

TA ENTERPRISE BERHAD (194867-M)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2012

| | AS AT END OF CURRENT QUARTER 31/7/2012 RM'000 | AS AT PRECEDING FINANCIAL YEAR END 31/1/2012 RM'000 |
|---|---|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 2,205,341 | 1,929,715 |
| Investment property | 182,347 | 179,961 |
| Land held for property development | 413,552 | 411,485 |
| Prepaid land lease payments | 217 | 220 |
| Intangible assets | 370,670 | 297,810 |
| Land use rights | 7,415 | 7,510 |
| Associated companies | 25,534 | 26,271 |
| Jointly controlled operations | 98,937 | 87,506 |
| Investment securities | 211,670 | 158,229 |
| Financial receivables | 320,999 | 266,648 |
| Deferred lease registration fee | 167 | - |
| Deferred tax assets | 6,906 | 7,413 |
| | <u>3,843,755</u> | <u>3,372,768</u> |
| Current assets | | |
| Property development costs | 26,856 | 35,078 |
| Properties & land held for resale | 40,668 | 39,627 |
| Inventories | 4,737 | 2,489 |
| Financial receivables | 166,744 | 99,480 |
| Trade receivables | 503,770 | 489,179 |
| Other receivables | 104,797 | 112,978 |
| Investment securities | 38,991 | 37,229 |
| Short term funds | 581,918 | 594,922 |
| | <u>1,468,481</u> | <u>1,410,982</u> |
| TOTAL ASSETS | <u>5,312,236</u> | <u>4,783,750</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the Company | | |
| Share capital | 1,711,910 | 1,711,910 |
| Reserves | (35,250) | (113,311) |
| | <u>1,676,660</u> | <u>1,598,599</u> |
| Non-controlling interests | <u>1,220,553</u> | <u>1,206,998</u> |
| TOTAL EQUITY | <u>2,897,213</u> | <u>2,805,597</u> |
| Non-current liabilities | | |
| Deferred tax liabilities | 267,380 | 236,025 |
| Borrowings | 1,038,283 | 800,124 |
| | <u>1,305,663</u> | <u>1,036,149</u> |
| Current liabilities | | |
| Provision for liabilities | 2,587 | 3,665 |
| Borrowings | 255,458 | 119,608 |
| Trade payables | 640,973 | 631,654 |
| Other payables | 200,716 | 175,328 |
| Derivatives | - | 1,736 |
| Income tax payable | 9,626 | 10,013 |
| | <u>1,109,360</u> | <u>942,004</u> |
| TOTAL LIABILITIES | <u>2,415,023</u> | <u>1,978,153</u> |
| TOTAL EQUITY AND LIABILITIES | <u>5,312,236</u> | <u>4,783,750</u> |
| Net assets value per share (RM) | <u>0.98</u> | <u>0.93</u> |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 January 2012)

TA ENTERPRISE BERHAD (194867-M)
CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL PERIOD ENDED 31 JULY 2012

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---|---|---|--|
| | CURRENT YEAR QUARTER 31/7/2012 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 31/7/2011 RM'000 | CURRENT YEAR TO DATE 31/7/2012 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 31/7/2011 RM'000 |
| Revenue | 176,949 | 156,003 | 353,150 | 330,722 |
| Other income | 10,889 | 9,559 | 26,499 | 20,031 |
| Other expenses | (168,634) | (114,976) | (321,364) | (238,552) |
| Profit from operations | 19,204 | 50,586 | 58,285 | 112,201 |
| Finance costs | (7,893) | (6,029) | (14,918) | (12,381) |
| Share of results of associated companies | (203) | 671 | (737) | 693 |
| Profit before tax | 11,108 | 45,228 | 42,630 | 100,513 |
| Income tax expense | (4,528) | (10,822) | (10,827) | (24,196) |
| Profit for the period | 6,580 | 34,406 | 31,803 | 76,317 |
| Profit attributable to: | | | | |
| Equity holders of the Company | 6,620 | 26,236 | 27,119 | 59,958 |
| Non-controlling interests | (40) | 8,170 | 4,684 | 16,359 |
| | 6,580 | 34,406 | 31,803 | 76,317 |
| Earnings per share attributable to equity holders of the Company | | | | |
| Basic (sen) | 0.39 | 1.53 | 1.58 | 3.50 |
| Fully diluted (sen) | 0.39 | 1.53 | 1.58 | 3.50 |

AS AT END OF CURRENT QUARTER
AS AT PRECEDING FINANCIAL YEAR END

Net assets value per share (RM)

