



Talam Corporation Berhad

(Company No: 1120-H)
(INCORPORATED IN MALAYSIA)
MENARA MAXISEGAR,
JALAN PANDAN INDAH 4/2,
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Date: 27 June 2005

Listing Department
Bursa Malaysia Securities Berhad
9th Floor, Exchange Square
Bukit Kewangan
50200 Kuala Lumpur

Attn: Encik Johan Abdullah

Dears Sirs

**TALAM CORPORATION BERHAD ("TALAM")
AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31
JANUARY 2005 ("AUDITED FINANCIAL STATEMENTS")-AMENDMENTS**

We write to inform Bursa Malaysia Securities Berhad ("Bursa Securities") that amendments have been made to the Audited Financial Statements of the Company. Thirty (30) copies of the Company's Audited Financial Statements had earlier been sent to Bursa Securities on 31 May 2005. Details of the said amendments are as stated in Appendix attached hereto.

We enclose herewith thirty (30) sets of the relevant amended pages of the Company's Audited Financial Statements and a PDF file of the amended pages for your attention and further action.

Thank you.

Yours faithfully,
TALAM CORPORATION BERHAD

LIM MEI YOONG
Company Secretary

APPENDIX

Amendments to the audited financial statements of the Company for the financial year ended 31 January 2005.

No.	Page	Details
i	46	Note 4 – Land held for property development and property development costs (Contd) Under the Foreseeable losses, “Reserved / recognised during the year” should be reworded as “Reversed / (recognised) during the year”.
ii	57	Note 6 – Subsidiaries (Contd) The date header for the note should read as “10.12.2003” instead of “10.1.2003”.
iii	62	Note 14 – Other receivables (Contd) The last sentence of the third paragraph of Note 14(i) – “MMSB” should read as “MSSB”.
iv	68	Note 17 – Borrowings (Contd) There is a typography error in Note 17 (h) of “RM140,000,0000” which should read as “RM140,000,000”
v	69	Note 17 – Borrowings (Contd) The revised disclosure for the repayment due in relation to Note 17(h) is as follows:

	Group	
	2005	2004
	RM'000	RM'000
Financial year ending 31 January		
2006	10,000	-
2007	30,000	-
2008	50,000	-
2009	50,000	-
	<u>140,000</u>	<u>-</u>

The Note 17(h)(i) has been amended to read as follows (the underlined word has been corrected):

“Charges over certain operating accounts of MSSB (including Housing Development Accounts);”

The word "and" has been moved from end of (iv) to end of (iii) and the semi-colon at the end of (iv) replaced with a full stop.

vi	70	<p>Note 17 – Borrowings (Contd) The semi-colon sign at the end of sentence of note 17 (i)(ii) was replaced with a full stop.</p>
vii	74	<p>Note 22 – Share Capital (Contd) The presentation of the table in relation to the note has been revised to remove the number of shares as disclosed under the item (c) on the liability component of ICPS, therefore resulting in change in the total number of shares. (please refer to the amended page enclosed)</p>
viii	83	<p>Note 30 – Deferred Taxation (Contd) The sub total on the item of Other Payables at 31 January 2005 which should read as "1" instead of "(5)".</p>
ix	103	<p>Note 46 Financial Instruments (Contd) (f) Fair Values (contd) The Carrying Amount and Fair Value of Revolving Credits of the Company of RM43,150 and RM39,919 respectively were erroneously included and should be removed and replaced with a dash sign respectively as they are short term in nature and its carrying amount should approximate its fair value.</p>
x	107 & 109	<p>Note 47 – Segmental Information (Contd) (a) Analysis by business segment (Contd) Numbers under the column of Total Before Elimination were inadvertently omitted and should read as the amended pages enclosed.</p>

4. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONTD.)

(b) Property Development Costs (Contd.)

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Costs recognised in income statement:				
- At 1 February 2004/2003	(4,956,109)	(2,492,501)	(69,775)	(68,960)
- Acquisition of subsidiaries during the year	-	(3,287,300)	-	-
- Disposal of subsidiaries during the year	-	213,464	-	-
- Adjustments to completed projects during the year	166,417	1,239,666	-	-
- Recognised during the year	(640,393)	(629,438)	(606)	(815)
- At 31 January 2005/2004	<u>(5,430,085)</u>	<u>(4,956,109)</u>	<u>(70,381)</u>	<u>(69,775)</u>
Transfers:				
- (To)/from land held for property development	(179,261)	550,522	-	-
- From property, plant and equipment	10,210	-	-	-
- To inventories	(361)	(47,139)	-	-
	<u>(169,412)</u>	<u>503,383</u>	<u>-</u>	<u>-</u>
Foreseeable losses:				
- At 1 February 2004/2003	(844)	(754)	-	-
- Reversed/(recognised) during the year	3	(90)	-	-
- At 31 January 2005/2004	<u>(841)</u>	<u>(844)</u>	<u>-</u>	<u>-</u>
Property development costs at 31 January 2005/2004	<u>1,907,323</u>	<u>2,391,476</u>	<u>47,713</u>	<u>48,322</u>

