

KAF-SEAGROATT & CAMPBELL BERHAD (207572-T)
ANNOUNCEMENT OF THE UNAUDITED CONSOLIDATED QUARTERLY FINANCIAL
STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2015

The Board of Directors is pleased to announce the unaudited consolidated financial statements for the financial quarter ended 31 August 2015.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2015

	<u>31 Aug. 2015</u>	<u>31 May 2015</u>
	RM'000	RM'000
Non-Current Assets		
Property and equipment	1,713	1,932
Computer software	1,145	1,217
Intangible assets	5,157	5,157
Investment properties	8,374	8,374
Available-for-sale financial assets	8,979	8,753
Deferred tax assets	<u>1,278</u>	<u>1,278</u>
	<u>26,646</u>	<u>26,711</u>
Current Assets		
Financial assets at fair value through profit or loss	92,798	91,398
Balances due from clients and brokers	89,746	345,038
Trade and other receivables	3,263	4,366
Cash and cash equivalents	157,997	155,970
Tax recoverable	<u>5,282</u>	<u>5,471</u>
	<u>349,086</u>	<u>602,243</u>
Current Liabilities		
Balances due to clients and brokers	83,934	338,816
Trade and other payables	13,449	16,771
Financial liabilities due to third party investors	<u>37,657</u>	<u>33,519</u>
	<u>135,040</u>	<u>389,106</u>
Net Current Assets	214,046	213,137
	<u>240,692</u>	<u>239,848</u>
Capital And Reserves		
Share capital	120,000	120,000
Reserves	<u>113,666</u>	<u>113,405</u>
Total equity attributable to owners of the parent	233,666	233,405
Non-controlling interest	<u>7,026</u>	<u>6,443</u>
Total equity	<u>240,692</u>	<u>239,848</u>

The Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 May 2015.

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 THE FINANCIAL QUARTER ENDED 31 AUGUST 2015**

	3 MONTHS ENDED 31 Aug. 2015 RM'000	3 MONTHS ENDED 31 Aug. 2014 RM'000
Operating revenue	10,145	11,792
Other income	2,416	1,830
Staff expenses	(4,057)	(4,115)
Commission	(1,558)	(2,120)
Rental of premises	(386)	(309)
Depreciation of plant & equipment	(278)	(262)
Amortisation of computer software	(72)	- 28
Repairs and maintenance	(468)	(463)
Levy charges	(284)	(352)
Other operating expenses	<u>(3,302)</u>	<u>(1,053)</u>
Profit from operations	2,156	4,920
Finance costs	<u>(89)</u>	<u>(81)</u>
Profit before taxation	2,067	4,839
Taxation	<u>(449)</u>	<u>(1,174)</u>
Net profit for the period	<u>1,618</u>	<u>3,665</u>
Other comprehensive income:		
Changes in fair value of available-for-sale financial asset	<u>(774)</u>	<u>684</u>
Other comprehensive (loss)/income for the period	<u>(774)</u>	<u>684</u>
Total comprehensive income for the period	<u>844</u>	<u>4,349</u>
Net profit for the period attributable to:		
Owners of the parent	1,035	3,484
Non-controlling interest	<u>583</u>	<u>181</u>
	<u>1,618</u>	<u>3,665</u>
Total comprehensive income attributable to:		
Owners of the parent	261	4,168
Non-controlling interest	<u>583</u>	<u>181</u>
	<u>844</u>	<u>4,349</u>
Earnings per ordinary share (sen)		
- Basic	<u>0.86</u>	<u>2.90</u>

The Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 May 2015.

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 FINANCIAL QUARTER ENDED 31 AUGUST 2015**

	Attributable to the owners of the parent					Non- controlling interests	Total equity
	Share capital	Capital reserve	Available-for -sale reserve	Retained earnings	Sub-total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 June 2015	120,000	30,000	2,498	80,907	233,405	6,443	239,848
Total comprehensive income for the period	-	-	(774)	1,035	261	583	844
Balance at 31 August 2015	120,000	30,000	1,724	81,942	233,666	7,026	240,692
Balance at 1 June 2014	120,000	30,000	370	87,192	237,562	5,680	243,242
Total comprehensive income for the financial year	-	-	2,128	5,715	7,843	1,063	8,906
Dividends	-	-	-	(12,000)	(12,000)	300	(12,300)
Balance at 31 May 2015	120,000	30,000	2,498	80,907	233,405	6,443	239,848

The Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 May 2015.

