

**TA ENTERPRISE BERHAD (194867-M)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2013**

	AS AT END OF CURRENT QUARTER 31/7/2013 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31/1/2013 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	2,110,238	2,179,012
Investment properties	179,211	178,452
Land held for property development	414,616	413,776
Prepaid land lease payments	210	214
Intangible assets	352,384	366,798
Land use rights	7,865	7,541
Associated companies	24,718	25,229
Jointly controlled entities - Unincorporated	108,867	106,856
Jointly controlled entities	98,423	92,622
Deferred tax assets	7,835	8,751
Investment securities	63,915	255,112
Financial receivables	287,435	298,363
	<u>3,655,717</u>	<u>3,932,726</u>
<b>Current assets</b>		
Property development costs	20,494	22,362
Properties & land held for resale	40,665	40,787
Inventories	4,667	4,391
Financial receivables	176,956	156,436
Trade receivables	592,566	536,979
Other receivables	118,640	143,605
Investment securities	347,256	124,643
Short term funds	611,180	387,646
	<u>1,912,424</u>	<u>1,416,849</u>
<b>TOTAL ASSETS</b>	<u>5,568,141</u>	<u>5,349,575</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	1,711,910	1,711,910
Reserves	38,062	(17,776)
	<u>1,749,972</u>	<u>1,694,134</u>
<b>Non-controlling interests</b>	<u>1,237,505</u>	<u>1,231,793</u>
<b>TOTAL EQUITY</b>	<u>2,987,477</u>	<u>2,925,927</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	262,880	263,372
Borrowings	821,470	911,275
Provision for liabilities	1,735	1,735
	<u>1,086,085</u>	<u>1,176,382</u>
<b>Current liabilities</b>		
Provision for liabilities	1,109	2,209
Borrowings	701,837	337,283
Trade payables	504,723	558,058
Other payables	271,189	336,596
Derivatives	1,441	1,688
Income tax payable	14,280	11,432
	<u>1,494,579</u>	<u>1,247,266</u>
<b>TOTAL LIABILITIES</b>	<u>2,580,664</u>	<u>2,423,648</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>5,568,141</u>	<u>5,349,575</u>
Net assets value per share (RM)	<u>1.75</u>	<u>1.71</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 January 2013)

**TA ENTERPRISE BERHAD (194867-M)**
**CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL PERIOD ENDED 31 JULY 2013**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/7/2013 RM'000	31/7/2012 RM'000	31/7/2013 RM'000	31/7/2012 RM'000
<b>Revenue</b>	188,461	176,949	369,385	353,150
Other income	27,323	10,889	61,465	26,499
Other expenses	(164,387)	(168,634)	(313,919)	(321,364)
<b>Profit from operations</b>	51,397	19,204	116,931	58,285
Finance costs	(10,411)	(7,893)	(18,405)	(14,918)
Share of results of associated companies	(422)	(203)	(511)	(737)
Share of results of jointly controlled entities - unincorporated	(199)	-	(199)	-
Share of results of jointly controlled entities	(46)	-	(46)	-
<b>Profit before tax</b>	40,319	11,108	97,770	42,630
Income tax expense	(9,570)	(4,528)	(15,437)	(10,827)
<b>Profit for the period</b>	30,749	6,580	82,333	31,803
Profit attributable to:				
Equity holders of the Company	31,901	6,620	65,813	27,119
Non-controlling interests	(1,152)	(40)	16,520	4,684
	30,749	6,580	82,333	31,803
Earnings per share attributable to equity holders of the Company				
Basic (sen)	1.86	0.39	3.84	1.58
Fully diluted (sen)	1.86	0.39	3.84	1.58

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

Net assets value per share (RM)

1.75

1.71

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 January 2013)

