

KAF-SEAGROATT & CAMPBELL BERHAD (207572-T)
ANNOUNCEMENT OF THE UNAUDITED CONSOLIDATED QUARTERLY FINANCIAL
STATEMENTS FOR THE FINANCIAL QUARTER ENDED 30 NOVEMBER 2014

The Board of Directors is pleased to announce the unaudited consolidated financial statements for the financial quarter ended 30 November 2014.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 NOVEMBER 2014

	30 NOVEMBER	31 MAY
	<u>2014</u>	<u>2014</u>
	RM'000	RM'000
Non-Current Assets		
Property and equipment	2,143	2,525
Computer software	242	239
Intangible assets	5,157	5,157
Investment properties	8,374	8,374
Financial assets at fair value through profit or loss	143	154
Available-for-sale financial assets	12,702	11,904
Deferred tax assets	1,131	1,145
	<u>29,892</u>	<u>29,498</u>
Current Assets		
Financial assets at fair value through profit or loss	27,018	78,751
Balances due from clients and brokers	104,972	426,210
Trade and other receivables	2,783	2,700
Cash and cash equivalents	183,955	136,813
Tax recoverable	5,406	2,229
	<u>324,134</u>	<u>646,703</u>
Current Liabilities		
Balances due to clients and brokers	98,514	419,638
Trade and other payables	7,894	12,821
Current tax liability	335	500
	<u>106,743</u>	<u>432,959</u>
Net Current Assets	217,391	213,744
	<u>247,283</u>	<u>243,242</u>
Capital And Reserves		
Share capital	120,000	120,000
Reserves	121,338	117,562
Total equity attributable to owners of the parent	241,338	237,562
Non-controlling interest	5,945	5,680
Total equity	<u>247,283</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 SIX MONTHS ENDED 30 NOVEMBER 2014**

	3 MONTHS ENDED 30 NOVEMBER 2014 RM'000	3 MONTHS ENDED 30 NOVEMBER 2013 RM'000	6 MONTHS ENDED 30 NOVEMBER 2014 RM'000	6 MONTHS ENDED 30 NOVEMBER 2013 RM'000
Operating revenue	9,733	14,080	21,525	27,427
Other income	3,145	5,024	4,270	8,686
Staff expenses	(3,895)	(3,351)	(8,010)	(6,292)
Commission	(1,577)	(4,658)	(3,697)	(7,263)
Rental of premises	(364)	(439)	(673)	(888)
Depreciation of plant & equipment	(272)	(278)	(534)	(556)
Amortisation of computer software	(21)	(17)	(49)	(43)
Repairs and maintenance	(634)	(630)	(1,097)	(1,105)
Levy charges	(265)	(421)	(617)	(835)
Other operating expenses	<u>(7,069)</u>	<u>(1,446)</u>	<u>(7,417)</u>	<u>(2,281)</u>
Profit/(loss) from operations	(1,219)	7,864	3,701	16,850
Finance costs	<u>(78)</u>	<u>(294)</u>	<u>(159)</u>	<u>(400)</u>
Profit/(loss) before taxation	(1,297)	7,570	3,542	16,450
Taxation	<u>1,174</u>	<u>(1,942)</u>	<u>-</u>	<u>(4,252)</u>
Net profit/(loss) for the period	<u>(123)</u>	<u>5,628</u>	<u>3,542</u>	<u>12,198</u>
Other comprehensive income:				
Changes in fair value of available-for-sale financial asset	<u>114</u>	<u>-</u>	<u>799</u>	<u>-</u>
Other comprehensive income for the period	<u>114</u>	<u>-</u>	<u>799</u>	<u>-</u>
Total comprehensive income for the period	<u>(9)</u>	<u>5,628</u>	<u>4,341</u>	<u>12,198</u>
Net profit/(loss) for the period attributable to:				
Owners of the parent	(207)	5,519	3,277	12,035
Non-controlling interest	<u>84</u>	<u>109</u>	<u>265</u>	<u>163</u>
	<u>(123)</u>	<u>5,628</u>	<u>3,542</u>	<u>12,198</u>
Total comprehensive income attributable to:				
Owners of the parent	(93)	5,519	4,076	12,035
Non-controlling interest	<u>84</u>	<u>109</u>	<u>265</u>	<u>163</u>
	<u>(9)</u>	<u>5,628</u>	<u>4,341</u>	<u>12,198</u>
Earnings per ordinary share (sen)				
- Basic	<u>(0.17)</u>	<u>4.60</u>	<u>2.73</u>	<u>10.03</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 SIX MONTHS ENDED 30 NOVEMBER 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	-	-	799	3,277	4,076	265	4,341
Dividend paid by a subsidiary to non-controlling interests	-	-	-	(300)	(300)	-	(300)
Balance as at 30 November 2014	120,000	30,000	1,169	90,169	241,338	5,945	247,283
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 SIX MONTHS ENDED 30 NOVEMBER 2014**