0.98

0.93

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 January 2012)

TA ENTERPRISE BERHAD (194867-M)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 JULY 2012

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---|---|---|--|
| | CURRENT YEAR QUARTER 31/7/2012 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 31/7/2011 RM'000 | CURRENT YEAR TO DATE 31/7/2012 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 31/7/2011 RM'000 |
| Profit for the period | 6,580 | 34,406 | 31,803 | 76,317 |
| Other comprehensive income/(loss): | | | | |
| Foreign currency translation differences for foreign operation | 85,498 | (1,698) | 60,844 | 46,763 |
| Net gain/(loss) on fair value changes on available-for-sale financial assets | (1,477) | 68 | (1,164) | (844) |
| Income tax relating to components of other comprehensive income | (86) | (264) | 133 | (235) |
| Other comprehensive income/(loss) for the period, net of tax | 83,935 | (1,894) | 59,813 | 45,684 |
| Total comprehensive income/(loss) for the period | 90,515 | 32,512 | 91,616 | 122,001 |
| Total comprehensive income/(loss) attributable to: | | | | |
| Equity holders of the Company | 69,987 | 25,405 | 78,061 | 92,855 |
| Non-controlling interests | 20,528 | 7,107 | 13,555 | 29,146 |
| | 90,515 | 32,512 | 91,616 | 122,001 |

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 January 2012)

TA ENTERPRISE BERHAD (194867-M)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 JULY 2012**

| | Attributable to equity holders of the Company | | | | | Distributable | | Total Equity RM'000 | | | |
|--|---|-------------------------|---------------------------|---------------------------|---|---|---|---------------------------|---|-----------------|--|
| | Share capital RM'000 | Share premium RM'000 | Capital reserve RM'000 | General reserve RM'000 | Available-for-sale reserve RM'000 | Exchange translation reserve RM'000 | Exchange difference recognised in equity RM'000 | | Retained profits/ (accumulated losses) RM'000 | Total RM'000 | Non-controlling interests RM'000 |
| At 1 February 2011 | 1,711,910 | 63,208 | 10,267 | - | 2,086 | 171,818 | 27,832 | (490,744) | 1,496,377 | 1,176,974 | 2,673,351 |
| Total comprehensive income/(loss) for the period | - | - | - | - | (1,298) | 35,223 | (1,028) | 59,958 | 92,855 | 29,146 | 122,001 |
| Transaction with owners | | | | | | | | | | | |
| Dividend | - | - | - | - | - | - | - | (25,679) | (25,679) | - | (25,679) |
| Dividend to non-controlling interests | - | - | - | - | - | - | - | - | - | (9,611) | (9,611) |
| Total transaction with owners | - | - | - | - | - | - | - | (25,679) | (25,679) | (9,611) | (35,290) |
| At 31 July 2011 | 1,711,910 | 63,208 | 10,267 | - | 788 | 207,041 | 26,804 | (456,465) | 1,563,553 | 1,196,509 | 2,760,062 |
| At 1 February 2012 | 1,711,910 | 63,208 | 10,267 | - | 320 | 206,457 | 23,529 | (417,092) | 1,598,599 | 1,206,998 | 2,805,597 |
| Total comprehensive income/(loss) for the period | - | - | - | - | (1,158) | 32,914 | 19,186 | 27,119 | 78,061 | 13,555 | 91,616 |
| At 31 July 2012 | 1,711,910 | 63,208 | 10,267 | - | (838) | 239,371 | 42,715 | (389,973) | 1,676,660 | 1,220,553 | 2,897,213 |

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 January 2012)

TA ENTERPRISE BERHAD (194867-M)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 JULY 2012**

