

ECM LIBRA FINANCIAL GROUP BERHAD (Company No. 713570-K)
Interim Condensed Financial Statements for the six months ended 31 July 2016

Unaudited Interim Condensed Consolidated Statement of Financial Position
as at 31 July 2016

	<u>Note</u>	31-Jul-16 RM'000	31-Jan-16 RM'000
ASSETS			
Cash and short-term funds		23,750	24,883
Securities available-for-sale	9	25,669	17,327
Loans, advances and financing	10	60,323	60,279
Trade receivables	11	2,412	6,222
Other assets	12	1,449	1,555
Investment in associated company	13	7,200	7,200
Deferred tax assets		295	295
Property, plant and equipment		23,673	24,304
Investment property		4,019	4,030
TOTAL ASSETS		<u>148,790</u>	<u>146,095</u>
LIABILITIES AND EQUITY			
LIABILITIES			
Trade payables	14	1,272	334
Other liabilities	15	3,600	8,075
Provision for taxation		354	351
TOTAL LIABILITIES		<u>5,226</u>	<u>8,760</u>
EQUITY			
Share capital		34,391	34,391
Reserves		109,173	102,944
TOTAL EQUITY		<u>143,564</u>	<u>137,335</u>
TOTAL LIABILITIES AND EQUITY		<u>148,790</u>	<u>146,095</u>
Par value per share (RM)		0.12	0.12
Net assets per share (RM)		0.50	0.48

The unaudited interim condensed financial statements should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 January 2016 of the Group.

ECM LIBRA FINANCIAL GROUP BERHAD (Company No. 713570-K)
Interim Condensed Financial Statements for the six months ended 31 July 2016

**Unaudited Interim Condensed Consolidated Statements of Profit or Loss and
Other Comprehensive Income for the six months ended 31 July 2016**

	<u>Note</u>	Second Quarter Ended		Six Months Ended	
		31-Jul-16 RM'000	31-Jul-15 RM'000	31-Jul-16 RM'000	31-Jul-15 RM'000
Revenue		10,138	22,420	14,459	27,744
Interest income	16	1,282	2,489	2,597	4,904
Non-interest income	17	8,856	19,931	11,862	22,840
Other non-operating income/(loss)	18	395	(3,002)	707	(2,473)
Gross income		10,533	19,418	15,166	25,271
Operating expenses	19	(4,488)	(4,752)	(8,474)	(8,764)
Profit before tax		6,045	14,666	6,692	16,507
Income tax expense	30	(247)	(608)	(468)	(949)
Profit for the period		5,798	14,058	6,224	15,558
Other comprehensive income/(loss):					
Items that may be subsequently reclassified to profit or loss:					
Net gain/(loss) on available-for-sale financial assets		265	(30,755)	5	(50,363)
Currency translation differences		-	(4)	-	12
Foreign currency translation reserve losses reclassified to profit or loss upon liquidation of subsidiary		-	3,762	-	3,762
Income tax relating to components of other comprehensive income/(loss)		37	12	-	11
Other comprehensive income/(loss) for the period, net of tax		302	(26,985)	5	(46,578)
Total comprehensive income/(loss) for the period		6,100	(12,927)	6,229	(31,020)
Earnings per share:		Sen	Sen	Sen	Sen
- basic	35	2.02	5.27	2.17	5.83
- diluted	35	2.02	4.91	2.17	5.44

The unaudited interim condensed financial statements should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 January 2016 of the Group.

ECM LIBRA FINANCIAL GROUP BERHAD (Company No. 713570-K)
Interim Condensed Financial Statements for the six months ended 31 July 2016

Unaudited Interim Condensed Consolidated Statement of Changes in Equity
for the six months ended 31 July 2016

