

TA ENTERPRISE BERHAD (194867-M)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2014

	AS AT END OF CURRENT QUARTER 31/7/2014 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31/1/2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,051,622	2,090,875
Investment properties	267,124	221,939
Land held for property development	418,811	415,126
Intangible assets	451,687	284,311
Associated companies	23,633	24,173
Joint ventures	82,273	86,157
Deferred tax assets	10,107	10,253
Investment securities	68,376	68,346
Financial receivables	221,155	380,328
	<u>3,594,788</u>	<u>3,581,508</u>
Current assets		
Property development costs	478,104	195,943
Inventories	47,480	47,998
Financial receivables	64,174	78,903
Trade receivables	664,859	491,697
Other receivables	102,813	129,467
Investment securities	826,272	601,473
Short term funds	577,082	717,918
	<u>2,760,784</u>	<u>2,263,399</u>
TOTAL ASSETS	<u>6,355,572</u>	<u>5,844,907</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	1,711,910	1,711,910
Reserves	69,767	80,571
	<u>1,781,677</u>	<u>1,792,481</u>
Non-controlling interests	<u>1,231,900</u>	<u>1,239,423</u>
TOTAL EQUITY	<u>3,013,577</u>	<u>3,031,904</u>
Non-current liabilities		
Deferred tax liabilities	230,911	231,714
Borrowings	533,400	362,814
Provision for liabilities	-	2,148
	<u>764,311</u>	<u>596,676</u>
Current liabilities		
Borrowings	1,687,345	1,325,215
Provision for liabilities	3,081	3,402
Trade payables	539,294	398,314
Other payables	330,483	474,551
Derivatives	10,146	3,200
Income tax payable	7,335	11,645
	<u>2,577,684</u>	<u>2,216,327</u>
TOTAL LIABILITIES	<u>3,341,995</u>	<u>2,813,003</u>
TOTAL EQUITY AND LIABILITIES	<u>6,355,572</u>	<u>5,844,907</u>
Net assets value per share (RM)	<u>1.76</u>	<u>1.77</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 January 2014)

TA ENTERPRISE BERHAD (194867-M)
CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL PERIOD ENDED 31 JULY 2014

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/7/2014 RM'000	31/7/2013 RM'000	31/7/2014 RM'000	31/7/2013 RM'000
Revenue	273,840	188,461	484,274	369,385
Other income	17,646	27,323	74,241	61,465
Other expenses	(220,308)	(164,387)	(373,277)	(313,919)
Profit from operations	71,178	51,397	185,238	116,931
Finance costs	(11,820)	(10,411)	(22,772)	(18,405)
Share of losses in associated companies, net of tax	(493)	(422)	(540)	(511)
Share of results of jointly controlled entities - unincorporated	-	(199)	-	(199)
Share of losses in joint venture	-	(46)	-	(46)
Profit before tax	58,865	40,319	161,926	97,770
Income tax expense	(10,439)	(9,570)	(25,685)	(15,437)
Profit for the period	48,426	30,749	136,241	82,333
Profit attributable to:				
Equity holders of the Company	40,604	31,901	98,314	65,813
Non-controlling interests	7,822	(1,152)	37,927	16,520
	48,426	30,749	136,241	82,333
Earnings per share attributable to equity holders of the Company				
Basic (sen)	2.37	1.86	5.74	3.84
Fully diluted (sen)	2.37	1.86	5.74	3.84

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

Net assets value per share (RM)

1.76

1.77

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 January 2014)

TA ENTERPRISE BERHAD (194867-M)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 JULY 2014

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/7/2014 RM'000	31/7/2013 RM'000	31/7/2014 RM'000	31/7/2013 RM'000
Profit for the period	48,426	30,749	136,241	82,333
Other comprehensive (loss)/income:				
Items that will be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operation	(73,328)	14,828	(72,101)	(24,707)
Foreign currency translation gain reclassified to profit or loss	-	-	(20,211)	-
Available-for-sale financial assets				
- Net fair value gain/(loss)	606	(438)	344	4,656
- Reclassification to profit or loss	(33)	1,678	(33)	(374)
Income tax relating to components of other comprehensive income	(67)	(388)	(317)	(358)
Other comprehensive (loss)/income for the period, net of tax	(72,822)	15,680	(92,318)	(20,783)
Total comprehensive (loss)/income for the period	(24,396)	46,429	43,923	61,550
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company	(6,824)	44,549	37,129	55,838
Non-controlling interests	(17,572)	1,880	6,794	5,712
	(24,396)	46,429	43,923	61,550

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 January 2014)

TA ENTERPRISE BERHAD (194867-M)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 JULY 2014**