6. SUBSIDIARIES (CONTD.)

	10.12.2003
	RM'000
Satisfied by:	
Cash	<u>1</u>
Net cash outflow arising on disposal, representing cash and cash equivalents of subsidiaries disposed	<u>(2,607)</u>

7. ASSOCIATES

	Group	
	2005	2004
	RM'000	RM'000
Cost	7,219	7,219
Addition	- *	-
Less: Accumulated impairment losses	<u>(7,219)</u>	<u>(7,219)</u>
	<u>-</u>	<u>-</u>
Represented by:		
Share of net assets	7,219	7,219
Share of post acquisition losses	<u>(7,219)</u>	<u>(7,219)</u>
	<u>-</u>	<u>-</u>

* Denote RM1

Details of associates are disclosed in Note 52.

8. OTHER INVESTMENT

	Group	
	2005	2004
	RM'000	RM'000
1% Irredeemable Convertible Unsecured Loan Stock ("ICULS")	<u>76,332</u>	<u>76,332</u>

The ICULS nominal value at RM1.00 each, are constituted by a Trust Deed dated 8 November 2003 between Venue Venture Sdn. Bhd. ("VVSB") and the trustee for the holders of ICULS.

14. OTHER RECEIVABLES (CONTD.)

Judgement was delivered in favour of the third party together with interest and cost as disclosed in Note 40(b). MSSB appealed to the Court of Appeal against the said judgment and on 5 May 2005, the Court of Appeal has dismissed the Appeal.

On 24 May 2005, the Company has instructed Messrs Shahrizat Rashid & Lee, the new solicitors, to file the motion for leave to appeal to the Federal Court. The said solicitors retained by the Company have advised that the Company has a strong case in its appeal to the Federal Court. The said solicitors had premised their advice based upon the grounds of Judgment of the High Court as well as the evidence of the parties compiled in the Record of Appeal and lodged with the Court of Appeal. Having perused the various documents stated above, the said solicitors are of the view that both the High Court and the Court of Appeal had failed and/or ignored to address various fundamental principles of law in arriving at its decision(s), which if considered in light of the evidence before the Court may have had a bearing on the Court's decision favourable to the Company. In the meantime, MSSB has filed an application for a stay of execution at the Court of Appeal.

No provision for doubtful recovery of RM42,071,000 and the interest expenses and costs of RM35,362,000 as mentioned in Note 40(b) have been made as the directors, based on the advice of the said solicitors, are confident that MSSB will succeed in its appeal;

- (ii) Deposits of RM9,938,000 (2004: RM9,952,000) paid to a land owner for a proposed acquisition of the land. The Group is currently negotiating the terms and conditions of the proposed acquisition;
 - (iii) Due from Venue Venture Sdn. Bhd. of RM31,207,000 (2004: RM78,516,000) arising from the reorganisation of Europlus pursuant to the merger; and
 - (iv) Due from a third party of RM27,899,000 (2004: RMNil) pursuant to the issuance of Sukuk Al-Ijarah which is secured by the third party's property as disclosed in Note 42(m)(B)(i).
- (b) The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors other than as disclosed above.

17. BORROWINGS (CONTD.)

An amount of RM8,793,000 (2004: RM41,407,000) has been maintained in the sinking fund held by trustees in accordance with the MUNIF granted to a subsidiary as disclosed in Note 9. The amount is deposited to meet the redemption of maturing notes.

(f) The BIOD of the Group is repayable in financial year ending 2006.

(g) The term and bridging loans are repayable as follows:

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Financial year ending 31 January				
2005	-	95,551	-	5,705
2006	166,144	58,626	3,381	-
2007	39,617	5,976	-	-
2008	23,092	-	-	-
	<u>228,853</u>	<u>160,153</u>	<u>3,381</u>	<u>5,705</u>

The term and bridging loans are secured by the following:

- (i) First and third legal charge over the freehold land and buildings of certain subsidiaries as disclosed in Notes 3 and 4;
 - (ii) Assignment of sales, rental and end finance proceeds from an investment property of a subsidiary;
 - (iii) Subordination deed executed by a subsidiary;
 - (iv) Fixed and floating charge over all the assets, revenue, rights and benefits on the property development properties of certain subsidiaries; and
 - (v) Corporate guarantee by the Company and certain subsidiaries.
- (h) During the financial year, a subsidiary, Maxisegar Sdn. Bhd. ("MSSB") issued RM140,000,000 nominal value of BaIDS.