	<-----Non-distributable----->						Distributable		Total
	Share capital RM'000	Treasury shares RM'000	Capital redemption reserve RM'000	Foreign currency translation reserve/ (deficit) RM'000	Available-for-sale revaluation reserve/ (deficit) RM'000	Equity compensation reserve RM'000	General reserve RM'000	Retained profits RM'000	
As at 1 February 2016	34,391	-	3,555	(1,141)	(397)	-	2,788	98,139	137,335
Profit for the period	-	-	-	-	-	-	-	6,224	6,224
Other comprehensive income	-	-	-	-	5	-	-	-	5
	-	-	-	-	5	-	-	6,224	6,229
As at 31 July 2016	34,391	-	3,555	(1,141)	(392)	-	2,788	104,363	143,564
As at 1 February 2015	268,222	-	2,083	(4,816)	58,116	2,789	159	121,894	448,447
Profit for the period	-	-	-	-	-	-	-	15,558	15,558
Other comprehensive income/(loss)	-	-	-	12	(50,352)	-	-	-	(50,340)
Reclassification to profit or loss upon liquidation of subsidiary	-	-	-	3,762	-	-	-	-	3,762
	-	-	-	3,774	(50,352)	-	-	15,558	(31,020)
Transaction with owners:									-
Shares buy-back by the Company	-	(1,593)	-	-	-	-	-	-	(1,593)
Issuance of shares pursuant to ESOS	975	-	-	-	-	-	-	-	975
	975	(1,593)	-	-	-	-	-	-	(618)
As at 31 July 2015	269,197	(1,593)	2,083	(1,042)	7,764	2,789	159	137,452	416,809

The unaudited interim condensed financial statements should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 January 2016 of the Group.

ECM LIBRA FINANCIAL GROUP BERHAD (Company No. 713570-K)
Interim Condensed Financial Statements for the six months ended 31 July 2016

Unaudited Interim Condensed Consolidated Statement of Cash Flows
for the six months ended 31 July 2016

	31-Jul-16	31-Jul-15
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	6,692	16,507
Adjustments to reconcile profit before tax to net cash flows	(7,551)	(21,695)
	(859)	(5,188)
Net increase/(decrease) in operating assets	3,815	(9,416)
Net decrease in operating liabilities	(3,537)	(4)
	(581)	(14,608)
Interest received from loans, advances and financing	2,250	2,611
Net tax paid	(457)	(635)
Net cash generated from/(used in) operating activities	1,212	(12,632)
Cash flows from investing activities		
Net purchase of securities	(2,743)	(31,750)
Purchase of property, plant and equipment	(84)	(1,318)
Proceed from disposal of property, plant and equipment	4	355
Dividend income received	-	63
Interest received from short-term funds and deposits with financial institutions	396	2,198
Net cash used in investing activities	(2,427)	(30,452)
Cash flows from financing activities		
Purchase of treasury shares	-	(1,593)
Proceeds from issuance of shares	-	975
Net cash used in financing activities	-	(618)
Net decrease in cash and cash equivalents	(1,215)	(43,702)
Effects of foreign exchange rate changes	82	4,161
Cash and cash equivalents at beginning of the period	24,883	152,533
Cash and cash equivalents at end of the period	23,750	112,992
Cash and cash equivalents comprise:		
Cash and short-term funds	23,750	112,992

The unaudited interim condensed financial statements should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 January 2016 of the Group.

Part A: Explanatory notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134

1 Basis of preparation

This unaudited interim condensed financial statements of the Group has been prepared on a historical cost basis, unless otherwise disclosed in the notes to the financial statements and are in accordance with MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB") and Chapter 9, part K of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim condensed financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 January 2016. The explanatory notes attached to the interim condensed financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 January 2016.

The accounting policies and methods of computation adopted in this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 31 January 2016, except for the adoption of the following during the current financial period:

MFRS, Amendments to MFRSs and Annual Improvements to MFRSs effective for annual periods commencing on or after 1 January 2016

Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*

Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*

MFRS 14 *Regulatory Deferral Account*

Amendments to MFRS 101 *Disclosure Initiative*

Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*

Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer plants*

Amendments to MFRS 127 *Equity Method in Separate Financial Statements*

Annual Improvements to MFRSs 2012 - 2014 Cycle

The adoption of these Amendments to MFRSs, where relevant, did not have any financial impact on the Group.

The following MFRSs and Amendments to MFRSs have been issued by the MASB but are not yet effective:

Effective for annual periods commencing on or after 1 January 2017

Amendments to MFRS 107 *Disclosure Initiative*

Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*

Effective for annual periods commencing on or after 1 January 2018

MFRS 9 *Financial Instruments*

MFRS 15 *Revenue from Contracts with Customers*

Clarifications to MFRS 15 *Revenue from Contracts with Customers*

Effective for annual periods commencing on or after 1 January 2019

MFRS 16 *Leases*

1 Basis of preparation (cont'd.)

Deferred to a date to be announced by MASB

Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Adoption of the above standards and interpretations will not have any material impact on the financial statements in the year of initial application, except as discussed below:

MFRS 9 Financial Instruments ("MFRS 9")

The International Accounting Standards Board ("IASB") issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but restatement of comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015.

