ecmlibra avenue

Laporan Tahunan 2007 Annual Report

ECM Libra Avenue Berhad 713570-K
(Formerly Known As Avenue International Capital Berhad)

contents

corporate information

DIRECTORS
Dato' Kalimullah bin Masheerul Hassan
(Executive Chairman & Chief Executive Officer)
Dato' Ab. Halim bin Mohyiddin (Vice Chairman)
Mr Lim Kian Onn (Managing Director)
Datuk Kamarudin bin Md Ali
Dato' Othman bin Abdullah
Encik Mahadzir bin Azizan
Mr Soo Kim Wai
Mr Lum Sing Fai (alternate to Mr Soo Kim Wai)

SECRETARY
Ms Wong Seong Cho

AUDITORS
Messrs Ernst & Young
Chartered Accountants
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LISTING
Main Board of Bursa Malaysia Securities Berhad

directors' profile

Dato' Kalimullah bin Masheerul Hassan

Executive Chairman & Chief Executive Officer/Non-Independent

Dato' Kalimullah bin Masheerul Hassan, a Malaysian, aged 49, began a career in journalism in 1979 and moved on to the corporate sector in 1995. He has gained vast corporate experience having held key positions in various Malaysian listed corporations. In September 2002, Dato' Kalimullah was appointed as chairman of the national news agency, Bernama, for a two-year term by DYMM Yang di-Pertuan Agong but resigned to take on his position as Group Chief-in-Editor in The News Straits Times Press (M) Bhd ("NSTP") on 1 January 2004. He left as Group Editor-in-Chief on 31 December 2005 upon expiry of his contract and returned to his financial services business. He was appointed Deputy Chairman of NSTP on 1 January 2006. Dato' Kalimullah was appointed by the Federal Government as a member of the National Unity Advisory Panel on 1 January 2005 for a two-year term. He was re-appointed for another two-year term on 1 January 2007.

Dato' Kalimullah was appointed Chairman of the Board of Directors ("Board") of ECM Libra Avenue Berhad ("ECMLA" or "Company") on 16 June 2006 and re-designated the Executive Chairman & Chief Executive Officer with effect from 1 May 2007. He is a member of the Nomination Committee and Remuneration Committee. He attended all two (2) Board meetings held during the financial year ended 31 January 2007.

Dato' Kalimullah is the Chairman of Ekowood International Berhad and a director of ECM Libra Foundation. He has no family relationship with the other directors or major shareholders of ECMLA, no conflict of interest with ECMLA and has no conviction for offences within the past ten years.

directors' profile continued

Dato' Ab. Halim bin Mohyiddin

Vice Chairman/Independent Non-Executive

Dato' Ab. Halim bin Mohyiddin, a Malaysian, aged 61, serves on the Board of Amway (Malaysia) Holdings Berhad, Bank Pembangunan & Infrastruktur Malaysia Berhad, Digi.Com Berhad, HeiTech Padu Berhad, Idaman Unggul Berhad, KNM Group Berhad, MCM Technologies Berhad, Kumpulan Perangsang Selangor Berhad and Utusan Melayu Malaysia Berhad.

He graduated with a Bachelor of Economics (Accounting) degree from University of Malaya in 1971 and thereafter joined Universiti Kebangsaan Malaysia as a Faculty member of the Faculty of Economics. He obtained his Masters of Business Administration degree from University of Alberta, Canada in 1973.

Dato' Ab. Halim retired from KPMG Malaysia in October 2001, a firm he joined in 1977 and had his early accounting training in both Malaysia and United States of America. He was made partner of the firm in 1985. At the time of his retirement, he was the partner in-charge of the Assurance and Financial Advisory Services Divisions of the firm and was also looking after the Secured e-Commerce Practice of the firm.

He is currently the President of the Malaysian Institute of Certified Public Accountants (MICPA) and is Chairman of its Education and Training Committee and Executive Committee. Dato' Ab. Halim is also a Council Member of Malaysian Institute of Accountants and a Fellow of the Malaysian Institute of Taxation.

Dato' Ab. Halim was appointed as Vice Chairman of ECMLA on 26 March 2007. He did not attend any of the Board meetings of ECMLA held during the financial year ended 31 January 2007 as he was appointed after the financial year-end. He has no family relationship with the other directors or major shareholders of ECMLA, no conflict of interest with ECMLA and has no conviction for offences within the past ten years.

directors' profile continued

Mr Lim Kian Onn

Managing Director/Non-Independent

Mr Lim Kian Onn, a Malaysian, aged 50, is a member of the Institute of Chartered Accountants in England & Wales and the Malaysian Institute of Accountants. He served his articleship with KMG Thomson McLintock in London for four years, then joined Andersen Consulting from 1981 to 1984 as a senior consultant. Between 1984 and 1993, he was with Hong Leong Group, Malaysia as a Senior Manager in the Finance Division and subsequently as an Executive Director in the stockbroking arm responsible for corporate finance, research and institutional sales. Mr Lim founded the Libra Capital Group in 1994 and co-founded the ECM Libra Group in 2002.

Mr Lim was appointed to the Board of ECMLA on 16 June 2006 and re-designated Managing Director with effect from 1 May 2007. He is also a member of the Nomination Committee and Remuneration Committee of ECMLA. He attended all two (2) Board meetings held during the financial year ended 31 January 2007.

Mr Lim is also the non-executive Chairman of Plato Capital Limited, a company incorporated in Singapore and listed on the Stock Exchange of Singapore and a director of ECM Libra Foundation. He has no family relationship with the other directors or major shareholders of ECMLA, no conflict of interest with ECMLA and has no conviction for offences within the past ten years.

Datuk Kamarudin bin Md Ali

Independent/Non-Executive

Datuk Kamarudin bin Md Ali, a Malaysian, aged 57, is a retired police commissioner and also an Associate of the Royal College of Defense Studies UK. He holds a Masters in Science (Engineering) from University of Birmingham, UK and Bachelor of Science (Honours) (Mechanical Engineering) from University of Strathclyde Glasgow Scotland. Datuk Kamarudin retired from the Royal Malaysia Police ("RMP") on 4 May 2006 with more than 30 years experience specializing in mechanical engineering and with extensive knowledge and skills in logistic & finance management, manpower development, strategic planning, training and development, recruitment and selection, career development and crime prevention, gained through wide range of command posts and managerial capacities held during his tenure of office in RMP. He is actively involved in NGOs and is noted for his contribution in the Malaysian Crime Prevention Foundation of which he is a council member.

Datuk Kamarudin was appointed to the Board of ECMLA on 16 June 2006. He is also the Chairman of the Audit & Risk Management Committee and a member of the Nomination Committee. He attended all two (2) Board meetings held during the financial year ended 31 January 2007.

Datuk Kamarudin is a director of Ann Joo Resources Berhad. He has no family relationship with the other directors or major shareholders of ECMLA, no conflict of interest with ECMLA and has no conviction for offences within the past ten years.

directors' profile continued

En Mahadzir bin Azizan

Independent Non-Executive

En Mahadzir bin Azizan, a Malaysian, aged 58, is a Barrister-at-Law from Lincoln's Inn, London. He was called to the bar of England & Wales in 1978 and had since served in various capacities in government and private sectors. He served as Federal Counsel and Legal Adviser in the Ministry of Trade & Industry in 1978 to 1979 after which, he served as Assistant Company Secretary/Legal Adviser of Malaysia International Shipping Corporation Berhad. In 1983, he joined Island & Peninsular Berhad ("I&P"), a property development company within Permodalan Nasional Berhad Group as Group Company Secretary and Legal Adviser. Subsequently he was promoted as Director, Corporate Affairs in 1994. He sat on the Board of various companies within the I&P Group until his retirement in April 2007 and was also a member of the Board of Majlis Amanah Rakyat from 2000 to 2003.

En Mahadzir was appointed to the Board of ECMLA on 16 June 2006. He is also the Chairman of the Remuneration Committee and member of the Audit & Risk Management Committee of ECMLA. He attended all two (2) Board meetings held during the financial year ended 31 January 2007.

En Mahadzir has no family relationship with the other directors or major shareholders of ECMLA, no conflict of interest with ECMLA and has no conviction for offences within the past ten years.

Dato' Othman bin Abdullah

Independent Non-Executive

Dato' Othman bin Abdullah, a Malaysian, aged 58, is an accountant by profession with extensive financial knowledge and skills. He began his career in 1977 as Treasury Accountant at the Accountant General's Department and holds various positions in the Department. He was seconded to Sabah Electricity Board as Deputy General Manager (Finance) from 1987 to 1993 and subsequently was transferred back to Department and was appointed as Accountant General of Malaysia from 2003 to 2005.

Dato' Othman was appointed to the Board of ECMLA on 16 June 2006. He is also the Chairman of the Nomination Committee and a member of the Audit & Risk Management Committee of ECMLA. He attended all two (2) Board meetings held during the financial year ended 31 January 2007.

Dato' Othman is a director of Syarikat Perumahan Negara Berhad and Export Import Bank of Malaysia Berhad. He has no family relationship with the other directors or major shareholders of ECMLA, no conflict of interest with ECMLA and has no conviction for offences within the past ten years.

directors' profile continued

Mr Soo Kim Wai

Non-Independent/Non-Executive

Mr. Soo Kim Wai, a Malaysian, aged 47, was appointed to the Board of AmcorpGroup Berhad ("Amcorp") on 13 March 1996. He was subsequently appointed the Group Managing Director of Amcorp in January 1999. He also serves on the Board of AMMB Holdings Berhad, AmProperty Trust Management Berhad, MCM Technologies Berhad and RCE Capital Berhad.

Mr. Soo is a Chartered Accountant (Malaysian Institute of Accountants) and a Certified Public Accountant (Malaysian Institute of Certified Public Accountants).

He joined Amcorp in 1989 as Senior Manager-Finance and has since held various positions before he was promoted to his current appointment. Prior to that, he was in the accounting profession for 5 years with Deloitte KassimChan from 1980 to 1985 and with Plantation Agencies Sdn Bhd from 1985 to 1988.

Mr Soo was appointed to the Board of ECMLA on 26 March 2007. He is also a member of the Remuneration Committee of ECMLA. He did not attend any of the Board Meetings of ECMLA held during the financial year ended 31 January 2007 as he was appointed after the financial year-end. He has no family relationship with the other directors or major shareholders of ECMLA, no conflict of interest with ECMLA and has no conviction for offences within the past ten years.

Mr Lum Sing Fai

(Alternate to Mr Soo Kim Wai)
Non-Independent/Non-Executive

Mr. Lum Sing Fai, a Malaysian, aged 43, is the Managing Director of AmcorpGroup Berhad's ("Amcorp") Capital Markets Division. He holds a Bachelor of Economics (Honours) Degree from the University of Malaya, Malaysia.

Prior to joining Amcorp, he was with Southern Bank Berhad from 1987 to 1994 serving in various capacities, among others, as a Credit and Marketing Officer, Head of Credit Department, Assistant Manager of Local Corporate Division and Assistant Manager of National Banking Division.

Mr Lum was appointed as Alternate Director to Mr Soo Kim Wai on 26 March 2007. He did not attend any of the Board Meetings of ECMLA held during the financial year ended 31 January 2007 as he was appointed after the financial year-end. He has no family relationship with the other directors or major shareholders of ECMLA, no conflict of interest with ECMLA and has no conviction for offences within the past ten years.

board audit & risk management committee report

Constitution

The Board Audit & Risk Management Committee ("BARMC") was established on 28 June 2006 by the Board of Directors ("Board").

Composition

The members of the BARMC during the financial year were:

Chairman: Datuk Kamarudin bin Md Ali (appointed on 28 June 2006)
(Independent Non-Executive Director)

Members: Dato' Othman bin Abdullah (appointed on 28 June 2006)
(Independent Non-Executive Director)

En Mahadzir bin Azizan (appointed on 28 June 2006)
(Independent Non-Executive Director)

Terms of Reference

(i) To review the following and report the same to the Board of Directors ("Board"):-

(a) nominate and recommend a person or persons as external auditors, and review the audit fees;

(b) with the external auditor, the audit plan;

(c) with the external auditor, his evaluation of the system of internal accounting controls;

(d) with the external auditor, his audit report;

(e) the assistance given by the employees of the Group and the Company to the external auditor;

(f) the quarterly results and year-end financial statements of the Group and the Company, focusing particularly on:-

- changes in accounting policies and practices
- significant adjustments arising from the audit
- significant and unusual events
- the going concern assumption
- compliance with accounting standards and other legal requirements;

(g) the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;

(h) the findings of the Internal Audit Department on internal audits undertaken and management's response and ensure that appropriate action is taken.

(ii) To consider any related party transaction and conflict of interest situation that may arise within the Company or Group.

(iii) To review and monitor the adequacy and integrity of internal control systems, including risk management and management information systems.

(iv) To consider any other function or duty as may be agreed to by the BARMC and the Board.

board audit & risk management committee report
continued

Authority

The BARMC is authorised by the Board to investigate any matter within its terms of reference. It shall have full and unrestricted access to any information pertaining to the Group and shall have the resources it requires to perform its duties. All employees are directed to co-operate with any request made by the BARMC.

The BARMC is authorised by the Board to obtain independent legal or other external independent professional advice, if it considers necessary.

The BARMC is authorised by the Board to obtain information on any resignation of internal audit staff members. It is further authorised to provide the resigning staff member an opportunity to submit his reasons for resigning. The BARMC is authorised by the Board to approve any appointment or termination of senior staff members of the internal audit function.

Meetings

Meetings shall be held not less than four (4) times in a financial year. The external auditors may request a meeting if they consider that one is necessary. The BARMC shall meet with the external auditor without executive board members present, at least once in a financial year. Minutes of each meeting shall be distributed to each member of the Board.

Two (2) members, who shall be independent and non-executive directors, shall constitute a quorum for meetings.

The Company Secretary shall be the secretary of the BARMC.

The Head of Finance, the Head of Internal Audit, the Compliance Officer and a representative of the external auditors shall normally attend the meetings. Other Board members, employees and external independent professional advisers may attend the meetings upon the invitation of the BARMC.

Activities

During the financial year ended 31 January 2007, three (3) BARMC meetings were held and attended by all BARMC members.

The BARMC reviewed the quarterly financial statements and audited financial statements of the Group prior to the Board's approval and subsequent release to Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The BARMC also reviewed the external auditors' scope of work and audit plan for the Group, considered significant changes in accounting and auditing issues, reviewed the management letter and management's response and discussed applicable accounting and auditing standards. The BARMC also reviewed the resource requirements of the internal audit function, approved the internal audit plan for the financial year and revisions thereto, the internal audit programme and audit findings.

In addition, the BARMC reviewed the adequacy and integrity of internal control systems, including risk management and relevant management information systems. It also reviewed the processes put in place to identify, evaluate and manage the significant risks encountered by the Group.

