

KAF-SEAGROATT & CAMPBELL BERHAD (207572-T)
ANNOUNCEMENT OF THE UNAUDITED CONSOLIDATED QUARTERLY FINANCIAL
STATEMENTS FOR THE FINANCIAL QUARTER ENDED 29 FEBRUARY 2016

The Board of Directors is pleased to announce the unaudited consolidated financial statements for the financial quarter ended 29 February 2016.

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 29 FEBRUARY 2016

	29 February 2016	31 May 2015
	RM'000	RM'000
Non-Current Assets		
Property and equipment	1,318	1,932
Computer software	1,465	1,217
Intangible assets	5,157	5,157
Investment properties	8,374	8,374
Available-for-sale financial assets	23,466	8,753
Deferred tax assets	1,278	1,278
	<u>41,058</u>	<u>26,711</u>
Current Assets		
Financial assets at fair value through profit or loss	86,193	91,398
Balances due from clients and brokers	256,787	345,038
Trade and other receivables	2,984	4,366
Cash and cash equivalents	144,421	155,970
Tax recoverable	6,692	5,471
	<u>497,077</u>	<u>602,243</u>
Current Liabilities		
Balances due to clients and brokers	249,682	338,816
Trade and other payables	10,719	16,771
Financial liabilities due to third party investors	34,127	33,519
	<u>294,528</u>	<u>389,106</u>
Net Current Assets	<u>202,549</u>	<u>213,137</u>
	<u>243,607</u>	<u>239,848</u>
Capital And Reserves		
Share capital	120,000	120,000
Reserves	<u>116,200</u>	<u>113,405</u>
Total equity attributable to owners of the parent	236,200	233,405
Non-controlling interest	7,407	6,443
Total equity	<u>243,607</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 29 FEBRUARY 2016

	3 MONTHS ENDED 29 FEBRUARY 2016 RM'000	3 MONTHS ENDED 28 FEBRUARY 2015 RM'000	9 MONTHS ENDED 29 FEBRUARY 2016 RM'000	9 MONTHS ENDED 28 FEBRUARY 2015 RM'000
Operating revenue	8,813	9,203	30,123	30,728
Other income	846	2,891	3,589	7,161
Staff expenses	(4,047)	(4,119)	(12,755)	(12,129)
Commission	(1,602)	(1,516)	(5,520)	(5,213)
Rental of premises	(441)	(374)	(1,264)	(1,047)
Depreciation of plant & equipment	(266)	(278)	(810)	(812)
Amortisation of computer software	(77)	(37)	(228)	(86)
Repairs and maintenance	(538)	(712)	(1,542)	(1,809)
Levy charges	(252)	(285)	(901)	(902)
Other operating expenses	<u>(1,362)</u>	<u>(998)</u>	<u>(4,064)</u>	<u>(8,415)</u>
Profit from operations	1,074	3,775	6,628	7,476
Finance costs	<u>(76)</u>	<u>(74)</u>	<u>(241)</u>	<u>(233)</u>
Profit before taxation	998	3,701	6,387	7,243
Taxation	<u>(459)</u>	<u>(1,960)</u>	<u>(1,378)</u>	<u>(1,960)</u>
Net profit for the period	<u>539</u>	<u>1,741</u>	<u>5,009</u>	<u>5,283</u>
Other comprehensive income:				
Changes in fair value of available-for-sale financial asset	<u>(237)</u>	<u>1,336</u>	<u>(928)</u>	<u>2,135</u>
Other comprehensive (loss)/income for the period	<u>(237)</u>	<u>1,336</u>	<u>(928)</u>	<u>2,135</u>
Total comprehensive income for the period	<u>302</u>	<u>3,077</u>	<u>4,081</u>	<u>7,418</u>
Net profit for the period attributable to:				
Owners of the parent	289	1,713	3,723	4,990
Non-controlling interest	<u>250</u>	<u>28</u>	<u>1,286</u>	<u>293</u>
	<u>539</u>	<u>1,741</u>	<u>5,009</u>	<u>5,283</u>
Total comprehensive income attributable to:				
Owners of the parent	52	3,049	2,795	7,125
Non-controlling interest	<u>250</u>	<u>28</u>	<u>1,286</u>	<u>293</u>
	<u>302</u>	<u>3,077</u>	<u>4,081</u>	<u>7,418</u>
Earnings per ordinary share (sen)				
- Basic	<u>0.24</u>	<u>1.43</u>	<u>3.10</u>	<u>4.16</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 29 FEBRUARY 2016

