

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

| | AS AT END OF CURRENT YEAR 31-DEC-2016 (Unaudited) RM'000 | AS AT PRECEDING FINANCIAL PERIOD 31-DEC-2015 (Audited) RM'000 |
|---|--|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 2,194,444 | 2,109,470 |
| Investment properties | 533,391 | 509,139 |
| Land held for property development | 895,592 | 816,254 |
| Intangible assets | 323,216 | 315,783 |
| Investment in associates | 14,361 | 14,615 |
| Investment in joint ventures | 225,559 | 177,705 |
| Deferred tax assets | 83,461 | 76,690 |
| Receivables | 21,465 | 264,961 |
| Investment in securities | 323,280 | 324,587 |
| | <u>4,614,769</u> | <u>4,609,204</u> |
| Current assets | | |
| Property development costs | 210,026 | 185,383 |
| Inventories | 51,502 | 53,221 |
| Tax recoverable | 25,883 | 24,380 |
| Receivables | 656,752 | 569,885 |
| Investment in securities | 904,725 | 721,827 |
| Derivatives | - | 720 |
| Cash and cash equivalents | 1,101,403 | 553,655 |
| | <u>2,950,291</u> | <u>2,109,071</u> |
| TOTAL ASSETS | <u>7,565,060</u> | <u>6,718,275</u> |
| EQUITY AND LIABILITIES | | |
| Share capital | 1,711,910 | 1,711,910 |
| Reserves | 679,306 | 504,362 |
| Equity attributable to equity holders of the Company | <u>2,391,216</u> | <u>2,216,272</u> |
| Non-controlling interests | <u>1,204,015</u> | <u>1,107,389</u> |
| TOTAL EQUITY | <u>3,595,231</u> | <u>3,323,661</u> |
| Non-current liabilities | | |
| Deferred tax liabilities | 236,511 | 271,536 |
| Borrowings | 1,314,352 | 742,903 |
| Payables | - | 3,080 |
| | <u>1,550,863</u> | <u>1,017,519</u> |
| Current liabilities | | |
| Borrowings | 1,861,013 | 2,022,406 |
| Payables | 538,152 | 341,129 |
| Derivatives | 6,406 | 5,998 |
| Current tax liabilities | 13,395 | 7,562 |
| | <u>2,418,966</u> | <u>2,377,095</u> |
| TOTAL LIABILITIES | <u>3,969,829</u> | <u>3,394,614</u> |
| TOTAL EQUITY AND LIABILITIES | <u>7,565,060</u> | <u>6,718,275</u> |
| Net assets per share attributable to ordinary equity holders of the parent (RM) | <u>1.40</u> | <u>1.29</u> |

Notes:

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial period ended 31 December 2015 and the accompanying notes to the quarterly report attached hereto.

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

(The figures have not been audited)

| | INDIVIDUAL QUARTER | | CUMULATIVE PERIOD | |
|--|---|---|---|---|
| | CURRENT YEAR QUARTER 31-DEC-2016 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 31-DEC-2015 RM'000 | CURRENT YEAR TO DATE 31-DEC-2016 RM'000 | PRECEDING YEAR TO DATE 31-DEC-2015 RM'000 |
| Revenue | 227,444 | N/A | 741,303 | N/A |
| Other income | 28,644 | N/A | 47,954 | N/A |
| Other expenses | (116,872) | N/A | (638,093) | N/A |
| Profit from operations | 139,216 | N/A | 151,164 | N/A |
| Finance income | 17,324 | N/A | 50,452 | N/A |
| Finance costs | (20,111) | N/A | (76,809) | N/A |
| Share of results in associates | (207) | N/A | (253) | N/A |
| Share of results in joint venture | 33,936 | N/A | 52,712 | N/A |
| Profit before tax | 170,158 | N/A | 177,266 | N/A |
| Income tax | 27,178 | N/A | 9,234 | N/A |
| Profit for the financial period | 197,336 | N/A | 186,500 | N/A |
| Profit attributable to: | | | | |
| Equity holders of the Company | 142,003 | N/A | 123,283 | N/A |
| Non-controlling interests | 55,333 | N/A | 63,217 | N/A |
| | 197,336 | N/A | 186,500 | N/A |
| Earnings per share attributable to equity holders of the Company | | | | |
| Basic (sen) | 8.30 | N/A | 7.20 | N/A |
| Fully diluted (sen) | 8.30 | N/A | 7.20 | N/A |

