

EXPLANATORY NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 MAY 2013

Part A: Explanatory Notes Pursuant To MFRS 134

1. Basis of Preparation

The interim financial statements are unaudited and has been prepared in accordance with MFRS 134 – ‘Interim Financial Reporting’ issued by the Malaysian Accounting Standards Board (‘MASB’), Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the audited financial statements of the Group for the last financial year ended 31 May 2012. The interim financial statements also complies with IAS 34 – ‘Interim Financial Reporting’ issued by the International Accounting Standards Board (‘IASB’).

The accounting policies and presentation adopted by the Group for the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 May 2012, except for the adoption of the following accounting standards, amendments to published accounting standards and interpretations to existing accounting standards which are effective from 1 June 2012:

MFRS 1	First-Time Adoption of MFRS
MFRS 139	Financial Instruments: Recognition and Measurement
Revised MFRS 124	Related Party Disclosures
Amendment to MFRS 112	Income Taxes
Amendment to MFRS 1	First-Time Adoption on Fixed Dates and Hyperinflation
Amendment to MFRS 7	Financial Instruments; Disclosures on Transfers of Financial Assets
Amendment to MFRS 101	Presentation of Items of Other Comprehensive Income
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
FRSIC Consensus 18	Monies Held in Trust by Participating Organisation of Bursa Malaysia Securities Berhad

The adoption of the above accounting standards, amendments to published accounting standards and interpretations to existing accounting standards does not give rise to any material financial effects to the Group.

2. Comments About Seasonal Or Cyclical Factors

The results of the Group is dependent on the performance of the Malaysian securities market.

3. Unusual Items Due To Their Nature, Size Or Incidence

There are no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period.

4. Changes In Estimates

There are no changes in estimates of amounts reported in prior quarters of the current financial period or in prior financial years that have a material effect in the current quarter.

5. Debt And Equity Securities

There is no issuance, repurchase, resale and repayment of debt and equity securities in the current quarter.

6. Dividends Paid

The Company did not pay any dividend during the current reporting quarter.

7. Segmental Information

The main business segments of the Group comprises of stockbroking and investment holding and others. Segment results, assets and liabilities include items directly attributable to the segment as well as those that can be allocated on a reasonable basis.

31 May 2013	Stockbroking	Investment Holding	Total
	RM'000	RM'000	RM'000
<u>Total Revenue</u>			
- Revenue	36,295	1,474	37,769
- Other Income	1,654	14,638	16,292
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	37,949	16,112	54,061
Overhead Expenses	(31,077)	(2,198)	(33,275)
<u>Results</u>			
Segment Results From Operations	6,872	13,914	20,786
Taxation			(5,449)

			15,337
			=====
<u>Assets And Liabilities</u>			
Segment Assets	307,427	162,562	469,989
Segment Liabilities	218,381	6,172	224,553
<u>Other Information</u>			
(Gain)/Loss On Revaluation Of Financial Assets At Fair Value Through Profit Or Loss	-	(57)	(57)
(Gain) On Disposal Of Financial Assets At Fair Value Through Profit Or Loss	2	(14,093)	(14,091)
Loss On Disposal Of Investment Property	277	-	277
Depreciation Of Plant And Equipment	1,147	5	1,152
Interest Income	(2,480)	(468)	(2,948)
Additions to plant and equipment	338	103	441
Finance Costs	332	1	333

<u>31 May 2012</u>	Stockbroking	Investment Holding	Total
	RM'000	RM'000	RM'000
<u>Total Revenue</u>			
- Revenue	36,985	888	37,873
- Other Income	729	7,820	8,549
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	37,714	8,708	46,422
Overhead Expenses	(27,115)	(1,410)	(28,525)
<u>Results</u>			
Segment Results From Operations	10,599	7,298	17,897
Taxation			(4,345)

			13,552
			=====
<u>Assets And Liabilities</u>			
Segment Assets	314,111	133,397	447,508
Segment Liabilities	214,812	661	215,473
<u>Other Information</u>			
Loss On Revaluation Of Financial Assets At Fair Value Through Profit Or Loss	(1)	202	201
(Gain) On Disposal Of Financial Assets At Fair Value Through Profit Or Loss	800	(7,651)	(6,851)
Depreciation Of Plant And Equipment	1,198	-	1,198
Interest Income	(2,893)	(371)	(3,264)
Additions To Plant And Equipment	82	-	82
Finance Costs	(338)	-	(338)

8. Subsequent Events

There were no material events subsequent to the end of the quarter that have not been reflected in the financial statements for the quarter.