| | 6 months ended | |
|--|------------------|------------------|
| | 31/7/2012 | 31/7/2011 |
| | RM'000 | RM'000 |
| Operating Activities | | |
| Profit before tax | 42,630 | 100,513 |
| Adjustments for: | | |
| Non-cash items | 69,996 | 46,683 |
| Non-operating items | (3,526) | 1,583 |
| Operating profit before changes in working capital | <u>109,100</u> | <u>148,779</u> |
| Net increase in assets | (192,573) | (92,735) |
| Net increase in liabilities | 86,137 | 139,843 |
| Cash generated from operations | <u>2,664</u> | <u>195,887</u> |
| Interest (paid)/received | (296) | (1,906) |
| Taxes (paid)/refunded | (1,140) | (12,943) |
| Net cash generated from operating activities | <u>1,228</u> | <u>181,038</u> |
| Investing Activities | | |
| Interest received | 10,952 | 7,365 |
| Acquisition of subsidiary | (270,912) | (119,129) |
| Dividend received | 132 | 226 |
| Investment in jointly controlled operations | (8,107) | (6,935) |
| Development cost on land held for development | (551) | (7,726) |
| Purchase of property, plant and equipment | (31,458) | (4,195) |
| Net purchase of investment securities | (43,044) | (1,506) |
| Other receipts/(payments) | 175 | (52) |
| Net cash used in investing activities | <u>(342,812)</u> | <u>(131,952)</u> |
| Financing Activities | | |
| Dividend paid | - | (25,679) |
| Dividend paid to minority interest | - | (9,611) |
| Interest paid | (13,996) | (12,374) |
| Net drawdown of borrowings | 346,573 | 243,287 |
| Proceeds from settlement of derivatives | 1,090 | - |
| (Increase)/decrease in pledged deposits for financing facilities | (22) | (19,496) |
| Net cash generated from financing activities | <u>333,645</u> | <u>176,127</u> |
| Net (decrease)/increase in Cash & Cash Equivalents during the period | (7,939) | 225,213 |
| Cash & Cash Equivalents at beginning of year | | |
| As previously reported | 236,544 | 257,338 |
| Effects of exchange rate changes | 1,894 | 2,596 |
| As restated | 238,438 | 259,934 |
| Cash & Cash Equivalents at end of current period which exclude monies held in trust, Housing Developer Accounts and fixed deposits pledged to financial institutions | <u>230,499</u> | <u>485,147</u> |

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 January 2012)

TA ENTERPRISE BERHAD (194867-M)

Quarterly Report for the Period Ended 31 July 2012

Notes (in compliance with FRS 134)

A1 Basis of Preparation

The quarterly financial statements are unaudited and has been prepared in accordance with Financial Reporting Standard (FRS) 134: Interim Financial Reporting and Paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements. The quarterly financial statements should be read in conjunction with the Group's audited financial statements for the year ended 31 January 2012.

A2 Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the audited financial statements for the year ended 31 January 2012, except for the adoption of the following new and revised Financial Reporting Standards (FRSs), Amendments to FRSs and IC interpretations.

| | | Effective for financial periods beginning on or after |
|------------------------------------|--|--|
| FRS 124 | Related Party Disclosures (Revised) | 1 January 2012 |
| Amendments to FRS 1 | Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters | 1 January 2012 |
| Amendments to FRS 7 | Transfer of Financial Assets | 1 January 2012 |
| Amendments to FRS 112 | Deferred Tax: Recovery of Underlying Assets | 1 January 2012 |
| Amendments to IC Interpretation 14 | Prepayments of a Minimum Funding Requirement | 1 July 2011 |
| IC Interpretation 19 | Extinguishing Financial Liabilities with Equity Instruments | 1 July 2011 |

The adoption of the above revised standards, amendments/improvements to existing standards and IC Interpretations did not have any significant impact on the financial statements of the Group in the period of initial application.

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework").

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

A2 Changes in Accounting Policies (cont'd)

The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 January 2015. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 January 2015.

A3 Auditors' Report of Previous Annual Financial Statements

The auditors' report of the preceding annual financial statements was not qualified.

A4 Seasonal or Cyclical Factors

The Group's operations are not affected by any seasonal or cyclical factors other than the volatility in the trading volume and share prices on the Bursa Malaysia and the seasonal factors that affect the occupancy and room rates of the Group's hotel operations.

A5 Unusual Items Affecting the Financial Statements

There were no items affecting assets, liabilities, equity, net income or cash flows during the financial period under review that were unusual because of their nature, size or incidence.

A6 Changes in Accounting Estimates

There were no changes in estimates that have had a material effect in the current quarter results.

A7 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities since the last annual reporting date.

A8 Dividends Paid

No dividend has been paid during the current financial quarter.

A9 Segmental Information

Segment revenue and segment results for the current financial year to date:

| | Broking and financial services | Investment holding and Others | Credit and lending | Property investment | Property development | Hotel operations | Elimination | Consolidated |
|---|---|--|-----------------------------------|--------------------------------|---------------------------------|-----------------------------|--------------------|---------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | | | | | | | |
| External sales | 57,291 | 3,411 | 19,517 | 26,721 | 36,454 | 209,756 | - | 353,150 |
| Inter-segment sales | - | 38,416 | 2,792 | 14,611 | - | - | (55,819) | 55,819 |
| Total revenue | <u>57,291</u> | <u>41,827</u> | <u>22,309</u> | <u>41,332</u> | <u>36,454</u> | <u>209,756</u> | <u>(55,819)</u> | <u>408,969</u> |
| Other income | 13,282 | 3,035 | 5,570 | 324 | 1,327 | 2,961 | - | 26,499 |
| Results | | | | | | | | |
| Net segment results | 19,566 | 1,818 | (482) | 9,350 | 6,377 | 41,572 | - | 78,201 |
| Foreign exchange (losses)/gains | 355 | (17,556) | 5,103 | - | - | 308 | - | (11,790) |
| Unallocated costs | | | | | | | | <u>(8,126)</u> |
| Profit from operations | | | | | | | | 58,285 |
| Finance costs | (320) | (5,438) | (1,525) | (4,812) | - | (2,823) | - | (14,918) |
| Share of results of associated companies | - | - | - | (737) | - | - | - | <u>(737)</u> |
| Profit before tax | | | | | | | | 42,630 |
| Income tax expense | | | | | | | | <u>(10,827)</u> |
| Profit for the year | | | | | | | | <u>31,803</u> |
| Attributable to: | | | | | | | | |
| Equity holders of the Company | | | | | | | | 27,119 |
| Non-controlling interests | | | | | | | | <u>4,684</u> |
| | | | | | | | | <u>31,803</u> |

A10 Subsequent Events

There were no material events subsequent to the end of the current quarter except for the following:-

Formation of a Limited Partnership

On 2 August 2012, TA West Georgia Development Ltd (“TAWG”), Birkbeck Trust and West Georgia GP Ltd entered into a Limited Partnership Agreement to form a Limited Partnership under the name of West Georgia Development Limited Partnership (“WGLP” or “Partnership”).

The following units in WGLP had been issued with the formation of the Partnership:-

- a) 100 Class “A” Units to TAWG at C\$1.00 per unit;
- b) 100 Class “A” Units to Birkbeck Trust at C\$1.00 per unit; and
- c) 1 Class “B” Unit to West Georgia GP Ltd at C\$1.00 per unit.

The Partnership was formed to undertake the joint development of hotel and residences on the piece of land located at 1151, West Georgia Street, City of Vancouver, British Columbia, Canada.

A11 Changes in the Composition of the Group

Acquisition of Crystal Caliber

On 3 February 2012, the Company announced that its wholly-owned subsidiary, TA Gemilang Trading Sdn Bhd acquired 2 ordinary shares representing 100% equity interest in Crystal Caliber Sdn. Bhd., for a total cash consideration of RM2.00.

On 20 April 2012, TA Gemilang Sdn Bhd disposed its 2 ordinary shares representing 100% equity interest in Crystal Caliber Sdn Bhd to TA Global Bhd, for a cash consideration of RM2.00.

Crystal Caliber was incorporated on 20 September 2011 as a private limited company in Malaysia pursuant to the Companies Act, 1965. The issued and paid-up capital of Crystal Caliber is RM2.00 divided into 2 shares of RM1.00 each. Crystal Caliber is an investment holding company.

Acquisition of Kingdom 5-KR-194, Ltd. and Kingdom 5-KR-195, Ltd..

On 31 May 2012, Crystal Caliber Sdn. Bhd. completed the acquisition of the hotel and business of Movenpick Karon Beach Resort in Phuket, Thailand via the purchase of the entire issued share capital of Kingdom 5-KR-194, Ltd. and Kingdom 5-KR-195, Ltd., for a total cash consideration of USD90,283,487.

A11 Changes in the Composition of the Group (cont'd)

Acquisition of Kingdom 5-KR-194, Ltd. and Kingdom 5-KR-195, Ltd. (cont'd)

The acquired subsidiaries had contributed the following results to the Group:

| | 3 Months ended 31 July 2012 RM'000 | 6 Months ended 31 July 2012 RM'000 |
|-----------------------|---|---|
| Revenue | 8,315 | 8,315 |
| Profit for the period | <u>2,140</u> | <u>2,140</u> |

The assets and liabilities arising from the acquisition were as follows:

| | Fair value recognised on acquisition RM'000 | Acquiree's carrying amount RM'000 |
|--|--|--|
| Property, plant and equipment | 253,725 | 253,725 |
| Other non-current assets | 63 | 63 |
| Properties held for sale | 1,031 | 1,031 |
| Inventories | 1,881 | 1,881 |
| Trade and other receivables | 4,409 | 4,409 |
| Cash and bank balances | <u>16,126</u> | <u>16,126</u> |
| | <u>277,235</u> | <u>277,235</u> |
| Trade and other payables | 15,736 | 15,736 |
| Deferred tax liabilities | 31,673 | 31,673 |
| Deferred land lease revenue | <u>9,537</u> | <u>9,537</u> |
| | <u>56,946</u> | <u>56,946</u> |
| Fair value of net assets/Group's share of net assets | 220,289 | |
| Purchase goodwill | <u>66,749</u> | |
| Total cost of acquisition | <u>287,038</u> | |