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

(The figures have not been audited)

| | INDIVIDUAL QUARTER | | CUMULATIVE PERIOD | |
|--|----------------------------|---|-------------------------|---------------------------|
| | CURRENT YEAR QUARTER | PRECEDING YEAR CORRESPONDING QUARTER | CURRENT YEAR TO DATE | PRECEDING YEAR TO DATE |
| | 31-DEC-2016 RM'000 | 31-DEC-2015 RM'000 | 31-DEC-2016 RM'000 | 31-DEC-2015 RM'000 |
| Profit for the financial period | 197,336 | N/A | 186,500 | N/A |
| Other comprehensive income/(loss), net of tax: | | | | |
| Items that will be reclassified subsequently to profit or loss: | | | | |
| Net gain/(loss) on foreign currency translation differences | 96,177 | N/A | 87,006 | N/A |
| Available-for-sale financial assets | | | | |
| - Net fair value (loss)/gain | (3,589) | N/A | 8,951 | N/A |
| - Reclassification to profit or loss | (2,532) | N/A | (783) | N/A |
| - Income tax effect | (25) | N/A | 30 | N/A |
| Other comprehensive income for the period, net of tax | 90,031 | N/A | 95,204 | N/A |
| Total comprehensive income for the financial period | 287,367 | N/A | 281,704 | N/A |
| Total comprehensive income attributable to: | | | | |
| Equity holders of the Company | 198,253 | N/A | 181,747 | N/A |
| Non-controlling interests | 89,114 | N/A | 99,957 | N/A |
| | 287,367 | N/A | 281,704 | N/A |

Notes:

The unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the period ended 31 December 2015 and the accompanying notes to the quarterly report attached hereto.

The financial year end of the company has been changed from 31 January to 31 December. Consequently, there are no comparative figures for the cumulative period ended 31 December 2015 to be presented in this Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

| | ----- Attributable to equity holders of the Company ----- | | | | | | | | | |
|--|---|-------------------------|---------------------------|---------------------------------------|--|--|--|-----------------|-------------------------------------|------------------------|
| | ----- Non-distributable ----- | | | | | | Distributable | | | |
| | 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 earnings/ (Accumulated losses) RM'000 | Total RM'000 | Non-controlling interests RM'000 | Total equity RM'000 |
| At 1 January 2016 | 1,711,910 | 63,208 | 10,300 | 4,690 | 296,792 | 92,492 | 36,880 | 2,216,272 | 1,107,389 | 3,323,661 |
| Total comprehensive income for the financial period | | | | | | | | | | |
| - Profit for the financial year | - | - | - | - | - | - | 123,283 | 123,283 | 63,217 | 186,500 |
| - Other comprehensive income | - | - | - | 4,624 | (35,365) | 89,205 | - | 58,464 | 36,740 | 95,204 |
| | - | - | - | 4,624 | (35,365) | 89,205 | 123,283 | 181,747 | 99,957 | 281,704 |
| Contributions by and distributions to owners of the Company | | | | | | | | | | |
| Dividend to equity holders of the Company | - | - | - | - | - | - | (6,848) | (6,848) | - | (6,848) |
| Distribution equalisation in unit trust fund | - | - | - | - | - | - | 45 | 45 | - | 45 |
| Dividend to non-controlling interests | - | - | - | - | - | - | - | - | (5,755) | (5,755) |
| Business combination with non-controlling interests | - | - | - | - | - | - | - | - | 2,424 | 2,424 |
| Total transactions with owners of the Company | - | - | - | - | - | - | (6,803) | (6,803) | (3,331) | (10,134) |
| At 31 December 2016 (unaudited) | 1,711,910 | 63,208 | 10,300 | 9,314 | 261,427 | 181,697 | 153,360 | 2,391,216 | 1,204,015 | 3,595,231 |

Notes:

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the period ended 31 December 2015 and the accompanying notes to the quarterly report attached hereto.