	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	-	-	(928)	3,723	2,795	1,286	4,081
Liquidation of subsidiary company	-	-	-	-	-	(322)	(322)
Balance at 29 February 2016	120,000	30,000	1,570	84,630	236,200	7,407	243,607
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 29 FEBRUARY 2016**

	9 MONTHS ENDED 29 February 2016 RM'000	9 MONTHS ENDED 28 February 2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,387	7,243
<i>Adjustments for:</i>		
Write-back of impairment on clients' and brokers' balances	(10)	(20)
Financial assets at fair value through profit or loss		
Unrealised fair value loss	2,795	3,709
Dividend income	(2,007)	(1,416)
Realised gain on disposal	(27)	(2,543)
Depreciation of property and equipment	810	812
Amortisation of computer software	228	86
Interest income	(3,710)	(3,529)
	<u>4,466</u>	<u>4,342</u>
Net increase in clients' and brokers' balances	(873)	(808)
Decrease/(increase) in trade and other receivables	1,382	(1,185)
Decrease in creditors and other payables	(5,766)	(3,429)
Net cash used in operations	(791)	(1,080)
Interest received	3,710	3,529
Net tax paid	(2,599)	(4,785)
Net cash generated from/(used in) operating activities	<u>320</u>	<u>(2,336)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Financial assets at fair value through profit or loss		
Purchase	(4,580)	(1,539)
Proceeds from disposal	6,955	52,557
Dividends received	2,007	1,416
Purchase of available-for-sale financial assets	(19,699)	(30,000)
Proceed from sale of available-for-sale financial assets	4,120	-
Purchase of plant and equipment	(196)	(303)
Purchase of computer software	(476)	(270)
Net cash (used in)/generated from investing activities	<u>(11,869)</u>	<u>21,861</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid to shareholders of the Company	-	(300)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(11,549)	19,225
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>144,421</u>	<u>156,038</u>

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR
THE FINANCIAL QUARTER ENDED 29 FEBRUARY 2016** (Continued)

	9 MONTHS ENDED 29 February 2016 RM'000	9 MONTHS ENDED 28 February 2015 RM'000
Cash and cash equivalents comprise the following:		
Cash and bank balances	8,748	9,282
Deposits placed with a licensed bank	135,673	146,756
	<u>144,421</u>	<u>156,038</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 29 FEBRUARY 2016

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>February 2016</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	23,518	4,586	2,019	30,123
Other income	2,700	318	571	3,589
	<u>26,218</u>	<u>4,904</u>	<u>2,590</u>	33,712
Overhead expenses	(20,998)	(5,280)	(1,047)	(27,325)
<u>Results</u>				
Segment results from operations	5,220	(376)	1,543	6,387
Taxation				(1,378)
				5,009
<u>Assets And Liabilities</u>				
Segment assets	378,636	19,812	139,687	538,135
Segment liabilities	256,877	2,923	34,728	294,528
<u>Other Information</u>				
Financial assets at fair value through profit or loss				
Net unrealised fair value loss	-	17	2,778	2,795
Net realised gain on disposal	-	-	27	27
Depreciation of property and equipment	718	92	-	810
Amortisation of computer software	26	202	-	228
Interest income	2,824	333	553	3,710
Additions to property and equipment	108	88	-	196
Additions to computer software	30	446	-	476
Finance costs	234	6	1	241