MFRS 9 is issued by the MASB in respect of its application in Malaysia. It is equivalent to IFRS 9 as issued by IASB, including the effective and issuance dates. The areas with expected significant impact from application of MFRS 9 are summarised below:

(i) Classification and measurement

The classification and measurement of financial assets is determined on the basis of the contractual cash flow characteristics and the objective of the business model associated with holding the asset. Key changes include:

- The held-to-maturity ("HTM") and available-for-sale ("AFS") asset categories will be removed;
- A new asset category measured at fair value through other comprehensive income ("FVOCI") is introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principle and interest and held in a model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- A new asset category for non-traded equity investments measured at FVOCI is introduced; and
- Classification of financial liabilities will remain largely unchanged, other than the fair value gains and losses attributable to changes in 'own credit risk' for financial liabilities designated and measured at fair value through profit or loss to be presented in other comprehensive income.

The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, and may have no impact on the classification and measurement of the Group's financial liabilities.

1 Basis of preparation (cont'd.)

MFRS 9 *Financial Instruments* ("MFRS 9") (cont'd.)

(ii) Impairment

The MFRS 9 impairment requirements are based on an expected credit loss model ("ECL") that replaces the incurred loss model under the current accounting standard. The Group will be generally required to recognise either a 12-month or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. The ECL model will apply to financial assets measured at amortised cost or at FVOCI, irrevocable loan commitments and financial guarantee contracts, which will include loans, advances and financing and debt instruments held by the Group. MFRS 9 will change the Group's current methodology for calculating allowances for impairment, in particular for individual and collective assessment and provisioning.

(iii) Hedge accounting

The requirements for general hedge accounting have been simplified for hedge effectiveness testing and may result in more designations of hedged items for accounting purposes.

The Group is in the process of assessing the financial implications for adopting the new standard.

MFRS 15 *Revenue from Contracts with Customers* ("MFRS 15")

MFRS 15 replaces all existing revenue requirements (MFRS 111 *Construction Contracts*, MFRS 118 *Revenue*, IC 13 *Customer Loyalty Programme s*, IC 15 *Agreements for the Construction of Real Estate*, IC 18 *Transfers of Assets from Customer s* and IC 131 *Revenue – Barter Transactions Involving Advertising Services*) in MFRS and applies to all revenue arising from contracts with customers. It also provides a model for the recognition and measurement of sales of some non-financial assets including disposals of property, equipment and intangible assets.

The standard outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group is in the process of assessing the financial implications for adopting the new standard.

2 Auditors' report on preceding annual financial statements

The auditors' report on the audited annual financial statements for the financial year ended 31 January 2016 was not qualified.

3 Seasonality and cyclicity factors

The operations of the Group were not materially affected by seasonal or cyclical factors.

4 Exceptional items/unusual events

There was no unusual item affecting assets, liabilities, equity, net income, or cash flows in the second quarter ended 31 July 2016.

5 Variation from financial estimates reported in preceding financial period

There were no changes in estimates of amounts reported in the preceding financial period that would have a material effect in the second quarter results.

6 Debt and equity securities

There were no issuances, cancellations, resales and repayments of either debt or equity securities during the six months ended 31 July 2016.

7 Dividend paid

There was no dividend paid during the six months ended 31 July 2016.

8 Segmental reporting

The Group's reportable operating segments are identified based on business units which are engaged in providing different services and products, as follows:

- (i) Investment holding and capital market operations - general investments and capital market related operations
- (ii) Fund management - unit trust funds and asset management
- (iii) Structured financing - structured lending and financial services related activities
- (iv) Fund managed by a subsidiary - a unit trust fund

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8 Segmental reporting (cont'd.)

