

ECM LIBRA FINANCIAL GROUP BERHAD (Company No. 713570-K)
Interim Financial Statements for the period ended 31 October 2012

Unaudited Condensed Consolidated Statement of Financial Position
As at 31 October 2012

		31-Oct-12	31-Jan-12 (Restated)
	Note	RM'000	RM'000
ASSETS			
Cash and short-term funds		22,292	410,566
Deposits with financial institutions	9	-	20,631
Securities held-for-trading	10	-	360,985
Securities available-for-sale	11	-	675,033
Securities held-to-maturity	12	-	200,000
Derivative financial assets		-	6,688
Loans, advances and financing	13	3,997	556,570
Trade receivables	14	2,089	363,500
Other assets	15	10,200	29,443
Statutory deposit with Bank Negara Malaysia		-	27,165
Investment in associated company		19,823	19,976
Deferred tax assets		85	735
Property, plant and equipment		24,587	44,916
Intangible assets		232,000	284,500
Assets classified as held for sale	16	2,440,930	-
TOTAL ASSETS		<u>2,756,003</u>	<u>3,000,708</u>
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from customers	17	-	1,081,483
Deposits and placements of banks and other financial institutions	18	-	341,371
Derivative financial liabilities		-	57
Trade payables	19	2,693	482,959
Other liabilities	20	3,370	61,299
Provision for taxation		73	4,455
Deferred tax liabilities		571	8,041
Liabilities classified as held for sale	16	1,740,784	-
TOTAL LIABILITIES		<u>1,747,491</u>	<u>1,979,665</u>
EQUITY			
Share capital		828,819	830,902
Reserves		179,693	191,720
Less: Treasury shares, at cost	6	-	(1,579)
TOTAL EQUITY		<u>1,008,512</u>	<u>1,021,043</u>
TOTAL LIABILITIES AND EQUITY		<u>2,756,003</u>	<u>3,000,708</u>
Net assets per share (RM)		1.22	1.23

The interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended 31 January 2012 of the Group.

ECM LIBRA FINANCIAL GROUP BERHAD (Company No. 713570-K)
Interim Financial Statements for the period ended 31 October 2012

Unaudited Condensed Consolidated Statement of Comprehensive Income
for the third quarter ended 31 October 2012

		Current quarter ended 31-Oct-12	Corresponding quarter ended 31-Oct-11 (Restated)	Current year to date 31-Oct-12	Corresponding year to date 31-Oct-11 (Restated)
	Note	RM'000	RM'000	RM'000	RM'000
Continuing operations					
Revenue		3,832	3,685	10,835	10,726
Interest income	21	218	270	809	836
Interest expense	22	-	-	-	-
Net interest income		218	270	809	836
Non-interest income	23	3,614	3,415	10,026	9,890
Other non-operating income	24	394	512	1,279	1,032
Net income		4,226	4,197	12,114	11,758
Operating expenses	25	(3,634)	(3,483)	(10,841)	(9,620)
Operating profit		592	714	1,273	2,138
Share of loss of an associated company		(82)	(871)	(153)	(871)
Allowance on losses on loans, advances and financing	26	(143)	-	(143)	-
Profit/(loss) before tax		367	(157)	977	1,267
Income tax expense	38	(277)	(189)	(1,014)	(702)
Profit/(loss) from continuing operations		90	(346)	(37)	565
Discontinued operation					
Profit from discontinued operation, net of tax	26	5,064	2,076	13,914	28,291
Profit for the year		5,154	1,730	13,877	28,856
Other comprehensive income:					
Net (loss)/gain on available-for-sale financial assets		(349)	(7,641)	(8,692)	7,500
Currency translation differences		(11)	26	3	-
Income tax relating to components of other comprehensive income		87	1,910	2,173	(1,875)
Other comprehensive (loss)/income for the period, net of tax		(273)	(5,705)	(6,516)	5,625
Total comprehensive income for the period		4,881	(3,975)	7,361	34,481
Basic/diluted earnings/(loss) per share ("EPS"):					
- from continuing operations		0.01	(0.04)	(0.00)	0.07
- from discontinued operation		0.61	0.25	1.68	3.45

* Outstanding options under Employee Share Options Scheme ("ESOS") have been excluded from the computation of fully diluted earnings per RM1 ordinary shares as the average market price of the ordinary shares is currently below the exercise price of the options.

The interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended 31 January 2012 of the Group.

ECM LIBRA FINANCIAL GROUP BERHAD (Company No. 713570-K)

Interim Financial Statements for the period ended 31 October 2012

Unaudited Condensed Consolidated Statement of Changes in Equity

for the financial period ended 31 October 2012

	←-----Non-distributable-----→						Distributable					
	Share capital	Treasury shares	Merger reserve	Capital redemption reserve	Foreign currency translation reserve	Available for sale revaluation reserve	Equity compensation reserve	Statutory reserve	Regulatory reserve	General reserve	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 February 2012												
- as previously reported	830,902	(1,579)	26,561	-	(3,293)	20,331	3,122	80,787	-	159	59,307	1,016,297
- effect of change in accounting policy	-	-	-	-	-	-	-	-	-	-	4,746	4,746
	830,902	(1,579)	26,561	-	(3,293)	20,331	3,122	80,787	-	159	64,053	1,021,043
Total comprehensive income	-	-	-	-	3	(6,519)	-	-	-	-	13,877	7,361
Transaction with owners:												
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	4,746	-	(4,746)	-
Cancellation of treasury shares	(2,083)	1,579	-	504	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	-	-	-	(19,892)	(19,892)
	(2,083)	1,579	-	504	-	-	-	-	4,746	-	(24,638)	(19,892)
As at 31 October 2012	828,819	-	26,561	504	(3,290)	13,812	3,122	80,787	4,746	159	53,292	1,008,512
As at 1 February 2011												
- as previously reported	830,902	(7,886)	26,561	-	(3,295)	718	3,526	65,720	-	159	76,501	992,906
- effect of change in accounting policy	-	-	-	-	-	-	-	-	-	-	6,353	6,353
	830,902	(7,886)	26,561	-	(3,295)	718	3,526	65,720	-	159	82,854	999,259
Total comprehensive income	-	-	-	-	2	19,613	-	-	-	-	29,947	49,562
Transactions with owners:												
Arising from the Company's ESOS vested during the year	-	-	-	-	-	-	186	-	-	-	-	186
ESOS lapsed during the year	-	-	-	-	-	-	(590)	-	-	-	-	(590)
Share buy-back by the Company	-	(12,170)	-	-	-	-	-	-	-	-	-	(12,170)
Transfer to statutory reserve	-	-	-	-	-	-	-	15,067	-	-	(15,067)	-
Cash dividend paid	-	-	-	-	-	-	-	-	-	-	(15,204)	(15,204)
Share dividend	-	18,477	-	-	-	-	-	-	-	-	(18,477)	-
	-	6,307	-	-	-	-	(404)	15,067	-	-	(48,748)	(27,778)
As at 31 January 2012	830,902	(1,579)	26,561	-	(3,293)	20,331	3,122	80,787	-	159	64,053	1,021,043

The interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended 31 January 2012 of the Group.

