476	–
Trade and other receivables	197,760	197,760	–	–
Amount owing by associates	20,021	20,021	–	–
Amount owing by joint ventures	135,348	135,348	–	–
Sinking funds held by trustees	2	2	–	–
Cash and bank balances	30,941	30,941	–	–
	384,548	384,072	476	–
Financial liabilities				
Trade and other payables	587,555	–	–	587,555
Amount due to joint ventures	33,564	–	–	33,564
Borrowings	255,704	–	–	255,704
	876,823	–	–	876,823

38. FINANCIAL INSTRUMENTS (CONT'D)

(c) Categories of financial instruments (Cont'd)

	Carrying Amount RM'000	L&R	AFS	FLAC
Company				
31 January 2016				
Financial assets				
Other investments	9	–	–	9
Trade and other receivables	58,957	58,957	–	–
Amount owing by subsidiaries	281,482	281,482	–	–
Amount owing by associates	151,294	151,294	–	–
Sinking funds held by trustees	54	54	–	–
Cash and bank balances	878	878	–	–
	492,674	492,665	–	9
Financial liabilities				
Trade and other payables	247,627	–	–	247,627
Amount owing to subsidiaries	292,630	–	–	292,630
Borrowings	103,241	–	–	103,241
	643,498	–	–	643,498
Company				
31 January 2015				
Financial assets				
Trade and other receivables	49,489	49,489	–	–
Amount owing by subsidiaries	602,230	602,230	–	–
Amount owing by associates	20,000	20,000	–	–
Amount owing by join ventures	135,344	135,344	–	–
Sinking funds held by trustees	2	2	–	–
Cash and bank balances	6,733	6,733	–	–
	813,798	813,798	–	–
Financial liabilities				
Trade and other payables	305,593	–	–	305,593
Amount owing to subsidiaries	351,261	–	–	351,261
Borrowings	126,928	–	–	126,928
	783,782	–	–	783,782

39. SEGMENTAL INFORMATION

Measurement of reportable segments

The Group prepared the following segment information in accordance with FRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's Executive Director of operation for the purpose of making decision about resource allocation and performance assessment.

Transactions between reportable segments are measured on the basis that is similar to those external customers.

Segment profit

Segment statements of comprehensive income are profit earned or loss incurred by each segment without allocation of central administrative costs, non-operating investment revenue, finance costs and income tax expense. There are no significant changes from previous financial year in the measurement methods used to determine reported segment statements of comprehensive income.

Segment assets

All the Group's assets are allocated to reportable segments other than assets used centrally for the Group, current and deferred tax assets. Jointly used assets are allocated on the basis of the revenues earned by individual segments.

Segment liabilities

All the Group's liabilities are allocated to reportable segments other than liabilities incurred centrally for the Group, current and deferred tax liabilities. Jointly incurred liabilities are allocated on proportion to the segment assets.

Business Segments

The Group's operations comprise the following business segments:-

Property investment and development	:	Investment holdings, development of residential and commercial properties.
Hotel and recreation	:	Operate and manage hotel and club and other related services.

39. SEGMENTAL INFORMATION (CONT'D)

Business Segments (Cont'd)

	Property Investment and Development RM'000	Hotel and Recreation RM'000	Elimination RM'000	Note	Before Elimination RM'000	Total Discontinuing Operations RM'000	Total RM'000
At 31 January 2016							
Revenue	255,955	4,053	(100,346)	A	159,662	4,053	155,609
Results							
Segment results	20,633	(22,407)	–		(1,774)	(22,407)	20,633
Share of results of associates	19	–	–		19		19
Share of results of joint ventures	(1,246)	–	–		(1,246)		(1,246)
Loss before tax					(3,001)		19,406
Income tax expense					(20,679)		(20,679)
Loss for the financial year					(23,680)		(1,273)
At 31 January 2015							
Revenue	222,843	10,388	(18,295)	A	214,936	10,388	204,548
Results							
Segment results	(95,641)	(12,479)	–		(108,120)	(12,479)	(95,641)
Share of results of associates	(226)	–	–		(226)		(226)
Share of results of joint ventures	(2,044)	–	–		(2,044)		(2,044)
Profit before tax					(110,390)		(97,911)
Income tax expense					(39,611)		(39,611)
Profit for the financial year					(150,001)		(137,522)

39. SEGMENTAL INFORMATION (CONT'D)

Business Segments (Cont'd)

	Property investment and development RM'000	Hotel and Recreation RM'000	Total Before Elimination RM'000	Elimination RM'000	Note	Consolidated RM'000
At 31 January 2016						
Other Information						
Segment assets	978,087	114,016	1,092,103	–		1,092,103
Interest in associates	25,347	–	25,347	–		25,347
Interest in joint ventures	7,066	–	7,066	–		7,066
Total assets						1,124,516
Segment liabilities	572,605	117,125	689,730	–		689,730
Total liabilities						689,730
Capital expenditure	105	–	105	–	**B**	105
Depreciation of property, plant and equipment	297	5,052	5,349	–		5,349
Depreciation of investment properties	889	–	889	–		889
Inventory written off	12,828	1,583	14,411	–		14,411
Other non-cash expenses	271,374	–	271,374	–		271,374
loss on financial assets/ financial liabilities	21,366	–	21,366			21,366
Impairment of receivables	19,949	1,587	21,536	–		21,536
Property, plant and equipment written off	–	4,604	4,604	–		4,604