3 months ended 31 July 2016	Investment holding and capital market operations RM'000	Fund management RM'000	Fund managed by a subsidiary RM'000	Structured financing RM'000	Inter- segment elimination RM'000	Group total RM'000
Revenue	5,633	3,078	-	1,427	-	10,138
Inter-segment revenue	-	-	-	-	-	-
	5,633	3,078	-	1,427	-	10,138
Interest income	44	78	-	1,160	-	1,282
Non-interest income	5,589	3,000	-	267	-	8,856
Other non-operating income/(loss)	401	(6)	-	-	-	395
Gross income	6,034	3,072	-	1,427	-	10,533
Operating expenses	(1,707)	(2,760)	(1)	(20)	-	(4,488)
Profit/(loss) before tax	4,327	312	(1)	1,407	-	6,045
6 months ended 31 July 2016						
Revenue	5,739	6,107	-	2,613	-	14,459
Inter-segment revenue	-	-	-	-	-	-
	5,739	6,107	-	2,613	-	14,459
Interest income	145	158	-	2,294	-	2,597
Non-interest income	5,594	5,949	-	319	-	11,862
Other non-operating income/(loss)	714	(7)	-	-	-	707
Gross income	6,453	6,100	-	2,613	-	15,166
Operating expenses	(2,934)	(5,500)	(2)	(38)	-	(8,474)
Profit/(loss) before tax	3,519	600	(2)	2,575	-	6,692
As at 31 July 2016						
Segment assets	62,431	18,231	301	60,627	-	141,590
Investment in associated company						7,200
Total assets						148,790
Total liabilities	1,486	3,619	19	102	-	5,226

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8 Segmental reporting (cont'd.)

6 months ended 31 July 2015	Investment holding and capital market operations RM'000	Fund management RM'000	Fund managed by a subsidiary RM'000	Structured financing RM'000	Inter- segment elimination RM'000	Group total RM'000
Revenue	1,085	5,807	17,808	3,044	-	27,744
Inter-segment revenue	-	116	-	-	(116)	-
	1,085	5,923	17,808	3,044	(116)	27,744
Interest income	840	142	1,061	2,861	-	4,904
Non-interest income	245	5,781	16,747	183	(116)	22,840
Other non-operating (loss)/income	(2,860)	-	387	-	-	(2,473)
Gross (loss)/income	(1,775)	5,923	18,195	3,044	(116)	25,271
Operating expenses	(3,059)	(5,561)	(246)	(14)	116	(8,764)
(Loss)/profit before tax	(4,834)	362	17,949	3,030	-	16,507
As at 31 July 2015						
Segment assets	96,050	16,668	220,349	81,917	-	414,984
Investment in associated company						7,200
Total assets						422,184
Total liabilities	1,659	2,306	26	1,384	-	5,375

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9 Securities available-for-sale

	31-Jul-16	31-Jan-16
	RM'000	RM'000
At fair value		
Quoted shares	3,692	8,121
Unquoted shares	12,788	12,788
Unit trust fund units	9,189	583
	25,669	21,492
Less: Impairment losses on securities	-	(4,165)
	25,669	17,327

10 Loans, advances and financing

	31-Jul-16	31-Jan-16
	RM'000	RM'000
Term loans, representing gross loans, advances and financing	60,323	60,279
Less: Impaired loans	-	-
Total net loans, advances and financing	60,323	60,279

Analysis of gross loans, advances and financing

By residual contractual maturity

Maturity within one year	60,323	60,279
Gross loans, advances and financing	60,323	60,279

By economic purpose

Investments	20,323	20,231
Others	40,000	40,048
Gross loans, advances and financing	60,323	60,279

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10 Loans, advances and financing (cont'd.)

	31-Jul-16	31-Jan-16
	RM'000	RM'000
Analysis of gross loans, advances and financing (cont'd.)		
<u>By interest rate sensitivity</u>		
Fixed rate		
- Term loans	60,323	60,279
Gross loans, advances and financing	60,323	60,279
<u>By type of customer</u>		
Domestic business enterprises	20,323	20,231
Individuals	40,000	40,048
Gross loans, advances and financing	60,323	60,279

Impaired loans

There is no impaired loans during and at the end of the financial period.

