

KAF-SEAGROATT & CAMPBELL BERHAD (207572-T)
ANNOUNCEMENT OF THE UNAUDITED CONSOLIDATED QUARTERLY FINANCIAL
STATEMENTS FOR THE FINANCIAL QUARTER ENDED 30 NOVEMBER 2015

The Board of Directors is pleased to announce the unaudited consolidated financial statements for the financial quarter ended 30 November 2015.

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 NOVEMBER 2015

	30 November 2015	31 May 2015
	RM'000	RM'000
Non-Current Assets		
Property and equipment	1,519	1,932
Computer software	1,399	1,217
Intangible assets	5,157	5,157
Investment properties	8,374	8,374
Available-for-sale financial assets	16,030	8,753
Deferred tax assets	1,278	1,278
	<u>33,757</u>	<u>26,711</u>
Current Assets		
Financial assets at fair value through profit or loss	91,383	91,398
Balances due from clients and brokers	281,442	345,038
Trade and other receivables	5,311	4,366
Cash and cash equivalents	148,462	155,970
Tax recoverable	6,087	5,471
	<u>532,685</u>	<u>602,243</u>
Current Liabilities		
Balances due to clients and brokers	272,887	338,816
Trade and other payables	11,920	16,771
Financial liabilities due to third party investors	38,330	33,519
	<u>323,137</u>	<u>389,106</u>
Net Current Assets	209,548	213,137
	<u>243,305</u>	<u>239,848</u>
Capital And Reserves		
Share capital	120,000	120,000
Reserves	116,148	113,405
Total equity attributable to owners of the parent	236,148	233,405
Non-controlling interest	7,157	6,443
Total equity	<u>243,305</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.

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL QUARTER ENDED
30 NOVEMBER 2015**

	3 MONTHS ENDED 30 NOVEMBER 2015 RM'000	3 MONTHS ENDED 30 NOVEMBER 2014 RM'000	6 MONTHS ENDED 30 NOVEMBER 2015 RM'000	6 MONTHS ENDED 30 NOVEMBER 2014 RM'000
Operating revenue	11,165	9,733	21,310	21,525
Other income	5,248	3,145	2,743	4,270
Staff expenses	(4,651)	(3,895)	(8,708)	(8,010)
Commission	(2,360)	(1,577)	(3,918)	(3,697)
Rental of premises	(437)	(364)	(823)	(673)
Depreciation of plant & equipment	(266)	(272)	(544)	(534)
Amortisation of computer software	(79)	(21)	(151)	(49)
Repairs and maintenance	(536)	(634)	(1,004)	(1,097)
Levy charges	(365)	(265)	(649)	(617)
Other operating expenses	<u>(4,321)</u>	<u>(7,069)</u>	<u>(2,702)</u>	<u>(7,417)</u>
Profit/(loss) from operations	3,398	(1,219)	5,554	3,701
Finance costs	<u>(76)</u>	<u>(78)</u>	<u>(165)</u>	<u>(159)</u>
Profit/(loss) before taxation	3,322	(1,297)	5,389	3,542
Taxation	<u>(470)</u>	<u>1,174</u>	<u>(919)</u>	<u>-</u>
Net profit/(loss) for the period	<u>2,852</u>	<u>(123)</u>	<u>4,470</u>	<u>3,542</u>
Other comprehensive income:				
Changes in fair value of available-for-sale financial asset	<u>84</u>	<u>114</u>	<u>(691)</u>	<u>799</u>
Other comprehensive (loss)/income for the period	<u>84</u>	<u>114</u>	<u>(691)</u>	<u>799</u>
Total comprehensive income/(loss) for the period	<u>2,936</u>	<u>(9)</u>	<u>3,779</u>	<u>4,341</u>
Net profit/(loss) for the period attributable to:				
Owners of the parent	2,399	(207)	3,434	3,277
Non-controlling interest	<u>453</u>	<u>84</u>	<u>1,036</u>	<u>265</u>
	<u>2,852</u>	<u>(123)</u>	<u>4,470</u>	<u>3,542</u>
Total comprehensive income/(loss) attributable to:				
Owners of the parent	2,483	(93)	2,743	4,076
Non-controlling interest	<u>453</u>	<u>84</u>	<u>1,036</u>	<u>265</u>
	<u>2,936</u>	<u>(9)</u>	<u>3,779</u>	<u>4,341</u>
Earnings per ordinary share (sen)				
- Basic	<u>2.00</u>	<u>(0.17)</u>	<u>2.86</u>	<u>2.73</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.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL QUARTER ENDED 30 NOVEMBER 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	-	-	(691)	3,434	2,743	1,036	3,779
Liquidation of subsidiary company	-	-	-	-	-	(322)	(322)
Balance at 30 November 2015	120,000	30,000	1,807	84,341	236,148	7,157	243,305
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.