39. SEGMENTAL INFORMATION (CONT'D)

Business Segments (Cont'd)

	Property investment and development RM'000	Hotel and Recreation RM'000 (restated)	Total Before Elimination RM'000	Elimination RM'000	Note	Consolidated RM'000
At 31 January 2015						
Other Information						
Segment assets	1,368,131	117,841	1,485,972	–		1,485,972
Interest in associates	8,180	–	8,180	–		8,180
Interest in jointly ventures	8,512	–	8,512	–		8,512
Total assets						1,502,664
Segment liabilities	842,622	58,293	900,915	–		900,915
Unallocated liabilities	147,831	–	147,831	–		147,831
Total liabilities						1,048,746
Capital expenditure	1,298	32	1,330	–	**B**	1,330
Depreciation of property, plant and equipment	265	5,191	5,456	–		5,456
Depreciation of investment properties	921	–	921	–		921
Gain on financial assets/ financial liabilities	(15,955)	–	(15,955)			(15,955)
Impairment of receivables	40,746	–	40,746	–		40,746
Property, plant and equipment written off	–	25	25	–		25
Other non-cash expenses	131,906	–	131,906	–		131,906

39. SEGMENTAL INFORMATION (CONT'D)

Business Segments (Cont'd)

Note : Nature of adjustments and elimination to arrive at amounts reported in the consolidated financial statements.

A Inter-segment revenues are eliminated on consolidation

B Additions of capital expenditure consists of:-

	GROUP	
	2016	**2015**
	RM'000	**RM'000**
Property, plant and equipment	105	1,330

Geographical information

The Group's hotel and recreation segment represents its entire oversea business. Hence, no geographical segment is presented.

Information about major customers

For property investment and development segment, revenue from two customers represent approximately RM135,691,000/- (2015: RM75,044,000/-) for the Group's total revenue.

40. 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:-

<u>*Talam Transform Berhad ("TTB")*</u>

(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 then wholly-owned subsidiary of TTB. The property, valued at RM48.70 million, was part and parcel of the 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. However, 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.

40. MATERIAL LITIGATION (CONT'D)

(i) *Talam Transform Berhad ("TTB") (Cont'd)*

The Court of Appeal will notify parties of the date for decision when the Court of Appeal is ready to deliver.

Based on legal counsel's advice, the Board of Directors of TTB believes that TTB has a reasonably good and valid appeal.

(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 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 to pay jointly and/or severally the alleged debt arising from the judgment sum of RM23.82 million assessed by UHSB against PIMM together with interest at the rate of 8% per annum from the date of Writ of Summons until full settlement amounting to RM49.23 million (as at 12 October 2015) and /or in the alternative, damages to be assessed.

TTB has filed its defence and also counterclaimed against UHSB and the 3 Directors of UHSB for general damages, exemplary damages and aggravated damages for the tort of abuse of process and/or malicious prosecution.

TTB had filed an application to strike out UHSB's claim. TTB's lawyers had on 12 April 2016 informed TTB that its application was dismissed by the High Court and the trial of the Civil Suit is now fixed for hearing on 2nd, 3rd and 4th November 2016.

Based on legal counsel's advice, the Civil Suit's likelihood of success is remote.

41. COMPARATIVES

On 3 April 2014, Malim Enterprise (HK) Limited, a wholly-owned subsidiary of the Company entered into a Share Sale Agreement with Cre8tive Hotels Management Limited to dispose of one of its subsidiaries, Jilin Province Maxcourt Limited ("JPMHL"). The disposal was conditional upon certain conditions precedent being fulfilled on or before the expiration of 12 months from the date of the Share Sale Agreement or such extended date as mutually agreed by both parties.

In the previous financial year, the assets and liabilities related to JPMHL were then presented in the statement of financial position as "Assets held for sale" and "Liabilities directly associated with assets classified as held for sale".

On 13 November 2015, the Company announced the official termination of the Share Sale Agreement ("SSA") between Malim Enterprise (HK) Limited, a wholly-owned subsidiary of the Group and Cre8ive Hotel Management Limited for the proposed disposal of the entire 85% equity interest in Jilin Province Maxcourt Hotel Limited ("JPMHL"). The termination of this SSA was due to the failure of the purchaser to provide the relevant documents for submission to the local authorities.

Accordingly, the directors reassessed its classification as disposal group held for sale in accordance with FRS 5, Non- current Assets Held for Sale and Discontinued Operations. This reassessment resulted in JPMHL ceasing to be classified as held for sale. The Company is required to measure the non current assets of JPMHL at the lower of its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised and its recoverable amount.

41. COMPARATIVES (CONT'D)

The change of classification of non current asset held for sale resulted in the restatement of the financial statements of the Group for the financial year ended 31 January 2015.