11 Trade receivables

	31-Jul-16	31-Jan-16
	RM'000	RM'000
Amount owing by trustees	2,412	6,222

12 Other assets

	31-Jul-16	31-Jan-16
	RM'000	RM'000
Interest receivable	10	59
Deposits	334	340
Tax recoverable	537	545
Other receivables and prepayments	568	611
	1,449	1,555

ECM LIBRA FINANCIAL GROUP BERHAD (Company No. 713570-K)
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13 Investment in associated company

	31-Jul-16	31-Jan-16
	RM'000	RM'000
Unquoted shares, outside Malaysia	- *	-
Advances	7,200	7,200
Total investment in associated company	7,200	7,200

* denotes RM9

14 Trade payables

	31-Jul-16	31-Jan-16
	RM'000	RM'000
Amount owing to trustees	1,272	334

15 Other liabilities

	31-Jul-16	31-Jan-16
	RM'000	RM'000
Accruals and other payables	2,917	7,369
Rental deposits received	683	706
Total	3,600	8,075

16 Interest income

	Second Quarter Ended		Six Months Ended	
	31-Jul-16	31-Jul-15	31-Jul-16	31-Jul-15
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	1,160	1,475	2,294	2,861
Short-term funds and deposits with financial institutions	122	1,014	303	2,043
Total	1,282	2,489	2,597	4,904

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17 Non-interest income

	Second Quarter Ended		Six Months Ended	
	31-Jul-16	31-Jul-15	31-Jul-16	31-Jul-15
	RM'000	RM'000	RM'000	RM'000
<u>Fee income</u>				
Portfolio management fees	3,000	2,919	5,949	5,665
Other fee income	267	83	319	184
	3,267	3,002	6,268	5,849
<u>Investment and trading income</u>				
Net income from securities available-for-sale				
- Income distribution from fund	74	183	79	245
	74	183	79	245
Net income from securities available-for-sale of fund managed by a subsidiary				
- Net gain on disposal	5,515	16,683	5,515	16,683
- Dividend income	-	63	-	63
	5,515	16,746	5,515	16,746
Total non-interest income	8,856	19,931	11,862	22,840

18 Other non-operating income/(loss)

	Second Quarter Ended		Six Months Ended	
	31-Jul-16	31-Jul-15	31-Jul-16	31-Jul-15
	RM'000	RM'000	RM'000	RM'000
Rental income	316	359	632	733
(Loss)/gain on disposal of property, plant and equipment	(6)	-	(7)	169
Gain on foreign exchange translation	85	401	82	387
Foreign currency translation reserve losses reclassified to profit or loss upon liquidation of subsidiary	-	(3,762)	-	(3,762)
	395	(3,002)	707	(2,473)

ECM LIBRA FINANCIAL GROUP BERHAD (Company No. 713570-K)
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19 Operating expenses

	Second Quarter Ended		Six Months Ended	
	31-Jul-16 RM'000	31-Jul-15 RM'000	31-Jul-16 RM'000	31-Jul-15 RM'000
<u>Personnel expenses</u>				
Salaries, allowances and bonus	2,130	2,225	4,253	4,173
Contributions to defined contribution plan	258	274	511	534
Other personnel costs	306	97	536	385
	2,694	2,596	5,300	5,092
<u>Establishment costs</u>				
Depreciation of property, plant and equipment	323	384	653	756
Depreciation of investment property	6	-	11	-
Rental of premises	14	35	47	71
Other establishment costs	60	13	77	26
	403	432	788	853
<u>Administrative and general expenses</u>				
Audit fees	13	22	35	50
Building maintenance expenses	305	254	575	476
Legal and professional fees	72	338	299	410
Marketing and communication expenses	318	413	587	732
Printing and stationery	87	71	104	100
Rental of network and equipment and telecommunication expenses	52	43	108	82
Insurance, postages and courier	55	44	90	84
Others	489	539	588	885
	1,391	1,724	2,386	2,819
Total operating expenses	4,488	4,752	8,474	8,764

20 Valuation of property, plant and equipment

There was no valuation of property, plant and equipment of the Group in the second quarter ended 31 July 2016.

21 Material subsequent event

There were no material events subsequent to 31 July 2016.

22 Changes in the composition of the Group

In the previous financial year, the Group commenced member's voluntary winding-up of the dormant wholly-owned subsidiaries that are in excess of the Group's requirements.