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR
THE FINANCIAL QUARTER ENDED 30 NOVEMBER 2015**

	6 MONTHS ENDED 30 November 2015 RM'000	6 MONTHS ENDED 30 November 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,389	3,542
<i>Adjustments for:</i>		
Write-back of impairment on clients' and brokers' balances	(14)	(11)
Financial assets at fair value through profit or loss		
- Unrealised fair value loss	2,408	5,126
- Dividend income	(1,570)	(1,397)
- Realised gain on disposal	(859)	(2,389)
Depreciation of property and equipment	544	534
Amortisation of computer software	151	49
Interest income	(2,451)	(2,249)
	<u>3,598</u>	<u>3,205</u>
Net (increase)/decrease in clients' and brokers' balances	(2,319)	125
Increase in trade and other receivables	(948)	(69)
Increase in creditors and other payables	(360)	(4,926)
Net cash used in operations	(29)	(1,665)
Interest received	2,451	2,249
Net tax paid	(1,535)	(3,342)
Net cash generated from/(used in) operating activities	<u>887</u>	<u>(2,758)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Financial assets at fair value through profit or loss		
- Purchase	(6,247)	(864)
- Proceeds from disposal	3,922	49,871
- Dividends received	1,570	1,397
Purchase of available-for-sale financial assets	(10,248)	-
Proceed from sale of available-for-sale financial assets	3,072	-
Purchase of plant and equipment	(131)	(152)
Purchase of computer software	(333)	(52)
Net cash (used in)/generated from investing activities	<u>(8,395)</u>	<u>50,200</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid to shareholders of the Company	-	(300)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(7,508)	47,142
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>148,462</u>	<u>183,955</u>

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR
THE FINANCIAL QUARTER ENDED 30 NOVEMBER 2015** (Continued)

	6 MONTHS ENDED 30 November 2015 RM'000	6 MONTHS ENDED 30 November 2014 RM'000
Cash and cash equivalents comprise the following:		
Cash and bank balances	9,620	7,706
Deposits placed with a licensed bank	138,842	176,249
	<u>148,462</u>	<u>183,955</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 30 NOVEMBER 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>November 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	16,735	2,995	1,580	21,310
Other income	1,800	221	722	2,743
	<u>18,535</u>	<u>3,216</u>	<u>2,302</u>	24,053
Overhead expenses	(14,531)	(3,462)	(671)	(18,664)
<u>Results</u>				
Segment results from operations	4,004	(246)	1,631	5,389
Taxation				(919)
				4,470
<u>Assets And Liabilities</u>				
Segment assets	400,368	21,800	144,274	566,442
Segment liabilities	281,767	4,781	36,589	323,137
<u>Other Information</u>				
Financial assets at fair value through profit or loss				
- Net unrealised fair value loss	-	1	2,407	2,408
- Net realised gain on disposal	-	-	859	859
Depreciation of property and equipment	484	60	-	544
Amortisation of computer software	22	129	-	151
Interest income	1,856	218	377	2,451
Additions to property and equipment	92	39	-	131
Additions to computer software	22	311	-	333
Finance costs	161	4	-	165

7. Segmental Information (Continued)

<u>November 2014</u>	Stock- broking RM'000	Asset Management RM'000	Investment Holding RM'000	<u>Total</u> RM'000
<u>Total Revenue</u>				
Revenue	17,289	3,527	709	21,525
Other income	1,854	319	2,097	4,270
	19,143	3,846	2,806	25,795
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				-
				3,542
<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				
- Net unrealised fair value loss	-	205	4,921	5,126
- Net realised 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

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 except for the following:

- (i) Members' voluntary winding-up of KAF-Refco Futures Sdn. Bhd., a subsidiary of the Company on 2 October 2015.