ECM LIBRA FINANCIAL GROUP BERHAD (Company No. 713570-K)
Interim Financial Statements for the period ended 31 October 2012

Unaudited Condensed Consolidated Statement of Cash Flow
for the financial period ended 31 October 2012

	9 months ended	
	31-Oct-12	31-Oct-11 (Restated)
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax from:		
- continuing operations	977	1,267
- discontinued operation	19,237	45,906
	<u>20,214</u>	<u>47,173</u>
Adjustment for non-cash items	33,622	10,784
Operating profit before working capital changes	<u>53,836</u>	<u>57,957</u>
Net (increase)/decrease in operating assets	(86,702)	130,735
Net decrease in operating liabilities	(247,878)	(31,655)
Cash (used in)/generated from operations	<u>(280,744)</u>	<u>157,037</u>
Net tax (paid)/refunded	(8,445)	(126)
Net used in/generated from operating activities	<u>(289,189)</u>	<u>156,911</u>
Cash flows from investing activities		
Dividend received	1,322	384
Net sales/(purchase) of securities	384,868	(147,044)
Purchase of treasury shares	-	(12,170)
Net purchase of property, plant and equipment	(6,050)	(13,733)
Net cash generated from/(used in) investing activities	<u>380,140</u>	<u>(172,563)</u>
Cash flows from financing activities		
Dividend paid	(19,892)	(15,204)
Interest paid	(34,094)	(37,189)
Net cash used in financing activities	<u>(53,986)</u>	<u>(52,393)</u>
Net increase/(decrease) in cash and cash equivalents	36,965	(68,045)
Effects of foreign exchange rate changes	2	-
Cash and cash equivalents at beginning of the period	228,743	219,319
Cash and cash equivalents at end of the period	<u>265,710</u>	<u>151,274</u>
Cash and cash equivalents comprise:		
Cash and short-term funds	478,632	337,546
Less: Monies held in trust	(212,922)	(186,272)
	<u>265,710</u>	<u>151,274</u>

The interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended 31 January 2012 of the Group.

Part A: Explanatory notes pursuant to Financial Reporting Standards ("FRS") 134

1 Basis of preparation

This unaudited quarterly financial report of the Group has been prepared on a historical cost basis, unless otherwise disclosed in the notes to the financial statements and are in accordance with the Companies Act, 1965 and FRS 134 "Interim Financial Reporting" in Malaysia as modified by Bank Negara Malaysia ("BNM")'s Guidelines.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 January 2012.

Since the previous annual audited financial statements as at 31 January 2012 were issued, the Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by the Malaysian Accounting Standards Board ("MASB") with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standards ("FRS") framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board. Whilst all FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the MFRS framework, there are some differences in relation to the transitional provisions and effective dates contained in certain of the FRSs. The financial effects of convergence to the MFRS framework and any consequential changes in accounting policies as a result of the convergence are discussed in Note 32 Changes in accounting policies.

The following MFRS, IC Interpretation and Amendments to MFRSs have been adopted by the Group during the current period:

IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments
Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to MFRS 1)
Disclosures – Transfers of Financial Assets (Amendments to MFRS 7)
Deferred Tax: Recovery of Underlying Assets (Amendments to MFRS 112)

The adoption of the IC Interpretation and Amendments to MFRSs above generally did not have any material impact on the financial results of the Group, as they mainly help to clarify the requirements of or provide further explanations to existing MFRSs.

The following MFRSs and IC Interpretations have been issued by the MASB and are not yet effective:

Effective for annual periods commencing on or after 1 July 2012

Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)

Effective for annual periods commencing on or after 1 January 2013

MFRS 10 Consolidated Financial Statements
MFRS 11 Joint Arrangements
MFRS 12 Disclosure of Interests in Other Entities
MFRS 13 Fair Value Measurement
MFRS 119 Employee Benefits (as amended in June 2011)
MFRS 127 Separate Financial Statements (as amended by IASB in May 2011)
MFRS 128 Investments in Associates and Joint Ventures (as amended by IASB in May 2011)
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7)

1 Basis of preparation (cont'd.)

Effective for annual periods commencing on or after 1 January 2014

Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 132)

Effective for annual periods commencing on or after 1 January 2015

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)

IC Interpretation 20 will not have any financial impact to the Group as it is not relevant to the Group's operations. The financial effects of the above MFRSs and Amendments to MFRSs are still being assessed due to the complexity of these new MFRSs and Amendments to MFRSs, and their proposed changes.

2 Audit report of preceding annual financial statements

The auditors' report on the Financial Statements for the year ended 31 January 2012 of the Company was not subjected to any qualification.

3 Seasonality and cyclical factors

The operations of the Group were not materially affected either by seasonal or cyclical factors.

4 Exceptional items/unusual events

There was no unusual item affecting assets, liabilities, equity, net income, or cash flows during the third quarter ended 31 October 2012.

5 Variation from financial estimates reported in preceding financial year

There were no changes in estimates of amounts reported in the preceding financial year that would have a material effect in the current quarter results.

6 Debt and equity securities

There was no issuance, cancellation, resale and repayment of either debt or equity securities during the quarter under review except for the following:

Treasury Shares

On 1 October 2012, the Company cancelled 2,082,862 treasury shares with a carrying amount of RM1,578,943 or an average price of RM0.7581 per share. The share capital cancelled was transferred to capital redemption reserve and the consideration paid for the shares cancelled was set off against the capital redemption reserve in accordance with the requirement of Section 67A of the Companies Act, 1965.

As at 31 October 2012, the Company does not hold any treasury shares.

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7 Dividend paid

During the financial quarter ended 31 October 2012, a final single tier dividend of 2.4 sen per ordinary share of RM1.00 each held for the financial year ending 31 January 2012, amounting to RM19,891,582 was paid on 14 August 2012.

8 Segmental reporting

The Group's reportable operating segments are identified based on business units which are engaged in providing different services and products, as follows:

- (i) Investment holding and capital market operations - treasury activities including money market operations, foreign exchange and general investments
- (ii) Fund management - unit trust funds and asset management

ECM Libra Financial Group Berhad ("ECMLFG") has on 15 June 2012 entered into a conditional share purchase agreement with Kenanga Investment Bank Berhad and K & N Kenanga Holdings Berhad for the proposed disposal by ECMLFG of the entire equity interest in ECM Libra Investment Bank Berhad. Consequently, the following segments have been classified as discontinued from June 2012 onwards (note 30):

- (i) Stockbroking - stockbroking, share margin financing and dealing in securities
- (ii) Investment banking and structured financing - corporate finance advisory, equity capital markets services, debt capital markets and structured lending activities
- (iii) Treasury and capital market operations - treasury activities including money market operations, foreign exchange and proprietary investments
- (iv) Others - not significant to be individually disclosed

Treasury and capital market operations under ECM Libra Investment Bank Berhad, has been classified as discontinued from June onwards, therefore, the results of this operating segment has been split into continuing and discontinued operations.

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8 Segmental reporting (cont'd.)

