

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	AS AT 31-MAR-2020 (Unaudited) RM'000	AS AT 31-DEC-2019 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,944,816	2,037,690
Right-of-use assets	349,427	351,579
Investment properties	571,758	580,080
Inventories	636,066	634,323
Intangible assets	314,748	328,879
Investments in associates	15,589	15,589
Investments in joint ventures	113,874	117,599
Investments in securities	64,305	83,421
Receivables	11,646	10,139
Deferred tax assets	11,991	11,941
	<u>4,034,220</u>	<u>4,171,240</u>
Current assets		
Contract assets	41,474	42,381
Contract costs	10,619	9,866
Investments in securities	422,617	173,510
Inventories	116,161	115,328
Receivables	60,891	57,701
Derivatives	78	-
Tax recoverable	13,921	13,778
Other investment	49,913	47,936
Cash and bank balances	760,046	815,691
	<u>1,475,720</u>	<u>1,276,191</u>
TOTAL ASSETS	<u>5,509,940</u>	<u>5,447,431</u>
EQUITY AND LIABILITIES		
Share capital	2,660,862	2,660,862
Reserves	274,378	474,917
Total equity attributable to owners of the Company	<u>2,935,240</u>	<u>3,135,779</u>
Non-controlling interests	50,000	50,000
Total Equity	<u>2,985,240</u>	<u>3,185,779</u>
Non-current liabilities		
Deferred tax liabilities	206,165	204,041
Borrowings	539,528	540,923
Lease liabilities	419	540
Provisions	6,608	5,699
	<u>752,720</u>	<u>751,203</u>
Current liabilities		
Borrowings	1,458,754	1,152,294
Lease liabilities	847	956
Payables	269,403	309,200
Provisions	11,523	12,233
Contract liabilities	24,171	28,310
Income tax payable	4,857	6,205
Derivatives	2,425	1,251
	<u>1,771,980</u>	<u>1,510,449</u>
Total liabilities	<u>2,524,700</u>	<u>2,261,652</u>
TOTAL EQUITY AND LIABILITIES	<u>5,509,940</u>	<u>5,447,431</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.55</u>	<u>0.59</u>

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 2019 and the accompanying notes to the quarterly report attached hereto.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31-MAR-2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-MAR-2019 RM'000	CURRENT YEAR TO DATE 31-MAR-2020 RM'000	PRECEDING YEAR TO DATE 31-MAR-2019 RM'000
Revenue	157,323	186,197	157,323	186,197
Other income	5,080	11,943	5,080	11,943
Net (loss)/gain from investments in securities	(59,384)	88,135	(59,384)	88,135
Other expenses	(273,379)	(150,072)	(273,379)	(150,072)
Operating (loss)/profit	<u>(170,360)</u>	<u>136,203</u>	<u>(170,360)</u>	<u>136,203</u>
Finance income	2,102	3,471	2,102	3,471
Finance costs	(14,624)	(13,826)	(14,624)	(13,826)
Share of results in associates, net of tax	(1)	277	(1)	277
Share of results in joint ventures, net of tax	10	12	10	12
(Loss)/profit before tax	<u>(182,873)</u>	<u>126,137</u>	<u>(182,873)</u>	<u>126,137</u>
Income tax	(3,077)	(4,423)	(3,077)	(4,423)
(Loss)/profit for the financial period	<u>(185,950)</u>	<u>121,714</u>	<u>(185,950)</u>	<u>121,714</u>
(Loss)/profit attributable to:				
Owners of the Company	<u>(185,950)</u>	<u>121,714</u>	<u>(185,950)</u>	<u>121,714</u>
Earnings per share attributable to owners of the Company				
Basic (sen)	(3.49)	2.29	(3.49)	2.29
Fully diluted (sen)	(3.49)	2.29	(3.49)	2.29

Note: Certain comparative figures are reclassified to conform with current year's presentation.