The effect of the acquisition on cash flows was as follows:

| | |
|--|--------------------------|
| Purchase consideration satisfied by cash | RM'000 287,038 |
| Cash and cash equivalents of subsidiaries acquired | <u>(16,126)</u> |
| Net cash outflow for the Group | <u>270,912</u> |

A11 Changes in the Composition of the Group (cont'd)

Incorporation of West Georgia GP Ltd.

On 26 July 2012, West Georgia GP Ltd. was incorporated under the Business Corporation Act with the British Columbia Registrar of Companies under incorporation number BC0946507.

The principal activity of West Georgia GP Ltd. is to carry on the business of the Partnership in relation to the joint development project in Vancouver, Canada.

The current issued and paid-up capital of West Georgia GP Ltd. is C\$2.00 divided into 2 common shares of C\$1.00 each issued to TA West Georgia Developments Ltd. and 678269 BC Ltd. TA West Georgia Development Ltd. is a wholly-owned subsidiary of the Group.

A12 Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities since the last annual reporting date. The Group does not have any contingent assets.

A13 Commitments

The amount of capital commitments not provided for in the interim financial statements as at 31 July 2012 is as follow:

| | <u>RM'000</u> |
|-----------------------------------|----------------|
| Approved and contracted for:- | |
| - Renovation | 1,368 |
| - Jointly controlled operations | <u>343,838</u> |
| | 345,206 |
| Approved but not contracted for:- | |
| - Renovation | <u>26,086</u> |
| | <u>371,292</u> |

Notes (in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad)

B1 Performance Analysis of the Group's Operating Divisions

The Group reported a pre-tax profit of RM11.1million and revenue of RM176.9million for the current second quarter, compared to pre-tax profit of RM45.2million and revenue of RM156.0million respectively achieved in the previous year's corresponding period. Although the Group enjoyed higher revenue contributed by the hotel operations and property development arms of TA Global Group, the Group's pre-tax profit was dragged down by higher impairment loss on financial receivables and foreign currency losses in the current quarter.

Analysis of the profit before tax for the current and preceding year's second quarter:

| | Current Year Quarter 31 July 2012 RM'000 | Preceding Year Corresponding Quarter 31 July 2011 RM'000 | Current Year To Date 31 July 2012 RM'000 |
|--|---|--|---|
| Revenue | 176,949 | 156,003 | 353,150 |
| Other income | | | |
| - Interest income from overdue financial receivables | 15 | 12 | 28 |
| - Interest income from financial institutions | 2,113 | 2,994 | 4,205 |
| - Interest income from a joint venture in which the Group has 65% interest | 642 | 375 | 1,260 |
| - Interest income from investment securities | 3,348 | - | 7,200 |
| - Other interest income | 50 | 137 | 173 |
| - Gain on disposal of investments | 1,603 | 1,139 | 6,729 |
| - Rental income | 1,247 | 1,304 | 2,482 |
| - Hotel profit guarantee | - | 2,961 | - |
| - Others | 1,871 | 637 | 4,422 |
| | 10,889 | 9,559 | 26,499 |
| Other expenses | | | |
| - Amortisation and depreciation | (20,157) | (18,213) | (37,849) |
| - Cost of properties and building materials sold | (19,280) | (4,637) | (31,001) |
| - Remisiers', agents' and futures brokers' commissions | (5,996) | (6,157) | (14,464) |
| - Hotel operational expenses (include hotel personnel cost) | (74,464) | (68,144) | (144,285) |
| - Personnel and others | (30,168) | (26,201) | (61,688) |
| - Fair value gain on revaluation of investments | 249 | 1,773 | 827 |
| - Fair value gain on derivatives | 3,476 | - | 2,855 |
| - Allowance for impairment loss on receivables | (16,681) | (923) | (23,969) |
| - Foreign exchange (loss)/gain | (5,613) | 7,526 | (11,790) |
| | (168,634) | (114,976) | (321,364) |
| Finance costs | (7,893) | (6,029) | (14,918) |
| Share of results of associated companies | (203) | 671 | (737) |
| Profit before tax | 11,108 | 45,228 | 42,630 |

B1 Performance Analysis of the Group's Operating Divisions (cont'd)

Broking and financial services

Pre-tax profit of the broking and financial services division decreased 21% to a profit of RM7.7mil in the current year's second quarter as compared to the corresponding quarter in FYE2012.

