TA ENTERPRISE BERHAD
(194867-M)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	AS AT 31-DEC-2018 (Unaudited) RM'000	AS AT 31-DEC-2017 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,231,013	2,410,844
Investment properties	526,568	525,510
Inventories	628,832	601,708
Intangible assets	302,880	315,179
Investment in associates	15,448	14,331
Investment in joint ventures	113,828	76,661
Investment in securities	146,754	210,500
Deferred tax assets	19,697	87,202
Receivables	16,711	17,026
	4,001,731	4,258,961
Current assets		
Contract costs	8,676	8,304
Investment in securities	576,884	926,540
Inventories	90,220	786,808
Contract assets	6,038	4,204
Receivables	379,190	643,153
Derivatives	-	894
Tax recoverable	46,409	45,334
Other investment	-	3,056
Cash and cash equivalents	1,197,521	917,663
	2,304,938	3,335,956
TOTAL ASSETS	**6,306,669**	**7,594,917**
EQUITY AND LIABILITIES		
Share capital	1,775,118	1,775,118
Reserves	680,869	708,019
Total equity attributable to owners of the Company	2,455,987	2,483,137
Non-controlling interests	1,227,748	1,211,825
TOTAL EQUITY	3,683,735	3,694,962
Non-current liabilities		
Deferred tax liabilities	216,097	227,531
Borrowings	680,163	363,691
Payables	1,276	7,468
	897,536	598,690
Current liabilities		
Borrowings	1,249,666	2,701,788
Payables	366,509	557,013
Contract liabilities	7,861	4,026
Current tax liabilities	65,882	31,403
Derivatives	35,480	7,035
	1,725,398	3,301,265
TOTAL LIABILITIES	2,622,934	3,899,955
TOTAL EQUITY AND LIABILITIES	**6,306,669**	**7,594,917**
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.43	1.45

Note:
The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying notes to the quarterly report attached hereto.

TA ENTERPRISE BERHAD
(194867-M)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31-DEC-2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-DEC-2017 RM'000	CURRENT YEAR TO DATE 31-DEC-2018 RM'000	PRECEDING YEAR TO DATE 31-DEC-2017 RM'000
Revenue*	236,403	259,784	2,200,391	1,051,274
Other income	22,252	45,538	125,977	162,940
Other expenses	(444,052)	(270,583)	(1,976,666)	(838,253)
Operating (loss)/profit	(185,397)	34,739	349,702	375,961
Finance income	6,403	4,134	22,768	13,543
Finance costs	(18,866)	(22,854)	(77,608)	(87,620)
Share of results in associates, net of tax	13	(22)	(203)	(178)
Share of results in joint venture, net of tax	33	3,838	13,685	575
(Loss)/profit before tax	(197,814)	19,835	308,344	302,281
Income tax	(24,824)	(21,873)	(169,014)	(30,515)
(Loss)/profit for the financial period	(222,638)	(2,038)	139,330	271,766
(Loss)/profit attributable to:				
Owners of the Company	(166,196)	(1,777)	74,698	214,884
Non-controlling interests	(56,442)	(261)	64,632	56,882
	(222,638)	(2,038)	139,330	271,766
(Loss)/earnings per share attributable to owners of the Company				
Basic (sen)	(9.71)	(0.10)	4.36	12.55
Fully diluted (sen)	(9.71)	(0.10)	4.36	12.55

* Included in the current year to date Revenue are non-recurring transactions as follows:

(i) The sales proceeds of AUD245 million (RM749.6 million equivalent) excluding GST which was received on 10 January 2018 pursuant to the disposal of a development property located in Little Bay, New South Wales, Australia by TA Little Bay Pty Limited, a 60.17% owned subsidiary of the Company.

(ii) The compensation sum of RM32 million which was received on 22 March 2018 from Jabatan Ketua Pengarah Tanah dan Galian Negeri Selangor pursuant to the compulsory acquisition of 8,238 square metres of undeveloped land comprising of Lot 43160 and Lot 43161 located in Pekan Cempaka, District of Petaling Jaya, Selangor Darul Ehsan from TA First Credit Sdn. Bhd., a 60.17% owned subsidiary of the Company. The compulsory acquisition of Lot 43160 and Lot 43161 is under the Government of Selangor Gazette dated 23 February 2017 for the purpose of Light Rail Transit ("LRT3") from Bandar Utama to Johan Setia Daerah Petaling.

TA ENTERPRISE BERHAD (194867-M)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(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-2018	31-DEC-2017	31-DEC-2018	31-DEC-2017
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit for the financial period	(222,638)	(2,038)	139,330	271,766
Other comprehensive income/(loss), net of tax:				
Items that will be reclassified subsequently to profit or loss:				
Net loss on foreign currency translation differences	(32,247)	(88,562)	(62,576)	(119,526)
Available-for-sale financial assets				
- Net fair value gain	-	1,335	-	313
- Reclassification to profit or loss	-	(4,660)	-	(2,371)
- Income tax effect	-	93	-	(578)
Debt investments at FVOCI				
- Net fair value gain/(loss)	4,049	-	(1,085)	-
- Reclassification to profit or loss	-	-	(678)	-
	(28,198)	(91,794)	(64,339)	(122,162)
Other comprehensive loss for the period, net of tax	(28,198)	(91,794)	(64,339)	(122,162)
Total comprehensive income for the financial period	(250,836)	(93,832)	74,991	149,604
Total comprehensive income attributable to:				
Owners of the Company	(182,409)	(62,127)	42,558	126,668
Non-controlling interests	(68,427)	(31,705)	32,433	22,936
	(250,836)	(93,832)	74,991	149,604

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 financial year ended 31 December 2017 and the accompanying notes to the quarterly report attached hereto.