**TA ENTERPRISE BERHAD (194867-M)**
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 JULY 2013**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/7/2013 RM'000	31/7/2012 RM'000	31/7/2013 RM'000	31/7/2012 RM'000
<b>Profit for the period</b>	30,749	6,580	82,333	31,803
<b>Other comprehensive income/(loss):</b>				
<b>Items that will be reclassified subsequently to profit or loss:</b>				
Foreign currency translation differences for foreign operation	14,828	85,498	(24,707)	60,844
Available-for-sale financial assets				
- Net fair value gain/(loss)	(438)	(1,477)	4,656	(1,164)
- Reclassification to profit or loss	1,678	-	(374)	-
Income tax relating to components of other comprehensive income	(388)	(86)	(358)	133
<b>Other comprehensive income for the period, net of tax</b>	<u>15,680</u>	<u>83,935</u>	<u>(20,783)</u>	<u>59,813</u>
<b>Total comprehensive income for the period</b>	<u>46,429</u>	<u>90,515</u>	<u>61,550</u>	<u>91,616</u>
Total comprehensive income attributable to:				
Equity holders of the Company	44,549	69,987	55,838	79,061
Non-controlling interests	1,880	20,528	5,712	13,555
	<u>46,429</u>	<u>90,515</u>	<u>61,550</u>	<u>92,616</u>

**(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 January 2013)**

**TA ENTERPRISE BERHAD (194867-M)**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 JULY 2013**

	Atributable to equity holders of the Company							Total Equity RM'000		
	Share capital RM'000	Share premium RM'000	Capital 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
<b>At 1 February 2012</b>	1,711,910	63,208	10,267	320	206,457	23,529	(417,092)	1,598,599	1,206,998	2,805,597
<b>Total comprehensive income for the period</b>	-	-	-	(1,158)	32,914	19,186	27,119	78,061	13,555	91,616
<b>At 31 July 2012</b>	1,711,910	63,208	10,267	(838)	239,371	42,715	(389,973)	1,676,660	1,220,553	2,897,213
<b>At 1 February 2013</b>	1,711,910	63,208	10,267	3,496	228,677	35,565	(358,989)	1,694,134	1,231,793	2,925,927
<b>Total comprehensive income for the period</b>	-	-	-	3,956	(17,187)	3,256	65,813	55,838	5,712	61,550
<b>At 31 July 2013</b>	1,711,910	63,208	10,267	7,452	211,490	38,821	(293,176)	1,749,972	1,237,505	2,987,477

\* Distributable

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 January 2013)

**TA ENTERPRISE BERHAD (194867-M)**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 31 JULY 2013**

	6 months ended	
	31/7/2013 RM'000	31/7/2012 RM'000
<b>Operating Activities</b>		
Profit before tax	97,770	42,630
Adjustments for:		
Non-cash items	49,094	69,996
Non-operating items	(38,870)	(3,526)
Operating profit before changes in working capital	107,994	109,100
Net decrease/(increase) in assets	20,050	(192,573)
Net (decrease)/increase in liabilities	(82,153)	86,137
Cash generated from operations	45,890	2,664
Interest (paid)/received	1,301	(296)
Taxes (paid)/refunded	(13,795)	(1,140)
Net cash generated from operating activities	33,396	1,228
<b>Investing Activities</b>		
Interest received	31,495	10,952
Acquisition of subsidiary	-	(270,912)
Dividend received	260	132
Investment in jointly controlled entities - unincorporated	307	(8,107)
Development cost on land held for development	(840)	(551)
Purchase of property, plant and equipment	(8,169)	(31,458)
Proceeds from settlement of derivatives	13,918	-
Payment for settlement of derivatives	(11,940)	-
Net (purchase)/proceeds from disposal of investment securities	1,358	(43,044)
Other receipts/(payments)	52	176
Net cash generated from / (used in) investing activities	26,442	(342,812)
<b>Financing Activities</b>		
Interest paid	(17,168)	(13,996)
Net drawdown of borrowings	252,932	346,573
(Payment for)/proceeds from settlement of derivatives	(2,865)	1,090
(Increase)/decrease in pledged deposits for financing facilities	142	(22)
Net cash generated from financing activities	233,041	333,645
Net (decrease)/increase in Cash & Cash Equivalents during the period	292,879	(7,939)
Cash & Cash Equivalents at beginning of year		
As previously reported	183,527	236,544
Effects of exchange rate changes	123	1,894
As restated	183,650	238,438
Cash & Cash Equivalents at end of current period which exclude monies held in trust, and fixed deposits pledged to financial institutions	476,529	230,499

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 January 2013)

# TA ENTERPRISE BERHAD (194867-M)

Quarterly Report for the Financial Period Ended 31 July 2013

## NOTES TO THE QUARTERLY REPORT

### 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 financial year ended 31 January 2013.

### 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 2013, except for the adoption of the following new and revised Financial Reporting Standards (FRSs), Amendments to FRSs and IC interpretations.

