

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

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

	AS AT END OF CURRENT QUARTER 31/10/2013 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	2,101,792	2,179,012
Investment properties	170,599	178,452
Land held for property development	414,416	413,776
Prepaid land lease payments	208	214
Intangible assets	355,759	366,798
Land use rights	7,632	7,541
Associated companies	24,721	25,229
Jointly controlled entities - Unincorporated	103,986	106,856
Jointly controlled entities	94,406	92,622
Deferred tax assets	8,061	8,751
Investment securities	64,172	255,112
Financial receivables	320,215	298,363
	<u>3,665,967</u>	<u>3,932,726</u>
<b>Current assets</b>		
Property development costs	18,867	22,362
Properties & land held for resale	40,677	40,787
Inventories	4,015	4,391
Financial receivables	143,825	156,436
Trade receivables	553,712	536,979
Other receivables	110,909	143,605
Investment securities	485,231	124,643
Short term funds	730,196	387,646
	<u>2,087,432</u>	<u>1,416,849</u>
<b>TOTAL ASSETS</b>	<u>5,753,399</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	38,509	(17,776)
	<u>1,750,419</u>	<u>1,694,134</u>
<b>Non-controlling interests</b>	<u>1,224,912</u>	<u>1,231,793</u>
<b>TOTAL EQUITY</b>	<u>2,975,331</u>	<u>2,925,927</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	262,149	263,372
Borrowings	761,908	911,275
Provision for liabilities	1,735	1,735
	<u>1,025,792</u>	<u>1,176,382</u>
<b>Current liabilities</b>		
Provision for liabilities	1,343	2,209
Borrowings	966,378	337,283
Trade payables	516,306	558,058
Other payables	250,542	336,596
Derivatives	824	1,688
Income tax payable	16,883	11,432
	<u>1,752,276</u>	<u>1,247,266</u>
<b>TOTAL LIABILITIES</b>	<u>2,778,068</u>	<u>2,423,648</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>5,753,399</u>	<u>5,349,575</u>
Net assets value per share (RM)	<u>1.74</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 OCTOBER 2013**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/10/2013 RM'000	31/10/2012 RM'000	31/10/2013 RM'000	31/10/2012 RM'000
<b>Revenue</b>	178,648	190,899	548,033	544,049
Other income	37,708	13,957	99,173	40,456
Other expenses	(151,361)	(143,204)	(465,280)	(464,568)
<b>Profit from operations</b>	64,995	61,652	181,926	119,937
Finance costs	(11,796)	(9,079)	(30,201)	(23,997)
Share of results of associated companies	4	(36)	(507)	(773)
Share of results of jointly controlled entities - unincorporated	(218)	-	(417)	-
Share of results of jointly controlled entities	(7)	-	(53)	-
<b>Profit before tax</b>	52,978	52,537	150,748	95,167
Income tax expense	(3,924)	(9,091)	(19,361)	(19,918)
<b>Profit for the period</b>	49,054	43,446	131,387	75,249
Profit attributable to:				
Equity holders of the Company	42,012	33,653	107,825	60,772
Non-controlling interests	7,042	9,793	23,562	14,477
	49,054	43,446	131,387	75,249
Earnings per share attributable to equity holders of the Company				
Basic (sen)	2.45	1.97	6.30	3.55
Fully diluted (sen)	2.45	1.97	6.30	3.55

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

Net assets value per share (RM)

1.74

1.71

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

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2013

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/10/2013 RM'000	31/10/2012 RM'000	31/10/2013 RM'000	31/10/2012 RM'000
<b>Profit for the period</b>	49,054	43,446	131,387	75,249
<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	(26,810)	(53,769)	(51,517)	7,075
Available-for-sale financial assets				
- Net fair value gain/(loss)	(616)	4,228	4,039	3,064
- Reclassification to profit or loss	250	-	(124)	-
Income tax relating to components of other comprehensive income	99	(321)	(259)	(188)
<b>Other comprehensive income for the period, net of tax</b>	<u>(27,077)</u>	<u>(49,862)</u>	<u>(47,860)</u>	<u>9,951</u>
<b>Total comprehensive income for the period</b>	<u>21,977</u>	<u>(6,416)</u>	<u>83,527</u>	<u>85,200</u>
Total comprehensive income attributable to:				
Equity holders of the Company	23,558	(1,061)	79,396	77,000
Non-controlling interests	(1,581)	(5,355)	4,131	8,200
	<u>21,977</u>	<u>(6,416)</u>	<u>83,527</u>	<u>85,200</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 OCTOBER 2013**