	6 MONTHS ENDED 30 NOVEMBER 2014 RM'000	6 MONTHS ENDED 30 NOVEMBER 2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,542	16,450
<i>Adjustments for:</i>		
Write-back of impairment on clients' and brokers' balances	(11)	(7)
Financial assets at fair value through profit or loss		
- Unrealised fair value loss/(gain)	5,126	(7,487)
- Dividend income	(1,397)	(609)
- Realised gain on disposal	(2,389)	(155)
Amortisation of computer software	49	43
Depreciation of property and equipment	534	556
Interest income	(2,249)	(1,369)
	<hr/>	<hr/>
	3,205	7,422
Net decrease in clients' and brokers' balances	125	1,802
Increase in trade and other receivables	(69)	(750)
Decrease in creditors and other payables	(4,926)	(6,844)
	<hr/>	<hr/>
Net cash (used)/generated from operations	(1,665)	1,630
Interest received	2,249	1,369
Net tax paid	(3,342)	(1,226)
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Net cash (used in)/generated from operating activities	(2,758)	1,773
CASH FLOWS FROM INVESTING ACTIVITIES		
Financial assets		
- Purchase	(864)	(115,475)
- Proceeds from disposal	49,871	145,258
- Dividend received	1,397	609
Purchase of computer software	(52)	(19)
Purchase of property and equipment	(152)	(137)
	<hr/>	<hr/>
Net cash generated from investing activities	50,200	30,236
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid to shareholders of the Company	(300)	(9,000)
	<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	47,142	23,009
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	183,955	148,995
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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 NOVEMBER 2014 (CONTINUED)**

	6 MONTHS ENDED 30 NOVEMBER 2014 RM'000	6 MONTHS ENDED 30 NOVEMBER 2013 RM'000
Cash and cash equivalents comprise the following:		
Cash and bank balances	7,706	72,525
Deposits placed with a licensed bank	176,249	76,470
	<u>183,955</u>	<u>148,995</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 30 NOVEMBER 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>30 November 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	17,289	3,527	709	21,525
Other income	1,854	319	2,097	4,270
	<u>19,143</u>	<u>3,846</u>	<u>2,806</u>	<u>25,795</u>
Overhead expenses	(14,155)	(2,678)	(5,420)	(22,253)
<u>Results</u>				
Segment results from operations	4,988	1,168	(2,614)	3,542
Taxation				<u>-</u>
				<u>3,542</u>
<u>Assets And Liabilities</u>				
Segment assets	240,257	20,437	93,332	354,026
Segment liabilities	104,010	2,792	(59)	106,743
<u>Other Information</u>				
Financial assets at fair value through profit or loss				
- Unrealised fair value loss	-	(205)	(4,921)	(5,126)
- Gain on disposal	-	348	2,041	2,389
Depreciation of property and equipment	509	25	-	534
Amortisation of computer software	25	24	-	49
Interest income	2,023	176	50	2,249
Additions to property and equipment	147	5	-	152
Additions to computer software	4	48	-	52
Finance costs	153	6	-	159