	<-----Discontinued----->						Total	Inter-segment elimination	Group total
	Investment holding and Capital market operations	Fund management	Stockbroking	Investment banking and Structured financing	Treasury and Capital market operations	Others			
9 months ended 31 October 2012	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	1,777	9,058	42,123	37,716	32,829	2,511	126,014	-	126,014
Inter-segment revenue	-	-	14	-	38,945	12	38,971	(38,971)	-
	1,777	9,058	42,137	37,716	71,774	2,523	164,985	(38,971)	126,014
Net interest income	604	205	1,970	15,111	5,477	522	23,889	-	23,889
Non-interest income	1,173	8,853	32,952	11,195	10,765	1,501	66,439	-	66,439
Other non-operating income	1,279	-	351	42	146	42	1,860	-	1,860
Net income	3,056	9,058	35,273	26,348	16,388	2,065	92,188	-	92,188
Operating expenses	(4,224)	(6,617)	(37,077)	(3,934)	(15,523)	(1,836)	(69,211)	-	(69,211)
Operating (loss)/profit	(1,168)	2,441	(1,804)	22,414	865	229	22,977	-	22,977
(Allowance for)/writeback of losses on loans, advances and financing	(143)	-	-	(4,201)	209	-	(4,135)	-	(4,135)
(Allowance for)/writeback of impairment allowance for bad and doubtful debts	-	-	(90)	-	87	-	(3)	-	(3)
Writeback of impairment loss	-	-	-	-	1,528	-	1,528	-	1,528
(Loss)/profit by segments	(1,311)	2,441	(1,894)	18,213	2,689	229	20,367	-	20,367
Share of loss of an associated company									(153)
Profit before tax									20,214
Segment assets	47,356	15,887	452,369	519,786	1,349,170	71,659	2,456,227	(4,547)	2,451,680
Investment in associated company									19,823
Intangible assets									284,500
Total assets									2,756,003

ECM LIBRA FINANCIAL GROUP BERHAD (Company No. 713570-K)
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8 Segmental reporting (cont'd.)

9 months ended 31 October 2011 (Restated)	<-----Discontinued----->						Total RM'000	Inter- segment elimination RM'000	Group total RM'000
	Investment holding and Capital market operations RM'000	Fund management RM'000	Stockbroking RM'000	Investment banking and Structured financing RM'000	Treasury and Capital market operations RM'000	Others RM'000			
Revenue from external customers	1,125	8,687	44,540	35,915	46,721	1,118	138,106	-	138,106
Inter-segment revenue	-	-	-	-	37,682	152	37,834	(37,834)	-
	1,125	8,687	44,540	35,915	84,403	1,270	175,940	(37,834)	138,106
Net interest income	638	198	2,136	16,001	7,983	233	27,189	-	27,189
Non-interest income	487	8,489	38,105	7,303	20,823	954	76,161	-	76,161
Other non-operating income	1,032	-	207	59	130	163	1,591	-	1,591
Net income	2,157	8,687	40,448	23,363	28,936	1,350	104,941	-	104,941
Operating expenses	(2,581)	(6,125)	(35,328)	(3,344)	(12,368)	(3,975)	(63,721)	-	(63,721)
Operating profit	(424)	2,562	5,120	20,019	16,568	(2,625)	41,220	-	41,220
(Allowance for)/writeback of losses on loans, advances and financing	-	-	-	(720)	-	50	(670)	-	(670)
(Allowance for)/writeback of impairment allowance for bad and doubtful debts	-	-	38	(83)	6,456	-	6,411	-	6,411
Writeback of/(allowance for) impairment loss	87	(87)	-	-	1,083	-	1,083	-	1,083
Profit/(loss) by segments	(337)	2,475	5,158	19,216	24,107	(2,575)	48,044	-	48,044
Share of loss of an associated company									(871)
Profit before tax									47,173
Segment assets	52,019	14,943	578,670	429,498	1,459,883	74,381	2,609,394	(38,330)	2,571,064
Investment in associated company									18,886
Intangible assets									284,500
Total assets									2,874,450

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9 Deposits with financial institutions

	31-Oct-12	31-Jan-12
	RM'000	RM'000
Licensed banks	-	20,631
	<u>-</u>	<u>20,631</u>

Included in deposits with financial institutions are monies held in trust for clients and dealers' representatives as follows:

Money at call and deposits placements maturing more one month	-	657
	<u>-</u>	<u>657</u>

10 Securities held-for-trading

	31-Oct-12	31-Jan-12
	RM'000	RM'000
At fair value		
Malaysian Government Securities	-	60,708
Bankers' acceptances	-	194,977
Bank Negara Malaysia Notes	-	93,225
Quoted shares	-	2,001
Quoted Private Debt Securities	-	10,074
	<u>-</u>	<u>360,985</u>

11 Securities available-for-sale

	31-Oct-12	31-Jan-12
	RM'000	RM'000
At fair value		
Malaysian Government Securities	-	254,019
Malaysian Government Investment Issuance	-	89,122
Cagamas bonds	-	40,278
Quoted shares	-	147,398
Unquoted securities		
- Private debt securities	-	130,027
- Shares	-	2,200
Unit trust fund	-	15,042
	<u>-</u>	<u>678,086</u>
Less: Impairment loss on securities	-	(3,053)
	<u>-</u>	<u>675,033</u>

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11 Securities available-for-sale (cont'd.)

The balance of securities that were reclassified from held-for-trading to available-for-sale during a previous financial year:

	31-Oct-12	31-Jan-12
	RM'000	RM'000
Carrying value as at beginning of financial period/year	-	3,926
Loss on revaluation		
- recognised in available-for-sale revaluation reserves	-	(881)
Carrying value as at end of financial period/year	<u>-</u>	<u>3,045</u>

12 Securities held-to-maturity

	31-Oct-12	31-Jan-12
	RM'000	RM'000
At cost		
Negotiable instruments of deposit	-	200,000
	<u>-</u>	<u>200,000</u>

13 Loans, advances and financing

	31-Oct-12	31-Jan-12
	RM'000	(Restated) RM'000
Share margin financing	-	360,591
Term loans	4,139	189,649
Revolving credit	-	8,706
Gross loans, advances and financing	<u>4,139</u>	<u>558,946</u>
Less: Collective assessment allowance	(142)	(2,376)
Total net loans, advances and financing	<u>3,997</u>	<u>556,570</u>

Analysis of gross loans, advances and financing

By residual contractual maturity

Maturity within one year	-	511,947
More than one year to three years	-	46,999
More than three years to five years	-	-
More than five years	4,139	-
Gross loans, advances and financing	<u>4,139</u>	<u>558,946</u>

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13 Loans, advances and financing (cont'd.)