		<b>Effective for financial periods beginning on or after</b>
FRS 101	Presentation of Items of Other Comprehensive Income (Amendments to FRS 101)	1 July 2012
Amendments to FRS 101	Presentation of Financial Statements (Improvement to FRSs (2012))	1 January 2013
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosure of Interests in Other Entities	1 January 2013
FRS 13	Fair Value Measurements	1 January 2013
FRS 119	Employee Benefits	1 January 2013
FRS 127	Separate Financial Statements	1 January 2013
FRS 128	Investment in Associate and Joint Ventures	1 January 2013
Amendment to IC Interpretation 2	Members' Shares in Cooperative Entities and Similar Instruments (Improvements to FRSs (2012))	1 January 2013
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to FRS 7	Disclosures: Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 1	First-time Adoption of Malaysian Financial Reporting Standards – Government Loans	1 January 2013
Amendments to FRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 116	Property, Plant and Equipment (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 132	Financial Instruments: Presentation (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 134	Interim Financial Reporting (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 10	Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to FRS 11	Joint Arrangements: Transition Guidance	1 January 2013
Amendments to FRS 12	Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013

## **A2 Changes in Accounting Policies (contd.)**

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.

### Malaysian Financial Reporting Standards Framework (“MFRS Framework”).

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.

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 financial 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 period to date:

	Broking and financial services RM'000	Investment holding and Others RM'000	Credit and lending RM'000	Property investment RM'000	Property development RM'000	Hotel operations RM'000	Elimination RM'000	Consolidated RM'000
<b>Revenue</b>								
External sales	55,700	7,012	10,389	23,561	43,498	229,225	-	369,385
Inter-segment sales	-	14,385	2,648	14,269	-	-	(31,302)	-
Total revenue	55,700	21,397	13,037	37,830	43,498	229,225	(31,302)	369,385
<b>Other income</b>	13,137	27,618	16,076	703	546	3,385	-	61,465
<b>Results</b>								
Net segment results	16,348	29,370	23,676	7,005	10,692	45,144	-	132,235
Foreign exchange (losses)/gains	436	(5,186)	7,861	(19)	-	(10,395)	-	(7,303)
Unallocated costs								(8,001)
Profit from operations								116,931
Finance costs	(571)	(9,693)	(622)	(4,708)	-	(2,811)	-	(18,405)
Share of results of associated companies	-	-	-	(189)	(322)	-	-	(511)
Share of results of jointly controlled entities - unincorporated	-	-	-	(199)	-	-	-	(199)
Share of results of jointly controlled entities	-	-	-	(46)	-	-	-	(46)
Profit before tax								97,770
Income tax expense								(15,437)
Profit for the year								82,333
<b>Attributable to:</b>								
Equity holders of the Company								65,813
Non-controlling interests								16,520
								82,333

## A10 Subsequent Events

There were no material events subsequent to the end of the current financial quarter except as disclosed below:-

### Conversion of Irredeemable Convertible Preference Shares "ICPS" to Ordinary Shares

TA Global Bhd. issued 5,581,400 ordinary shares pursuant to the conversion of ICPS by other ICPS holders during the period from 31 July 2013 to 17 September 2013.

The above conversions had resulted in the Company's effective interest in TA Global Bhd. to decrease from 63.6% as at 31 July 2013 to 63.4% as at 17 September 2013.

## **A11 Changes in the Composition of the Group**

### **Acquisition of Harmony Sanctuary**

On 5 April 2013, the Company announced that TA Properties Sdn. Bhd. acquired 2 ordinary shares representing 100% equity interest in Harmony Sanctuary Sdn. Bhd. (“Harmony Sanctuary”), for a total cash consideration of RM2.00.