17. BORROWINGS (CONTD.)

The BaIDS shall be payable upon maturity as follows:

	Group	
	2005	2004
	RM'000	RM'000
Financial year ending 31 January		
2006	10,000	-
2007	30,000	-
2008	50,000	-
2009	50,000	-
	<u>140,000</u>	<u>-</u>

The BaIDS is secured inter-alia by the following:

- (i) Charges over certain operating accounts of MSSB (including Housing Development Accounts).
- (ii) Assignments of sale proceeds from certain development properties of MSSB;
- (iii) A charge over certain development properties of MSSB; and
- (iv) Debentures over the fixed and floating assets of MSSB.

An amount of RM873,000 (2004: RMNil) has been maintained in the sinking fund held by trustees in accordance with the BaIDS granted to MSSB as disclosed in Note 9. The amount is deposited to meet the terms of redemption requirement of maturing notes.

- (i) During the financial year, a subsidiary, Ample Zone Berhad (formerly known as Ample Zone Sdn Bhd) ("Ample Zone") issued RM150,000,000 nominal value of Sukuk Al-Ijarah ("Sukuk") as disclosed in Note 42(l), (m) and (n).

17. BORROWINGS (CONTD.)

The Sukuk shall be payable upon maturity as follows:

	Group	
	2005	2004
	RM'000	RM'000
Financial year ending 31 January		
2007	2,500,000	-
2008	4,000,000	-
2009	4,500,000	-
2010	4,500,000	-
2011	4,500,000	-
2012	130,000,000	-
	<u>150,000,000</u>	<u>-</u>

The Sukuk is secured inter-alia by the following:

- (i) Debenture over the fixed and floating charge over all assets and properties and undertakings both present and future of Ample Zone; and
 - (ii) Memorandum of charge over fixed charge on various designated accounts.
- (j) In the previous year, the block discounting was secured by assignment of hire purchase and lease agreements of a subsidiary engaged in the hire purchase, lease financing, letter of credit, money lending and factoring business.

The block discounting was payable upon maturity as follows:

	Group	
	2005	2004
	RM'000	RM'000
Financial year ending 31 January		
2005	-	4,398
2006	-	1,987
2007	-	1,429
2008	-	784
2009	-	305
	<u>-</u>	<u>8,903</u>

22. SHARE CAPITAL (CONTD.)

	Group and Company			
	Number of Shares		Amount	
	2005	2004	2005	2004
	'000	'000	RM'000	RM'000
5% Irredeemable convertible preference shares ("ICPS") of RM0.10 each				
At 1 February 2004/2003	600,000	-	60,000	-
Created during the year	-	600,000	-	60,000
At 31 January	<u>600,000</u>	<u>600,000</u>	<u>60,000</u>	<u>60,000</u>
Total	<u>1,639,000</u>	<u>1,639,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid				
(a) Ordinary shares of RM1.00 each				
At 1 February 2004/2003	548,747	215,300	548,747	215,300
Issued and paid up during the year	-	219,314	-	219,314
Exercise of warrants	-	54,439	-	54,439
Conversion of ICULS 2003/2005	16,479	9,674	16,479	9,674
Conversion of ICULS 2003/2006	6	-	6	-
Conversion of RCPS	-	50,000	-	50,000
Conversion of ICPS	33,613	20	33,613	20
At 31 January	<u>598,845</u>	<u>548,747</u>	<u>598,845</u>	<u>548,747</u>
(b) Redeemable convertible preference shares ("RCPS") of RM0.01 each				
At 1 February 2004/2003	-	-	-	-
Created during the year	-	50,000	-	50,000
Less: Converted during the year	-	(50,000)	-	(50,000)
At 31 January	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(c) 5% Irredeemable convertible preference shares ("ICPS") of RM0.10 each				
At 1 February 2004/2003	591,668	-	59,167	-
Created during the year	-	591,868	-	59,187
Less: Converted during the year	(336,135)	(200)	(33,613)	(20)
At 31 January	<u>255,533</u>	<u>591,668</u>	<u>25,554</u>	<u>59,167</u>
Total	<u>854,378</u>	<u>1,140,415</u>	<u>624,399</u>	<u>607,914</u>
Less: Liability component of ICPS (Note 17)			<u>(4,531)</u>	<u>(7,624)</u>
Total			<u>619,868</u>	<u>600,290</u>