	31-Oct-12	31-Jan-12
	RM'000	(Restated) RM'000
<u>By economic purpose</u>		
Purchase of securities	-	404,530
Working capital	4,139	79,367
Others	-	75,049
Gross loans, advances and financing	4,139	558,946
<u>By interest rate sensitivity</u>		
Fixed rate		
- Share margin financing, term loans and revolving credit	4,139	558,946
Gross loans, advances and financing	4,139	558,946
<u>By type of customer</u>		
Domestic business enterprises	4,139	417,999
Individuals	-	122,275
Domestic non-bank financial institutions	-	18,672
Gross loans, advances and financing	4,139	558,946
(i) Movements in impaired loans		
Balance at beginning of financial period/year	-	-
Classified as impaired during the period/year	-	-
Recovered during the period/year	-	-
Balance at end of financial period/year	-	-
(ii) Movements in allowance for losses on loans and financing		
Collective assessment allowance		
Balance at beginning of financial period/year		
- as previously reported	-	10,176
- effect of change in accounting policy	-	(8,471)
	-	1,705
Allowance made during the period/year	142	671
Balance at end of financial period/year	142	2,376
As % of gross loans, advances and financing less individual assessment allowance		
	3.4%	0.4%

Individual assessment allowance

There is no individual assessment allowance made as there are no impaired loans during and at the end of the period.

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14 Trade receivables

	31-Oct-12	31-Jan-12
	RM'000	RM'000
Amount owing by clients	-	165,279
Amount owing by brokers	-	196,575
	<u>-</u>	<u>361,854</u>
Less: Impairment allowance for bad and doubtful receivables		
Individual assessment allowance	-	(1,044)
	<u>-</u>	<u>360,810</u>
Amount owing by trustees	2,089	2,690
	<u>2,089</u>	<u>363,500</u>

15 Other assets

	31-Oct-12	31-Jan-12
	RM'000	RM'000
Interest receivable	4	7,653
Deposits	196	6,410
Tax recoverable	1,370	1,448
Other receivables	8,630	16,208
	<u>10,200</u>	<u>31,719</u>
Less: Individual assessment allowance	-	(2,276)
	<u>10,200</u>	<u>29,443</u>

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16 Disposal group held for sale

ECM Libra Investment Bank Berhad and its subsidiaries ("ECMLIB Group") are presented as a disposal group held for sale following the commitment of ECM Libra Financial Group Berhad ("ECMLFG"), on 15 June 2012, to a conditional share purchase agreement for the proposed disposal by ECMLFG of the entire equity interest in ECMLIB. As at 31 October 2012, the assets and liabilities of ECMLIB Group are as follows:

	Note	31-Oct-12 RM'000
Assets classified as held for sale		
Cash and short-term funds		474,335
Deposits with financial institutions		462
Securities held-for-trading		378,736
Securities available-for-sale		428,630
Securities held-to-maturity		60,000
Derivative financial assets		3,058
Loans, advances and financing		636,891
Trade receivables		334,608
Other assets	a	18,920
Statutory deposit with Bank Negara Malaysia		31,413
Property, plant and equipment	b	21,377
Intangible assets		52,500
		<u>2,440,930</u>
Liabilities classified as held for sale		
Deposits from customers		1,105,156
Deposits and placements of banks and other financial institutions		85,625
Derivative financial liabilities		84
Trade payables		487,359
Other liabilities		54,625
Deferred tax liabilities		7,935
		<u>1,740,784</u>

Cumulative income or expense recognised in other comprehensive income

The cumulative income or expenses recognised in other comprehensive income relating to the subsidiary is RM6,236,000.

Note a

Other assets are carried at cost less an impairment loss of RM2,276,000.

Note b

Property, plant and equipment held for sale comprise the following:

	31-Oct-12 RM'000
Cost	49,304
Accumulated depreciation	(27,927)
	<u>21,377</u>

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17 Deposits from customers

	31-Oct-12	31-Jan-12
	RM'000	RM'000
<u>By type of deposits</u>		
Short-term deposits	-	1,064,920
Negotiable instruments of deposit	-	16,563
	<u>-</u>	<u>1,081,483</u>
 <u>By type of customers</u>		
Government and statutory bodies	-	116,300
Domestic business enterprises	-	177,508
Domestic other entities	-	600
Individuals	-	26,991
Non-bank financial institutions	-	760,084
	<u>-</u>	<u>1,081,483</u>
 Maturity structure of short-term deposits and negotiable instruments of deposit are as follows:		
Due within six months	-	1,061,720
More than six months to one year	-	19,763
	<u>-</u>	<u>1,081,483</u>

18 Deposits and placements of banks and other financial institutions

	31-Oct-12	31-Jan-12
	RM'000	RM'000
Licensed banks	-	266,409
Licensed investment banks	-	74,962
	<u>-</u>	<u>341,371</u>

19 Trade payables

	31-Oct-12	31-Jan-12
	RM'000	RM'000
Amount owing to clients	-	102,743
Amount owing to brokers	-	221,589
Client's trust monies	-	158,546
Amount owing to trustees	2,693	81
	<u>2,693</u>	<u>482,959</u>

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20 Other liabilities

	31-Oct-12	31-Jan-12
	RM'000	RM'000
Interest payables	-	2,585
Accruals and deposits received	988	8,968
Remisiers' and dealers' trust accounts	-	20,710
Other payables	2,382	29,036
	3,370	61,299

21 Interest income

	Current	Corresponding	Current	Corresponding
	quarter ended	quarter ended	year to date	year to date
	31-Oct-12	31-Oct-11	31-Oct-12	31-Oct-11
	RM'000	RM'000	RM'000	RM'000
Loans and advances	72	-	72	-
Short-term funds and deposits with financial institutions	146	270	737	834
Others	-	-	-	2
	218	270	809	836

22 Interest expense

	Current	Corresponding	Current	Corresponding
	quarter ended	quarter ended	year to date	year to date
	31-Oct-12	31-Oct-11	31-Oct-12	31-Oct-11
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	-	-	-	-
Deposits from banks and other financial institutions	-	-	-	-
Others	-	-	-	-
	-	-	-	-

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23 Non-interest income

	Current quarter ended 31-Oct-12 RM'000	Corresponding quarter ended 31-Oct-11 RM'000	Current year to date 31-Oct-12 RM'000	Corresponding year to date 31-Oct-11 RM'000
Fee income				
- Portfolio management fees	2,844	2,594	8,599	7,897
- Other fee income	601	337	1,258	1,509
	3,445	2,931	9,857	9,406
Net gain arising from securities available-for-sale				
- Net gain on disposal	169	484	169	484
- Gross dividend income	-	-	-	-
	169	484	169	484
Total non-interest income	3,614	3,415	10,026	9,890

24 Other non-operating income

	Current quarter ended 31-Oct-12 RM'000	Corresponding quarter ended 31-Oct-11 RM'000	Current year to date 31-Oct-12 RM'000	Corresponding year to date 31-Oct-11 RM'000
Rental income	382	520	1,248	926
Gain on disposal of property, plant and equipment	-	-	-	91
Gain on foreign exchange translations	12	(28)	(3)	(5)
Others	-	20	34	20
	394	512	1,279	1,032