	Atributable to equity holders of the Company									
	Share capital	Share premium	Capital reserve	Available for-sale reserve	Exchange translation reserve	Exchange difference recognised in equity	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
At 1 February 2013, as restated	1,711,910	63,208	10,267	3,496	228,677	35,565	(360,442)	1,692,681	1,231,951	2,924,632
Total comprehensive income for the period										
- Profit for the period	-	-	-	-	-	-	65,813	65,813	16,520	82,333
- Other comprehensive income	-	-	-	3,956	(17,187)	3,256	-	(9,975)	(10,808)	(20,783)
	-	-	-	3,956	(17,187)	3,256	65,813	55,838	5,712	61,550
At 31 July 2013	1,711,910	63,208	10,267	7,452	211,490	38,821	(294,629)	1,748,519	1,237,574	2,986,093
At 1 February 2014	1,711,910	63,208	10,267	7,588	208,988	36,342	(245,822)	1,792,481	1,239,423	3,031,904
Total comprehensive income for the period										
- Profit for the period	-	-	-	-	-	-	98,314	98,314	37,927	136,241
- Other comprehensive income	-	-	-	(234)	(48,203)	(12,748)	-	(61,185)	(31,133)	(92,318)
	-	-	-	(234)	(48,203)	(12,748)	98,314	37,129	6,794	43,923
Transaction with owners										
Dividend	-	-	-	-	-	-	(47,933)	(47,933)	-	(47,933)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	(14,317)	(14,317)
Total transaction with owners	-	-	-	-	-	-	(47,933)	(47,933)	(14,317)	(62,250)
At 31 July 2014	1,711,910	63,208	10,267	7,354	160,785	23,594	(195,441)	1,781,677	1,231,900	3,013,577

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 January 2014)

TA ENTERPRISE BERHAD (194867-M)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 JULY 2014**

	6 months ended	
	31/7/2014 RM'000	31/7/2013 RM'000
Operating Activities		
Profit before tax	161,926	97,770
Adjustments for:		
Non-cash items	40,058	49,094
Non-operating items	(51,854)	(38,870)
Operating profit before changes in working capital	<u>150,130</u>	<u>107,994</u>
Net decrease/(increase) in assets	(63,173)	20,050
Net (decrease)/increase in liabilities	44,851	(82,154)
Cash generated from operations	<u>131,808</u>	<u>45,890</u>
Interest (paid)/received	40,735	1,301
Taxes (paid)/refunded	(27,613)	(13,795)
Net cash generated from operating activities	<u>144,930</u>	<u>33,396</u>
Investing Activities		
Interest received	14,825	31,495
Acquisition of subsidiary	(21,416)	-
Investment in associated company	-	-
Dividend received	733	260
Investment in jointly controlled entities - unincorporated	-	307
Development cost on land held for development	(3,685)	(840)
Purchase of property, plant and equipment	(15,234)	(8,169)
Proceeds from disposal of property, plant and equipment	1,432	-
Purchase of investment properties	(51,415)	-
Proceeds from settlement of derivatives	4,675	1,978
Net (purchase)/proceeds from disposal of investment securities	(435,276)	1,358
Other receipts/(payments)	(18)	53
Net cash (used in)/generated from investing activities	<u>(505,378)</u>	<u>26,442</u>
Financing Activities		
Dividend paid	(47,933)	-
Dividend paid to minority interest	(14,317)	-
Interest paid	(21,200)	(17,168)
Net drawdown of borrowings	334,858	252,932
Purchase of derivatives	-	(2,865)
(Increase)/decrease in pledged deposits for financing facilities	7	142
Net cash generated from financing activities	<u>251,415</u>	<u>233,041</u>
Net (decrease)/increase in Cash & Cash Equivalents during the period	(109,033)	292,879
Cash & Cash Equivalents at beginning of year		
As previously reported	575,776	183,527
Effects of exchange rate changes	(14,450)	123
As restated	561,326	183,650
Cash & Cash Equivalents at end of current period which exclude monies held in trust, and fixed deposits pledged to financial institutions	<u>452,292</u>	<u>476,529</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 January 2014)

TA ENTERPRISE BERHAD (194867-M)

Quarterly Report for the Financial Period Ended 31 July 2014

NOTES TO THE QUARTERLY REPORT

A1 Basis of Preparation

The quarterly financial statements are unaudited and have 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 2014.

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 2014, 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
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127	Investments Entities	1 January 2014
Amendments to FRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014
FRS 9	Mandatory Effective Date of FRS 9 and Transition Disclosures (Amendments to FRS 9 and FRS 7)	Immediately

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').