The effects of the retrospective restatements are as follows:-

	As previous stated 2015 RM'000	Adjustment RM'000	As stated 2015 RM'000
Statement of financial position			
Assets:			
Property, plant and equipment	1,265	112,782	114,047
Inventories	66,828	1,545	68,373
Trade and other receivables	195,597	2,163	197,760
Cash and bank balances	29,590	1,351	30,941
Assets of disposal group classified as held for sale	236,070	(121,536)	114,534
Liabilities:			
Short term borrowings (secured)	101,495	32,264	133,759
Trade and other payables	561,525	26,030	587,555
Liabilities directly associated with assets classified as held for sale	58,293	(58,293)	–
Non-controlling interests	(5,083)	(555)	(5,638)
Reserve	(380,866)	(3,141)	(384,007)
Statement of profit and loss and other comprehensive income			
Depreciation	1,911	3,545	5,456
Exchange differences on translation of foreign entities	3,006	(151)	2,855
Statement of changes in equity			
Capital reserve	7,131	40,465	47,596
Reserve classified as assets held for sale	40,593	(40,593)	–
Accumulated losses	440,620	3,013	443,633
Non-controlling interests	(5,083)	(555)	(5,638)

SUPPLEMENTARY INFORMATION

On The Breakdown Of Realised And Unrealised Profits Or Losses

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the accumulated losses of the Group and of the Company as at 31 January 2016 and 31 January 2015, into realised and unrealised profits or losses, pursuant to the directive, is as follow:-

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Total accumulated losses of the Group and its subsidiaries:-				
- Realised	(436,297)	(411,528)	(385,338)	(357,843)
- Unrealised	(20,079)	(25,018)	–	–
	(456,376)	(436,546)	(385,338)	(357,843)
Joint Ventures				
- Realised	(3,184)	(2,248)	–	–
Associates				
- Realised	(5,330)	(4,839)	–	–
	(464,890)	(443,633)	(385,338)	(357,843)

The determination of realised and unrealised profits or losses is based on the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits or losses above is solely complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

STATEMENT BY **DIRECTORS**

We, **CHUA KIM LAN** and **YAW CHUN SOON**, being two of the directors of **TALAM TRANSFORM BERHAD**, do hereby state that in the opinion of the directors, the financial statements set out on pages 46 to 157 are properly drawn up in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2016 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

The supplementary information set out on page 158 have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

…………………………………………...
CHUA KIM LAN
Director

…………………………………………......
YAW CHUN SOON
Director

Kuala Lumpur

Date: 30 May 2016

STATUTORY **DECLARATION**

I, **SOO KAH PIK**, being the officer primarily responsible for the financial management of **TALAM TRANSFORM BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 46 to 157 and the supplementary information set out on page 158 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

……………………………………….
SOO KAH PIK

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 30 May 2016.

Before me,

………………………………………………
TAN KIM CHOOI W661
Commissioner for Oaths

INDEPENDENT **AUDITORS' REPORT**
TO THE MEMBERS OF TALAM TRANSFORM BERHAD
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of TALAM TRANSFORM BERHAD, which comprise the statements of financial position as at 31 January 2016 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 46 to 157.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 January 2016 and of their financial performance and cash flows for the financial year then ended in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:-

(a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

(b) Other than those subsidiaries without the audited financial statements and the auditors' reports as disclosed in Note 34 to the financial statements, we have considered the financial statements of all the subsidiaries and the auditors' reports of the remaining subsidiaries of which we have not acted as auditors, which are indicated in Note 33 to the financial statements.

(c) Other than those subsidiaries without the audited financial statements as disclosed in Note 33 to the financial statements, we are satisfied that the financial statements of the remaining subsidiaries that have been consolidated with the Company's financial statements are in a form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) Other than those subsidiaries without the auditors' reports as disclosed in Note 33 to the financial statements, the auditors' reports on the financial statements of the remaining subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out on page 158 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Ong Teng Yan
No. 3076/07/17 (J)
Chartered Accountant