As at 31 July 2016, the member's voluntary winding-up of the following dormant wholly-owned subsidiaries are still on-going:

- a) ECM Libra Capital Markets Sdn Bhd
- b) ECM Libra Securities Sdn Bhd
- c) Avenue Asset Management Services (Labuan) Ltd ("AAMS")**

** On 18 February 2016, an application has been submitted to the Labuan Financial Services Authority ("LFSA") for AAMS to be struck off from the register of LFSA.

23 Commitments and contingencies

Capital commitments

As at 31 July 2016, the Group has commitments in respect of capital expenditure as follows: -

Authorised and contracted for	RM'000 389
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24 Significant related party transactions

The Group has no significant related party transactions which would have a significant impact on the financial position and business of the Group for the second quarter ended 31 July 2016.

Part B – Additional information required by the listing requirements of Bursa Malaysia

25 Status of corporate proposals announced

The Unconditional Take-over Offer by Mr Lim Kian Onn (“Offeror”) was opened for acceptance for 21 days from 10 June 2016 until 1 July 2016, being the Offer Closing Date, at the cash offer price of RM0.37 for each ordinary share of RM0.12 each in the Company (“ECM Shares”). The Offer was for all the remaining 142,561,236 ECM Shares not already held by the Offeror and the persons acting in concert with the Offeror (“Offer Shares”), representing approximately 49.74% of the issued and paid-up share capital of the Company. The Unconditional Take-over Offer exercise was completed in July 2016 and the Offeror accepted a total of 3,855,931 Offer Shares, representing approximately 1.35% of the issued and paid-up share capital of the Company.

There are no corporate proposals announced but not completed as at 5 September 2016.

26 Performance review on the results of the Group

For the six months ended 31 July 2016, the Group recorded a profit before tax of RM6.69 million and a profit after tax of RM6.22 million. The income was contributed by portfolio management fees income of RM5.95 million, gain on disposal of securities available-for-sale of RM5.52 million, interest income of RM2.60 million, rental income of RM0.63 million and other income of RM0.47 million; offset by operating expenses of RM8.47 million.

The performance of the respective operating business segments for the six months ended 31 July 2016 is analysed as follows:

(i) Investment holding and capital market operations

Investment holding and capital market operations reported a profit before tax of RM3.52 million, largely contributed by gain on disposal of securities available-for-sale of RM5.52 million, interest income of RM0.15 million, rental income of RM0.63 million and investment income of RM0.16 million; partially offset by operating expenses of RM2.93 million.

(ii) Fund management

Fund management reported a profit before tax of RM0.60 million contributed by portfolio management fee income of RM5.95 million, and interest income of RM0.16 million; partially offset by operating expenses of RM5.50 million.

(iii) Structured financing

Structured financing reported a profit before tax of RM2.58 million contributed by interest income of RM2.29 million and fee income of RM0.32 million; offset by operating expenses of RM0.04 million.

(iv) Fund managed by a subsidiary

The fund managed by a subsidiary (“Fund”) reported a loss before tax of RM2 thousand. In the fourth quarter of the previous financial year ended 31 January 2016, the Fund was substantially liquidated to facilitate the Company's distribution exercise which returned RM286 million in value to shareholders. Consequently, the Fund has minimal remaining assets which represented less than 1% of the total assets of the Group during the six months ended 31 July 2016.

27 Review of performance of current financial quarter against immediate preceding financial quarter

For the second quarter ended 31 July 2016, the Group reported a profit before tax of RM6.05 million compared to RM0.65 million reported for the immediate preceding quarter.

In the second quarter, the Group reported gain on disposal of securities available-for-sale of RM5.52 million, portfolio management fees income of RM3.00 million, interest income of RM1.28 million, rental income of RM0.32 million and other income of RM0.42 million; partially offset by operating expenses of RM4.49 million.

The increase in profit before tax in the second quarter was mainly due to gain on disposal of securities available-for-sale of RM5.52 million.

Performance of the respective operating business segments for the second quarter ended 31 July 2016 compared to the immediate preceding quarter is analysed as follows:

(i) Investment holding and capital market operations

Investment holding and capital market operations reported a profit before tax of RM4.33 million in the current quarter ended 31 July 2016 compared to loss before tax of RM0.81 million in the previous quarter ended 30 April 2016. The profit was mainly attributable to gain on disposal of securities available-for-sale of RM5.52 million; partially offset by higher operating and corporate expenses for the current quarter of RM1.71 million compared to RM1.23 million in the previous quarter.