A2 Changes in Accounting Policies (cont'd.)

Malaysian Financial Reporting Standards Framework (“MFRS Framework”) (cont'd)

On 4 July 2014, the MASB has allowed Transitioning Entities to defer the adoption of the MFRS Framework to annual period on or after 1 January 2014.

On 7 August 2014, MASB has decided to extend the transitional period for another year i.e. the adoption of the MFRS Framework by all entities for annual financial period beginning on or after 1 January 2015.

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 2016. 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 2016.

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 final single-tier dividend of 2.80% on 1,711,909,630 ordinary shares for financial year ended 31 January 2014 (2.80 sen per ordinary shares), amounted to RM47,933,463 was paid on 25 July 2014.

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
Revenue								
External sales	67,379	44,551	10,261	23,679	114,732	223,672	-	484,274
Inter-segment sales	42	54,646	4,127	14,048	-	-	(72,863)	-
Total revenue	<u>67,421</u>	<u>99,197</u>	<u>14,388</u>	<u>37,727</u>	<u>114,732</u>	<u>223,672</u>	<u>(72,863)</u>	<u>484,274</u>
Other income	12,385	3,018	54,944	1,376	1,338	1,180	-	74,241
Results								
Net segment results	19,050	30,105	54,888	7,685	14,785	39,625	-	166,138
Foreign exchange (losses)/gains	474	25,509	(4,746)	23	-	6,466	-	27,726
Unallocated costs								<u>(8,626)</u>
Profit from operations								185,238
Finance costs	(526)	(10,488)	(1,232)	(4,567)	(3,046)	(2,913)	-	<u>(22,772)</u>
Share of results of associated companies	-	-	-	(90)	(450)	-	-	<u>(540)</u>
Profit before tax								161,926
Income tax expense								<u>(25,685)</u>
Profit for the year								<u>136,241</u>
Attributable to:								
Equity holders of the Company								98,314
Non-controlling interests								<u>37,927</u>
								<u>136,241</u>

A10 Subsequent Events

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

(1) Conversion of Irredeemable Convertible Preference Shares "ICPS" to Ordinary Shares

TA Global Berhad ("TA Global") issued 11,236,377 ordinary shares pursuant to the conversion of ICPS by other ICPS holders during the period from 1 August 2014 to 17 September 2014.

The above conversions had resulted in the Company's effective interest in TA Global to decrease from 62.66% as at 31 July 2014 to 62.52% as at 17 September 2014.

A10 Subsequent Events (cont'd)

(2) Proposed acquisition of the Trump International Hotel, 1151 West Georgia, Vancouver, B.C. by Maxfine International Limited, A Wholly-Owned Subsidiary of TA Global from West Georgia Development Limited Partnership

On 14 July 2014, TA Global announced that on 11 July 2014, Maxfine International Limited, a wholly-owned subsidiary of TA Global had entered into an agreement with West Georgia Development Limited Partnership to vary certain terms of the sale and purchase agreement dated 28 April 2014 (“SPA”) as follows:-

- (i) The Condition Waiver Date will be extended from 14 July 2014 to 12 September 2014;
- (ii) The Vendor and the Purchaser will cause Colliers International Inc, an independent valuer to be appointed by both the Vendor and Purchaser (“Valuer”), to prepare and deliver to the Vendor and Purchaser an updated valuation report, at least 30 days before the Completion Date and not earlier than 90 days before the Completion Date (“Updated Hotel Valuation”). The Vendor and Purchaser will share equally any costs and expenses incurred in connection with obtaining the Updated Hotel Valuation;
- (iii) If the Updated Hotel Valuation is less than C\$100.0 million (or equivalent to approximately RM299.55 million) and greater than C\$95.0 million (or equivalent to approximately RM284.57 million), the Purchase Consideration will be decreased such that the Purchase Consideration will equal to the amount of the Updated Hotel Valuation; and
- (iv) In the event the Updated Hotel Valuation is less than or equal to C\$95.0 million (or equivalent to approximately RM284.57 million), then the Purchase Consideration will be decreased such that the Purchase Consideration will equal to C\$95.0 million (or equivalent to approximately RM284.57 million).

(3) Incorporation of General Partner and Formation of Limited Partnership pursuant to the Proposed Acquisition per (2) above

Further to the approval being granted by the shareholders at TA Global’s Extraordinary General Meeting held on 11 September 2014 for the Proposed Acquisition, TA Global had, on 17 September 2014 announced that a General Partner has been incorporated and a Limited Partnership has been formed.

Details are as follows:-

Incorporation of General Partner – TA Hotel GP Ltd.