TA ENTERPRISE BERHAD (194867-M)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	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	FVOCI reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2017	1,711,910	63,208	10,300	8,962	-	447,037	144,418	2,385,835	1,202,101	3,587,936
Total comprehensive income for the financial year										
- Profit for the financial year	-	-	-	-	-	-	214,884	214,884	56,882	271,766
- Other comprehensive loss	-	-	-	(1,578)	-	(86,638)	-	(88,216)	(33,946)	(122,162)
	-	-	-	(1,578)	-	(86,638)	214,884	126,668	22,936	149,604
Contributions by and distributions to owners of the Company										
Dividend to equity holders of the Company	-	-	-	-		-	(29,102)	(29,102)	-	(29,102)
Distribution equalisation in unit trust fund	-	-	-	-	-	-	(264)	(264)	-	(264)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	(8,992)	(8,992)
Changes in ownership interests in a subsidiary									(4,220)	(4,220)
Total transaction with owners of the Company	-	-	-	-	-	-	(29,366)	(29,366)	(13,212)	(42,578)
Transfer in accordance with Section 618(2) of the Companies Act 2016	63,208	(63,208)	-	-	-	-	-	-	-	-
At 31 December 2017 (as previously stated)	1,775,118	-	10,300	7,384	-	360,399	329,936	2,483,137	1,211,825	3,694,962
At 1 January 2018 (as previously stated)	1,775,118	-	10,300	7,384	-	360,399	329,936	2,483,137	1,211,825	3,694,962
Effects of MFRS 9	-	-	-	(7,384)	3,476	-	5,935	2,027	(2,422)	(395)
At 1 January 2018 (as restated)	1,775,118	-	10,300	-	3,476	360,399	335,871	2,485,164	1,209,403	3,694,567
Total comprehensive income for the financial year										
- Profit for the financial year	-	-	-	-	-	-	74,698	74,698	64,632	139,330
- Other comprehensive loss	-	-	-	-	1,208	(33,348)	-	(32,140)	(32,199)	(64,339)
	-	-	-	-	1,208	(33,348)	74,698	42,558	32,433	74,991
Contributions by and distributions to owners of the Company										
Dividend to equity holders of the Company	-	-	-	-	-	-	(70,188)	(70,188)	-	(70,188)
Distribution equalisation in unit trust fund	-	-	-	-	-	-	185	185	-	185
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	(13,143)	(13,143)
Deregistration of a subsidiary	-	-	-	-	-	(1,732)	-	(1,732)	-	(1,732)
Changes in ownership interests in a subsidiary	-	-	-	-	-	-	-	-	(945)	(945)
Redemption of preference shares by subsidiaries	-	-	185	-	-	-	(185)	-	-	-
Total transactions with owners of the Company	-	-	185	-	-	(1,732)	(70,188)	(71,735)	(14,088)	(85,823)
At 31 December 2018 (unaudited)	1,775,118	-	10,485	-	4,684	325,319	340,381	2,455,987	1,227,748	3,683,735

Note:
The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying notes to the quarterly report attached hereto.

TA ENTERPRISE BERHAD (194867-M)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018
(The figures have not been audited)

	12 MONTHS ENDED	
	31-DEC-2018	**31-DEC-2017**
	RM'000	**RM'000**
Operating Activities		
Profit before tax	308,344	302,281
Adjustments for:		
Non-cash items	358,828	97,045
Non-operating items	(401,653)	(58,378)
Interest income	(122,473)	(142,294)
Operating profit before changes in working capital	143,046	198,654
Net decrease/(increase) in assets	1,461,527	(53,237)
Net (decrease)/increase in liabilities	(272,845)	(12,076)
Cash generated from operations	1,331,728	133,341
Interest received	9,996	13,971
Taxes paid	(79,192)	(52,529)
Net cash generated from operating activities	1,262,532	94,783
Investing Activities		
Interest received, net	135,245	126,768
Dividend received	2,625	6,859
Distribution from joint ventures	-	166,855
Development costs on land held for development	(27,124)	(255,481)
Purchase of property, plant and equipment	(24,601)	(361,744)
Purchase of intangible assets	(982)	(444)
Additional investment in associated company	(1,320)	(63)
Proceeds from disposal of property, plant and equipment	303	7,018
Proceeds from disposal of investment properties	69,843	7,671
Purchase of investment properties	(8,914)	(8,751)
Purchase of investment securities	(2,920,067)	(1,674,154)
Acquisition of other investments	-	(3,056)
Proceeds from settlement of derivatives	(8,636)	50,262
Proceeds from disposal/redemption of investment securities	3,060,243	1,815,109
Decrease in pledged deposits for investing facilities	20,103	142,622
Net cash generated from investing activities	296,718	19,471
Financing Activities		
Dividend paid to equity holders of the Company	(70,188)	(29,102)
Dividend paid to minority interest	(13,143)	(8,992)
Interest paid	(74,521)	(87,911)
Net (repayment)/drawdown of borrowings	(1,092,919)	7,837
Net cash used in financing activities	(1,250,771)	(118,168)
Net increase/(decrease) in cash and cash equivalents during the year	308,479	(3,914)
Cash and cash equivalents at beginning of year		
As previously reported	266,636	307,761
Effects of exchange rate changes	(7,302)	(37,211)
As restated	259,334	270,550
Cash and cash equivalents at end of current year	567,813	266,636
Cash and cash equivalents comprise of:		
Cash and bank balances	1,197,521	917,663
Less:		
Remisiers' monies	(24,455)	(25,671)
Cash pledged for bank facilities	(605,253)	(625,356)
	567,813	266,636

A1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standard (MFRS) 134: *Interim Financial Reporting*, International Accounting Standard (IAS) 34 *Interim Financial Reporting* and Paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements.

The interim financial statements should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2017.

A2 Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2017, except for the adoption of the following new and revised Malaysian Financial Reporting Standards (MFRSs), Amendments to MFRSs and IC interpretations.

	Effective for financial periods beginning on or after
MFRS 9 *Financial Instruments*	1 January 2018
IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to MFRS 2 *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to MFRS 4 *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*	1 January 2018
Amendments to MFRS 128 *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*	1 January 2018
Amendments to MFRS 140 *Investment Property – Transfers of Investment Property*	1 January 2018

The adoption of the above pronouncements has no significant impact to the financial statements of the Group in the period of initial application, except as described below.

A2 Changes in Accounting Policies (continued)

MFRS 9 *Financial Instruments*

MFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces MFRS 139 *Financial Instruments: Recognition and Measurement.*

The following table summarises the impact, net of tax, of transition to MFRS 9 on the opening balance of reserves, retained earnings and NCI (for a description of the transition method, see (***iii***) below).

