ecmlibra

Laporan Tahunan 2011 Annual Report

ECM Libra Financial Group Berhad (713570-K)

contents

corporate information

DIRECTORS
Dato' Seri Kalimullah bin Masheerul Hassan (Chairman)
Dato' Ab. Halim bin Mohyiddin (Vice Chairman)
Mr Lim Kian Onn
Datuk Kamarudin bin Md Ali
Dato' Othman bin Abdullah
En Mahadzir bin Azizan
Mr Lum Sing Fai

SECRETARIES
Ms Wong Seong Cho
Ms Chan Soon Lee

AUDITORS
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Chartered Accountants
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WEBSITE
www.ecmlibra.com

LISTING
Main Market of Bursa Malaysia Securities Berhad

directors' profile

Dato' Seri Kalimullah bin Masheerul Hassan

Chairman/Non-Independent Non-Executive

Dato' Seri Kalimullah bin Masheerul Hassan, a Malaysian, aged 53, 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' Seri 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 and resigned on 31 December 2008. Dato' Seri 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' Seri Kalimullah was appointed Chairman of the Board of Directors ("Board") of ECM Libra Financial Group Berhad ("ECMLFG" or "Company") on 16 June 2006. He was re-designated Executive Chairman & Chief Executive Officer with effect from 1 May 2007, a position he held till 5 February 2010. On 6 February 2010, he was re-designated Chairman of the Company. He attended five (5) Board meetings held during the financial year ended 31 January 2011.

Dato' Seri Kalimullah is also currently a director of ECM Libra Foundation. He retired as the Chairman of Ekowood International Berhad on 20 May 2010 and resigned from the Board of ECM Libra Investment Bank Berhad ("ECMLIB") on 1 July 2010. He has no family relationship with the other directors or major shareholders of ECMLFG, no conflict of interest with ECMLFG and has no conviction for offences within the past ten years.

Dato' Ab. Halim bin Mohyiddin

Vice Chairman/Independent Non-Executive

Dato' Ab. Halim bin Mohyiddin, a Malaysian, aged 65, serves on the Board of Amway (Malaysia) Holdings Berhad, Digi.Com Berhad, HeiTech Padu Berhad, Idaman Unggul Berhad, KNM Group Berhad, Kumpulan Perangsang Selangor Berhad, Utusan Melayu Malaysia Berhad, Idris Hydraulic (Malaysia) Berhad, Amcorp Properties Berhad and RCE Capital Berhad.

Dato' Ab. Halim 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.

Dato' Ab. Halim was appointed Vice Chairman of ECMLFG on 26 March 2007. He attended all six (6) Board meetings held during the financial year ended 31 January 2011. He is a member of the Board Nomination Committee ("BNC") and Board Remuneration Committee ("BRC") of ECMLFG. He has no family relationship with the other directors or major shareholders of ECMLFG, no conflict of interest with ECMLFG and has no conviction for offences within the past ten years.

directors' profile continued

Mr Lim Kian Onn

Non-Independent Non-Executive

Mr Lim Kian Onn, a Malaysian, aged 54, 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 and was a consultant with Andersen Consulting from 1981 to 1984. 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 ECMLFG on 16 June 2006 and re-designated Managing Director with effect from 1 May 2007, a position he held till 5 August 2010. On 6 August 2010, he was re-designated Non-Executive Director of the Company. He attended all six (6) Board meetings held during the financial year ended 31 January 2011.

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 was appointed Acting CEO/Executive Director of ECMLIB on 6 February 2008 and re-designated the Non-Executive Director with effect from 22 August 2008. He has no family relationship with the other directors or major shareholders of ECMLFG, no conflict of interest with ECMLFG 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 60, is a retired police commissioner. 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 and has attended specialized courses at the Royal College of Defense Studies UK and University of Pittsburgh USA. Datuk Kamarudin retired from the Royal Malaysia Police ("RMP") on 4 May 2006 with more than 30 years experience with extensive knowledge and skills in logistic & finance management, manpower development, strategic planning, training and crime suppression and prevention, gained through a 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 one of the three Vice Chairmen.

Datuk Kamarudin was appointed to the Board of ECMLFG on 16 June 2006. He is the Chairman of the Board Audit & Risk Management Committee ("BARMC") and a member of the BNC of ECMLFG. He attended all six (6) Board meetings held during the financial year ended 31 January 2011.

Datuk Kamarudin is also a director of Ann Joo Resources Berhad, Masterskill Education Group Berhad, Avenue Invest Berhad ("AVIB") and ECMLIB. He has no family relationship with the other directors or major shareholders of ECMLFG, no conflict of interest with ECMLFG 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 62, is a Barrister-At-Law from Lincoln's Inn, London, United Kingdom and was called to the English Bar in 1978.

En Mahadzir has held key positions both in private and public sector. After graduation, he joined the Judicial and Legal Service of the Malaysian Government as a Deputy Public Prosecutor and Federal Counsel and subsequently ventured into the private sector and served Malaysian International Shipping Corporation Berhad and Island & Peninsular Berhad, the property arm of Permodalan Nasional Berhad. Whilst in the private sector, he also served as Ahli Majlis MARA, director of Amanah Raya Berhad and Tabung Haji group of companies, as well as various other directorships in government linked companies.

En Mahadzir was appointed to the Board of ECMLFG on 16 June 2006. He attended all six (6) Board meetings held during the financial year ended 31 January 2011. He is the Chairman of the BRC, a member of the BARMC and BNC of ECMLFG.

En Mahadzir is also a director of Syarikat Takaful Malaysia Berhad, AVIB and ECMLIB. He has no family relationship with the other directors or major shareholders of ECMLFG, no conflict of interest with ECMLFG 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 62, 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 held 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 the Department and was appointed as Accountant General of Malaysia from 2003 to 2005.

Dato' Othman was appointed to the Board of ECMLFG on 16 June 2006. He attended all six (6) Board meetings held during the financial year ended 31 January 2011. He is the Chairman of the BNC and a member of the BARMC of ECMLFG.

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

Mr Lum Sing Fai

Non-Independent Non-Executive

Mr Lum Sing Fai, a Malaysian, aged 46, is the Managing Director of Capital Markets for Amcorp Group Berhad.

Mr Lum, a graduate of University of Malaya with a Bachelor of Economics (Honours) in Business Administration, has over 23 years of extensive experience in banking and finance. As Managing Director of the Capital Markets division of Amcorp Group Berhad, he has successfully led a broad range of financial service endeavours during his 16 years tenure.

Prior to joining Amcorp, Mr Lum was attached to Southern Bank Berhad from 1987 to 1994 working in various capacities from operations to corporate banking. He also sits on the Board of the companies within the Amcorp Group Berhad.

Mr Lum was appointed to the Board of ECMLFG on 6 February 2008. He attended all six (6) Board meetings held during the financial year ended 31 January 2011. He is a member of the BNC and BRC of ECMLFG.

Mr Lum is also a director of ECMLIB. He has no family relationship with the other directors or major shareholders of ECMLFG, no conflict of interest with ECMLFG 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 ended 31 January 2011 were:

Chairman	:	Datuk Kamarudin bin Md Ali (Independent Non-Executive Director)
Members	:	Dato' Othman bin Abdullah (Independent Non-Executive Director)
		En Mahadzir bin Azizan (Independent Non-Executive Director)

Terms of Reference

(i) To review the following and report the same to the 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, competency and resources of the internal audit function and that it has the necessary authority to carry out its work; and
- (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

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.

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

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. 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. BARMC shall meet with the external auditor without executive board members present, at least twice 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, Head of Internal Audit, Head of Compliance, Head of Risk Management and a representative of the external auditors shall normally attend the meetings. The Group Risk Management Department, Group Compliance Department and Group Internal Audit Department provide support to the BARMC through periodic reports on the Group's risk exposure, risk portfolio, assessment on the adequacy of internal controls and conformance with relevant regulatory bodies and statutory requirements. 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 2011, four (4) BARMC meetings were held and attended by all BARMC members.

BARMC reviewed the quarterly financial statements and audited financial statements of the Group prior to submission to Bank Negara Malaysia ("BNM") for approval and subsequent release to Bursa Malaysia Securities Berhad ("Bursa Securities"). In reviewing the quarterly financial statements and audited financial statements of the Group, BARMC ensured fair and transparent reporting and prompt publication of the said statements.

BARMC also reviewed the external auditors' scope of work and audit plan for the Group, considered significant changes in statutory and accounting requirements and auditing issues, reviewed the management letter and management's response and discussed applicable accounting and auditing standards. BARMC also reviewed and approved the resource requirements of the internal audit function, the risk based strategic internal audit plan, audit programmes and reviewed the audit findings/recommendations.

The key activities of BARMC during the financial year under review were mainly as follows:

(i) Internal Audit

BARMC reviewed periodic reports, provided by Group Internal Audit to the BARMC, reporting on the outcome of the operations and systems audits conducted, effectiveness of the system of risk management and internal controls implemented and highlighting key control issues impacting the operations of the Group. In discharging its role, Group Internal Audit:

- evaluates whether the Group is in compliance with internal policies and procedures, applicable laws, guidelines and directives issued by regulatory bodies, and statutory acts.
- evaluates the quality and appropriateness of management's approach to risk and control in their framework objectives and effectiveness of risk management practices and robustness of stress testing procedures.

(i) Internal Audit (continued)

- assesses the adequacy and effectiveness of internal controls systems and governance processes implemented i.e. accounting, system and operational controls, by giving opinion on the effectiveness of the said controls, continuity and reliability of information systems and provide assurance that sufficient controls are in place to safeguard assets.
- assesses the adequacy of controls to ensure the reliability (including accuracy and completeness), integrity and timeliness of the regulatory reporting, accounting records, financial reports and management information.
- assists the management to review and strengthen the controls features to prevent recurrence of fraud, errors, lapses and omissions and other significant control weaknesses.

These enabled the BARMC to execute its oversight function and form an opinion on the adequacy of measures undertaken by management.

The internal audit functions are organised on a Group basis whilst the department is established at ECM Libra Investment Bank Berhad. In carrying out its duties, Group Internal Audit relied on the International Standards for the Professional Practice of Internal Auditing, Rules of Bursa Securities (Rule 510.2), BNM Guidelines On Internal Audit (GP10) and relevant Securities Commission directives as authoritative guiding principles for internal auditing.

(ii) Risk Management

BARMC oversees the establishment of a robust risk management infrastructure, reviews the adequacy and integrity of internal control systems and ensures that Group Risk Management performs its duties independently of the risk taking activities. Group Risk Management provides the central resource for developing tools and methodologies for the identification, quantification, and management of the portfolio of risks taken by the Group as a whole.

(iii) Compliance

BARMC reviews the reports of Group Compliance on compliance work done for the Stockbroking, Options & Futures, Fund Management, Unit Trust, Research and offshore operations, including Anti-Money Laundering and Counter Financing Terrorism matters.

In connection with the Employees' Share Option Scheme of the Group, BARMC also verified that allocation of options was in compliance with approved criteria.

corporate governance statement

The Board of Directors ("Board") of ECM Libra Financial Group Berhad ("ECMLFG" or "Company") is committed to manage the ECMLFG Group in line with corporate governance practices as proposed in the Malaysian Code on Corporate Governance ("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 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 2011.

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 ECMLFG 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, six (6) Board meetings were held and all the Directors had complied with the requirements in respect of Board meeting attendance as provided in the Articles of Association. All Directors attended the six (6) meetings except for Dato' Seri Kalimullah bin Masheerul Hassan who attended five (5) meetings during the financial year ended 31 January 2011.

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 ECMLFG 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 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 2011, the Board comprised seven (7) Directors who are non-executive. Of the non-executive Directors, four (4) are independent. 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.

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 four (4) independent Directors of the Company provide the Board with vast and varied exposure, expertise and broad business and commercial experiences.

A. DIRECTORS (continued)

(ii) Board Balance (continued)

The Board has identified Datuk Kamarudin bin Md Ali, the Chairman of the Board Audit & Risk Management Committee ("BARMC"), as the independent non-executive Director to whom concerns may be conveyed, who would bring the same to the attention of the Board.

A brief profile of the Directors is set out on pages 4 to 7.

(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 ECMLFG Group.

(iv) Appointments to the Board

The Board Nomination Committee, set up on 27 September 2006, comprised four (4) independent non-executive Directors and one (1) non-independent non-executive Director during the financial year ended 31 January 2011. 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, experiences and other qualities which Directors should bring to the Board.

The Board Nomination Committee during the financial year ended 31 January 2011 comprised:

- Dato' Othman bin Abdullah (Chairman)
- Datuk Kamarudin bin Md Ali
- En Mahadzir bin Azizan
- Dato' Ab. Halim bin Mohyiddin
- Mr Lum Sing Fai

(v) 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)

(vi) Directors' Training

All Directors of the Company had completed the Mandatory Accreditation Programme. The Company does not have a formal training programme for new Directors but they receive regular briefings and updates on the Group businesses, operations, risk management, internal controls, finance and changes to 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. During the financial year under review, some Board members attended the Financial Institution Directors Education Programme (FIDE), Building Organisational Capability for Strategic Transformation, Building Audit Committees for Tomorrow, Banking Insights and IT Governance & Risk Management.

B. DIRECTORS' REMUNERATION

The Board Remuneration Committee, set up on 27 September 2006, comprised two (2) independent non-executive Directors and one (1) non-independent non-executive Director during the financial year ended 31 January 2011. The members of the Committee were:

- En Mahadzir bin Azizan (Chairman)
- Dato' Ab. Halim bin Mohyiddin
- Mr Lum Sing Fai

The Committee is responsible for recommending to the Board the remuneration of Directors and key senior management officers of ECMLFG 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.

ECMLFG 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 ECMLFG 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 ECMLFG are set out in the audited financial statements on page 82.

C. SHAREHOLDERS

The Board places emphasis on timely and equitable dissemination of information to shareholders on ECMLFG Group's performance. Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), 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 Securities 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.

D. ACCOUNTABILITY AND AUDIT

(i) Financial Reporting

The Board is responsible to present a balanced and comprehensive assessment of the ECMLFG 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 ECMLFG Group.

(ii) Internal Control

The Statement on Internal Control as set out below provides an overview of the state of internal controls within the Group.

(iii) Relationship with Auditors

The Company, through the 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 page 9.

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.

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 Department, Group Compliance Department and Group Internal Audit Department, which focus on areas of priority identified through risk assessment and in accordance with the plans approved by the BARMC. Group Risk Management covers credit risk management, market risk management and operational risk management, and the department is headed by the Head of Risk Management. While business/operating units have the primary responsibility for managing specific risks assumed by them, Group Risk Management provides the central resource for developing tools and methodologies for the identification, quantification, monitoring and management of the risks taken by the Group as a whole.

In carrying out its responsibilities, BARMC relies on the support of Group Compliance Department and Group Internal Audit Department in providing assurance on the adequacy of internal controls. Group Compliance Department provides BARMC periodic reports on compliance with relevant regulatory and statutory requirements whilst Group Internal Audit Department provides BARMC with periodic reports highlighting on any non-compliance as well as recommendations and management action plans to improve the system of internal controls.

E. STATEMENT ON INTERNAL CONTROL (continued)

Key Processes (continued)

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

- A management structure with clearly defined lines of responsibility and appropriate levels of delegation.
- Key functions such as finance, credit control, 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 with embedded internal controls are documented in a series of Policies and Procedures, which are subjected to annual review for updating of any changes in operational processes or regulatory requirements. Business and Support units in the Group must ensure compliance with the policies and procedures.
- 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 plan and budget for the Board's approval and the performance is tracked on a monthly basis.

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 had been effectively carried out by its own Board and management.

F. DIRECTORS' RESPONSIBILITY IN FINANCIAL REPORTING

The Board is required by the Listing Requirements of Bursa Securities to prepare 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 2011, the Group had 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 had been followed and the financial statements had 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 expected of 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, I am pleased to present the Annual Report and audited Financial Statements for the financial year ended 31 January 2011.

Financial and Business Review

ECM Libra Financial Group ("the Group") recorded higher revenue of RM214.6 million for the financial year ended 31 January 2011 as compared to RM134.0 million recorded in the previous financial year. The Group posted a two-fold increase in operating profit to RM95.8 million, compared to RM48.6 million a year ago. Profit before tax surged to RM86.7 million from RM45.6 million last year and profit after tax showed a healthy growth to RM65.2 million. Earnings per share was 8.01 sen, compared to 4.99 sen a year ago.

Investment and trading activities improved substantially with a gain of RM79.4 million for the financial year under review from RM28.2 million a year ago.

The Group's investment bank has doubled its trading volume in Bursa Malaysia in the last two years. Our market share in the local equity business for financial year ended 31 January 2011 was 4.34% and we ranked 10th in the stockbroking industry in terms of trading value. Our market share was 3.86% the year before.

Customer deposits also registered a growth of RM91.2 million or 9.5% from RM955.6 million as of January 2010 to RM1,046.8 million as at January 2011.

Gross loans, advances and financing grew by RM331.5 million from RM328.6 million as of January 2010 to RM660.1 million as of January 2011. The Group's strategy of growing good quality loan assets is reflected through its zero non-performing loans position as at financial year end.

The Group's total assets stood at RM2,893.4 million as at 31 January 2011, an increase of 11.0% as compared to RM2,605.6 million a year ago. Shareholders' funds strengthened to RM992.9 million as at 31 January 2011 from RM964.7 million a year ago; representing a net assets per share of RM1.21 (January 2010: RM1.19).

In terms of capital adequacy, the Group's investment bank subsidiary reported a capital adequacy ratio of 83%, one of the highest in the banking industry. The investment bank is well capitalized with substantial room to grow its business and it will continue to be judicious and prudent in building its asset base.

With its strong fundamentals and balance sheet position, the Group is expected to perform satisfactorily in the current financial year ending 31 January 2012.

Corporate Social Responsibility

The Group collaborated with ECM Libra Foundation to continue to push on with its "stay-in-school" mission. Our focus is to help underprivileged Malaysians with education as the best way to break the poverty cycle. This year we widened our sponsorship geographically as well as used different approaches and partnerships to provide more children to have access to tuition and activities to build their confidence and help them further their education.

Recognizing that the Orang Asli are amongst the most marginalized communities both here in Peninsular Malaysia and in East Malaysia, we continued to sponsor the Program Pendidikan Celik Huruf Kanak-Kanak Orang Asli and extended it to six Orang Asli settlements in Perak and Negeri Sembilan. In Kuching, working with Yayasan LaSallian Kuching, ECM Libra Foundation sponsored five tuition centers which are located in rural areas where the villagers are mainly Bidayuhs, Ibans and others. In Sabah, the Foundation extended its hand to Asrama Butitin Nabawan where the boarders are the underprivileged children from very remote parts of Sabah. The Foundation sponsored the tuition fees and the education needs of about 60 boys and girls.

Corporate Social Responsibility (continued)

For the slow learners, we worked with the LaSalle Learning Center in Penang. This group of children, who would have otherwise been written off as underachievers, is given a second chance. After going through the program, there is marked improvement in some of these children to a point where they are able to catch-up with their other classmates in school. Our Penang branch employees are now working with the Center, to set up another center in Penang.

As has always been our main-stay, we continue to support worthy infrastructure needs and education needs of various schools and communities as well as granting study loans.

Non-classroom activities which the Foundation continues to support are the National Science Fair for Young Children, the Youth Tennis Championship in its third year running and leadership camps during the school holidays for children from selected homes for the underprivileged.