TA Hotel GP Ltd. (the “General Partner”) was incorporated under the Business Corporations Act on 15 September 2014 with the British Columbia Registrar of Companies under the incorporation number of BC1013525.

The principal activity of TA Hotel GP Ltd. is to carry on the business of the Partnership in relation to the Proposed Acquisition.

The shareholder of TA Hotel GP Ltd. is TA Management Ltd, a subsidiary of TA Global. The current issued and paid-up capital of TA Hotel GP Ltd. is C\$1.00 divided into one (1) common share of C\$1.00 each issued to TA Management Ltd.

Formation of Limited Partnership – TA Hotel Management Limited Partnership

TA Hotel GP Ltd. and TA Management Ltd (“TAML”) had on 15 September 2014 formed a Limited Partnership under the name of TA Hotel Management Limited Partnership (“TAHLP” or “Partnership”) pursuant to the laws of the Province of British Columbia and pursuant to Sections 51(2) and 51(4) of the Partnership Act of British Columbia, R.S.B.C. 1996, c.348 as amended from time to time and any re-enactment thereof (“Act”).

A10 Subsequent Events (cont'd)

(3) Incorporation of General Partner and Formation of Limited Partnership pursuant to the Proposed Acquisition per (2) above(cont'd)

The following units in TAHL P have also been issued with the formation of the Partnership:-

- (a) 100 Class "A" Units to TAML at C\$1.00 per unit; and
- (b) 1 Class "B" Unit to TA Hotel GP Ltd. at C\$1.00 per unit.

A11 Changes in the Composition of the Group

Acquisition of non-controlling interests

- (a) On 17 February 2014, TA Global announced that TA First Credit Sdn Bhd ("TAFC") has acquired 1 ordinary share of RM1.00 each representing 50% equity interest in TFC Nominees (Asing) Sdn Bhd ("TFC Nominees") for a total consideration of RM1.00. TFC Nominees is currently dormant. Prior to acquisition, TAFC is holding 50% equity interest in TFC Nominees. Pursuant to the acquisition, TFC Nominees shall be a wholly-owned subsidiary of TAFC and TA Global shall be the ultimate holding of TFC Nominees.
- (b) On 17 February 2014, TA Global announced that TA Properties Sdn Bhd ("TAP") has acquired 490,000 ordinary shares of RM1.00 each representing 49% equity interest in Binaprestij Maju Sdn Bhd ("Binaprestij") for a total consideration of RM1.00. Binaprestij's principal activity is general construction and is currently inactive. Prior to acquisition, TAP is holding 51% equity interest in Binaprestij. Pursuant to the acquisition, TAP shall be a wholly-owned subsidiary of Binaprestij and TA Global shall be the ultimate holding of Binaprestij.

Acquisition of a foreign subsidiary

On 7 March 2014, ERF Properties Sdn Bhd, a wholly-owned subsidiary of Cosmic Legion Sdn Bhd, which in turn is a wholly-owned subsidiary of TA Properties Sdn Bhd, which in turn is a wholly-owned subsidiary of TA Global has acquired 1 share of HK\$1.00 each representing 100% equity in Maxfine International Limited ("Maxfine"), a foreign subsidiary, for a total consideration of HK\$1.00. Maxfine's principal activity is investment holding.

Conversion of TAG's Irredeemable Convertible Preference Shares "ICPS" to Ordinary Shares

During the financial period ended 31 July 2014, TA Global issued 50,569,836 ordinary shares pursuant to the conversion of ICPS by the ICPS holders. The conversion is satisfied by surrendering 1 ICPS of RM0.50 each in TA Global for each new TA Global's ordinary share of RM0.50 each.

The conversion above had resulted in the Company's effective interest in TA Global to decrease from 63.10% at the beginning of the financial year to 62.65% as at 31 July 2014.

Dissolution of a Foreign Subsidiary

On 15 May 2014, TA Global announced that Aava Whistler Holdings Ltd, a wholly-owned subsidiary of TA Global which was incorporated in Canada, had been dissolved.

As Aava Whistler Holdings Ltd is inactive, its dissolution will have no material financial and operational effect on the Group.