Kuala Lumpur

Date: 30 May 2016

LIST OF **TOP 10 PROPERTIES**
As at 31 January 2016

No.	+ Registered # Beneficial Owner		Location	Original Land area/ Built up area	* Remaining Acreage/ ** Built up area (sq.ft.) (Nett Area)	Description/ Proposed development	Date of Acquisition/ Joint Venture/ Completion	Tenure	Expiry	Approximate age of the building (Years)	Net book value/Net carrying value as at 31/01/2016 (RM'000)
1	Europlus Berhad	+ #	Mukim Serendah Daerah Ulu Selangor Bandar Bukit Beruntung Negeri Selangor	197.61 acres	* 197.61	Town ship Development Bukit Beruntung	17/02/2015	Freehold	N/A	N/A	41,954
2	Talam Transform Berhad	+	Mukim Serendah Daerah Ulu Selangor Bandar Bukit Sentosa Negeri Selangor	993.99 acres	* 127.82	Bukit Sentosa III Development of industrial, residential and commercial development	29/10/1994	Freehold	N/A	N/A	62,175
3	Europlus Berhad	+	Mukim Serendah, Daerah Ulu Selangor Prima Beruntung Negeri Selangor	249.25 acres	* 21.13	Town ship Development Prima Beruntung	14/05/1996	Freehold	N/A	N/A	16,432
		+	Mukim Ulu Yam Daerah Ulu Selangor Bukit Beruntung 3 Negeri Selangor	717 acres	* 199.53	Residential, industrial and Bukit Beruntung III	18/12/1991	Freehold	N/A	N/A	82,074
4	Talam Leisure Development Sdn Bhd	#	Mukim Dengkil Daerah Sepang Taman Putra Perdana Puchong Selangor	120.50 acres	* 120.50	Development of residential and commercial properties	05/02/2015	99 years Leasehold	19/10/2093	N/A	164,498
5	Talam Transform Berhad	+ #	Mukim Batang Berjuntai, Daerah Kuala Selangor Negeri Selangor	236.50 acres	* 236.50	Batang Berjuntai	04/07/2014	99 years Leasehold	21/01/2101	N/A	35,530
6	Talam Transform Berhad	#	Taman Puncak Jalil Bandar Putra Permai Seri Kembangan Selangor	16.50 acres	* 16.50	Taman Puncak Jalil	16/03/2015	99 years Leasehold	02/07/2100	N/A	7,187
7	Jilin Province Maxcourt Hotel Limited	+	No. 19, Xian Road Changchun City District of Chaoyang Jilin, China	5,995 sq meter 41,584 sq meter	N/A	A 4 star 24-storey hotel building	24/12/1999	30 years Leasehold	29/12/2023	13	113,887
8	Abra Development Sdn Bhd	+	Menara Maxisegar, Jalan Pandan Indah 4/2, Pandan Indah, 55100 Kuala Lumpur	3,900 sq meter/ 33,778.15 sq meter	N/A	Menara Maxisegar 24-storey commercial complex	22/06/1995	99 years Leasehold	03/04/2094	19	51,711
9	Talam Transform Berhad	#	Bandar Saujana Putra Lebuhraya Elite Jenjarom, Selangor	3.18 acres	* 3.18	1 plot of vacant land designated for low cost flat	16/03/2012	99 years Leasehold	05/02/2094	N/A	1,492
10	Inti Johan Sdn Bhd	#	Pandan Kapital Shopping Mall Jalan Pndan Utama Pandan Indah, 55100 Kuala Lumpur	28,007 sq meter/ 177,471 sq feet	** 151,681 sq feet	Pandan Kapital Shopping Mall	09/03/2005	99 years Leasehold	24/03/2101	18	17,987

Material Properties Owned By Associates ***(Refer to Note 9(a) of the Audited Financial Statements for further information)***

11	Cekap Tropikal Sdn Bhd	#	Mukim of Batu District of Gombak State of Selangor	100 acres	* 100 acres	Mixed Development	05/03/2007	99 years Leasehold	23/12/2103	N/A	65,169

STATEMENT ON **DIRECTORS' INTERESTS**
As at 4 May 2016

ORDINARY SHARES
(Based on Register of Directors' shareholdings as at 4 May 2016)

	No. of Ordinary Shares of RM0.20 each			
The Company	**Direct Interest**	**%*4**	**Indirect Interest**	**%*4**
1. Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon	607,710,694	14.41	658,760,772 *1	15.62
2. Chua Kim Lan	90,039	0.002	28,125 *2	0.001
3. Yaw Chun Soon	445,000	0.01	–	–
4. Chan Tet Eu	–	–	866,471,466 *3	20.54

Notes:

*1 *Held through his spouse, Puan Sri Datin Thong Nyok Choo ("PSDTNC"), his daughter, Chan Siu Wei ("CSW") and deemed interested by virtue of his interest in Pengurusan Projek Bersistem Sdn Bhd ("PPBSB"), Sze Choon Holdings Sdn Bhd ("SCHSB"), Jejak Progresif Sdn Bhd ("JPSB") and the Sale Shares pursuant to Section 134(12)(c) and Section 6A of the Companies Act, 1965 ("Act") respectively.*

The Sale Shares refers to the Second Tranche Sale Shares comprising 400,000,000 ordinary shares of RM0.20 each in Talam Transform Berhad to be disposed by Kumpulan Europlus Berhad to Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon ("TSDCAC") pursuant to the Share Sale Agreement dated 17 October 2014 ("SSA") and Supplemental Agreement to SSA dated 28 August 2015.

*2 *Held through her spouse, Chin Chee Meng pursuant to Section 134(12)(c) of the Act.*

*3 *Deemed interested through his father, TSDCAC, his mother, PSDTNC, his sister, CSW and by virtue of his interest in PPBSB, SCHSB and JPSB pursuant to Section 6A of the Act.*

*4 *% shareholding based on voting share capital as at 4 May 2016 of 4,217,643,762.*

Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon and Chan Tet Eu, by virtue of their interests in the shares of the Company are also deemed interested in the shares of all the Company's subsidiaries to the extent the Company has an interest.

Save as disclosed above, none of the other Directors of the Company have any interests in the shares of the Company and its related corporations as at 4 May 2016.