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25 Operating expenses

	Current quarter ended 31-Oct-12 RM'000	Corresponding quarter ended 31-Oct-11 RM'000	Current year to date 31-Oct-12 RM'000	Corresponding year to date 31-Oct-11 RM'000
<u>Personnel expenses</u>				
Salaries, allowance and bonus	1,736	1,581	4,944	4,380
Contributions to defined contribution plan	225	161	577	482
Other personnel costs	238	116	596	528
	2,199	1,858	6,117	5,390
<u>Establishment costs</u>				
Depreciation of property, plant and equipment	247	220	717	584
Property, plant and equipment written off	-	-	3	-
Rental of premises	72	81	229	231
Rental of network and equipment	34	59	168	181
Other establishment costs	6	(228)	17	14
	359	132	1,134	1,010
<u>Marketing and communication expenses</u>				
Advertising expenses	-	70	3	109
Entertainment	20	26	73	90
Other marketing expenses	146	95	343	320
	166	191	419	519
<u>Administrative and general expenses</u>				
Audit fees	18	18	56	56
Legal and professional fees	265	543	1,015	699
Printing and stationery	9	12	25	32
Insurance, postages and courier	3	4	48	42
Electricity and water charges	6	6	18	21
Telecommunication expenses	24	31	86	90
Travelling and accomodation	9	1	16	12
Others	576	687	1,907	1,749
	910	1,302	3,171	2,701
Total operating expenses	3,634	3,483	10,841	9,620

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26 Discontinued operation/Disposal of subsidiaries

ECM Libra Financial Group Berhad ("ECMLFG") had on 15 June 2012, entered into a conditional share purchase agreement with Kenanga Investment Bank Berhad and K & N Kenanga Holdings Berhad for the proposed disposal by ECMLFG of the entire equity interest in ECM Libra Investment Bank Berhad for a total disposal consideration of RM875,114,000.

The subsidiary was not a discontinued operation or classified as held for sale as at 31 January 2012 and the comparative consolidated statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

Profit attributable to the discontinued operation were as follows:

	Current year to date 31-Oct-12 RM'000	Corresponding year to date 31-Oct-11 RM'000
Results of discontinued operation		
Revenue	118,625	130,585
Expenses	(99,387)	(84,678)
Results from operating activities	<u>19,238</u>	<u>45,907</u>
Tax expense	(5,324)	(17,616)
Profit for the period	<u>13,914</u>	<u>28,291</u>
Included in results from operating activities are:		
Depreciation of property, plant and equipment	<u>4,157</u>	<u>4,068</u>

The profit from discontinued operation of RM8,852,000 (2012: RM26,215,000) is attributable entirely to owners of the Company.

	9 months ended	
	31-Oct-12 RM'000	31-Oct-11 RM'000
Cash flows from/(used in) disposed subsidiary		
Net cash used in operating activities	(327,539)	102,402
Net cash from investing activities	381,655	(157,837)
Net cash from financing activities	(33,293)	(38,112)
Effects of exchange rate changes	-	6,288
Effect on cash flows	<u>20,823</u>	<u>(87,259)</u>

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27 Capital adequacy

The following is the computation of the capital adequacy ratios of ECM Libra Investment Bank Berhad ("the Bank"), the investment banking subsidiary of the Group.

(a) Risk weighted capital ratios and Tier I and Tier II capital

	31-Oct-12	31-Jan-12 (Restated)
	RM'000	RM'000
<u>Tier I Capital</u>		
Paid-up share capital	513,000	513,000
Retained profit	69,055	69,055
Statutory reserve	80,787	80,787
Other reserves	4,957	212
Total Tier I capital (a)	667,799	663,054
<u>Tier II Capital</u>		
Collective assessment allowance for bad and doubtful debts and financing	6,720	2,376
Total Tier II capital (b)	6,720	2,376
Capital base (a) + (b)	674,519	665,430
Total risk-weighted assets	1,224,432	1,314,270
Core capital ratio	54.5%	50.5%
Risk weighted capital ratio	55.1%	50.6%

The capital adequacy ratios of the Bank are computed in accordance with BNM's revised Risk-Weighted Capital Adequacy Framework (RWCAF-Basel II). The Bank has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% (2011: 8.0%) for the risk-weighted capital ratio.

(b) The breakdown of risk-weighted assets (RWA) by each major risk category is as follows:

	31-Oct-12	31-Jan-12 (Restated)
	RM'000	RM'000
Credit risk	502,680	511,769
Market risk	472,516	528,595
Operational risk	249,236	273,906
Total RWA	1,224,432	1,314,270

28 Valuation of property, plant and equipment

There was no valuation of property, plant and equipment of the Group in the quarter under review.

29 Material subsequent event

There were no material events subsequent to 31 October 2012.

30 Changes in the composition of the Group

During the previous quarter ended 31 July 2012, ECM Libra Financial Group Berhad ("ECMLFG") entered into a conditional share purchase agreement with Kenanga Investment Bank Berhad and K & N Kenanga Holdings Berhad for the proposed disposal of the entire equity interest in ECM Libra Investment Bank Berhad, together with its subsidiary companies ECML Nominees (Tempatan) Sdn. Bhd., ECML Nominees (Asing) Sdn. Bhd. and Avenue Kestrel Sdn. Bhd. ("ECMLIB Group"). ECMLIB Group, being the investment banking subsidiary of the Group, represents a major component of the Group.

On 10 May 2012, the Liquidator of ECM Libra Securities Nominees Sdn Bhd ("ECMLN"), a dormant wholly-owned subsidiary, had convened the Final Meeting to conclude the member's voluntary winding-up of ECMLN. A Return by Liquidator Relating to Final Meeting of ECMLN has been lodged on 11 May 2012 with the Companies Commission of Malaysia and the Official Receiver, and upon the expiration of 3 months from 11 May 2012, ECMLN has been dissolved.

31 Commitments and contingencies

(a) Capital commitments

As at 31 October 2012, the Group has commitments in respect of capital expenditure as follows: -

Authorised and contracted for	RM'000 3,359
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31 Commitments and contingencies (cont'd.)

(b) Other commitments and contingencies

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

The risk-weighted exposures of the Group are as follows:

	Nominal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
<u>As at 31 October 2012</u>			
Commitments to extend credits with maturity of less than 1 year:			
- margin facilities	777,546	-	-
- term loan facilities	28,312	6,712	6,712
Foreign exchange related contracts	128,830	82	82
	<u>934,688</u>	<u>6,794</u>	<u>6,794</u>
<u>As at 31 January 2011</u>			
Commitments to extend credits with maturity of less than 1 year:			
- margin facilities	492,574	98,515	87,694
- term loan facilities	60,667	13,183	13,183
Foreign exchange related contracts	5,814	91	35
	<u>559,055</u>	<u>111,789</u>	<u>100,912</u>

* The credit equivalent amount is arrived at using the credit conversion factors as specified by BNM.

32 Changes in accounting policies

(a) Transition to the MFRS Framework

These unaudited interim financial statements are for part of the period covered by the Group's first annual financial statements prepared under the MFRS framework. Accordingly, the Group has applied MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards in their transition to the MFRS framework on 1 February 2012. The policy elections made on transition date are listed in the audited financial statements of the Group for the financial year ended 31 January 2012. The MFRS did not result in any financial impact to the Group other than the financial impact arising from the change in accounting policy on collective assessment allowance, as the accounting policies adopted under the previous FRS framework were already in line with the requirements of the MFRS framework.