The unaudited Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying notes to the quarterly report attached hereto.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31-MAR-2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-MAR-2019 RM'000	CURRENT YEAR TO DATE 31-MAR-2020 RM'000	PRECEDING YEAR TO DATE 31-MAR-2019 RM'000
(Loss)/profit for the financial period	(185,950)	121,714	(185,950)	121,714
Other comprehensive (loss)/ income, next of tax:				
Items that will be reclassified subsequently to profit or loss:				
Net loss on foreign currency translation differences	(7,192)	(10,056)	(7,192)	(10,056)
Debts investments measured at FVOCI				
- Net fair value loss	(4,214)	(3,771)	(4,214)	(3,771)
- Reclassification to profit or loss	452	298	452	298
Other comprehensive loss for the financial period, net of tax	(10,954)	(13,529)	(10,954)	(13,529)
Total comprehensive (loss)/ income for the financial period	(196,904)	108,185	(196,904)	108,185
Total comprehensive (loss)/ income attributable to:				
Equity holders of the Company	(196,904)	108,185	(196,904)	108,185

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 2019 and the accompanying notes to the quarterly report attached hereto.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	-----Attributable to owners of the Company-----						Total	Non-controlling interests	Total equity
	-----Non-distributable-----			Distributable					
	Share capital	Merger deficit	Fair value reserve	Exchange translation reserve	Capital reserve	Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	2,660,862	(926,077)	(9,833)	329,045	220	1,048,624	3,102,841	50,000	3,152,841
Total comprehensive income for the financial period									
- Profit for the financial period	-	-	-	-	-	121,714	121,714	-	121,714
- Other comprehensive loss	-	-	(3,473)	(10,056)	-	-	(13,529)	-	(13,529)
	-	-	(3,473)	(10,056)	-	121,714	108,185	-	108,185
At 31 March 2019 (unaudited)	<u>2,660,862</u>	<u>(926,077)</u>	<u>(13,306)</u>	<u>318,989</u>	<u>220</u>	<u>1,170,338</u>	<u>3,211,026</u>	<u>50,000</u>	<u>3,261,026</u>
At 1 January 2020	2,660,862	(926,077)	1,728	311,898	27,620	1,056,113	3,132,144	50,000	3,182,144
Total comprehensive income for the financial period									
- Loss for the financial period	-	-	-	-	-	(185,950)	(185,950)	-	(185,950)
- Other comprehensive loss	-	-	(3,762)	(7,192)	-	-	(10,954)	-	(10,954)
	-	-	(3,762)	(7,192)	-	(185,950)	(196,904)	-	(196,904)
At 31 March 2020 (unaudited)	<u>2,660,862</u>	<u>(926,077)</u>	<u>(2,034)</u>	<u>304,706</u>	<u>27,620</u>	<u>870,163</u>	<u>2,935,240</u>	<u>50,000</u>	<u>2,985,240</u>

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 2019 and the accompanying notes to the quarterly report attached hereto.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

(The figures have not been audited)