For the current period-to-date, this segment achieved a pre-tax profit of RM19.6mil, which represented a 23% decrease as compared to the preceding year's period-to-date.

Prolonged uncertainties in the equities market and soft market sentiment had led to lower trading turnover, which resulted in a decrease in brokerage and proprietary trade income.

Despite the drop of pre-tax profit, the division remains as the second largest profit contributor to the Group.

Investment holding

Investment holding division reported a pre-tax loss of RM10.7million in the current second quarter, as compared to a loss of RM10.1million in the previous year's corresponding quarter. The slight drop in pre-tax results was mainly due to lower fair value gain on revaluation of investment securities. However, the impact was partially cushioned by the decrease in net foreign exchange translation loss.

For the current period-to-date, this division reported a RM21.1million pre-tax loss as compared to a loss of RM5.0million in the previous year. This was mainly due to the high foreign exchange translation loss resulting from loans payable denominated in Singapore Dollar.

Credit and lending

For the current year's second quarter, credit and lending segment contributed RM6.9mil revenue to the Group, which represents a 41% decrease as compared to last year's corresponding quarter. This was mainly due to lower interest recognised on financial receivables. This division registered a pre-tax loss position of RM4.6million as compared with pre-tax profit of RM27.7million achieved in last year's corresponding quarter. This was mainly due to higher impairment losses on receivables and lower forex gain on translation of Australian Dollar denominated receivables.

For the same reason, pre-tax profit dropped by RM33.6million as compared to the previous year's corresponding period at RM3.1million.

Property investment

Property investment division contributed consistent revenue as compared to previous year's corresponding quarter and period-to-date, at approximately RM13million and RM26million respectively.

However, pre-tax profit of the current year was lower due to higher amortisation and finance cost.

Property development

Property development division reported an increase in revenue at RM22.4million in the current year's quarter, as compared to RM3.3million in the previous year's corresponding quarter. Higher revenue was recognised from the ongoing development projects in Damansara Avenue. This also explained the increase in current year's pre-tax profit.

B1 Performance Analysis of the Group's Operating Divisions (cont'd)

Hotel operations

Hotel operations revenue had increased by 9% at RM106.3million in the current year's quarter as compared to the previous year's corresponding quarter. This was mainly due to the revenue contributed by the newly acquired hotel in Thailand.

For the current period-to-date, this division reported stable pre-tax profit at approximately RM39million. Hotel operations had remained as the top profit contributor, representing 76% of the Group's results.

B2 Material Changes in Pre-tax Profit for the Current Quarter Compared with the Preceding Quarter

The Group registered a pre-tax profit of RM11.1million in the current second quarter as compared to RM31.5million in the preceding quarter.

Low trading volumes in the stockbroking market, high impairment loss on financial receivables and higher hotel operating costs had collectively dragged down the Group's pre-tax profit.

B3 Prospects for the current financial year

The global economic growth remained slow since the start of the year and the ongoing Eurozone crisis may further deteriorate the global economic outlook for year 2012. Domestically, the Malaysian economy has trended positively despite the volatile external environment.

The Prospects for Each Business Segments

Broking and financial services

In view of the softening economic growth outlook in the US and China together with the uncertainties in Europe, the capital market is expected to be volatile and competitive. With the higher operating costs and thin brokerage rates due to stiff competition, the company will continue to strive to improve our competitiveness.

Credit and Lending

The Group's local credit and lending entity will continue to gain business opportunities from the Initial Public Offers market this year. We expect the short term corporate lending to continue growing at its current moderate level in the coming quarters.

Property Investment

The property investment will continue to provide stable income to the Group from the local and overseas assets in Canada and China.

Property development

Despite the slowdown in the local property market, the Group expects stable contribution from the property development activities for this financial year due to the strategic location of the development project situated in Klang Valley.

Hotel Operations

The hospitality segment has contributed significantly to the Group's profits and we expect higher contributions from the expansion of hotel business in the Asian Region.

Barring any adverse global economic developments, the Group is expected to perform satisfactorily in year 2012.

B4 Variance between Actual Profit and Forecast Profit

Not applicable.