ANALYSIS OF **SHAREHOLDINGS**

As at 4 May 2016

SHARE CAPITAL

Authorised share capital	:	RM2,000,000,000.00 divided into 8,000,000,000 ordinary shares of RM0.20 each, 1,500,000,000 redeemable convertible preference shares of RM0.20 each and 1,000,000,000 irredeemable convertible preference shares of RM0.10 each.
Issued and paid-up share capital	:	RM844,055,912.40 divided into 4,220,279,562 ordinary shares of RM0.20 each.
Class of Shares/Voting Rights	:	There is only one class of ordinary shares with voting rights in the paid-up share capital of the Company. Each share entitles the holder to one vote.
Shares Buy Back	:	The Company had purchased 2,635,800 ordinary shares of RM0.20 each and the shares purchased were retained as treasury shares.

DISTRIBUTION OF ORDINARY SHAREHOLDINGS

(Based on Record of Depositors as at 4 May 2016)

Size of Holdings	No. of Ordinary Shareholders	% of Ordinary Shareholders	No. of Ordinary Shares Held	% of Ordinary Shares Held
1 - 99	1,401	6.28	60,717	0.00
100 - 1,000	1,952	8.76	1,215,460	0.03
1,001 - 10,000	7,075	31.74	33,459,113	0.79
10,001 - 100,000	8,305	37.25	404,805,607	9.60
100,001 - 210,882,187 (*1)	3,557	15.96	3,134,933,315	74.33
210,882,188 and above (*2)	2	0.01	643,169,550	15.25
TOTAL (*3)	**22,292**	**100.00**	**4,217,643,762**	**100.00**

NOTES:

(*1) *Less than 5% of the voting share capital*
(*2) *5% and above of the voting share capital*
(*3) *Exclusive of Shares Buy Back*

THIRTY LARGEST ORDINARY SHAREHOLDERS
(Based on Record of Depositors as at 4 May 2016)

	Name	No. of Ordinary Shares Held	%
(1)	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KUMPULAN EUROPLUS BERHAD	413,169,550	9.80
(2)	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JEJAK PROGRESIF SDN BHD	230,000,000	5.45
(3)	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN AH CHYE @ CHAN CHONG YOON	183,718,086	4.37
(4)	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CHAN AH CHYE @ CHAN CHONG YOON (PB)	168,000,000	3.98
(5)	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR CHAN AH CHYE @ CHAN CHONG YOON (PBCL-0G0237)	126,000,000	2.99
(6)	AL WAKALAH NOMINEES (TEMPATAN) SDN BHD BANK ISLAM MALAYSIA BERHAD	103,373,494	2.45
(7)	MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN AH CHYE @ CHAN CHONG YOON	80,300,000	1.90
(8)	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PROMINENT XTREME SDN BHD	78,840,700	1.87
(9)	TASEC NOMINEES (TEMPATAN) SDN BHD TA FIRST CREDIT SDN BHD FOR KUMPULAN EUROPLUS BERHAD	60,000,000	1.42
(10)	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	52,000,000	1.23
(11)	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG YIEW ON (6000006)	50,798,000	1.20
(12)	CHONG YIEW ON	46,900,000	1.11
(13)	CHAN AH CHYE @ CHAN CHONG YOON	44,074,565	1.05
(14)	MPI GENERALI INSURANS BERHAD	40,000,000	0.95
(15)	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	36,405,139	0.86

ANALYSIS OF SHAREHOLDINGS
(continued)

THIRTY LARGEST ORDINARY SHAREHOLDERS (CONT'D)
(Based on Record of Depositors as at 4 May 2016)

	Name	No. of Ordinary Shares Held	%
(16)	DB (MALAYSIA) NOMINEE (ASING) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED	31,110,000	0.74
(17)	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PROMINENT XTREME SDN BHD	28,415,000	0.67
(18)	RESON SDN BHD	27,131,500	0.64
(19)	TASEC NOMINEES (TEMPATAN) SDN BHD TA FIRST CREDIT SDN BHD FOR PENGURUSAN PROJEK BERSISTEM SDN BHD	20,400,000	0.48
(20)	ONG YENG TIAN @ ONG WENG TIAN	14,934,470	0.35
(21)	GENERAL TECHNOLOGY SDN BHD	13,197,431	0.31
(22)	TASEC NOMINEES (TEMPATAN) SDN BHD TA FIRST CREDIT SDN BHD FOR KUMPULAN EUROPLUS BHD (A/C NO 2)	12,874,167	0.31
(23)	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	12,624,036	0.30
(24)	POS MALAYSIA BERHAD	11,637,000	0.28
(25)	NG LOO SOON	11,000,000	0.26
(26)	ONG YEW BENG	10,900,000	0.26
(27)	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHOOI HO	10,900,000	0.26
(28)	LIM SIEW KHEONG	10,000,000	0.24
(29)	TAN SUAN HUAT	10,000,000	0.24
(30)	KHOO SU CHIN	9,000,000	0.21
		1,947,703,138	**46.18**