Internal Audit

The internal audit functions are organised on a Group basis while the department is established at ECM Libra Avenue Securities Sdn Bhd (formerly known as Avenue Securities Sdn Bhd). The core function of Internal Audit is to perform an appraisal of the Group's activities, to provide assurance on and to help management to maintain an adequate internal control system and corporate governance processes. Internal Audit Department provides periodic reports to the BARMC, reporting on the outcome of the audits conducted, effectiveness of the system of internal controls implemented and highlighting key control issues impacting the Group. This enables the BARMC to execute its oversight function by forming an opinion on the adequacy of measures undertaken by management.

During the financial year ended 31 January 2007, the Internal Audit Department had carried out its duties, primarily in ECM Libra Avenue Securities Sdn Bhd and ECM Libra Securities Sdn Bhd and Avenue Invest Berhad covering business, financial, management and operational areas. The International Standards for the Professional Practice of Internal Auditing, Bursa Malaysia Berhad (Rule 511 and 1202) and Securities Commission guidelines on internal audit are used as authoritative guidelines for internal auditing procedures.

corporate governance statement

The Board of Directors ("Board") of ECM Libra Avenue Berhad ("ECMLA" or "the Company") is committed to manage the ECMLA Group in line with corporate governance practices as proposed in the Malaysian Code on Corporate Governance ("the Code"). The Board firmly believes that corporate accountability complements business practices that will facilitate the achievement of the Company's goals and objectives.

In preparing this statement, the Board is pleased to report, that save as set out below, the Group has applied the principles set out in Part 1 of the Code and has complied with the best practices set out in Part 2 of the Code throughout the financial year ended 31 January 2007.

A. DIRECTORS

(i) The Board

The Company is led by a proactive Board with a blend of good management and entrepreneurial skills, supported by independent directors who bring to the Board their different fields of training and experiences.

The Board is primarily entrusted with the responsibility of setting the goals and the direction of the Group. It also oversees the conduct of the Group's businesses, ensuring various control systems are in place as well as regularly evaluating such systems to ensure its integrity. The controls are necessary to minimise the risks associated with the businesses of the Group.

In order to ensure that the ECMLA Group is efficiently managed, the Board meets on a quarterly basis and additionally as and when required, with a formal schedule of matters specifically reserved for its deliberation and decision. During the financial year under review, two (2) Board meetings were held and all the Directors have complied with the requirements in respect of board meeting attendance as provided in the Articles of Association.

Two Board meetings were held during the financial year ended 31 January 2007 and all Directors attended the said meetings.

The Board collectively reviews and considers all corporate proposals prior to their implementation. Corporate proposals are put to vote after careful deliberation. The Chairman of the meeting shall have a second or casting vote in the event of a tie in votes for or against any particular proposal, except when only two Directors are competent to vote on the question in issue.

The Board is updated on ECMLA Group's affairs at Board meetings. The Directors are encouraged to obtain information on the Group's activities by consultation with senior management at anytime. This is to ensure and enable the Board members to discharge their duties and responsibilities competently and in an informed manner.

(ii) Board Balance

For the financial year ended 31 January 2007, the Board comprised seven (7) directors, with one (1) non-independent non-executive Chairman, three (3) non-independent non-executive directors and three (3) independent non-executive directors. Since the financial year-end to the date of this statement, two (2) non-independent non-executive directors resigned on 1 March 2007 while two (2) non-independent non-executive directors and one (1) independent non-executive director were appointed. There is a clear division of responsibilities at the head of the Company to ensure a balance of authority and power. The wide spectrum of knowledge, skills and experience of the Board members gives added strength to the leadership which is necessary for the effective stewardship of the Group.

A. DIRECTORS (Continued)

(ii) Board Balance (Continued)

The Board recognises the importance and contribution of its independent non-executive directors. They represent the element of objectivity, impartiality and independent judgement of the Board. This ensures that there is adequate check and balance at the Board level. The three (3) independent directors of the Company provide the Board with vast and varied exposure, expertise and broad business and commercial experience.

Dato' Kalimullah bin Masheerul Hassan, the non-executive Chairman during the financial year ended 31 January 2007, led the Board while the executive management of the Company was led by Mr T Jeyaratnam, the Deputy CEO (non-Board). Given the composition of the Board and the separation of roles, the Board did not consider it necessary to nominate a Senior Independent Non-Executive Director to whom concerns may be directed.

A brief profile of the Directors is set out on pages 3 to 7 of this Annual Report.

(iii) Supply of information

Board members are provided with the notice, setting out the agenda and subsequently the comprehensive Board papers in a timely manner prior to board meetings. This is to ensure and enable the members of the Board to discharge their duties and responsibilities competently and in a well-informed manner. All members of the Board have access to the advice and services of the Company Secretary, and where necessary, independent professional advisers. They also have unlimited access to all information with regard to the activities of the ECMLA Group.

(iv) Appointments to the Board

The Nomination Committee, which was set up on 27 September 2006 comprised two (2) independent non-executive directors and three (3) non-independent non-executive directors during the financial year ended 31 January 2007. The Committee is responsible for proposing and recommending new nominees to the Board as well as directors to fill seats on Board committees; assessing, on an annual basis, the effectiveness of the Board, the Board committees and the contribution of each individual director; and annual review of the required mix of skills, experience and other qualities which non-executive directors should bring to the Board.

The members of the Nomination Committee during the financial year ended 31 January 2007 comprised:

- Dato' Othman bin Abdullah (Chairman)
- Dato' Kalimullah bin Masheerul Hassan
- Mr Lim Kian Onn
- Datuk Kamarudin bin Md Ali
- En Ibrahim Mahaludin bin Puteh (resigned on 1/3/07)

(vi) Re-election

The Articles of Association of the Company provide that at least one-third of the Directors are subject to retirement by rotation at each Annual General Meeting and that all Directors shall retire at least once in every three years. The Articles of Association also provide that a Director who is appointed by the Board in the course of the year shall be subject to re-election at the next Annual General Meeting to be held following his appointment.

Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129 (6) of the Companies Act, 1965.

A. DIRECTORS (Continued)

(v) Directors' Training

All Directors of the Company have completed the Mandatory Accreditation Programme. The Company does not have a formal training programme for new Directors but they receive briefings and updates on the Group businesses, operations, risk management, internal controls, finance and any new or changes to the companies and other relevant legislation, rules and regulations. The Directors are encouraged to attend briefings and seminars to keep abreast with latest developments in the industry and to enhance their skills and knowledge.

B. DIRECTORS' REMUNERATION

The Remuneration Committee, which was set up on 27 September 2006, comprised one (1) independent non-executive director and three (3) non-independent non-executive directors during the financial year ended 31 January 2007. The members of the Committee were:

- En Mahadzir bin Azizan (Chairman)
- Dato' Kalimullah bin Masheerul Hassan
- Mr Lim Kian Onn
- Puan Eshah Meor Suleiman (resigned on 1/3/07)

The Committee is responsible for recommending to the Board the remuneration of executive directors and key senior management officers of ECMLA Group. Directors do not participate in discussion and voting on decisions regarding their own remuneration. The aggregate annual directors' fees as recommended by the Board must be approved by shareholders at the Annual General Meeting.

ECMLA has an established framework to evaluate performance and reward for executive directors and all employees. Remuneration packages for the executive directors and employees are formulated to be competitive, with emphasis being placed on performance, which aims to attract, motivate and retain all levels of staff to manage the ECMLA Group. For non-executive Directors, the level of remuneration would commensurate with the experience and level of responsibilities undertaken by them.

The details of the remuneration of the Directors of ECMLA are set out in the audited financial statements on pages 49 & 50 of this Annual Report.

C. SHAREHOLDERS

The Board places emphasis on timely and equitable dissemination of information to shareholders on ECMLA Group's performance. Pursuant to the Listing Requirements of Bursa Malaysia, timely announcements are made to the public in regard to the Group's corporate proposals, financial results and other requisite matters. The Company's Annual General Meeting serves as a forum for dialogue with shareholders. At the Annual General Meeting, shareholders are encouraged to participate in the question and answer session. The status of all resolutions proposed at the Annual General Meeting is submitted to Bursa Malaysia at the end of the meeting day.

Apart from contacts at general meetings, there is no formal programme or schedule of meetings with investors, shareholders, stakeholders and the public generally. However, the management has the option of calling for meetings with investors/analysts if it is deemed necessary. Thus far, the management is of the opinion that this arrangement has been satisfactory to all parties.

corporate governance statement continued

D. ACCOUNTABILITY AND AUDIT

(i) Financial Reporting

The Board is responsible to present a balanced and comprehensive assessment of the ECMLA Group's financial position to shareholders by means of the annual and quarterly reports and other published information. In this regard, the Board is responsible for the preparation of financial statements that present a fair and balanced report of the financial state of affairs of the ECMLA Group.

(ii) Internal Control

The Statement on Internal Control as set out on pages 13 & 14 of this Annual Report provides an overview of the state of internal controls within the Group.

(iii) Relationship with Auditors

The Company, through the Board Audit & Risk Management Committee ("BARMC"), has an appropriate and transparent relationship with the external auditors. Key features underlying the relationship of the BARMC with the external auditors are included in the BARMC Report as set out on pages 8 & 9 of this Annual Report.

E. STATEMENT ON INTERNAL CONTROL

Responsibility

The Board is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. The Board recognises that the Group's system of internal control is designed to manage and not eliminate the risk of failure to achieve the Group's objectives. Hence, it can only provide reasonable and not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

E. STATEMENT ON INTERNAL CONTROL (Continued)

Key Processes

There is an on-going process for identifying, evaluating and managing the significant risks faced by the Group throughout the financial year, and the said process is reviewed by the Board and accords with the Statement on Internal Control: Guidance for Directors of Public Listed Companies.

The Board has appointed the BARMC comprising independent directors to examine the effectiveness of the Group's risk management policies, processes and infrastructure which are established to manage various types of risks and to ensure an effective internal audit function. This is accomplished through the review of the work of the Group Risk Management & Compliance Department and the Group Internal Audit Department, which focuses on areas of priority identified through risk assessment and in accordance with the plans approved by the BARMC. The Group's risk management comprises credit risk management, market risk management and operational risk management, and the department is headed by the Chief Risk Officer. While business/operating units have the primary responsibility for managing specific risks assumed by them, Risk Management provides the central resource for developing tools and methodologies for the identification, assessment, quantification, aggregation, monitoring and control of the risks taken by the Group as a whole. Additionally, the Group Executive Committee ("EXCO") comprising members of senior management and the Board monitors risks by evaluating and approving loans, proprietary and strategic investments and policy matters relating to all credit matters of the Group.

The framework of the Group's system of internal control and key procedures include:

- A management structure exists with clearly defined lines of responsibility and the appropriate levels of delegation.
- Key functions such as finance, taxation, treasury, human resources and legal matters are controlled centrally.
- The management determines the applicability of risk monitoring and reporting procedures and is responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls.
- Clear definitions of limits of authority and responsibilities have been approved by the Board and subject to regular reviews and enhancements.
- Policies and procedures are clearly documented in the policies & procedures of the operating units in the Group with which its operations must comply.
- Corporate values, which emphasise on ethical behaviour and quality services, are set out in the Group's Employee Handbook.

On a yearly basis, all the business units within the Group draw up their business plans and budgets for the Board's approval and the performance is tracked on a quarterly basis with the senior management team with detailed explanations of major variances.

An associated company has not been dealt with as part of the Group for purposes of applying this guidance. However, as the associated company operates within a highly regulated business environment and through periodic reporting to the Group, the Board believes that the risk management practices of this associated company have been effectively carried out by its own Board and management.

directors' responsibility statement

The Board is required by the Listing Requirements of Bursa Malaysia to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cashflows for the year then ended. The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 January 2007, the Group has adopted and applied consistently appropriate accounting policies, supported by reasonable and prudent judgements and estimates. The Directors also consider that all applicable approved accounting standards in Malaysia have been followed and the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Company maintains sufficient accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors also have general responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and the Company, and taking reasonable steps for the prevention and detection of fraud and other irregularities.

chairman's statement

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the Annual Report and the audited Financial Statements for the financial year ended 31 January 2007.

The Company was incorporated in October 2005 to facilitate the corporate reorganization undertaken by Avenue Capital Resources Berhad ("ACRB"). The corporate reorganization was completed in June 2006 when the Company assumed the listing status of ACRB, which was delisted, on the Main Board of Bursa Malaysia.

It was a strategic move to undertake the reorganization to enhance shareholders' value through a more efficient capital structure. Part of the reorganization involved the distribution in-specie to shareholders the Company's investment in Pos Malaysia Services and Holdings Berhad ("PSH") in order to reduce the Company's capital employed and to reward shareholders in the form of listed PSH shares.

It was another strategic move when the Company announced in January 2006 that it proposes to merge its businesses with the businesses of ECM Libra Berhad ("ECMLB") to create a larger and more robust investment and financial services group that is able to withstand and compete within a more competitive environment.

June 2006 also saw the completion of the merger of the Group with ECMLB group when the Company issued 442 million shares for the acquisition of all operating subsidiaries of ECMLB.

Financial and Business Review

The Group's revenue increased by 53% to RM119.6 million from RM78.0 million recorded in the previous financial year. The significant improvement is mainly attributable to the higher brokerage income, which increased by 74% resulting from the merger of ECM Libra Securities Sdn Bhd with the broking business of Avenue Securities Sdn Bhd. The merged securities subsidiary was later re-named ECM Libra Avenue Securities Sdn Bhd, which will spearhead the Group's investment and financial services activities.

Profit before tax, however, decreased by 66% to RM18.4 million from RM54.5 million. The lower profit was mainly due to lower contributions from associated companies following the divestment of PSH. Secondly, the Group incurred rationalization expenses of RM17.4 million during the financial year to streamline the Group's business activities following the completion of the merger with ECMLB. The rationalization exercise is expected to lower the operating cost of the enlarged Group and improve efficiency.

During the period under review, we had experienced key staff movements in our various business units and this also contributed to the lower advisory activities in both the corporate finance and equity capital market departments. With the appointment of a new management team, our investment and financial services activities are very much back on track and we expect improved performance going into the current financial year.

Economic and market outlook

The outlook for global performance remains fairly optimistic. Global growth in 2007 is forecast to sustain at above 4% for the fifth consecutive year. The adjustment in the US housing market is expected to gradually have a broader impact on consumption. Recovery in Japan would continue, albeit at a more measured pace, while prospects for the euro area now look brighter following signs of a broad-based recovery in major member countries. Notwithstanding the more moderate pace of expansion in external demand, growth in the Asian region is expected to remain encouraging, supporting the increasing domestic demand, particularly in China PR and India.

Supported by sustained global growth and resilient domestic demand, the Malaysian economy is expected to register a strong growth in 2007, with real GDP expanding by 6%. Investments, particularly private investment, are expected to play a major role in sustaining growth as strong domestic and external demand induced firms to expand capacity. In addition, investment activity in the public sector is also expected to expand substantially with the commencement of infrastructure work and other projects under the 9th Malaysia Plan.