	3 months ended	
	31-MAR-2020	31-MAR-2019
	RM'000	RM'000
Cash flows from operating activities		
Cash generated from operations	(35,803)	128,597
Interest received	1,618	249
Taxes paid	(2,494)	(21,867)
Net cash (used in)/generated from operating activities	<u>(36,679)</u>	<u>106,979</u>
Cash flows from investing activities		
Interest received, net	8,034	8,621
Dividend received	-	62
Development costs on land held for development	-	(7,907)
Purchase of property, plant and equipment	(2,702)	(3,070)
Purchase of intangible assets	(1)	(13)
Proceeds from disposal of property, plant and equipment	156	-
Purchase of other investment	(1,977)	-
Purchase of investment properties	(3,532)	(240)
Purchase of investment securities	(506,702)	(201,617)
Net settlement/ proceeds from derivatives	26,834	242
Proceeds from disposal of investment securities	177,681	233,067
Proceeds from redemption of bonds	23,401	4,081
Decrease in pledged deposits for investing facilities	30,257	258
Decrease in restricted cash	162	11,092
Net cash (used in)/generated from investing activities	<u>(248,389)</u>	<u>44,576</u>
Cash flows from financing activities		
Interest paid	(14,624)	(13,826)
Net drawdown/(repayment) of borrowings	279,690	(99,777)
Payment of lease liabilities	(267)	-
Net cash generated from/(used in) financing activities	<u>264,799</u>	<u>(113,603)</u>
Net decrease in cash and cash equivalents	(20,269)	37,952
Cash and cash equivalents at beginning of the period	241,831	345,514
Effects of exchange rate changes	(4,957)	(1,255)
	<u>236,874</u>	<u>344,259</u>
Cash and cash equivalents at end of the period	<u><u>216,605</u></u>	<u><u>382,211</u></u>
Cash and cash equivalents comprise of:		
Cash and bank balances	760,046	966,176
Less:		
Pledged for bank facilities	(491,074)	(550,735)
Restricted cash	(52,367)	(33,230)
	<u><u>216,605</u></u>	<u><u>382,211</u></u>

Note: Certain comparative figures have been restated to conform with current year's presentation.

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 2019.

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 2019, 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
Amendments to MFRS 3 <i>Business Combinations – Definition of a Business</i>	1 January 2020
Amendments to MFRS 7 <i>Financial Instruments: Disclosures – Interest Rate Benchmark Reform</i> , MFRS 9 <i>Financial Instruments</i> , and MFRS 139 <i>Financial Instruments: Recognition and Measurement</i>	1 January 2020
Amendments to MFRS 101 <i>Presentation of Financial Statements</i> and MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material</i>	1 January 2020

The adoption of the above pronouncements has no significant impact to the financial statements of the Group in the period of initial application.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

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 on the hotel operations which may be affected by seasonal factors impacting the occupancy and room rates and the cyclical factors affecting the general economy.

A5 Unusual Items Affecting the Financial Statements

The World Health Organization (WHO) declared Coronavirus (e.g. COVID-19) a 'Pandemic' on 11 March 2020 and on 16 March 2020 the Prime Minister of Malaysia has issued an order for the restriction of movements pursuant to the Prevention and Control of Disease Act 1988 (PCDA).

As the coronavirus pandemic continues to cause travel restrictions, social distancing advice and plummeting demand, certain hotels of the Group has been temporarily closed due to low occupancy while certain hotels remained open at reduced operations to accommodate the stranded and those requiring government mandated self-isolation.

The worldwide financial markets have reported sharp declines and volatilities have spiked. The Group held a significant amount of investments in securities of which their fair values have deteriorated significantly.

As such, the performance of each business segment, mainly the hotel operations and investment holding segment, were severely affected.

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

No dividend was paid during the current financial quarter.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134
A9 Segmental Information

Segmental revenue and results for the current financial period to date:

	Investment holding and Others RM'000	Finance and related services RM'000	Property investment RM'000	Property development RM'000	Hotel operations RM'000	Elimination RM'000	Consolidated RM'000
Revenue							
External revenue	627	-	21,524	16,400	118,772	-	157,323
Inter-segment revenue	13,287	-	735	-	-	(14,022)	-
Total revenue	13,914	-	22,259	16,400	118,772	(14,022)	157,323
Results							
Net segment results	(87,742)	(247)	7,853	2,178	33,637	-	(44,321)
Foreign exchange (loss)/gain	(75,033)	554	23	-	(48,298)	-	(122,754)
Operating (loss)/profit	(162,775)	307	7,876	2,178	(14,661)	-	(167,075)
Finance income	1,707	127	133	39	96	-	2,102
Finance costs	(3,839)	-	(2,816)	(1,105)	(6,864)	-	(14,624)
Share of results of associates, net of tax	-	-	(1)	-	-	-	(1)
Share of results of joint venture, net of tax	-	-	-	10	-	-	10
Segment (loss)/profit	(164,907)	434	5,192	1,122	(21,429)	-	(179,588)
Unallocated corporate expenses							(3,285)
Loss before tax							(182,873)
Income tax							(3,077)
Loss for the financial period							(185,950)
Loss attributable to:							
Equity holders of the Company							(185,950)

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134
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).