Harmony Sanctuary was incorporated on 8 March 2013 as a private limited company in Malaysia pursuant to the Companies Act, 1965. The authorized share capital of Harmony Sanctuary is RM100,000 divided into 100,000 shares of RM1.00 each. The current issued and paid-up capital of Harmony Sanctuary is RM2.00. Harmony Sanctuary is a property development and investment company.

As Harmony Sanctuary is inactive, it does not have material financial and operational effect on the Group.

### **Conversion of TAG’s Irredeemable Convertible Preference Shares “ICPS” to Ordinary Shares**

During the financial period ended 31 July 2013, TA Global Bhd. issued 266,474,860 ordinary shares pursuant to the conversion of ICPS by the ICPS holders. This included the Company’s conversion of its investment in TA Global Bhd’s ICPS amounted to RM94,109,375, representing 188,218,751 ICPS of RM0.50 each.

The conversion was satisfied by surrendering 1 ICPS of RM0.50 each in TA Global Bhd for each new TAG’s ordinary share of RM0.50 each.

The conversion above had resulted in the Company’s effective interest in TA Global Bhd. to increase from 63.1% at the beginning of the financial year to 63.6% as at 31 July 2013.

## **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 2013 is as follow:

	<u>RM'000</u>
Approved and contracted for:-	
- Renovation	21,080
- Jointly controlled entities	252,048
	<u>273,128</u>

## B1 Performance Analysis of the Group's Operating Segments

The Group reported profit before tax of RM40.3million and revenue of RM188.5million for the current second quarter, compared to profit before tax of RM11.1million and revenue of RM176.9million respectively achieved in the previous year's corresponding quarter.

The increase in revenue was mainly attributable to higher contribution from the broking segment, hotel operations and property development segment.

Despite higher foreign exchange translation loss, the Group enjoyed higher profit before tax in the absence of impairment loss on financial receivables, and higher contribution from its investment portfolio which include interest income, profit from disposal and fair value gain on revaluation of investment securities.

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

	Current Year Quarter 31 July 2013 RM'000	Preceding Year Corresponding Quarter 31 July 2012 RM'000	Current Year To Date 31 July 2013 RM'000
Revenue	188,461	176,949	369,385
Other income			
- Interest income from overdue financial receivables	85	15	149
- Interest income from financial institutions	2,712	2,113	4,898
- Interest income from a joint venture in which the Group has 65% interest	285	642	1,034
- Interest income from investment securities	15,734	3,348	26,502
- Other interest income	133	50	222
- Gain on disposal of investment securities	5,046	1,603	19,721
- Realised fair value gain on derivatives	(409)	-	258
- Rental income	1,641	1,247	3,341
- Deemed fee income from provision of financial guarantee	777	-	1,511
- Others	1,319	1,871	3,829
	27,323	10,889	61,465
Other expenses			
- Amortisation and depreciation	(20,310)	(20,157)	(40,227)
- Cost of properties and building materials sold	(19,956)	(19,280)	(56,740)
- Remisiers', agents' and futures brokers' commissions	(10,101)	(5,996)	(16,370)
- Hotel operational expenses (include hotel personnel cost)	(75,236)	(74,464)	(156,797)
- Personnel and others	(34,739)	(30,168)	(39,996)
- Fair value gain on revaluation of investments	16,450	249	7,890
- Unrealised fair value gain/(loss) on derivatives	(129)	3,476	(846)
- Allowance for impairment loss on receivables	(1,442)	(16,681)	(1,501)
- Impairment loss on investment securities	(1,771)	-	(2,029)
- Foreign exchange loss	(17,153)	(5,613)	(7,303)
	(164,387)	(168,634)	(313,919)
Finance costs	(10,411)	(7,893)	(18,405)
Share of results of associated companies	(422)	(203)	(511)
Share of results of jointly controlled entities - unincorporated	(199)	-	(199)
Share of results of jointly controlled entities	(46)	-	(46)
Profit before tax	40,319	11,108	97,770

## **B1 Performance Analysis of the Group's Operating Segments (cont'd)**

### ***Broking and financial services***

Profit before tax of the broking and financial services division increased 21% to RM9.3million in the current year's second quarter as compared to the previous year's corresponding quarter.