9. Changes In Composition Of The Group

The Company completed its acquisition of a 70% equity interest in Alliance Investment Management Berhad (AIMB) on April 15, 2013. The acquisition represented the Company's diversification of its business to wealth management in addition to its stockbroking activities.

10. Contingent Assets And Liabilities

There are no contingent assets and liabilities outstanding as at 21 July 2013 (2012: Nil).

Part B: Explanatory Notes Pursuant To Main Market Listing Requirements Of Bursa Malaysia Securities Berhad

11. Performance Review

The Group's profit before tax for the quarter ended 31 May 2013 of RM10.51 million is higher by RM9.79 million compared to the corresponding quarter ended 31 May 2012 of RM0.72 million, due to higher operating revenue and investment income.

12. Comparison With Immediate Preceding Quarter

The Group's profit before tax of RM10.51 million for the current quarter, is higher than the preceding quarter's profit before tax of RM5.33 million by RM5.18 million, mainly due to higher operating revenue and investment income.

13. Commentary On Prospects And Targets

There are no material factors affecting the earnings and/or revenue of the Group for the current quarter and financial period-to-date.

The Board of Directors is of the opinion that barring any unforeseen circumstances, the Group's performance for the current financial year will be in tandem with the performance of the Malaysian securities market.

14. Variance From Profit Forecast/Profit Guarantee

The explanatory notes on variance of actual profit from forecast profit and/or shortfall in profit guarantee is not relevant to the Group.

15. Taxation

The tax expense of the Group is as follows:

	Current quarter ended 31 May 2013 RM'000	12-month cumulative for financial period to date 31 May 2013 RM'000
Malaysian income tax:		
- Current year	3,414	6,255
- Overprovision in prior years	(78)	(78)
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	3,336	6,177
	-----	=====
Deferred taxation		
- Current year	(790)	(790)
- Underprovision in prior years	62	62
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	(728)	(728)
	-----	-----
	2,608	5,449
	=====	=====

	Current quarter ended 31 May 2013 RM'000	12-month cumulative for financial period to date 31 May 2013 RM'000
Reconciliation of effective tax expenses:		
Profit before taxation	<u>10,513</u>	<u>20,786</u>
Tax at Malaysian tax rate of 25%	2,628	5,196
Add:		
Non-deductible expenses	(4)	269
	-----	-----
	2,624	5,465
Overprovision in prior years		
- income tax	(78)	(78)
- deferred tax	62	62
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	2,608	5,449
	=====	=====

16. Corporate Proposals

There are no corporate proposals announced but not completed as at 21 July 2013.

17. Borrowings And Debt Securities

There are no Group's borrowings and debt securities as at the end of the reporting period.

18. Material Litigations

There are no material litigations pending as at 21 July 2013.

19. Proposed Dividend

The Board of Directors has declared a special single tier interim dividend of 7.5 sen per ordinary share in respect of the financial year ended 31 May 2013, to be paid on 29 August 2013 to shareholders whose names appear in the Record of Depositors on 15 August 2013.

20. Earnings Per Share

Basic earnings per share is calculated by dividing the profit for the financial year attributable to equity holders of the Company of RM15.34 million by the number of ordinary shares of 120 million in issue during the financial period.

There were no dilutive potential ordinary shares outstanding as at 31 May 2013.

21. Auditors' Report On Preceding Annual Financial Statements

The financial statement for the year ended 31 May 2012 was not subjected to any audit qualification.

22. Profit Before Taxation

Included in the profit before tax are:

	Quarter Ending		Cumulative Quarter Ending	
	3 Months	3 Months	12 Months	12 months
	Ended	Ended	Ended	Ended
	31 May 2013	31 May 2012	31 May 2013	31 May 2012
	RM'000	RM'000	RM'000	RM'000
Interest income	(976)	(968)	(2,948)	(3,264)
Financial assets at fair value through profit or loss:				
- (Gain)/Loss on revaluation	838	(539)	(57)	201
- (Gain)/Loss on disposal	(12,202)	103	(14,091)	(6,851)
- Dividend income	(66)	(86)	(528)	(2,065)
Depreciation of plant and equipment	287	300	1,152	1,198
Bad and doubtful debts	-	-	-	18

23. Retained Profits

The breakdown of retained profits of the Group as at reporting date, into realised and unrealised profits is as follows:

	As at 31 May 2013	As at 31 May 2012
	RM'000	RM'000
Total retained profits		
- Realised	81,101	71,223
- Unrealised	9,148	10,530
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Total retained profits as per unaudited consolidated financial statements	90,249	81,753
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BY ORDER OF THE BOARD

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Joint Company Secretaries

Kuala Lumpur
29 July 2013