On the capital market front, the recent rally on the stock market sent KLCI to an all-time high since 1994 to above 1,300 points. Turnover at Bursa Malaysia surged to above 2 billion shares valued at above RM2 billion. This augurs well for the broking industry.

Current year prospects

Looking at the year ahead, we face a number of challenges:

Increasing number of local investment banks, rapid expansion of foreign players, the newly created Islamic financial institutions and the already low commission rates. Our challenge to increase value for our shareholders, grow earnings per share and maintaining a dividend policy, will require greater effort from all of us.

We have 3 clear objectives for this year:-

To attain the investment bank status
We are working closely with the relevant authorities in obtaining the approval for our broking subsidiary, which is currently a universal broker. With the transformation into an investment bank, the Group would be able to offer a more comprehensive range of investment banking services, including deposit taking.

To improve how we work
Last year's rationalization exercise was to streamline the enlarged Group's business activities. This year, we will focus on improving our business processes while maintaining a low cost structure without compromising on the quality of our services to existing and new clients. We want to leverage on information technology capabilities and we believe by being leaner, we will be able to respond quicker and be more agile in servicing our clients. Having said that, we also believe that risk management policies play a bigger role in the present environment. We will be focused on managing our exposure and enhancing credit controls in order to safeguard the Company's assets and reputation and preserve shareholders' value.

To focus on niche market
We aim to differentiate ourselves from the other competitors by focusing on advisory, equity capital market and fund management where we will be able to provide more dedicated services to our clients, without having to spread our resources too thinly over a larger retail market.

Dividends

The Directors have recommended the payment of a final gross dividend of 1% per ordinary share, less income tax of 27%. The proposed dividend is subject to the approval by the shareholders at the forthcoming Annual General Meeting of the Company and is payable in respect of all ordinary shares in issue.

Appreciation

On behalf of the Board of Directors, I would like to thank the board of ACRB for their service on the previous listed entity and who have passed the baton to us to bring the Group to greater heights.

I would like to express our heartfelt gratitude to the approximately 450 employees of the enlarged ECM Libra Avenue Group working in 19 offices nationwide for their commitment and continued dedication especially during the merger integration with ECMLB. We wish to express our deepest appreciation to all our valued clients and business partners for their continued support and faith in us.

Finally, we would like to thank our shareholders of both ACRB Group and ECMLB Group, and who are now shareholders of the Company, who have been supporting and believing in us and who have continued to have confidence in us.

Dato' Kalimullah bin Masheerul Hassan

Chairman

12 April 2007

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting of ECM LIBRA AVENUE BERHAD (formerly known as Avenue International Capital Berhad) ["the Company"] will be held at Bintang 1 & 2, Level 3, JW Marriott Kuala Lumpur, 183 Jalan Bukit Bintang, 55100 Kuala Lumpur on Thursday, 7 June 2007 at 10.30 a.m. in order:-

AGENDA

1. to receive and consider the audited financial statements together with the reports of the Directors and Auditors thereon for the financial year ended 31 January 2007;
2. to declare a final dividend of 1 sen per share less income tax of 27% for the financial year ended 31 January 2007 to be paid on 13 July 2007 to shareholders registered in the Record of Depositors on 22 June 2007;
3. to approve the payment of Directors' fees of RM148,548.00 to be divided amongst the Directors in such manner as the Directors may determine;
4. to re-elect the following Directors retiring pursuant to the Company's Articles of Association:-
   i) Dato' Kalimullah bin Masheerul Hassan;
   ii) Dato' Ab. Halim bin Mohyiddin;
   iii) Mr Lim Kian Onn;
   iv) Datuk Kamarudin bin Md Ali;
   v) Dato' Othman bin Abdullah;
   vi) Encik Mahadzir bin Azizan;
   vii) Mr Soo Kim Wai;
5. to appoint Messrs Ernst & Young as Auditors of the Company and authorise the Directors to fix their remuneration;
6. as special business, to consider and if thought fit, pass the following ordinary resolution:-

   Authority To Directors To Issue Shares

   "**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being and the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."; and
7. to consider any other business of which due notice shall have been given.

FURTHER NOTICE IS HEREBY GIVEN that a depositor shall qualify for entitlement to the final dividend only in respect of:-

(a) shares transferred into depositor's securities account before 4.00 p.m. on 22 June 2007 in respect of ordinary transfers; and
(b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

WONG SEONG CHO
Secretary

Kuala Lumpur
16 May 2007

NOTES:

1. A member entitled to attend and vote at the above meeting is entitled to appoint one (1) or more proxy/proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company. A member who is an authorized nominee may appoint not more than two (2) proxies in respect of each securities account it holds.

2. The Form of Proxy must be deposited at the Registered Office of the Company at 8A Floor, Wisma Genting, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time and date of the meeting or adjourned meeting.

3. Explanatory note on special business

   Ordinary Resolution on authority to Directors to issue shares
   The Ordinary Resolution, if passed, will give authority to the Directors of the Company to issue shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

statement accompanying notice of annual general meeting

(Pursuant to Paragraph 8.28(2) of the Listing Requirements of the Bursa Malaysia Securities Berhad)

1. **Directors who are standing for re-election at the Second Annual General Meeting of the Company pursuant to Article 111 of the Company's Articles of Association**

   Dato' Kalimullah bin Masheerul Hassan

   Dato' Ab. Halim bin Mohyiddin

   Mr Lim Kian Onn

   Datuk Kamarudin bin Md Ali

   Dato' Othman bin Abdullah

   Encik Mahadzir bin Azizan

   Mr Soo Kim Wai

2. **Details of attendance of Directors at Board Meetings**

   There were two (2) Board Meetings held during the financial year ended 31 January 2007. Details of attendance of the Directors are set out in the Directors' Profile appearing on pages 3 to 7 and Corporate Governance statement on page 10 of the Annual Report.

3. **Place, Date and Time of Second Annual General Meeting**

   The Second Annual General Meeting of the Company will be held at Bintang 1 & 2, Level 3, JW Marriott Kuala Lumpur, 183 Jalan Bukit Bintang, 55100 Kuala Lumpur on Thursday, 7 June 2007 at 10.30 a.m.

4. **Further details of individuals who are standing for re-election as Directors**

   (i) Directors' profile on pages 3 to 7.

   (ii) Details of interest in the securities of the Company, if any, are disclosed in the Directors' shareholding on page 87.

financial statements

directors' report

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2007.

Change Of Name

The name of the Company was changed from Avenue International Capital Berhad to ECM Libra Avenue Berhad ("ECMLA" or "Company") with effect from 19 June 2006.

Principal Activities

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiary companies are set out in Note 14 to the financial statements.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year other than those arising from the acquisition and disposal of subsidiaries as described in Note 14 to the financial statements.

Significant Events

The Company was incorporated on 24 October 2005 in the previous financial year as the new holding company of Avenue Capital Resources Berhad ("ACRB"), which was then a company listed on Bursa Malaysia Securities Berhad ("Bursa Malaysia"), via a reorganisation exercise of ACRB. The ACRB reorganisation exercise was completed on 16 June 2006 and consequently the Company assumed the listing status of ACRB on Bursa Malaysia on 28 June 2006.

The Company had also completed the acquisition of the operating subsidiaries of ECM Libra Berhad ("ECMLB") on 16 June 2006.

Details of these and other significant events are further described in Note 37 to the financial statements.

Results

	Group RM '000	Company RM '000
Net profit for the year	20,158	6,312

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial period.

On 16 June 2006, the Company completed a distribution of assets-in-specie comprising the distribution of the Company's entire investment in shares in a company listed on Bursa Malaysia amounting to RM314,125,000 to its shareholders pursuant to ACRB reorganisation exercise.

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 January 2007 of 1.0 sen less 27% tax per ordinary share of RM1 each on 830,901,953 ordinary shares, amounting to a net dividend payable of approximately RM6,066,000 will be proposed

Dividends (Continued)

for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 January 2008.

Reserves And Provisions

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

Issue And Reduction Of Shares

During the financial year, the movement in the Company's issued and paid-up ordinary share capital are as follows:

(i) On 16 June 2006, the issued and paid-up share capital was increased from RM2 to RM849,128,173 by way of issuance of 849,128,171 ordinary shares of RM1 each at par to the entitled shareholders of ACRB in exchange of all listed securities of ACRB pursuant to the ACRB reorganisation exercise.

(ii) On 16 June 2006, the issued and paid-up share capital was reduced from RM849,128,173 to RM388,901,953 by way of:

- distribution of assets-in-specie amounting to RM314,125,000 as mentioned above, which resulted in the reduction of the par value of ordinary shares in the Company from RM1 each to RM0.63 each;
- capital reduction of RM146,101,220, which resulted in the further reduction of the par value of ordinary shares in the Company from RM0.63 each to RM0.458 each; and
- consolidation of the resultant ordinary shares in the Company of par value RM0.458 each into new ordinary shares in the Company of RM1 each.

(iii) 16 June 2006, the issued and paid-up share capital was increased from RM388,901,953 to RM830,901,953 by way of issuance of 442,000,000 new ordinary shares of RM1 each credited as fully paid-up to ECMLB for the acquisition of the operating subsidiaries of ECMLB.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

Share Option

No option has been granted by the Company to any party during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

Directors

The directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Kalimullah bin Masheerul Hassan (appointed on 16 June 2006)
Dato' Ab Halim bin Mohyiddin (appointed on 26 March 2007)
Mr. Lim Kian Onn (appointed on 16 June 2006)
Datuk Kamarudin bin Md Ali (appointed on 16 June 2006)
Dato' Othman bin Abdullah (appointed on 16 June 2006)
En. Mahadzir bin Azizan (appointed on 16 June 2006)
Mr Soo Kim Wai (appointed on 26 March 2007)
Mr Lum Sing Fai (alternate to Mr Soo Kim Wai) (appointed on 26 March 2007)
En. Ibrahim Mahaludin bin Puteh (appointed on 27 June 2006, resigned on 1 March 2007)
Puan Eshah binti Meor Suleiman (appointed on 27 June 2006, resigned on 1 March 2007)
Mr. Chua Ming Huat (appointed on 16 June 2006, resigned on 21 August 2006)
Mr. Cheah Teik Seng (resigned on 3 June 2006)
Mr. Sonny Geh Sim Chong (resigned on 17 June 2006)
Ms. Chiam Seew Tian (resigned on 17 June 2006)

In accordance with Article 106 of the Articles of Association of the Company, all the directors will retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Directors' Interests

The directors holding office at the end of the financial year who had beneficial interest in the shares of the Company and/or related corporations during the financial year ended 31 January 2007, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Shareholdings in which Directors have interest Number of Ordinary Shares of RM1 Each			
	As at 1.2.2006/ Date of appointment	Bought	(Sold)	As at 31.1.2007
Direct Interest in ECMLA				
Interest of Mr Lim Kian Onn	76,456,000	16,250,000	-	92,706,000
Interest of Dato' Kalimullah bin Masheerul Hassan	56,259,500	-	(16,259,500)	40,000,000
Indirect Interest in ECMLA				
Interest of Mr Lim Kian Onn	442,000,000	-	(435,000,000)	7,000,000

None of the other directors in office at the end of the financial year had any interest in the shares of the Company or its related corporations during the financial year.

Directors' Benefits

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full time employee of the Company or of a related company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for Mr Lim Kian Onn who may be deemed to derive a benefit by virtue of those transactions, contracts and agreements for the acquisition and/or disposal of stocks and shares and/or the provision of services including but not limited to management and consultancy services, tenancies and/or the provision of treasury functions and the conduct of normal stockbroking business between the Company and its related corporations or corporations in which Mr Lim Kian Onn is deemed to have interests.

There were no arrangements during and at the end of the financial year which had the object of enabling the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Other Statutory Information

(I) As at the end of the financial year

(a) Before the income statements and balance sheets of the Group and the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and financing and the making of provision for doubtful debts and financing and had satisfied themselves that all known bad debts and financing had been written off and that adequate provision had been made for doubtful debts and financing; and

(ii) to ensure that any current assets, other than debts and financing, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of directors, the result of the operations of the Group and of Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

(II) From the end of the financial year to the date of this report

(a) The directors are not aware of any circumstances:

(i) which would render the amount written off for bad debts and financing or the amount of the provision for doubtful debts and financing inadequate to any material extent;

(ii) which would render the values attributed to current assets in the financial statements misleading; and

(iii) which had arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

(b) In the opinion of the directors:

(i) the results of the operations of the Group and the Company for the financial year ended 31 January 2007 are not likely to be substantially affected by any item, transaction or event of a material and unusual nature which had arisen in the interval between the end of the financial year and the date of this report; and

Other Statutory Information (Continued)

(II) From the end of the financial year to the date of this report (Continued)

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and the Company to meet their obligations as and when they fall due.

(III) As at the date of this report

(a) There are no charges on the assets of the Group and the Company which had arisen since the end of the financial year to secure the liabilities of any other person.

(b) There are no contingent liabilities which had arisen since the end of the financial year.

(c) The directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements misleading.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors on 12 April 2007.

Dato' Kalimullah bin Masheerul Hassan

Lim Kian Onn

Kuala Lumpur,
Malaysia

statement by directors

(Pursuant to Section 169(15) of the Companies Act, 1965)

We, Dato' Kalimullah bin Masheerul Hassan and Lim Kian Onn, being two of the directors of ECM Libra Avenue Berhad (formerly known as Avenue International Capital Berhad), do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 29 to 83 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2007 and of its results and its cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors on 12 April 2007.