10. Contingent Assets And Liabilities

There were no contingent assets and liabilities outstanding as at 30 November 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 RM11.16 million for the quarter ended 30 November 2015, 14.7% higher compared to RM9.73 million recorded in the corresponding quarter ended 30 November 2014. The increase in Group's operating revenue was mainly due to higher management fee and dividend income received.

The Group recorded Profit Before Tax ("PBT") of RM3.32 million for the current quarter compared to Loss Before Tax of RM1.3 million reported for previous year's corresponding quarter. Higher PBT was mainly contributed by higher unrealised fair value gain.

12. Comparison With Immediate Preceding Quarter

The Group's total operating revenue of RM11.16 million for the current quarter ended 30 November 2015 was 10.1% higher as compared to the immediate preceding quarter ended 31 August 2015 of RM10.14 million. Higher operating revenue was due to higher brokerage fee income received in the current quarter as compared to the immediate preceding quarter.

The Group's PBT of RM3.32 million for the current quarter was 60% higher compared to RM2.07 million for the immediate preceding quarter ended 31 August 2015. Higher PBT was due to higher unrealised fair value gain recorded in the current 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 are 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>November 2015</u> RM'000	Quarter Ended <u>November 2014</u> RM'000
Malaysian income tax:		
- Current year provision	795	-
- Under provision in prior years	124	-
	<u>919</u>	<u>-</u>
Deferred tax expense	-	-
	<u>919</u>	<u>-</u>
Reconciliation of effective tax expenses:		
Profit before taxation	5,389	3,542
Tax at Malaysian tax rate of 24% (2014:25%)	<u>1,293</u>	<u>886</u>
Non-deductible expenses	252	-
Income not subject to tax/temporary difference	(750)	(886)
	<u>795</u>	<u>-</u>
- Under provision in prior years	124	-
	<u>919</u>	<u>-</u>

16. Corporate Proposals

Save as disclosed below, there is no corporate proposals announced but not completed as at 21 January 2016.

On 30 July 2015, the Company received a written notice from KAF Investment Bank Berhad ("KAF IB") notifying that KAF IB 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 ("Sale Share(s)"), representing approximately 76.74% of the equity interest in the Company for a total cash consideration of RM248,643,000 ("Proposed Acquisition").

The SSA is currently pending the following Conditions Precedent: -

- (i) the approval of Bank Negara Malaysia ("BNM") for the purchase by KAF IB of the Sale Shares; and
- (ii) the approval of Securities Commission Malaysia ("SC") for the purchase of the Sale Shares and change of shareholders/controller and shareholding in KAF-Seagroatt & Campbell Group.

Submission has been made to SC and BNM on 27 August 2015 and 23 September 2015 respectively and KAF IB is currently liaising with the relevant departments with a view of obtaining their approvals.

Upon fulfillment of the conditions precedent under the SSA and the completion of the Proposed Acquisition, KAF IB 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"), KAF IB shall be obliged to extend a mandatory general offer ("MGO") for all the remaining Shares not already owned by KAF IB 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 21 January 2016.

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 RM3.434 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:

	<u>Quarter Ended November 2015</u> RM'000	<u>Quarter Ended November 2014</u> RM'000
Interest income	2,451	2,249
Financial assets at fair value through profit or loss:		
- Net unrealised fair value loss	2,408	5,126
- Net realised gain on disposal	859	2,389
- Dividend income	1,570	1,397
Depreciation of plant and equipment	544	534
Amortisation of computer software	151	49
Bad and doubtful debts recovered	14	11

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 November 2015</u> RM'000	<u>As at November 2014</u> RM'000
Total retained earnings		
- Realised	140,384	135,080
- Unrealised	6,924	8,788
	<u>147,308</u>	<u>143,868</u>
Less: Consolidation adjustments	<u>(62,967)</u>	<u>(53,699)</u>
Total Group retained profits	<u>84,341</u>	<u>90,169</u>

BY ORDER OF THE BOARD

WENDY CHIN NGEOK MUI
(MAICSA NO: 7003178)

SITI NURMAZITA BINTI MUSTAPHA
(LS0009160)

Joint Company Secretaries
Kuala Lumpur
27 January 2016