SUBSTANTIAL SHAREHOLDERS

(Based on Register of Substantial Shareholders as at 4 May 2016)

		No. of Ordinary Shares of RM0.20 each			
	Name of Substantial Shareholders	Direct Interest	%*9	Indirect Interest	%*9
1.	Kumpulan Europlus Berhad	492,840,517	11.69	–	–
2.	IJM Corporation Berhad	–	–	492,840,517 *1	11.69
3.	MWE Holdings Berhad	–	–	492,840,517 *2	11.69
4.	Pinjaya Sdn Bhd	–	–	492,840,517 *3	11.69
5.	Tan Sri Dato' Surin Upatkoon	–	–	492,840,517 *4	11.69
6.	Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon	607,710,694	14.41	658,760,772 *5	15.62
7.	Puan Sri Datin Thong Nyok Choo	600,145	0.01	865,871,321 *6	20.53
8.	Chan Siu Wei	3,259,950	0.07	863,211,516 *7	20.47
9.	Chan Tet Eu	–	–	866,471,466 *8	20.54
10.	Jejak Progresif Sdn Bhd	230,000,000	5.45	–	–

NOTES:

*1 *Deemed interested by virtue of its interest in Kumpulan Europlus Berhad ("KEURO") pursuant to Section 6A of the Companies Act, 1965 ("Act").*

*2 *Deemed interested by virtue of its interest in KEURO pursuant to Section 6A of the Act.*

*3 *Deemed interested by virtue of its interest in MWE Holdings Berhad pursuant to Section 6A of the Act.*

*4 *Deemed interested by virtue of his interest in Pinjaya Sdn Bhd pursuant to Section 6A of the Act.*

*5 *Held through his spouse, Puan Sri Datin Thong Nyok Choo ("PSDTNC"), his daughter, Chan Siu Wei ("CSW") and deemed interested by virtue of his interest in Pengurusan Projek Bersistem Sdn Bhd ("PPBSB"), Sze Choon Holdings Sdn Bhd ("SCHSB"), Jejak Progresif Sdn Bhd ("JPSB") and the Sale Shares pursuant to Section 134(12)(c) and Section 6A of the Act respectively.*

The Sale Shares refers to the Second Tranche Sale Shares comprising 400,000,000 ordinary shares of RM0.20 each in Talam Transform Berhad to be disposed by KEURO to Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon ("TSDCAC") pursuant to the Share Sale Agreement dated 17 October 2014 ("SSA") and Supplemental Agreement to SSA dated 28 August 2015.

*6 *Deemed interested through her spouse, TSDCAC, her daughter, CSW and by virtue of her interest in PPBSB, SCHSB and JPSB pursuant to Section 6A of the Act.*

*7 *Deemed interested through her father, TSDCAC, her mother, PSDTNC and by virtue of her interest in PPBSB, SCHSB and JPSB pursuant to Section 6A of the Act.*

*8 *Deemed interested through his father, TSDCAC, his mother, PSDTNC, his sister, CSW and by virtue of his interest in PPBSB, SCHSB and JPSB pursuant to Section 6A of the Act.*

*9 *% shareholding based on voting share capital as at 4 May 2016 of 4,217,643,762.*

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 91st Annual General Meeting of Talam Transform Berhad ("the Company") will be held at Cubic World Function Hall, 41, Level 3 (1st Floor), Pusat Beli Belah Pandan Kapital, Persiaran MPAJ, Off Jalan Pandan Indah Utama, Pandan Indah, 55100 Kuala Lumpur on Thursday, 23 June 2016 at 11.30 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the year ended 31 January 2016 and the Reports of the Directors and Auditors thereon. *(Please refer to Explanatory Note A)*

2. To approve the payment of Directors' fees of RM35,000 for each Director for the year ended 31 January 2016 (2015: RM30,000 for each Director). *(Resolution 1)*

3. To re-elect the Director, Chua Kim Lan who is retiring in accordance with Article 97 of the Articles of Association of the Company. *(Resolution 2)*

4. To re-appoint Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon who is over the age of seventy (70) years, as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company pursuant to Section 129(6) of the Companies Act, 1965. *(Resolution 3)*

5. To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company and to authorise the Directors to fix their remuneration. *(Resolution 4)*

AS SPECIAL BUSINESS

6. **ORDINARY RESOLUTION** *(Resolution 5)*
   Proposed Retention of Independent Non-Executive Director

   "**THAT** Tsen Keng Yam be and is hereby retained as an Independent Non-Executive Director of the Company and he shall continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting notwithstanding that he has been in that capacity for a cumulative term of more than nine (9) years."

7. **ORDINARY RESOLUTION** *(Resolution 6)*
   Proposed Retention of Independent Non-Executive Director

   "**THAT** Dato' Kamaruddin Bin Mat Desa be and is hereby retained as an Independent Non-Executive Director of the Company and he shall continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting notwithstanding that he has been in that capacity for a cumulative term of nine (9) years this coming 1 October 2016."