Dividends

The Group is proposing a final dividend in the form of distribution of cash and share dividend equivalent to 4.25 sen per ordinary share of RM1.00 each, representing a dividend payout ratio equivalent to 53% of the net profit for the year. In June 2010, the Group has paid an interim single tier cash dividend of 2.3 sen per ordinary share. Upon shareholders' approval of the final dividend, total dividend to be paid out this year will be equivalent to 6.55 sen per ordinary share.

Appreciation

I would like to extend our appreciation to the management and staff of the Group for their contributions, commitment and dedication. We would also like to thank our shareholders for their continuous support and confidence in us.

Dato' Seri Kalimullah bin Masheerul Hassan
Chairman

29 March 2011

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of ECM Libra Financial Group Berhad ("Company") will be held at the Ballroom 3, Level 1, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Tuesday, 24 May 2011 at 10.00 a.m. in order:

AGENDA

1. to receive the audited financial statements together with the reports of the Directors and Auditors thereon for the financial year ended 31 January 2011;

2. to approve the payment of a final dividend for the financial year ended 31 January 2011 by way of distribution of single tier dividend of 1.89 sen per ordinary share ("Cash Dividend") and share dividend on the basis of one (1) treasury share for every thirty-three (33) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares to be disregarded ("Share Dividend")(collectively the Cash Dividend and Share Dividend shall be referred to as "Final Dividend");

3. to approve the payment of Directors' fees of RM230,000.00 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:

   (a) Dato' Seri Kalimullah bin Masheerul Hassan; and

   (b) Mr Lum Sing Fai;

5. to re-appoint Messrs Ernst & Young as Auditors of the Company and authorise the Directors to fix their remuneration;

   AS SPECIAL BUSINESS

   To consider and if thought fit, pass the following ordinary resolutions:

6. **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 and paid-up share 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";

7. **Proposed Renewal Of Authority To Directors For The Purchase Of Own Shares**

   "**THAT** subject to the Companies Act, 1965 ("Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares of RM1.00 each in the Company's issued and paid-up share capital on Bursa Securities subject further to the following:

   (a) the maximum number of shares which may be purchased and/or held by the Company shall be equivalent to ten per cent (10%) of the issued and paid-up share capital of the Company ("Shares") for the time being;

   (b) the maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the retained profits and/or the share premium account of the Company; and

(c) the authority conferred by the resolution as set out in paragraphs (a) and (b) above will commence upon the passing of this resolution, until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required by law to be held unless revoked or varied by Ordinary Resolution of the shareholders of the Company in general meeting but so as not to prejudice the completion of a purchase made before such expiry date;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares;

AND the Directors of the Company be and are hereby authorised to deal with any Shares so purchased and any existing treasury shares ("Said Shares") in the following manner:

(a) cancel the Said Shares;

(b) retain the Said Shares as treasury shares;

(c) retain part of the Said Shares as treasury shares and cancel the remainder;

(d) distribute all or part the Said Shares as dividends to shareholders and/or resell on Bursa Securities and/or cancel all or part of them;

or in any other manner as may be prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Listing Requirements of Bursa Securities and any other relevant authority for the time being in force AND THAT the authority to deal with the Said Shares shall continue to be valid until all the Said Shares have been dealt with by the Directors of the Company";

8. 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 30 May 2011 in respect of ordinary transfers; and

(b) shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

If approved by members, the Cash Dividend will be paid on 7 June 2011, and the Share Dividend will be credited into the depositors' securities account on 7 June 2011, to depositors whose names appear in the Record of Depositors at the close of business on 30 May 2011.

By Order of the Board

WONG SEONG CHO
CHAN SOON LEE
Secretaries

Kuala Lumpur
29 April 2011

NOTES:

1. A member entitled to attend and vote at the above meeting is entitled to appoint not more than two (2) 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 at least one (1) proxy in respect of each securities account it holds.

2. The Form of Proxy must be deposited at the Registered Office of the Company at 2nd Floor, West Wing, Bangunan ECM Libra, 8 Jalan Damansara Endah, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time and date of the meeting or adjourned meeting.

Explanatory note on special business

1. Ordinary Resolution on authority to Directors to issue shares

The ordinary resolution, if passed, will give a renewed mandate to the Directors of the Company to issue shares of the Company from time to time 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 ("Renewed Mandate"). The Renewed Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 20 May 2010 and which will lapse at the conclusion of the Sixth Annual General Meeting.

In circumstances where an expansion/diversification plan requires the issue of new shares, the Renewed Mandate will enable the Directors to take prompt action and to avoid delay and cost in convening general meetings to approve such issue of shares.

2. Ordinary Resolution on Proposed Renewal of Share Buy-Back Authority

The ordinary resolution, if passed, will give authority to the Directors of the Company to make purchases of shares in the Company through Bursa Securities up to ten percent of the issued and paid-up share capital 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 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)

Details of persons who are standing for election as Directors

No individual is seeking election as a Director at the Sixth Annual General Meeting of the Company.

financial statements

directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2011.

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 13 to the financial statements.

There have been no significant changes in the nature of these activities during the year.

Results

	Group RM'000	Company RM'000
Net profit for the year	65,211	38,077

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

Dividends

The dividend paid by the Company since the end of the previous financial year is as follows:

	RM'000
In respect of the financial year ended 31 January 2011:	
Interim single tier dividend of 2.30 sen per ordinary share of RM1.00 each per ordinary share computed based on 830,901,953 ordinary shares excluding treasury shares held by the Company of 24,718,600 paid on 7 June 2010	18,542

Dividends (continued)

The final dividend in respect of the financial year ended 31 January 2010 was a share dividend distribution of 15,492,584 treasury shares on the basis of one (1) treasury share for every fifty-two (52) existing ordinary shares of RM1.00 each held on 25 May 2010. The distribution of the share dividend was completed on 7 June 2010.

Subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting ("AGM"), the directors are recommending a final dividend by way of distribution of cash and share dividends equivalent to 4.25 sen per ordinary share of RM1.00 each, in respect of the financial year ended 31 January 2011. This is computed based on the issued and paid-up share capital as at 31 January 2011, excluding treasury shares held by the Company of 13,026,016 ordinary shares of RM1.00 each, to be paid to shareholders whose names appear in the Record of Depositors on a date to be determined by the directors.

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 profits in the financial year ending 31 January 2012.

Share buy-back

During the financial year, the Company bought back 8,634,600 units of its issued shares ("ECM Shares") from the open market to enhance the value of the Company and in the best interests of the Company and its shareholders. The total consideration paid for the share buy-back of ECM Shares by the Company during the financial year, including transaction costs, was RM5,709,543 and was financed by internally generated funds. The ECM Shares bought back are held as treasury shares in accordance with Section 67A Subsection 3(A)(b) of the Companies Act, 1965. None of the treasury shares held were resold or cancelled during the financial year. Further information is disclosed in Note 25 to the financial statements.

Directors

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

Dato' Seri Kalimullah bin Masheerul Hassan
Dato' Ab Halim bin Mohyiddin
Mr Lim Kian Onn
Datuk Kamarudin bin Md Ali
Dato' Othman bin Abdullah
En Mahadzir bin Azizan
Mr Lum Sing Fai

In accordance with Article 103 of the Articles of Association of the Company, Dato' Seri Kalimullah bin Masheerul Hassan and Mr Lum Sing Fai 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 interests in the ordinary shares/options of the Company and/or related corporations during the financial year ended 31 January 2011, 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 interests Number of ordinary shares/options*			
	As at 1.2.2010	Acquired	Sold	As at 31.1.2011
Direct interest in ECM Libra Financial Group Berhad ("ECMLFG")				
Dato' Seri Kalimullah bin Masheerul Hassan	-	32,973,076#	973,076	32,000,000
	29,000,000*	-	-	29,000,000*
Dato' Ab Halim bin Mohyiddin	200,000*	-	-	200,000*
Mr Lim Kian Onn	76,456,000	1,470,307	-	77,926,307
	29,000,000*	-	-	29,000,000*
Datuk Kamarudin bin Md Ali	200,000*	-	-	200,000*
En Mahadzir bin Azizan	200,000*	-	-	200,000*
Dato' Othman bin Abdullah	200,000*	-	-	200,000*
Indirect interest in ECMLFG				
Dato' Seri Kalimullah bin Masheerul Hassan	35,000,000	673,076	2,700,000	32,973,076#

*The options over ordinary shares were granted pursuant to the Company's Employees Share Option Scheme ("ESOS") as disclosed in Note 23.
#Change from indirect to direct interest.

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 than the share options granted pursuant to the ESOS.

Employees share option scheme

The Company's ESOS is governed by the bye-laws approved by the shareholders at an Extraordinary General Meeting held on 1 December 2005. The ESOS was implemented on 4 January 2008 and will be in force for a period of ten (10) years.

The main features of the ESOS are, inter alia, as follows:

(i) Eligible employees are those employees of the Group who had been in service for at least one year on the date of offer. The maximum allowable allotments for the directors had been approved by the shareholders of the Company in a general meeting. The Board of Directors may from time to time at its discretion select and identify suitable eligible employees to be offered options.

(ii) The aggregate number of shares to be issued under the ESOS shall not exceed 15% of the total issued and paid-up ordinary share capital of the Company for the time being.

(iii) The ESOS shall be in force for a period of 10 years from 4 January 2008.

(iv) The option price shall not be at a discount of more than ten percent (10%) (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the Company preceding the date of offer and shall in no event be less than the par value of the shares of the Company of RM1.00.

(v) An option holder may, in a particular year, exercise up to such maximum number of shares in the option certificate as determined by the Board of Directors or as specified in the option certificate.

As at 31 January 2011, there was no issuance of new shares arising from the exercise of options pursuant to the ESOS.

Other statutory information

(I) As at the end of the financial year

(a) Before the statements of comprehensive income and statements of financial position 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 as shown in the accounting records 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 the 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 2011 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

(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.

Dato' Seri Kalimullah bin Masheerul Hassan

Lim Kian Onn

29 March 2011

statement by directors

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

We, Dato' Seri Kalimullah bin Masheerul Hassan and Lim Kian Onn, being two of the directors of ECM Libra Financial Group Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 31 to 108 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia as modified by Bank Negara Malaysia's Guidelines so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2011 and of their results and their cash flows for the year then ended.

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

Dato' Seri Kalimullah bin Masheerul Hassan

Lim Kian Onn

29 March 2011

statutory declaration

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

I, Martin Chu Leong Meng, being the person primarily responsible for the financial management of ECM Libra Financial Group Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 31 to 108 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 Martin Chu Leong Meng at
Kuala Lumpur in the Federal Territory
on 29 March 2011

Martin Chu Leong Meng

Before me,

Kathirvelayudham a/l Palaniappan
Commissioner for Oaths

29 March 2011

auditors' report

Independent auditors' report to the members of ECM Libra Financial Group Berhad

(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of ECM Libra Financial Group Berhad, which comprise the statements of financial position as at 31 January 2011 of the Group and of the Company, statements of comprehensive income, statements of changes in equity and statements of cash flow of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 31 to 108.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia as modified by Bank Negara Malaysia's Guidelines so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2011 and of their financial performances and cash flows for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

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

(b) 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.

(c) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification and in respect of the subsidiaries incorporated in Malaysia, did not include any comment required to be made under Section 174(3) of the Act.

Other matters

The supplementary information set out in Note 44 on page 109 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Chan Hooi Lam
No. 2844/02/12(J)
Chartered Accountant

Kuala Lumpur, Malaysia
29 March 2011

statements of financial position

as at 31 January 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
ASSETS					
Cash and bank balances	3	**394,897**	601,954	**6,483**	17,578
Deposits with financial institutions	4	**21,489**	50,870	**-**	-
Securities held-for-trading	5	**353,818**	301,911	**-**	-
Securities available-for-sale	6	**519,479**	475,824	**-**	-
Securities held-to-maturity	7	**70,000**	162,200	**-**	-
Derivative financial assets	8	**9,552**	339	**-**	-
Loans, advances and financing	9	**649,880**	323,485	**-**	-
Trade receivables	10	**485,318**	302,003	**-**	-
Other assets	11	**21,760**	20,510	**39,662**	19,920
Statutory deposit with Bank Negara Malaysia	12	**8,834**	4,073	**-**	-
Investment in subsidiary companies	13	**-**	-	**888,764**	889,085
Investment in associated company	14	**19,757**	19,472	**-**	-
Amount owing by subsidiary companies	15	**-**	-	**659**	448
Deferred tax assets	16	**11,687**	27,780	**-**	69
Property, plant and equipment	17	**42,451**	30,691	**21,181**	17,831
Intangible assets	18	**284,500**	284,500	**-**	-
Total assets		**2,893,422**	2,605,612	**956,749**	944,931

The accompanying notes form an integral part of the financial statements.

statements of financial position continued

as at 31 January 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
LIABILITIES AND EQUITY					
Liabilities					
Deposits from customers	19	**1,046,806**	955,645	**-**	-
Deposits and placements of banks and other financial institutions	20	**201,008**	250,646	**-**	-
Trade payables	21	**577,837**	367,205	**-**	-
Other liabilities	22	**73,865**	67,252	**365**	2,903
Provision for taxation		**42**	32	**-**	-
Amount owing to subsidiary companies	15	**-**	-	**79,850**	79,802
Hire purchase payable		**-**	111	**-**	111
Deferred tax liabilities	16	**958**	41	**914**	-
Total liabilities		**1,900,516**	1,640,932	**81,129**	82,816
Equity					
Share capital	23	**830,902**	830,902	**830,902**	830,902
Reserves	24	**169,890**	145,158	**52,604**	42,593
Less: Treasury shares, at cost	25	**(7,886)**	(11,380)	**(7,886)**	(11,380)
Total equity		**992,906**	964,680	**875,620**	862,115
Total equity and liabilities		**2,893,422**	2,605,612	**956,749**	944,931
Commitment and contingencies (investment banking operations)	39	**317,193**	427,889	**-**	-

The accompanying notes form an integral part of the financial statements.

statements of comprehensive income

for the year ended 31 January 2011

		Group		Company	
	Note	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue	2(r)	**214,639**	133,963	**40,867**	23,452
Interest income	26	**64,313**	43,898	**236**	277
Interest expense	27	**(34,837)**	(17,790)	**(7)**	(22)
Net interest income		**29,476**	26,108	**229**	255
Non-interest income	28	**150,326**	90,065	**40,631**	23,175
Other non-operating income	29	**6,023**	2,809	**247**	326
Net income		**185,825**	118,982	**41,107**	23,756
Operating expenses	30	**(89,980)**	(70,398)	**(2,101)**	(1,996)
Operating profit		**95,845**	48,584	**39,006**	21,760
Share of profit/(loss) of an associated company		**285**	(1,701)	**-**	-
Allowance for losses on loans, advances and financing	32	**(5,059)**	(1,069)	**-**	-
Writeback of impairment allowance for bad and doubtful debts	33	**305**	159	**-**	-
Allowance for impairment loss	34	**(4,704)**	(365)	**-**	-
Profit before tax		**86,672**	45,608	**39,006**	21,760
Income tax expense	35	**(21,461)**	(4,797)	**(929)**	(709)
Profit after tax		**65,211**	40,811	**38,077**	21,051
Other comprehensive income:					
Net (loss)/gain on available-for-sale financial assets		**(15,321)**	43,011	**-**	-
Currency translation differences		**(940)**	(422)	**-**	-
Income tax relating to components of other comprehensive income		**3,848**	(10,952)	**-**	-
Other comprehensive income for the year, net of tax		**(12,413)**	31,637	**-**	-
Total comprehensive income for the year		**52,798**	72,448	**38,077**	21,051

Earnings per share ("EPS")		**Sen**	**Sen**
- basic	36	**8.01**	4.99
- diluted	36	**8.01**	4.99

The accompanying notes form an integral part of the financial statements.

statements of changes in equity

for the year ended 31 January 2011

		<-------- Non-Distributable							-------->	<-- Distributable -->	
	Note	Share capital RM'000	Treasury shares RM'000	Merger reserve RM'000	Foreign currency translation reserve RM'000	Available-for-sale revaluation reserve RM'000	Equity compensation reserve RM'000	Statutory reserve RM'000	General reserve RM'000	Retained profits RM'000	Total RM'000
Group											
As at 1 February 2010		**830,902**	**(11,380)**	**26,561**	**(2,355)**	**12,191**	**3,846**	**33,934**	**159**	**70,822**	**964,680**
Total comprehensive income		-	-	-	**(940)**	**(11,473)**	-	-	-	**65,211**	**52,798**
Transactions with owners:											
Arising from the Company's ESOS vested during the year	30	-	-	-	-	-	**128**	-	-	-	**128**
ESOS lapsed during the year	30	-	-	-	-	-	**(448)**	-	-	-	**(448)**
Share buy-back by the Company	25	-	**(5,710)**	-	-	-	-	-	-	-	**(5,710)**
Transfer to statutory reserve	24(d)	-	-	-	-	-	-	**31,786**	-	**(31,786)**	-
Cash dividend paid	37	-	-	-	-	-	-	-	-	**(18,542)**	**(18,542)**
Share dividend	37	-	**9,204**	-	-	-	-	-	-	**(9,204)**	-
		-	**3,494**	-	-	-	**(320)**	**31,786**	-	**(59,532)**	**(24,572)**
As at 31 January 2011		**830,902**	**(7,886)**	**26,561**	**(3,295)**	**718**	**3,526**	**65,720**	**159**	**76,501**	**992,906**

The accompanying notes form an integral part of the financial statements.

statements of changes in equity continued
for the year ended 31 January 2011

	Note	Share capital RM'000	Treasury shares RM'000	Merger reserve RM'000	Foreign currency translation reserve RM'000	Available-for-sale revaluation reserve RM'000	Equity compensation reserve RM'000	Statutory reserve RM'000	General reserve RM'000	Retained profits RM'000	Total RM'000
				<---------------------------- Non-Distributable					---------------------------->	<-- Distributable -->	
Group (continued)											
As at 1 February 2009		830,902	(6,188)	26,561	(1,933)	(19,868)	3,973	14,759	159	65,631	913,996
Total comprehensive income		-	-	-	(422)	32,059	-	-	-	40,811	72,448
Transactions with owners:											
Arising from the Company's ESOS vested during the year	30	-	-	-	-	-	213	-	-	-	213
ESOS lapsed during the year	30	-	-	-	-	-	(340)	-	-	-	(340)
Share buy-back by the Company	25	-	(5,192)	-	-	-	-	-	-	-	(5,192)
Transfer to statutory reserve	24(d)	-	-	-	-	-	-	19,175	-	(19,175)	-
Cash dividend paid	37	-	-	-	-	-	-	-	-	(16,445)	(16,445)
		-	(5,192)	-	-	-	(127)	19,175	-	(35,620)	(21,764)
As at 31 January 2010		830,902	(11,380)	26,561	(2,355)	12,191	3,846	33,934	159	70,822	964,680

The accompanying notes form an integral part of the financial statements.