	Impact of adopting MFRS 9 on opening balance *RM'000*
AFS Reserve	
Classification impact under MFRS 9	(7,384)
Impact at 1 January 2018	**(7,384)**
FVOCI Reserve	
Classification impact under MFRS 9	4,683
Recognition of expected credit losses under MFRS 9	(1,207)
Impact at 1 January 2018	**3,476**
Retained earnings	
Classification impact under MFRS 9	9,300
Recognition of expected credit losses under MFRS 9	(3,366)
Impact at 1 January 2018	**5,935**
Non-controlling interest	
Classification impact under MFRS 9	(1,355)
Recognition of expected credit losses under MFRS 9	(1,067)
Impact at 1 January 2018	**(2,422)**

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

(i) Classification and measurement of financial assets and financial liabilities

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification and measurement of financial liabilities. However, it eliminates the previous MFRS 139 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of MFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments as the Group's derivatives are not used as hedging instruments.

Under MFRS 9, on initial recognition, the Group classifies its financial assets as measured at:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVTPL").

A2 Changes in Accounting Policies (continued)

MFRS 9 *Financial Instruments* (continued)

(i) Classification and measurement of financial assets and financial liabilities (continued)

The classification of financial assets under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The following summarises the key changes which affects the Group:

- The Available-for-sale ("AFS") and loans and receivables financial asset categories were removed.

- A new asset category measured at FVOCI was introduced. This applies to:-

  - Debt instruments with contractual cash flow characteristics that are solely payments of principal and interests and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

  - Equity instruments that are not held for trading, and where the Group has made an irrevocable election at the time of recognition to account for the equity investment at FVOCI.

- A new asset category measured at amortised cost was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows only.

(ii) Impairment of financial assets

MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The Group's financial assets at amortised cost consist of financial receivables, trade and other receivables, and bank balances.

The key changes in the Group's accounting policies for impairment of financial assets are as follow:

a) <u>Unquoted bonds, financial receivables, and cash and cash equivalents</u>

The amount of ECL is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Group and all the cash flows that the Group expects to receive.

A2 Changes in Accounting Policies (continued)

MFRS 9 *Financial Instruments* (continued)

(i) Impairment of financial assets (continued)

a) Unquoted bonds, financial receivables, and cash and cash equivalents (continued)

The Group applies a two-step approach to measure the ECL on unquoted bonds, financial receivables, and cash and cash equivalents:

(ii) 12-months ECL

For a financial asset for which there is no significant increase in credit risk since initial recognition, the Group shall measure the loss allowance for that financial asset at an amount equal to the probability of default events occurring within the next 12 months and considering the loss given default of that financial asset.

(ii) Lifetime ECL

For a financial asset for which there is a significant increase in credit risk since initial recognition, a lifetime ECL for that financial asset is recognised as loss allowance by the Group. If in a subsequent period, the lifetime ECL is no longer met, the Group shall revert the loss allowance measurement from lifetime ECL to 12-months ECL.

At each reporting date, the Group assesses whether there is a significant increase in credit risk for unquoted bonds, financial receivables and bank balances since initial recognition by comparing risk of defaults on these financial assets as at the reporting date with the risk of defaults as at the date of initial recognition. The Group considers external credit rating and other supportive information to assess deterioration in credit quality of these financial assets.

b) Trade and other receivables which are financial assets

The Group applies the simplified approach prescribed by MFRS 9 which required expected lifetime losses to be recognised from initial recognition of the trade and other receivables which are financial assets.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

A2 Changes in Accounting Policies (continued)

MFRS 9 *Financial Instruments* (continued)

The following table explains the reclassification and measurement of each class of the Group's financial assets as at 1 January 2018.

	Note	Original classification under MFRS 139	New classification under MFRS 9	Original carrying value under MFRS 139	New carrying value under MFRS 9
				RM'000	RM'000
Non-current financial assets					
Investment in quoted shares		Available-for-sale	FVTPL	18,727	18,727
Investment in unquoted shares	(a)	Available-for-sale	FVOCI - equity instrument	490	2,759
Investment in unquoted bonds	(b)	Available-for-sale	FVOCI - debt instrument	166,241	166,241
Investment in unquoted bonds	(b)	Available-for-sale	FVTPL	23,107	23,107
Investment in quoted unit trusts		Available-for-sale	FVTPL	1,935	1,935
Current financial assets					
Financial receivables	(c)	Loans and receivables	Amortised cost	86,376	85,885
Trade receivables and other receivables	(c)	Loans and receivables	Amortised cost	545,411	543,312
Cash and cash equivalents	(c)	Loans and receivables	Amortised cost	917,663	917,027
Derivatives		Held-for-trading	FVTPL	894	894
Investment in quoted shares	(d)	Designated as at FVTPL	FVTPL	303,969	303,969
Investment in quoted unit trusts	(d)	Designated as at FVTPL	FVTPL	20,332	20,332
Investment in unquoted securities		Held-for-trading	FVTPL	602,239	602,239
Other investment		Loans and receivables	Amortised cost	3,056	3,056

The effect of adopting MFRS 9 on the carrying values of financial assets at 1 January 2018 related solely to the new impairment requirements, as described further below:

(a) Investment in unquoted shares represents investment that the Group intends to hold for the long term for strategic purposes. As permitted by MFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI. Unlike MFRS 139, the accumulated fair value reserve related to this investment will never be reclassified to profit or loss.

(b) Investment in unquoted bonds categorised as available-for-sale under MFRS 139 are held by the Group in a separate portfolio to provide interest income, but may be sold to meet liquidity requirements arising in the normal course of business. The Group considers that these bonds are held within a business model whose objective is achieved both by collecting contractual cash flows and by selling bonds. The contractual terms of these financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets have therefore been classified as financial assets at FVOCI under MFRS 9. On transition to MFRS 9, an allowance for impairment of RM2.0mil was recognised as a decrease in opening retaining earnings and an increase in FVOCI reserve at 1 January 2018.