For 3 months ended 31 March <i>In RM'000</i>	Reportable segments								Consolidated	
	Investment holding		Property investment		Property development		Hotel operations			
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Primary geographical markets										
Malaysia	627	954	6,061	6,155	16,400	5,422	92	248	23,180	12,779
Australia	-	-	-	-	-	2,384	39,910	50,688	39,910	53,072
Canada	-	-	15,462	13,384	-	-	21,696	28,113	37,158	41,497
Singapore	-	-	-	-	-	-	25,901	40,811	25,901	40,811
China	-	-	-	-	-	-	3,198	8,673	3,198	8,673
Thailand	-	-	-	-	-	-	27,976	29,365	27,976	29,365
	627	954	21,523	19,539	16,400	7,806	118,773	157,898	157,323	186,197
Major products/service lines										
Revenue from contracts with customers										
Hotel room rental and related revenue	-	-	-	-	-	-	93,218	121,747	93,218	121,747
Sales of food and beverage	-	-	-	-	-	-	25,555	36,151	25,555	36,151
Management fees	627	954	5	159	-	-	-	-	632	1,113
Sales of properties	-	-	-	-	15,844	7,215	-	-	15,844	7,215
Utility fees from tenants	-	-	167	-	-	-	-	-	167	-
Maintenance charges recoveries from tenants	-	-	5,898	6,606	-	-	-	-	5,898	6,606
	627	954	6,070	6,765	15,844	7,215	118,773	157,898	141,314	172,832
Other revenue										
Rental income	-	-	15,453	12,774	556	591	-	-	16,009	13,365
	-	-	15,453	12,774	556	591	-	-	16,009	13,365
Total revenue	627	954	21,523	19,539	16,400	7,806	118,773	157,898	157,323	186,197

A11 Subsequent Events

The Board of Directors of TA Global Berhad (“TAG”) had on 12 February 2020, received a conditional voluntary take over notice from TA Securities Holdings Berhad (“TA Securities”) on behalf of TA Enterprise Berhad (“TAE”), ultimate holding company of TAG, to acquire up to 2,119,389,362 ordinary shares in TAG, representing up to 39.83% equity interest in TAG, for a consideration of RM 0.28 per share.

On 6 May 2020, TA Securities on behalf of TAE, announced the withdrawal of the conditional voluntary take-over offer after taking into consideration, amongst others, the adverse impact of the COVID-19 pandemic to the financial performance of TAG Group in the financial year ending 31 December 2020 following temporary suspension of operations of several hotels.

However, on 1 June 2020, the Securities Commission had resolved to decline the application for the withdrawal after having considered the justifications provided on a holistic basis.

Pursuant thereto, the Board of TAE will announce further updates to the Proposals in due course.

A12 Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial period.

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 2019.

A14 Commitments

The amount of capital commitments not provided for as at 31 March 2020 were as follow:

	RM'000
Approved and contracted for:-	
- Property, plant and equipment	17,819
- Investment properties	12,891
	<u>30,710</u>

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A15 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.