statements of changes in equity continued

for the year ended 31 January 2011

	Note	Share capital RM'000	Treasury shares RM'000	Non-Distributable Equity compensation reserve RM'000	Distributable Retained profits RM'000	Total RM'000
Company						
As at 1 February 2010		**830,902**	**(11,380)**	**3,846**	**38,747**	**862,115**
Total comprehensive income		**-**	**-**	**-**	**38,077**	**38,077**
Transactions with owners:						
Arising from the Company's ESOS vested during the year	30	**-**	**-**	**128**	**-**	**128**
ESOS lapsed during the year	30	**-**	**-**	**(448)**	**-**	**(448)**
Share buy-back by the Company	25	**-**	**(5,710)**	**-**	**-**	**(5,710)**
Cash dividend paid	37	**-**	**-**	**-**	**(18,542)**	**(18,542)**
Share dividend	37	**-**	**9,204**	**-**	**(9,204)**	**-**
		-	**3,494**	**(320)**	**(27,746)**	**(24,572)**
As at 31 January 2011		**830,902**	**(7,886)**	**3,526**	**49,078**	**875,620**
As at 1 February 2009		830,902	(6,188)	3,973	34,141	862,828
Total comprehensive income		-	-	-	21,051	21,051
Transactions with owners:						
Arising from the Company's ESOS vested during the year	30	-	-	213	-	213
ESOS lapsed during the year	30	-	-	(340)	-	(340)
Share buy-back by the Company	25	-	(5,192)	-	-	(5,192)
Cash dividend paid	37	-	-	-	(16,445)	(16,445)
		-	(5,192)	(127)	(16,445)	(21,764)
As at 31 January 2010		830,902	(11,380)	3,846	38,747	862,115

The accompanying notes form an integral part of the financial statements.

statements of cash flows

for the year ended 31 January 2011

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	**86,672**	45,608	**39,006**	21,760
Adjustments for:				
Allowance for impairment loss (Note 34)	**4,704**	365	**-**	-
Depreciation of property, plant and equipment (Note 17)	**4,637**	4,924	**673**	670
Gain on foreign exchange transactions (Note 29)	**(3,792)**	(1,215)	**-**	-
Interest expense (Note 27)	**34,837**	17,790	**7**	22
Property, plant and equipment written off (Note 30)	**1,845**	6	**2**	5
Share of (profit)/loss of an associated company	**(285)**	1,701	**-**	-
Net gain on disposal of (Note 28):				
- securities held-for-trading	**(14,287)**	(3,131)	**-**	-
- securities available-for-sale	**(58,292)**	(21,903)	**-**	-
- derivatives	**(2,114)**	-	**-**	-
Net unrealised gain on revaluation of securities (Note 28):				
- securities held-for-trading	**(182)**	(729)	**-**	-
- derivatives	**(1,569)**	(339)	**-**	-
Dividend income (Note 28)	**(9,425)**	(3,415)	**(40,631)**	(23,175)
Cost arising from ESOS (Note 30)	**(320)**	(127)	**-**	-
Allowance for losses on loans, advances and financing (Note 32)	**5,059**	1,069	**-**	-
Writeback of impairment allowance for bad and doubtful debts (Note 33)	**(203)**	(25)	**-**	-
Gain on disposal of property, plant and equipment (Note 29)	**(10)**	(181)	**-**	-
Operating profit/(loss) before working capital changes	**47,275**	40,398	**(943)**	(718)
(Increase)/decrease in operating assets:				
Securities held-for-trading	**(37,438)**	(289,238)	**-**	-
Derivative financial instruments	**(5,530)**	-	**-**	-
Deposits with financial institutions	**29,381**	64,977	**-**	907
Loan, advances and financing	**(331,454)**	(76,724)	**-**	-
Trade receivables	**(183,092)**	(178,110)	**-**	-
Other assets	**(6,925)**	(4,497)	**(3,055)**	64
Deposits and money held in trust/pledged	**(52,657)**	(18,019)	**-**	-
Balance carried forward	**(540,440)**	(461,213)	**(3,998)**	253

The accompanying notes form an integral part of the financial statements.

statements of cash flows continued
for the year ended 31 January 2011

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (continued)				
Balance brought forward	**(540,440)**	(461,213)	**(3,998)**	253
Increase/(decrease) in operating liabilities:				
Deposits from customers	**91,161**	398,156	**-**	-
Deposits and placements of banks and other financial institutions	**(49,638)**	(45,358)	**-**	-
Trade payables	**210,632**	172,168	**-**	-
Other liabilities	**9,289**	24,125	**(2,538)**	1,704
Amount owing by/to subsidiary companies	**-**	-	**(163)**	9,820
Cash (used in)/generated from operations	**(278,996)**	87,878	**(6,699)**	11,777
Tax recovered	**412**	143	**-**	-
Tax paid	**(835)**	(467)	**(21)**	(23)
Net cash (used in)/generated from operating activities	**(279,419)**	87,554	**(6,720)**	11,754
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends received	**7,438**	2,013	**24,020**	3,000
Purchase of property, plant and equipment (Note 17)	**(18,521)**	(2,973)	**(4,025)**	(235)
Purchase of treasury shares (Note 25)	**(5,710)**	(5,192)	**(5,710)**	(5,192)
Net (acquisition)/disposal of:				
- securities available-for-sale	**(7,551)**	(144,834)	**-**	-
- securities held-to-maturity	**94,400**	(70,000)	**-**	-
- property, plant and equipment	**289**	437	**-**	-
Net cash generated from/(used in) investing activities	**70,345**	(220,549)	**14,285**	(2,427)

The accompanying notes form an integral part of the financial statements.

statements of cash flows continued
for the year ended 31 January 2011

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
CASH FLOWS FROM FINANCING ACTIVITIES				
Short term borrowings repaid	**(111)**	(333)	**(111)**	(333)
Dividends paid	**(18,542)**	(18,546)	**(18,542)**	(18,546)
Interest paid	**(34,837)**	(17,790)	**(7)**	(22)
Net cash used in financing activities	**(53,490)**	(36,669)	**(18,660)**	(18,901)
Net decrease in cash and cash equivalents	**(262,564)**	(169,664)	**(11,095)**	(9,574)
Effects of foreign exchange differences	**2,850**	793	**-**	-
Cash and cash equivalents at beginning of year	**479,033**	647,904	**17,578**	27,152
Cash and cash equivalents at end of year	**219,319**	479,033	**6,483**	17,578
Cash and cash equivalents comprise (Note 3):				
Cash and short term funds	**394,897**	601,954	**6,483**	17,578
Monies held in trust	**(175,578)**	(122,921)	**-**	-
	219,319	479,033	**6,483**	17,578

The accompanying notes form an integral part of the financial statements.

notes to the financial statements

1. CORPORATE INFORMATION

The Company is a public limited company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The principal place of business of the Company is located at 2nd Floor, West Wing, Bangunan ECM Libra, 8 Jalan Damansara Endah, Damansara Heights, 50490 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 13.

There have been no significant changes in the nature of these activities during the year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 February 2011.

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, unless otherwise disclosed in the notes to the financial statements and are in accordance with the Companies Act, 1965 and the Financial Reporting Standards ("FRSs") in Malaysia as modified by Bank Negara Malaysia ("BNM")'s Guidelines.

In the prior year, BNM had in October 2008 issued a circular setting out the circumstances in which banking institutions are allowed to reclassify financial instruments currently held in the securities held-for-trading portfolio into the securities available-for-sale and securities held-to-maturity portfolios. This concession is only effective for the period from 1 July 2008 to 31 December 2009. The Group adopted this concession and the effects arising from this adoption in the previous year are disclosed in Note 6.

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous years except for the adoption of the following FRSs, amendments to FRSs, IC Interpretation and Technical Release, which became effective on 1 January 2010:

FRS 7: Financial Instruments : Disclosures

FRS 8: Operating Segments

FRS 101: Presentation of Financial Statements (Revised)

FRS 123: Borrowing Costs

FRS 139: Financial Instruments : Recognition and Measurement

Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Share-based payment – Vesting Conditions and Cancellations

Amendments to FRS 132: Financial Instruments: Presentation

Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives

Improvement to FRSs issued in 2009

IC Interpretation 9: Reassessment of Embedded Derivatives

IC Interpretation 10: Interim Financial Reporting and Impairment

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in accounting policies (continued)

IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions

IC Interpretation 13: Customer Loyalty Programmes

IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

FRS 4: Insurance Contracts and TR i-3 Presentation of Financial Statements of Islamic Financial Institutions will also be effective for annual periods beginning on or after 1 January 2010. These FRSs are, however, not applicable to the Group and the Company.

Adoption of the above standards and interpretations did not have any effect on the financial performance or position, presentation of financial information and disclosures of the Group and the Company except for those discussed below:

FRS 7: Financial Instruments: Disclosures

Prior to 1 February 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132: Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 January 2011.

FRS 101: Presentation of Financial Statements (Revised)

FRS 101 introduces changes in the presentation and disclosures of financial statements. The Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement. These changes are only presentational in nature and does not have any impact on the financial results of the Group and the Company.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 38).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in accounting policies (continued)

FRS 139: Financial Instruments: Recognition and Measurement

This standard establishes the principles for the recognition, derecognition and measurement of an entity's financial instruments. However, since the adoption of BNM's revised BNM/GP8 - Guidelines on Financial Reporting for Licensed Financial Institutions on 1 January 2005, certain principles in connection with the recognition, derecognition and measurement of financial instruments which are similar to those prescribed by FRS 139 have already been adopted by the Group and the Company. Therefore, the adoption of FRS 139 on 1 January 2010 prospectively have resulted in changes in accounting policies mainly pertaining to the following:

(a) Impairment of loans, advances and financing

The Group and the Company now assesses at the end of each reporting period whether there is any objective evidence that a loan or a group of loans is impaired, as a result of one or more events that have occurred after the initial recognition. Allowances for loan impairment are determined either via the individual assessment or collective assessment basis.

(b) Interest income recognition

Financial assets classified as held-to-maturity, available-for-sale and loans and receivables are measured at amortised cost using the effective interest method. Interest income on loans, advances and financing which were previously recognised on contractual interest rates are now recognised using effective interest rates. In addition, except for the trade receivables, interest-in-suspense is also no longer recognised on loans, advances and financing.

(c) Classification of loans, advances and financing as impaired

Loans are now classified as impaired when principal or interest or both are past due for more than 90 days or three (3) months, or the outstanding amount has been in access of the approved limit for 3 months or less, and exhibits credit quality weaknesses or as soon as a default occurs for loans with repayments of principal or interest or both scheduled on intervals of 3 months or longer.

In the Amendments to FRS 139 listed above, the Malaysian Accounting Standards Board ("MASB") had included an additional transitional arrangement for entities in the financial sector, whereby BNM may prescribe an alternative base for collective assessment of impairment for banking institutions. This transitional arrangement is prescribed in BNM's guidelines on Classification and Impairment Provisions for Loans/Financing issued on 8 January 2010, whereby banking institutions are required to maintain collective assessment impairment allowances of at least 1.5% of total outstanding loans/financing, net of individual impairment allowance. The collective assessment impairment allowance of the Group as at reporting date have been arrived at based on this transitional arrangement issued by BNM.

Further, the Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives above allows for the reclassification of certain non-derivative financial assets classified as held-for-trading to either held-to-maturity, loans and receivables or available-for-sale, and permits the transfer of certain financial assets from available-for-sale to loans and receivables. The Group has transferred unquoted shares of RM2,200,000 classified as held-to-maturity to available-for-sale.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Standards issued but not yet effective

The Group and the Company have not adopted the following revised FRSs, IC Interpretations and Amendments to FRSs issued by the MASB but are not yet effective.

FRSs, amendment to FRSs and interpretations	Effective for financial periods beginning on or after
Amendments to FRS 132: Classification of Rights Issue	1 March 2010
FRS 1: First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3: Business Combinations (Revised)	1 July 2010
FRS 127: Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 2: Share-based Payment	1 July 2010
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 138: Intangible Assets	1 July 2010
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12: Service Concession Arrangements	1 July 2010
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17: Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 1: Limited Exemption from Comparative FRS 7: Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"	1 January 2011
IC Interpretation 4: Determining Whether an Arrangement Contains a Lease	1 January 2011
IC Interpretation 18: Transfers of Assets from Customers	1 January 2011
IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
FRS 124: Related Party Transactions	1 January 2012
IC Interpretation 15: Agreements for the Construction of Real Estate	1 January 2012
Amendments to IC Interpretation 15: Agreements for Construction of Real Estate	1 January 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Standards issued but not yet effective (continued)

Except for the changes in accounting policies arising from the adoption of the revised FRS 3, and the amendments to FRS 127, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3 and the amendments to FRS 127 are described below:

Revised FRS 3: Business Combinations and Amendments to FRS 127: Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107: Statement of Cash Flows, FRS 112: Income Taxes, FRS 121: The Effects of Changes in Foreign Exchange Rates, FRS 128: Investments in Associates and FRS 131: Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests.

(d) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to govern 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 income statement.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting 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 the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Subsidiaries and basis of consolidation (continued)

(ii) Basis of consolidation (continued)

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 are adopted, the difference between the cost of investment in the Company's records and the share capital of the "acquired entity" is treated as a merger reserve or a merger deficit. The results of the companies merged are included as if the merger had been effected from day one throughout the financial periods presented.

The merger principles of accounting were adopted by the Group in respect of the acquisition of Avenue Capital Resources Berhad ("ACRB") and its subsidiaries pursuant to the ACRB reorganisation exercise in the previous financial years.

(e) 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 an associate is carried in the consolidated statement of financial position 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. 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 the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Intangible assets

(i) 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.

(ii) Merchant bank licence

This represents contribution to BNM for a merchant bank licence to transform ECM Libra Investment Bank Berhad, the universal broker subsidiary into an investment bank. The merchant bank licence has indefinite useful life and is stated at cost less accumulated impairment losses.

Merchant bank licence is not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired. Any impairment loss is recognised in income statement.

(g) Property, plant and equipment and depreciation

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.

Work-in-progress comprises the renovation work of buildings which have not been completed and therefore it is not depreciated.

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 - 20
Computers	20 - 25
Motor vehicles	20

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 the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Impairment of non-financial assets, investments in subsidiaries and associates

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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 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.

Impairment losses are recognised in income statement.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. Other than goodwill, a previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in income statement. Impairment loss on goodwill is not reversed in a subsequent period.

(i) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held-for-trading or are designated as such upon initial recognition. Financial assets held-for-trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in income statement. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences on monetary items, interest and dividend income. Exchange differences on monetary items, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in income statement as part of other losses or other income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial assets (continued)

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in income statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in income statement when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in income statement. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to income statement as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in income statement. Dividends on an available-for-sale equity instrument are recognised in income statement when the Group's and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in income statement.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Reclassification of financial assets

The Group and the Company may choose to reclassify non-derivative assets out from the held-for-trading category, in rare circumstances, where the financial assets are no longer held for the purpose of selling or repurchasing in the short term. In addition, the Group and the Company may also choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group and the Company have the intention and ability to hold the financial asset for the foreseeable future or until maturity.

Reclassifications are made at fair value as at the reclassification date, whereby the fair value becomes the new cost or amortised cost, as applicable. Any fair value gains or losses previously recognised in the income statement are not reversed.

As at reporting date, the Group and the Company have not made any such reclassifications of financial assets.

(k) Determination of fair value

For financial instruments measured at fair value, the fair value is determined by reference to quoted market prices or by using valuation models. The fair values of financial instruments traded in active markets are based on their quoted market price or dealer price quotations. This includes listed equity securities and broker quotes from Bloomberg and Reuters.

For all other financial instruments, fair value is determined using appropriate valuation techniques. In such cases, the fair values are estimated using option pricing models, and based on observable data in respect of similar financial instruments and using inputs (such as yield curves) existing as at reporting date. The Group and the Company generally use widely recognised valuation models with market observable inputs for the determination of fair values.

(l) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and to settle the liability simultaneously. This is not generally the case with master netting agreements and therefore, the related assets and liabilities are presented on a gross basis in the statement of financial position.

(m) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

Trade receivables are carried at anticipated realisable values. Impaired accounts are written off after taking into consideration the realisable values of collaterals, if any, when in the judgement of the management, there is no prospect of recovery.

Individual assessment impairment allowances for receivables are made for accounts which are considered doubtful or which have been classified as impaired, net of interest-in-suspense and after taking into consideration any collateral held by the Group. Collective assessment impairment allowance is made if necessary based on historical loss experience based on a certain percentage of trade receivables (excluding outstanding purchase contracts which are not due for payment), net of individual assessment impairment allowances. When an account is classified as impaired, interest is suspended and is recognised on a cash basis for trade receivables. Interest-in-suspense forms part of the individual assessment impairment allowances.

Other receivables and other financial assets are carried at anticipated realisable values. Impaired accounts are written off after taking into consideration the realisable values of collaterals, if any, when in the opinion of the management, there is no prospect of recovery. An estimate is made for impairment provision based on review of all outstanding amounts as at reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Impairment of financial assets (continued)

(i) Trade and other receivables and other financial assets carried at amortised cost (continued)

In accordance with the Rules of Bursa Securities, 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.

(ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to income statement.

Impairment losses on available-for-sale equity investments are not reversed in income statement in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in income statement if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in income statement.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and deposit placements maturing less than one month held for the purpose of meeting short term commitments and readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, and excluding monies held in trust for clients and dealers' representatives.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If 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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(p) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are measured at amortised cost. The Group and the Company do not have any non-derivative financial liabilities designated at fair value through profit or loss. Financial liabilities measured at amortised cost include deposits from customers, deposits from banks and debt securities issued and other borrowed funds.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in income statement.

(q) 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 income statement as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Employee benefits (continued)

(iii) Share-based compensation

The Company's ESOS, an equity-settled, share-based compensation plan, allows the staff of the Group and directors of the companies to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the equity compensation reserve within equity over the vesting period and taking into account the probability that the options will vest. The total amount to be recognised as equity compensation reserve is determined by reference to the fair value of the share options at the date of the grant and the number of share options granted and vested.

At each statement of financial position date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised or until the option expires, upon which it will be transferred directly to retained profits.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(r) 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 Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Gross brokerage fee 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 effective interest method except where such margin account is considered impaired 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 impaired 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 using the effective interest method unless collectibility is in doubt, in which case they are recognised on receipt basis.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) 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 financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency. All values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

(ii) Foreign currency transactions

In preparing the financial statements of the Group and the Company, 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 date of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are translated at the rates prevailing on the statement of financial position 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 the income statement for the period.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statement 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 of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the statement of financial statement 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Income tax

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in income statement except to the extent that the tax relates to items recognised outside income statement, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside income statement is recognised outside income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(v) Treasury shares

Treasury shares are shares repurchased and accounted for using the treasury stock method. The treasury shares are measured and carried at the cost of purchase which comprise the amount of the consideration paid and direct attributable costs.

The carrying amount of the treasury shares is offset against equity. The excess of the carrying amount over the share premium account is considered as a reduction of any other reserves.

The treasury shares can either be distributed as share dividends or reissued by resale in the open market. Where treasury shares are distributed as shares dividends, the cost of the treasury shares is accounted for as a reduction of the share premium and/or distributable reserves in accordance with subsection 3D of Section 67 of the Companies Act, 1965. Where treasury shares are resold in the open market, no gain or loss is recognised and the differences between the sales considerations and the carrying amount of the treasury shares is recorded as a movement in equity.

Cancellation of treasury shares is dealt with in accordance with Section 67A of the Companies Act, 1965. The issued and paid-up share capital of the Company is reduced by the shares cancelled and the same amount of which is transferred to the Capital Redemption Reserve.