    Certain investment in unquoted bonds was reclassified from available-for-sale to FVTPL (RM23.1mil as at 1.1.2018). These investments do not meet the MFRS9 criteria for classification at amortised cost, because their cash flows do not represent solely payments of principal and interest.

A2 Changes in Accounting Policies (continued)

MFRS 9 *Financial Instruments* (continued)

(c) Financial receivables, trade receivables, other receivables, and cash and cash equivalents that have previously been classified as loans and receivables under MFRS 139 are now classified at amortised cost. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. An increase of RM3.2mil in the allowance for impairment over these assets was recognised in opening retained earnings at 1 January 2018 on transition to MFRS 9.

(d) Under MFRS 139, these securities were designated as at FVTPL because they were managed on a fair value basis and their performance was monitored on this basis. These securities have been classified as mandatorily measured at FVTPL under MFRS 9.

For assets in the scope of the MFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of MFRS 9's impairment requirements at 1 January 2018 results in an additional impairment allowance as follows:-

	Impact of the new impairment model RM'000
Loss allowance at 31 December 2017 under MFRS 139	159,676
Additional impairment recognised at 1 January 2018 on:	
Financial receivables	491
Trade and other receivables	2,099
Cash and cash equivalents	636
Loss allowance at 1 January 2018 under MFRS 9	**162,902**

(iii) Transition

Changes in accounting policies resulting from the adoption of MFRS 9 have been applied retrospectively, except as described below.

The Group has taken an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of MFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of MFRS 9 but rather those of MFRS 139.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
- The designation of certain investments in equity instruments not held for trading as at FVOCI.

If an investment in a debt security had low credit risk at the date of initial application of MFRS 9, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

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 stock exchanges, 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, except as disclosed in page 2 of the Condensed Consolidated Statements of Profit or Loss.

A6 Changes in Accounting Estimates

There were no changes in estimates that have had a material effect in the current financial period'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 4.1 sen per ordinary share in respect of the financial year ended 31 December 2017, amounted to RM70,188,288 was paid on 20 July 2018.

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	121,284	152,001	9,458	53,657	1,234,838	629,153	-	2,200,391
Inter-segment revenue	11	89,610	950	9,337	-	-	(99,908)	-
Total revenue	121,295	241,611	10,408	62,994	1,234,838	629,153	(99,908)	2,200,391
Results								
Net segment results	19,879	(217,047)	9,422	79,752	441,887	94,116	-	428,009
Foreign exchange gain/(loss)	691	(75,651)	(8,764)	574	1	11,269	-	(71,880)
Operating profit/(loss)	20,570	(292,698)	658	80,326	441,888	105,385	-	356,129
Finance income	7,492	8,852	192	482	4,581	1,169	-	22,768
Finance costs	(619)	(35,874)	(2,467)	(14,597)	(4,430)	(19,621)	-	(77,608)
Share of results of associates	-	-	-	(203)	-	-	-	(203)
Share of results of joint venture	-	-	-	-	13,685	-	-	13,685
Segment profit/(loss)	27,443	(319,720)	(1,617)	66,008	455,724	86,933	-	314,771
Unallocated corporate expenses								(6,427)
Profit before tax								308,344
Income tax								(169,014)
Profit for the financial year								139,330
Profit attributable to:								
Equity holders of the Company								74,698
Non-controlling interests								64,632
								139,330

A10 Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market and major products and service lines. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note A9).

	Reportable segments															
For 12 months ended 31 December	**Broking and financial services**		**Investment holding**		**Credit and lending**		**Property investment**		**Property development**		**Hotel operations**		**Others**		**Consolidated**	
In RM'000	**2018**	2017 *	**2018**	2017 *	**2018**	2017*	**2018**	2017 *	**2018**	2017 *	**2018**	2017 *	**2018**	2017 *	**2018**	2017 *
Primary geographical markets																
Malaysia	**121,284**	174,566	**1,287**	937	**9,458**	10,757	**16,890**	19,762	**57,596**	10,325	**713**	56	**2,932**	1,082	**210,160**	217,485
Australia	**-**	-	**36**	-	**-**	-	**-**	-	**1,177,242**	-	**215,027**	250,618	**-**	-	**1,392,305**	250,618
Canada	**-**	-	**-**	-	**-**	-	**36,170**	37,902	**-**	-	**125,147**	125,857	**-**	-	**161,317**	163,759
British Virgin Island	**-**	-	**147,746**	127,330	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**147,746**	127,330
Singapore	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**171,126**	169,500	**-**	-	**171,126**	169,500
China	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**40,820**	39,403	**-**	-	**40,820**	39,403
Thailand	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**76,320**	81,689	**-**	-	**76,320**	81,689
Hong Kong	**-**	-	**-**	-	**-**	-	**597**	1,490	**-**	-	**-**	-	**-**	-	**597**	1,490
	121,284	174,566	**149,069**	128,267	**9,458**	10,757	**53,657**	59,154	**1,234,838**	10,325	**629,153**	667,123	**2,932**	1,082	**2,200,391**	1,051,274
Major products/service lines																
Hotel room rental and related revenue	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**629,153**	667,123	**-**	-	**629,153**	667,123
Gross brokerage fee	**56,763**	71,441	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**56,763**	71,441
Service and administration charges	**4,787**	12,242	**-**	-	**140**	900	**-**	-	**-**	-	**-**	-	**-**	-	**4,927**	13,142
Underwriting commission and placement fees	**11,238**	10,902	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**11,238**	10,902
Sale of food and beverage	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**886**	1,054	**886**	1,054
Nominee service fees	**126**	133	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**126**	133
Profit from sale of trust units to unit holders	**22,782**	48,797	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**22,782**	48,797
Manager's fee earned on Unit trust funds	**16,182**	16,849	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**16,182**	16,849
Portfolio management fees earned on private mandates	**998**	1,527	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**998**	1,527
Derivative trading income	**5,464**	9,064	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**5,464**	9,064
Rollover fees	**1,978**	1,915	**-**	-	**830**	1,243	**-**	-	**-**	-	**-**	-	**-**	-	**2,808**	3,158
Acceptance fees	**-**	-	**-**	-	**28**	520	**-**	-	**-**	-	**-**	-	**-**	-	**28**	520
Management fees	**-**	-	**606**	606	**-**	-	**-**	506	**-**	-	**-**	-	**-**	-	**606**	1,112
Sales of properties	**-**	-	**-**	-	**-**	-	**-**	-	**1,232,582**	8,401	**-**	-	**-**	-	**1,232,582**	8,401
Sales of construction materials	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**696**	-	**696**	-
Rental income	**165**	211	**360**	-	**-**	-	**53,657**	58,648	**2,256**	1,924	**-**	-	**357**	28	**56,795**	60,811
Contract revenue	-	-	-	-	-	-	-	-	-	-	-	-	993	-	**993**	-
Interest income	**-**	124	**145,785**	120,533	**8,421**	8,094	**-**	-	**-**	-	**-**	-	**-**	-	**154,206**	128,751
Gross dividends	**614**	812	**2,318**	7,128	**39**	-	**-**	-	**-**	-	**-**	-	**-**	-	**2,971**	7,940
Gain on disposal of other investments	**187**	549	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**187**	549
	121,284	174,566	**149,069**	128,267	**9,458**	10,757	**53,657**	59,154	**1,234,838**	10,325	**629,153**	667,123	**2,932**	1,082	**2,200,391**	1,051,274