The financial year end of the Company has been changed from 31 January to 31 December. Consequently, there are no comparative figures for the cumulative period ended 31 December 2015 to be presented in this Condensed Consolidated Statement of Changes in Equity.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016
(The figures have not been audited)**

| | 12 MONTHS ENDED | |
|---|-----------------|-------------|
| | 31-DEC-2016 | 31-DEC-2015 |
| | RM'000 | RM'000 |
| Operating Activities | | |
| Profit before tax | 177,266 | N/A |
| Adjustments for: | | |
| Non-cash items | (19,366) | N/A |
| Non-operating items | 83,103 | N/A |
| Operating profit before changes in working capital | 241,003 | - |
| Net decrease in assets | 87,203 | N/A |
| Net increase in liabilities | 295,603 | N/A |
| Cash generated from operations | 623,809 | - |
| Interest received | 2,412 | N/A |
| Taxes paid | (27,546) | N/A |
| Net cash generated from operating activities | 598,675 | - |
| Investing Activities | | |
| Interest received | 48,040 | N/A |
| Dividend received | 4,256 | N/A |
| Development cost on land held for development | (69,453) | N/A |
| Purchase of property, plant and equipment | (136,526) | N/A |
| Proceeds from disposal of property, plant and equipment | 185 | N/A |
| Deposit paid for acquisition of property, plant and equipment | (66,536) | N/A |
| Purchase of investment properties | (12,296) | N/A |
| Purchase of investment securities | (1,369,501) | N/A |
| Proceeds from settlement of derivatives | 22,115 | N/A |
| Proceeds from disposal/redemption of investment securities | 1,289,516 | N/A |
| Other payments | (18) | N/A |
| Net cash used in investing activities | (290,218) | - |
| Financing Activities | | |
| Dividend paid to equity holders of the Company | (6,848) | N/A |
| Dividend paid to minority interest | (5,755) | N/A |
| Interest paid | (76,809) | N/A |
| Net drawdown of borrowings | 323,429 | N/A |
| Increase in pledged deposits for financing facilities | (217,489) | N/A |
| Net cash generated from financing activities | 16,528 | - |
| Net increase in cash and cash equivalents during the year | 324,985 | - |
| Cash and cash equivalents at beginning of year | | |
| As previously reported | 323,430 | N/A |
| Effects of exchange rate changes | 6,594 | N/A |
| As restated | 330,024 | - |
| Cash and cash equivalents at end of current year | 655,009 | - |
| Cash and cash equivalents comprise of: | | |
| Cash and short term deposits | 1,101,403 | N/A |
| Less: | | |
| Monies in trust | (25,754) | N/A |
| Cash pledged for banking facilities | (420,640) | N/A |
| | 655,009 | - |

Note: The financial year end of the Company has been changed from 31 January to 31 December. Consequently, there are no comparative figures to be presented in this Condensed Consolidated Cash Flow Statements as the fourth quarter of the previous financial year only consist of 11 months results.

NOTES TO THE INTERIM FINANCIAL STATEMENTS
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 period ended 31 December 2015.

As announced to Bursa Malaysia on 24 February 2016, the Company changed its financial year end from 31 January to 31 December. Accordingly, the comparative amounts are not comparable for the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and the related notes.

A2 Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in this quarterly financial statements are consistent with those adopted in the audited financial statements for the financial period ended 31 December 2015, except for the adoption of the following new and revised Financial Reporting Standards (FRSs), Amendments to FRSs and IC interpretations.

| | Effective for financial periods beginning on or after |
|--|--|
| FRS 14 <i>Regulatory Deferral Accounts</i> | 1 January 2016 |
| Amendments to FRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)</i> | 1 January 2016 |
| Amendments to FRS 7 <i>Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)</i> | 1 January 2016 |
| Amendments to FRS 10 <i>Consolidated Financial Statements</i> , FRS 12 <i>Disclosures of Interests in Other Entities</i> and FRS 128 <i>Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception</i> | 1 January 2016 |
| Amendments to FRS 11 <i>Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations</i> | 1 January 2016 |
| Amendments to FRS 101 <i>Presentation of Financial Statements – Disclosure Initiative</i> | 1 January 2016 |
| Amendments to FRS 116 <i>Property, Plant and Equipment and FRS 138 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation</i> | 1 January 2016 |
| Amendments to FRS 119 <i>Employee Benefits (Annual Improvements 2012 – 2014 Cycle)</i> | 1 January 2016 |
| Amendments to FRS 127 <i>Separate Financial Statements – Equity Method in Separate Financial Statements</i> | 1 January 2016 |
| Amendments to FRS 134 <i>Interim Financial Reporting (Annual Improvements 2012 – 2014 Cycle)</i> | 1 January 2016 |