(w) Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(i) Impairment of goodwill and other intangible assets

The Group determines whether goodwill and other intangible assets are impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGU to which goodwill and other intangible assets 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.

(ii) Classification of investments

The Group classifies and accounts for its securities portfolio as follows:

- Securities held-for-trading, to be stated at fair value with gain or loss recognised in the income statement.
- Securities available-for-sale, to be stated at fair value or cost (where fair value cannot be determined with reasonable certainty) less any impairment loss. Gains or losses are recognised in equity and impairment losses are recognised in the income statement.
- Securities held-to-maturity, to be stated at amortised cost, less any impairment losses. Amortisation and impairment losses are recognised in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Significant accounting estimates and judgements (continued)

(iii) Deferred tax assets

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.

(iv) Provision for ESOS-related costs

The Group and the Company made certain provisions for ESOS-related costs which are calculated using a binomial model. The fair value of equity-settled share options granted is estimated as at the date of grant using the binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the assumption inputs to the model used:

	As at			
	24 August 2009	22 August 2009	7 April 2009	25 January 2009
Share price (RM)	0.663	0.525	0.670	0.815
Exercise price (RM)	1.00	1.00	1.00	1.00
Expected volatility (%)	37.89	38.82	40.00	32.08
Risk free interest rate (%)	3.76	3.75	3.67	3.50
Dividend pay out (RM)	0.00	0.00	0.00	0.02
Average dividend yield (%)	0.00	0.00	0.00	1.50
Historical dividend yield (%)	2.00	1.00	1.00	1.00
Expected future dividend yield (%)	0.00	0.00	0.00	2.00

Actual volatility in the future may differ from the expected volatility, nonetheless the expected volatility reflects the Group's best estimate of future volatility over the remaining option period.

(x) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 42, including the factors used to identify the reportable segments and the measurement basis of segment information.

3. CASH AND SHORT TERM FUNDS

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Cash and balances with banks and other financial institutions	**72,709**	46,306	**1,181**	4,644
Money at call and deposits placements maturing within one month	**322,188**	555,648	**5,302**	12,934
	394,897	601,954	**6,483**	17,578
Included in cash and short term funds are monies held in trust for clients and dealer's representatives as follows:				
Money at call and deposits placements maturing within one month	**175,578**	122,921	**-**	-
	175,578	122,921	**-**	-

4. DEPOSITS WITH FINANCIAL INSTITUTIONS

	Group 2011 RM'000	Group 2010 RM'000
Licensed banks	**1,489**	870
Licensed investment banks	**20,000**	-
BNM	**-**	50,000
	21,489	50,870
Included in deposits with financial institutions are monies held in trust for clients and dealers' representatives as follows:		
Money at call and deposits placements maturing more than one month	**636**	-
	636	-

5. SECURITIES HELD-FOR-TRADING

	Group 2011 RM'000	Group 2010 RM'000
At fair value		
Bankers' acceptances	**304,060**	298,712
Bank Negara Malaysia Notes	**49,758**	-
Quoted shares	**-**	3,199
	353,818	301,911

6. SECURITIES AVAILABLE-FOR-SALE

	Group 2011 RM'000	Group 2010 RM'000
At fair value		
Malaysian Government Securities	**70,973**	35,160
Cagamas bonds	**60,014**	130,276
Bank Negara Malaysia Notes	**149,498**	-
Quoted shares	**46,247**	131,872
Unquoted securities		
- Private debt securities	**195,251**	179,441
- Shares	**2,200**	-
	524,183	476,749
Less: Impairment loss on securities	**(4,704)**	(925)
	519,479	475,824

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

	Group 2011 RM'000	Group 2010 RM'000
Carrying value as at beginning of financial year	**49,282**	34,401
Disposal of securities	**(47,215)**	-
(Loss)/gain on revaluation - recognised in AFS revaluation reserves	**(1,082)**	14,881
Deferred tax under-recognised	**2,941**	-
Carrying value as at end of financial year	**3,926**	49,282

7. SECURITIES HELD-TO-MATURITY

	Group 2011 RM'000	Group 2010 RM'000
At cost		
Negotiable instruments of deposit	**70,000**	160,000
Unquoted shares	**-**	2 ,200
	70,000	162,200

8. DERIVATIVE FINANCIAL ASSETS

	Group 2011 RM'000	Group 2010 RM'000
Equity related contracts - Options		
- Notional amount	**55,244**	33,033
- Fair value	**1,693**	339
Embedded derivatives		
- Notional amount	**147,075**	-
- Fair value	**7,859**	-
Total fair value	**9,552**	339

9. LOANS, ADVANCES AND FINANCING

	Group 2011 RM'000	Group 2010 RM'000
Share margin financing	**319,135**	260,443
Term loans	**276,004**	68,159
Revolving credit	**5,882**	-
Bridging loans	**59,035**	-
Gross loans, advances and financing	**660,056**	328,602
Less: Collective assessment allowance	**(10,176)**	-
General allowance	**-**	(5,117)
Total net loans, advances and financing	**649,880**	323,485

9. LOANS, ADVANCES AND FINANCING (continued)

Analysis of gross loans, advances and financing

	Group	
	2011 RM'000	**2010 RM'000**
By economic purpose		
Purchase of securities	**473,531**	296,233
Working capital	**111,469**	32,369
Others	**75,056**	-
Gross loans, advances and financing	**660,056**	328,602
By interest rate sensitivity		
Fixed rate		
- Share margin financing, term loans, revolving credit and bridging loans	**660,056**	328,602
Gross loans, advances and financing	**660,056**	328,602
By type of customer		
Domestic business enterprises	**377,112**	250,384
Individuals	**240,128**	78,218
Domestic non-bank financial institutions	**42,816**	-
Gross loans, advances and financing	**660,056**	328,602

(i) Movements in impaired loans, advances and financing

Balance at beginning of financial year	**-**	-
Classified as impaired during the year	**-**	53,394
Recovered during the year	**-**	(53,394)
At end of financial year	**-**	-

9. LOANS, ADVANCES AND FINANCING (continued)

Analysis of gross loans, advances and financing (continued)

(ii) Movements in allowance for losses on loans and financing

	Group	
	2011 RM'000	**2010 RM'000**
Collective assessment allowance		
Balance at beginning of financial year		
- as previously stated	**-**	-
- effect of adopting FRS 139	**5,117**	-
Restated opening balance	**5,117**	-
Allowance made during the year (Note 32)	**5,059**	-
Balance at end of financial year	**10,176**	-
As % of gross loans, advances and financing less individual assessment allowance	**1.5%**	-

Individual assessment allowance

As at 31 January 2011, there is no individual assessment allowance made as there is no impaired loan during and at the end of the year.

General allowance		
Balance at beginning of financial year		
- as previously stated	**5,117**	4,048
- effect of adopting FRS 139	**(5,117)**	-
Restated opening balance	**-**	4,048
Allowance made during the year (Note 32)	**-**	1,077
Amount written back during the year (Note 32)	**-**	(8)
Balance at end of financial year	**-**	5,117
As % of gross loans, advances and financing less specific allowance	**-**	1.6%
Specific allowance		
Balance at beginning of financial year	**-**	-
Allowance made during the year (Note 32)	**-**	5,425
Amount written back during the year (Note 32)	**-**	(5,425)
Balance at end of financial year	**-**	-

10. TRADE RECEIVABLES

	Group 2011 RM'000	Group 2010 RM'000
Amount owing by clients	**217,143**	154,734
Amount owing by brokers	**265,989**	136,008
	483,132	290,742
Less: Impairment allowance for bad and doubtful receivables		
Individual assessment allowance	**(1,010)**	-
General allowance	**-**	(259)
Specific allowance	**-**	(82)
Interest-in-suspense	**-**	(849)
	482,122	289,552
Amount owing by trustees	**3,196**	12,451
	485,318	302,003

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 Securities.

Movements in the allowance for impaired accounts are as follows:

	Group 2011 RM'000	Group 2010 RM'000
(a) Collective assessment allowance:		
Balance at beginning of financial year		
- as previously stated	**-**	-
- effect of adopting FRS 139	**259**	-
Restated opening balance	**259**	-
Amount written back during the year (Note 33)	**(259)**	-
Balance at end of financial year	**-**	-

10. TRADE RECEIVABLES (continued)

		Group 2011 RM'000	Group 2010 RM'000
(b)	Individual assessment allowance:		
	Balance at beginning of financial year		
	- as previously stated	**-**	-
	- effect of adopting FRS 139	**931**	-
	Restated opening balance	**931**	-
	Allowance made during the year (including interest-in-suspense)	**79**	-
	Balance at end of financial year	**1,010**	-
(c)	General allowance:		
	Balance at beginning of financial year		
	- as previously stated	**259**	115
	- effect of adopting FRS 139	**(259)**	-
	Restated opening balance	**-**	115
	Allowance made during the year (Note 33)	**-**	144
	Balance at end of financial year	**-**	259
(d)	Specific allowance:		
	Balance at beginning of financial year		
	- as previously stated	**82**	251
	- effect of adopting FRS 139	**(82)**	-
	Restated opening balance	**-**	251
	Allowance made during the year (Note 33)	**-**	229
	Allowance no longer required (Note 33)	**-**	(398)
	Balance at end of financial year	**-**	82

10. TRADE RECEIVABLES (continued)

	Group 2011 RM'000	Group 2010 RM'000
(e) Interest-in-suspense:		
Balance at beginning of financial year		
- as previously stated	**849**	933
- effect of adopting FRS 139	**(849)**	-
	-	933
Suspended during the year	**-**	-
Written back	**-**	(84)
Balance at end of financial year	**-**	849

The classification of impaired accounts in accordance with Rule 1104.1, Schedule 7A of the Rules of Bursa Securities is as follows:

	Group 2011 RM'000	Group 2010 RM'000
Impaired accounts, classified as doubtful	**133**	153
Impaired accounts, classified as bad	**3,282**	4,738
Total impaired accounts	**3,415**	4,891

11. OTHER ASSETS

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Interest receivable	**3,813**	4,818	**-**	3
Deposits	**5,066**	4,924	**8**	8
Tax recoverable	**5,636**	6,530	**1,768**	693
Other receivable and prepayments	**9,696**	6,669	**37,886**	19,216
	24,211	22,941	**39,662**	19,920
Less: Individual assessment allowance	**(2,451)**	(2,431)	**-**	-
	21,760	20,510	**39,662**	19,920

12. STATUTORY DEPOSIT WITH BANK NEGARA MALAYSIA

Group

The non-interest bearing statutory deposit is to be maintained by the investment banking subsidiary with BNM in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (revised 1994), the amount is determined as a set percentage of total eligible liabilities. As at the statement of financial position date, the statutory deposit maintained with BNM is RM8,834,000 (2010: RM4,073,000).

13. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2011 RM'000	**2010 RM'000**
Unquoted shares in subsidiaries, at cost	887,921	887,922
Add/(less) share options movements:		
Balance at beginning of financial year	1,163	1,290
Vested during the year	128	213
Lapsed during the year	(448)	(340)
Balance at end of financial year	843	1,163
	888,764	889,085

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

Name of Company	**Effective Percentage of Ownership 2011**	**2010**	**Principal Activities**
	%	**%**	
ECM Libra Investment Bank Berhad and its subsidiaries:	**100**	100	Investment banking
- ECML Nominees (Tempatan) Sdn. Bhd.	**100**	100	Provision of nominee services for local clients
- ECML Nominees (Asing) Sdn. Bhd.	**100**	100	Provision of nominee services for foreign clients
- Avenue Kestrel Sdn. Bhd.	**100**	100	Dormant

13. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

Name of Company	Effective Percentage of Ownership 2011	2010	Principal Activities
	%	%	
Avenue Invest Berhad and its subsidiary:	**100**	100	Provision of unit trust and asset management services
- Avenue Asset Management Services (Labuan) Ltd.	**100**	100	Provision of portfolio management services
Avenue Services Sdn. Bhd.	**100**	100	Provision of management services
ECM Libra Holdings Limited and its subsidiaries:	**100**	100	Investment holding and provision of advisory services
- ECM Libra Investment Bank Limited and its subsidiary:	**100**	100	Provision of Labuan investment banking and related financial services
- ECM Libra Investments Limited (Incorporated in British Virgin Islands)	**100**	100	Investment holding and provision of financial services
- ECM Libra Securities Limited (Incorporated in Hong Kong)	**-**	100	The company was dissolved during the year
ECM Libra Capital Sdn. Bhd.	**100**	100	Provision of investment research services
ECM Libra Partners Sdn. Bhd.	**100**	100	Provision of credit services
ECM Libra Capital Markets Sdn. Bhd.	**100**	100	Provision of fund management services
Avenue Capital Resources Berhad and its subsidiary:	**100**	100	Investment holding and provision of management services
- Ultimate Acres Sdn. Bhd.	**100**	100	Dormant
ACRB Capital Sdn. Bhd.	**100**	100	Dormant
ECM Libra Securities Sdn. Bhd. and its subsidiaries:	**100**	100	Dormant
- 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

14. INVESTMENT IN AN ASSOCIATED COMPANY

	Group	
	2011 **RM'000**	**2010** **RM'000**
Quoted shares, outside Malaysia	**43,544**	43,544
Share in post acquisition results	**380**	95
	43,924	43,639
Less: Impairment loss	**24,167**	24,167
Net	**19,757**	19,472
Quoted shares, outside Malaysia		
At market value	**13,047**	12,224
At fair value	**19,743**	20,159

The carrying value of the Group's quoted investment in an associated company exceeded the market value by approximately RM6,710,000 (2010: RM7,248,000). Based on the directors' valuation, the carrying value of the Group's investment in associated company is supported by its recoverable amount.

Details of the associated company are as follows:

			Effective Percentage of Ownership	
Name of Company	**Principal Activities**	**Year end**	**2011** **%**	**2010** **%**
Asiasons WFG Financial Ltd. (formerly known as Westcomb Financial Group Ltd.) (Incorporated in Singapore)	Investment holding	31 December	**24**	24

The following amounts represent the assets, liabilities, revenue and expenses of the associated company of the Group remaining as at 31 December 2010 and for the financial year:

	Group	
	2011 **RM'000**	**2010** **RM'000**
Property, plant and equipment	**336**	54
Investments	**-**	37
Securities available-for-sale	**11,925**	-
Current assets	**71,454**	86,698
Current liabilities	**(2,572)**	(3,629)
Long term liabilities	**(129)**	(441)
Net assets	**81,014**	82,719

14. INVESTMENT IN AN ASSOCIATED COMPANY (continued)

	Group	
	2011 RM'000	2010 RM'000
Revenue	**6,100**	4,698
Expenses	**(4,631)**	(12,066)
Profit/(loss) before taxation	**1,469**	(7,368)
Income tax expense	**(302)**	392
Net profit/(loss) for the year	**1,167**	(6,976)

15. AMOUNT OWING BY/(TO) SUBSIDIARY COMPANIES

	Company	
	2011 RM'000	2010 RM'000
Amount owing by subsidiary companies	**659**	448
Amount owing to subsidiary companies	**(79,850)**	(79,802)

The amounts owing by/(to) subsidiary companies mainly represent payments made on behalf and unsecured advances, which are interest free and repayable on demand.

16. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At beginning of the financial year	**27,739**	43,191	**69**	60
Recognised in the income statement				
- Relating to origination and reversal of temporary differences	**(21,459)**	(2,684)	**(982)**	(7)
- Over/(under) provision of tax in prior years	**601**	(1,816)	**(1)**	16
(Note 35)	**(20,858)**	(4,500)	**(983)**	9
Recognised in equity	**3,848**	(10,952)	**-**	-
At end of the financial year	**10,729**	27,739	**(914)**	69
Presented after appropriate offsetting as follows:				
Deferred tax assets	**11,687**	27,780	**-**	69
Deferred tax liabilities	**(958)**	(41)	**(914)**	-
	10,729	27,739	**(914)**	69

16. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

All movements in deferred tax assets and liabilities have been recognised in the income statement except for those relating to AFS revaluation reserve, where the movement is recognised in equity. The components of deferred tax liabilities and assets as at the end of the financial year are as follows:

Group	Unused tax losses RM'000	AFS revalution reserve RM'000	Provisions RM'000	Other temporary difference RM'000	Total RM'000
2011					
At beginning of the financial year	**29,185**	**(3,926)**	**3,898**	**(1,418)**	**27,739**
Recognised in income statement	**(23,906)**	**-**	**5,013**	**(1,965)**	**(20,858)**
Recognised in equity	**-**	**3,848**	**-**	**-**	**3,848**
At end of the financial year	**5,279**	**(78)**	**8,911**	**(3,383)**	**10,729**
2010					
At beginning of the financial year	36,156	7,026	66	(57)	43,191
Recognised in income statement	(6,971)	-	3,832	(1,361)	(4,500)
Recognised in equity	-	(10,952)	-	-	(10,952)
At end of the financial year	29,185	(3,926)	3,898	(1,418)	27,739

Company	Unused tax losses RM'000	Provisions RM'000	Other temporary difference RM'000	Total RM'000
2011				
At beginning of the financial year	**-**	**77**	**(8)**	**69**
Recognised in income statement	**17**	**1**	**(1,001)**	**(983)**
At end of the financial year	**17**	**78**	**(1,009)**	**(914)**
2010				
At beginning of the financial year	-	66	(6)	60
Recognised in income statement	-	11	(2)	9
At end of the financial year	-	77	(8)	69

16. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

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

	Group	
	2011 RM'000	2010 RM'000
Unused tax losses	**33,245**	33,249
Excess of capital allowances over depreciation of property, plant and equipment	**508**	536
Other temporary differences	**-**	275
Net deferred tax asset	**33,753**	34,060

There is no evidence to support that sufficient taxable profit will be available against which the deductible temporary differences of certain subsidiaries can be utilised.