* The Group has initially applied MFRS 9 at 1 January 2018. Under the transition method chosen, comparative information is not restated. See ***Note A2 (iii).***

A11 Subsequent Events

There were no material events subsequent to the end of the current financial year.

A12 Changes in the Composition of the Group

Deregistration of TA International Investment Limited

On 25 May 2018, TA International Investment Limited, a wholly-owned subsidiary of Group, has been deregistered pursuant to Section 751 of the Companies Ordinance of Hong Kong.

The deregistration of the above subsidiary does not have significant financial and operational effect to the Group, other than the release of translation reserve upon deregistration amounted to gain of RM1,731,541.

Incorporation of foreign subsidiary - TA Wealth Investment Limited

On 5 October 2018, TA Wealth Investment Limited was incorporated under the BVI Business Companies Act, 2004 in the Province of British Virgin Islands under the BVI company number of 1994255.

The principal activity of TA Wealth Investment Limited is investment in securities. The shareholder of TA Wealth Investment Limited is Total Ingenious Sdn. Bhd., a wholly-owned subsidiary of the Company. The current issued and paid-up capital of TA Wealth Investment Limited is U$2.00 divided into two (2) ordinary shares of U$1.00 each issued to Total Ingenious Sdn. Bhd..

Incorporation of foreign subsidiary - TA Optimum Investment Limited

On 5 October 2018, TA Optimum Investment Limited was incorporated under the BVI Business Companies Act, 2004 in the Province of British Virgin Islands under the BVI company number of 1994254.

The principal activity of TA Optimum Investment Limited is investment in securities. The shareholder of TA Optimum Investment Limited is Parallel Legion Sdn. Bhd., a 60.17% owned subsidiary of the Group. The current issued and paid-up capital of TA Optimum Investment Limited is U$2.00 divided into two (2) ordinary shares of U$1.00 each issued to Parallel Legion Sdn. Bhd..

Acquisition of foreign subsidiary – 1187792 B.C. LTD

On 28 November 2018, Fine Legion Sdn. Bhd., a 60.17% owned subsidiary of the Group acquired one (1) common share of C$1.00 each, representing 100% equity in 1187792 B.C. Ltd, a subsidiary incorporated under Business Corporations Act (British Columbia) with the Province of British Columbia Registrar of companies under the incorporation number of 1187792 B.C. Ltd.

The principal activity of 1187792 B.C. Ltd is investment holding.

A13 Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last annual reporting date as at 31 December 2017.

A14 Commitments

The amount of capital commitments not provided for as at 31 December 2018 were as follow:

	RM'000
Approved and contracted for:-	
- Property, plant and equipment	17,791
- Development expenditure	388,977
	406,768

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

B1 Performance Analysis of the Group's Operating Segments

	CURRENT YEAR QUARTER 31 DEC 2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 DEC 2017 RM'000	CURRENT YEAR TO DATE 31 DEC 2018 RM'000
Revenue	236,403	259,784	2,200,391
Other income			
- Gain on disposal/redemption of investment securities	83	3,309	14,378
- Gain on disposal of investment properties	639	152	54,674
- Gain on deregistration of a subsidiary	-	-	1,732
- Realised fair value gain on investment securities	-	5,852	-
- Unrealised fair value gain on investment securities	-	16,964	-
- Realised fair value gain on derivatives	4,618	15,798	16,818
- Unrealised fair value gain on derivatives	-	758	-
- Others	16,912	2,705	38,375
	22,252	45,538	125,977
Other expenses			
- Amortisation and depreciation	(19,445)	(23,604)	(99,000)
- Cost of properties and construction materials sold	(2,715)	(57,684)	(780,471)
- Remisiers', agents' and futures brokers' commissions	(12,947)	(16,885)	(47,930)
- Hotel operational and personnel cost	(111,353)	(104,101)	(451,691)
- Personnel cost and others	(37,839)	(49,290)	(162,728)
- Loss on disposal of property, plant and equipment	(133)	-	(337)
- Unrealised fair value loss on derivatives	(8,204)	-	(28,503)
- Realised fair value loss on investment securities	(7,163)	-	(3,049)
- Unrealised fair value loss on investment securities	(224,258)	-	(320,165)
- Net reversal/(impairment loss) on investment securities	7,332	(30)	7,332
- Net reversal/(impairment loss) on receivables	10,287	6,828	10,623
- Net impairment loss on property, plant and equipment	(7,251)	(322)	(29,551)
- Reversal of impairment loss on investment properties	-	-	684
- Foreign exchange loss	(30,363)	(25,495)	(71,880)
	(444,052)	(270,583)	(1,976,666)
Finance income	6,403	4,134	22,768
Finance costs	(18,866)	(22,854)	(77,608)
Share of results in associates	13	(22)	(203)
Share of results in joint venture	33	3,838	13,685
(Loss)/profit before tax	(197,814)	19,835	308,344

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

The Group reported revenue of RM236.4 million and loss before tax of RM197.8 million for the current year's fourth quarter, compared to revenue of RM259.8 million and profit before tax of RM19.8 million reported in the previous year's corresponding quarter.