31 March 2020 <i>In RM'000</i>	Carrying amount					Fair value			
	Mandatorily at FVTPL	FVOCI - debt instrument	Financial assets at amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Investment in quoted shares	132,998	-	-	-	132,998	132,998	-	-	132,998
Investment in unquoted bonds	19,304	77,339	-	-	96,643	-	96,643	-	96,643
Investment in quoted unit trusts	1,585	-	-	-	1,585	-	1,585	-	1,585
Investment in unquoted securities	255,696	-	-	-	255,696	-	255,696	-	255,696
Derivatives	78	-	-	-	78	-	78	-	78
	409,661	77,339	-	-	487,000	132,998	354,002	-	487,000
Financial assets not measured at fair value									
Financial receivables	-	-	7	-	7	-	-	-	-
Trade receivables and other receivables **	-	-	43,101	-	43,101	-	-	-	-
Cash and bank balances	-	-	760,046	-	760,046	-	-	-	-
Other investment	-	-	49,913	-	49,913	-	-	-	-
	-	-	853,067	-	853,067	-	-	-	-
Financial liabilities measured at fair value									
Derivatives	2,425	-	-	-	2,425	-	2,425	-	2,425
	2,425	-	-	-	2,425	-	2,425	-	2,425
Financial liabilities not measured at fair value									
Trade payables and other payables **	-	-	-	263,097	263,097	-	-	-	-
Lease liabilities	-	-	-	1,266	1,266	-	-	-	-
Borrowings - non-current	-	-	-	539,528	539,528	-	-	542,514	542,514
Borrowings - current	-	-	-	1,458,754	1,458,754	-	-	-	-
	-	-	-	2,262,645	2,262,645	-	-	542,514	542,514

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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A15 Financial Instruments (continued)

(i) Accounting classifications (continued)

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. (continued)

31 December 2019 <i>In RM'000</i>	Carrying amount					Fair value			
	Mandatorily at FVTPL	FVOCI - debt instrument	Financial assets at amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Investment in quoted shares	60,578	-	-	-	60,578	60,578	-	-	60,578
Investment in unquoted bonds	19,179	97,748	-	-	116,927	-	116,927	-	116,927
Investment in quoted unit trusts	23,230	-	-	-	23,230	-	23,230	-	23,230
Investment in unquoted securities	56,196	-	-	-	56,196	-	56,196	-	56,196
	159,183	97,748	-	-	256,931	60,578	196,353	-	256,931
Financial assets not measured at fair value									
Financial receivables	-	-	15	-	15	-	-	-	-
Trade receivables and other receivables *	-	-	51,466	-	51,466	-	-	-	-
Cash and bank balances	-	-	815,691	-	815,691	-	-	-	-
Other investment	-	-	47,936	-	47,936	-	-	-	-
	-	-	915,108	-	915,108	-	-	-	-
Financial liabilities measured at fair value									
Derivatives	1,251	-	-	-	1,251	-	1,251	-	1,251
	1,251	-	-	-	1,251	-	1,251	-	1,251
Financial liabilities not measured at fair value									
Trade payables and other payables *	-	-	-	294,101	294,101	-	-	-	-
Lease liabilities	-	-	-	1,496	1,496	-	-	-	-
Borrowings - non-current	-	-	-	540,923	540,923	-	-	544,033	544,033
Borrowings - current	-	-	-	1,152,294	1,152,294	-	-	-	-
	-	-	-	1,988,814	1,988,814	-	-	544,033	544,033

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

A15 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 March 2020 and 31 December 2019.

(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 geared equity accumulators and decumulators, forward exchange contracts and stock options)

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 forward exchange contracts are estimated by incorporating various inputs such as the credit quality of counterparties, and foreign exchange spot and forward rates.

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 period ended 31 March 2020.

A15 Financial Instruments (continued)

(ii) Fair values (continued)

(b) Financial instruments not measured at fair value

Non-current bank loans are valued using discounted cash flows based on the current market rate of borrowing of respective Group entities at the reporting date.