The unutilised tax losses and unabsorbed capital allowances of the Group are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

17. PROPERTY, PLANT AND EQUIPMENT

Group	Work-In -Progress RM'000	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 2010	**339**	**21,977**	**23,636**	**23,766**	**4,380**	**74,098**
Additions	**4,020**	**-**	**8,711**	**5,790**	**-**	**18,521**
Write-offs	**-**	**-**	**(14,091)**	**(1,077)**	**(4)**	**(15,172)**
Disposals	**-**	**-**	**(108)**	**(321)**	**(480)**	**(909)**
At 31 January 2011	**4,359**	**21,977**	**18,148**	**28,158**	**3,896**	**76,538**

17. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Work-In -Progress RM'000	Freehold land and building RM'000	Furniture and fittings and office equipment RM'000	Computers RM'000	Motor vehicles RM'000	Total RM'000
Accumulated depreciation						
At 1 February 2010	**-**	**3,023**	**17,802**	**20,663**	**1,919**	**43,407**
Charge during the year (Note 30)	**-**	**404**	**1,553**	**2,037**	**643**	**4,637**
Write-offs	**-**	**-**	**(12,252)**	**(1,071)**	**(4)**	**(13,327)**
Disposals	**-**	**-**	**(108)**	**(321)**	**(201)**	**(630)**
At 31 January 2011	**-**	**3,427**	**6,995**	**21,308**	**2,357**	**34,087**
Net carrying amount						
At 31 January 2011	**4,359**	**18,550**	**11,153**	**6,850**	**1,539**	**42,451**
Cost						
At 1 February 2009	126	21,977	23,287	24,332	3,749	73,471
Additions	213	-	485	780	1,495	2,973
Write-offs	-	-	(82)	(879)	(5)	(966)
Disposals	-	-	(54)	(467)	(859)	(1,380)
At 31 January 2010	339	21,977	23,636	23,766	4,380	74,098
Accumulated depreciation						
At 1 February 2009	-	2,618	16,154	19,911	1,884	40,567
Charge during the year (Note 30)	-	405	1,760	2,098	661	4,924
Write-offs	-	-	(76)	(879)	(5)	(960)
Disposals	-	-	(36)	(467)	(621)	(1,124)
At 31 January 2010	-	3,023	17,802	20,663	1,919	43,407
Net carrying amount						
At 31 January 2010	339	18,954	5,834	3,103	2,461	30,691

17. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Work-In -Progress RM'000	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 2010	**339**	**17,517**	**2**	**17**	**1,592**	**19,467**
Additions	**4,020**	**-**	**2**	**3**	**-**	**4,025**
Write-offs	**-**	**-**	**(2)**	**-**	**-**	**(2)**
At 31 January 2011	**4,359**	**17,517**	**2**	**20**	**1,592**	**23,490**
Accumulated depreciation						
At 1 February 2010	**-**	**759**	**-**	**2**	**875**	**1,636**
Charge during the year (Note 30)	**-**	**351**	**-**	**3**	**319**	**673**
Write-offs	**-**	**-**	**-**	**-**	**-**	**-**
At 31 January 2011	**-**	**1,110**	**-**	**5**	**1,194**	**2,309**
Net carrying amount						
At 31 January 2011	**4,359**	**16,407**	**2**	**15**	**398**	**21,181**
Cost						
At 1 February 2009	126	17,517	2	-	1,592	19,237
Additions	213	-	5	17	-	235
Write-offs	-	-	(5)	-	-	(5)
At 31 January 2010	339	17,517	2	17	1,592	19,467
Accumulated depreciation						
At 1 February 2009	-	409	-	-	557	966
Charge during the year (Note 30)	-	350	-	2	318	670
At 31 January 2010	-	759	-	2	875	1,636
Net carrying amount						
At 31 January 2010	339	16,758	2	15	717	17,831

18. INTANGIBLE ASSETS

Group	Goodwill RM'000	Merchant bank licence RM'000	Total RM'000
2011			
Cost/Net carrying amount			
At 1 February 2010/31 January 2011	**232,000**	**52,500**	**284,500**
2010			
Cost/Net carrying amount			
At 1 February 2009/31 January 2010	232,000	52,500	284,500

The merchant bank licence represents contribution by the investment bank subsidiary to BNM to carry on merchant banking business and is considered to have indefinite useful life, which is not amortised and is assessed for impairment annually.

During the financial year, the Group assessed the recoverable amount of goodwill and merchant bank licence, and determined that the goodwill associated with the acquisition of operating subsidiaries of the Company and the merchant bank licence are sustainable based on the value-in-use calculation using cash flow projections covering a five-year approved budget and a terminal value beyond the five-year period with an assumed growth rate of 5% in perpetuity. The discount rate applied is based on current estimated industry weighted average cost of capital at 8% (2010: 8%).

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.

19. DEPOSITS FROM CUSTOMERS

	Group	
	2011 RM'000	**2010 RM'000**
By type of deposits:		
Short-term deposits	**1,043,290**	952,645
Negotiable instruments of deposit	**3,516**	3,000
	1,046,806	955,645
By type of customers:		
Government and statutory bodies	**70,000**	53,000
Domestic business enterprises	**173,913**	138,993
Individuals	**22,133**	10,676
Non-bank financial institutions	**780,760**	752,976
	1,046,806	955,645

20. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	2011 RM'000	2010 RM'000
Licensed banks	**201,008**	180,646
Licensed investment banks	**-**	70,000
	201,008	250,646

21. TRADE PAYABLES

	Group	
	2011 RM'000	2010 RM'000
Amount owing to clients	**178,563**	92,680
Amount owing to brokers	**248,295**	172,840
Clients' trust monies	**149,742**	100,811
Amount owing to trustees	**1,237**	874
	577,837	367,205

The trade settlement for the amounts owing to clients and brokers is 3 market days according to the Fixed Delivery and Settlement System ("FDSS") trading rules of Bursa Securities.

22. OTHER LIABILITIES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest payables	**4,552**	2,933	**-**	-
Accruals and deposits received	**14,196**	23,803	**365**	1,402
Remisiers' and dealers' trust accounts	**19,531**	14,691	**-**	-
Other payables	**35,586**	25,825	**-**	1,501
	73,865	67,252	**365**	2,903

23. SHARE CAPITAL

Group and Company	Number of Ordinary Shares of RM1 Each 2011 units '000	2010 units '000	Amount 2011 RM'000	2010 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/end of year	**830,902**	830,902	**830,902**	830,902

The Company's ESOS is governed by the bye-laws approved by the shareholders at an Extraordinary General Meeting held on 1 December 2005. The ESOS was implemented on 4 January 2008 and will be in force for a period of ten (10) years.

The main features of the ESOS are, inter alia, as follows:

(i) Eligible employees are those employees of the Group who had been in service for at least one year on the date of offer. The maximum allowable allotments for the directors had been approved by the shareholders of the Company in a general meeting. The Board of Directors may from time to time at its discretion select and identify suitable eligible employees to be offered options.

(ii) The aggregate number of shares to be issued under the ESOS shall not exceed 15% of the total issued and paid-up ordinary share capital of the Company for the time being.

(iii) The ESOS shall be in force for a period of 10 years from 4 January 2008.

(iv) The option price shall not be at a discount of more than ten percent (10%) (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the Company preceding the date of offer and shall in no event be less than the par value of the shares of the Company of RM1.00.

(v) An option holder may, in a particular year, exercise up to such maximum number of shares in the option certificate as determined by the Board of Directors or as specified in the option certificate.

As at 31 January 2011, there has not been issuance of new shares arising from the exercise of options pursuant to the ESOS.

A summary of the movements in the number of ESOS granted to employees and directors of the Group are as follows:

	Number of share options 2011 units '000	2010 units '000
At 1 February	**77,268**	75,522
Granted	**-**	6,000
Lapsed	**(4,308)**	(4,254)
At 31 January	**72,960**	77,268
Exercisable as at 31 January	**72,960**	74,268

24. RESERVES

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Non-distributable:				
Merger reserves (a)	**26,561**	26,561	**-**	-
Foreign currency translation reserve	**(3,295)**	(2,355)	**-**	-
Equity compensation reserve (b)	**3,526**	3,846	**3,526**	3,846
Available-for-sale revaluation reserve (c)	**718**	12,191	**-**	-
Statutory reserve (d)	**65,720**	33,934	**-**	-
General reserve	**159**	159	**-**	-
Distributable:				
Retained profits (e)	**76,501**	70,822	**49,078**	38,747
	169,890	145,158	**52,604**	42,593

(a) 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.

(b) Equity compensation reserve arose from the granting of share options to directors of the Company and senior management personnel of the Group.

(c) Available-for-sale revaluation reserve represents unrealised gains or losses arising from changes in fair values of securities classified as available-for-sale.

(d) The statutory reserve is maintained in compliance with Section 36 of the Banking and Financial Institutions Act, 1989 and is not distributable as cash dividends.

(e) Prior to the year of assessment 2008, Malaysian companies adopt the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

As at 31 January 2011, the 108 balance of the Company is nil. The Company may distribute dividends out of its entire retained profits under the single tier system.

25. TREASURY SHARES

The shareholders of the Company approved, at the Extraordinary General Meeting held on 31 January 2008, the Company to buy back its own shares of up to 10% of the total issued and paid-up share capital of the Company at any point in time, in accordance with Section 67A of the Companies Act, 1965.

The directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the share buy-back can be applied in the best interests of the Company and its shareholders.

Details of shares repurchased by the Company from the open market are as follows:

	Number of shares units '000	Cost* RM'000	Average price RM
At beginning of the financial year	**19,884**	**11,380**	**0.57**
Shares repurchased during the financial year:			
February 2010	**4,835**	**3,294**	**0.68**
May 2010	**2,966**	**1,860**	**0.63**
June 2010	**834**	**556**	**0.67**
	8,635	**5,710**	**0.66**
Share dividend distributed during the financial year (Note 37)	**(15,493)**	**(9,204)**	**0.59**
At end of the financial year	**13,026**	**7,886**	**0.61**

* Average price includes stamp duty, brokerage and clearing fees.

The share buy-back transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

A total of 15,492,584 treasury shares were distributed as share dividend on the basis of one (1) treasury share for every fifty-two (52) existing ordinary shares of RM1.00 each held on 25 May 2010. The distribution of the share dividend was completed on 7 June 2010.

Of the total 830,901,953 (2010: 830,901,953) issued and paid-up ordinary shares as at 31 January 2011, 13,026,016 (2010: 19,884,000) are held as treasury shares by the Company after deducting the above share dividend distribution. As at 31 January 2011, the number of outstanding ordinary shares in issue after the set-off is therefore 817,875,937 (2010: 811,017,953) ordinary shares of RM1.00 each.

The Company may distribute the treasury shares as dividend to the shareholders or resell in the market in accordance with the Rules of Bursa Malaysia or cancel the shares in accordance with Section 67A of the Companies Act, 1965.

None of the treasury shares held were resold or cancelled during the financial year. The treasury shares have no rights to voting, dividends and participation in other distributions.

26. INTEREST INCOME

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Loans and advances	**39,705**	19,267	**-**	-
Stockbroking clients	**436**	957	**-**	-
Short-term funds and deposits with financial institutions	**10,728**	11,959	**236**	277
Securities:				
- available-for-sale	**11,085**	8,715	**-**	-
- held-to-maturity	**899**	2,231	**-**	-
Others	**7**	541	**-**	-
	62,860	43,670	**236**	277
Accretion of discounts less amortisation of premiums	**1,453**	228	**-**	-
	64,313	43,898	**236**	277

27. INTEREST EXPENSE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deposits from customers	**31,840**	17,097	**-**	-
Deposits from banks and other financial institutions	**2,990**	671	**-**	-
Others	**7**	22	**7**	22
	34,837	17,790	**7**	22

28. NON-INTEREST INCOME

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Fee income				
- Fees on loans and advances	**5,246**	4,925	**-**	-
- Corporate advisory fees	**925**	731	**-**	-
- Underwriting commissions	**1,288**	-	**-**	-
- Net brokerage fee	**44,228**	43,152	**-**	-
- Portfolio management fees	**10,033**	9,814	**-**	-
- Other fee income	**2,737**	1,926	**-**	-
	64,457	60,548	**-**	-
Investment and trading income				
Net gain arising from securities held-for-trading			**-**	-
- Net gain on disposal	**14,287**	3,131	**-**	-
- Unrealised gain on revaluation	**182**	729	**-**	-
- Gross dividend income	**29**	14	**-**	-
	14,498	3,874	**-**	-
Net gain arising from securities available-for-sale				
- Net gain on disposal	**58,292**	21,903	**-**	-
- Gross dividend income	**9,396**	3,401	**-**	-
	67,688	25,304	**-**	-
Net gain arising from derivatives				
- Net gain on disposal	**2,114**	-	**-**	-
- Unrealised gain on revaluation	**1,569**	339	**-**	-
	3,683	339	**-**	-
Gross dividend income				
- Subsidiaries	**-**	-	**40,631**	23,175
	-	-	**40,631**	23,175
Total non-interest income	**150,326**	90,065	**40,631**	23,175

29. OTHER NON-OPERATING INCOME

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Rental income	**208**	274	**247**	326
Gain on disposal of property, plant and equipment	**10**	181	**-**	-
Gain on foreign exchange transactions	**3,792**	1,215	**-**	-
Others	**2,013**	1,139	**-**	-
	6,023	2,809	**247**	326

30. OPERATING EXPENSES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Personnel expenses				
Salaries, allowance and bonus	**44,530**	37,310	**-**	-
Contributions to defined contribution plan	**4,443**	3,162	**-**	-
Cost arising from ESOS	**(320)**	(127)	**-**	-
Other personnel costs	**3,914**	3,122	**-**	-
	52,567	43,467	**-**	-
Establishment costs				
Depreciation of property, plant and equipment (Note 17)	**4,637**	4,924	**673**	670
Property, plant and equipment written off	**1,845**	6	**2**	5
Rental of premises	**4,041**	3,540	**9**	(13)
Rental of network and equipment	**3,869**	3,079	**-**	-
Other establishment costs	**4,785**	2,343	**-**	-
	19,177	13,892	**684**	662

30. OPERATING EXPENSES (continued)

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Marketing and communication expenses				
Advertising expenses	**906**	169	**-**	-
Entertainment	**1,377**	822	**-**	-
Other marketing expenses	**472**	524	**-**	-
	2,755	1,515	**-**	-
Administrative and general expenses				
Audit fees				
- statutory audit	**222**	216	**30**	28
- overprovision in prior year	**(3)**	(31)	**-**	-
Legal and professional fees	**1,682**	580	**28**	53
Printing and stationery	**632**	529	**-**	-
Insurance, postages and courier	**904**	712	**114**	59
Electricity and water charges	**1,072**	803	**-**	(1)
Telecommunication expenses	**720**	642	**-**	-
Travelling and accomodation	**414**	309	**-**	-
Others	**9,838**	7,764	**1,245**	1,195
	15,481	11,524	**1,417**	1,334
Total operating expenses	**89,980**	70,398	**2,101**	1,996

31. DIRECTORS' REMUNERATION

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Executive Directors and CEO				
Fees	**-**	155	**-**	80
Salary and other remuneration, including meeting allowance	**3,823**	3,344	**3,823**	3,313
Bonuses	**2,000**	-	**2,000**	-
Non-executive Directors				
Fees	**586**	455	**300**	220
Other remuneration	**1,923**	188	**1,745**	67
	8,332	4,142	**7,868***	3,680

* Certain directors' remuneration was reimbursed by a subsidiary company.

Estimated monetary value of benefits-in-kind received by directors	**-**	-	**-**	-

The total remuneration of the directors of the Company for the financial year fall within the following bands:

	Number of directors	
	2011	**2010**
Executive Directors:		
Below RM1,550,001	**-**	-
RM1,500,001 - RM2,500,000	**1***	2
RM2,500,001 - RM3,000,000	**-**	-
RM3,000,001 - RM3,500,000	**1 ***	-
Non-executive Directors:		
Below RM50,001	**1**	1
RM50,001 to RM100,000	**-**	-
RM100,001 to RM150,000	**2**	2
RM150,001 to RM200,000	**2**	2
RM200,001 - RM1,000,000	**1**	-
RM1,000,001 - RM1,800,000	**1**	-

* 2 Executive Directors were re-designated as Non-executive Director during the current financial year.

32. ALLOWANCE FOR LOSSES ON LOANS, ADVANCES AND FINANCING

	Group 2011 RM'000	Group 2010 RM'000
Collective assessment allowance		
- Allowance made (Note 9(ii))	**5,059**	-
General allowance		
- Allowance made (Note 9(ii))	**-**	1,077
- Allowance written back (Note 9(ii))	**-**	(8)
	-	1,069
Specific allowance		
- Allowance made (Note 9(ii))	**-**	5,425
- Amount written back (Note 9(ii))	**-**	(5,425)
	-	-
	5,059	1,069

33. WRITEBACK OF IMPAIRMENT ALLOWANCE FOR BAD AND DOUBTFUL DEBTS

	Group 2011 RM'000	Group 2010 RM'000
Collective assessment allowance		
- Allowance written back (Note 10(a))	**(259)**	-
Individual assessment allowance		
- Allowance made	**56**	-
General allowance		
- Allowance made (Note 10(c))	**-**	144
Specific allowance		
- Allowance made (Note 10(d))	**-**	229
- Amount written back (Note 10(d))	**-**	(398)
	-	(169)
Bad debts		
- Recovered	**(102)**	(134)
	(305)	(159)

34. ALLOWANCE FOR IMPAIRMENT LOSS

	Group	
	2011 RM'000	2010 RM'000
Allowance for impairment loss:		
- Private debt securities:		
• Available-for-sale	**(4,704)**	(365)

35. INCOME TAX EXPENSE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Income tax:				
- Current year's provision	**662**	814	**-**	940
- Over provision of tax in prior years	**(59)**	(517)	**(54)**	(222)
	603	297	**(54)**	718
Deferred taxation (Note 16):				
- Relating to origination and reversal of temporary differences	**21,459**	2,684	**982**	7
- (Over)/under provision of tax in prior years	**(601)**	1,816	**1**	(16)
	20,858	4,500	**983**	(9)
	21,461	4,797	**929**	709

35. INCOME TAX EXPENSE (continued)

Income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Profit before taxation	**86,672**	45,608	**39,006**	21,760
Tax at the rate of 25% (2009: 25%)	**21,668**	11,402	**9,752**	5,440
Tax effects of:				
Non-allowable expenses	**2,315**	4,340	**386**	301
Non-taxable income	**(1,858)**	(1,764)	**(9,156)**	(4,794)
(Over)/under provision in prior years				
- tax expenses	**(59)**	(517)	**(54)**	(222)
- deferred tax	**(601)**	1,816	**1**	(16)
Deferred tax recognised				
- on unabsorbed tax losses	**-**	(6,190)	**-**	-
- other temporary differences	**-**	(4,276)	**-**	-
Utilisation of deferred tax assets previously not recognised	**(4)**	(14)	**-**	-
	21,461	4,797	**929**	709

36. EARNINGS PER ORDINARY SHARE

The basic and diluted earnings per ordinary share is calculated by dividing the Group's profit after taxation of RM65,211,000 (2010: RM40,811,000) by the weighted average number of ordinary shares in issue during the year of 814,483,000 (2010: 818,265,000).

For the financial year ended 31 January 2011, outstanding ESOS have been excluded from the computation of fully diluted earnings per RM1 ordinary shares as their conversion to ordinary shares would be anti-dilutive.

37. DIVIDENDS

	Dividend recognised in Year	
	2011 RM'000	2010 RM'000
Interim dividend for 2011:		
- Single tier dividend of 2.30 sen, on 806,183,353 ordinary shares (excluding treasury shares of 24,718,600 ordinary shares)	**18,542**	-
Final dividend for 2009:		
- Single tier dividend of 2.00 sen, on 818,345,853 ordinary shares (excluding treasury shares of 12,556,100 ordinary shares)	**-**	16,367
Final dividend for 2008:		
Debts payable to Inland Revenue Board	-	78
	18,542	16,445

The final dividend in respect of the financial year ended 31 January 2010 was a share dividend distribution of 15,492,584 treasury shares on the basis of one (1) treasury share for every fifty-two (52) existing ordinary shares of RM1.00 each held on 25 May 2010. The distribution of the share dividend was completed on 7 June 2010.

Subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting ("AGM"), the directors are recommending a final dividend by way of distribution of cash and share dividends equivalent to 4.25 sen per ordinary share of RM1.00 each, in respect of the financial year ended 31 January 2011. This is computed based on the issued and paid-up share capital as at 31 January 2011, excluding treasury shares held by the Company of 13,026,016 ordinary shares of RM1.00 each, to be paid to shareholders whose names appear in the Record of Depositors on a date to be determined by the directors.

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 profits in the financial year ending 31 January 2012.