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

Completion of Payment of the Acquisition of the Little Bay Cove Residential Project ("the Project") in Sydney, Australia and Acquisition of Foreign Subsidiary – Charter Hall Opportunity Fund No.5 ("CHOF5") Little Bay Pty Ltd

On 30 May 2014, TA Global announced that:

- (a) Crystal Ingenious Sdn Bhd ("CISB"), the wholly-owned subsidiary of TA Global Group has acquired 100% of the issued shares of CHOF5 Little Bay Pty Ltd ("LBPL") comprising of 100 ordinary for a total consideration of A\$3.00. This takes into account all liabilities of LBPL in respect of the following:
 - (i) The repayment of the principal amount of A\$77.6 million owing by LBPL to Westpac Banking Corporation ("Westpac") under the Westpac Note Facility Deed dated 12 April 2011 as amended from time to time between LBPL, Westpac, CHOF5 Little Bay Finance Pty Limited, CHOF5 and Charter Hall Holdings Pty Ltd ("CHH");
 - (ii) The refund of A\$7.7 million to CHOF5 being CHOF5's voluntary prepayment to Westpac in October 2012;
 - (iii) TA Antarabangsa Development Ltd ("TAADL") Mezzanine Loan of A\$72.0mil; and
 - (iv) CHOF5's existing Mezzanine Loan of A\$72.0mil granted to LBPL under the Mezzanine Loan Agreement dated 18 October 2010 between CHOF5 and LBPL for the provision of debt funding required by LBPL for the development of the Project ("CHOF5 Mezzanine Loan").
- (b) CISB has purchased the CHOF5 Mezzanine Loan from CHOF5 for a total consideration of A\$12.5mil as adjusted. CISB notes that the total consideration of A\$12.5mil is subject to adjustment depending on the final project costs established once the final subdivision is achieved.
- (c) CHOF5 has novated to CISB all its rights under the CHOF5 Mezzanine Loan and a Deed of Charge dated 20 December 2010 between LBPL and CHOF5. The CHOF5 Mezzanine Loan and TAADL Mezzanine Loan structure will continue to be in place following completion of the Proposed Acquisition.
- (d) CHH has novated to TA Global Development Pty Ltd ("TAGDPL") CHH's interests under the Development Management Agreement dated 18 October 2010 between TAGDPL, CHH and LBPL for the provision of services by TAGDPL and CHH to LBPL relating to the development of the Project.

As completion has taken place, LBPL is now the wholly-owned subsidiary of CISB and TA Global Group has a 100% interest in LBPL, the Property and the Project. Pursuant to the completion of the acquisition of LBPL by CISB on 30 May 2014, the name of LBPL shall be simultaneously changed to TA Little Bay Pty Limited.

LBPL (A.C.N. 125 760 483) was incorporated on 4 June 2007 as a proprietary company limited by shares in Victoria, Australia under the Corporations Act 2001. Its issued and paid-up share capital comprises 100 ordinary shares of A\$0.02 each. LBPL is the registered proprietor and beneficial owner of the Little Bay project land located at Anzac Parade, Little Bay, New South Wales ("the Property"). LBPL was incorporated to hold and develop the Property and its activities relates solely to the Property.

The Group has also obtained the approval from Foreign Investment Review Board for the aforesaid acquisition.

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

Completion of Payment of the Acquisition of the Little Bay Cove Residential Project ("the Project") in Sydney, Australia and Acquisition of Foreign Subsidiary – Charter Hall Opportunity Fund No.5 ("CHOF5") Little Bay Pty Ltd (cont'd)

The acquisition had contributed the following results to the Group:

	2014
	RM'000
Revenue	-
Loss for the period	(74)

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

	Fair value recognised on acquisition RM'000	Acquiree's carrying amount RM'000
Development properties	330,434	330,434
Other receivables	99	99
Short term funds	11,194	11,194
	<u>341,727</u>	<u>341,727</u>
Trade and other payables	240,610	240,610
Borrowings	236,672	236,672
	<u>477,282</u>	<u>477,282</u>
Net liabilities	(135,555)	
Purchased goodwill	168,165	
Total cost of acquisition	<u>32,610</u>	

The net cash flow on acquisition is as follows:

Purchase consideration satisfied by cash	32,610
Less: Cash and cash equivalents of subsidiaries acquired	(11,194)
	<u>21,416</u>

If the acquisition had occurred on 1 February 2014, the Group revenue and loss for the period from 1 February 2014 to 31 July 2014 would have been RM Nil and RM73,728 respectively.

The acquisition of the assets and liabilities were accounted on a provisional basis. The purchase price allocation ("PPA") exercise, fair value adjustments to the assets and liabilities of the subsidiaries and allocation of goodwill to specific Cash Generating Unit will be finalised by the mid of the next financial year as allowed by FRS3 Business Combinations (revised).