For the current year, the Group achieved revenue of RM2,220.4 million and profit before tax of RM308.3 million, as compared to revenue of RM1,051.3 million and profit before tax of RM302.3 million in the previous year corresponding period.

The current year's fourth quarter loss was mainly attributable to losses from investment holding division and lower profit from hotel operations division.

For the current year, the improved performance as compared to the preceding year was mainly contributed by the property investment and property development divisions.

The performance of the Group, analysed by its key operating segments are as follows:-

Broking and financial services

Profit before tax of the broking and financial services division decreased from RM6.7 mil in the previous year's fourth quarter to RM4.3 mil in the current year's fourth quarter.

For the current year, this division reported profit before tax of RM27.4 million, as compared to profit before tax of RM36.0 million in the preceding year.

The decrease in both the current quarter and year-to-date results were mainly due to the decrease in brokerage income and sale of trust units.

Investment holding and others

Investment holding and others division reported loss before tax of RM256.5 million in the current year's fourth quarter, as compared to loss before tax of RM32.8 million in the previous year's corresponding quarter.

For the current year, this division reported loss before tax of RM319.7 million, as compared to profit before tax of RM144.1 million in the preceding year.

Although investment interest income was higher in the current year's fourth quarter and year-to-date, this division reported a loss before tax mainly due to fair value losses on investment securities and derivatives, and net foreign exchange loss on translation of CAD and AUD denominated balances.

Credit and lending

For the current year's fourth quarter, credit and lending division reported profit before tax of RM2.5 million as compared to loss before tax of RM7.9 million in the previous year's corresponding quarter.

This division achieved profit before tax in the current year's fourth quarter mainly due to lower foreign exchange loss on translation of CAD denominated balances, as compared to prior year's corresponding quarter.

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

Credit and lending (continued)

For the current year, this division reported loss before tax of RM1.6 million, as compared to profit before tax of RM1.2 million in the preceding year.

Loss before tax for the current year was mainly attributable to foreign exchange loss on translation of CAD denominated balances.

Property investment

Property investment division reported profit before tax of RM6.9 million in the current year's fourth quarter, as compared to profit before tax of RM6.1 million in the previous year's corresponding quarter.

The increase in current quarter profit before tax was mainly due to lower operating cost and finance cost.

For the current year, this division reported profit before tax of RM66.1 million, as compared to profit before tax of RM11.7 million in the preceding year's period-to-date.

The increase in the year-to-date results was mainly due to the disposal of an investment property in Hong Kong.

Property development

Property development division reported profit before tax of RM8.4 million in the current year's fourth quarter, as compared to loss before tax of RM3.0 million in previous year's corresponding quarter.

The increase in current quarter profit before tax was mainly due to the recognition of profit from the completion of the development project in Little Bay, Australia.

For the current year, this division reported profit before tax of RM455.7 million, as compared to loss before tax of RM14.3 million in the preceding year.

The increase in year-to-date profit before tax was mainly due to gain on disposal of development property located in Little Bay, Australia and the compulsory acquisition of an undeveloped land located in Petaling Jaya, Selangor Darul Ehsan by the Government of Malaysia.

Hotel operations

Hotel operations division registered net operating profit of RM26.7 million in the current year's fourth quarter, as compared to RM49.4 million in the previous year's corresponding quarter.

For the current year, this division reported net operating profit of RM75.7 million, as compared to net operating profit of RM109.6 million in the preceding year.

The decrease in the current quarter and year-to-date net operating results was mainly due to impairment loss on a hotel property.

However, profit before tax of the hotel operations division for the current quarter and year-to-date was dragged down by higher foreign exchange loss for the current quarter, and lower foreign exchange gain for the current year, resulted from the depreciation of THB against USD.

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

The Group reported loss before tax of RM197.8 million in the current year's fourth quarter as compared to profit before tax of RM81.8 million in the preceding quarter.

Despite higher contribution from the hotel division, the Group reported loss before tax in the current year's fourth quarter mainly due to the fair value loss on investment securities and higher net foreign exchange loss.

B3 Prospects for the next financial year

The International Monetary Fund has projected global economic growth of 3.5% for 2019 in its January 2019 report. However, there remain downside risks to global growth arising from further escalation of trade tension and heightened volatility in financial markets. Meanwhile, Malaysia's economy is forecasted to expand by 4.9% for 2019 by Bank Negara Malaysia, supported by private sector consumption and investment.

The prospects for each business division are summarized below: -

Broking and financial services

For the financial year 2019, the world's stock markets are expected to be influenced by domestic and global developments such as the United States-China trade tension and China's economy growth and corporate earnings results.

However, the uncertainty and volatility of the world's stock markets will hopefully generate greater trading volume and activities in Bursa Malaysia. We expect satisfactory financial performance of our financial services business in financial year 2019.

To accomplish that, we will consistently engage, monitor and evaluate our business strategies to maximize return to our shareholders. While optimising our existing resources to generate higher brokerage income, we will continue to look out for business opportunities to increase our fees-based and proprietary activities. In addition, we will continue to look for strategic locations to grow our branch network in Malaysia.

Credit and lending

The financial year 2019 is expected to be challenging for the credit and lending division. However, the division will strive to increase financing activities by providing short and medium term loans to business enterprises for their working capital and to individuals for their investments.

Property investment

For the financial year 2019, the Group expects a steady recurring income and cash-flows contribution from its overseas and local property investments as most of its overseas and local investment properties are well tenanted with high occupancy.

Property development

The year 2019 will be a challenging year with pressing issues that continue to affect Malaysia property market. With high unsold inventory units that coupled with low absorption rates and stringent mortgage approvals from the financial institutions, these have resulted in very competitive marketing promotion and price discounting by property developers. Generally, the property market is expected to be flattish in 2019 and property sales will be challenging.