Dato' Kalimullah bin Masheerul Hassan

Lim Kian Onn

statutory declaration

(Pursuant to Section 169(16) of the Companies Act, 1965)

I, Jeyaratnam a/l Tamotharam Pillai, being the officer primarily responsible for the financial management of ECM Libra Avenue Berhad (formerly known as Avenue International Capital Berhad), do solemnly and sincerely declare that the accompanying financial statements set out on pages 29 to 83 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Jeyaratnam a/l Tamotharam Pillai at
Kuala Lumpur in the Federal Territory
on 12 April 2007

Jeyaratnam a/l Tamotharam Pillai

Before me,

Kathirvelayudham a/l Palaniappan
Commissioner for Oaths

12 April 2007

auditors' report

REPORT OF THE AUDITORS TO THE MEMBERS OF ECM LIBRA AVENUE BERHAD

(formerly known as Avenue International Capital Berhad)
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 29 to 83. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of:

  (i) the financial position of the Group and of the Company as at 31 January 2007 and of the results and the cash flows of the Group and of the Company for the year then ended; and

  (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 14 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Ernst & Young
AF: 0039
Chartered Accountants

Gloria Goh Ewe Gim
1685/04/09(J)
Partner

Kuala Lumpur, Malaysia
12 April 2007

income statements

for the year ended 31 Jan 2007

		Group		Company	
	Note	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue	3	**119,636**	77,981	**9,685**	-
Direct costs		**(29,747)**	(10,586)	**-**	-
Net revenue		**89,889**	67,395	**9,685**	-
Other operating income		**16,512**	22,683	**-**	-
Administrative expenses		**(8,241)**	(5,491)	**(423)**	(2)
Other operating expenses		**(62,948)**	(49,337)	**(237)**	-
Operating profit/(loss)	4	**35,212**	35,250	**9,025**	(2)
Gain on disposal of investments	5	**16,527**	15,272	**-**	-
Impairment loss on investments	6	**(18,642)**	(18,182)	**-**	-
Rationalisation expenses	7	**(17,369)**	-	**-**	-
Share of profits of associated companies		**6,074**	22,279		
Finance costs	8	**(3,450)**	(139)	**-**	-
Profit/(Loss) before tax		**18,352**	54,480	**9,025**	(2)
Income tax expense	9	**1,806**	(1,671)	**(2,713)**	-
Net profit/(loss) for the year		**20,158**	52,809	**6,312**	(2)
Earnings per ordinary share (sen)	10				
- Basic / fully diluted		**2.59**	7.51		

The accompanying Notes form an integral part of the Financial Statements.

balance sheets
as at 31 Jan 2007

		Group		Company	
	Note	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	**57,988**	53,905	-	-
Investment properties	12	**1,020**	1,041	**-**	-
Goodwill on consolidation	13	**232,000**	-	**-**	-
Investment in subsidiary companies	14	**-**	-	**777,992**	-
Investment in associated companies	15	**46,389**	318,173	**3,918**	-
Other investments	16	**14,019**	68,710	**-**	-
Deferred tax assets	17	**5,000**	-	**-**	-
		356,416	441,829	**781,910**	-
Current Assets					
Inventories	18	**1,016**	3,727	**-**	-
Marketable securities	19	**207,670**	99,435	**-**	-
Trade receivables	20	**1,027,865**	303,311	**-**	-
Loan receivables	21	**15,284**	-	**-**	-
Other receivables, deposit and prepayments	22	**32,632**	25,556	**18**	-
Amount owing by subsidiary companies	23	**-**	-	**125,090**	-
Deposits with licensed financial institutions	24	**107,223**	213,219	**10,720**	-
Cash and bank balances	25	**172,747**	29,735	**124**	-
		1,564,437	674,983	**135,952**	-
TOTAL ASSETS		**1,920,853**	1,116,182	**917,862**	-

The accompanying Notes form an integral part of the Financial Statements.

balance sheets continued

as at 31 Jan 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	26	**830,902**	703,027	**830,902**	-
Reserves	27	**30,396**	18,027	**6,310**	(2)
Total shareholders' equity		**861,298**	721,054	**837,212**	(2)
Non-Current Liabilities					
Deferred tax liabilities	17	**433**	117	**-**	-
Current Liabilities					
Trade payables	28	**872,907**	316,366	**-**	-
Other payables and accrued expenses	29	**84,697**	48,977	**962**	2
Amount owing to subsidiary companies	23	**-**	-	**79,308**	-
Short term borrowings	30	**100,000**	30,000	**-**	-
Tax liabilities		**1,518**	298	**380**	-
		1,059,122	395,641	**80,650**	2
Total liabilities		**1,059,555**	395,758	**80,650**	2
TOTAL EQUITY AND LIABILITIES		**1,920,853**	1,116,812	**917,862**	-

The accompanying Notes form an integral part of the Financial Statements.

statements of changes in equity

for the year ended 31 Jan 2007

		<-------------------- Non-Distributable			--------------------->	<-------------------- Distributable		--------------------->	
Group	**Note**	**Share Capital RM'000**	**Share Premium RM'000**	**Merger Reserve RM'000**	**Foreign Currency Translation Reserve RM'000**	**Capital Reserve RM'000**	**General Reserve RM'000**	**Retained Profit/ (Accumlated Loss) RM'000**	**Total RM'000**
At 31 January 2005		703,027	152,022	49,551	-	1,000	159	(231,902)	673,857
Net profit for the year		-	-	-	-	-	-	52,809	52,809
Dividends paid	32	-	-	-	-	-	-	(5,612)	(5,612)
At 31 January 2006		703,027	152,022	49,551	-	1,000	159	(184,705)	721,054
Share capital reduction pursuant to distribution of assets-in-specie	37(i)(d)	(314,125)	-	-	-	-	-	-	(314,125)
Capital cancellation undertaken by ACRB		-	(152,022)	(102,000)	-	-	-	254,022	-
Disposal of subsidiaries	37(iii)	-	-	79,010	-	(1,000)	-	(78,140)	(130)
Foreign currency translation		-	-	-	(2,047)	-	-	-	(2,047)
Shares issued pursuant to the acquisition of subsidiaries	37(ii)	442,000	-	-	-	-	-	-	442,000
Net profit for the year		-	-	-	-	-	-	20,158	20,158
Dividends paid	32	-	-	-	-	-	-	(5,612)	(5,612)
At 31 January 2007		**830,902**	**-**	**26,561**	**(2,047)**	**-**	**159**	**5,723**	**861,298**

The accompanying Notes form an integral part of the Financial Statements.

statements of changes in equity continued

for the year ended 31 Jan 2007

Company	Note	Issued Capital RM'000	Distributable Retained Profit RM'000	Total RM'000
At 24 October 2005 (date of incorporation)		*	-	-
Net loss for the year		-	(2)	(2)
At 31 January 2006		-	(2)	(2)
Shares issued to shareholders of ACRB pursuant to the ACRB reorganisation exercise	37(i)(b)	849,128	-	849,128
Share capital cancelled pursuant to ACRB reorganisation exercise	37(i)(d)	(146,101)	-	(146,101)
Share capital cancelled pursuant to a distribution of assets-in-specie	37(i)(d)	(314,125)	-	(314,125)
Shares issued pursuant to the acquisition of subsidiaries	37(ii)	442,000	-	442,000
Net profit for the year		-	6,312	6,312
At 31 January 2007		**830,902**	**6,310**	**837,212**

* Represents RM2.00

The accompanying Notes form an integral part of the Financial Statements.

cash flow statement

for the year ended 31 Jan 2007

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
CASH FLOW FROM OPERATING ACTIVITIES				
Profit/(loss) before tax	**18,352**	54,480	**9,025**	(2)
Adjustments for:				
Impairment loss on investments	**18,642**	18,182	**-**	-
Depreciation of property, plant and equipment	**6,330**	3,987	**-**	-
Depreciation of investment properties	**21**	21	**-**	-
Exchange translation gain	**(1,168)**	-	**-**	-
Finance cost	**3,450**	139	**-**	-
Property, plant and equipment written off	**5,637**	26	**-**	-
Share of results of associated companies	**(6,074)**	(22,279)	**-**	-
Gain on disposal of investments	**(16,527)**	(15,272)	**-**	-
Dividend income	**(1,167)**	(6,087)	**(8,333)**	-
Allowance for/(reversal of) allowance for doubtful receivables	**1,818**	(155)	**-**	-
Loss/(Gain) on disposal of property, plant and equipment	**97**	(86)	**-**	-
Operating profit/(loss) before working capital changes	**29,411**	32,956	**692**	(2)
(Increase)/Decrease in:				
Inventories	**326**	(276)	**-**	-
Marketable securities	**(104,475)**	(98,337)	**-**	-
Trade and other receivables, deposits and prepayments	**(651,347)**	43,610	**(18)**	-
Deposits and money held in trust/pledged	**(15,130)**	48,970	**-**	-
Increase/(Decrease) in:				
Trade and other payables, and accrued expenses	**590,204**	(109,941)	**4,558**	2
Amount owing by/to subsidiary companies	**-**	-	**(389)**	-
Cash (used in)/generated from operations	**(151,011)**	(83,018)	**4,843**	-
Tax paid	**(2,087)**	(1,974)	**-**	-
Net cash (used in)/generated from operating activities	**(153,098)**	(84,992)	**4,843**	-

The accompanying Notes form an integral part of the Financial Statements.

cash flow statement continued

for the year ended 31 Jan 2007

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Cash Flows From Investing Activities				
Net proceeds from disposal of other investments	**71,424**	48,370	**-**	-
Dividend received	**1,009**	7,245	**6,000**	-
Additions to property, plant and equipment	**(3,766)**	(5,429)	**-**	-
Net cash outflow from deconsolidation of a subsidiary company (Note 14)	**-**	(3,256)	**-**	-
Net cash outflow from disposal of subsidiary companies (Note 14)	**(255)**	-	**-**	-
Net cash inflow from acquisition of subsidiary companies (Note 14)	**103,263**	-	**-**	-
Proceeds from disposal of investment properties	**-**	1,446	**-**	-
Proceeds from disposal of property, plant and equipment	**1,871**	540	**-**	-
Addition to investment in an associated company	**-**	(30)	**-**	-
Net cash generated from investing activities	**173,546**	48,886	**6,000**	-
Cash Flows From Financing Activities				
Short term borrowings	**10,000**	30,000	**-**	-
Dividends paid	**(5,612)**	(5,612)	**-**	-
Interest paid	**(3,450)**	(139)	**-**	-
Net cash generated from financing activities	**938**	24,249	**-**	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**21,386**	(11,857)	**10,843**	-
EFFECTS OF FOREIGN EXCHANGE DIFFERENCES	**500**	-	**-**	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**145,587**	157,444	**-**	-
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 31)	**167,473**	145,587	**10,843**	-

The accompanying Notes form an integral part of the Financial Statements.

notes to the financial statements - 31 JANUARY 2007

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The principal place of business of the Company is located at 8A Floor, Wisma Genting, Jalan Sultan Ismail, 50250 Kuala Lumpur.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiary companies are set out in Note 14.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year other than those arising from the acquisition and disposal of subsidiaries as described in Note 14.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 12 April 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared on a historical cost basis and comply with the provisions of the Companies Act, 1965 (“Act”) and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities.

At the beginning of the current financial year, the Group and the Company had adopted new and revised financial reporting standards ("FRSs") which are mandatory for financial periods beginning on or after 1 January 2006 as described fully in Note 2(b)(i).

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM’000) except when otherwise indicated.

(b) Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

(i) New and revised FRSs adopted in the current financial year

On 1 February 2006, the Group and the Company adopted the following FRSs which are mandatory for financial periods beginning on or after 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Continued)

(i) New and revised FRSs adopted in the current financial year (Continued)

FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

Other than FRS 101, the adoption of the new and revised FRSs did not result in significant changes in accounting policies of the Group and the Company. The principal changes in accounting policies and their effects resulting from the adoption of FRS 101 are discussed below.

Prior to 1 January 2006, the Group's share of taxation of associates accounted for using the equity method was included as part of the Group's income tax expense in the consolidated income statement. Upon the adoption of the revised FRS 101, the share of taxation of associates accounted for using the equity method is now included in the share of profit or loss reported in the consolidated income statement before arriving at the Group's profit or loss before tax.

The effects on the presentation of the income statement of the Group for the financial year ended 31 January 2006 is as follows:

Description of change	As previously stated RM'000	Increase/ (decrease) RM'000	As restated RM'000
Group			
Share of profit of associates	23,449	(1,170)	22,279
Profit before tax	55,650	(1,170)	54,480
Income tax expense	2,841	(1,170)	1,671
Profit for the year	52,809	-	52,809

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Continued)

(ii) FRSs issued but not yet adopted

The Group and the Company have not adopted the following FRSs which are not relevant except possibly for FRS 124 and FRS 139:

FRS	Effective for financial periods beginning on or after
FRS 117 - Leases	1 October 2006
FRS 124 - Related Party Transactions	1 October 2006
FRS 6: Exploration for and Evaluation of Mineral Resources	1 January 2007
Amendment to FRS 119_{2004}: Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operations	1 July 2007
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7: Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8: Scope of FRS 2	1 July 2007
FRS 139 - Financial Instruments: Recognition and Measurement	Effective date deferred

(c) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses, if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Subsidiaries and Basis of Consolidation (Continued)

(ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Purchase method of consolidation

Acquisitions of subsidiaries are generally accounted for using the purchase method unless they qualify under the merger principles of accounting as explained below. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Merger principles of accounting

Business combinations involving entities under common control are accounted for using merger principles of accounting. When the merger principles of accounting is adopted, the difference between the cost of investment in the Company's records and the shareholders' equity of the subsidiaries is treated as a merger reserve or a merger deficit. The results of the subsidiary companies being merged are presented as if the merger had been effected throughout the current and previous financial years.

The merger principles of accounting was adopted by the Group in respect of the acquisition of ACRB and its subsidiaries pursuant to the ACRB reorganisation exercise. As such, the results of the Group have been stated as if the ACRB Group have been combined with the Company throughout the current and previous accounting periods even though the Company was only incorporated on 24 October 2005. The comparative figures of the Group relate to that of the ACRB Group and adjusted for the effects arising from using the merger principles of accounting.

(d) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Associates (Continued)

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(e) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(f) Property, Plant and Equipment, and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

	%
Land and buildings	2
Furniture and fittings and office equipment	10 - 33 $^{1}/_{3}$
Computers	20 - 33 $^{1}/_{3}$
Motor vehicles	20

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Property, Plant and Equipment, and Depreciation (Continued)

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(g) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured at cost, including transaction costs, less accumulated depreciation and impairment loss. Cost represent the cost for the construction and acquisition of investment properties.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

(h) Impairment of Non-financial Assets

The carrying amounts of non-financial assets, other than investment property and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Impairment of Non-financial Assets (Continued)

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(i) Inventories

Inventories consist of stocks of units in unit trust funds held by a subsidiary of the Group. These inventories are valued at the lower of cost and market value on aggregate basis. Cost is determined using the weighted average basis.

(j) Provisions for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(k) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument. Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

The accounting policies for financial instruments recognised on the balance sheet are disclosed in the individual policy statements associated with each item.

(i) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(ii) Marketable Securities

Marketable securities represent quoted securities and fixed income securities which are carried at the lower of cost and market value, determined on a portfolio basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values at the close of business at the balance sheet date.

Increases or decreases in the carrying amount of marketable securities are credited or charged to the income statement as allowance for impairment loss of marketable securities or as allowance written back. Allowance for write-down is made when the marketable securities become less marketable as stated in accordance with the Rules of Bursa Malaysia.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Financial Instruments (Continued)

(ii) Marketable Securities (Continued)

On disposal of marketable securities, the gain or loss representing the difference between net disposal proceeds and its carrying amount is credited or charged to the income statements.

(iii) Other Non-Current Investments

Other non-current investments consist of long term investments in quoted, unquoted shares and unit trusts. These investments are stated at cost less impairment losses.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(iv) Receivables

Trade receivables relating to the stockbroking activities are carried at anticipated realisable values. Bad debts are written off when identified. When an account is classified as non-performing, interest is suspended and is subsequently recognised on a cash basis.