8. **ORDINARY RESOLUTION** *(Resolution 7)*
   Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965

   "**THAT** pursuant to Section 132D of the Companies Act, 1965 and subject always to the approval of all relevant authorities, the Directors of the Company be and are hereby empowered to issue and allot shares in the Company at any time to such persons and upon such terms and conditions for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being, and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless revoked or varied by the Company at a general meeting."

9. **ORDINARY RESOLUTION** *(Resolution 8)*
Proposed renewal of shareholders' mandate for existing recurrent related party transactions and new shareholders' mandate for additional recurrent related party transactions of a revenue or trading nature ("Proposed Shareholders' Mandate I")

"**THAT** subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, the Company and its subsidiary companies shall be mandated to enter into such recurrent transactions of a revenue or trading nature which are necessary for their day-to-day operations and with those related parties as specified in Section 2.4(1) to (7) of the Circular to Shareholders dated 31 May 2016 subject further to the following:-

(i) the transactions are in the ordinary course of business of the Company and its subsidiary companies on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company; and

(ii) disclosure will be made in the Annual Report of the aggregate value of transactions of the Proposed Shareholders' Mandate I conducted during the financial year, including amongst others, the following information:-

(a) the type of the recurrent transactions made; and

(b) the names of the related parties involved in each type of the recurrent transactions made and their relationship with the Company and/or its subsidiary companies.

AND THAT such mandate shall commence upon passing of this resolution and shall continue to be in force until:-

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which such mandate was passed, at which time it will lapse, unless by a resolution passed at a general meeting, the authority is renewed; or

(ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND FURTHER THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate I."

10. **ORDINARY RESOLUTION** *(Resolution 9)*
Proposed renewal of shareholders' mandate for existing recurrent related party transactions and new shareholders' mandate for additional recurrent related party transactions of a revenue or trading nature ("Proposed Shareholders' Mandate II")

"**THAT** subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, the Company and its subsidiary companies shall be mandated to enter into such recurrent transactions of a revenue or trading nature which are necessary for their day-to-day operations and with those related parties as specified in Section 2.4(8) to (11) of the Circular to Shareholders dated 31 May 2016 subject further to the following:-

(i) the transactions are in the ordinary course of business of the Company and its subsidiary companies on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company; and

(ii) disclosure will be made in the Annual Report of the aggregate value of transactions of the Proposed Shareholders' Mandate II conducted during the financial year, including amongst others, the following information:-

(a) the type of the recurrent transactions made; and

(b) the names of the related parties involved in each type of the recurrent transactions made and their relationship with the Company and/or its subsidiary companies.

AND THAT such mandate shall commence upon passing of this resolution and shall continue to be in force until:-

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which such mandate was passed, at which time it will lapse, unless by a resolution passed at a general meeting, the authority is renewed; or

(ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND FURTHER THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate II."

11. To transact any other ordinary business which due notice shall have been given.

BY ORDER OF THE BOARD

SOO KAH PIK (MIA 8102)
Company Secretary

Kuala Lumpur
31 May 2016

NOTES:

1. *A member of the Company entitled to attend and vote at the meeting may appoint one (1) proxy to attend and vote in his stead. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. There shall be no restrictions as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the members to speak at the meeting.*

2. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, under its common seal or the hand of its attorney duly authorised.*

3. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

4. *A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holdings to be represented by each proxy.*

5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

6. *All Forms of Proxy must be deposited at the Registered Office of the Company situated at Suite 2.12, Level 2, Menara Maxisegar, Jalan Pandan Indah 4/2, Pandan Indah, 55100 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

7. *For the purpose of determining members who shall be entitled to attend the Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 16 June 2016. Only depositors whose names appear therein shall be entitled to attend the said meeting or appoint a proxy to attend and vote on their behalf.*

EXPLANATORY NOTE A

This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

EXPLANATORY NOTES TO THE SPECIAL BUSINESS

1. *Resolution Pursuant to the Proposed Retention of Independent Non-Executive Director*

   Resolution 5 and Resolution 6 are proposed pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012 and if passed, will allow Mr Tsen Keng Yam and Dato' Kamaruddin Bin Mat Desa to be retained and continue to act as Independent Non-Executive Directors.

   (a) *Mr Tsen Keng Yam*

   The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of Mr Tsen Keng Yam who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:-

   (i) *He has fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore is able to bring independent and objective judgment to the Board;*
   (ii) *His experience in the various industries enables him to provide the Board with a diverse set of experience, expertise, skills and competence;*
   (iii) *He has been with the Company for more than twelve (12) years and therefore understands the Company's business operations which enables him to participate actively and contribute during deliberations or discussions at the Board and Board Committees' meetings;*
   (iv) *He has contributed sufficient time and effort and attended all the Board and Board Committees' meetings for the financial year ended 31 January 2016 to obtain independent information required for balanced decision making; and*
   (v) *He has exercised due care during his tenure as an Independent Non-Executive Director of the Company and carried out his duties in the interest of the Company and its shareholders.*

   (b) *Dato' Kamaruddin Bin Mat Desa*

   The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of Dato' Kamaruddin Bin Mat Desa who has served as an Independent Non-Executive Director of the Company for a cumulative term of nine (9) years this coming 1 October 2016 and recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:-