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 2014 is as follow:

	<u>RM'000</u>
Approved and contracted for:-	
- Renovation	17,939
- Jointly controlled entities	<u>103,951</u>
	<u>121,890</u>

B1 Performance Analysis of the Group's Operating Segments

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

	Current Year Quarter 31 July 2014 RM'000	Preceding Year Corresponding Quarter 31 July 2013 RM'000
Revenue	273,840	188,461
Other income		
- Interest income from overdue financial receivables	341	85
- Interest income from financial institutions	2,549	2,712
- Interest income from a joint venture in which the Group has 65% interest	-	285
- Interest income from investment securities	6,110	15,734
- Other interest income	284	133
- Gain on disposal of investment securities	4,292	5,046
- Realised fair value gain on derivatives	1,701	(409)
- Rental income	1,087	1,641
- Deemed fee income from provision of financial guarantee	-	777
- Others	1,282	1,319
	17,646	27,323
Other expenses		
- Amortisation and depreciation	(19,913)	(20,310)
- Cost of properties and building materials sold	(84,422)	(19,956)
- Remisiers', agents' and futures brokers' commissions	(10,042)	(10,101)
- Hotel operational expenses (include hotel personnel cost)	(77,210)	(75,236)
- Personnel and others	(38,990)	(34,739)
- Fair value gain/(loss) on revaluation of investments	2,297	16,450
- Unrealised fair value gain/(loss) on derivatives	3,756	(129)
- Reversal/ (Allowance) of impairment loss on receivables	3,337	(1,442)
- Impairment loss on investment securities	(33)	(1,771)
- Foreign exchange gain/(loss)	912	(17,153)
	(220,308)	(164,387)
Finance costs	(11,820)	(10,411)
Share of results of associated companies	(493)	(422)
Share of results of jointly controlled entities - unincorporated	-	(199)
Share of results of joint venture	-	(46)
Profit before tax	58,865	40,319

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

The Group reported profit before tax of RM58.9million and revenue of RM273.8million for the current second quarter, compared to profit before tax of RM40.3million and revenue of RM188.5million respectively achieved in the previous year's corresponding quarter.

All divisions of the Group had registered an improvement in performance, which is further analysed as follows:

Broking and financial services

Profit before tax of the broking and financial services division decreased by 11% to RM8.3million in the current year's second quarter as compared to the previous year's corresponding quarter.

However, profit before tax and revenue for the current period-to-date was higher at RM19.0mil and RM67.4mil respectively, as compared to RM16.2mil and RM55.7mil respectively for the preceding year's period-to-date.

The improved period-to-date financial performance was primarily contributed by the increase in profits on stocks trading generated by its proprietary team and higher brokerage and corporate advisory income.

Investment holding

Investment holding division reported profit before tax of RM20.7million in the current year's second quarter, as compared to profit before tax of RM7.4 million in the previous year's corresponding quarter.

For the current period-to-date, this division achieved profit before tax of RM45.1million, as compared to profit before tax of RM15.8million in preceding year's period-to-date.

The better performance was mainly due to favourable foreign exchange rate movement on the Group's loans denominated in Thai Baht and Singapore Dollar. Besides, the Group also enjoyed foreign exchange translation gain realised from partial settlement of Canadian Dollar denominated promissory notes.

Credit and lending

For the current year's second quarter, credit and lending division contributed RM11.9 million profit before tax to the Group, as compared to profit before tax of RM17.8 million in the previous year's corresponding quarter.

Despite higher interest income on investment securities, the division recorded net foreign exchange translation loss in the current quarter, as compared to net foreign exchange gain in the previous year's corresponding quarter. Translation difference was mainly resulted from foreign exchange rates movement on inter-company balances denominated in Australian Dollar and Canadian Dollar.

However, this division achieved profit before tax of RM48.9million in the current period-to-date, as compared to RM30.9million in preceding year's period-to-date.

Despite the absence of gain on redemption of bond, higher fair value loss on investments and derivatives, and foreign exchange translation loss on translation of Australian Dollar and Canadian Dollar inter-co balances, this division enjoyed higher profit before tax due to loan recovery, higher investment interest income and higher realised fair value gain on derivatives.

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

Property investment

Property investment division reported profit before tax of RM1.7million in the current year's second quarter, as compared to profit before tax of RM0.1million in the previous year's corresponding quarter.

For the current period-to-date, this division achieved profit before tax of RM3.1million, as compared to RM2.3million in preceding year's period-to-date.

The increase in profit before tax was mainly due to increase in rental income generated from investment properties.

Property development

Property development division registered profit before tax of RM8.9million in the current year's second quarter, as compared to RM8.1million in previous year's corresponding quarter.

For the current period-to-date, this division achieved profit before tax of RM11.7million, as compared to RM10.7million in preceding year's period-to-date.

The increase in profit was mainly due to the completion of phase 1 Garden project in Canada.