B3 Prospects for the current financial year (continued)

Property development (continued)

For the financial year 2019, the Group will be launching property sale of certain strategically connected and located property development projects within the Klang Valley and Kuala Lumpur to ride on the next phase of the property cycle in Malaysia. Strategic adjustment on products, pricing and innovative sales strategies will be adopted and we anticipate to achieve moderate sales from these property launches for 2019.

Hotel operations

For the financial year 2019, the Group's hospitality businesses located in Singapore, Australia, Canada, China and Thailand will continue to grow its revenue and gross operating profit to generate stronger recurring income stream for the Group. We expect satisfactory financial performance of our hospitality businesses in financial year 2019.

The Group will continue to explore and evaluate opportunities to acquire new hotel 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 2019.

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	5,552	20,312
	- prior year	(136)	(502)
Foreign	- current year	24,777	96,745
	- prior year	12	(372)
Deferred tax expense			
Origination and reversal of temporary differences		(5,403)	61,026
Over provision in prior year		22	(8,195)
		24,824	169,014

Income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the period. Taxation for the other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The current quarter effective tax rate of the Group was higher than the Malaysian statutory tax rate mainly due to adjustment for non-allowable expenses for tax assessment.

The current year effective tax rate of the Group was higher than the Malaysian statutory tax rate mainly due to reversal of deferred tax asset, income subject to higher tax rate in certain jurisdiction of the subsidiaries and non-allowable expenses for tax assessment.

B6 Corporate Proposals

There is no corporate proposal announced or not completed by the Group as at the date of this report.

Utilisation of sale proceeds

As at 20 February 2019, the status of the utilisation of sale proceeds from the disposal of development property located in Little Bay, Australia, which was completed on 10 January 2018 is as follows:

Utilisation purposes	Proposed utilisation as set out in the circular dated 7 November 2017	Actual utilisation as at 20 February 2019	Proposed utilisation of the remaining disposal consideration	
	Amount	Amount	Amount	Intended timeframe for utilisation
	RM'000	RM'000	RM'000	
Working capital for on-going property development projects	149,081	148,824	257	within 11 months
Repayment of bank borrowings	583,362	583,362	-	utilised
Estimated tax expenses in relation to the disposal	45,373	-	45,373	within 5 months
Estimated expenses in relation to the disposal	16,205	16,205	-	utilised
Total	**794,021**	**748,391**	**45,630**	

B6 Corporate Proposals (continued)

Utilisation of sale proceeds (continued)

As at 20 February 2019, the status of the utilisation of sale proceeds from the disposal of investment property located in Tower One Lippo Centre, Hong Kong, which was completed on 22 June 2018 is as follows:

Utilisation purposes	Proposed utilisation as set out in the circular dated 6 April 2018	Actual utilisation as at 20 February 2019	Proposed utilisation of the remaining disposal consideration	
	Amount	Amount	Amount	Intended timeframe for utilisation
	RM'000	RM'000	RM'000	
Repayment of bank borrowings	62,771	62,771	-	utilised
Estimated expenses in relation to the disposal	4,712	1,205	3,507	Within 4 months
Total	**67,483**	**63,976**	**3,507**	

B7 Group Borrowings and Debt Securities

Total Group borrowings as at 31 December 2018 were as follows:-

<u>Long term borrowings</u>	Secured RM'000	Unsecured RM'000	Total RM'000
Term loans	616,163	-	616,163
Revolving credits	64,000	-	64,000
	680,163	-	680,163
<u>Short term borrowings</u>			
Overdrafts	89	-	89
Revolving credits	158,178	182,000	340,178
Other short-term loans	909,399	-	909,399
	1,067,666	182,000	1,249,666
Total borrowings	1,747,829	182,000	1,929,829

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

	Long term borrowings RM'000	Short term borrowings RM'000	Total RM'000
Ringgit Malaysia ("RM")	112,000	356,266	468,266
Canadian Dollar ("CAD")	271,595	188,054	459,649
Singapore Dollar ("SGD")	296,568	9,582	306,150
United States Dollar ("USD")	-	609,352	609,352
Euro ("EUR")	-	73,129	73,129
Great Britain Pound ("GBP")	-	13,283	13,283
Total borrowings	680,163	1,249,666	1,929,829

B8 Financial Instruments

(i) Accounting classifications

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount						Fair value			
31 December 2018	Mandatorily at	FVOCI -	FVOCI -	Financial assets at	Financial liabilities at					
In RM'000	FVTPL	equity instrument	debt instrument	amortised cost	amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Investment in quoted shares	242,197	-	-	-	-	242,197	242,197	-	-	242,197
Investment in unquoted shares	-	2,759	-	-	-	2,759	-	-	2,759	2,759
Investment in unquoted bonds	22,763	-	143,995	-	-	166,758	-	166,758	-	166,758
Investment in quoted unit trusts	22,329	-	-	-	-	22,329	-	22,329	-	22,329
Investment in unquoted securities	289,595	-	-	-	-	289,595	-	-	289,595	289,595
	576,884	2,759	143,995	-	-	723,638	242,197	189,087	292,354	723,638
Financial assets not measured at fair value										
Financial receivables	-	-	-	60,847	-	60,847	-	-	-	-
Trade receivables and other receivables **	-	-	-	307,323	-	307,323	-	-	-	-
Cash and cash equivalents	-	-	-	1,197,521	-	1,197,521	-	-	-	-
	-	-	-	1,565,691	-	1,565,691	-	-	-	-
Financial liabilities not measured at fair value										
Trade payables and other payables **	-	-	-	-	319,145	319,145	-	-	-	-
Borrowings	-	-	-	-	1,929,829	1,929,829	-	-	-	-
	-	-	-	-	2,248,974	2,248,974	-	-	-	-

B8 Financial Instruments (continued)

(i) Accounting classifications (continued)