30. DEFERRED TAXATION (CONTD.)**Deferred Tax Assets of the Group:**

	Tax Losses and Unabsorbed Capital Allowances RM'000	Other Payables RM'000	Others RM'000	Total RM'000
At 1 February 2004	(10,268)	(5)	(537)	(10,810)
Recognised in the income statement	4,200	-	-	4,200
Disposal of subsidiaries	-	6	-	6
At 31 January 2005	<u>(6,068)</u>	<u>1</u>	<u>(537)</u>	<u>(6,604)</u>
At 1 February 2003	(627)	(58)	(432)	(1,117)
Recognised in the income statement	(9,641)	15	(105)	(9,731)
Disposal of subsidiaries	-	38	-	38
At 31 January 2004	<u>(10,268)</u>	<u>(5)</u>	<u>(537)</u>	<u>(10,810)</u>

Deferred Tax Liabilities of the Company:

	Accelerated Capital Allowances RM'000
At 31 January 2005/2004	<u>279</u>

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Unused tax losses	86,004	88,003	-	-
Unabsorbed capital allowances	30,272	17,105	-	-
Other deductible temporary differences	8,238	8,242	-	197
	<u>124,514</u>	<u>113,350</u>	<u>-</u>	<u>197</u>

The unused tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the respective subsidiaries.

46. FINANCIAL INSTRUMENTS (CONTD.)

(f) Fair Values (Contd.)

	Note	Group		Company	
		Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
At 31 January 2005					
Financial Liabilities					
Hire purchase and lease payables	18	1,892	1,733	131	122
Term and bridging loans	17	228,853	227,993	3,381	3,131
Revolving credits	17	10,500	10,270	-	-
ICULS	26	19,181	19,136	19,181	19,136
Other long term payables:	29				
- Obligation arising from acquisition of land		191,531	δ	-	-
- Amount payable for acquisition of land		83,465	δ	-	-
- Amount payable for acquisition of building		13,246	δ	-	-
- Loan from a minority shareholder of a subsidiary		13,770	**	-	-
At 31 January 2004					
Financial Assets					
Hire purchase receivables	13	8,820	8,402	-	-
Term loans receivables	13	4,349	4,322	-	-
Other investment	8	76,332	*	-	-

47. SEGMENTAL INFORMATION (CONTD.)

(a) Analysis by business segments (Contd.)

	Property Investment, Development & Construction RM'000	Credit RM'000	Trading RM'000	Education RM'000	Recreation RM'000	Hotel & RM'000	Elimination RM'000	Total Before Elimination RM'000	Elimination RM'000	Consolidated RM'000
Other Information										
Segment assets	3,755,954	-	-	36,561	160,563			3,953,078	-	3,953,078
Unallocated corporate assets										5,939
Consolidated total assets										<u>3,959,017</u>
Segment liabilities	2,531,991	-	-	6,713	108,788			2,647,492	-	2,647,492
Unallocated corporate liabilities										226,401
Consolidated total liabilities										<u>2,873,893</u>
Capital expenditure	6,826	3	205	84	2,718			9,836	-	9,836
Depreciation	5,420	15	832	855	2,794			9,916	-	9,916
Non-cash expenses other than depreciation	907	3	-	69	387			1,366	-	1,366

47. SEGMENTAL INFORMATION (CONTD.)

(a) Analysis by business segments (Contd.)

	Property Investment, Development & Construction RM'000	Credit RM'000	Manufacturing RM'000	Trading RM'000	Education RM'000	Hotel & Recreation RM'000	Elimination RM'000	Total Before Elimination RM'000	Elimination RM'000	Consolidated RM'000
Other Information										
Segment assets	4,364,007	77,239	19,065	63,699	50,080	167,924	4,742,014	-	-	4,742,014
Unallocated corporate assets										10,245
Consolidated total assets										<u>4,752,259</u>
Segment liabilities	3,212,909	57,785	24,767	56,543	71,909	120,537	3,544,450	-	-	3,544,450
Unallocated corporate liabilities										190,565
Consolidated total liabilities										<u>3,735,015</u>
Capital expenditure	5,009	8	-	54	34	1,232	6,337	-	-	6,337
Depreciation	4,026	23	1,018	867	1,310	2,934	10,178	-	-	10,178
Non-cash expenses other than depreciation	(14,541)	-	2,772	-	(18)	-	(11,787)	-	-	(11,787)