	Attributable to equity holders of the Company									
	Share capital	Share premium	Capital reserve	Available for-sale reserve	Exchange translation reserve	Exchange difference recognised in equity	Retained profits / (Accumulated losses)	Total	Non-controlling interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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>	-	-	-	1,973	10,698	3,557	60,772	77,000	8,200	85,200
<b>Transaction with owners</b>										
Dividend	-	-	-	-	-	-	(25,679)	(25,679)	-	(25,679)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	(9,830)	(9,830)
<b>Total transaction with owners</b>	-	-	-	-	-	-	(25,679)	(25,679)	(9,830)	(35,509)
<b>At 31 October 2012</b>	1,711,910	63,208	10,267	2,293	217,155	27,086	(381,999)	1,649,920	1,205,368	2,855,288
<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>	-	-	-	3,585	(19,622)	(12,392)	107,825	79,396	4,131	83,527
<b>Transaction with owners</b>										
Dividend	-	-	-	-	-	-	(23,111)	(23,111)	-	(23,111)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	(11,012)	(11,012)
<b>Total transaction with owners</b>	-	-	-	-	-	-	(23,111)	(23,111)	(11,012)	(34,123)
<b>At 31 October 2013</b>	1,711,910	63,208	10,267	7,081	209,055	23,173	(274,275)	1,750,419	1,224,912	2,975,331

\* 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 OCTOBER 2013**

	9 months ended	
	31/10/2013 RM'000	31/10/2012 RM'000
<b>Operating Activities</b>		
Profit before tax	150,748	95,167
Adjustments for:		
Non-cash items	49,096	75,439
Non-operating items	(47,081)	(3,371)
Operating profit before changes in working capital	152,763	167,235
Net decrease/(increase) in assets	186,359	(180,190)
Net (decrease)/increase in liabilities	(89,817)	65,706
Cash generated from operations	249,306	52,751
Interest (paid)/received	2,214	(267)
Taxes (paid)/refunded	(13,172)	(8,705)
Net cash generated from operating activities	238,348	43,779
<b>Investing Activities</b>		
Interest received	50,691	18,792
Acquisition of subsidiary	-	(270,912)
Dividend received	474	354
Investment in jointly controlled entities - unincorporated	441	(8,811)
Investment in jointly controlled entity	-	(27,809)
Development cost on land held for development	(640)	(3,481)
Purchase of property, plant and equipment	(22,435)	(38,533)
Purchase of derivatives	-	(2,406)
Proceeds from settlement of derivatives	5,528	3,051
Net (purchase)/proceeds from disposal of investment securities	(268,185)	(43,104)
Other receipts/(payments)	603	321
Net cash used in investing activities	(233,523)	(372,538)
<b>Financing Activities</b>		
Dividend paid	(23,112)	(25,679)
Dividend paid to minority interest	(11,011)	(9,830)
Interest paid	(29,856)	(23,673)
Net drawdown of borrowings	478,109	519,927
Purchase of derivatives	(2,865)	-
(Increase)/decrease in pledged deposits for financing facilities	72	32
Net cash generated from financing activities	411,337	460,777
Net increase in Cash & Cash Equivalents during the period	416,161	132,018
Cash & Cash Equivalents at beginning of year		
As previously reported	183,527	218,654
Effects of exchange rate changes	(1,889)	(35)
As restated	181,638	218,619
Cash & Cash Equivalents at end of current period which exclude monies held in trust, and fixed deposits pledged to financial institutions	597,799	350,637

**(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 October 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**

A first and final dividend of 1.8% less 25% taxation on 1,711,909,630 ordinary shares for financial year ended 31 January 2013 (1.35 sen net per ordinary shares), amounted to RM23,110,781 was paid on 13 August 2013.