A2 Changes in Accounting Policies (continued)

The adoption of the amendments/improvements to existing standards 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”)

The Group falls within the scope of IC Interpretation 15, Agreements for the Construction of Real Estate. Therefore, the Group is currently exempted from adopting the Malaysian Financial Reporting Standards (“MFRSs”) and is referred to as a “Transitioning Entity”.

The Group’s financial statements for annual period beginning on 1 January 2018 will be prepared in accordance with the MFRSs issued by the MASB and International Financial Reporting Standards (“IFRSs”).

A3 Auditors’ Report of Preceding 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 affected by seasonal and cyclical factors especially the volatility in the trading volume and share prices on the Bursa Malaysia, the general Malaysian economy and 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 year’s 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 0.4% on 1,711,909,630 ordinary shares for financial period ended 31 December 2015 (0.40 sen per ordinary shares), amounted to RM6,847,633 was paid on 15 July 2016.

A9 Segmental Information

Segmental revenue and results for the current financial year:

| | 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 revenue | 112,732 | 38,604 | 38,453 | 49,816 | 22,138 | 479,560 | - | 741,303 |
| Inter-segment revenue | - | 51,811 | 26,259 | 8,447 | - | 44,978 | (131,495) | - |
| Total revenue | 112,732 | 90,415 | 64,712 | 58,263 | 22,138 | 524,538 | (131,495) | 741,303 |
| Other income | 1,327 | 9,013 | 22,378 | 8,205 | 4,613 | 2,418 | - | 47,954 |
| Result | | | | | | | | |
| Net segment results | 18,885 | (22,689) | 57,982 | 23,485 | (12,430) | 65,860 | - | 131,093 |
| gains/(losses) | 1,443 | 29,181 | 10,993 | (694) | - | (3,193) | - | 37,730 |
| Profit from operations | 20,328 | 6,492 | 68,975 | 22,791 | (12,430) | 62,667 | - | 168,823 |
| Finance income | 6,489 | 612 | 41,680 | 595 | 791 | 285 | - | 50,452 |
| Finance costs | (1,344) | (38,692) | (9,203) | (13,665) | (10,934) | (2,971) | - | (76,809) |
| Share of results in associates | - | - | - | (253) | - | - | - | (253) |
| venture | - | - | - | - | 52,712 | - | - | 52,712 |
| Profit before tax | 25,473 | (31,588) | 101,452 | 9,468 | 30,139 | 59,981 | - | 194,925 |
| Unallocated corporate expenses | | | | | | | | (17,659) |
| Income tax | | | | | | | | 9,234 |
| Profit for the financial year | | | | | | | | 186,500 |
| Profit attributable to: | | | | | | | | |
| Equity holders of the | | | | | | | | 123,283 |
| Non-controlling interests | | | | | | | | 63,217 |
| | | | | | | | | 186,500 |

A10 Subsequent Events

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

Amalgamation of subsidiaries

On 3 January 2017, the Group announced that TA Development One (Canada) Ltd and TA West Georgia Developments Ltd, subsidiaries of the Group have amalgamated to continue as one new company under Section 274 of the Business Corporations Act of British Columbia on 1 January 2017.

The name of the new company will also be called "TA West Georgia Developments Ltd" (hereinafter referred to as "the new TA West Georgia"). The principal activity of the new TA West Georgia is investment holding.

A10 Subsequent Events (cont'd)

Amalgamation of subsidiaries (cont'd)

The shareholder of the new TA West Georgia is TA Canada Holdings Ltd, a subsidiary of the Group. The current issued and paid-up capital of the new TA West Georgia is C\$100.00 divided into one hundred (100) common share of C\$1.00 each issued to TA Canada Holdings Ltd.