The outcome of the 13th Malaysian General Election had caused a slight rebound of the stock market which boosted trading volume in the month of May 2013.

For the current period-to-date, this division achieved profit before tax of RM16.2million, which represented a 17% decrease as compared to the preceding year's period-to-date.

Overall equities market had remained uncertain and soft market sentiment had led to lower trading turnover of the current financial year, which resulted in the period-to-date decrease in brokerage and proprietary trade income.

### ***Investment holding***

Investment holding division reported profit before tax of RM7.4million in the current year's second quarter, as compared to loss of RM10.7million in the previous year's corresponding quarter.

For the current period-to-date, this division achieved profit before tax of RM15.8million, as compared to loss of RM21.1million in preceding year's period-to-date.

Despite higher foreign exchange translation losses on its USD and SGD denominated borrowings, investment holding division enjoyed higher interest income, gain on sale of investment securities, and fair value gain on revaluation of investment securities.

### ***Credit and lending***

For the current year's second quarter, credit and lending division contributed RM18.3 million profit before tax to the Group, as compared to loss of RM4.6 million in the previous year's corresponding quarter.

For the current period-to-date, this division achieved profit before tax of RM30.9million, as compared to RM3.1million in preceding year's period-to-date.

Despite lower interest income resulted from disposal of bonds, this division enjoyed profits from these disposals, lower impairment loss on financial receivables, and higher foreign exchange translation gain resulted from the appreciation of USD against the reporting currency of the Group.

### ***Property investment***

Property investment division reported profit before tax of RM0.1million in the current year's second quarter, as compared to RM2.0million in the previous year's corresponding quarter.

For the current period-to-date, this division achieved profit before tax of RM2.3million, as compared to RM4.5million in preceding year's period-to-date.

Lower profit before tax was resulted from higher property maintenance cost.

### ***Property development***

Property development division registered profit before tax of RM7.6million in the current year's second quarter, as compared to RM3.7million in previous year's corresponding quarter.

For the current period-to-date, this division achieved profit before tax of RM10.7million, as compared to RM6.4million in preceding year's period-to-date.

The increase in profit was due to the sales and construction progress of the ongoing development projects in Damansara Avenue.

### ***Hotel operations***

Hotel operations division registered net operating profit of RM17.1million in the current year's second quarter, as compared to RM18.0million in the previous year's corresponding quarter.

For the current period-to-date, this division achieved net operating profit of RM45.1million, as compared to RM40.4million in preceding year's period-to-date.

Hotel operations had contributed sustainable revenue to the Group. However, current year's second quarter profit before tax of the division dropped to RM3.8million due to higher foreign exchange translation losses resulted from the appreciation of USD against the reporting currency of the Group.

## **B2 Material Changes in Profit Before Tax for the Current Quarter Compared with the Preceding Quarter**

The Group registered profit before tax of RM40.3million in the current year's second quarter as compared to RM57.5million in the preceding quarter. Although revenue contribution from the broking and financial services, property development and credit and lending was higher in addition to higher interest income and fair value gain on investment securities, the Group recorded higher foreign exchange translation loss and lower gain on disposal of investment securities.

### **B3 Prospects for the current financial year**

The global economy is gradually recovering. However there are challenges that need to be resolved which include strains in the euro area, the slowing of emerging markets and the growth impact of fiscal adjustment amid tight financial conditions.

In Malaysia, the expansion in domestic demand has been supported by private sector spending while the slowdown in the global economy has led to a moderation in external demand.

**The Prospects for Each Business division is summarized below: -**

#### ***Broking and financial services***

Global financial markets have shown encouraging improvements.

The resilient domestic demand supported by macro policies plays an important role to ensure that the Malaysian economy withstands the adverse impact arising from the economic weaknesses in the more advanced economies. Domestic demand will continue to become the main driver for growth.