(ii) Fund management

Fund management reported a slight increase in profit before tax of RM0.31 million in the current quarter ended 31 July 2016 compared to RM0.29 million in the previous quarter ended 30 April 2016. The increase was mainly contributed by higher portfolio management fees of RM3.00 million in the current quarter compared to RM2.95 million in the previous quarter, partially offset by higher operating expenses of RM2.76 million in the current quarter compared to RM2.74 million in the previous quarter.

(iii) Structured financing

Structured financing reported a higher profit before tax of RM1.41 million in the current quarter ended 31 July 2016 compared to RM1.17 million in the previous quarter ended 30 April 2016. The increase was mainly due to higher fee income of RM0.27 million in the current quarter compared to RM0.05 million in the previous quarter.

(iv) Fund managed by a subsidiary

Fund managed by a subsidiary ("Fund") reported a loss before tax of RM1 thousand in both current quarter ended 31 July 2016 and previous quarter ended 30 April 2016.

28 Group's prospects

Following the completion of the distribution to shareholders totalling RM286 million in value in December 2015, the earning base of the Group was substantially reduced and the unaudited total net assets amounted to RM144 million as at 31 July 2016. The fund management business and structured lending activities continue as the main revenue source for the current financial year, whilst the income stream from investment in quoted securities was opportunistic in nature. The Group sees private equity as a growth area and will continue to explore potential opportunities to expand the private equity portfolio.

29 Profit forecast

The Group has not entered into any scheme that requires it to present forecast results or guarantee any profits.

30 Income tax expense

	Second Quarter Ended		Six Months Ended	
	31-Jul-16	31-Jul-15	31-Jul-16	31-Jul-15
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Current period's provision	247	608	468	949
	<u>247</u>	<u>608</u>	<u>468</u>	<u>949</u>

The Group's effective tax rate for both period ended 31 July 2016 and 31 July 2015 was lower than statutory tax rate due to certain income not subjected to taxation.

31 Group borrowings

The Group has no borrowings and debt securities as at 31 July 2016.

32 Realised and unrealised retained profits

The breakdown of the retained profits of the Group as at 31 July 2016 and 31 January 2016 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, as issued by the Malaysian Institute of Accountants.

	31-Jul-16	31-Jan-16
	RM'000	RM'000
Total retained profits of the Group		
- Realised	104,068	97,970
- Unrealised	295	169
Retained profits as per financial statements	<u>104,363</u>	<u>98,139</u>

The unrealised retained profits of the Group as disclosed above excludes translation gains and losses on monetary items denominated in a currency other than the functional currency, as these translation gains and losses are incurred in the ordinary course of business of the Group, and are hence deemed as realised.

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33 Material litigations

There is no pending material litigation for the Group as at the date of this report.

34 Dividend

No dividend has been proposed for the second quarter ended 31 July 2016.

35 Earnings per share

(a) Basic

The basic earnings per ordinary share is calculated by dividing the net profit for the reporting period by the weighted average number of ordinary shares in issue during the reporting period.

The computation of the weighted average number of ordinary shares in issue is net of treasury shares.

	Second Quarter Ended		Six Months Ended	
	31-Jul-16	31-Jul-15	31-Jul-16	31-Jul-15
Net profit (RM'000)	5,798	14,058	6,224	15,558
Weighted average number of ordinary shares in issue ('000)	286,592	266,997	286,592	266,961
Basic earnings per share (sen)	2.02	5.27	2.17	5.83

(b) Diluted

The diluted earnings per ordinary share is calculated by dividing the net profit for the reporting period by the weighted average number of ordinary shares in issue during the reporting period, taking into account the outstanding options under the Employees' Share Option Scheme ("ESOS") as at the reporting period.

	Second Quarter Ended		Six Months Ended	
	31-Jul-16	31-Jul-15	31-Jul-16	31-Jul-15
Net profit (RM'000)	5,798	14,058	6,224	15,558
Weighted average number of ordinary shares in issue ('000)	286,592	266,997	286,592	266,961
Effect of options if exercised under ESOS ('000)	-	19,601	-	19,294
	286,592	286,598	286,592	286,255
Diluted earnings per share (sen)	2.02	4.91	2.17	5.44

Date: 5 September 2016