B5 Taxation

a) Taxation for the current financial period is as follows:

| | Current quarter RM'000 | Year to date RM'000 |
|--------------------------------------|---------------------------|------------------------|
| Estimated tax charge for the period: | | |
| - Malaysian income tax | 2,632 | 7,491 |
| - Foreign tax | 2,243 | 2,694 |
| Deferred tax | (347) | 642 |
| | <u>4,528</u> | <u>10,827</u> |

b) A reconciliation between the statutory and effective tax rate:

| | Current quarter RM'000 | Year to date RM'000 |
|--|---------------------------|------------------------|
| Profit before taxation | <u>11,108</u> | <u>42,630</u> |
| Taxation at the statutory income tax rate of 25% | 2,777 | 10,658 |
| Adjustments mainly due to the utilisation of previously unabsorbed tax losses and capital allowances, certain income not subject to tax net of certain expenses not deductible for tax purpose | <u>1,751</u> | <u>169</u> |
| Tax expense for the financial period | <u>4,528</u> | <u>10,827</u> |

B6 Corporate Proposals

Status of Corporate Proposals

All corporate proposals announced have been completed at the date of this quarterly report except for the following:-

- a) partially completed Special Bumiputra Issue first implemented in 1997;
- b) On 21 March 2003, TA Securities Holdings Berhad (“TASH”) submitted an application for Universal Broker (“UB”) status to the Securities Commission (“SC”). On 11 August 2003, TASH received approval from the SC subject to the fulfillment of certain conditions imposed on TASH.

An appeal seeking exemption/waiver of the aforesaid conditions was made by TASH and on 18 March 2004, SC varied the earlier conditional approval by retaining all the conditions previously imposed, except the condition that TASH, instead of Datuk Tiah Thee Kian (“Datuk”), would now provide a written declaration to the SC on the effective beneficial shareholding of Datuk in the Company.

Following the 18 March 2004 letter from SC and pursuant to the various appeals made by TASH to the SC on the same subject matter, the SC on 18 October 2004, consented to the following:

- (i) That Datuk and persons connected with him shall assign the voting rights of the shares in excess of 20% of their collective shareholding in the Company (“the excess shares”) to a firm of independent trustees before TASH is given the status of UB; and
 - (ii) That Datuk shall have full discretion to dispose the excess shares in the Company as he deems fit to persons other than himself, his nominees and persons connected with him within two years from the date of TASH being given the UB status.
- c) In the AGM held on 31 July 2009, the shareholders of the Company approved the establishment of a new employees’ share option scheme (“ESOS”) for the granting of option(s) to the eligible employees including Directors of the Company and its subsidiaries who fulfil the eligibility criteria to subscribe for new ordinary share(s) of RM1.00 each in the Company of up to 5% of the issued and paid-up share capital of the Company. The ESOS is currently pending implementation and no options have been granted to any eligible employees.

B7 Group Borrowings and Debt Securities

Total Group borrowings as at 31 July 2012 were as follows:-

| | Secured RM'000 | Unsecured RM'000 |
|------------------------------|-------------------|---------------------|
| <i>Long term borrowings</i> | | |
| Foreign currency loans | 1,038,283 | - |
| <i>Short term borrowings</i> | | |
| Foreign currency loans | 173,441 | - |
| Bank overdraft | - | 17 |
| Revolving credit | 30,000 | 52,000 |
| | <u>1,241,724</u> | <u>52,017</u> |

Denomination of secured foreign currency loans:-

| | | |
|------------------------------|------------------|---------|
| <i>Long-term borrowings</i> | | |
| C\$ | 66,134,301 | 206,723 |
| S\$ | 186,200,000 | 468,274 |
| A\$ | 23,250,000 | 76,506 |
| US\$ | 80,290,186 | 251,348 |
| RMB | 72,000,000 | 35,432 |
| | <u>1,038,283</u> | |
| <i>Short-term borrowings</i> | | |
| C\$ | 8,026,087 | 25,088 |
| S\$ | 6,800,000 | 17,101 |
| US\$ | 40,669,349 | 127,315 |
| RMB | 8,000,000 | 3,937 |
| | <u>173,441</u> | |

The secured foreign currency loans of the Group consist of the following:-

Loans denominated in C\$

- (a) A 15-year term loan (C\$30,297,886) which will mature on 1 December 2020.
- (b) A 20-year term loan (C\$38,587,809) which will mature on 1 June 2031.

The above term loans (a) & (b) are secured against a freehold land and building in Canada and the assignment of rentals and general security agreement over the aforesaid land and building.

- (c) Three 5-year term loans (total of C\$ 1,692,446) which will mature on 1 March 2015. The loans are secured by mortgage and general security agreements in respect of the 3 residential properties in Canada.
- (d) Short term loan amounting to C\$3,582,248 on rollover basis. The loan is secured against certain quoted investment securities.