<u>30 November 2013</u>	Stock- broking RM'000	Investment Holding RM'000	Total RM'000
<u>Total Revenue</u>			
- Revenue	22,929	4,498	27,427
- Other Income	862	7,824	8,686
	<u>23,791</u>	<u>12,322</u>	36,113
Overhead Expenses	(15,980)	(3,683)	(19,663)
<u>Results</u>			
Segment Results From Operations	7,811	8,639	16,450
Taxation			(4,252)
			<u>12,198</u>
<u>Assets And Liabilities</u>			
Segment Assets	513,411	143,704	657,115
Segment Liabilities	400,312	8,159	408,471
<u>Other Information</u>			
Financial assets at fair value through profit or loss			
- Unrealised fair value gain	-	7,487	7,487
- Gain on disposal	-	155	155
Depreciation of property and equipment	536	20	556
Amortisation of computer software	30	13	43
Interest income	1,015	354	1,369
Additions to property and equipment	34	122	156
Finance costs	330	70	400

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 January 2015 (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 RM9.7 million for the second quarter ended 30 November 2014, 31% lower as compared to RM14.1 million recorded in the corresponding quarter ended 30 November 2013. The decrease in Group's operating revenue was mainly due to the lower brokerage and management fees income generated by the stockbroking and asset manager segment respectively.

The Group reported after tax loss of RM123,000 for the current quarter ended 30 November 2014 compared to after tax profit of RM5.6 million reported for previous year's corresponding quarter. The decrease was mainly due to lower operating revenue and lower unrealised mark-to-market gain of financial assets 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 RM9.7 million for the second quarter ended 30 November 2014 was 17% lower as compared to the immediate preceding quarter ended 31 August 2014 of RM11.8 million. The lower operating revenue for the current quarter as compared to the immediate preceding quarter was mainly due to lower brokerage income.

The Group reported loss before tax of RM1.3 million for the current quarter compared to the profit before tax of RM4.8 million for the immediate preceding quarter ended 31 August 2014. The decrease was mainly due to lower unrealised mark-to-market gain of financial assets reported for the current quarter.

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 <u>30 November 2014</u> RM'000	Quarter Ended <u>30 November 2013</u> RM'000
Malaysian income tax:		
- Current year provision	-	4,252
	<hr/> <hr/>	<hr/> <hr/>
Reconciliation of effective tax expenses:		
Profit before taxation	3,542	16,450
	<hr/>	<hr/>
Tax at Malaysian tax rate of 25%	886	4,112
Non-deductible expenses	-	140
Non-taxable income	-	-
Temporary difference not recognised	(886)	-
	<hr/> <hr/>	<hr/> <hr/>
	-	4,252

16. Corporate Proposals

There are no corporate proposals announced but not completed as at 13 January 2015.

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 January 2015.

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 RM3.28 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 30 November 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>30 November 2014</u> RM'000	<u>Quarter Ended</u> <u>30 November 2013</u> RM'000
Interest income	2,249	1,369
Financial assets at fair value through profit or loss:		
- Unrealised fair value (loss)/gain	(5,126)	7,487
- Gain on disposal	2,389	155
- Dividend income	1,397	609
Depreciation of plant and equipment	534	556
Amortisation of computer software	49	43
Bad and doubtful debts recovered	11	7

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>30 November 2014</u> RM'000	<u>As at</u> <u>30 November 2013</u> RM'000
Total retained earnings		
- Realised	81,381	81,077
- Unrealised	8,788	12,213
Total retained earnings as per unaudited consolidated financial statements	<u>90,169</u>	<u>93,290</u>

BY ORDER OF THE BOARD

WENDY CHIN NGEOK MUI
(MAICSA NO: 7003178)

SITI NURMAZITA BINTI MUSTAPHA
(LS0009160)

Joint Company Secretaries

Kuala Lumpur
22 January 2015