38. CAPITAL ADEQUACY AND CAPITAL MANAGEMENT

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

The capital base and risk-weighted assets ("RWA") as set out below are disclosed in accordance with the Risk-Weighted Capital Adequacy Framework (Basel II) issued by BNM.

	2011 %	2010 %
Before deducting proposed dividend		
Core capital ratio	**81.83**	57.76
Risk-weighted capital ratio	**83.14**	58.26
After deducting proposed dividend		
Core capital ratio	**81.83**	57.76
Risk-weighted capital ratio	**83.14**	58.26

38. CAPITAL ADEQUACY AND CAPITAL MANAGEMENT (continued)

With effect from 1 January 2008, the capital adequacy ratios of the Bank are computed in accordance with BNM's revised Risk-Weighted Capital Adequacy Framework (RWCAF-Basel II). The Bank has adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8% (2010: 8%) for the risk-weighted capital ratio.

Disclosure as required by BNM's RWCAF (Basel II) - Disclosure Requirements (Pillar 3) will be presented in the Pillar 3 disclosures section of the 2011 Annual Report.

Capital management process

The Bank has in place an Internal Capital Adequacy Assessment Process ("ICAAP") which is largely conceptualised from the BNM's Concept Paper on ICAAP (Basel II - Pillar 2). The computation of the internal RWCR requirement is derived from using a simple aggregation approach and stress testing methodologies that is in line with the nature and complexity of the Bank's business operations. The application of ICAAP is based on stress test methodologies underpinned by the following structured approach:

(i) assess the capital buffer requirements over a short-term period under a stressed event;

(ii) address major risks not addressed under Pillar 1;

(iii) assess the capital buffer requirements based on the business activities generated under the Bank's Business Plans, usually over a period of 1 to 3 years.

(b) The components of Tier I and Tier II Capital of the Bank are as follows:

	2011 RM'000	2010 RM'000
Tier I Capital		
Paid-up share capital	**513,000**	513,000
Retained profit	**69,055**	69,055
Statutory reserve	**65,720**	33,934
Other reserves	**612**	926
	648,387	616,915
Less: Deferred tax assets *	**(10,765)**	(31,637)
Total Tier I Capital (a)	**637,622**	585,278

38. CAPITAL ADEQUACY AND CAPITAL MANAGEMENT (continued)

(b) The components of Tier I and Tier II Capital of the Bank are as follows (continued):

	2011 RM'000	2010 RM'000
Tier II Capital		
Collective assessment allowance for bad and doubtful debts and financing	**10,176**	-
General allowance for bad and doubtful debts and financing	**-**	5,117
Total Tier II Capital (b)	**10,176**	5,117
Total capital (a) + (b)	**647,798**	590,395
Less: Investment in subsidiaries	**-**	-
Capital base	**647,798**	590,395
Total risk-weighted assets	**779,192**	1,013,343

* Excludes deferred tax on AFS reserve.

	%	%
Core capital ratio	**81.83**	57.76
Risk-weighted capital ratio	**83.14**	58.26

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

	2011 RM'000	2010 RM'000
Credit risk	**401,250**	464,471
Market risk	**182,207**	366,302
Operational risk	**195,735**	182,570
	779,192	1,013,343

39. COMMITMENTS

	Group 2011 RM'000	Group 2010 RM'000
Capital commitments		
Approved and contracted for:		
Purchase of property, plant and equipment	**7,559**	6,101
Non-cancellation operating lease commitments		
Future minimum rentals payable:		
Not later than 1 year	**1,901**	2,355
Later than 1 year and not later than 5 years	**2,316**	807
	4,217	3,162

Commitments and contingencies

	Nominal amount RM'000	Credit equivalent amount* RM'000	Risk-weighted amount RM'000
As at 31 January 2011			
Commitments to extend credits with maturity of less than 1 year:			
- margin facilities	**269,365**	**53,873**	**46,872**
- term loans facilities	**47,828**	**9,566**	**9,566**
	317,193	**63,439**	**56,438**
As at 31 January 2010			
Commitments to extend credits with maturity of less than 1 year:			
- margin facilities	310,037	62,007	55,781
- term loans facilities	117,852	23,571	23,571
	427,889	85,578	79,352

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

40. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Related parties and relationships

The related parties of, and their relationship (other than those disclosed in Note 13 and Note 14 to the financial statements) with the Group and the Company are as follows:

Relationship	Related parties
Key management personnel	All directors of the Company and members of management committee who make critical decisions in relation to the strategic direction of the Group and of the Company.
Related parties of key management personnel (deemed as related to the Group)	Close family members and dependants of key management personnel and entities that are controlled or significantly influenced by, or for which significant voting power in such entity reside with, directly, or indirectly by key management personnel or its close family members.

(b) Significant related party transactions and balances

In addition to the transactions detailed elsewhere in the financial statements, set out below are the Group's and the Company's other significant related party transactions and balances:

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Income				
Interest income from:				
- a substantial shareholder	**390**	156	**-**	-
- subsidiaries	**-**	-	**236**	277
Commitment fee income from a substantial shareholder	**222**	141	**-**	-
Dividend income from subsidiaries	**-**	-	**40,631**	23,175
Brokerage fee income from:				
- a director	**26**	-	**-**	-
- a substantial shareholder	**-**	8	**-**	-
- a related party	**54**	2	**-**	-
Rental income from a subsidiary	**-**	-	**247**	326
Management fee from directors	**25**	16	**-**	-

40. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(b) Significant related party transactions and balances (continued)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Expenditure				
Interest on deposits and placements to related parties	**311**	508	**-**	-
Rental expenses charged by a related party	**637**	269	**-**	-
Project management fee charged by a related party	**263**	263	**-**	-
Other				
Purchase of computer software from a related party	**519**	-	**-**	-
Amount due from				
Fixed deposits placed with a subsidiary	**-**	-	**5,302**	12,934
Dividend receivable from subsidiaries	**-**	-	**34,786**	19,175
Interest receivable from a subsidiary	**-**	-	**-**	3
Amount due to				
Deposits from other related parties	**11,624**	10,447	**-**	-
Interest payable to other related parties	**7**	8	**-**	-

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.

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Fees and meeting allowances	**829**	968	**365**	367
Short-term employee benefits	**8,735**	7,441	**6,657**	3,004
Defined contribution plan	**1,103**	753	**846**	309
Share-based payment	**128**	213	**-**	-
	10,795	9,375	**7,868**	3,680

40. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(c) Compensation of key management personnel (continued)

Included in the total key management personnel are:

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Directors' remuneration (Note 31)	**8,332**	4,142	**7,868**	3,680

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

The Group is mainly exposed to a variety of financial risks, mainly credit risk, market risk including liquidity risk and operational risk through the activities of its subsidiary, ECM Libra Investment Bank Berhad ("the Bank"). In addition, the fiduciary risk through the activities of its subsidiary, Avenue Invest Berhad ("AvIB") largely stems from the performance hurdles such as the benchmarks by which the fund managers are expected to match or out-perform within the mandates that detail the parameters imposed on them.

The Group's financial risks are managed by the Board of Directors, through the Board Audit and Risk Management Committee ("BARMC") which oversees the establishment of enterprise-wide risk management policies and processes. The BARMC reviews the integrity of internal controls and ensures that Group Risk Management department ("GRM") performs its duties independently of the risk taking activities. GRM provides the central resource for developing tools and methodologies for the identification, quantification and management of the portfolio risks taken by the Group as a whole.

The fiduciary risk through the Group's asset management company AvIB, largely stems from governance risk and operational risk. The Group's appointed BARMC maintains oversight of these risks with the support of the Group Compliance Department and GRM.

The Bank's overall risk management policies is being separately set out below as it reflects the substantial component of the Group's financial risk management objectives and policies.

Credit risk

Credit risk is the risk of loss arising from the actual or perceived declining credit quality and actual default of an obligor or counterparty.

Risk governance

The Bank's Board has appointed the Board Credit Committee ("BCC") to oversee all aspects of credit risk management in the Bank with the support of the Credit Approval Executive Committee ("CAEC"). The BCC comprises board members who have the veto power to reject credits or modify the terms of credits that have been approved by the CAEC. It reviews and approves credit risk management policies as recommended by CAEC.

The CAEC is tasked to formulate credit risk management policies, review and approve credit applications in accordance with the Bank's prescribed approval limits as laid down by the BCC. The CAEC is represented by members of senior management of the Bank including the Head of Credit Control Department ("CCD").

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Risk management approach

(a) Lending to Retail consumers and Small and Medium Enterprises ("SMEs")

The credit granting to retail consumers and SMEs is individually underwritten, which amongst others, includes the assessment of the historical repayment track record, the current repayment capacity of the customer and types of facilities including the collaterals offered. The credit approving authority has the responsibility to ensure that credit risk is properly assessed and all crucial credit information of the customer, faciliy type and collaterals offered is included in the loan application.

(b) Lending to Corporate and Institutional customers

Credit granting to corporate and institutional customers is individually underwritten. Credit officers identify and assess the credit risks of large corporate or institutional customers, or customer groups, taking into consideration their financial and business profiles, industry and economic factors, or other credit support such as equity options.

(c) Credit risk from trading and investment activities

The management of the credit risk arising from the Bank's trading or investing its surplus funds is primarily via the setting of specific trading limits including instrument type and counterparty limits which are specifically approved by the Bank's Board. In addition, the Bank has in place various management action triggers and related guidelines under the Credit Risk Management Framework to avoid undue concentration of credit risk.

(d) Counterparty credit risk on derivative financial instruments

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Bank has a gain in a contract.

There have been no changes since the end of the previous financial year in respect of the following:

(i) the types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;

(ii) the risk management policies in place for mitigating and controlling the risks associated with these financial derivative contracts; and

(iii) the related accounting policies.

As at 31 January 2011, the amount of credit risk in the Bank, measured in terms of the cost to replace the profitable contracts was RM202,319,000 (31 January 2010: RM33,033,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices. Derivative financial instruments at their contractual and fair value amounts are as follows:

	Group 2011	
	Notional amount RM'000	**Fair value RM'000**
Equity related contracts options purchased and embedded derivative	**202,319**	**9,552**

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Risk management approach (continued)

(e) Independent credit assessment

Independent credit assessments are performed on large credits to complement risk identification as well as to evaluate the quality of credit appraisals and the competency of credit personnel. Internal risk management reports are presented to the BARMC, containing information on economic trends across major portfolios, quality of credit portfolios, results of independent credit review, results of the risk profiling conducted, significant credit exposures to connected parties and credit concentration by economic sectors and by large single customers.

(i) Credit risk exposures and credit risk concentration

The following table presents the Bank's exposure to credit risk of financial assets before the effect of credit risk mitigation, broken down by the relevant category and class of financial asset against the relevant industry and maturity. For on-balance sheet exposures, the maximum exposure to credit risk equals their carrying amounts. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit granted to customers.

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic and other conditions.

By class of financial instrument:

	Government and Central Banks RM'000	Financial services RM'000	Transport storage and business services RM'000	Agriculture, manufacturing, wholesale & retail trade RM'000	Construction & real estate RM'000	Utilities RM'000	Motor vehicle financing RM'000	Other consumer loans RM'000	Purchase of securities RM'000	Total RM'000
Group										
As at 31 January 2011										
On-Balance Sheet financial assets										
Cash and bank balances	64,954	329,943	-	-	-	-	-	-	-	394,897
Deposits with financial institutions	-	21,489	-	-	-	-	-	-	-	21,489
Securities held-for-trading	49,758	304,060	-	-	-	-	-	-	-	353,818
Securities available-for-sale	250,872	102,773	13,104	10,560	115,479	26,691	-	-	-	519,479
Securities held-to-maturity	-	70,000	-	-	-	-	-	-	-	70,000
Derivative financial assets	-	-	-	1,651	7,901	-	-	-	-	9,552
Gross loans, advances and financing	-	42,815	106,313	195,745	75,055	-	-	-	240,128	660,056
Statutory deposits with Bank Negara Malaysia	8,834	-	-	-	-	-	-	-	-	8,834
Trade receivables	-	269,185	-	-	-	-	-	-	216,133	485,318
	374,418	1,140,265	119,417	207,956	198,435	26,691	-	-	456,261	2,523,443
Commitments and contingencies										
Commitments (credit equivalent amount)	-	4,000	803	810	-	-	-	-	57,826	63,439
	-	4,000	803	810	-	-	-	-	57,826	63,439
Total	374,418	1,144,265	120,220	208,766	198,435	26,691	-	-	514,087	2,586,882

All loans and financing are secured by collaterals in cash, shares or properties.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Risk management approach (continued)

(e) Independent credit assessment (continued)

(ii) Credit quality of gross loans and advances

Gross loans, advances and financing are analysed as follows:

	Group 2011 RM'000
Neither past due nor impaired	**660,056**
Past due but not impaired	-
Impaired/non-performing	-
	660,056

(a) Neither past due nor impaired

Gross loans, advances and financing which are neither past due nor impaired are analysed as follows:

	Group 2011 RM'000
Retail loans/financing	**240,128**
Corporate loans/financing	**419,928**
	660,056

(b) Past due but not impaired

Past due but not impaired loans are loans where the customer has failed to make a principal or interest payment when contractually due, and includes loans, advances and financing which are due one or more days after the contractual due date but less than three (3) months.

As at 31 January 2011, there are no balances which are past due, but not impaired.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Risk management approach (continued)

(e) Independent credit assessment (continued)

(ii) Credit quality of gross loans and advances (continued)

(c) Impaired loans

For all loans that are considered individually significant, the Bank assesses on a case-by-case basis at each reporting date whether there is any objective evidence that a loan is impaired. The criteria that the Bank use to determine that there is objective evidence of impairment include:

(a) the principal or interest or both is past due for more than 90 days or 3 months;

(b) the amount is past due or the outstanding amount has been in excess of the approved limit for 90 days or 3 months or less, whereby the facility or borrower exhibits credit quality weaknesses arising from the Bank's internal credit risk rating assessment exercise;

(c) for loan facilities with repayments of principal or interest or both that is scheduled on intervals of 3 months or longer, the loan is classified as impaired as soon as a default occurs unless there are strong mitigating factors. However, should the facility remains past due for a further 90 days or 3 months, the loan and financing is immediately classified as impaired.

As at 31 January 2011, there are no impaired loans.

(d) Rescheduled/restructured loans, advances and financing

Rescheduling/restructuring loans and financing include extended payment arrangements, and the modification and deferral of payments.

At 31 January 2011, the outstanding amount of restructured loans is RM9,970,951.

(iii) Impairment of private debt securities

The Bank determines that there is objective evidence of impairment of private debt securities when a default occurs upon a breach of contractual repayment schedule or a rating downgrade may be considered as impaired. However, securities that are rated by external rating agencies shall be immediately classified as impaired when it has been rated as "D" (RAM, MARC or its equivalent).

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Risk management approach (continued)

(e) Independent credit assessment (continued)

(iv) Credit quality financial investments

Set out below are analyses of rated financial investments analysed by ratings from external credit ratings agencies:

	Financial Assets Placements with financial institutions		Financial Investments Held-for-trading		Financial Investments Available -for-sale		Financial Investments Held-to-maturity		Total
	At amortised cost	At fair value	At amortised cost	At fair value	At amortised cost	At fair value	At amortised cost	At fair value	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group									
As at 31 January 2011									
AAA+ to AA-	153,777	-	-	304,060	-	165,475	70,000	-	693,312
A+ to A -	20,000	-	-	-	-	28,705	-	-	48,705
Not rated	64,900	-	-	49,758	-	220,471	-	-	335,129
Unrated	105,000	-	-	-	-	104,828	-	-	209,828
	343,677	-	-	353,818	-	519,479	70,000	-	1,286,974

The ratings shown for money market instruments (e.g. negotiable instruments of deposit) are based on the ratings assigned to the respective financial institution issuing the financial instruments. The ratings shown for debt securities are based on the ratings assigned to the specific debt issuance.

Note: The rated financial investments shown above do not include government securities and treasury bills, unit trust funds and equity securities.

Market risk

Market risk is the risk of losses in on and off-balance sheet positions arising from movements in market prices. Market risk is the risk that the Bank's earnings and capital, or its ability to meet its business objectives, will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices and/or credit spreads.

Risk governance

GRM supports the BARMC in market risk management oversight, reviews the Bank's market risk framework and policies, aligns market risk management with business strategies and planning, and recommends actions to ensure that the market risks remain within established risk tolerance. The market risk of the Group is identified into traded market risk and non-traded market risk.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Types of market risk

(i) Traded market risk

Traded market risk, primarily the interest rate risk and credit spread risk, exists in the Group's trading book positions held for the purpose of benefiting from short-term price movements, which are conducted primarily by the treasury operations.

Risk measurement approach

The Bank's traded market risk framework comprises market risk policies and practices, delegation of authority, market risk limits and valuation methodologies. The Bank's traded market risk for its interest-sensitive fixed income instruments is measured by the present value of a one basis point change ("PV01") and is monitored independently by the GRM on a daily basis against approved market risk limits. In addition, Treasury Back-Office Department is also responsible to monitor and report on limit excesses and the daily mark-to-market valuation of fixed income securities. The market risk limits are determined after taking into account the risk appetite and the risk-return relationship and are periodically reviewed by BARMC. Changes to market risk limits must be approved by the Bank's Board. The trading book positions and limits are regularly reported to the BARMC.

Analysis of traded market risk exposures

As of 31 January 2011, the Bank's traded market risk exposures on fixed income securities as measured by PV01, averaged at RM10,000. The composition of the Bank's trading portfolio is as set out in Note 5 to the financial statements.

(ii) Equity risk

Market risk on equities is the potential loss in the value of the investment in shares and interest-in-shares due to the changes in market price. This market risk is being monitored using Value-at-Risk ("VaR"). VaR refers to the maximum loss not exceeded with a given probability defined as the confidence level over a given period of time.

Risk measurement approach

The Bank's risk management department monitors and manages market risk exposure via stress testing, in addition to reviewing and analysing its treasury trading strategy, positions and activities vis-à-vis changes in the financial market, monitoring limit usage, assessing limit adequacy, and verifying transaction prices.

Analysis of equity instruments risk exposures

	2011 RM'mil
Book value	**31**
Value-at-Risk	**4**

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market Risk (continued)

Types of market risk (continued)

(iii) Non-traded market risk

The Bank's core non-traded market risks are interest rate risk in the banking book and foreign exchange risk.

(a) Interest rate risk

Interest rate risk ("IRR") emanates from the repricing mismatches of the Bank's banking assets and liabilities and also from the Bank's investments of their surplus funds.

Risk measurement approach

Balance sheet management under the purview of ALCO includes risk management of the potential change in earnings and capital arising from the effect of movements in interest rates on the structured banking book of the Bank. To achieve this, ALCO uses various tools including interest rate gap analysis. Simulating a parallel yield curve shift, this measurement is sometimes known as Earnings-at-Risk ("EAR") and specific tolerance limit has been set to monitor this market risk exposure.