The stockbroking subsidiary is expanding its branch network nationwide and is actively looking for strategic locations to expand the branch network and to further improve on the infrastructure to enhance the revenue and earnings though the expected earnings from the stockbroking division will continue to be affected by the capital market sentiment and challenges in Malaysia.

The investment management unit will be launching new and diversified unit trust funds to fulfill market needs and to expand the distribution network through the Group's stock broking subsidiary. With the increasing competition, the performance of the investment management arm of the Group is expected to be under pressure in the current financial year.

The Group's expansion plan on its derivative trading will continue in the current financial year and will continue to grow in view of the setting up of more servicing branches and kiosk in various strategic locations locally.

#### ***Credit and Lending***

The credit and lending division will continue to provide financing to investors for new public issues ("IPO") and staff of corporations that has Employees Share Option Schemes ("ESOS"). The division's business strategy will be to focus more on IPO financing.

In line with our stock broking business, we will continue to provide corporate lending for private placement and share investment financing. We expect the growth of the above IPO and ESOS financing to contribute positively to the Group's earnings in the current financial year.

#### ***Property Investment***

The overseas property investment will continue to generate stable income to the Group's earnings for the current financial year. The Group will continue to explore opportunity to upgrade the property locally to generate higher returns in the future with reasonable capital expenditure expected in the current financial year.

### ***Property development***

The domestic property market is set out to grow further in 2013 as the ETP projects continue to sustained sales grow in 2013. As our property development projects are within the Klang Valley, we expect a modest growth for the financial year.

The joint venture development projects in Canada and the joint alliance sponsorship project in Sydney will remain our main focus and we expect the contributions to the Group's earnings at the later stage of the development due the "Build-Then-Sell" approach adopted in the country.

### ***Hotel Operations***

Our hospitality business spanning across Singapore, Australia, China, Canada and Thailand is expected to continue to generate a stable recurrent income stream for the Group.

We will continue to explore and evaluate opportunity for expansion of our hotel operations to further enhance the revenue contribution from hospitality division.

Barring any unforeseen circumstances, the Group will continue to be profitable in the financial year ending 31 January 2014.

#### 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	9,694	13,338
- Foreign tax	(815)	1,737
Deferred tax	691	362
	<u>9,570</u>	<u>15,437</u>

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

	Current quarter RM'000	Year to date RM'000
Profit before taxation	<u>40,319</u>	<u>97,770</u>
Taxation at the statutory income tax rate of 25%	10,080	24,443
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>(510)</u>	<u>(9,006)</u>
Tax expense for the financial period	<u>9,570</u>	<u>15,437</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 2013 were as follows:-

	Secured RM'000	Unsecured RM'000
<i>Long term borrowings</i>		
Foreign currency loans	721,665	-
Revolving credits	99,805	
<i>Short term borrowings</i>		
Foreign currency loans and revolving credits	380,837	-
Loans and revolving credits	241,000	80,000
	<u>1,443,307</u>	<u>80,000</u>

Denomination of secured foreign currency loans and revolving credits:-

<i>Long-term borrowings</i>		
C\$	61,606,465	194,097
S\$	179,400,000	457,685
A\$	14,450,000	42,359
RMB	52,000,000	27,524
		<u>721,665</u>
<i>Short-term borrowings</i>		
C\$	8,489,947	26,748
S\$	6,800,000	17,348
US\$	100,096,354	324,713
RMB	20,000,000	10,586
HK\$	3,446,169	1,442
		<u>380,837</u>

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

(1) Loans denominated in C\$

- (a) A 15-year term loan (C\$27,297,272) which will mature on 5 December 2020;
- (b) A 20-year term loan (C\$37,226,158) which will mature on 5 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\$1,672,983) 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 revolving credits (C\$3,900,000) of which C\$2,500,000 is secured by new first all-monies charge over the ordinary shares of a subsidiary and mortgage over a hotel in Singapore, and C\$1,400,000 is secured against a hotel in Australia.

The above loans bear interest rates ranging from 2.9% to 4.8% per annum.