32 Changes in accounting policies (cont'd.)

(a) Transition to the MFRS Framework

The transition to the MFRS framework has resulted in the following changes:

MFRS 139 Financial Instruments: Recognition and Measurement ("MFRS 139") - Accounting policy on collective assessment allowance for loans, advances and financing ("loans")

Prior to the transition to MFRS 139, the Group had maintained its collective assessment allowance at 1.5% of total outstanding loans, net of individual assessment allowance, in line with Bank Negara Malaysia ("BNM")'s transitional provisions under its Guidelines on Classification and Impairment Provisions for Loans/Financing. Upon the transition to MFRS 139 on 1 February 2012, these transitional provisions, which were allowed under the previous FRS framework, were removed and the Group has applied the requirements of MFRS 139 in the determination of collective assessment allowance.

Under MFRS 139, collective assessment is performed on loans which are not individually significant based on the incurred loss approach. Loans which are individually assessed and where there is no objective evidence of impairment are also included in the group of loans for collective assessment. These loans are pooled into groups with similar credit risk characteristics and the future cash flows for each group is estimated on the basis of the historical loss experience for such assets and discounted to present value. Collective assessment allowance is made on any shortfall in these discounted cash flows against the carrying value of the group of loans.

This change in accounting policy has been accounted for retrospectively and has resulted in a decrease in the collective assessment allowance charged in the income statement and a writeback of collective assessment allowance to the opening retained profits and opening collective assessment allowance in the statement of financial position. BNM requires ECM Libra Investment Bank Berhad ("Bank") to classify the writeback of collective assessment allowance into regulatory reserve until the validation is completed. A summary of the financial impact of the change in accounting policy on the financial statements of the Group are as follows:

Statement of Financial Position	31-Jan-12 RM'000	1-Feb-11 RM'000
<u>Loans, advances and financing - collective assessment allowance</u>		
As previously stated	8,704	10,176
Effect of change in accounting policy	(6,328)	(8,471)
As restated	<u>2,376</u>	<u>1,705</u>
<u>Retained profits</u>		
As previously stated	59,307	76,501
Effect of change in accounting policy	4,746	6,353
As restated	<u>64,053</u>	<u>82,854</u>

32 Changes in accounting policies (cont'd.)

(b) Financial impact of changes in accounting policies

In the preparation of the Group's and the Bank's opening MFRS statements of financial position, the amounts previously reported in accordance with the previous FRS framework have been adjusted for the financial effects of the adoption of the MFRS framework. A reconciliation of these changes is summarised in the following tables:

(i) Statement of Financial Position

Group	Under the FRS Framework RM'000	Effect of transition to MFRS 139 RM'000	Under the MFRS Framework RM'000
As at 31 January 2012			
ASSETS			
Cash and short-term funds	410,566		410,566
Deposits with financial institutions	20,631		20,631
Securities held-for-trading	360,985		360,985
Securities available-for-sale	675,033		675,033
Securities held-to-maturity	200,000		200,000
Derivative financial assets	6,688		6,688
Loans, advances and financing	550,242	6,328	556,570
Trade receivables	363,500		363,500
Other assets	29,443		29,443
Statutory deposit with Bank Negara Malaysia	27,165		27,165
Investment in associated company	19,976		19,976
Deferred tax assets	735		735
Property, plant and equipment	44,916		44,916
Intangible assets	284,500		284,500
TOTAL ASSETS	2,994,380		3,000,708
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from customers	1,081,483		1,081,483
Deposits and placements of banks and other financial institutions	341,371		341,371
Derivative financial liabilities	57		57
Trade payables	482,959		482,959
Other liabilities	61,299		61,299
Provision for taxation	2,873	1,582	4,455
Deferred tax liabilities	8,041		8,041
TOTAL LIABILITIES	1,978,083		1,979,665
EQUITY			
Share capital	830,902		830,902
Reserves	186,974	4,746	191,720
Less: Treasury shares, at cost	(1,579)		(1,579)
TOTAL EQUITY	1,016,297		1,021,043
TOTAL LIABILITIES AND EQUITY	2,994,380		3,000,708
Net assets per share (RM)	1.23		1.23

32 Changes in accounting policies (cont'd.)

(b) Financial impact of changes in accounting policies (cont'd.)

(i) Statement of Financial Position (cont'd.)

Group As at 1 February 2011	Under the FRS Framework RM'000	Effect of transition to MFRS 139 RM'000	Under the MFRS Framework RM'000
ASSETS			
Cash and short-term funds	394,897		394,897
Deposits with financial institutions	21,489		21,489
Securities held-for-trading	353,818		353,818
Securities available-for-sale	519,479		519,479
Securities held-to-maturity	70,000		70,000
Derivative financial assets	9,552		9,552
Loans, advances and financing	649,880	8,471	658,351
Trade receivables	485,318		485,318
Other assets	21,760		21,760
Statutory deposit with Bank Negara Malaysia	8,834		8,834
Investment in associated company	19,757		19,757
Deferred tax assets	11,687		11,687
Property, plant and equipment	42,451		42,451
Intangible assets	284,500		284,500
TOTAL ASSETS	2,893,422		2,901,893
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from customers	1,046,806		1,046,806
Deposits and placements of banks and other financial institutions	201,008		201,008
Derivative financial liabilities	-		-
Trade payables	577,837		577,837
Other liabilities	73,865		73,865
Provision for taxation	42	2,118	2,160
Hire purchase payable	-		-
Deferred tax liabilities	958		958
TOTAL LIABILITIES	1,900,516		1,902,634
EQUITY			
Share capital	830,902		830,902
Reserves	169,890	6,353	176,243
Less: Treasury shares, at cost	(7,886)		(7,886)
TOTAL EQUITY	992,906		999,259
TOTAL LIABILITIES AND EQUITY	2,893,422		2,901,893
Net assets per share (RM)	1.21		1.22

32 Changes in accounting policies (cont'd.)

(b) Financial impact of changes in accounting policies (cont'd.)

(ii) Statement of Cash Flow

There are no material differences between the statement of cash flow presented under the MFRSs and the statement of cash flow presented under FRSs.

(iii) Capital adequacy

The adjustments to the financial statements of the Group as a result of the transition to the MFRS framework and the changes in accounting policies, as discussed above, also had consequential effects on the comparative capital adequacy ratios of the Bank. These are summarised below:

	As at 31 January 2012		As at 1 February 2011	
	As previously stated: Under the FRS Framework	As restated: Under the MFRS Framework	As previously stated: Under the FRS Framework	As restated: Under the MFRS Framework
Bank				
Tier 1 capital (RM'000)	663,054	663,054	637,622	637,622
Capital base (RM'000)	671,758	665,430	647,798	639,327
Tier 1 capital ratio	50.5%	50.5%	81.8%	81.8%
Risk-weighted capital ratio	51.1%	50.6%	83.1%	82.1%

Part B – Additional information required by the listing requirements of Bursa Malaysia

33 Status of corporate proposals announced

Status of corporate proposal announced but not completed as at 18 December 2012 (being the date of issue of this Quarterly Report) is as follows:

ECM Libra Financial Group Berhad ("ECMLFG") had on 15 June 2012, entered into a conditional share purchase agreement with Kenanga Investment Bank Berhad ("KIBB") and K & N Kenanga Holdings Berhad ("KNKH") for the proposed disposal by ECMLFG of the entire equity interest in ECM Libra Investment Bank Berhad ("ECMLIB") to KIBB for a total disposal consideration of RM875,114,000 ("Proposed Disposal").