Completion of acquisition of Trump International Hotel & Tower Vancouver, and acquisition of West Georgia Holdings Inc.

On 8 February 2017, TA Global announced that Maxfine International Limited (“Maxfine”), a wholly-owned subsidiary of TA Global has completed the acquisition of the Trump International Hotel & Tower Vancouver located at 1151 West Georgia, Vancouver, B.C. Canada from West Georgia Development Limited Partnership, for a total cash consideration of C\$100 million.

Included in the purchase consideration of C\$100 million was the acquisition of 100% equity interest in West Georgia Holdings Inc. (“WGH”) by Maxfine.

WGH was incorporated in British Columbia, Canada under the BC Business Corporations Act on 18 February 1999. The current issued and paid-up capital of WGH is 1 common share. WGH is currently dormant.

A11 Changes in the Composition of the Group

Dissolution of Aava Whistler Hotel Limited

On 26 January 2016, Aava Whistler Hotel Limited, a wholly-owned subsidiary of TA Global Bhd. (“TA Global”), has been dissolved pursuant to the provision to the Business Corporations Act in Canada.

The dissolutions of the above subsidiary do not have any material financial and operational effect to the Group.

Dissolution of TA International Sdn. Bhd.

On 1 March 2016, TA International Sdn. Bhd., a wholly-owned subsidiary of the Company, has been dissolved by way of member’s voluntary winding up pursuant to the Companies Act, 1965 in Malaysia.

The dissolutions of the above subsidiary do not have any material financial and operational effect to the Group.

Dissolution of TA Global Trust Pte Ltd.

On 11 April 2016, the Group announced that TA Global Trust Pte Ltd., a wholly-owned foreign subsidiary of TA Global had been dissolved pursuant to Section 344 of the Companies Act, Cap.50 in Singapore.

The dissolution does not have any material financial and operational effect to the Group.

Incorporation of foreign subsidiary - TA F&B GP Ltd.

On 12 July 2016, TA F&B GP Ltd. was incorporated under the Business Corporations Act (British Columbia) with the Province of British Columbia Registrar of Companies under the incorporation number of BC1082530.

The principal activity of TA F&B GP Ltd. is as the general partner in the TA F&B Limited Partnership which shall be formed to operate a club.

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

Incorporation of foreign subsidiary - TA F&B GP Ltd. (cont'd)

The shareholder of TA F&B GP Ltd. is TA Management Limited, a subsidiary of the Company. The current issued and paid-up capital of TA F&B GP Ltd. is C\$1.00 divided into one (1) common share of C\$1.00 issued to TA Management Limited.

Formation of Limited Partnership – TA F&B Limited Partnership

TA F&B GP Ltd. and TA Management Limited had on 27 July 2016 formed a Limited Partnership under the name of TA F&B Limited Partnership (the “Partnership”) pursuant to the laws of the Province of British Columbia and pursuant to Section 51 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”).

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

- (a) 100 Class “A” Units to TA Management Limited at C\$1.00 per unit; and
- (b) 1 Class “B” Unit to TA F&B GP Ltd. at C\$1.00 per unit.

Acquisition of a foreign subsidiary – Grace Plus Enterprises Limited

On 27 October 2016, TA Global acquired 1 share of HK\$1.00 each representing 100% equity in Grace Plus Enterprises Limited (“Grace Plus”), a subsidiary incorporated in Hong Kong, for a total consideration of HK\$1.00. Grace Plus’s principal activity is investment holding.

Incorporation of foreign subsidiary – WG Restaurant GP Ltd.

On 24 November 2016, WG Restaurant GP Ltd. was incorporated under the Business Corporations Act (British Columbia) with the Province of British Columbia Registrar of Companies under the incorporation number of BC1097877.

The principal activity of WG Restaurant GP Ltd. is as the general partner in the WG Restaurant Limited Partnership which shall be formed to operate a restaurant.

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

Formation of Limited Partnership – WG Restaurant Limited Partnership

WG Restaurant GP Ltd and TA Management Limited, subsidiaries of the Group had on 25 November 2016 formed a Limited Partnership under the name of WG Restaurant Limited Partnership (the “Partnership”) pursuant to the laws of the Province of British Columbia and pursuant to Section 51 of the Partnership Act of British Columbia, R.S.B.C. 1996, c.348.