Hotel operations

Hotel operations division registered net operating profit of RM9.9million in the current year's second quarter, as compared to RM15.7million in the previous year's corresponding quarter.

For the current period-to-date, this division achieved net operating profit of RM36.7million, as compared to RM42.3million in preceding year's period-to-date.

Although overall hotel revenue had decreased, current year's period-to-date profit before tax had increased by 41% to RM43.2million due to foreign exchange translation gain arising from the depreciation of USD against THB.

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

The Group registered profit before tax of RM58.9million in the current year's second quarter as compared to RM103.1million in the preceding quarter. This is due to lower income from the hotel operational division, interest income from financial receivables and foreign exchange translation gain.

B3 Prospects for the current financial year

The global economy is expected to be challenging, resulting from the rollback of the Quantitative Easing in US and slower than expected growth in China. However, domestic economy is expected to be resilient because of sustainable domestic demand and recovery in exports due to the weakening of the Malaysian Ringgit against US Dollar.

The Prospects for each business division is summarized below: -

Broking and financial services

Market sentiment is likely to be affected by the continuous rollback of the Quantitative Easing program in the US, and slower than expected growth in China. Liquidity might face a minor setback if foreigners continue to unwind and head back to the US shores. Nonetheless, an expected strong recovery in exports in second half of 2014 is expected to attract interest into the Malaysian equity market.

We expect the stockbroking division to continue to operate in a highly competitive and challenging environment. We will also continue to promote fee based business and other innovative products to boost our revenue.

Our latest branch in Segamat, Johor was opened in October 2013 and we will continue to look for strategic locations to grow our branch network.

The investment management unit will be launching new and diversified unit trust funds to fulfill market needs and to expand its distribution channel. We plan to tie-up with more Unit Trust Management Company to increase our third party funds distribution. We are also actively developing our private mandate business by targeting corporate clients.

The Group will continue its expansion plan on its derivative trading and commodity products and services.

Credit and Lending

The credit and lending division will continue to provide financing to individual and corporate investors for new initial public offerings and staff of corporations who are given share entitlements under their Employees Share Option Schemes. As many big cap companies are aiming for flotation on Bursa Malaysia this year, business opportunities are expected to be good and we are optimistic of our earnings growth prospects in FYE 2015.

The Group will continue to seek investment opportunity to maximize finance income.

Property Investment

The Group is projected to experience a lower income contribution from overseas and local property investments for the next financial year in view of the expected upgrading works to be undertaken in some of the investment properties. We are confident that these upgrading works will generate higher returns for the Group in the future.

Property development

Despite lower demand on higher priced properties and rising costs pressures, the Group will continue to focus on its Damansara Avenue project. New launches shall be expected post GST implementation in the next financial year and hence the earnings from the property development are expected to be lower in the current financial year.

B3 Prospects for the next financial year (cont'd)

Hotel Operations

Our hospitality business spanning across Singapore, Australia and Thailand is expected to continue to generate a stable recurrent income stream for the Group. The growth and performance of hospitality business in China and Canada in the current financial year will be driven and dependent on its country's economic growth.

We will continue to explore and evaluate opportunities to acquire new hotel properties to expand our existing hotels portfolio and to 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 2015.

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	5,081	20,945
- Foreign tax	5,403	6,574
Deferred tax	(45)	(643)
(Over)/under provision in prior year		
- Foreign tax	-	(1,191)
	<u>10,439</u>	<u>25,685</u>

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

	Current quarter RM'000	Year-to-date RM'000
Profit before taxation	<u>58,866</u>	<u>161,927</u>
Taxation at the statutory income tax rate of 25%	14,717	40,482
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	(4,278)	(14,797)
Tax expense for the financial period	<u>10,439</u>	<u>25,685</u>

B6 Corporate Proposals

Status of Corporate Proposals

All corporate proposals announced have been completed at the date of this quarterly report.

B7 Group Borrowings and Debt Securities

Total Group borrowings as at 31 July 2014 were as follows:-

	Secured RM'000	Unsecured RM'000
<i>Long term borrowings</i>		
Foreign currency loans	433,595	-
Revolving credits	99,805	-
<i>Short term borrowings</i>		
Foreign currency loans and revolving credits (including share of joint operation's loan)	1,253,281	69,064
Loans and revolving credits	267,000	98,000
	<u>2,053,681</u>	<u>167,064</u>

Denomination of foreign currency loans and revolving credits:-

<i>Long-term borrowings</i>		RM'000
C\$	55,175,830	161,566
RMB	32,000,000	16,566
A\$	86,000,000	255,463
		<u>433,595</u>
<i>Short-term borrowings</i>		
C\$	52,240,809	152,972
S\$	179,400,000	459,587
A\$	34,195,600	101,578
US\$	160,845,219	514,061
RMB	20,000,000	10,354
HK\$	15,994,934	6,596
EUR	8,196,251	35,079
GBP	7,805,638	42,118
		<u>1,322,345</u>

Loans and revolving credits denominated in RM bear interest rates ranging from 4.1% to 4.7% per annum, of which RM366,805,000 are secured by corporate guarantee and certain properties in Kuala Lumpur.

