

KAF-SEAGROATT & CAMPBELL BERHAD (207572-T)
ANNOUNCEMENT OF THE UNAUDITED CONSOLIDATED QUARTERLY FINANCIAL
STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2014

The Board of Directors is pleased to announce the unaudited consolidated financial statements for the financial quarter ended 31 August 2014.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2014

| | 31 AUGUST | 31 MAY |
|---|-----------------------|-----------------------|
| | <u>2014</u> | <u>2014</u> |
| | RM'000 | RM'000 |
| Non-Current Assets | | |
| Property and equipment | 2,308 | 2,525 |
| Computer software | 213 | 239 |
| Intangible assets | 5,157 | 5,157 |
| Investment properties | 8,374 | 8,374 |
| Financial assets at fair value through profit or loss | 217 | 154 |
| Available-for-sale financial assets | 12,589 | 11,904 |
| Deferred tax assets | 1,131 | 1,145 |
| | <u>29,989</u> | <u>29,498</u> |
| Current Assets | | |
| Financial assets at fair value through profit or loss | 68,680 | 78,751 |
| Balances due from clients and brokers | 121,179 | 426,210 |
| Trade and other receivables | 3,134 | 2,700 |
| Cash and cash equivalents | 147,188 | 136,813 |
| Tax recoverable | 3,073 | 2,229 |
| | <u>343,254</u> | <u>646,703</u> |
| Current Liabilities | | |
| Balances due to clients and brokers | 112,187 | 419,638 |
| Trade and other payables | 13,183 | 12,821 |
| Current tax liability | 582 | 500 |
| | <u>125,952</u> | <u>432,959</u> |
| Net Current Assets | 217,302 | 213,744 |
| | <u>247,291</u> | <u>243,242</u> |
| Capital And Reserves | | |
| Share capital | 120,000 | 120,000 |
| Reserves | 121,430 | 117,562 |
| Total equity attributable to owners of the parent | 241,430 | 237,562 |
| Non-controlling interest | 5,861 | 5,680 |
| Total equity | <u>247,291</u> | <u>243,242</u> |

The Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 May 2014.

The notes set out on pages 6 to 11 form an integral part of, and should be read in conjunction with this interim financial report.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THREE MONTHS ENDED 31 AUGUST 2014**

| | 3 MONTHS ENDED 31 AUGUST 2014 RM'000 | 3 MONTHS ENDED 31 AUGUST 2013 RM'000 |
|---|---|---|
| Operating revenue | 11,792 | 13,347 |
| Other income | 1,830 | 3,662 |
| Staff expenses | (4,115) | (2,941) |
| Commission | (2,120) | (2,605) |
| Rental of premises | (309) | (449) |
| Depreciation of plant & equipment | (262) | (292) |
| Amortisation of computer software | (28) | - |
| Repairs and maintenance | (463) | (474) |
| Levy charges | (352) | (414) |
| Other operating expenses | <u>(1,053)</u> | <u>(847)</u> |
| Profit from operations | 4,920 | 8,987 |
| Finance costs | <u>(81)</u> | <u>(106)</u> |
| Profit before taxation | 4,839 | 8,881 |
| Taxation | <u>(1,174)</u> | <u>(2,311)</u> |
| Net profit for the period | <u>3,665</u> | <u>6,570</u> |
| Other comprehensive income: | | |
| Changes in fair value of available-for-sale financial asset | <u>684</u> | <u>-</u> |
| Other comprehensive income for the period | <u>684</u> | <u>-</u> |
| Total comprehensive income for the period | <u>4,349</u> | <u>6,570</u> |
| Net profit for the period attributable to: | | |
| Owners of the parent | 3,484 | 6,516 |
| Non-controlling interest | <u>181</u> | <u>54</u> |
| | <u>3,665</u> | <u>6,570</u> |
| Total comprehensive income attributable to: | | |
| Owners of the parent | 4,168 | 6,516 |
| Non-controlling interest | <u>181</u> | <u>54</u> |
| | <u>4,349</u> | <u>6,570</u> |
| Earnings per ordinary share (sen) | | |
| - Basic | <u>2.90</u> | <u>5.43</u> |

The Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 May 2014.