## A9 Segmental Information

Segment revenue and segment results for the current financial period 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
<b>Revenue</b>								
External sales	82,942	11,637	14,678	34,589	57,674	346,513	-	548,033
Inter-segment sales	-	39,708	3,938	21,529	-	-	(65,175)	-
Total revenue	82,942	51,345	18,616	56,118	57,674	346,513	(65,175)	548,033
<b>Other income</b>	19,968	51,331	20,143	1,139	1,601	4,991	-	99,173
<b>Results</b>								
Net segment results	24,016	56,450	34,635	11,107	14,907	67,187	-	208,302
Foreign exchange (losses)/gains	757	(10,156)	2,854	(23)	-	(7,612)	-	(14,180)
Unallocated costs								(12,196)
Profit from operations								181,926
Finance costs	(852)	(14,576)	(1,641)	(6,656)	(2,261)	(4,215)	-	(30,201)
Share of results of associated companies	-	-	-	(185)	(322)	-	-	(507)
Share of results of jointly controlled entities - unincorporated	-	-	-	(417)	-	-	-	(417)
Share of results of jointly controlled entities	-	-	-	(53)	-	-	-	(53)
Profit before tax								150,748
Income tax expense								(19,361)
Profit for the year								131,387
<b>Attributable to:</b>								
Equity holders of the Company								107,825
Non-controlling interests								23,562
								131,387

## 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 5,843,919 ordinary shares pursuant to the conversion of ICPS by other ICPS holders during the period from 1 November 2013 to 3 December 2013.

The above conversions had resulted in the Company's effective interest in TA Global Bhd. to decrease from 63.4% as at 31 October 2013 to 63.32% as at 3 December 2013.

## **A10 Subsequent Events (cont'd)**

### **Proposed Acquisition of the Little Bay Residential Project in Sydney, Australia**

On 27 November 2013, the Group announced that TA Global Development Pty Ltd (“TAGDPL”) and TA Antarabangsa Development Limited (“TAADL”), both wholly-owned subsidiaries of the Group, entered into an Acquisition Deed with Charter Hall Funds Management Limited in its personal capacity and in its capacity as trustee of the Charter Hall Opportunity Fund No. 5, CHOF5 Little Bay Pty Ltd (“LBPL”), Charter Hall Holdings Pty Limited and Charter Hall Limited for the following for a total cash consideration of A\$97.8 million equivalent to RM290,661,600.00 at exchange rate of RM2.972 to A\$1.00 as at 27 November 2013 (“Proposed Acquisition”):-

- (i) To acquire the sole right and interest to develop the Little Bay Cove Project which will be developed on a staged basis with the 580 developed dwellings comprising of houses, townhouses and apartments (“Project”); and
- (ii) To acquire the issued shares in LBPL (which owns the land in relation to, and is the developer of Little Bay Cove Project) and rights under a mezzanine loan agreement and ancillary documents.

Prior to this proposed acquisition, TAGDPL and TAADL had entered into a 50:50 development sponsorship arrangement with Charter Hall Group (“CHG”) for the development of the Little Bay residential project in Sydney, New South Wales, Australia (“Joint Sponsorship”).

Pursuant to the Joint Sponsorship, the Mezzanine Loan Agreement dated 18 October 2010 between TAADL, TAGDPL and LBPL for the provision of debt funding required by LBPL for the development of the Little Bay residential project and the amended Mezzanine Loan Agreement dated 6 June 2011, as at to date, TAADL has granted a Mezzanine Loan of A\$72.0 million to LBPL.

### **Acquisition of non-controlling interests**

- (a) On 22 November 2013, the Company acquired 2,145,000 ordinary shares of RM1.00 each representing 30% of the equity interest in TA Futures Sdn Bhd (“TAF”) for a total consideration of RM4,905,000.00. TAF’s principal activity is licensed futures and options broking. Currently, the Company is holding 70% equity interest in TAF. Pursuant to the Acquisition, TAF shall be a wholly-owned subsidiary of the Company.
- (b) On 22 November 2013, the Company announced that TA Securities Holdings Berhad (“TASH”), a wholly-owned subsidiary of the Company has acquired 1,500,000 ordinary shares of RM1.00 each representing 30% equity interest in TA Investment Management Berhad (“TAIM”) for a total consideration of RM2,795,000.00. TAIM’s principal activity is licensed fund manager managing unit trust and private funds. Currently, TASH is holding 70% equity interest in TAIM. Pursuant to the Acquisition, TAIM shall be a wholly-owned subsidiary of TASH and the Company shall be the ultimate holding company of TAIM.