Secured foreign currency loans and revolving credits of the Group are as follows:-

(1) Loans denominated in C\$

- (a) A 15-year term loan (C\$24,151,206) will mature on 5 December 2020;
- (b) A 20-year term loan (C\$35,805,054) will mature on 5 June 2016;

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.

B7 Group Borrowings and Debt Securities (cont'd)

(1) Loans denominated in C\$ (cont'd)

- (c) Three 5-year term loans (total of C\$1,648,469) 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\$21,600,000) of which C\$5,350,000 is secured by new first all-monies charge over the ordinary shares of a subsidiary and mortgage over a hotel in Singapore, and C\$16,250,000 is secured against a hotel in Australia.

The revolving credits bear interest rates ranging from 2.5% to 2.7% per annum.

- (e) Share of joint operation's loan (C\$24,211,909) will mature on November 2014.

The loan bears interest rate ranging 3.7% to 4.1% per annum and is secured by corporate guarantee.

(2) Loan denominated in S\$

A 5-year term loan (S\$179,400,000) with a scheduled principal repayment S\$1,700,000 at the end of each of the 3 months from 30 November 2009 will mature on 30 November 2014, bears average interest rate of 1.7% per annum, 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) A floating rate bill facility amounting to A\$23,250,000 will mature on 28 February 2015. The loan is secured against a hotel in Australia.

The loan bears interest rates ranging from 4.5% to 4.6% per annum.

- (b) Short term revolving credit (A\$10,945,600) is secured against a hotel in Australia.

The revolving credit bears interest rates ranging from 4.1% to 4.2% per annum.

- (c) A 2-year term loan amounting to A\$86,000,000 will mature on 30 May 2016. The loan bears average interest rate of 4.5% per annum and is secured by mortgage over certain development properties.

(4) Loans denominated in US\$

Short-term loans amounting to US\$160,845,219 are on rollover basis. The loans are secured against certain investment securities, and bear interest rates ranging from 0.3% to 0.7% per annum.

(5) Loans denominated in RMB

Three term loans (total of RMB52,000,000) carries maturities from 20 December 2014 to 24 April 2016.

The loans are subject to average interest rate of 6.7% per annum, and are secured against a hotel building and land use rights in China.

B7 Group Borrowings and Debt Securities (cont'd)

(6) Loans denominated in HK\$

Short-term loans amounting to HK\$15,994,934 are on rollover basis. The loans are secured against certain investment securities and bear average interest of 0.45% per annum.

(7) Loans denominated in EUR

Short-term loans amounting to EUR8,196,251 are on rollover basis. The loans are secured against certain investment securities and bear average interest of 0.3% per annum.

(8) Loans denominated in GBP

Short-term loans amounting to GBP7,805,638 are on rollover basis. The loans are secured against certain investment securities and bear average interest of 0.7% per annum.

B8 Material Litigation

As at 17 September 2014, there were no changes in material litigation since the last annual reporting date of 31 January 2014.

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	RM 218,112,167	(RM9,805,753)
Geared Equity Decumulators -Less than 1 year	RM 97,614,017	(RM340,135)

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 <u>RM'000</u>	As at the end of last financial year <u>RM'000</u>
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
-Realised	1,116,994	973,103
-Unrealised	<u>(190,249)</u>	<u>(120,850)</u>
	926,745	852,253
Total share of retained profits of associated companies:		
-Realised	2,364	1,824
-Unrealised	<u>78</u>	<u>78</u>
	2,442	1,902
Total share of losses in joint venturer - Realised	<u>(5,232)</u>	<u>(5,232)</u>
	923,955	848,923
Less: Consolidation adjustments	<u>(1,119,396)</u>	<u>(1,094,745)</u>
Total (accumulated losses)/retained profits as per Statement of Financial Position	<u>(195,441)</u>	<u>(245,822)</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 2014	31 July 2013	31 July 2014	31 July 2013
Basic earnings per share				
Profit for the period (RM'000) - attributable to equity holders of the Company	40,604	31,901	98,314	65,813
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>2.37</u>	<u>1.86</u>	<u>5.74</u>	<u>3.84</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
24 September 2014