The above loans bear interest rates ranging from 1.4% to 4.8% per annum.

B7 Group Borrowings and Debt Securities (cont'd)

Loan denominated in S\$

A 5-year term loan (S\$193,000,000) with a scheduled principal repayment S\$1,700,000 at the end of each of the 3 months from 30 November 2009. The term loan will mature on 30 November 2014, bear floating interest rate ranging from 1.6% to 1.9%, and is secured by new first all-monies charge over the ordinary shares of a subsidiary and mortgage over a hotel in Singapore.

Loan denominated in A\$

A 3-year floating rate Bill Facility amounting to A\$23,250,000 which will mature on 28 February 2015. The loan is secured against a freehold hotel land and building in Australia.

The above loan bears interest rates ranging from 5.5% to 5.7% per annum.

Loans denominated in US\$

- (a) 3-year loan (total of US\$80,290,186) which will mature on April 2014. The loan is secured against a freehold hotel land and building in Australia.
- (b) Short-term loan amounting to US\$40,669,349 on rollover basis. The loan is secured against certain quoted investment securities.

The above loans bear interest rates ranging from 0.7% to 2.1% per annum.

Loans denominated in RMB

Four term loans (total of RMB80,000,000) with maturities from 20 December 2013 to 24 April 2016. The loans are subject to variable interest rate ranging from 5.6% to 6.5%, and are secured against a hotel building and land use rights in the Republic of China.

B8 Material Litigation

As at 21 September 2012, there were no changes in material litigation since the last annual reporting date of 31 January 2012.

B9 Dividend

Apart from the first and final dividend of 2% less 25% taxation (1.5 sen net per ordinary share) in respect of the financial year ended 31 January 2012 approved by shareholders during the Annual General Meeting on 5 July 2012, there was no further dividend declared as at the date of this announcement.

B10 Disclosure of derivatives

There were no outstanding derivatives as at 31 July 2012.

B11 Disclosure of gains/losses arising from fair value changes of financial liabilities

There were no gains/losses arising from fair value changes of financial liabilities for the current financial quarter.

B12 Disclosure of realised and unrealised profits/(losses)

Bursa Malaysia Securities Berhad (“Bursa Malaysia”) has, on 25 March 2010 and 20 December 2010, issued directives requiring all listed corporations to disclose the breakdown of retained profits or accumulated losses into realised and unrealised in quarterly reports and annual audited financial statements.

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits are as follows:

| | Current quarter RM'000 | As at the end of last financial year RM'000 |
|---|----------------------------------|--|
| Total retained profits/(accumulated losses) of the Company and its subsidiaries: | | |
| -Realised | 816,053 | 777,251 |
| -Unrealised | (159,519) | (152,690) |
| | <u>656,534</u> | <u>624,561</u> |
| Total share of retained profits of associated companies: | | |
| -Realised | 3,186 | 3,922 |
| -Unrealised | 78 | 78 |
| | <u>3,264</u> | <u>4,000</u> |
| Total share of accumulated losses from jointly controlled operations | | |
| -Realised | (1,648) | (1,648) |
| | <u>658,150</u> | <u>626,913</u> |
| Less: Consolidation adjustments | <u>(1,048,123)</u> | <u>(1,044,005)</u> |
| Total (accumulated losses)/retained profits as per Statement of Financial Position | <u>(389,973)</u> | <u>(417,092)</u> |

B13 Earnings Per Share (EPS) attributable to equity holders of the Company

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---------------------------|--|---------------------------|---|
| | Current year quarter | Preceding year corresponding quarter | Current year to date | Preceding year corresponding period |
| | 31 July 2012 | 31 July 2011 | 31 July 2012 | 31 July 2011 |
| Basic earnings per share | | | | |
| Profit for the period (RM'000) - attributable to equity holders of the Company | 6,620 | 26,236 | 27,119 | 59,958 |
| Weighted average number of ordinary shares in issue ('000) | 1,711,910 | 1,711,910 | 1,711,910 | 1,711,910 |
| Basic earnings per share (sen) | <u>0.39</u> | <u>1.53</u> | <u>1.58</u> | <u>3.50</u> |

Basic earnings per share was calculated based on the Group's profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares outstanding during the reporting period.

Diluted earnings per share were not computed for the current and preceding period as the Company does not have any dilutive potential ordinary shares in issue as at the end of the reporting period.

BY ORDER OF THE BOARD
Chuah Wen Pin

Kuala Lumpur
28 September 2012