Pursuant to the Proposed Disposal, ECMLIB simultaneously entered into a business merger agreement with KIBB for the proposed business merger of the businesses of ECMLIB and KIBB ("Proposed Business Merger").

The agreements were entered into after ECMLFG and KNKH received the approvals of the Minister of Finance via a letter from Bank Negara Malaysia dated 7 June 2012 and the Securities Commission ("SC") via its letter dated 12 June 2012 for the Proposed Disposal and Proposed Business Merger.

An Extraordinary General Meeting was convened on 31 July 2012 and shareholders of ECMLFG have approved the following:

- i) Proposed Disposal
- ii) Proposed Business Merger
- iii) Proposed Capital Restructuring

The Proposed Capital Restructuring of ECMLFG involved:

- a) Proposed Capital Repayment comprising:
 - i) a cash distribution of RM442,647,000;
 - ii) distribution-in-specie of 120,000,000 KNKH Shares valued at RM70,200,000; and
 - iii) distribution-in-specie of RM47,750,000 in nominal value of RULS (Series A)
- b) Proposed Share Split and Proposed Share Consolidation

On 30 October 2012, the High Court of Malaya had granted a vesting order for the transfer of ECMLIB's entire business as a going concern (including substantially all the assets and liabilities) to KIBB on and with effect from the transfer date as specified in the said order. The sealed order of the High Court of Malaya was obtained on 2 November 2012. The obtaining of a Vesting Order is one of the Conditions Precedent stated in the Share Purchase Agreement dated 15 June 2012.

On 2 November 2012, SC had granted its approval under Section 212(5) of the Capital Markets and Services Act 2007 for the proposed distribution of ordinary shares in KNKH and redeemable non-convertible unsecured loan stocks ("RULS") of KNKH (Series A) to all shareholders of ECMLFG by way of distribution-in-specie subject to the following terms:

- i) Distribution-in-specie of 120,000,000 ordinary shares of RM1.00 each in KNKH to all shareholders of ECMLFG; and
- ii) Distribution-in-specie of RM47,750,000 nominal value of RULS of KNKH (Series A) to all shareholders of ECMLFG.

On 26 November 2012, the High Court of Malaya had granted an order confirming the proposed capital reduction of ECMLIB. The sealed order confirming the proposed capital reduction of ECMLIB has been obtained on 4 December 2012 and this is the last Conditions Precedent stated in the Share Purchase Agreement.

On 14 December 2014, the Proposed Disposal and Proposed Business Merger were completed and ECMLIB ceased to be a subsidiary of the Company

34 Performance review on the results of the Group

Performance review of continuing operations and discontinued operation is presented separately following the conditional share purchase agreement entered into with Kenanga Investment Bank Berhad ("KIBB") and K & N Kenanga Holdings Berhad for the proposed disposal by ECM Libra Financial Group Berhad ("ECMLFG") of the entire equity interest in ECM Libra Investment Bank Berhad to KIBB.

a) Continuing operations

For the current financial period ended 31 October 2012, the Group recorded a profit before tax of RM1.0 million and a loss after tax of RM37 thousand. This is mainly contributed by portfolio management fees income of RM8.6 million, interest income of RM0.8 million, rental income of RM1.2 million and other fee income of RM1.3 million; partially offset by operating expenses of RM10.8 million.

i) Investment holding and capital market operations

Investment holding and capital market operations comprising money market operations, foreign exchange and general investments, generates interest income and investment and rental income.

Investment holding and capital market operations reported a loss before tax of RM1.3 million for the financial period ended 31 October 2012. Revenue generated included net interest income of RM0.6 million, rental income of RM1.3 million and fee income of RM1.1 million; offset by operating expenses of RM4.2 million.

Investment holding and capital market operations reported a loss before tax in the current quarter ended 31 October 2012 of RM0.2 million from a loss of RM0.6 million in the quarter ended 31 July 2012. The decrease in loss is mainly due to higher fee income of RM0.6 million compared to RM0.3 million in the previous quarter and lower operating expenses of RM1.3 million incurred in the current quarter as compared to RM1.5 million in the previous quarter.

(ii) Fund management

Fund management comprising unit trust funds and asset management, mainly generates management fees.

Fund management reported a profit before tax of RM2.4 million for the financial period ended 31 October 2012, largely contributed by management fee income of RM8.9 million; partially offset by operating expenses of RM6.6 million.

Profit before tax decreased from RM0.8 million in the previous quarter ended 31 July 2012 to RM0.7 million in the current quarter ended 31 October 2012 mainly due to an increase in operating expenses from RM2.2 million in the last quarter to RM2.3 million in the current quarter. Management fees remained stable at RM2.8 million for both quarters.

b) Discontinued operation

For the current financial period ended 31 October 2012, ECMLIB Group achieved a profit before tax of RM19.2 million and a profit after tax of RM13.9 million. This is mainly contributed by net brokerage of RM32.4 million, other fee income of RM11.7 million, net interest income of RM23.1 million, net gain from trading and investment securities of RM10.8 million and gain on foreign exchange transactions of RM2.4 million; partially offset by allowance on losses on loans and financing of RM4.2 million and operating expenses of RM58.4 million.

34 Performance review on the results of the Group (cont'd.)

b) Discontinued operation (cont'd.)

i) Stockbroking

Stockbroking comprising stockbroking, share margin financing and dealing in securities mainly generates brokerage income. The performance of the segment is therefore influenced by Bursa Malaysia's market volume.

Stockbroking reported a loss before tax of RM1.9 million for the financial period ended 31 October 2012. Revenue generated included net brokerage of RM32.4 million, net interest income of RM2.0 million and gain of foreign exchange transactions of RM0.8 million; offset by operating expenses of RM37.1 million.

Stockbroking reported a loss before tax of RM2.2 million in the current quarter ended 31 October 2012 compared to last quarter's loss before tax of RM0.6 million. This is resultant from lower trading volume of RM191 billion for current quarter ended 31 October 2012 compared to RM209 billion for the previous quarter ended 31 July 2012.

ii) Treasury and capital market operations

Treasury and capital market operations comprising money market operations, foreign exchange and proprietary investments, generates interest income and investment and trading income.

Treasury and capital market operations reported a profit before tax of RM2.7 million for the financial period ended 31 October 2012, largely contributed by net interest income of RM5.5 million, gain from trading and investment securities of RM10.3 million and gain on foreign exchange transactions of RM1.5 million; offset by operating expenses of RM15.5 million.

Treasury and capital markets reported a profit before tax of RM4.2 million in the current quarter ended 31 October 2012 from a loss before tax of RM1.8 million in the quarter ended 31 July 2012. The increase in profit is mainly due to higher trading and investment income generated in the current quarter of RM5.0 million compared to last quarter's loss of RM0.7 million, higher net interest income of RM2.4 million compared to RM2.1 million in the previous quarter and lower operating expenses of RM4.7 million incurred in the current quarter compared to RM5.0 million in the previous quarter.

iii) Investment banking and structured financing

Investment banking and structured financing which consist mainly of corporate finance advisory, equity capital markets services and structured lending activities, generates corporate advisory and related fees, loan related fees and interest income.