The tables below summarise the Group's exposure to interest rate risks. The assets and liabilities at carrying amount are categorised by the earlier of contractual repricing or maturity dates as follows:

Group	<-------------------------- Non-trading book ----------------------------->								
As at 31 January 2011	**Up to 1 month RM'000**	**>1-3 months RM'000**	**> 3-12 months RM'000**	**1-5 years RM'000**	**Over 5 years RM'000**	**Non-interest sensitive RM'000**	**Trading book RM'000**	**Total RM'000**	**Effective interest rate %**
ASSETS									
Cash and bank balances	322,188	-	-	-	-	72,709	-	394,897	2.70
Deposits with financial institutions	-	20,849	640	-	-	-	-	21,489	2.88
Securities held-for-trading	-	-	-	-	-	-	353,818	353,818	-
Securities available-for-sale	4,704	154,505	38,469	194,067	83,991	(2,504)*	46,247	519,479	4.88
Securities held-to-maturity	20,000	50,000	-	-	-	-	-	70,000	2.97
Derivative financial assests	-	-	-	-	-	-	9,552	9,552	-
Loans, advances and financing									
- Performing	129,445	209,923	320,688	-	-	(10,176)* *	-	649,880	8.21
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	8,834	-	8,834	-
Trade receivables	5,718	-	-	-	-	479,600	-	485,318	9.00
Other assets ^	-	-	-	-	-	380,155	-	380,155	-
Total assets	482,055	435,277	359,797	194,067	83,991	928,618	409,617	2,893,422	

^ Other assets include other assets, investment in associated company, property, plant and equipment, intangible assets and deferred tax assets.
* The negative balance is inclusive of net impairment loss on securities.
** The negative balance represents collective assessment allowance for loans, advances and financing.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Types of market risk (continued)

(iii) Non-traded market risk (continued)

(a) Interest rate risk (continued)

Group	<------------------------- **Non-trading book**					---------------------------->			
As at 31 January 2011	**Up to 1 month RM'000**	**>1-3 months RM'000**	**> 3-12 months RM'000**	**1-5 years RM'000**	**Over 5 years RM'000**	**Non-interest sensitive RM'000**	**Trading book RM'000**	**Total RM'000**	**Effective interest rate %**
LIABILITIES AND EQUITY									
Liabilities									
Deposits from customers	**767,114**	**156,676**	**123,016**	**-**	**-**	**-**	**-**	**1,046,806**	**3.02**
Deposits and placements of banks and other financial institutions	**85,000**	**106,008**	**10,000**	**-**	**-**	**-**	**-**	**201,008**	**2.98**
Trade payables	**-**	**-**	**-**	**-**	**-**	**577,837**	**-**	**577,837**	
Other liabilities #	**-**	**-**	**-**	**-**	**-**	**74,865**	**-**	**74,865**	
Total liabilities	**852,114**	**262,684**	**133,016**	**-**	**-**	**652,702**	**-**	**1,900,516**	
Shareholders' equities	**-**	**-**	**-**	**-**	**-**	**992,906**	**-**	**992,906**	
Total equity and liabilities	**852,114**	**262,684**	**133,016**	**-**	**-**	**1,645,608**	**-**	**2,893,422**	
On-Balance Sheet interest sensitivity gap	**(370,059)**	**172,593**	**226,781**	**194,067**	**83,991**	**(716,990)**	**409,617**	**-**	
Off-Balance Sheet interest sensitivity gap	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Total interest sensitivity gap	**(370,059)**	**172,593**	**226,781**	**194,067**	**83,991**	**(716,990)**	**409,617**	**-**	

Other liabilities include other liabilities, provision for taxation and deferred tax liabilities.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Types of market risk (continued)

(iii) Non-traded market risk (continued)

(a) Interest rate risk (continued)

Group	<--- Non-trading book					--->			
As at 31 January 2010	Up to 1 month RM'000	>1-3 months RM'000	> 3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
ASSETS									
Cash and bank balances	555,648	-	-	-	-	46,306	-	601,954	2.02
Deposits with financial institutions	-	50,167	660	43	-	-	-	50,870	2.07
Securities held-for-trading	-	-	-	-	-	-	301,911	301,911	-
Securities available-for-sale	70,000	9,972	131,043	91,154	42,708	(925)*	131,872	475,824	3.77
Securities held-to-maturity	30,000	130,000	-	-	-	2,200	-	162,200	2.20
Derivative financial assests	-	-	-	-	-	-	339	339	-
Loans, advances and financing									
- Performing	260,626	116	49,451	18,409	-	(5,117)**	-	323,485	8.33
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	4,073	-	4,073	-
Trade receivables	7,296	-	-	-	-	294,707	-	302,003	9.00
Other assets ^	-	-	-	-	-	382,953	-	382,953	-
Total assets	923,570	190,255	181,154	109,606	42,708	724,197	434,122	2,605,612	

^ Other assets include other assets, investment in associated company, property, plant and equipment, intangible assets and deferred tax assets.
* The negative balance represents impairment loss on securities.
** The negative balance represents general allowance for loans, advances and financing.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Types of market risk (continued)

(iii) Non-traded market risk (continued)

(a) Interest rate risk (continued)

Group	<------	------	Non-trading book	------	------	------>			
As at 31 January 2010	**Up to 1 month RM'000**	**>1-3 months RM'000**	**> 3-12 months RM'000**	**1-5 years RM'000**	**Over 5 years RM'000**	**Non-interest sensitive RM'000**	**Trading book RM'000**	**Total RM'000**	**Effective interest rate %**
LIABILITIES AND EQUITY									
Liabilities									
Deposits from customers	613,001	192,196	150,448	-	-	-	-	955,645	2.20
Deposits and placements of banks and other financial institutions	130,000	100,646	20,000	-	-	-	-	250,646	2.19
Hire purchase payable	28	56	27	-	-	-	-	111	2.23
Trade payables	-	-	-	-	-	367,205	-	367,205	-
Other liabilities #	-	-	-	-	-	67,325	-	67,325	
Total liabilities	743,029	292,898	170,475	-	-	434,530	-	1,640,932	
Shareholders' equities	-	-	-	-	-	964,680	-	964,680	
Total equity and liabilities	743,029	292,898	170,475	-	-	1,399,210	-	2,605,612	
On-Balance Sheet interest sensitivity gap	180,541	(102,643)	10,679	109,606	42,708	(675,013)	434,122	-	
Off-Balance Sheet interest sensitivity gap	-	-	-	-	-	-	-	-	
Total interest sensitivity gap	180,541	(102,643)	10,679	109,606	42,708	(675,013)	434,122	-	

Other liabilities include other liabilities, provision for taxation and deferred tax liabilities.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Types of market risk (continued)

(iii) Non-traded market risk (continued)

(a) Interest rate risk (continued)

The Company is not subject to interest rate risks except for the following:

	Applicable interest rates: 2011 %	2010 %
Cash and bank balances		
- Money at call and deposits placements maturing one month	**2.68**	2.00
Hire purchase payable	**-**	2.23

The reported amounts do not take into account actions that would be taken by treasury operations or business units to mitigate the impact of this interest rate risk. In reality, treasury operations seek to proactively change the interest rate risk profile to minimise losses and maximise net revenues. The projection assumes that interest rates of all maturities move by the same amount and, therefore, do not reflect the potential impact on the Net Interest Income ("NII") and Economic Value of Equities ("EVE") of some rates changing while others remain unchanged. The projection also assume a constant financial position and that all positions run to maturity.

Liquidity and funding risk

Liquidity risk is the risk that the Bank is unable to maintain sufficient liquid assets to meet their financial commitments and obligations when they fall due or securing the funding requirements at excessive cost. Funding risk is the risk that the Bank does not have sufficiently stable and diverse sources of funding or the funding structure is inefficient.

Risk governance

The BARMC supported by the Bank's ALCO is the primary party responsible for liquidity management based on guidelines. Liquidity policies and frameworks are reviewed by the GRM and approved by the BARMC prior to implementation.

Risk management approach

Liquidity risk management is aligned with the New Liquidity Framework issued by BNM, and is measured and managed on a projected cash flow basis. In addition to ensuring the compliance with the New Liquidity Framework, the Bank maintains a liquidity compliance buffer to meet any unexpected cash outflows.

The day-to-day funding management is undertaken by the treasury operations and this includes the maintenance of a portfolio of highly liquid assets that can be easily liquidated as protection against any unforeseen interruption to cash flow and the replenishment of funds as they matured or are borrowed by customers. The Bank holds a sizeable balance of Malaysian Government Securities amounting to RM71.0 million of its portfolio of securities.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity and funding risk (continued)

Risk management approach (continued)

The Bank's liquidity and funding position are supported by the Bank's significant customer deposit base, accompanied by funding from wholesale markets. The Bank's retail deposit base comprises short term and fixed deposits.The Bank's reputation, earnings generation capacity, financial and capital strength including offering of competitive deposit rates are core attributes to preserve depositors' confidence and ensure liquidity. The Bank accesses the wholesale markets through the issuance of certificate of deposits and the taking of money market deposits to meet short-term obligations and to maintain its presence in the local money markets.

The primary tools for monitoring liquidity is the maturity mismatch analysis, assessment on the concentration of funding, the availability of unencumbered assets and the use of market-wide information to identify possible liquidity problems. Liquidity positions are reported to the BARMC on a quarterly basis and in Ringgit Malaysia.

Contingency funding plans are in place to identify early warning signals of a liquidity problem. The contingency funding plans also set out the crisis escalation process as well as the various strategies to be employed to preserve liquidity including an orderly communication channel during a liquidity problem. A liquidity stress test programe is in place to ensure liquidity stress tests are systematically performed to determine the cash flow mismatches under the "Bank Specific Liquidity Crisis" and "General Market Liquidity Crisis" scenarios and the possible source of funding to meet the shortfalls during a liquidity crisis.

(a) Maturity analysis of financial liabilities and off-balance sheet commitments on an undiscounted basis

The following tables show the contractual undiscounted cash flows payable for financial liabilities and off-balance sheet commitments by remaining contractual maturities. The financial liabilities in the tables below will not agree to the balances reported in the statements of financial position as the tables incorporate all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments. The contractual maturity profile does not necessarily reflect the behavioural cash flows.

Group **As at 31 January 2011**	**Up to 7 days RM'000**	**> 7 days - 1 month RM'000**	**> 1 - 3 months RM'000**	**> 3 - 6 months RM'000**	**> 6 - 12 months RM'000**	**Total RM'000**
Deposits from customers	**336,819**	**518,383**	**223,740**	**182,841**	**124,001**	**1,385,784**
Deposits from banks	**15,362**	**82,236**	**146,743**	**-**	**37,978**	**282,319**
Total liabilities	**352,181**	**600,619**	**370,483**	**182,841**	**161,979**	**1,668,103**
Loan commitments	**269,373**	**20,000**	**9,050**	**18,770**	**-**	**317,193**
Total Off-Balance Sheet items	**269,373**	**20,000**	**9,050**	**18,770**	**-**	**317,193**
Total liabilities and Off-Balance Sheet items	**621,554**	**620,619**	**379,533**	**201,611**	**161,979**	**1,985,296**

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This risk is managed by the Group in accordance with the Bank's operational risk management framework with established operational risk management processes. To manage and control operational risk, the Bank places great emphasis on the importance of proper monitoring and reporting of business units' adherence to established risk policies, procedures and limits by independent control and support units, oversight provided by the management and the Board of Directors, and independent assessment of the adequacy and reliability of the risk management processes by the BARMC.

The Bank's operational risk management processes include establishment of system of internal controls, identification and assessment of operational risk inherent in new and existing products, processes and systems, regular disaster recovery and business continuity planning and simulations and self-assessment audit.

42. SEGMENTAL REPORTING

Business segments

The Group determines and presents operating segments based on the information provided to senior management of the Group. Comparative segmental information has been restated to conform with the current financial year's presentation.

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

(a) Stockbroking - stockbroking, share margin financing and dealing in securities.

(b) Investment banking and structured financing - corporate finance advisory, equity capital markets services, debt capital markets and structured lending activities.

(c) Treasury and capital market operations - treasury activities including money market operations, foreign exchange and proprietary investments.

(d) Fund management - unit trust funds and asset management.

(e) Others - not significant to be individually disclosed.

42. SEGMENTAL REPORTING (continued)

12 months ended 31 January 2011	Stockbroking RM'000	Investment banking and structured financing RM'000	Treasury and capital market operations RM'000	Fund management RM'000	Others RM'000	Total RM'000	Inter-segment elimination RM'000	Group total RM'000
Revenue from external customers	50,494	43,674	108,618	10,588	1,265	214,639	-	214,639
Inter-segment revenue	-	-	25,998	-	55	26,053	(26,053)	-
	50,494	43,674	134,616	10,588	1,320	240,692	(26,053)	214,639
Net interest income	1,597	21,520	5,961	246	152	29,476	-	29,476
Non-interest income	44,673	8,682	85,552	10,342	1,077	150,326	-	150,326
Other non-operating income	2,060	27	3,737	153	46	6,023	-	6,023
Net income	48,330	30,229	95,250	10,741	1,275	185,825	-	185,825
Operating expenses	(43,981)	(6,179)	(28,685)	(8,538)	(2,597)	(89,980)	-	(89,980)
Operating profit/(loss)	4,349	24,050	66,565	2,203	(1,322)	95,845	-	95,845
Allowance for losses on loans, advances and financing	(497)	(4,552)	-	-	(10)	(5,059)	-	(5,059)
Writeback of/(allowance for) impairment allowance for bad and doubtful debts	305	(21)	18	-	3	305	-	305
Allowance for impairment loss	-	-	(4,704)	-	-	(4,704)	-	(4,704)
Profit/(loss) by segments	4,157	19,477	61,879	2,203	(1,329)	86,387	-	86,387
Share of profit of an associated company								285
Profit before tax								86,672
Segment assets	581,439	545,722	1,406,861	16,721	70,982	2,621,725	(32,560)	2,589,165
Investment in associated companies								19,757
Intangible assets								284,500
Total assets								2,893,422

42. SEGMENTAL REPORTING (continued)

12 months ended 31 January 2010	Stockbroking RM'000	Investment banking and structured financing RM'000	Treasury and capital market operations RM'000	Fund management RM'000	Others RM'000	Total RM'000	Inter-segment elimination RM'000	Group total RM'000
Revenue from external customers	44,862	23,030	54,953	10,285	833	133,963	-	133,963
Inter-segment revenue	-	-	14,312	-	113	14,425	(14,425)	-
	44,862	23,030	69,265	10,285	946	148,388	(14,425)	133,963
Net interest income	1,182	9,229	15,413	123	161	26,108	-	26,108
Non-interest income	40,217	6,883	32,068	10,162	735	90,065	-	90,065
Other non-operating income	1,274	8	1,479	44	4	2,809	-	2,809
Net income	42,673	16,120	48,960	10,329	900	118,982	-	118,982
Operating expenses	(34,489)	(8,633)	(17,337)	(7,985)	(1,954)	(70,398)	-	(70,398)
Operating profit/(loss)	8,184	7,487	31,623	2,344	(1,054)	48,584	-	48,584
(Allowance for)/writeback of losses on loans, advances and financing	(347)	(688)	8	-	(42)	(1,069)	-	(1,069)
Writeback of/(allowance for) impairment allowance for bad and doubtful debts	103	58	-	-	(2)	159	-	159
Allowance for impairment loss	-	-	(365)	-	-	(365)	-	(365)
Profit/(loss) by segments	7,940	6,857	31,266	2,344	(1,098)	47,309	-	47,309
Share of loss of an associated company								(1,701)
Profit before tax								45,608
Segment assets	353,207	259,871	1,630,825	25,090	72,207	2,341,200	(39,560)	2,301,640
Investment in associated companies								19,472
Intangible assets								284,500
Total assets								2,605,612

43. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of financial assets and liabilities of the Group and of the Company at the statement of financial position date approximated their fair values.

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) Securities held-for-trading, securities available-for-sale and securities held-to-maturity

The estimated fair values are generally based on quoted and observable market prices. Where such quoted or observable market prices are not available, the fair values are estimated using pricing models, discounted cash flow techniques or net tangible asset backing of the investee where applicable. Where the discounted cash flow technique is used, the expected future cash flows are discounted using market interest rates for similar instruments.

Fair value of embedded derivatives are derived using the binomial lattice approach.

(ii) Cash and cash equivalents, trade, loan and other receivables, trade and other payables, deposits from customers and deposits and placements of banks and other financial institutions

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

44. SUPPLEMENTARY INFORMATION – BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

The breakdown of the retained profits of the Group and of the Company as at 31 January 2011 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group RM'000	Company RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	**62,676**	**49,078**
- Unrealised	**12,337**	**-**
	75,013	**49,078**
Total share of retained profits from an associated company		
- Realised	**380**	**-**
- Unrealised	**-**	**-**
	75,393	**49,078**
Less: Consolidation adjustments	**1,108**	**-**
Retained profits as per financial statements	**76,501**	**49,078**

pillar 3 disclosure

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

The capital base and risk-weighted assets ("RWA") as set out below are disclosed in accordance with the Risk-Weighted Capital Adequacy Framework (Basel II) issued by Bank Negara Malaysia ("BNM").

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

	2011	**2010**
	%	**%**
Before deducting proposed dividend		
Core capital ratio	**81.83**	57.76
Risk-weighted capital ratio	**83.14**	58.26
After deducting proposed dividend		
Core capital ratio	**81.83**	57.76
Risk-weighted capital ratio	**83.14**	58.26

With effect from 1 January 2008, the capital adequacy ratios of the Bank are computed in accordance with BNM's revised Risk-Weighted Capital Adequacy Framework (RWCAF-Basel II). The Group and the Company have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8% (2010: 8%) for the risk-weighted capital ratio.

Capital management process

The Bank has in place an Internal Capital Adequacy Assessment Process ("ICAAP") which is largely conceptualised from the BNM's Concept Paper on ICAAP (Basel II - Pillar 2). The computation of the internal RWCR requirement is derived from using a simple aggregation approach and stress testing methodologies that is in line with the nature and complexity of the Bank's business operations. The application of ICAAP is based on stress test methodologies underpinned by the following structured approach:

(i) assess the capital buffer requirements over a short-term period under a stressed event;

(ii) address major risks not addressed under Pillar 1;

(iii) assess the capital buffer requirements based on the business activities generated under the Bank's Business Plans, usually over a period of 1 to 3 years.

Pillar 3 disclosure (continued)

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

	2011 RM'000	2010 RM'000
Tier I Capital		
Paid-up share capital	**513,000**	513,000
Retained profit	**69,055**	69,055
Statutory reserve	**65,720**	33,934
Other reserves	**612**	926
	648,387	616,915
Less: Deferred tax assets *	**10,765**	31,637
Total Tier I Capital (a)	**637,622**	585,278
Tier II Capital		
Collective assessment allowance for bad and doubtful debts and financing	**10,176**	-
General allowance for bad and doubtful debts and financing	**-**	5,117
Total Tier II Capital (b)	**10,176**	5,117
Total capital (a) + (b)	**647,798**	590,395
Less: Investment in subsidiaries	**-**	-
Capital base	**647,798**	590,395
Total risk-weighted assets	**779,192**	1,013,343

* excludes deferred tax on securities available-for-sale ("AFS") reserve.