7. Segmental Information (Continued)

February 2015	Stock- broking RM'000	Asset Management RM'000	Investment Holding RM'000	Total RM'000
Total Revenue				
Revenue	24,956	5,042	730	30,728
Other income	2,801	442	3,918	7,161
	27,757	5,484	4,648	37,889
Overhead expenses	(20,922)	(4,155)	(5,569)	(30,646)
Results				
Segment results from operations	6,835	1,329	(921)	7,243
Taxation				(1,960)
				5,283
Assets And Liabilities				
Segment assets	478,223	21,146	94,788	594,157
Segment liabilities	340,471	3,331	35	343,837
Other Information				
Financial assets at fair value through profit or loss				
- Net unrealised fair value loss	-	200	3,509	3,709
- Net realised gain on disposal	-	348	2,195	2,543
Depreciation of property and equipment	765	47	-	812
Amortisation of computer software	38	48	-	86
Interest income	3,050	289	190	3,529
Additions to property and equipment	155	148	-	303
Additions to computer software	30	240	-	270
Finance costs	224	9	-	233

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 29 February 2016 (2015: 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 RM8.8 million for the quarter ended 29 February 2016, 4.3% lower compared to RM9.2 million recorded in the corresponding quarter ended 28 February 2015. The decrease in Group's operating revenue was due to lower brokerage fee and management fee received.

The Group recorded Profit Before Tax ("PBT") of RM1.0 million for the current quarter compared to RM3.7 million reported for previous year's corresponding quarter. Lower PBT was mainly due to lower unrealised fair value gain recorded in the current quarter.

12. Comparison With Immediate Preceding Quarter

The Group's total operating revenue of RM8.8 million for the current quarter ended 29 February 2016 was 21.4% lower as compared to the immediate preceding quarter ended 30 November 2015 of RM11.2 million. The lower operating revenue was due to lower brokerage fee and management fee received in the current quarter as compared to the immediate preceding quarter.

Lower operating revenue for the current quarter has resulted in lower PBT of RM1.0 million as compared to RM3.3 million for 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 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

	Current Quarter Ended 29 February 2016 RM'000	Financial Period to date 29 February 2016 RM'000
Malaysian income tax:		
- Current year provision	430	1,225
- Under provision in prior years	29	153
	<u>459</u>	<u>1,378</u>
Deferred tax expense	-	-
	<u>459</u>	<u>1,378</u>
Reconciliation of effective tax expenses:		
Profit before taxation	998	6,387
Tax at Malaysian tax rate of 24% (2014:25%)	240	1,533
Non-deductible expenses	162	414
Income not subject to tax/temporary difference	28	(722)
	<u>430</u>	<u>1,225</u>
- Under provision in prior years	29	153
	<u>459</u>	<u>1,378</u>

16. Corporate Proposals

Save as disclosed below, there is no corporate proposals announced but not completed as at 14 April 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 Securities Commission Malaysia ("SC") for the purchase of the Sale Shares and change of shareholders/controller and shareholding in KAF-Seagroatt & Campbell Group.

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 14 April 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 RM3.7 million by the number of ordinary shares of RM120.0 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:

	Current Quarter Ended 29 February 2016 RM'000	Financial Period to date 29 February 2016 RM'000
Interest income	1,259	3,710
Financial assets at fair value through profit or loss:		
- Net unrealised fair value loss	387	2,795
- Net realised (loss)/gain on disposal	(832)	27
- Dividend income	437	2,007
Depreciation of plant and equipment	266	810
Amortisation of computer software	77	228
Bad and doubtful debts recovered	-	10

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 29 February 2016 RM'000	As at 28 February 2015 RM'000
Total retained earnings		
- Realised	175,847	179,607
- Unrealised	6,617	9,776
	182,464	189,383
Less: Consolidation adjustments	(97,834)	(97,501)
Total Group retained profits	84,630	91,882

BY ORDER OF THE BOARD

SITI NURMAZITA BINTI MUSTAPHA
(LS0009160)

Company Secretary
Kuala Lumpur
20 April 2016