Investment banking and structured financing reported a profit before tax of RM18.2 million for the financial period ended 31 October 2012, largely contributed by net interest income of RM15.1 million and fee income of RM11.2 million; partially offset by allowance on losses on loans and financing of RM4.2 million and operating expenses of RM3.9 million.

Profit before tax decreased from RM6.1 million in the previous quarter ended 31 July 2012 to RM4.7 million in the current quarter ended 31 October 2012 mainly due to allowance made on losses on loans and financing in the current quarter of RM4.2 million in tandem with the growth in loan portfolio. The decrease is partially offset by an increase in net interest income from RM4.3 million in previous quarter to RM5.9 million in current quarter from the enlarged loan portfolio.

35 Review of performance of current financial quarter against immediate preceding financial quarter

a) Continuing operations

For the financial quarter under review, the Group achieved a profit before tax of RM0.4 million as compared to RM0.2 million reported for the immediate preceding quarter.

For the current quarter, the Group reported a higher fee income of RM3.4 million as compared to RM3.3 million in the previous quarter and lower operating expenses at RM3.6 million compared to RM3.7 million in the previous quarter.

b) Discontinued operation

For the financial quarter under review, ECM Libra Investment Bank Berhad and its subsidiaries ("ECMLIB Group") achieved a profit before tax of RM7.0 million as compared to RM3.9 million reported for the immediate preceding quarter.

For the current quarter, ECMLIB Group reported higher investment and trading income and corporate advisory fees of RM5.9 million and RM1.5 million respectively. The increase has been partially offset by allowance made on losses on loans and financing of RM4.2 million in the current quarter in tandem with the growth in loan portfolio.

36 Group's prospects

As disclosed in Note 33 above, ECM Libra Financial Group Berhad ("ECMLFG") has entered into a conditional share purchase agreement with Kenanga Investment Bank Berhad and K & N Kenanga Holdings Berhad for the proposed disposal by ECMLFG of the entire equity interest in ECM Libra Investment Bank Berhad ("ECMLIB"). The proposed disposal is expected to complete during the fourth quarter ending 31 January 2013. Upon disposal of ECMLIB, the Group will expect to see a significant drop in revenue as ECMLIB is a major contributor within the Group. After the disposal of ECMLIB, the Group will carry on as an investment holding company and will still have continuing operations by virtue of Libra Invest Berhad, a licensed fund management company.

The Group has plans to grow its fund management business through various initiatives identified under its business plan. The Group will derive income from a portfolio of proprietary investments and is also looking to explore and undertake other strategic investments to enhance its earnings profile.

37 Profit forecast

The Group has not entered into any scheme that requires it to present forecast results or guarantee any profits.

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38 Income tax expense

	Current quarter ended 31-Oct-12 RM'000	Corresponding quarter ended 31-Oct-11 RM'000	Current year to date 31-Oct-12 RM'000	Corresponding year to date 31-Oct-11 RM'000
Income tax expense on continuing operations	277	189	1,014	702
Income tax expense on discontinued operation	1,903	8,924	5,325	17,615
Total income tax expense	2,180	9,113	6,339	18,317
Major component of income tax expense include:				
Income tax:				
Current period provision	777	1,071	3,045	915
Under provision of tax in prior years	390	6,744	502	6,808
	1,167	7,815	3,547	7,723
Deferred taxation:				
Transfer from deferred tax	1,013	1,298	2,792	10,594
	2,180	9,113	6,339	18,317

The Group's effective tax rate for the third quarter ended 31 October 2012 was higher than statutory tax rate due to certain expenses not deductible for tax purposes.

39 Group borrowings

The Group has no borrowings and debt securities as at 31 October 2012.

40 Realised and unrealised retained profits

The breakdown of the retained profits of the Group as at 31 October 2012 and 31 January 2012 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Securities dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Current year to date 31-Oct-12 RM'000	Previous year ended 31-Jan-12 (Restated) RM'000
Total retained profits of the Group		
- Realised	58,601	64,835
- Unrealised	(7,760)	(3,322)
	50,841	61,513
Total share of retained profits from associate		
- Realised	447	600
	51,288	62,113
Add: Consolidation adjustments	2,004	1,940
Retained profits as per financial statements	53,292	64,053

The unrealised retained profits of the Group as disclosed above excludes translation gains and losses on monetary items denominated in a currency other than the functional currency and foreign exchange contracts, as these translation gains and losses are incurred in the ordinary course of business of the Group, and are hence deemed as realised.

41 Material litigations

Save as disclosed below, the Group is not engaged in any material litigation that may materially and adversely affect the position or business of the Group.

Quah Lay Beng ("OLB") and Quah Lay Swee ("OLS") (collectively referred to as the "Plaintiffs") vs ECM Libra Investment Bank Berhad ("ECMLIB") (Kuala Lumpur High Court Originating Summons No. 24NCC-128-03/2012

The Plaintiffs had vide an originating summons dated 30 March 2012 initiated legal action against ECMLIB over disputed amount in various margin accounts, to claim in aggregate the sum of RM3,104,310.30 together with interests at the rate of 4% per annum from 4 September 2011 until full settlement, costs and other relief as the court deems fit.

ECMLIB, through its counsel, had filed the following applications at the Kuala Lumpur High Court:

- (a) summons in chambers in respect of the application of ECMLIB to convert the originating summons to a writ; and
- (b) an ex-parte summons in chambers in respect of the application for leave to issue third party notice to Joseph Lee Yok Min @ Ambrose for the purpose of including him as a third-party defendant in the matter.

The Plaintiffs have filed the Record of Appeal to the Court of Appeal against the learned Judge's decision in converting the originating summons to a writ action. Hearing for the appeal has been fixed for hearing on 3 January 2013.

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41 Material litigations (cont'd.)

By consent, Joseph Lee Yok Min @ Ambrose is now a third party in the writ action.

The Directors of ECMLIB are of the opinion that ECMLIB has a strong basis to successfully defend against the claim.

42 Dividend

No dividend has been proposed for the quarter ended 31 October 2012.

43 Earnings/(loss) per share

	Current quarter ended 31-Oct-12	Corresponding quarter ended 31-Oct-11	Current year to date 31-Oct-12	Corresponding year to date 31-Oct-11
Profit/(loss) from: (RM'000)				
Continuing operations	90	(346)	(37)	565
Discontinued operation	5,064	2,076	13,914	28,291
Weighted average number of ordinary shares in issue ('000)	828,819	828,819	828,819	820,646
Basic/diluted* earnings/(loss) per share (sen)				
From continuing operations	0.01	(0.04)	(0.00)	0.07
From discontinued operation	0.61	0.25	1.68	3.45

The basic earnings/(loss) per ordinary share is calculated by dividing the net profit/(loss) for the quarter by the weighted average number of ordinary shares in issue during the quarter.

* Outstanding ESOS have been excluded from the computation of fully diluted earnings per RM1 ordinary share as the average market price of the ordinary shares is currently below the exercise price of the options.

Date : 18 December 2012