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

- (a) 100 Class “A” Units to TA Management Limited at C\$1.00 per unit; and
- (b) 1 Class “B” Unit to WG Restaurant GP Ltd at C\$1.00 per unit.

A12 Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets as at the end of the current financial year, except as disclosed below:

A Notice of Additional Assessment (“the Notice”) was raised against the Group’s subsidiary, Merchant Quay Pte. Ltd. (“MQPL”) by the Inland Revenue Authority of Singapore (“IRAS”), in respect of tax payable imposed on the Group financing arrangement under Section 33 of the Singapore Income Tax Act, amounted to SGD9,969,486.

The Group objected the Notice on the ground that provisions in Section 33 is not applicable and the case is under appeal with IRAS. Pending the outcome of the appeal, IRAS has granted MQPL a stand over for the tax payable; accordingly, no provision for tax has been made on this.

A13 Commitments

The amount of capital commitments not provided for as at 31 December 2016 were as follow:

| | RM'000 |
|-------------------------------|----------------|
| Approved and contracted for:- | |
| - Renovation | 5,256 |
| - Development expenditure | 77,177 |
| - Hotel acquisition | 266,144 |
| | <u>348,577</u> |

B1 Performance Analysis of the Group's Operating Segments

| | CURRENT QUARTER 31 DEC 2016 RM'000 | CURRENT YEAR TO DATE 31 DEC 2016 RM'000 |
|--|---|--|
| Revenue | 227,444 | 741,303 |
| Other income | | |
| - Realised fair value gain on derivatives | 11,589 | 22,115 |
| - Rental income | 658 | 2,360 |
| - Management fee | 3,645 | 4,062 |
| - Dividend income | 71 | 2,353 |
| - Others | 12,682 | 17,064 |
| | 28,645 | 47,954 |
| Other expenses | | |
| - Amortisation and depreciation | (25,542) | (80,625) |
| - Cost of properties and construction materials sold | (2,536) | (21,510) |
| - Remisiers', agents' and futures brokers' commissions | (9,715) | (34,985) |
| - Hotel operational and personnel cost | (108,495) | (352,689) |
| - Personnel cost and others | (60,937) | (166,845) |
| - Property, plant and equipment written off | (2,915) | (3,525) |
| - Fair value gain on investment securities | 87,515 | 67,243 |
| - Unrealised fair value (loss)/gain on derivatives | (134) | 229 |
| - Net loss on disposal/redemption of investment securities | (21,825) | (84,094) |
| - Reversal of impairment loss on receivables | 3,198 | 4,575 |
| - Impairment loss on investment securities | (631) | (3,598) |
| - Foreign exchange gain | 25,144 | 37,731 |
| | (116,873) | (638,093) |
| Finance income | 17,324 | 50,452 |
| Finance costs | (20,111) | (76,809) |
| Share of results in associates | (207) | (253) |
| Share of results in joint venture | 33,936 | 52,712 |
| Profit before tax | 170,158 | 177,266 |

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

Due to the change of financial year end from 31 January to 31 December, the Group's results for the preceding year corresponding 12-month period ended 31 December 2015 were not available for comparison.

The Group reported revenue of RM227.4 million and profit before tax of RM170.2 million for the current quarter ended 31 December 2016.

For the current year-to-date, the Group reported revenue of RM741.3 million and profit before tax of RM177.3 million.

For the current quarter, the Group enjoyed profitability from all of its business divisions. The Group achieved good performance on investment securities through interest income and fair valuation gain, and better share of profits in joint ventures.

For the current year-to-date, the Group's result was adversely affected by loss on disposal of investment securities, which resulted in the net segment loss of investment holding division.

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

The Group reported profit before tax of RM170.2 million in the current year's fourth quarter as compared to profit before tax of RM97.8 million in the preceding quarter.

The Group's results improved primarily due to higher investment income, fair value gain on investment securities, higher foreign exchange gain and higher share of profits in joint venture.

B3 Prospects for the next financial year

The Malaysia economy is expecting a growth path of 4.0%-4.5% despite the challenging economic environment globally and domestically. However, the downside risk to growth will remain, given the continued uncertainty in the external environment and the weakening of the domestic economy.