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

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF
BURSA MALAYSIA**

B1 Performance Analysis of the Group's Operating Segments

	CURRENT YEAR QUARTER 31 MAR 2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 MAR 2019 RM'000
Revenue	157,323	186,197
Other income	5,080	11,943
Net (loss)/gain from investments in securities		
- Net fair value (loss)/gain	(67,202)	83,118
- Interest income	7,550	5,399
- Gross dividend income	-	84
- Net gain/(loss) from disposal/redemption	268	(466)
	(59,384)	88,135
Other expenses		
- Amortisation and depreciation	(25,177)	(24,734)
- Property development expenditure recognised as expense	(11,800)	(5,200)
- Hotel operational and personnel cost	(87,474)	(100,546)
- Cost of inventories	(6,780)	(10,676)
- Personnel cost and others	(19,394)	(22,381)
- Net reversal on investment securities	-	167
- Net allowance of impairment on receivables	-	(19)
- Loss on disposal of property, plant and equipment	-	(10)
- Foreign exchange (loss)/gain	(122,754)	13,327
	(273,379)	(150,072)
Finance income	2,102	3,471
Finance costs	(14,624)	(13,826)
Share of results in associates	(1)	277
Share of results in joint venture	10	12
(Loss)/profit before tax	(182,873)	126,137

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

The Group reported revenue of RM157.3 million and loss before tax of RM182.9 million for the current year's first quarter as compared to revenue of RM186.2 million and profit before tax of RM126.1 million reported in the previous year's corresponding quarter. Loss for the quarter was mainly attributed to investment holding division due to unrealised fair value losses on investment securities as a result of stock market's reaction to COVID-19. In addition, hotel operation division contributed lower net operating profit (excluding foreign exchange loss) compared to previous year's corresponding quarter due to decline in occupancy rates for the first three months across all hotels.

The performance of the Group for this quarter is as analysed below:-

Investment holding and others

Investment holding and others division reported operating loss before tax of RM162.8 million in the current year's first quarter, as compared to operating profit before tax of RM96.0 million in the previous year's corresponding quarter.

Operating loss (excluding foreign exchange loss) before tax for current year's first quarter amounted to RM87.7 million whereas for previous year's corresponding quarter, operating profit (excluding foreign exchange gain) before tax amounted to RM89.1 mil. The significant loss during the current quarter was mainly due to unrealised fair value losses on investment securities of RM108.3 million due to stock markets closing sharply lower as a result of the fallout due to COVID-19.

Besides that, there were foreign exchange losses of RM75.0 million in the current year's first quarter mainly resulting from translation of AUD and CAD denominated balances and also realisation of investments denominated in AUD and CAD upon maturity.

Finance and related services

For the current year's first quarter, finance and related services division reported operating profit before tax of RM0.3 million as compared to operating loss before tax of RM0.2 million in the previous year's corresponding quarter.

The improved result was mainly due to foreign exchange gain resulting from translation of CAD denominated balances, partially offsetted by unrealised fair value losses on quoted investments in the current year's first quarter.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF
BURSA MALAYSIA**

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

Property investment

Property investment division reported operating profit before tax of RM7.9 million in the current year's first quarter, as compared to operating profit before tax of RM5.9 million in the previous year's corresponding quarter.

The increase in the current quarter in operating profit before tax was mainly due to higher net rental income contributed from the Canada property and lower finance cost as compared to previous year's corresponding quarter.

Property development

Property development division reported operating profit before tax of RM2.2mil in the current year's first quarter, as compared to operating loss before tax of RM1.1 million in previous year's corresponding quarter.

Profit before tax in the current year's first quarter was mainly due to sales recognition from the Alix Residences project in Kuala Lumpur.

Hotel operations

Hotel operations division registered operating profit (excluding foreign exchange loss) before tax of RM33.6 million in the current year's first quarter, as compared to operating profit (excluding foreign exchange gain) before tax of RM35.6 million in the previous year's corresponding quarter.

Due to COVID-19 severely impacting the hospitality industry, all hotels within the Group suffered significant drop in hotel room occupancy rate. The adverse impact on hotel revenue, although cushioned by lower cost resulted from the Group's tight cost-control measures and fair value gain on derivatives, had contributed to the current year first quarter's drop in net operating profit.

In addition, foreign exchange loss was recorded in the current year's first quarter due to translation of THB denominated balances against USD, as compared to a foreign exchange gain in the previous year's corresponding quarter.