In accordance with the Rules of Bursa Malaysia, clients' accounts are classified as non-performing under the following circumstances:

Types of account	Criteria for classification as non-performing
Contra Losses	When the account remains outstanding for 16 calendar days or more from the date of contra transaction.
Overdue purchase contracts	When the account remains outstanding from T+3 market days onwards.
Margin accounts	When the value of collateral has fallen below 130% of the outstanding balance.

- **Specific allowance**

  Specific allowances for bad and doubtful receivables are made for accounts which have been classified as non-performing, net of interest-in-suspense and taking into consideration any collateral held by and the deposit of and all amounts due to the Group, in accordance with the Rules of Bursa Malaysia.

- **General allowance**

  General allowances are made to cover possible losses which have not been specifically identified based on a certain percentage of its total trade receivables, after deducting specific allowances and interest-in-suspense. General allowances are made based on a certain percentage of trade receivables (excluding outstanding purchase contracts which are not due for payment), net of interest-in-suspense and specific allowances already made.

Other trade, non-trade and loan receivables are carried at anticipated realisable values. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts while debts considered to be uncollectible are written off.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Financial Instruments (Continued)

(v) Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand, bank balances and deposit placements maturing less than one month held for the purpose of meeting short term commitments and readily convertible into cash without significant risk of changes in value.

(vi) Interest Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(vii) Payables

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(l) Revenue and Income Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Gross brokerage is recognised upon the execution of trade on behalf of clients, computed based on a pre-determined percentage of the contract value.

(ii) Margin income comprise margin interest income and rollover fees. Margin interest income is recognised on an accrual basis except where such margin account is considered non-performing in accordance with Schedule 7A of the Rules of Bursa Malaysia, in which case recognition of such interest is suspended. Subsequent to suspension, interest is recognised upon receipt until all arrears have been paid. Rollover fees are recognised on an accrual basis. Rollover fees from non-performing margin accounts will be suspended until the accounts are reclassified as performing.

(iii) Gains or losses on disposal of investments are recognised upon confirmation of transactions by the stockbrokers.

(iv) Unit trust and fund management fees are recognised on an accrual basis.

(v) Underwriting, advisory, arrangement and placement fees are recognised as and when services are performed.

(vi) Other revenue earned by the Group are recognised on the following bases:

Dividend income - when the right to receive payment is established.

Management fee and rental income - accrual basis by reference to the agreements entered.

Other interest income - on an accrual basis unless collectibility is in doubt, in which case they are recognised on receipt basis.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

(n) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Income Tax (Continued)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(o) Employee Benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Post-employment benefits - Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund (“EPF”).

(p) Significant Accounting Estimates and Judgements

Preparation of the financial statements involved making certain estimates, assumptions concerning the future judgements. They affect the accounting policies applied, amounts of assets, liabilities, income and expenses reported and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Changes in these estimates and assumptions by management may have an effect on the balances as reported in financial statements.

(i) Impairment of goodwill

The Group determines whether goodwill are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units (“CGU”) to which goodwill are allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Significant Accounting Estimates and Judgements (Continued)

(ii) Classification of investments

Management uses its judgement to determine the classification of its investments into current and non-current. An investment is classified as current if it is readily realisable and it is held for trading or intended by management to be realised within 12 months after the balance sheet date. All other investments are classified as non-current.

(iii) Income taxes

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available in the respective entity within the Group against which the losses and capital allowances can be utilised. Significant management judgement, which will be reviewed periodically, is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The disclosure on the deferred tax assets and unrecognised tax losses and capital allowances are in Note 17.

(iv) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

In the current financial year, the Group has tenanted out a portion of its freehold building to a third party whilst another portion is used by certain subsidiaries of the Group as their principal place of business. The Group has not classified this portion as investment property as the portions tenanted by external parties cannot be sold separately and the portions used by the Group in the supply of goods and services is not an insignificant portion. Accordingly, this property is still classified as property, plant and equipment in the financial statements of the Group as at the end of the current financial year.

3. REVENUE

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Brokerage income	**69,199**	39,717	**-**	-
Management fees	**22,237**	21,822	**-**	-
Placement fees	**6,481**	4,407	**-**	-
Margin and other fees income	**12,458**	6,821	**-**	-
Corporate finance and advisory fee	**4,345**	2,407	**-**	-
Sale of inventories	**-**	2,393	**-**	-
Interest income				
- deposits	**1,210**	341	**269**	-
- others	**2,539**	63	**1,083**	-
Rental income	**-**	10	**-**	-
Gross dividend income from				
- subsidiary company	**-**	-	**8,333**	-
- other investments	**1,167**	-	**-**	-
	119,636	77,981	**9,685**	-

4. OPERATING PROFIT/(LOSS)

Other than those items disclosed in Note 3, operating profit/(loss) is stated:

	Group 2007 RM'000	Group 2006 RM '000	Company 2007 RM'000	Company 2006 RM'000
After charging:				
Staff costs (excluding directors' remuneration) (Note (i))	**26,458**	25,985	**-**	-
Contributions to EPF	**2,612**	1,726	**-**	-
Directors' remuneration (Note (ii))	**8,594**	5,056	**204**	-

4. OPERATING PROFIT/(LOSS) (Continued)

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM '000	RM'000	RM'000
Depreciation of property, plant and equipment	**6,330**	3,987	**-**	-
Depreciation of investment properties	**21**	21	**-**	-
Rental of premises	**3,072**	1,205	**-**	-
Rental of equipment	**130**	673	**-**	-
Auditors' remuneration				
- statutory audit	**226**	130	**30**	-
- special audit	**-**	80	**-**	-
Allowance for /(reversal of) doubtful debts	**1,818**	(155)	**-**	-
And crediting:				
Dividend income	**1,167**	6,087	**-**	-
Interest income				
- deposits	**11,881**	5,625	**-**	-
- others	**1,224**	480	**-**	-
Bad receivables recovered	**272**	5,139	**-**	-
Rental income	**1,181**	1,401	**-**	-
(Loss) / gain on disposal of property, plant and equipment	**(97)**	86	**-**	-

Note (i) Staff costs include salaries, bonuses and all other staff related expenses but excluding directors' remuneration.

Note (ii) Directors' remuneration consists of the following:

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM '000	RM'000	RM'000
Directors of the Company (Note (iii)):				
Fees	**195**	168	**195**	-
Other emoluments	**977**	582	**9**	-
Directors of subsidiary companies:				
Fees	**158**	65	**-**	-
Other emoluments	**7,264**	4,241	**-**	-
	8,594	5,056	**204**	-
Estimated monetary value of benefits-in-kind received by directors	**-**	24	**-**	-

4. OPERATING PROFIT/(LOSS) (Continued)

Note (iii) The total remuneration of all the non-executive directors of the Company during the financial year fall within the following bands:

	Number of directors 2007	Number of directors 2006
Non-executive directors:		
Below RM50,000	**6**	-
RM500,001 to RM550,000	**2***	-

*Two of the non-executive directors were previously executive directors of the operating subsidiaries of ECMLB prior to the merger referred to in Note 37(ii)

5. GAIN ON DISPOSAL OF INVESTMENTS

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Gain on disposal consist of:				
- gain on disposal of quoted investments	**2,314**	13,193	**-**	-
- gain on disposal of marketable securities	**13,780**	1,098	**-**	-
- gain on disposal of subsidiary companies	**433**	142	**-**	-
- gain on disposal of investment properties	**-**	839	**-**	-
	16,527	15,272	**-**	-

6. IMPAIRMENT LOSS ON INVESTMENTS

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Impairment loss on:				
- investment in associated companies	**5,983**	18,068	**-**	-
- other investments	**12,659**	114	**-**	-
	18,642	18,182	**-**	-

7. RATIONALISATION EXPENSES

Rationalisation expenses relate to expenses incurred by the Group to streamline its business activities following the completion of the merger exercise undertaken in the current financial year as further described in Note 37(ii). Included in rationalisation expenses are:

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM'000	**RM'000**	**RM'000**	**RM'00**
Staff voluntary separation and retention schemes	**10,097**	-	**-**	-
Property, plant and equipment written off	**5,637**	26	**-**	-
Relocation expense	**1,019**	-	**-**	-
Other expenses	**616**	-	**-**	-

8. FINANCE COSTS

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Finance costs consist of interest expense on short term borrowings	**3,450**	139	**-**	-

9. INCOME TAX EXPENSE

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Income tax:				
- Current year's provision	**3,639**	1,656	**2,713**	-
- (Over)/under provision of tax in prior years	**(445)**	15	**-**	-
	3,194	1,671	**2,713**	-
Deferred taxation:				
- Relating to origination and reversal of temporary differences	**(5,000)**	-	**-**	-
	(1,806)	1,671	**2,713**	-

Domestic income tax is calculated at the statutory tax rate of 27% (2006: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 26% effective for the year of assessment 2008. The computation of deferred tax as at 31 January 2007 has reflected these changes.

9. INCOME TAX EXPENSE (Continued)

The income tax expense for the year can be reconciled to the profit before tax per income statements as follows:

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit/(loss) before tax	**18,352**	54,480	**9,025**	(2)
Tax at the rate of 27% (2006: 28%)	**4,955**	15,254	**2,437**	(1)
Tax effects of:				
Non-allowable expenses	**7,098**	6,051	**276**	1
Non-taxable income	**(5,310)**	(8,780)	**-**	-
Utilisation of deferred tax assets previously not recognised	**(5,867)**	(10,854)	**-**	-
Effect of changes in tax rate on opening balance of deferred tax	**(2,682)**	-	**-**	-
	(1,806)	1,671	**2,713**	-

10. EARNING PER ORDINARY SHARE

Basic

The basic earnings per ordinary share is calculated by dividing the Group's profit after tax of RM20,158,000 (2006: RM52,809,000) by the weighted average number of ordinary shares in issue during the year of 779,402,000 (2006: 703,027,000).

Fully diluted

For the financial year ended 31 January 2007, there are no dilutive potential ordinary shares in issue. In 2006, the fully diluted earnings per share were calculated by dividing the Group's net profit attributable to shareholders by the weighted average number of ordinary shares in the Company after the share exchange pursuant to the ACRB reorganisation as disclosed in Note 37(i).

11. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Land and building RM'000	Furniture and fittings and office equipment RM'000	Computers RM'000	Motor vehicles RM'000	Total RM'000
Cost					
At 1 February 2006	43,240	14,764	11,335	3,466	72,805
Acquisition of subsidiaries	2	19,048	17,144	1,667	37,861
Additions	511	528	2,345	382	3,766
Write-off	-	(9,461)	(8,671)	(125)	(18,257)
Disposal of subsidiaries	-	(1,425)	(282)	(15)	(1,722)
Disposal	(1,196)	(155)	(268)	(1,535)	(3,154)
At 31 January 2007	42,557	23,299	21,603	3,840	91,299
Accumulated Depreciation					
At 1 February 2006	1,979	7,171	8,521	1,229	18,900
Acquisition of subsidiaries	-	10,127	12,437	631	23,195
Charge during the year	863	2,052	2,470	945	6,330
Write-off	-	(4,754)	(7,739)	(127)	(12,620)
Disposal of subsidiaries	-	(1,047)	(246)	(15)	(1,308)
Disposal	(102)	(102)	(262)	(720)	(1,186)
At 31 January 2007	2,740	13,447	15,181	1,943	33,311
Net Carrying Amount					
At 31 January 2007	39,817	9,852	6,422	1,897	57,988

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group	Freehold Land and building RM'000	Furniture and fittings and office equipment RM'000	Computers RM'000	Motor vehicles RM'000	Total RM'000
Cost					
At 1 February 2005	43,166	13,965	11,092	2,824	71,047
Additions	74	2,464	1,293	1,598	5,429
Disposals/ Write-off	-	(1,590)	(1,029)	(956)	(3,575)
Deconsolidation of a subsidiary company	-	(75)	(21)	-	(96)
At 31 January 2006	43,240	14,764	11,335	3,466	72,805
Accumulated Depreciation					
At 1 February 2005	1,139	7,382	8,225	1,268	18,014
Charge during the year	840	1,309	1,266	572	3,987
Disposals/ Write-offs	-	(1,517)	(967)	(611)	(3,095)
Deconsolidation of a subsidiary company	-	(3)	(3)	-	(6)
At 31 January 2006	1,979	7,171	8,521	1,229	18,900
Net Carrying Amount					
At 31 January 2006	41,261	7,593	2,814	2,237	53,905

Included in property, plant and equipment of the Group are the following fully depreciated property, plant and equipment which are still in use:

Group	2007 RM'000	2006 RM'000
Computers	**11,530**	5,742
Furniture and fittings and office equipment	**7,160**	1,366
Motor vehicles	**383**	138
	19,073	7,246

12. INVESTMENT PROPERTIES

	Group	
	2007	**2006**
	RM'000	**RM'000**
Located in Malaysia:		
Shop offices	**1,062**	1,062
Less: Accumulated depreciation	**(42)**	(21)
Net	**1,020**	1,041

13. GOODWILL ON CONSOLIDATION

	Group	
	2007	**2006**
	RM'000	**RM'000**
At beginning of financial year	**-**	-
Arising from acquisition of subsidiaries during the financial year	**232,000**	-
At end of financial year	**232,000**	-

During the financial year, the Group assessed the recoverable amount of goodwill, and determined that goodwill associated with the acquisition of operating subsidiaries of ECMLB is sustainable based on its value in use after taking into consideration of future effect of the merged operation and a discount factor of 5% per annum.

The following key assumptions were used by management in assessing the recoverable amount of goodwill:-

(i) The basis used to determine the value in use was based on a profit budget approved by management after taken into consideration of the growth rate on the budgeted profit.

(ii) The growth rate used are based on the assumption that on the movement of the Kuala Lumpur Composite Index over a period.