The prospect for each business division is summarized below: -

Broking and financial services

For the year 2017, volatilities and uncertainties are abound as the shifting sands of market sentiments will get an additional boost from the political economy of the US and Europe. While resilient economic growth, inflow of FDIs from China, recovery in corporate earnings, higher crude oil price and speculations about the 14th GE will have the tendency to spew positive vibes into the market, unpleasant external surprises from the US and Europe that go against the spirit of globalization will make trading nations like Malaysia increasingly vulnerable. Together with a recovery in private consumption and private investment, thanks to the multibillion infrastructure projects in the pipeline, we envisage a slightly better GDP growth of 4.5% for Malaysia in 2017 versus 4.2% in 2016. These factors along with a mid-single digit recovery in corporate earnings in 2017, after a contraction in 2016, could act as catalysts to sustain interest in the local equity market.

Thus, we remain hopeful that trading volume, value and activities in Bursa Malaysia will improve slightly to sustain performance of our financial services business in 2017. We will consistently engage, monitor and evaluate our business strategies to maximize return to shareholders. While optimising our existing resources to generate higher brokerage income, we will continue to scout for business opportunities to increase our fee based and proprietary activities, and also to look for strategic locations to grow our branch network.

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

Credit and lending

The financial year 2017 is expected to be challenging for the credit and lending division. However, the division will strive to increase financing activities by providing term loans to business enterprises for their working capital and to individuals for their investments.

Property investment

For the financial year 2017, the Group is projected to experience a steady recurring income contribution from overseas and local property investments.

Property development

Due to the current challenging property outlook in Malaysia, stringent mortgage approvals from the financial institutions and the weak local currency, we anticipate our property sales to soften. However, the Group may initiate launching of certain strategically located property development projects in the current year to ride on the next phase of the property cycle.

Hotel operations

For the financial year 2017, the Group's hospitality businesses located in Singapore, Australia, Canada, China and Thailand will generate stronger recurring income stream for the Group. Improved results are expected from our hotels in Australia, Singapore and China whereby the refurbishment and upgrading works have been completed in 2016.

The Group will continue to explore and evaluate opportunities to acquire new hotels or properties to expand our existing portfolio and to enhance revenue contribution from our hospitality business.

Barring any unforeseen circumstances, the Group's financial performance is expected to be satisfactory for the financial year ending 31 December 2017.

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 |
|---|---------------------------------------|-------------------------------------|
| Current tax expense | | |
| Malaysian - current year | 2,477 | 9,491 |
| - prior year | 31 | 535 |
| Foreign - current year | 8,795 | 11,766 |
| - prior year | 7,638 | 7,836 |
| Deferred tax expense | | |
| Origination and reversal of temporary differences | (55,172) | (52,156) |
| Under provision in prior year | 4,338 | 6,723 |
| Withholding tax | 4,715 | 6,571 |
| | <u>(27,178)</u> | <u>(9,234)</u> |

b) A reconciliation between the statutory and effective tax:

| | CURRENT QUARTER RM'000 | YEAR TO- DATE RM'000 |
|---|---------------------------------------|-------------------------------------|
| Profit before tax | <u>170,158</u> | <u>177,266</u> |
| Taxation at Malaysian statutory tax rate of 24% | 40,838 | 42,544 |
| Adjustments due to the utilisation of unabsorbed tax losses and capital allowances, income expenses not subject to tax and others | (68,016) | (51,778) |
| Income tax for the financial period | <u>(27,178)</u> | <u>(9,234)</u> |

B6 Corporate Proposals

Status of Corporate Proposals

There are no outstanding corporate proposals as at the end of the current financial year.