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

The Group reported loss before tax of RM182.9 million in the current year's quarter as compared to loss before tax of RM7.6 million in the preceding quarter.

Higher loss before tax in the current year's first quarter was mainly attributable to significant losses in the investment holding division due to unrealised fair value losses on investment securities as a result of stock market's reaction to the COVID-19.

B3 Prospects for the current financial year

The COVID-19 has clouded the near-term outlook for the global economy, pushing multi-lateral agencies including the International Monetary Fund, the World Bank and the OECD to lower their respective GDP projections. Although the scale of the setback is highly uncertain, an escalation in the COVID-19 outbreak could cut global economic growth in half and plunge several countries into recession this year with China remaining the focal point of the economic damage. Against a backdrop of already weak GDP growth, the economies of Japan and the euro-zone could slide into recession this year, while failure in the UK's post-Brexit trade talks with the EU also represented a significant downside risk. Synchronized global cooperation is needed to cope with the crisis. Central banks world-wide are signaling a new effort to cushion the impact of COVID-19 on the global economy. The challenge for central bankers is that they are running low on firepower after a slew of stimulus measures were unleashed in recent years to protect economies from trade wars, geopolitical tensions and the impact of low inflation. With its international business stretching from Australia to Asia and Canada, the Group as a whole is not spared from these anticipated weak GDP growth and economic challenges. As the Group's revenue is mainly derived from property and hospitality sectors spanning across 6 countries, Malaysia, Australia, Singapore, China, Thailand and Canada, the general economic outlook of these countries, the global economic trend and the impact of COVID-19 on various business industries will charter the future prospects, sustainability and viability of the Group's property development, property investment and hospitality business. The outbreak of COVID-19 is expected to cause unprecedented disruptions and negative impact to the various business sectors within the Group during this financial year.

The prospects for each business division are summarised below: -

Finance and related services

The financial and related services shall continue to support the property development and property investment divisions for the financial year 2020. The Group will continue to explore investment opportunities to maximise income and strengthen its financial position for future property development and property investment activities.

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

Property investment

The Group's portfolio of office, retail & commercial units in our investment property business provides stable recurring rental income to the Group. Despite disruptions caused by COVID-19 where the Group expects to face reduction in rental revenue in countries like Malaysia and Canada pursuant to the respective government directives to offer reduction in rental, the Group expects the business to contribute to higher earnings and yield soon as the Group completes the retail components in its property development projects. The Group also anticipates a recovery and progressive increase in rental revenue upon completion of the upgrading works in Menara TA One, Kuala Lumpur.

Property development

The property development activities of the Group in Malaysia are also negatively impacted by the COVID-19 pandemic, resulting in lacklustre sales, additional time required to complete projects, additional overhead expenses and other expenses in managing the risks of COVID-19 at its construction sites. Although all these additional expenses and costs may put a strain on the profitability of the Group's property development earnings for the FY2020, nevertheless, the Group will continue to be dedicated to its reputation and brand by developing high-quality real estate products and services in its various projects that will enrich people and the communities where its developments projects are constructed.

Hotel operations

Hotel operations for the FY2020 is expected to be negatively impacted by COVID-19 as it rapidly spread across the globe, disrupting global travel and supply chains and adversely impacted global commercial activity. As the Group's hotels operates on a global platform, any changes in global, national, or regional economies and governmental policies (in areas such as trade, travel, immigration, healthcare, and related issues) due to COVID-19 will materially impact the Group's hotel performance if these conditions are extend longer than anticipated, or in other circumstances that we not able to predict or mitigate. The current decreases in travel resulting from weak economic conditions, changes in energy prices and currency values, heightened travel security measures, disruptions in air travel, and concerns over COVID-19 infection has caused some of our hotels to be closed indefinitely. With the decline in hotels revenue during this COVID-19, we took steps to reduce operating costs and increase efficiency. Even though the Group's hotels may eventually reopen for business in the later part of year 2020, the overall hotels' performance depending on the market outlook of the respective countries, may take some time to stabilize and recover to their pre-COVID-19 performance levels. With the uncertainty of the aftermath of COVID-19, we are uncertain what the future holds for the travel and hospitality industry and our hotels as we do not know exactly when travelers will be back in force. However, together with our hotel operators, we will prepare for the months and years ahead in a post COVID-19 world as history has shown us that travel is one of the world's most resilient industries and we are certain that the travelers will be back to our hotels as soon as economies and international borders starts to open up. Given time, the Group's hotels will recover its loss grounds due to COVID-19 and start contributing effectively to the Group's future financial performance.