With regard to the assessment of value-in-use, management believes that no reasonable possible change in any of the above key assumptions would cause the carrying values to materially exceed its recoverable amounts.

notes to the financial statements continued

14. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2007 RM'000	Company 2006 RM'000
Unquoted shares in local corporations, at cost	**777,992**	-

(i) The subsidiary companies, all incorporated in Malaysia except as otherwise indicated, are as follows:

Name of Company	Effective Percentage of Ownership 2007 %	2006 %	Principal Activities
Direct Subsidiaries			
ECM Libra Avenue Securities Sdn. Bhd. (formerly known as Avenue Securities Sdn. Bhd.)	**100**	100	Stockbroking, underwriting, placement and provision of advisory services
Avenue Services Sdn. Bhd. (formerly known as Avenue Options & Futures Services Sdn. Bhd.)	**100**	100	Provision of management services
Avenue Invest Bhd.	**100**	100	Provision of unit trust and asset management services
ECM Libra Securities Sdn. Bhd.	**100**	-	Dormant
ECM Libra Capital Sdn. Bhd.	**100**	-	Provision of management, investment advisory and investment consulting services
ECM Libra Partners Sdn. Bhd.	**100**	-	Provision of credit services
ECM Libra Holdings Limited	**100**	-	Investment holding and provision of advisory services
ECM Libra Capital Markets Sdn. Bhd.	**100**	-	Provision of fund management services
Avenue Capital Resources Berhad	**100**	-	Investment holding

14. INVESTMENT IN SUBSIDIARY COMPANIES (Continued)

(i) The subsidiary companies, all incorporated in Malaysia except as otherwise indicated, are as follows: (Continued)

Name of Company	Effective Percentage of Ownership 2007	2006	Principal Activities
	%	%	
Direct Subsidiaries			
ACRB Capital Sdn. Bhd.	**100**	100	Provision of credit services and management services
Indirect Subsidiaries			
Ultimate Acres Sdn. Bhd.	**100**	100	Dormant
Piuco Entertainment Venture (M) Sdn. Bhd. (In members' voluntary liquidation)	**100**	100	In members' voluntary liquidation
Avenue Asset Management Services (Labuan) Ltd	**100**	100	Provision of portfolio management services
Avenue Kestrel Sdn. Bhd. (formerly known as Kestrel Securities Sdn. Bhd.)	**100**	100	Dormant
ECM Libra Avenue Nominees (Tempatan) Sdn. Bhd. (formerly known as A. A. Assets Nominees (Tempatan) Sdn. Bhd.)	**100**	100	Provision of nominee services of local clients
ECM Libra Avenue Nominees (Asing) Sdn. Bhd. (formerly known as A. A. Assets Nominees (Asing) Sdn. Bhd.)	**100**	100	Provision of nominee services for foreign clients
ECM Libra Securities Nominees (Tempatan) Sdn. Bhd.	**100**	100	Dormant
ECM Libra Securities Nominees (Asing) Sdn. Bhd.	**100**	100	Dormant
ECM Libra Securities Nominees Sdn. Bhd.	**100**	100	Dormant
ECM Libra Securities Portfolio Management Sdn. Bhd.	**100**	100	Dormant
ECM Libra Investment Bank Limited	**100**	100	Provision of offshore investment banking and related financial services

14. INVESTMENT IN SUBSIDIARY COMPANIES (Continued)

(i) The subsidiary companies, all incorporated in Malaysia except as otherwise indicated, are as follows: (Continued)

Name od Company	Effective Percentage of Ownership 2007	2006	Principal Activities
	%	%	
Indirect Subsidiaries			
ECM Libra Investments Limited (Incorporated in British Virgin Island)	**100**	100	Investment holding and provision of financial services
ECM Libra Securities Limited* (Incorporated in Hong Kong)	**100**	100	Dormant
Flyingvest Sdn. Bhd.	-	100	Investment holding
DCA (M) Pemaju Corp. Sdn. Bhd.	-	100	Property development
Pentaville Investments Ltd. (Incorporated in British Virgin Islands)	-	100	Dissolved
AAB Avenue I Sdn. Bhd.	-	100	Investment holding, property investment, property development and property management
AAB Damansara Sdn. Bhd.	-	100	Property investment, property development and property management
Affinity Land Sdn. Bhd.	-	100	Property investment, property development and property management
AAB Avenue II Sdn. Bhd.	-	100	Property investment, property development and property management
Affluent Acres Sdn. Bhd.	-	100	Property investment, property development and property management
Gombak Equipment Sdn. Bhd.	-	100	Property investment, and property management
Gain Synergy Sdn. Bhd.	-	100	Property investment
PLB Property Management Sdn. Bhd.	-	100	Property management

* Audited by firm other than Ernst & Young

14. INVESTMENT IN SUBSIDIARY COMPANIES (Continued)

(ii) Disposal of subsidiary companies

On 24 March 2006, the Group disposed its entire equity interest in Flyingvest Sdn Bhd and DCA (M) Pemaju Corp. Sdn Bhd together with their respective subsidiary and associated companies. The details of the disposal are as disclosed in Note 37(iii).

The effect of the disposal on the financial results of the Group as at the date of disposal are as follows:

	Group	
	Up to the date of Disposal	
	2007	**2006***
	RM'000	**RM'000**
Revenue	**-**	2,762
Other operating income	**101**	1,427
Operating costs	**(46)**	(1,841)
Profit before tax	**55**	2,348
Income tax expense	**-**	(184)
Increase in Group net profit	**55**	2,164

The effect of the disposal on the financial position of the Group as at the date of the disposal is as follows:

	Group	
	2007	**2006***
	RM'000	**RM'000**
Property, plant and equipment	**415**	447
Receivables	**61,379**	61,320
Cash and bank balances	**255**	267
Payables	**(62,482)**	(62,522)
Decrease in net assets	**(433)**	(488)
Gain on disposal	**433**	
Net proceeds received	**-**	
Less: Cash and cash equivalents of subsidiary company disposed	**(255)**	
Net cash outflow on disposal	**(255)**	

* These are the comparative financial results / position for the financial year ended / as at 31 January 2006 in respect of the subsidiary companies disposed.

14. INVESTMENT IN SUBSIDIARY COMPANIES (Continued)

(iii) Acquisition of subsidiary companies

On 16 June 2006, the Group completed its acquisition of the operating subsidiary companies of ECMLB and the effects of acquisition on the financial results of the Group following the date of acquisition are as follows:

	2007 RM'000
Revenue	12,463
Net Loss	(1,967)

The above effects exclude the financial results of ECM Libra Securities Sdn. Bhd. as its entire business operation was vested to the existing stockbroking subsidiary of the Group effective from 25 September 2006.

The effects of the acquisition on the financial position of the Group as at the date of the acquisition are as follows:

	Fair Value on Acquisition Date 2007 RM'000
Property, plant and equipment	14,666
Investments	47,760
Receivables	169,290
Cash and bank balances	103,263
Deferred tax liabilities	(316)
Payables	(124,663)
Net assets	210,000
Goodwill on consolidation	232,000
Cost of acquisition	442,000

(iv) Dissolution of a subsidiary company

On 17 July 2006, Pentaville Investments Ltd, a dormant subsidiary of the Group was dissolved. The dissolution does not have any significant financial impact to the Group.

14. INVESTMENT IN SUBSIDIARY COMPANIES (Continued)

(v) Dilution of investment in a subsidiary company

On 12 January 2006, the Company completed the disposal of 60% of its equity interest in Muamalat Avenue Sdn. Bhd. ("Muamalat Avenue") to an independent third party for a cash consideration of RM6,300,000. Consequently, Muamalat Avenue ceased to be a subsidiary company and became an associated company.

The results of Muamalat Avenue for the previous financial period to the date of dilution of interest were as follows:

	Group 2006 RM'000
Revenue	3,078
Operating costs	(2,103)
Profit before tax	975
Income tax expense	(387)
Net profit for the year	588

The effect of the dilution of investment on the financial position of the Group as at the date of the disposal was as follows:

	Group 2006 RM'000
Property, plant and equipment	90
Receivables	637
Deposits with financial institutions	9,450
Cash and bank balances	21
Payables	(77)
	10,121
Amount reclassified to investment in associated companies	(4,048)
Net assets disposed	6,073
Gain on disposal, net of expenses	142
Net proceeds from disposal of equity interest in subsidiary company	6,215
Less: Cash and cash equivalents of subsidiary company deconsolidated	(9,471)
Net cash outflow on disposal	(3,256)

15. INVESTMENT IN ASSOCIATED COMPANIES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Quoted shares, outside Malaysia	**42,380**	-	**-**	-
Quoted shares, within Malaysia	**-**	315,325	**-**	-
Unquoted shares, within Malaysia	**3,918**	28,181	**3,918**	-
	46,298	343,506	**3,918**	-
Share in post acquisition results	**91**	43,707	**-**	-
	46,389	387,213	**3,918**	-
Less: Impairment loss	**-**	(69,040)	**-**	-
Net	**46,389**	318,173	**3,918**	-
Quoted shares, outside Malaysia				
At market value	**27,178**	-	**-**	-
At fair value	**42,913**	-	**-**	-
Quoted shares, within Malaysia				
At market value	**-**	350,311	**-**	-
At fair value	**-**	314,125	**-**	-

The carrying value of the Group's quoted investment in an associated company has exceeded the market value by approximately RM15,735,000 (2006:NIL). Based on the directors' valuation, the carrying value of the Group's investment in associated company is supported by its recoverable amount.

During the financial year, pursuant to the ACRB reorganisation exercise, the Group had distributed all its investment in its associated company, Pos Malaysia & Services Holdings Berhad ("PSH") at the carrying value of RM314,125,000 to its shareholders under Section 64 of the Act, as disclosed in Note 37(i)(d). As such, PSH ceased to be the associated company of the Group.

The associated companies, all incorporated in Malaysia, except as otherwise indicated, are as follows:

		Effective Percentage of Ownership	
Name of Company	**Principal Activities**	**2007**	**2006**
		%	%
Westcomb Financial Group Limited (Incorporated in Singapore)	Investment holding	**24**	-
Muamalat Avenue Sdn. Bhd.	Provision of asset management services	**40**	40

15. INVESTMENT IN ASSOCIATED COMPANIES (Continued)

Name of Company	Principal Activities	Effective Percentage of Ownership 2007	2006
		%	%
Pos Malaysia & Services Holdings Berhad	Investment holding and provision of management services	-	15
Affluent Development Sdn. Bhd.	Property development, property management and property investment	-	50

The following amounts represent the share of assets, liabilities, revenue and expenses of the associated companies of the Group remaining as at year end:

	Group 2007 RM'000	2006 RM'000
Property, plant and equipment	**1,103**	346,815
Intangible assets	**3,119**	-
Investments	**98,323**	560,231
Current assets	**191,573**	1,109,159
Current liabilities	**(109,133)**	(465,760)
Long term liabilities	**(206)**	(4,960)
Net Assets	**184,779**	1,545,485

	Group 2007 RM'000	2006 RM'000
Revenue	**24,426**	787,026
Expenses	**(22,961)**	(634,032)
Profit before tax	**1,465**	152,994
Income tax expense	**(382)**	(7,635)
Net profit for the year	**1,083**	145,359

16. OTHER INVESTMENTS

	Group 2007 RM'000	Group 2006 RM'000
Shares in quoted local corporations, at carrying value / cost	**-**	9,556
Shares in unquoted local corporations, at cost	**6,759**	4,519
Unit trusts	**-**	40,961
Other investments	**15,139**	18,489
	21,898	73,525
Less: Impairment loss	**(7,879)**	(4,815)
	14,019	68,710
Market value of:		
Shares in quoted local corporations	**-**	13,563
Unit trusts	**-**	42,685
	-	56,248

17. DEFERRED TAX ASSETS / (LIABILITIES)

	Group 2007 RM'000	Group 2006 RM'000
At beginning of the financial year	**(117)**	(117)
Acquisition of subsidiary companies	**(316)**	
Recognised in the income statement (Note 9)	**5,000**	-
At end of the financial year	**4,567**	(117)

17. DEFERRED TAX ASSETS / (LIABILITIES)(Continued)

	Group 2007 RM'000	Group 2006 RM'000
Presented after appropriate offsetting as follows:		
Deferred tax assets	**5,000**	-
Deferred tax liabilities - subject to income tax	**(433)**	(117)
	4,567	(117)

All movement in deferred tax assets and liabilities have been recognised in the income statement. The components of deferred tax liabilities and assets as at the end of the financial year are as follows:

	Group 2007 RM'000	Group 2006 RM'000
Accelerated capital allowance	**983**	117
Unutilised tax losses	**(5,000)**	-
Provisions	**(197)**	-
Others	**(353)**	-
	(4,567)	117

Deferred tax assets have not been recognised in respect of the following items:

	Group 2007 RM'000	Group 2006 RM'000
Unused tax losses	**64,167**	75,615
Excess of capital allowances over depreciation of property, plant and equipment	**(3,065)**	(2,892)
Other temporary differences	**5,452**	2,381
Net deferred asset	**66,554**	75,104

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries are subject to no substantial changes in shareholdings of those subsidiaries under Section 44(5A) and (5B) of the Income Tax Act, 1967.

18. INVENTORIES

	Group 2007 RM'000	Group 2006 RM'000
At cost:		
Properties held for sale	**-**	2,222
Unit trust quoted in Malaysia - manager's stocks	**1,016**	1,505
	1,016	3,727
Market value of trust units quoted in Malaysia	**1,016**	1,505

19. MARKETABLE SECURITIES

	Group 2007 RM'000	Group 2006 RM'000
At cost:		
Unquoted private debt securities	**120,545**	95,000
Less: Allowance for diminution in value	**(4,136)**	-
	116,409	95,000
Quoted shares	**98,124**	4,453
Less: Allowance for diminution in value	**(6,863)**	(18)
	91,261	4,435
Net	**207,670**	99,435
Market value of:		
Unquoted private debt securities	**137,411**	95,000
Quoted shares	**91,917**	4,725

20. TRADE RECEIVABLES

	Group 2007 RM'000	Group 2006 RM'000
Amount owing by clients	**697,044**	186,561
Amount owing by brokers	**334,902**	111,721
	1,031,946	298,282
Less: Allowance for doubtful receivables		
- specific allowance (Note (a))	**(1,102)**	(164)
- general allowance (Note (b))	**(4,790)**	(3,095)
Interest-in-suspense (Note (c))	**(944)**	(435)
	1,025,110	294,588
Amount due by Trustees	**2,368**	8,537
Other trade receivables	**387**	186
Net	**1,027,865**	303,311

The trade settlement for the amounts owing by clients and brokers is 3 market days according to the Fixed Delivery and Settlement System ("FDSS") trading rules of Bursa Malaysia. The trade credit terms for margin clients are set within standard margin agreements.

The trade credit terms for other trade receivables generally ranges from 30 days to 90 days. Other trade credit terms are assessed and approved on a case-by-case basis.

Movements in the allowance for bad and doubtful receivables and interest-in-suspense accounts are as follows:

	Group 2007 RM'000	Group 2006 RM'000
(a) Specific Allowance:		
Balance at beginning of year	**164**	590
Acquired from business merger	**562**	-
Allowance made during the year	**376**	455
Allowance no longer required	**-**	(579)
Amount written off	**-**	(302)
Balance at end of year	**1,102**	164

20. TRADE RECEIVABLES (Continued)

		Group	
		2007 RM'000	2006 RM'000
(b)	General Allowance:		
	Balance at beginning of year	**3,095**	3,126
	Acquired from business merger	**253**	-
	Allowance made during the year	**1,442**	561
	Allowance no longer required	**-**	(592)
	Balance at end of year	**4,790**	3,095
(c)	Interest-in-suspense:		
	Balance at beginning of year	**435**	317
	Acquired from business merger	**710**	-
	Suspended during the year	**-**	1,457
	Written back	**(201)**	(1,339)
	Balance at end of year	**944**	435

The classification of non-performing accounts in accordance with Rule 1104.1, Schedule 7A of the Rules of Bursa Malaysia is as follows:

	Group	
	2007 RM'000	2006 RM'000
Non-performing accounts, classified as doubtful	**111**	8
Non-performing accounts, classified as bad	**3,023**	2,822
Total non-performing accounts	**3,134**	2,830

21. LOAN RECEIVABLES

All of the Group's loan receivables are secured, bear interest rate ranging from 9.5% to 11.0% per annum (Nil in 2006) and mature within a year.

22. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Tax recoverable	**9,427**	3,361	**-**	-
Deposits and prepayments	**17,340**	13,995	**13**	-
Other receivables	**5,865**	8,200	**805**	-
	32,632	25,556	**818**	-

Included in deposits of the Group is an amount of RM10,000,000 (2006: RM10,000,000) which represents deposit paid to the Government of Malaysia as one of the pre-conditions for proposed transformation of a subsidiary company into an investment bank. This deposit is non-interest bearing.

23. AMOUNTS OWING BY/TO SUBSIDIARY COMPANIES

	Company	
	2007	**2006**
	RM'000	**RM'000**
Amount owing by subsidiary companies	**125,090**	-
Amount owing to subsidiary companies	**79,308**	-

The amount owing by/to subsidiary companies mainly represent payments made on behalf and unsecured advances, which are interest free with no fixed terms of repayment except for amounts owing by a subsidiary company totalling RM37,500,000 which bear interest ranging from 3.5% to 4.5% per annum.

24. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits with:				
Licensed banks	**106,290**	177,076	**10,720**	-
Other financial institutions	**933**	36,143	**-**	-
	107,223	213,219	**10,720**	-

Included in deposits with licensed financial institutions of the Group are:

(a) deposits amounting to RM600,000 (2006: RM1,600,000) pledged to the banks for credit facilities granted to subsidiary companies; and

(b) short term deposits of RM58,171,000 (2006: RM78,806,000) held in trust on behalf of a subsidiary company's remisiers and clients.

The range of effective interest rates of deposits as at the balance sheet date were as follows:

	Group		Company	
	2007	**2006**	**2007**	**2006**
	%	**%**	**%**	**%**
Deposits with:				
Licensed banks	**3.1**	3.1	**3.1**	-
Other financial institutions	**3.4**	2.0	**-**	-

The average maturities of deposits as at the end of the financial year were as follows:

	Group		Company	
	2007	**2006**	**2007**	**2006**
	Days	**Days**	**Days**	**Days**
Deposits with:				
Licensed banks	**31**	31	**31**	-
Other financial institutions	**14**	7	**-**	-

25. CASH AND BANK BALANCES

Included under cash and bank balances of the Group are:

(a) an amount of RMNil (2006: RM54,000) deposited by certain subsidiary companies into Housing Development Accounts in accordance with Section 7(A) of the Housing Developers (Control and Licensing) Act, 1966; and

(b) an amount of RM53,726,000 (2006: RM16,961,000) in respect of money held in trust accounts for remisiers and clients of a subsidiary company.

26. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2007	**2006**	**2007**	**2006**
Group	**'000**	**'000**	**RM'000**	**RM'000**
Authorised:				
At beginning/end of year	**1,500,000**	1,500,000	**1,500,000**	1,500,000
Issued and fully paid-up:				
At beginning of year	**703,027**	703,027	**703,027**	*
Exchange of shares	**-**	-	**-**	849,128
Cancellation arising from capital reduction	**(314,125)**	-	**(314,125)**	(146,101)
Issuance	**442,000**	-	**442,000**	-
At end of year	**830,902**	703,027	**830,902**	703,027
Company				
Authorised:				
At beginning/end of year	**1,500,000**	1,500,000	**1,500,000**	1,500,000
Issued and fully paid-up:				
At beginning of year / at 24 October 2005	*****	*	*****	*
Issuance pursuant to the ACRB reorganisation exercise	**849,128**	-	**849,128**	-
Reduction pursuant to distribution of assets-in-specie	**(314,125)**	-	**(314,125)**	-
Cancellation by way of a capital reduction exercise	**(146,101)**	-	**(146,101)**	-
Issuance pursuant to acquisition of subsidiaries	**442,000**	-	**442,000**	-
At end of year	**830,902**	*	**830,902**	*

* Represent RM2

26. SHARE CAPITAL (Continued)

As described in Note 2(c)(ii), the merger principles of accounting was adopted by the Group in respect of the acquisition of ACRB and its subsidiaries pursuant to the ACRB reorganisation exercise. As such, the results of the Group have been stated as if the ACRB Group have been combined with the Company throughout the current and previous accounting periods even though the Company was only incorporated on 24 October 2005. The movement in the share capital of the Group relates to that of the ACRB Group for the financial year then ended 31 January 2006 (adjusted for the effects of the merger principles of accounting) and reflect the changes in the composition of the share capital since. The movement in the share capital of the Company relates to that of the legal entity.

27. RESERVES

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-distributable:				
Share premium	**-**	152,022	**-**	-
Merger reserve	**26,561**	49,551	**-**	-
Capital reserve	**-**	1,000	**-**	-
Foreign exchange translation reserve	**(2,047)**	-	**-**	-
Distributable:				
Retained profits / (Accumulated losses)	**5,723**	(184,705)	**6,310**	(2)
General reserve	**159**	159	**-**	-
	30,396	18,027	**6,310**	(2)

Merger Reserve

Merger reserve arose upon taking over of the listing status of a subsidiary company where the results and the financial position of the Group have been combined under the merger principles of accounting, as described in the accounting policies.

Capital Reserve

Capital reserve arose from redemption of redeemable non-convertible preference shares in a subsidiary company.

28. TRADE PAYABLES

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Amount owing to clients	**550,995**	94,698	**-**	-
Amount owing to brokers	**234,237**	121,232	**-**	-
Clients' trust monies	**85,615**	95,766	**-**	-
Amount owing to trustees	**2,060**	4,669	**-**	-
	872,907	316,366	**-**	-

The trade credit term for non-margin clients and brokers is 3 market days according to FDSS trading rules of Bursa Malaysia.

29. OTHER PAYABLES AND ACCRUED EXPENSES

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Other payables and accrued expenses	**65,540**	37,716	**1,320**	2
Remisiers and dealers trust accounts	**18,458**	9,845	**-**	-
Deposits received	**699**	1,416	**442**	-
	84,697	48,977	**1,762**	2

30. BANK BORROWINGS

	Group	
	2007	2006
	RM'000	RM'000
Term Loan - unsecured	**40,000**	-
Interbank borrowing	**60,000**	30,000
	100,000	30,000

The unsecured term loan which carries a fixed interest rate of 8% per annum, is repayable in one lump sum upon maturity in the financial year ending 31 January 2008.

The weighted average effective annual interest rates of borrowings during the financial year are as follows:

	Group	
	2007	2006
	%	%
Term Loan - unsecured	**8.00**	-
Interbank borrowing	**3.50**	2.95

31. CASH AND CASH EQUIVALENTS

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed financial institutions	**107,223**	213,219	**10,720**	-
Cash and bank balances	**172,747**	29,735	**123**	-
	279,970	242,954	**10,843**	-
Less:				
Short term deposits held in trust (Note 24)	**58,171**	78,806	**-**	-
Deposits pledged with financial institutions (Note 24)	**600**	1,600	**-**	-
Cash and bank balance held in trust (Note 25)	**53,726**	16,961	**-**	-
	112,497	97,367	**-**	-
	167,473	145,587	**10,843**	-

32. DIVIDENDS

The dividends declared and paid by the Group, as described below, relate to dividends declared and paid by ACRB prior to the completion of its reorganisation exercise:-

- A final dividend of 1%, less 28% tax, amounting t6o RM5,612,370 proposed in respect of the financial year ended 31 January 2005, was paid on 19 September 2005.
- An interim dividend of 1%, less 28% tax, amounting to RM5,612,384 in respect of the financial year ended 31 January 2007, was paid on 24 April 2006.

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 January 2007 of 1.0 sen less 27% tax per ordinary share of RM1 each on 830,901,953 ordinary shares, amounting to a net dividend payable of approximately RM6,066,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 January 2008.

33. COMMITMENTS

	Group	
	2007	**2006**
	RM'000	**RM'000**
Operational Commitments		
Approved but not contracted for:		
Underwriting commitments	**3,401**	-
Capital Commitments		
Approved but not contracted for:		
Purchase of property, plant and equipment	**933**	-
Non-cancellation operating lease commitments		
Future minimum rentals payable		
Not later than 1 year	**1,901**	-
Later than 1 year and not later than 5 years	**212**	-
	2,113	-
Other Commitments		
Approved but not contracted for:		
Balance of payment to the Government of Malaysia for transformation into an investment bank commitment *	**42,500**	42,500

* This is subject to the approval of the relevant authorities and deposit of RM10,000,000 has been paid and included under other receivables, deposits and prepayments of the Group as disclosed in Note 22.

34. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions:

	Group 2007 RM'000	Group 2006 RM'000
Transactions with Directors of the Company:		
Brokerage income	**33**	-
Transactions with major shareholders of the Company:		
Brokerage income	**-**	71
Transactions with associated company:		
Asset management fee	**-**	56

The directors of the Company are of the opinion that the above transactions had been entered into in the normal course of business and had been established under terms that are no less favourable than those arranged with independent third parties.

35. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The operations of the Group are subject to a variety of financial risks, including interest rate risk, credit risk, liquidity risk and cash flow risk. The Group has formulated a financial risk management framework whose principal objective is to minimise the Group's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group.

(b) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing fixed deposits and short term borrowings. The interest rate of fixed deposits and bank borrowings are disclosed in Note 24 and 30 respectively.

(c) Credit risk

Credit risk is the potential loss of revenue and principal losses in the form of specific provisions as a result of partial or total default or debts and/or margin financing.

Experienced key personnel are appointed to high level management committees to establish overall credit risk limits, margin financing assessment, collateral and prudent lending policies.

The Group is exposed to credit risk mainly from trade receivables. The Group extends credit to its clients upon careful evaluation of the clients so as to limit high credit concentration in a client or clients from a particular market.

35. FINANCIAL INSTRUMENTS (Continued)

(d) Liquidity risk

Liquidity risk relates the ability to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due at a reasonable cost.

Liquidity risk is controlled through the Capital Adequacy Requirements of Bursa Malaysia and the Group liquidity risk management policy.

(e) Cash flow risk

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

(f) Fair value of financial assets and financial liabilities

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the followings:

		Group		Company	
	Note	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
2007					
Financial Assets					
Investment properties	12	**1,020**	1,386	**-**	-
Investments in associated companies					
- quoted	15	**42,380**	42,913	**-**	-
- unquoted	15	**3,918**	4,417	**3,918**	4,417
Amounts owing by subsidiary companies	23	**-**	*	**125,090**	*
Financial Liabilities					
Amounts owing to subsidiary companies	23	**-**	*	**79,308**	*

35. FINANCIAL INSTRUMENTS (Continued)

(f) Fair value of financial assets and financial liabilities (Continued)

		Group		Company	
	Note	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
2006					
Financial Assets					
Investment properties	12	1,041	1,386	-	-
Investment in associated companies					
- quoted	15	315,325	314,125	-	-

* It is not practicable within the constraints of timeliness and cost to estimate the fair value of the amounts owing from/to subsidiary companies principally due to the lack of fixed repayment terms. However, the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values are as follows:

(i) Quoted investments (non-current assets) / Marketable securities / Inventories (unit trusts quoted in Malaysia)

The fair value of these financial assets is determined by reference to stock exchange quoted market prices at the close of business on the balance sheet date.

(ii) Unquoted investment / Loan and other receivables

It is not practical to estimate the fair value of unquoted investments, loan receivables and other receivables.

(iii) Cash and cash equivalents, trade, loan and other receivables, trade and other payables, and current borrowings

The carrying amounts approximate fair value because of the short maturity of these instruments.

36. SEGMENTAL REPORTING

Business segments

The Group is organised into the following operating divisions:

(a) Financial services which include stockbroking activities, financial futures and options broking, asset management and unit trusts management;

(b) Investment holdings which include provision of management services, investment in associated companies and other investments; and

(c) Others which include property investment, sale of property stocks, property management and other operations.

No geographical segmental information is provided as the Group operates principally in Malaysia.

Group	Financial services RM'000	Investment Holdings RM'000	Other RM'000	Eliminations RM'000	Consolidated RM'000
2007					
Revenue	**131,163**	**19,725**	-	(18,147)	**132,741**
Results					
Segment result	**35,690**	**17,669**	-	(18,147)	**35,212**
Share of profits of associated companies					**6,074**
Rationalisation expenses					**(17,369)**
Gain on disposal of investments					**16,527**
Impairment loss on investments					**(18,642)**
Finance costs					**(3,450)**
Profit before tax					**18,352**
Income tax expense					**1,806**
Net profit for the year					**20,158**

36. SEGMENTAL REPORTING (Continued)

	Financial services RM'000	Investment Holdings RM'000	Other RM'000	Consolidated RM'000
Assets				
Segment assets	**1,834,122**	**25,915**	**-**	**1,860,037**
Investment in associated companies	**42,913**	**3,476**	**-**	**46,389**
Unallocated corporate assets				**14,427**
Consolidated total assets				**1,920,853**
Liabilities				
Segment liabilities	**1,054,414**	**3,190**	**-**	**1,057,604**
Unallocated corporate liabilities				**1,951**
Consolidated total liabilities				**1,059,555**
Other Information				
Capital additions	**3,670**	**96**	**-**	**3,766**
Depreciation and amortisation	**6,131**	**199**	**-**	**6,330**

Group	Financial services RM'000	Investment Holdings RM'000	Other RM'000	Eliminations RM'000	Consolidated RM'000
2006					
Revenue	75,173	21,418	2,762	(21,372	77,981
Results					
Segment result	38,192	16,387	1,595	(20,924)	35,250
Share of profits of associated companies	-	22,279	-		22,279
Gain on disposal of investments					15,272

36. SEGMENTAL REPORTING (Continued)

Group	Financial services RM'000	Investment Holdings RM'000	Other RM'000	Eliminations RM'000	Consolidated RM'000
2006					
Impairment loss on investments					(18,182)
Finance costs					(139)
Profit before tax					54,480
Income tax expense					(1,671)
Net profit for the year					52,809

	Financial services RM'000	Investment Holdings RM'000	Other RM'000	Consolidated RM'000
Assets				
Segment assets	705,859	85,123	4,327	795,309
Investment in associated companies	-	318,173	-	318,173
Unallocated corporate assets				3,330
Consolidated total assets				1,116,812
Liabilities				
Segment liabilities	375,987	1,308	18,166	395,461
Unallocated corporate liabilities				297
Consolidated total liabilities				395,758
Other Information				
Capital additions	4,756	673	-	5,429
Depreciation and amortisation	3,583	208	196	3,987

37. SIGNIFICANT EVENTS

(i) On 16 June 2006, ACRB completed its reorganisation exercise, which entailed the following:

(a) Incorporation of a newco to facilitate the reorganisation exercise. On 24 October 2005, the Company was incorporated as the new holding company;

(b) Exchange of all of ACRB's shares, ICULS and warrants with new shares in the Company pursuant to a scheme of arrangement of ACRB under Section 176 of the Act ("Exchange");

(c) Distribution of assets-in-specie comprising all the Pos Malaysia & Services Holdings Bhd ("PSH") shares held by ACRB and all the shareholdings of ACRB in its wholly-owned subsidiary and associated companies involved in the provision of financial services to the Company, via a reduction in share capital of the Company under Section 64 of the Act ("Internal Distribution");

(d) Distribution of assets in specie comprising all the PSH shares held by the Company (pursuant to the Internal Distribution) to its shareholders via a reduction of share capital of the Company under Section 64 of the Act ("PSH Distribution") and the cancellation of goodwill arising from the Exchange via reduction of share capital of the Company under Section 64 of the Act ("Cancellation");

(e) Consolidation of the shares in the Company after the PSH Distribution and Cancellation back to its par value of RM1.00 each; and

(f) Transfer of the listing status of ACRB to the Company, such that ACRB was delisted and the Company assumed its listing status on the Main Board of Bursa Malaysia.