The notes set out on pages 6 to 11 form an integral part of, and should be read in conjunction with this interim financial report.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 AUGUST 2014**

| | Attributable to the owners of the parent | | | | | Non-controlling interests RM'000 | Total equity RM'000 |
|--|--|---------------------------|--------------------------------------|-----------------------------|---------------------|-------------------------------------|------------------------|
| | Share capital RM'000 | Capital reserve RM'000 | Available-for-sale reserve RM'000 | Retained earnings RM'000 | Sub-total RM'000 | | |
| Balance as at 1 June 2014 | 120,000 | 30,000 | 370 | 87,192 | 237,562 | 5,680 | 243,242 |
| Total comprehensive income for the period | - | - | 684 | 3,484 | 4,168 | 181 | 4,349 |
| Dividend paid by a subsidiary to non-controlling interests | - | - | - | (300) | (300) | - | (300) |
| Balance as at 31 August 2014 | 120,000 | 30,000 | 1,054 | 90,376 | 241,430 | 5,861 | 247,291 |
| Balance as at 1 June 2013 | 120,000 | 30,000 | - | 90,255 | 240,255 | 5,191 | 245,446 |
| Total comprehensive income for the financial year | - | - | 370 | 14,937 | 15,307 | 489 | 15,796 |
| Dividends | - | - | - | (18,000) | (18,000) | - | (18,000) |
| Balance as at 31 May 2014 | 120,000 | 30,000 | 370 | 87,192 | 237,562 | 5,680 | 243,242 |

The Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 May 2014.

The notes set out on pages 6 to 11 form an integral part of, and should be read in conjunction with this interim financial report.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 AUGUST 2014**

| | 3 MONTHS ENDED 31 AUGUST 2014 RM'000 | 3 MONTHS ENDED 31 AUGUST 2013 RM'000 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 4,839 | 8,881 |
| <i>Adjustments for:</i> | | |
| Write-back of impairment on clients' and brokers' balances | (2) | (6) |
| Financial assets at fair value through profit or loss | | |
| - Unrealised fair value gain | (499) | (1,438) |
| - Dividend income | (818) | (605) |
| - Realised gain on disposal | (348) | (1,538) |
| Amortisation of computer software | 28 | - |
| Depreciation of property and equipment | 262 | 292 |
| Interest income | (1,059) | (731) |
| | <hr/> | <hr/> |
| | 2,403 | 4,855 |
| Net (increase)/decrease in clients' and brokers' balances | (2,418) | 1,377 |
| Increase in trade and other receivables | (421) | (2,766) |
| Increase/(decrease) in creditors and other payables | 362 | (285) |
| | <hr/> | <hr/> |
| Net cash (used)/generated from operations | (74) | 3,181 |
| Interest received | 1,059 | 731 |
| Net tax paid | (1,936) | (427) |
| | <hr/> | <hr/> |
| Net cash (used)/generated from operating activities | (951) | 3,485 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Financial assets at fair value through profit or loss | | |
| - Purchase | - | (102,809) |
| - Proceeds from disposal | 10,855 | 83,002 |
| - Dividend received | 818 | 512 |
| Purchase of computer software | (43) | - |
| Purchase of property and equipment | (4) | (28) |
| | <hr/> | <hr/> |
| Net cash generated/(used) in investing activities | 11,626 | (19,323) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Dividends paid to shareholders of the Company | (300) | (9,000) |
| | <hr/> | <hr/> |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 10,375 | (24,838) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | 136,813 | 125,986 |
| | <hr/> | <hr/> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 147,188 | 101,148 |

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 AUGUST 2014 (CONTINUED)**

| | 3 MONTHS ENDED 31 AUGUST 2014 RM'000 | 3 MONTHS ENDED 31 AUGUST 2013 RM'000 |
|---|---|---|
| Cash and cash equivalents comprise the following: | | |
| Cash and bank balances | 11,779 | 25,404 |
| Deposits placed with a licensed bank | 135,409 | 75,744 |
| | <u>147,188</u> | <u>101,148</u> |

The Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 May 2014.