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

### **Acquisition of Harmony Sanctuary Sdn. Bhd.**

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.

### **Acquisition of Crystal Ingenious Sdn. Bhd.**

On 30 October 2013, TA Global Bhd, a 63.4% owned subsidiary of the Company acquired 2 ordinary shares representing 100% equity interest in Crystal Ingenious Sdn. Bhd. (“Crystal Ingenious”), for a total cash consideration of RM2.00.

Crystal Ingenious was incorporated on 1 February 2013 as a private limited company in Malaysia pursuant to the Companies Act, 1965. The authorised share capital of Crystal Ingenious is RM100,000 divided into 100,000 shares of RM1.00 each. The current issued and paid-up capital of Crystal Ingenious is RM2.00. Crystal Ingenious is a general trading, investment and property development company.

As Crystal Ingenious 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 October 2013, TA Global Bhd. issued 274,716,760 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 63.4% as at 31 October 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 October 2013 is as follow:

	<u>RM'000</u>
Approved and contracted for:-	
- Renovation	18,564
- Jointly controlled entities	<u>217,210</u>
	<u><u>235,774</u></u>

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

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

	Current Year Quarter 31 Oct 2013 <b>RM'000</b>	Preceding Year Corresponding Quarter 31 Oct 2012 <b>RM'000</b>	Current Year To Date 31 Oct 2013 <b>RM'000</b>
Revenue	178,648	190,899	548,033
Other income			
- Interest income from overdue financial receivables	264	29	413
- Interest income from financial institutions	2,702	1,770	7,600
- Interest income from a joint venture in which the Group has 65% interest	289	583	846
- Interest income from investment securities	18,072	3,371	44,574
- Other interest income	96	230	318
- Gain on disposal of investment securities	3,625	781	23,346
- Realised fair value gain on derivatives	4,046	644	4,304
- Rental income	1,660	1,334	5,001
- Bad debt recovered	-	74	-
- Share of profit from net sale proceeds of shares upon IPO	-	742	-
- Deemed fee income from provision of financial guarantee	801	1,526	2,312
- Others	6,153	2,873	10,459
	<b>37,708</b>	<b>13,957</b>	<b>99,173</b>
Other expenses			
- Amortisation and depreciation	(19,478)	(20,523)	(59,705)
- Cost of properties and building materials sold	(12,916)	(14,748)	(49,254)
- Remisiers', agents' and futures brokers' commissions	(8,223)	(7,284)	(24,593)
- Hotel operational expenses (include hotel personnel cost)	(81,766)	(81,462)	(238,563)
- Personnel and others	(33,445)	(24,969)	(93,843)
- Fair value gain/(loss) on revaluation of investments	5,229	(961)	13,119
- Unrealised fair value gain/(loss) on derivatives	300	(4,108)	(546)
- Reversal of impairment loss on receivables	5,815	210	4,314
- Impairment loss on investment securities	-	-	(2,029)
- Foreign exchange (loss)/gain	(6,877)	10,641	(14,180)
	<b>(151,361)</b>	<b>(143,204)</b>	<b>(465,280)</b>
Finance costs	(11,796)	(9,079)	(30,201)
Share of results of associated companies	4	(36)	(507)
Share of results of jointly controlled entities - unincorporated	(371)	-	(417)
Share of results of jointly controlled entities	146	-	(53)
Profit before tax	<b>52,978</b>	<b>52,537</b>	<b>150,748</b>

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

The Group reported profit before tax of RM53.0million and revenue of RM178.6million for the current third quarter, compared to profit before tax of RM52.5million and revenue of RM190.9million respectively achieved in the previous year's corresponding quarter.

The drop in revenue was mainly attributable to lower contribution from the credit and lending division, and the property development division.