31 December 2017 *	Carrying amount						Fair value			
In RM'000	Designated as at FVTPL	Held for trading	Available for sale	Loans and receivables	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Investment in quoted shares	303,969	-	18,727	-	-	322,696	322,696	-	-	322,696
Investment in unquoted bonds	-	-	189,348	-	-	189,348	-	189,348	-	189,348
Investment in quoted unit trusts	20,332	-	1,935	-	-	22,267	-	22,267	-	22,267
Investment in unquoted securities	-	602,239	-	-	-	602,239	-	-	602,239	602,239
Derivatives	-	894	-	-	-	894	-	894	-	894
	324,301	603,133	210,010	-	-	1,137,444	322,696	212,509	602,239	1,137,444
Financial assets not measured at fair value										
Investment in unquoted shares	-	-	490	-	-	490	-	-	-	-
Financial receivables	-	-	-	86,376	-	86,376	-	-	-	-
Trade receivables and other receivables **	-	-	-	545,411	-	545,411	-	-	-	-
Cash and cash equivalents	-	-	-	917,663	-	917,663	-	-	-	-
Other investment	-	-	-	3,056	-	3,056	-	-	-	-
	-	-	490	1,552,506	-	1,552,996	-	-	-	-
Financial liabilities measured at fair value										
Derivatives	7,035	-	-	-	-	7,035	-	7,035	-	7,035
	7,035	-	-	-	-	7,035	-	7,035	-	7,035
Financial liabilities not measured at fair value										
Trade payables and other payables **	-	-	-	-	465,262	465,262	-	-	-	-
Borrowings	-	-	-	-	3,065,479	3,065,479	-	-	-	-
	-	-	-	-	3,530,741	3,530,741	-	-	-	-

* *The Group has initially applied MFRS 9 at 1 January 2018. Under the transition method chosen, comparative information is not restated.*

** *Other receivables and other payables that are not financial assets and not financial liabilities are not included.*

B8 Financial Instruments (continued)

(ii) Fair values

(a) Financial instruments measured at fair value

Financial assets at FVTPL and FVOCI are measured at fair value at different measurement hierarchies (i.e. Level 1, 2 and 3). The hierarchies reflect the level of objectiveness of inputs used when measuring the fair value.

(i) Level 1: Quoted prices (unadjusted) of identical assets in active markets

Quoted shares are measured at Level 1. The fair value of quoted shares is determined directly by reference to their published market bid prices as at 31 December 2018 and 31 December 2017.

(ii) Level 2: Inputs other than at quoted prices included within Level 1 that are observable for the assets, either directly (prices) or indirectly (derived from prices)

Quoted unit trusts, unquoted bonds and derivatives are measured at Level 2.

Quoted unit trusts
The quoted unit trusts are valued based on Net Asset Value (NAV) of the fund, as reported by the managers of such funds.

Unquoted bonds
The fair values of unquoted bonds are obtained from financial institutions and are determined based on market observable inputs at reporting date.

Derivatives (comprising forwards, geared equity accumulators, decumulators and stock options)
The fair values of forward exchange contracts are estimated by incorporating various inputs including the credit quality of counterparties, and foreign exchange spot and forward rates.

The fair values of geared equity accumulators and decumulators are estimated by considering primarily on knockout percentage, discount percentage, variability of the underlying stock, and the overall market trends, commonly used by financial institutions.

The fair values of stock options are estimated based on Black-Scholes model and market-implied volatility, taking into consideration variables such as expected life of options, risk-free interest rate and expected dividend yield.

There were no transfers between Level 1 and Level 2 during the current year ended 31 December 2018.

B8 Financial Instruments (continued)

(ii) Fair values (continued)

(a) Financial instruments measured at fair value (continued)

(iii) Level 3: Inputs for the assets that are not based on observable market data

Unquoted securities and unquoted shares are measured at Level 3.

Unquoted securities

The fair values of unquoted securities are based on financial institutions quotes by using discounted cash flows and option pricing valuation technique. Significant unobservable inputs include equity volatility and equity correlation.

Reconciliation of Level 3 fair values

The following table shows reconciliation from the opening balances to the closing balances for Level 3 fair values.

In RM'000	**Unquoted securities**
Balance at 1 January 2017	679,586
Purchases	1,356,316
Disposal	(1,416,217)
Fair value gains and losses recognised in profit or loss	
- Unrealised	7,365
- Realised	41,210
Gains and losses recognised in other comprehensive income	
- Exchange translation reserve	(66,021)
Balance at 31 December 2017	602,239
Balance at 1 January 2018	602,239
Purchases	1,971,704
Disposal	(2,049,212)
Fair value gains and losses recognised in profit or loss	
- Unrealised	(229,549)
- Realised	(9,865)
Unrealised forex losses recognised in profit or loss	(1,060)
Gains and losses recognised in other comprehensive income	
- Exchange translation reserve	5,338
Balance at 31 December 2018	289,595

B8 Financial Instruments (continued)

(ii) Fair values (continued)

(a) Financial instruments measured at fair value (continued)

(iv) Level 3: Inputs for the assets that are not based on observable market data

Unquoted shares

The fair values of unquoted shares are based on the adjusted net asset method by reference to the fair value of the assets and liabilities of the investee.

Reconciliation of Level 3 fair values

In RM'000	Unquoted shares
Balance at 1 January 2017/2018	490
Effects of MFRS 9	
Fair value gains and losses recognised in other comprehensive	2,269
Balance at 1 January 2018 (restated) / 31 December 2018	2,759

(b) Financial instruments not measured at fair value

The carrying amount of financial assets and financial liabilities at amortised cost are reasonable approximation of their fair values.

B9 Material Litigation

As at 20 February 2019, there were no changes in material litigation since the last financial year ended 31 December 2017.

B10 Dividend

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

B11 Disclosure of derivatives

The Group has entered into geared equity accumulators and decumulators 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 techniques as stated in ***B8(ii)(a)(ii)***. 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 RM'000	Fair value liability RM'000
Geared Equity Accumulators			
-Less than 1 year	152,716	-	(34,220)
Geared Equity Decumulators			
-Less than 1 year	18,732	-	(1,260)

B12 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 period, other than as disclosed in Note B1 on derivatives.

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 TO DATE
	31-Dec-2018	31-Dec-2017	31-Dec-2018	31-Dec-2017
Basic earnings per share				
Profit for the period - attributable to owners of the Company (RM'000)	(166,196)	(1,777)	74,698	214,884
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)	(9.71)	(0.10)	4.36	12.55

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 2019