The notes set out on pages 6 to 11 form an integral part of, and should be read in conjunction with this interim financial report.

KAF-SEAGROATT & CAMPBELL BERHAD (207572-T)

EXPLANATORY NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2014

Part A: Explanatory Notes Pursuant To MFRS 134

1. Basis of Preparation

The interim financial statements are unaudited and have 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. This quarterly report should be read in conjunction with the audited financial statements of the Group for the last financial year ended 31 May 2014 and accompanying explanatory notes.

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 2014. The new accounting standards, amendments and improvements to published standards and interpretations that are effective for the Group's financial year beginning on or after 1 June 2013 are as follows:

| | |
|--------------------------------|--|
| MFRS 10 | Consolidated Financial Statements |
| MFRS 13 | Fair Value Measurement |
| Amendment to MFRS 119 | Employee benefits |
| Amendment to MFRS 7 | Financial Instruments: Disclosures |
| Amendments to MFRS 10, 11 & 12 | Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance |

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 and the Company.

2. Comments About Seasonal Or Cyclical Factors

The result 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, asset manager 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.

| <u>31 August 2014</u> | <u>Stock- broking</u> | <u>Asset Manager</u> | <u>Investment Holding</u> | <u>Total</u> |
|---|---------------------------|--------------------------|-------------------------------|----------------|
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| <u>Total Revenue</u> | | | | |
| Revenue | 9,811 | 1,855 | 126 | 11,792 |
| Other income | 899 | 199 | 732 | 1,830 |
| | ----- | ----- | ----- | ----- |
| | 10,710 | 2,054 | 858 | 13,622 |
| Overhead expenses | (7,448) | (1,260) | (75) | (8,783) |
| <u>Results</u> | | | | |
| Segment results from operations | 3,262 | 794 | 783 | 4,839 |
| Taxation | | | | (1,174) |
| | | | | ----- |
| | | | | 3,665 |
| | | | | ===== |
| <u>Assets And Liabilities</u> | | | | |
| Segment assets | 254,894 | 23,148 | 95,201 | 373,243 |
| Segment liabilities | 119,964 | 5,784 | 204 | 125,952 |
| <u>Other Information</u> | | | | |
| Financial assets at fair value through profit or loss | | | | |
| - Unrealised fair value gain/(loss) | - | (206) | 705 | 499 |
| - Gain on disposal | - | 348 | - | 348 |
| Depreciation of property and equipment | 250 | 12 | - | 262 |
| Amortisation of computer software | 17 | 11 | - | 28 |
| Interest income | 981 | 57 | 21 | 1,059 |
| Additions to property and equipment | 2 | 2 | - | 4 |
| Additions to computer software | - | 43 | - | 43 |
| Finance costs | 77 | 4 | - | 81 |

| <u>31 August 2013</u> | <u>Stock- broking</u> | <u>Investment Holding</u> | <u>Total</u> |
|---|---------------------------|-------------------------------|---------------------------------|
| | RM'000 | RM'000 | RM'000 |
| <u>Total Revenue</u> | | | |
| - Revenue | 10,788 | 2,559 | 13,347 |
| - Other Income | 430 | 3,232 | 3,662 |
| | ----- | ----- | ----- |
| Overhead Expenses | 11,218 (6,361) | 5,791 (1,767) | 17,009 (8,128) |
| <u>Results</u> | | | |
| Segment Results From Operations | 4,857 | 4,024 | 8,881 |
| Taxation | | | (2,311) |
| | | | ----- |
| | | | 6,570 |
| | | | ===== |
| <u>Assets And Liabilities</u> | | | |
| Segment Assets | 538,401 | 157,466 | 695,867 |
| Segment Liabilities | 444,503 | 8,348 | 452,851 |
| <u>Other Information</u> | | | |
| Financial assets at fair value through profit or loss | | | |
| - Unrealised fair value gain | - | 1,438 | 1,438 |
| - Gain on disposal | - | 1,538 | 1,538 |
| Depreciation of property and equipment | 283 | 9 | 292 |
| Interest income | 492 | 239 | 731 |
| Additions to property and equipment | 14 | 14 | 28 |
| Finance costs | 104 | 2 | 106 |

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

There are no changes in the composition of the Company during the current quarter.