Although the Group recorded foreign exchange translation loss in the current third quarter, the Group enjoyed higher profit before tax due to higher contribution from its investment portfolio (including interest income, profit from disposal and fair value gain on revaluation of investment securities), and higher reversal of impairment loss on trade receivables.

The performance of the Group's key operating segments are analysed as follows:-

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

Profit before tax of the broking and financial services division increased 17% to RM7.7million in the current year's third quarter as compared to the previous year's corresponding quarter.

For the current period-to-date, this division achieved profit before tax of RM23.9million, which represented a 9% decrease as compared to the preceding year's period-to-date.

Uncertain equities market and soft market sentiment especially during the pre-election period 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 RM15.9million in the current year's third quarter, as compared to loss of RM1.8million in the previous year's corresponding quarter.

For the current period-to-date, this division achieved profit before tax of RM31.7million, as compared to loss of RM23.0million in preceding year's period-to-date.

Despite the adverse impact of foreign exchange resulted from translation on USD and SGD denominated borrowings and higher finance cost, 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 third quarter, credit and lending division contributed RM4.9 million profit before tax to the Group, as compared to profit before tax of RM14.6 million in the previous year's corresponding quarter. This was mainly attributable to lower interest and fee income, and higher foreign exchange translation loss on CAD and AUD denominated loans and inter-co balances.

For the current period-to-date, this division achieved profit before tax of RM35.8million, as compared to RM17.7million in preceding year's period-to-date.

Despite lower net foreign exchange translation gain resulted from translation loss on CAD denominated loans, and lower interest and fee income, this division enjoyed higher profit in the absence of impairment loss on financial receivables, and higher gain on sale of investment securities.

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

### ***Property investment***

Property investment division reported profit before tax of RM1.9million in the current year's third quarter, as compared to RM3.5million in the previous year's corresponding quarter.

For the current period-to-date, this division achieved profit before tax of RM3.8million, as compared to RM7.4million in preceding year's period-to-date.

Lower contribution of this division resulted from lower rental income and higher finance cost.

### ***Property development***

Property development division registered profit before tax of RM2.0million in the current year's third quarter, as compared to RM8.4million in previous year's corresponding quarter.

The decrease in profit was due to the lower progressive sales and slower construction of the ongoing development projects in Damansara Avenue, and finance costs incurred during the current quarter.

Finance costs has also resulted in the decrease in current period-to-date profit before tax, from RM14.7million in the preceding year's period-to-date, to RM12.6million in the current period-to-date.

### ***Hotel operations***

Hotel operations division registered net operating profit of RM20.7million in the current year's third quarter, as compared to RM19.2million in the previous year's corresponding quarter.

For the current period-to-date, this division achieved net operating profit of RM63.0million, as compared to RM56.8million in preceding year's period-to-date.

Hotel operations had contributed sustainable revenue to the Group. However, current year's period-to-date profit before tax of the division dropped by 14% to RM55.4million due to foreign exchange translation losses arising 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 RM53.0million in the current year's third quarter as compared to RM40.3million in the preceding quarter. Although revenue contribution from the broking and financial services and property development division was lower, the Group recorded higher profit due to reversal of impairment loss on receivables, higher interest income, higher realised fair value gain on derivatives, and lower foreign exchange translation loss in the current year's third quarter.

### **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.



### **B3 Prospects for the current financial year (cont'd)**

#### ***Property development***

The domestic property market is set out to grow further in 2013 as the ETP projects continue to sustained sales growth 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 Vancouver and the joint alliance sponsorship project in Sydney will remain our main focus. We expect the contributions from those overseas projects to the Group's earnings at the later stage of the respective developments due the "Build-Then-Sell" approach adopted in these countries.

#### ***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 opportunities 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	3,662	17,001
- Foreign tax	2,842	4,578
Deferred tax	(802)	(440)
Over provision in prior year	(1,778)	(1,778)
	<u>3,924</u>	<u>19,361</u>

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

	Current quarter RM'000	Year to date RM'000
Profit before taxation	<u>52,978</u>	<u>150,748</u>
Taxation at the statutory income tax rate of 25%	13,245	37,687
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>(9,321)</u>	<u>(18,326)</u>
Tax expense for the financial period	<u>3,924</u>	<u>19,361</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.