B7 Group Borrowings and Debt Securities

Total Group borrowings as at 31 December 2016 were as follows:-

| | SECURED | UNSECURED | TOTAL |
|-------------------------------------|------------------|------------------|------------------|
| | RM'000 | RM'000 | RM'000 |
| <u>Long term borrowings</u> | | | |
| Term loans | 1,235,352 | - | 1,235,352 |
| Revolving credits | 79,000 | - | 79,000 |
| | <u>1,314,352</u> | <u>-</u> | <u>1,314,352</u> |
| <u>Short term borrowings</u> | | | |
| Revolving credits | 513,680 | 252,000 | 765,680 |
| Other short-term loans | 1,095,333 | - | 1,095,333 |
| | <u>1,609,013</u> | <u>252,000</u> | <u>1,861,013</u> |
| Total borrowings | <u>2,923,365</u> | <u>252,000</u> | <u>3,175,365</u> |

The Group borrowings in Ringgit Malaysia ("RM") equivalent analysed by currencies in which the borrowings are denominated were as follows:-

| | Long term | Short term | Total |
|------------------------------|-------------------|-------------------|------------------|
| | borrowings | borrowings | Total |
| | RM'000 | RM'000 | RM'000 |
| Ringgit Malaysia ("RM") | 163,000 | 542,600 | 705,600 |
| Canadian Dollar ("CAD") | 324,984 | 223,494 | 548,478 |
| Singapore Dollar ("SGD") | 476,762 | 130,165 | 606,927 |
| Australian Dollar ("AUD") | 349,606 | 63,880 | 413,486 |
| United States Dollar ("USD") | - | 772,741 | 772,741 |
| Hong Kong Dollar ("HKD") | - | 12,790 | 12,790 |
| Euro ("EUR") | - | 85,806 | 85,806 |
| Great Britain Pound ("GBP") | - | 29,537 | 29,537 |
| Total borrowings | <u>1,314,352</u> | <u>1,861,013</u> | <u>3,175,365</u> |

B8 Material Litigation

As at 20 February 2017, there were no changes in material litigation since the last financial period ended 31 December 2015.

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

The Group has entered into geared equity accumulators, decumulators, forwards and stock options which formed part of the Group's investment portfolio with an objective to maximise the Group's performance.

These contracts were 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.

| Types of derivatives/Maturity | Contract/Notional value RM'000 | Fair value asset/(liability) RM'000 |
|---|---|--|
| Geared Equity Accumulators -Less than 1 year | 154,280 | (1,860) |
| Geared Equity Decumulators -Less than 1 year | 69,763 | (3,338) |
| Stock Options - Less than 1 year | 4,370 | (1,208) |

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 year, other than as disclosed in Note B1 on derivatives.

B12 Disclosure of realised and unrealised profits/ (losses)

The breakdown of retained earnings of the Group as at the reporting date, into realised and unrealised profits pursued to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements were as follows:

| | AS AT 31 DECEMBER 2016 RM'000 | AS AT 31 DECEMBER 2015 RM'000 |
|---|--|--|
| Total retained earnings of the Company and its subsidiaries: | | |
| - Realised | 1,122,826 | 1,044,536 |
| - Unrealised | (159,260) | (224,435) |
| | <u>963,566</u> | <u>820,101</u> |
| Total share of retained earnings of associates: | | |
| - Realised | 2,763 | 3,016 |
| Total share of retained earnings of joint venture: | | |
| - Realised | 108,198 | 55,486 |
| | <u>1,074,527</u> | <u>878,603</u> |
| Less: Consolidation adjustments | <u>(921,167)</u> | <u>(841,723)</u> |
| Total retained earnings | <u>153,360</u> | <u>36,880</u> |

B13 Earnings per share attributable to owners of the Company

| | INDIVIDUAL PERIOD | | CUMULATIVE PERIOD | |
|--|----------------------------|---|----------------------------|--|
| | CURRENT YEAR QUARTER | PRECEDING YEAR CORRESPONDING QUARTER | CURRENT YEAR TO DATE | PRECEDING YEAR CORRESPONDING PERIOD |
| | 31-DEC-2016 | 31-DEC-2015 | 31-DEC-2016 | 31-DEC-2015 |
| Basic earnings per share | | | | |
| Profit for the period - attributable to owners of the Company (RM'000) | 142,003 | N/A | 123,283 | N/A |
| Weighted average number of ordinary shares in issue ('000) | 1,711,910 | N/A | 1,711,910 | N/A |
| Basic earnings per share (sen) | <u>8.30</u> | <u>N/A</u> | <u>7.20</u> | <u>N/A</u> |

Basic earnings per share was calculated based on the Group's profit attributable to owners 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
27 February 2017