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 FINANCIAL QUARTER ENDED 31 AUGUST 2015**

	3 MONTHS ENDED 31 Aug. 2015 RM'000	3 MONTHS ENDED 31 Aug. 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,067	4,839
<i>Adjustments for:</i>		
Write-back of impairment on clients' and brokers' balances	(24)	(2)
Financial assets at fair value through profit or loss		
- Unrealised fair value loss/(gain)	2,159	(499)
- Dividend income	(1,197)	(818)
- Realised gain on disposal	(274)	(348)
Depreciation of property and equipment	278	262
Amortisation of computer software	72	28
Interest income from margin account	(98)	(121)
Interest income from deposit placements	(1,095)	(938)
	<u>1,888</u>	<u>2,403</u>
Net decrease/(increase) in clients' and brokers' balances	434	(2,418)
Decrease/(increase) in trade and other receivables	1,102	(421)
Increase in creditors and other payables	816	362
	<u>4,240</u>	<u>(74)</u>
Net cash generated from/(used) in operations	4,240	(74)
Interest received	1,193	1,059
Net tax paid	(260)	(1,936)
	<u>5,173</u>	<u>(951)</u>
Net cash generated from/(used) in operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Financial assets at fair value through profit or loss		
- Purchase	- 4,660	-
- Proceeds from disposal	1,433	10,855
- Dividends received	1,197	818
Purchase of available-for-sale financial assets	(1,266)	-
Proceed from sale of available-for-sale financial assets	209	-
Purchase of plant and equipment	(59)	(4)
Purchase of computer software	-	(43)
	<u>(3,146)</u>	<u>11,626</u>
Net cash (used) in/generated from investing activities		
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid to shareholders of the Company	-	(300)
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	2,027	10,375
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		
	155,970	136,813
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
	<u><u>157,997</u></u>	<u><u>147,188</u></u>

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2015 (Continued)

	3 MONTHS ENDED 31 Aug. 2015 RM'000	3 MONTHS ENDED 31 Aug. 2014 RM'000
Cash and cash equivalents comprise the following:		
Cash and bank balances	8,655	7,016
Deposits placed with a licensed bank	149,342	140,172
	<u>157,997</u>	<u>147,188</u>

The Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 May 2015.

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 2015

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 2015 and accompanying explanatory notes.

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements have been prepared under the historical cost convention unless otherwise stated in this summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires the Directors to exercise their judgment in the process of applying the Group’s and the Company’s accounting policies. Although these estimates and judgment are based on the Directors’ best knowledge of current events and actions, actual results may differ from the estimates.

Standards, amendments to published standards and interpretations that are effective

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 2014 are as follows;

- Amendments to MFRS 132 ‘Offsetting Financial Assets and Financial Liabilities’
- Amendments to MFRS 136 ‘Recoverable Amount Disclosures for Non-Financial Assets’
- Amendments to MFRS 10, MFRS 12 and MFRS 127 ‘Investment Entities’

The adoption of these amendments did not have any impact on the current or any prior financial year and are not likely to affect future periods.

2. Comments About Seasonal Or Cyclical Factors

The result of the Group was dependent on the performance of the Malaysian securities market.

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

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

4. Changes In Estimates

There were 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 were 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 Group is involved in investment holding, stockbroking, management of unit trust funds, provision of corporate fund management 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>August 2015</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	7,393	1,547	1,205	10,145
Other income	908	108	1,400	2,416
	<u>8,301</u>	<u>1,655</u>	<u>2,605</u>	<u>12,561</u>
Overhead expenses	(8,855)	(1,636)	(3)	(10,494)
<u>Results</u>				
Segment results from operations	(554)	19	2,602	2,067
Taxation				(449)
				<u>1,618</u>
<u>Assets And Liabilities</u>				
Segment assets	213,819	20,061	141,852	375,732
Segment liabilities	96,898	2,786	35,356	135,040
<u>Other Information</u>				
Financial assets at fair value through profit or loss				
- Net unrealised fair value loss	-	-	(2,159)	(2,159)
- Net realised gain on disposal	-	-	274	274
Depreciation of property and equipment	250	28	-	278
Amortisation of computer software	13	59	-	72
Interest income	895	108	190	1,193
Additions to property and equipment	33	26	-	59
Additions to computer software	-	-	-	-
Finance costs	86	2	1	89

7. Segmental Information (Continued)

<u>August 2014</u>	Stock- broking RM'000	Asset Management RM'000	Investment Holding RM'000	<u>Total</u> RM'000
<u>Total Revenue</u>				
Revenue	9,811	1,855	126	11,792
Other income	899	199	732	1,830
	<u>10,710</u>	<u>2,054</u>	<u>858</u>	<u>13,622</u>
Overhead expenses	(7,448)	(1,260)	(75)	(8,783)
<u>Results</u>				
Segment results from operations	3,262	794	783	4,839
Taxation				<u>(1,174)</u>
				<u><u>3,665</u></u>
<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				
- Net unrealised fair value gain/(loss)	-	(206)	705	499
- Net realised 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

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 were no contingent assets and liabilities outstanding as at 31 August 2015 (2014: Nil).