## B7 Group Borrowings and Debt Securities

Total Group borrowings as at 31 October 2013 were as follows:-

	Secured RM'000	Unsecured RM'000
<i>Long term borrowings</i>		
Foreign currency loans	662,103	-
Revolving credits	99,805	-
<i>Short term borrowings</i>		
Foreign currency loans and revolving credits	634,378	-
Loans and revolving credits	255,000	77,000
	<u>1,651,286</u>	<u>77,000</u>

Denomination of secured foreign currency loans and revolving credits:-

	RM'000
<i>Long-term borrowings</i>	
C\$ 60,419,387	182,273
S\$ 177,700,000	452,904
RMB 52,000,000	26,926
	<u>662,103</u>
<i>Short-term borrowings</i>	
C\$ 16,542,617	49,906
S\$ 6,800,000	17,331
A\$ 28,249,945	84,710
US\$ 148,725,237	469,318
RMB 20,000,000	10,356
HK\$ 6,773,391	2,757
	<u>634,378</u>

Loans and revolving credits denominated in RM bear interest rates ranging from 3.8% to 4.5%, of which RM255,000,000 are secured by corporate guarantees and certain properties in Kuala Lumpur.

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\$26,524,661) which will mature on 5 December 2020;
- (b) A 20-year term loan (C\$36,876,578) 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\$1,660,765) 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\$11,900,000) 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\$9,400,000 is secured against a hotel in Australia.

The above loans bear interest rates ranging from 2.7% to 4.8% per annum.

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

(2) Loan denominated in S\$

A 5-year term loan (S\$184,500,000) 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 short-term loan amounting to A\$28,249,945 which will mature on 14 January 2014. The loan is secured against a hotel in Australia.

The loan bears interest rates ranging from 4.5% to 5.1% per annum.

(4) Loans denominated in US\$

Short-term loans amounting to US\$148,725,237 on rollover basis. The loans are secured against certain investment securities, and bear interest rates ranging from 0.5% to 2.7% 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\$

A short-term loan amounting to HK\$6,773,391 on rollover basis. The loan is secured against certain investment securities and bears average interest of 0.46% annum.

## **B8 Material Litigation**

As at 3 December 2013, there were no changes in material litigation since the last annual reporting date of 31 January 2013.

## **B9 Dividend**

No further dividend is declared as at the date of this announcement other than as stated in Note A8 on dividend paid.

**B10 Disclosure of derivatives**

Types of derivatives/Maturity	Contract/Notional value	Fair value asset/(liability)
Geared Equity Accumulators - Less than 1 year	RM310,220,358	(RM1,136,418)
Geared Equity Decumulators - Less than 1 year	RM3,807,093	(RM40,802)
Accumulator Forward - Less than 1 year	RM26,607,204	(RM591,504)

The Group has entered into 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	959,692	871,089
-Unrealised	<u>(154,056)</u>	<u>(165,356)</u>
	805,636	705,733
Total share of retained profits of associated companies:		
-Realised	2,374	2,881
-Unrealised	<u>78</u>	<u>78</u>
	2,452	2,959
Total share of accumulated losses from jointly controlled entities - unincorporated		
-Realised	<u>(2,895)</u>	<u>(2,478)</u>
	805,193	706,214
Total share of accumulated losses from jointly controlled entities		
-Realised	<u>(100)</u>	<u>(47)</u>
	805,093	706,167
Less: Consolidation adjustments	<u>(1,079,368)</u>	<u>(1,065,156)</u>
Total (accumulated losses)/retained profits as per Statement of Financial Position	<u>(274,275)</u>	<u>(358,989)</u>

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

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	Current year quarter 31 Oct 2013	Preceding year corresponding quarter 31 Oct 2012	Current year to date 31 Oct 2013	Preceding year corresponding period 31 Oct 2012
<b>Basic earnings per share</b>				
Profit for the period (RM'000) - attributable to equity holders of the Company	42,012	33,653	107,825	60,772
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)	2.45	1.97	6.30	3.55

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  
10 December 2013