10. Contingent Assets And Liabilities

There are no contingent assets and liabilities outstanding as at 13 October 2014 (2013: Nil).

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

11. Performance Review

The Group reported total operating revenue of RM11.8 million for the first quarter ended 31 August 2014, 11% lower compared to RM13.3 million recorded in the corresponding quarter ended 31 August 2013. The decrease in operating revenue of the Group was mainly due to the lower brokerage income and management fees generated by the stockbroking and asset manager segment respectively.

Profit before tax of the Group decrease by 46% to RM4.8 million for the current quarter ended 31 August 2014 as compared to previous year's corresponding quarter of RM8.9 million. The decrease was mainly due to lower realised gain on disposal of financial assets and higher staff cost for current quarter as compared to the previous year's corresponding quarter.

12. Comparison With Immediate Preceding Quarter

The Group's total operating revenue of RM11.8 million for the first quarter ended 31 August 2014 was 7% lower as compared to the immediate preceding quarter ended 31 May 2014 of RM12.7 million. The lower operating revenue for the current quarter was due to lower brokerage income and management fees.

However, the Group's profit before tax of RM4.8 million for the current quarter showed RM5.5 million higher as compared to the loss before tax of RM0.6 million for the immediate preceding quarter ended 31 May 2014. The difference was due to higher provision made for the staff cost during the immediate preceding quarter ended 31 May 2014.

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:

| | Quarter Ended 31 August 2014 RM'000 | Quarter Ended 31 August 2013 RM'000 |
|---|---|---|
| Malaysian income tax: | | |
| - Current year provision | 1,174 | 2,311 |
| | ===== | ===== |
| Reconciliation of effective tax expenses: | | |
| Profit before taxation | 4,839 | 8,881 |
| | ----- | ----- |
| Tax at Malaysian tax rate of 25% | 1,210 | 2,220 |
| Non-deductible expenses | 2 | 91 |
| Non-taxable income | (38) | - |
| | ----- | ----- |
| | 1,174 | 2,311 |
| | ===== | ===== |

16. Corporate Proposals

There are no corporate proposals announced but not completed as at 13 October 2014.

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 13 October 2014.

19. Proposed Dividends

No interim dividend is recommended for the quarter under review.

20. Earnings Per Share

Basic earnings per share is calculated by dividing the profit for the financial year attributable to owner of the parent of RM3.48 million by the number of ordinary shares of RM120 million in issue during the financial period.

There were no dilutive potential ordinary shares outstanding as at 31 August 2014.

21. Auditors' Report On Preceding Annual Financial Statements

The financial statement for the financial year ended 31 May 2014 was not subjected to any audit qualification.

22. Profit Before Taxation

Included in the profit before tax are:

| | <u>Quarter Ended</u> <u>31 August 2014</u> RM'000 | <u>Quarter Ended</u> <u>31 August 2013</u> RM'000 |
|--|---|---|
| Interest income | 1,059 | 731 |
| Financial assets at fair value through profit or loss: | | |
| - Unrealised fair value gain | 499 | 1,438 |
| - Gain on disposal | 348 | 1,538 |
| - Dividend income | 818 | 605 |
| Depreciation of plant and equipment | 262 | 292 |
| Bad and doubtful debts recovered | 2 | 6 |

23. Retained Earnings

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

| | <u>As at</u> <u>31 August 2014</u> RM'000 | <u>As at</u> <u>31 August 2013</u> RM'000 |
|--|---|---|
| Total retained earnings | | |
| - Realised | 75,784 | 78,055 |
| - Unrealised | 14,592 | 9,716 |
| | ----- | ----- |
| Total retained earnings as per unaudited consolidated financial statements | 90,376 | 87,771 |
| | ===== | ===== |

BY ORDER OF THE BOARD

WENDY CHIN NGEOK MUI
(MAICSA NO: 7003178)

SITI NURMAZITA BINTI MUSTAPHA
(LS0009160)

Joint Company Secretaries

Kuala Lumpur
17 October 2014