Barring any unforeseen circumstances, the Group's financial performance is expected to be challenging for the financial year ending 31 December 2020.

B4 Variance between Actual Profit and Forecast Profit

Not applicable.

B5 Taxation

Taxation for the current financial period is as follows:

	CURRENT QUARTER/ YEAR- TO-DATE RM'000
Current tax expense	
Malaysian - current year	512
Foreign - current year	4,027
Deferred tax expense	
Origination and reversal of temporary differences	(1,462)
	<u>3,077</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 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 effective tax rate of the Group for the current quarter and for the year to date was higher than the Malaysian statutory tax rate mainly due to certain expenses not allowable for tax purposes.

B6 Corporate Proposals

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

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF
 BURSA MALAYSIA**
B7 Group Borrowings and Debt Securities

Total Group borrowings as at 31 March 2020 were as follows:-

	SECURED	UNSECURED	TOTAL
<u>Long term borrowings</u>	RM'000	RM'000	RM'000
Term loans	513,238	-	513,238
Bridging loans	26,290	-	26,290
	<u>539,528</u>	<u>-</u>	<u>539,528</u>
<u>Short term borrowings</u>			
Term loans	95,470	-	95,470
Revolving credits	95,500	95,200	190,700
Other bank borrowings	1,172,584	-	1,172,584
	<u>1,363,554</u>	<u>95,200</u>	<u>1,458,754</u>
Total borrowings	<u>1,903,082</u>	<u>95,200</u>	<u>1,998,282</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	borrowings
	RM'000	RM'000	RM'000
Ringgit Malaysia ("RM")	26,290	234,700	260,990
Canadian Dollar ("CAD")	217,647	228,574	446,221
Singapore Dollar ("SGD")	295,591	8,143	303,734
United States Dollar ("USD")	-	949,285	949,285
Euro ("EUR")	-	25,839	25,839
British Pound ("GBP")	-	12,213	12,213
Total borrowings	<u>539,528</u>	<u>1,458,754</u>	<u>1,998,282</u>

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF
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B8 Material Litigation

As at 23 June 2020, there were no changes in material litigation since the last financial year ended 31 December 2019.

B9 Dividend

No dividend was declared as at the date of this announcement.

B10 Disclosure of derivatives

The Group has entered into geared equity accumulators, decumulators, forwards and 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 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
Stock Options -Less than 1 year	27,902	78	-
Forward Exchange Contracts -Less than 1 year	307,978	-	(2,425)

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

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF
BURSA MALAYSIA**

B12 Earnings per share attributable to owners of the Company

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31 MAR 2020	PRECEDING YEAR CORRESPONDING QUARTER 31 MAR 2019	CURRENT YEAR TO DATE 31 MAR 2020	PRECEDING YEAR TO DATE 31 MAR 2019
Basic earnings per share				
(Loss)/ profit for the period - attributable to owners of the Company (RM'000)	(185,950)	121,714	(185,950)	121,714
Weighted average number of ordinary shares in issue ('000)	5,321,724	5,321,724	5,321,724	5,321,724
Basic earnings per share (sen)	<u>(3.49)</u>	<u>2.29</u>	<u>(3.49)</u>	<u>2.29</u>

Basic earnings per share was calculated based on the Group's (loss)/ 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
30 June 2020