## **B7 Group Borrowings and Debt Securities (cont'd)**

### (2) Loan denominated in S\$

A 5-year term loan (S\$186,200,000) 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, bears floating interest rate ranging from 1.6% to 1.8%, and is secured by new first all-monies charge over the ordinary shares of a subsidiary and mortgage over a hotel in Singapore.

### (3) Loan denominated in A\$

A 3-year floating rate Bill Facility amounting to A\$14,450,000 which will mature on 28 February 2015. The loan is secured against a hotel in Australia.

The loan bears interest rates ranging from 4.8% to 5.0% per annum.

### (4) Loans denominated in US\$

(a) 3-year revolving credit (US\$501,170) which will mature in April 2014. The revolving credit is secured against a freehold hotel land and building in Australia.

(b) Short-term loans amounting to US\$99,595,184 on rollover basis. The loans are secured against certain investment securities.

The above loans bear interest rates ranging from 0.5% to 1.9% per annum.

### (5) Loans denominated in RMB

Four term loans (total of RMB72,000,000) with maturities from 20 December 2013 to 24 April 2016.

The loans are subject to average interest rate of 5.64%, and are secured against a hotel building and land use rights in China.

### (6) Loan denominated in HK\$

Short-term loan amounting to HK\$3,446,169 on rollover basis. The loan is secured against certain investment securities and bear average interest of 0.46% annum.

Loans and revolving credits denominated in RM bear interest rates ranging from 3.8% to 4.5%, of which RM241,000,000 are secured by corporate guarantees, and RM99,805,000 is secured against corporate guarantee and a freehold land in Kuala Lumpur.

## **B8 Material Litigation**

As at 17 September 2013, there were no changes in material litigation since the last annual reporting date of 31 January 2013.

## **B9 Dividend**

Apart from the first and final dividend of 1.8% less 25% taxation (1.35 sen net per ordinary share) in respect of the financial year ended 31 January 2013 approved by shareholders during the Annual General Meeting on 5 July 2013, there was no further dividend declared as at the date of this announcement.

**B10 Disclosure of derivatives**

Types of derivatives/Maturity	Contract/Notional value	Fair value asset/(liability)
Geared Equity Accumulators -Less than 1 year	RM41,281,096	(RM1,440,974)
Geared Equity Decumulators -Less than 1 year	RM2,214,857	-

The Group has entered into geared equity accumulators and decumulators which formed part of the Group's investment portfolio with a view to maximise the Group's performance.

The above contracts are entered into in accordance with the Group's risk management policies and are executed with credit-worthy financial institutions.

These contracts are stated at fair values, using valuation technique with market observable inputs. Derivatives with positive market values are included under current assets and derivatives with negative market values are included under current liabilities. Any changes in fair values during the period are taken directly into the income statement.

**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 <b>RM'000</b>	As at the end of last financial year <b>RM'000</b>
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
-Realised	952,241	871,089
-Unrealised	<u>(158,141)</u>	<u>(165,356)</u>
	794,100	705,733
Total share of retained profits of associated companies:		
-Realised	2,370	2,881
-Unrealised	<u>78</u>	<u>78</u>
	2,448	2,959
Total share of accumulated losses from jointly controlled entities - unincorporated		
-Realised	<u>(2,677)</u>	<u>(2,478)</u>
	793,871	706,214
Total share of accumulated losses from jointly controlled entities		
-Realised	<u>(93)</u>	<u>(47)</u>
	793,778	706,167
Less: Consolidation adjustments	<u>(1,086,954)</u>	<u>(1,065,156)</u>
Total (accumulated losses)/retained profits as per Statement of Financial Position	<u>(293,176)</u>	<u>(358,989)</u>

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31 July 2013	Preceding year corresponding quarter 31 July 2012	Current year to date 31 July 2013	Preceding year corresponding period 31 July 2012
<b>Basic earnings per share</b>				
Profit for the period (RM'000) - attributable to equity holders of the Company	31,901	6,620	65,813	27,119
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)	1.86	0.39	3.84	1.58

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  
24 September 2013