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

11. Performance Review for the Current Quarter

The Group reported total operating revenue of RM10.15 million for the first quarter ended 31 August 2015, compared to RM11.79 million recorded in the corresponding quarter ended 31 August 2014. The decrease in Group's operating revenue was mainly due to the lower brokerage and management fee income generated by the stockbroking and asset management segments respectively.

The Group recorded Profit Before Tax (PBT) of RM2.07 million for the current quarter ended 31 August 2015 compared to PBT of RM4.84 million reported for previous year's corresponding quarter.

12. Comparison With Immediate Preceding Quarter

The Group's total operating revenue of RM10.15 million for the current quarter ended 31 August 2015 was 17% lower as compared to the immediate preceding quarter ended 31 May 2015 of RM12.2 million. It was due to lower brokerage and management fee income received in the current quarter as compared to the immediate preceding quarter.

However, the Group reported higher PBT of RM2.07 million for the current quarter compared to RM1.4 million for the immediate preceding quarter ended 31 May 2015 due to higher staff cost recorded in the immediate preceding quarter.

13. Commentary On Prospects And Targets

There were 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 were 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

	Quarter Ended <u>August 2015</u> RM'000	Quarter Ended <u>August 2014</u> RM'000
Malaysian income tax:		
- Current year provision	449	1,174
- Under/(over) provision in prior years	-	-
	<u>449</u>	<u>1,174</u>
Deferred tax expense	-	-
	<u>449</u>	<u>1,174</u>
Reconciliation of effective tax expenses:		
Profit before taxation	<u>2,067</u>	<u>4,839</u>
Tax at Malaysian tax rate of 24% , 25%	496	1,210
Non-deductible expenses	125	2
Income not subject to tax	(172)	(38)
	<u>449</u>	<u>1,174</u>

16. Corporate Proposals

Same as disclosed below, there is no corporate proposals announced but not completed as at 20 October 2015.

On 30 July 2015, the Company received a written notice from KAF Investment Bank Berhad ("KIB") notifying that KIB had on even date entered into a conditional share sale agreement ("SSA") with AKKA Sdn Bhd, AKKA Holdings Sdn Bhd, Datuk Khatijah binti Ahmad and Thariq Usman bin Ahmad to acquire 92,090,000 ordinary shares of RM1.00 each in the Company ("Share(s)"), representing approximately 76.74% of the equity interest in the Company for a total cash consideration of RM248,643,000 ("Proposed Acquisition").

Upon fulfillment of the conditions precedent under the SSA and the completion of the Proposed Acquisition, KIB will become a major shareholder of the Company, holding 76.74% of the equity interest in the Company. Accordingly, pursuant to Section 218(2) of the Capital Markets & Services Act, 2007 ("CMSA") and Section 9(1), Part III of the Malaysian Code on Take-Overs and Mergers, 2010 ("Code"), KIB shall be obliged to extend a mandatory general offer ("MGO") for all the remaining Shares not already owned by KIB after the Proposed Acquisition for a cash consideration of RM2.70 per Share.

17. Borrowings And Debt Securities

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

18. Material Litigations

There were no material litigations pending as at 20 October 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 net profit for the financial period attributable to owners of the parent of RM1.035 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 the end of the reporting period.

21. Auditors' Report On Preceding Annual Financial Statements

The financial statement for the financial year ended 31 May 2015 was not subjected to any audit qualification.

22. Profit Before Taxation

Included in the profit before tax are:

	Quarter Ended <u>August 2015</u> RM'000	Quarter Ended <u>August 2014</u> RM'000
Interest income	1,193	1,059
Financial assets at fair value through profit or loss:		
- Net unrealised fair value (loss)/gain	(2,159)	499
- Net realised gain on disposal	444	348
- Dividend income	1,197	818
Depreciation of plant and equipment	278	262
Amortisation of computer software	72	28
Bad and doubtful debts recovered	24	2

23. Retained Earnings

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

	As at <u>August 2015</u> RM'000	As at <u>August 2014</u> RM'000
Total retained earnings		
- Realised	131,616	130,892
- Unrealised	7,386	14,592
	<u>139,002</u>	<u>145,484</u>
Less: Consolidation adjustments	<u>(57,060)</u>	<u>(55,108)</u>
Total Group retained profits	<u><u>81,942</u></u>	<u><u>90,376</u></u>

BY ORDER OF THE BOARD

WENDY CHIN NGEOK MUI
(MAICSA NO: 7003178)

SITI NURMAZITA BINTI MUSTAPHA
(LS0009160)

Joint Company Secretaries
Kuala Lumpur
26 October 2015