   (i) *He has fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore is able to bring independent and objective judgment to the Board;*
   (ii) *He has been with the Company for almost nine (9) years and therefore understands the Company's business operations which enables him to participate actively and contribute during deliberations or discussions at the Board and Board Committees' meetings;*
   (iii) *He has contributed sufficient time and effort and attended 4 out of 5 Audit Committee and Board meetings for the financial year ended 31 January 2016 to obtain independent information required for balanced decision making; and*
   (iv) *He has exercised due care during his tenure as an Independent Non-Executive Director of the Company and carried out his duties in the interest of the Company and its shareholders.*

2. *Resolution Pursuant to Section 132D of the Companies Act, 1965*

   The proposed Ordinary Resolution 7, if passed, will give authority to the Board of Directors to issue and allot ordinary shares from the unissued capital of the Company at any time in their absolute discretion and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

   The renewed general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the 90th Annual General Meeting held on 28 July 2015 and which will lapse at the conclusion of the 91st Annual General Meeting.

3. *The detailed information on the proposed Ordinary Resolution nos. 8 and 9 pertaining to the proposed renewal of shareholders' mandate for existing recurrent related party transactions and new shareholders' mandate for additional recurrent related party transactions of a revenue or trading nature, is set out in the Circular to Shareholders dated 31 May 2016 which is enclosed together with the Company's Annual Report 2016.*

This page has been intentionally left blank

TALAM TRANSFORM BERHAD
(Company No: 1120-H)
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.	
No. of Shares Held	

I/We ____ (NRIC/Passport/Company No.____________________________)
(Name in full and in block letters)

of____
(Full address)

being a member/members of **TALAM TRANSFORM BERHAD (1120-H)** hereby appoint: ______________________________

____ (NRIC/Passport No . ________________________)
(Name in full and in block letters)

of____
(Full address)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote on my/our behalf at the 91st Annual General Meeting of the Company to be held at the Cubic World Function Hall, 41, Level 3 (1st Floor), Pusat Beli Belah Pandan Kapital, Persiaran MPAJ, Off Jalan Pandan Indah Utama, Pandan Indah, 55100 Kuala Lumpur on Thursday, 23 June 2016 at 11.30 a.m. and at any adjournment thereof, on the resolutions referred to in the Notice of the Annual General Meeting.

My/our proxy is to vote as indicated below:

NO.	RESOLUTIONS	FOR	AGAINST
As Ordinary Business			
1	To approve the payment of Directors' fees of RM35,000 for each Director for the year ended 31 January 2016.		
2	To re-elect the Director, Chua Kim Lan who is retiring in accordance with Article 97 of the Articles of Association of the Company.		
3	To re-appoint Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon who is over the age of 70 years as a Director of the Company.		
4	To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company and to authorise the Directors to fix their remuneration.		
As Special Business			
5	Ordinary Resolution Proposed retention of Tsen Keng Yam as Independent Non-Executive Director.		
6	Ordinary Resolution Proposed retention of Dato' Kamaruddin Bin Mat Desa as Independent Non-Executive Director.		
7	Ordinary Resolution Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.		
8	Ordinary Resolution Proposed renewal of shareholders' mandate for existing recurrent related party transactions and new shareholders' mandate for additional recurrent related party transactions of a revenue or trading nature ("Proposed Shareholders' Mandate I").		
9	Ordinary Resolution Proposed renewal of shareholders' mandate for existing recurrent related party transactions and new shareholders' mandate for additional recurrent related party transactions of a revenue or trading nature ("Proposed Shareholders' Mandate II").		

(Please indicate with an "X" in the appropriate spaces how you wish your vote to be casted. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit, or at his/her discretion, abstains from voting).

Signed this ____________ day of ______________________2016.

____
Signature/Common Seal of Member

NOTES:

1. *A member of the Company entitled to attend and vote at the meeting may appoint one (1) proxy to attend and vote in his stead. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. There shall be no restrictions as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the members to speak at the meeting.*
2. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, under its common seal or the hand of its attorney duly authorised.*
3. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
4. *A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holdings to be represented by each proxy.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
6. *All Forms of Proxy must be deposited at the Registered Office of the Company situated at Suite 2.12, Level 2, Menara Maxisegar, Jalan Pandan Indah 4/2, Pandan Indah, 55100 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*
7. *For the purpose of determining members who shall be entitled to attend the Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 16 June 2016. Only depositors whose names appear therein shall be entitled to attend the said meeting or appoint a proxy to attend and vote on their behalf.*

Please fold here

Stamp

The Company Secretary
TALAM TRANSFORM BERHAD
Suite 2.12, Level 2, Menara Maxisegar
Jalan Pandan Indah 4/2
Pandah Indah
55100 Kuala Lumpur

Please fold here

TALAM TRANSFORM BERHAD (COMPANY NO. 1120-H)

Suite 2.12, Level 2, Menara Maxisegar
Jalan Pandan Indah 4/2, Pandan Indah
55100 Kuala Lumpur.
Tel : +603-4296 2000   Fax : +603-4297 7220

www.ttransform.com.my