The Company also established a scheme for the grant of options to the directors and eligible employees of the Group. This scheme has not been implemented by the Company as at 31 January 2007.

(ii) On 19 January, 2006, the Company entered into a conditional share sale agreement with ECMLB, for the proposed merger between the Company and ECMLB, via the acquisitions by the Company of the entire equity interests in the following operating subsidiary companies of ECMLB, in consideration of the allotment and issuance of 442,000,000 new ordinary shares of RM1.00 each in the Company credited as fully paid-up at RM1.00 each to ECMLB:

(a) ECM Libra Securities Sdn Bhd

(b) ECM Libra Capital Sdn Bhd

(c) ECM Libra Capital Market Sdn Bhd

(d) ECM Libra Partners Sdn Bhd

(e) ECM Libra Holdings Limited

The Company completed the acquisitions on 16 June 2006.

37. SIGNIFICANT EVENTS (Continued)

(iii) On 24 March 2006, ACRB entered into a sale and purchase agreement with Tenda Harta Sdn Bhd ("THSB") to dispose of its entire equity interests in DCA (M) Pemaju Corp. Sdn Bhd and Flyingvest Sdn Bhd, together with their respective subsidiary and associated companies ("Property Group") to THSB for an aggregate cash consideration of RM1.00. In addition, THSB shall also assume and take over the debts and advances due and owing by ACRB to the Property Group amounting to RM81,934,000. The disposal was completed on the same day. Consequently, the Property Group ceased to be subsidiary companies of ACRB.

(iv) On 17 July 2006, Pentaville Investments Ltd, a dormant subsidiary company of ACRB, was dissolved.

(v) On 25 September 2006, the entire business operation of ECM Libra Securities Sdn Bhd was vested to ECM Libra Avenue Securities Sdn Bhd (formerly known as Avenue Securities Sdn Bhd) via an order granted by the High Court of Malaya.

(vi) On 18 December 2006, the Company entered into a conditional share sale agreement with Bank Muamalat Malaysia Berhad for the disposal of the entire 40% equity interest held in an associated company, Muamalat Avenue Sdn Bhd (formerly known as Avenue Asset Management Services Sdn Bhd) for RM4,420,000. The said disposal was completed on 15 March 2007 subsequent to the financial year end.

38. COMPARATIVES

As described in Note 2(c)(ii), the merger principles of accounting was adopted by the Group in respect of the acquisition of ACRB and its subsidiaries pursuant to the ACRB reorganisation exercise. As such, the results of the Group have been stated as if the ACRB Group have been combined with the Company throughout the current and previous accounting periods even though the Company was only incorporated on 24 October 2005. The comparative figures of the Group relate to that of the ACRB Group for the financial year ended 31 January 2006 and adjusted for the effects arising from using the merger principles of accounting.

The financial statements for the financial year ended 31 January 2006 were audited by a firm of chartered accountants other than Ernst & Young.

other information

1. MATERIAL CONTRACT

There were no material contracts (not being contract entered into in the ordinary course of business) which had been entered into by the Company and its subsidiaries involving the interest of directors and major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year pursuant to Item 20, Part A, Appendix 9C of the Listing Requirements of Bursa Malaysia.

2. NON-AUDIT FEES

The amount of non-audit fees paid to External Auditors, Messrs. Ernst & Young, by the Group for the financial year amounted to RM121,540.

3. REVALUATION POLICY ON LANDED PROPERTIES

The Group has not adopted a policy of regular revaluation on landed properties.

4. ANALYSIS OF SHAREHOLDERS AS AT 17 APRIL 2007

Authorised share capital	:	RM1,500,000,000.00
Issued & paid-up capital	:	RM830,901,953.00
Class of shares	:	Ordinary Shares of RM1.00
Voting rights		
- on show of hands	:	1 vote
- on a poll	:	1 vote for each share held

Distribution schedule of shareholdings:

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	2,404	8.92	117,225	0.01
100 - 1,000	7,432	27.57	4,225,708	0.51
1,001 - 10,000	12,437	46.15	54,887,194	6.61
10,001 - 100,000	4,119	15.28	131,784,545	15.86
100,001 - less than 5% of issued shares	559	2.07	435,411,462	52.40
5% and above of issued shares	2	0.01	204,475,819	24.61
	26,953	100.00	830,901,953	100.00

Thirty Largest Shareholders:

Name of Shareholders	No. of Shares	%
1. RHB Nominees (Tempatan) Sdn Bhd - Equity Vision Sdn Bhd	128,019,819	15.41
2. Lim Kian Onn	76,456,000	9.20

other information continued

4. ANALYSIS OF SHAREHOLDERS AS AT 17 APRIL 2007 (Continued)

Thirty Largest Shareholders (Continued):

Name of Shareholders	No. of Shares	%
3. ECM Libra Avenue Nominees (Tempatan) Sdn Bhd - ECM Libra Capital Markets Sdn Bhd for Kalimullah bin Masheerul Hassan	40,000,000	4.81
4. Hikkaya Jaya Sdn Bhd	26,467,220	3.18
5. Multi-Purpose Holdings Berhad	23,893,484	2.87
6. CIMB Group Nominees (Tempatan) Sdn Bhd - AmcorpGroup Berhad for Hikkaya Jaya Sdn Bhd	22,126,992	2.66
7. Citigroup Nominees (Asing) Sdn Bhd - exempt an for Citibank NA, Singapore (Julius Baer)	22,019,000	2.65
8. HSBC Nominees (Asing) Sdn Bhd - exempt an for Morgan Stanley & Co. International Limited	18,000,000	2.17
9. BH Builders Sdn Bhd	12,961,984	1.56
10. HSBC Nominees (Asing) Sdn Bhd - exempt an for Credit Suisse	11,820,872	1.42
11. Kumpulan Wang Persaraan (Diperbadankan)	11,130,000	1.34
12. Lim Su Tong @ Lim Chee Tong	9,413,00	1.13
13. Multi-Purpose Insurans Bhd	8,818,000	1.06
14. Kenanga Nominees (Tempatan) Sdn Bhd - Irama Hasrat Sdn Bhd	8,409,000	1.01
15. HSBC Nominees (Asing) Sdn Bhd - exempt an for JPMorgan Chase Bank, National Association (U.S.A.)	7,817,200	0.94
16. CIMB Group Nominees (Tempatan) Sdn Bhd - AmcorpGroup Berhad for Mezzanine Capital (Malaysia) Sdn Bhd	6,880,972	0.83
17. CIMB Group Nominees (Tempatan) Sdn Bhd - AmcorpGroup Berhad for Corporateview Sdn Bhd	6,059,100	0.73
18. Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Fund	5,900,730	0.71
19. Citigroup Nominees (Asing) Sdn Bhd - UBS AG Singapore for Yuji Holdings Limited	4,644,300	0.56
20. ECM Libra Avenue Nominees (Tempatan) Sdn Bhd - ECM Libra Foundation	4,253,000	0.51
21. HDM Nominees (Tempatan) Sdn Bhd - UOB Kay Hian Pte Ltd for Gooi Seong Lim	3,700,000	0.44

4. ANALYSIS OF SHAREHOLDERS AS AT 17 APRIL 2007 (Continued)

Thirty Largest Shareholders (Continued):

Name of Shareholders	No. of Shares	%
22. Mayban Nominees (Tempatan) Sdn Bhd - Mayban Investment Management Sdn Bhd for Kumpulan Wang Simpanan Pekerja	3,342,600	0.40
23. ABB Nominee (Tempatan) Sdn Bhd - Affin Bank Berhad	3,320,506	0.40
24. TA Nominees (Tempatan) Sdn Bhd - Ling Kok Wah	3,161,600	0.38
25. Chow Soi Wah	2,738,000	0.33
26. Soo Ngik Gee @ Soo Yeh Joo	2,486,100	0.30
27. Anitha a/p Krishna Murthi	2,200,000	0.26
28. Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Small Cap Series	2,118,877	0.25
29. Sharikat Kim Loong Sendirian Berhad	2,098,900	0.25
30. TA Nominees (Tempatan) Sdn Bhd - Raj Kumar a/l R Gopal Pillai	1,920,000	0.23

Substantial Shareholders:

	Direct Interest		Deemed Interest	
Name of Shareholders	**No. of shares**	**%**	**No. of Shares**	**%**
Mr Lim Kian Onn	76,456,000	9.20	-	-
Hikkaya Jaya Sdn Bhd	48,594,212	5.85	-	-
Equity Vision Sdn Bhd	128,019,819	15.41	-	-
Tan Sri Dato' Azman Hashim	-	-	189,554,103[1]	22.81
AmcorpGroup Berhad (formerly known as Arab-Malaysian Corporation Berhad)	-	-	61,534,284[2]	7.40
Clear Goal Sdn Bhd	-	-	61,534,284[2]	7.40

Note:

(1) Deemed interest of 22.81% by virtue of Section 6A of the Companies Act, 1965 held through Hikkaya Jaya Sdn Bhd (48,594,212), Corporateview Sdn Bhd (6,059,100), Mezzanine Capital (Malaysia) Sdn Bhd (6,880,972) and Equity Vision Sdn Bhd (128,019,819)

(2) Deemed interest of 7.4% by virtue of Section 6A of the Companies Act, 1965 held through Hikkaya Jaya Sdn Bhd (48,594,212), Corporateview Sdn Bhd (6,059,100) and Mezzanine Capital (Malaysia) Sdn Bhd (6,880,972)

5. DIRECTORS' INTERESTS AS AT 17 APRIL 2007:

Subsequent to the financial year ended 31 January 2007, there is no change to the directors' interests in the shares of the Company and/or its related corporations except for the changes set out below:

	Direct Interest		Deemed Interest	
Name of Shareholders	No. of shares	%	No. of Shares	%
Dato' Kalimullah bin Masheerul Hassan	-	-	40,000,000	4.81
Mr Lim Kian Onn	76,456,000	9.20	-	-

6. LIST OF PROPERTIES

	Location & Description	Description/ Existing Use	Tenure	Built up Area Sq. ft	Age of Property (years)	Net Book Value RM'000	Date of Acquisition
1.	Bangunan Avenue 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur	Office premises	Freehold	183,076	14	32,503	8.9.2004
2.	111, Jalan Macalister 10400 Penang	Office premises	Freehold	28,201	10	6,687	27.8.1997
3.	Megan Avenue II 12, Jalan Yap Kwan Seng 50450 Kuala Lumpur - 2 unit shop offices	Investment properties	Freehold	4,101	8	1,020	30.8.1999
4.	Unit 6-01, level 06 Wisma Pantai 12200 Butterworth Penang	Investment properties	Freehold	1,285	13	179	24.12.2001
5.	Block C6, Unit 64 2831, Chinatown Bandar Baru Prai Penang	Investment properties	Freehold	3,373	11	448	24.12.2001

ECM LIBRA AVENUE BERHAD (713570-K)
(FORMERLY KNOWN AS AVENUE INTERNATIONAL CAPITAL BERHAD)
(Incorporated in Malaysia)

FORM OF PROXY

I/We ______________________________ of ______________________________

______________________________ being a member/members of ECM LIBRA AVENUE BERHAD (formerly known as Avenue International Capital Berhad) hereby appoint ______________________________

of ______________________________

or failing him/her ______________________________

of ______________________________

or failing him/her, the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Second Annual General Meeting of the Company to be held at Bintang 1 & 2, Level 3, JW Marriott Kuala Lumpur, 183 Jalan Bukit Bintang, 55100 Kuala Lumpur on Thursday, 7 June 2007 at 10.30 a.m. and at any adjournment thereof.

My/Our proxy/proxies is to vote either on show of hands or on a poll as indicated below with an "X" :

	RESOLUTIONS	FOR	AGAINST
1.	To receive the Audited Financial Statements and Reports		
2.	To declare a final dividend of 1 sen less income tax of 27%		
3.	To approve the payment of Directors' fees		
4.	To re-elect the following as Directors:		
	4.1 Dato' Kalimullah bin Masheerul Hassan		
	4.2 Dato' Ab. Halim bin Mohyiddin		
	4.3 Mr Lim Kian Onn		
	4.4 Datuk Kamarudin bin Md Ali		
	4.5 Dato' Othman bin Abdullah		
	4.6 Encik Mahadzir bin Azizan		
	4.7 Mr Soo Kim Wai		
5.	To appoint Messrs Ernst & Young as Auditors of the Company and authorise the Directors to fix their remuneration		
6.	As special business, to approve the ordinary resolution pursuant to Section 132D of the Companies Act, 1965		

Dated this _________ day of ________________ 2007

______________________________ ______________________________

Number of shares held Signature of Member(s)

Notes

1. If you wish to appoint other person(s) to be your proxy, delete the words "the Chairman of the meeting" and insert the name(s) and address(es) of the person(s) desired in the space so provided.
2. If there is no indication as to how you wish your vote(s) to be cast, the proxy will vote or abstain at his/her discretion.
3. A proxy may but need not be a member of the Company and the provisions of Section 149(1) (a) and (b) of the Companies Act, 1965 shall not apply to the Company.
4. A member shall be entitled to appoint one (1) or more proxy/proxies to attend and vote at the same meeting provided that where a member of the Company is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member appoints more than one (1) proxy to attend the meeting, the member shall specify the proportion of his shareholdings to be represented by each proxy.
5. In the case where a member is a corporation, this Form of Proxy must be executed under its Common Seal or under the hand of its Attorney.
6. All Forms of Proxy must be duly executed and deposited at the Registered Office of the Company at 8A Floor, Wisma Genting, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time for holding the meeting or adjourned meeting.

AFFIX
STAMP

The Company Secretary
ECM Libra Avenue Berhad **(713570-K)**
8A Floor, Wisma Genting,
Jalan Sultan Ismail,
50250 Kuala Lumpur.