	%	%
Core capital ratio	**81.83**	57.76
Risk-weighted capital ratio	**83.14**	58.26

The breakdown of risk-weighted assets by each major risk category is as follows:

	2011 RM'000	2010 RM'000
Credit risk	**401,250**	464,471
Market risk	**182,207**	366,302
Operational risk	**195,735**	182,570
	779,192	1,013,343

Pillar 3 disclosure (continued)

(b) Risk-weighted assets for credit risk, market risk, operational risk and large exposures risk

As at 31 January 2011

Risk type	Gross exposures RM'000	Net exposures RM'000	Risk-weighted assets RM'000
(i) Credit risk			
On-Balance Sheet exposures			
Banks, Development Financial Institutions ("DFIs") & Multilateral Development Banks ("MDBs")	**489,802**	**489,802**	**96,183**
Corporates	**962,517**	**393,222**	**103,042**
Regulatory retail	**90,761**	**-**	**-**
Other assets	**362,071**	**362,071**	**145,587**
Total On-Balance Sheet exposures	**1,905,151**	**1,245,095**	**344,812**
Off-Balance Sheet exposures			
Credit-related Off-Balance Sheet exposures	**63,439**	**63,439**	**56,438**
Total Off-Balance Sheet exposures	**63,439**	**63,439**	**56,438**
Total On and Off-Balance Sheet exposures	**1,968,590**	**1,308,534**	**401,250**
	Long position RM'000	**Short position RM'000**	
(ii) Market risk			
Interest rate risk	**433,828**	**-**	**30,688**
Equity risk	**55,800**	**-**	**151,519**
Total	**489,628**	**-**	**182,207**
(iii) Operational risk			**195,735**
Total RWA			**779,192**

Pillar 3 disclosure (continued)

(b) Risk-weighted assets for credit risk, market risk, operational risk and large exposures risk (continued)

As at 31 January 2010

Risk type	Gross exposures RM'000	Net exposures RM'000	Risk-weighted assets RM'000
(i) Credit risk			
On-Balance Sheet exposures			
Banks, DFIs & MDBs	803,630	803,630	159,901
Corporates	587,545	321,185	113,124
Regulatory retail	62,225	16	12
Other assets	222,814	222,814	112,082
Total On-Balance Sheet exposures	1,676,214	1,347,645	385,119
Off-Balance Sheet exposures			
Credit-related Off-Balance Sheet exposures	85,578	85,578	79,352
Total Off-Balance Sheet exposures	85,578	85,578	79,352
Total On and Off-Balance Sheet exposures	1,761,792	1,433,223	464,471
	Long position RM'000	**Short position RM'000**	
(ii) Market risk			
Interest rate risk	323,696	-	21,401
Equity risk	135,410	-	344,901
Total	459,106	-	366,302
(iii) Operational risk			182,570
Total RWA			1,013,343

Pillar 3 disclosure (continued)

(c) Credit risk exposures by risk-weights

As at 31 January 2011

Risk-weights	Exposures after netting and credit risk mitigation: Banks, DFIs and MDBs	Corporates	Regulatory retail	Other assets	Total exposures	Total risk-weighted assets
0%	**8,888**	**155,394**	**-**	**3,693**	**167,975**	**-**
20%	**480,914**	**150,542**	**-**	**265,989**	**897,445**	**179,489**
50%	**-**	**28,705**	**-**	**-**	**28,705**	**14,353**
75%	**-**	**-**	**28,004**	**-**	**28,004**	**21,003**
100%	**-**	**94,016**	**-**	**92,389**	**186,405**	**186,405**
Total	**489,802**	**428,657**	**28,004**	**362,071**	**1,308,534**	**401,250**
Risk-weighted assets by exposures	**96,183**	**138,477**	**21,003**	**145,587**	**401,250**	
Average risk-weight	**20%**	**32%**	**75%**	**40%**	**31%**	
Deduction from capital base	**-**	**-**	**-**	**-**	**-**	

As at 31 January 2010

Risk-weights	Exposures after netting and credit risk mitigation: Banks, DFIs and MDBs	Corporates	Regulatory retail	Other assets	Total exposures	Total risk-weighted assets
0%	4,125	35,160	-	1,926	41,211	-
20%	799,505	103,322	-	136,008	1,038,835	207,767
50%	-	180,486	-	-	180,486	90,243
75%	-	-	24,921	-	24,921	18,691
100%	-	62,890	-	84,880	147,770	147,770
Total	803,630	381,858	24,921	222,814	1,433,223	464,471
Risk-weighted assets by exposures	159,901	173,797	18,691	112,082	464,471	
Average risk-weight	20%	46%	75%	50%	32%	
Deduction from capital base	-	-	-	-	-	

Pillar 3 disclosure (continued)

(d) Residual contractual maturity breakdown by major types of gross credit exposures

As at 31 January 2011

On-Balance Sheet financial assets	< 1 month RM'000	> 1 - 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 - 3 years RM'000	> 3 years RM'000	Total RM'000
Cash and bank balances	389,500	-	-	-	-	-	389,500
Deposits with financial institutions	-	20,849	431	209	-	-	21,489
Financial investments held-for-trading	87,242	266,576	-	-	-	-	353,818
Financial investments available-for-sale	-	166,067	11,562	50,031	139,807	152,012	519,479
Financial investments held-to-maturity	20,000	50,000	-	-	-	-	70,000
Derivative financial assets	-	-	1,693	-	7,859	-	9,552
Gross loans, advances and financing	129,445	209,923	298,438	22,250	-	-	660,056
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	8,834	8,834
Trade receivables	483,132	-	-	-	-	-	483,132
Total	1,109,319	713,415	312,124	72,490	147,666	160,846	2,515,860
Commitments and contingencies							
Commitments	277,026	10,780	29,387	-	-	-	317,193
Total	1,386,345	724,195	341,511	72,490	147,666	160,846	2,833,053

Pillar 3 disclosure (continued)

(d) Residual contractual maturity breakdown by major types of gross credit exposures (continued)

As at 31 January 2010

	< 1 month RM'000	> 1 - 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 - 3 years RM'000	> 3 years RM'000	Total RM'000
Cash and bank balances	588,709	-	-	-	-	-	588,709
Deposits with financial institutions	-	50,167	660	-	-	43	50,870
Financial investments held-for-trading	77,207	153,108	69,997	800	799	-	301,911
Financial investments available-for-sale	70,000	42,940	72,968	123,086	102,546	64,284	475,824
Financial investments held-to-maturity	30,000	130,000	-	-	-	2,200	162,200
Derivative financial assets	-	237	-	-	102	-	339
Gross loans, advances and financing	260,626	116	17,201	32,250	18,409	-	328,602
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	4,073	4,073
Trade receivables	289,550	-	-	-	-	-	289,550
Total	1,316,092	376,568	160,826	156,136	121,856	70,600	2,202,078
Commitments and contingencies							
Commitments	290,239	59,962	8,166	7,579	61,943	-	427,889
Total	1,606,331	436,530	168,992	163,715	183,799	70,600	2,629,967

Pillar 3 disclosure (continued)

(e) Rated exposures according to ratings by External Credit Assessment Institutions ("ECAIs")

As at 31 January 2011

On and Off-Balance Sheet exposures	Ratings of corporate by approved ECAIs			
	AAA to AA RM'000	A+ to A RM'000	Not rated RM'000	Unrated RM'000
Credit exposures (using corporate risk-weights)				
Corporates	**150,542**	**28,705**	**155,394**	**663,311**

On and Off-Balance Sheet exposures	Ratings of banking institutions by approved ECAIs			
	AAA to AA RM'000	A+ to A RM'000	Not rated RM'000	Unrated RM'000
Banks, MDBs and FDIs	**187,713**	**91,778**	**73,788**	**136,523**

As at 31 January 2010

On and Off-Balance Sheet exposures	Ratings of corporate by approved ECAIs			
	AAA to AA RM'000	A+ to A RM'000	Not rated RM'000	Unrated RM'000
Credit exposures (using corporate risk-weights)				
Corporates	103,322	180,486	35,160	329,250

On and Off-Balance Sheet exposures	Ratings of banking institutions by approved ECAIs			
	AAA to AA RM'000	A+ to A RM'000	Not rated RM'000	Unrated RM'000
Banks, MDBs and FDIs	235,756	181,325	335,025	51,524

Pillar 3 disclosure (continued)

(f) Credit risk mitigation

As at 31 January 2011

Credit risk	Exposures before CRM RM'000	Exposures covered by guarantees/ credit derivatives RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
On-Balance Sheet exposures				
Banks, DFIs and MDBs	**489,802**	-	-	-
Corporates	**962,517**	-	**569,295**	-
Regulatory retail	**90,761**	-	**90,761**	-
Other assets	**362,071**	-	-	-
Total for On-Balance Sheet exposures	**1,905,151**	-	**660,056**	-
Off-Balance Sheet exposures				
Off-Balance Sheet exposures other than OTC derivatives or credit derivatives	**63,439**	-	-	-
Total for Off-Balance Sheet exposures	**63,439**	-	-	-
Total On and Off-Balance Sheet exposures	**1,968,590**	-	**660,056**	-
As at 31 January 2010				
On-Balance Sheet exposures				
Banks, DFIs and MDBs	803,630	-	-	-
Corporates	587,545	-	266,360	-
Regulatory retail	62,225	-	62,209	-
Other assets	222,814	-	-	-
Total for On-Balance Sheet exposures	1,676,214	-	328,569	-
Off-Balance Sheet exposures				
Off-Balance Sheet exposures other than OTC derivatives or credit derivatives	85,578	-	-	-
Total for Off-Balance Sheet exposures	85,578	-	-	-
Total On and Off-Balance Sheet exposures	1,761,792	-	328,569	-

Pillar 3 disclosure (continued)

(f) Credit risk mitigation (continued)

Collateral are securities and/or guarantees that the borrower is willing to provide in return for the credit facilities extended. In line with the investment bank business, listed equities are the most common form of collaterals provided. The Bank make assessment on the value of these equities including the quality and volatility of its market prices, as well as the ease in realizing the collaterals provided and hence the liquidity of these collaterals is analyzed. For property related collaterals, an independent valuation report of no more than 24 months are used.

(g) The risk-weighted assets and capital requirements for the various categories of risk under market risk are as follows:

	2011		**2010**	
	Risk-weighted assets equivalent	**Capital required**	**Risk-weighted assets equivalent**	**Capital required**
Interest rate risk				
- General interest rate risk	**18,200**	**1,456**	9,888	791
- Specific interest rate risk	**12,488**	**999**	11,514	921
	30,688	**2,455**	21,402	1,712

other information

1. MATERIAL CONTRACTS

There are no material contracts including contracts relating to loans (not being contracts entered into in the ordinary course of business) which had been entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

2. NON-AUDIT FEES

The amount of non-audit fees paid and payable by the Company and its subsidiaries to the external auditors for the financial year ended 31 January 2011 was RM42,834.

3. ANALYSIS OF SHAREHOLDERS AS AT 6 APRIL 2011

Authorised share capital	:	RM1,500,000,000.00
Issued & paid-up capital	:	RM830,901,953.00
Adjusted issued & paid up capital (after deducting treasury shares pursuant to Section 67A of the Companies Act, 1965)	:	RM810,052,937.00
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	Number of shareholders	%	Number of shares	%
Less than 100	3,454	14.75	166,587	0.02
100 - 1,000	5,131	21.91	2,493,541	0.31
1,001 - 10,000	9,756	41.67	36,577,884	4.52
10,001 - 100,000	4,489	19.17	112,846,381	13.93
100,001 - less than 5% of issued shares	582	2.49	400,031,784	49.38
5% and above of issued shares	3	0.01	257,936,760	31.84
	23,415	100.00	810,052,937	100.00

3. ANALYSIS OF SHAREHOLDERS AS AT 6 APRIL 2011 (continued)

Thirty Largest Shareholders:

Name of shareholders	Number of shares	%
1. Amsec Nominees (Tempatan) Sdn Bhd - Fulcrum Asset Management Sdn Bhd for Equity Vision Sdn Bhd	130,481,737	16.11
2. Lim Kian Onn	77,926,307	9.62
3. Hikkaya Jaya Sdn Bhd	49,528,716	6.11
4. Citigroup Nominees (Asing) Sdn Bhd - exempt an for Citibank NA, Singapore (Julius Baer)	39,610,961	4.89
5. Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account – AmBank (M) Berhad for Kalimullah bin Masheerul Hassan	32,000,000	3.95
6. Multi-Purpose Holdings Berhad	17,554,704	2.17
7. Sumberama Sdn Bhd	17,251,907	2.13
8. Malaysia Nominees (Tempatan) Sendirian Berhad - Pledged Securities Account for Gooi Seong Gum	16,000,000	1.98
9. Amsec Nominees (Tempatan) Sdn Bhd - Fulcrum Asset Management Sdn Bhd for Arab-Malaysian (CSL) Sdn Bhd	13,188,919	1.63
10. Lim Su Tong @ Lim Chee Tong	10,905,769	1.35
11. Citigroup Nominees (Tempatan) Sdn Bhd - exempt an for OCBC Securities Private Limited	10,630,700	1.31
12. Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	7,178,982	0.89
13. Citigroup Nominees (Asing) Sdn Bhd - UBS AG Singapore for EastAsia International Group Limited	6,894,280	0.85
14. HSBC Nominees (Asing) Sdn Bhd - BNY Brussels for the Bank of Korea	6,795,400	0.84
15. Cartaban Nominees (Asing) Sdn Bhd - SSBT Fund J728 for SPDR S&P Emerging Asia Pacific ETF	6,273,028	0.77
16. HSBC Nominees (Asing) Sdn Bhd - exempt an for JPMorgan Chase Bank, National Association (U.K.)	5,924,500	0.73
17. HSBC Nominees (Asing) Sdn Bhd - exempt an for Credit Suisse	5,921,453	0.73
18. Multi-Purpose Insurans Bhd	4,795,269	0.59
19. Citigroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Gooi Seong Heen	4,790,384	0.59

3. ANALYSIS OF SHAREHOLDERS AS AT 6 APRIL 2011 (continued)

Thirty Largest Shareholders (continued):

Name of shareholders	Number of shares	%
20. Cimsec Nominees (Tempatan) Sdn Bhd - exempt an for CIMB Securities (Singapore) Pte Ltd	4,769,907	0.59
21. BH Builders Sdn Bhd	4,701,192	0.58
22. Cartaban Nominees (Asing) Sdn Bhd - SSBT Fund S9LF for Ministry of Strategy and Finance	4,525,400	0.56
23. Charter Green Limited	3,923,325	0.48
24. Soo Ngik Gee @ Soo Yeh Joo	3,390,063	0.42
25. Citigroup Nominees (Asing) Sdn Bhd - exempt an for OCBC Securities Private Limited	3,355,855	0.41
26. Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Gooi Seong Heen	3,057,692	0.38
27. Sharikat Kim Loong Sendirian Berhad	3,057,692	0.38
28. Tan Chee Sing	2,555,007	0.32
29. ECML Nominees (Tempatan) Sdn Bhd - ECM Libra Foundation	2,296,326	0.28
30. HDM Nominees (Tempatan) Sdn Bhd - DBS Vickers Secs (S) Pte Ltd for Yeap Poh Chim	2,111,000	0.26

Substantial Shareholders:

Name of shareholders	Direct interest number of shares	%	Deemed interest number of shares	%
Mr Lim Kian Onn	77,926,307	9.62	-	-
Hikkaya Jaya Sdn Bhd	49,528,716	6.11	-	-
Equity Vision Sdn Bhd	130,481,737	16.11	-	-
Tan Sri Dato' Azman Hashim	-	-	193,199,372 (1)	23.85
Amcorp Group Berhad	-	-	62,717,635 (2)	7.74
Clear Goal Sdn Bhd	-	-	62,717,635 (2)	7.74

Note:

(1) Deemed interest of 23.85% by virtue of Section 6A of the Companies Act, 1965 held through Hikkaya Jaya Sdn Bhd (49,528,716), Arab-Malaysian (CSL) Sdn Bhd (13,188,919) and Equity Vision Sdn Bhd (130,481,737)

(2) Deemed interest of 7.74% by virtue of Section 6A of the Companies Act, 1965 held through Hikkaya Jaya Sdn Bhd (49,528,716) and Arab-Malaysian (CSL) Sdn Bhd (13,188,919)

4. DIRECTORS' INTERESTS AS AT 6 APRIL 2011

Subsequent to the financial year ended 31 January 2011, there was no change to the directors' interests in the shares of the Company and/or its related corporations.

5. SHARE BUY-BACK SCHEDULE FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2011

The details of shares repurchased by the Company from the open market are as follows:

	Number of shares	Lowest price paid (RM)	Highest price paid (RM)	Average price* (RM)	Total consideration (RM)
At the beginning of the financial year	19,884,000	-	-	0.57	11,380,398.11
Shares repurchased during the financial year :					
February 2010	4,834,600	0.67	0.685	0.68	3,293,407.75
May 2010	2,965,700	0.61	0.65	0.63	1,860,412.33
June 2010	834,300	0.65	0.68	0.67	555,722.67
Share dividend distributed during the financial year	(15,492,584)	-	-	0.59	(9,204,144.15)
At end of the financial year	**13,026,016**	**-**	**-**	**0.61**	**7,885,796.71**

* Average price includes stamp duty, brokerage and clearing fees.

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. 111, Jalan Macalister 10400 Penang	Land and office premises	Freehold	28,201	14	6,190	27.08.1997
2. Unit 6-01, Level 06 Wisma Pantai premises 12200 Butterworth Penang	Investment property	Freehold	1,285	17	164	24.12.2001
3. Block C6, Unit 64 Parcel 64-G, 64-1, 64-2 No. 2831 Chinatown Bandar Baru Prai Penang	Investment property	Freehold	3,373	15	408	24.12.2001
4. Bangunan ECM Libra Centre & East Wings 8 Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur	Building	Freehold	48,115	15	11,788	08.09.2004

7. REVALUATION POLICY

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

8. SANCTION IMPOSED

The Securities Commission had, on 2 March 2011, issued a private reprimand to ECM Libra Investment Bank Berhad ("Bank") for failure to discharge its responsibilities as a corporate adviser in accordance with the provisions of the Capital Markets & Services Act 2007.

The Board of Directors and management of the Bank view this non-compliance seriously and had taken remedial action to prevent a recurrence in the future.

ecmlibra

ECM Libra Financial Group Berhad (713570-K)
(Incorporated in Malaysia)

FORM OF PROXY

I/We____(NRIC No./Co. No.)______________________________
of ____being a member/members of ECM Libra Financial Group Berhad hereby appoint____(NRIC No.)________________________
of____
or failing him/her____(NRIC No.)________________________
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 Sixth Annual General Meeting of the Company to be held at the Ballroom 3, Level 1, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Tuesday, 24 May 2011 at 10.00 a.m. and at any adjournment thereof.

My/Our proxy/proxies is/are 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 approve the payment of a final dividend		
3.	To approve the payment of Directors' fees		
4.	To re-elect the following as Directors:		
	(a) Dato' Seri Kalimullah bin Masheerul Hassan		
	(b) Mr Lum Sing Fai		
5.	To re-appoint Messrs Ernst & Young as Auditors of the Company and authorise the Directors to fix their remuneration		
6.	To approve the ordinary resolution pursuant to Section 132D of the Companies Act, 1965		
7.	To approve the Proposed Renewal of Share Buy-Back Authority		

Dated this __________ day of __________________ 2011

____

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 not more than two (2) proxies to attend and vote at the same meeting provided that where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy 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 same 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 2nd Floor, West Wing, Bangunan ECM Libra, 8 Jalan Damansara Endah, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time and date for holding the meeting or adjourned meeting.

AFFIX
STAMP

Company Secretary
ECM Libra Financial Group Berhad (713570-K)
2nd Floor, West Wing, Bangunan ECM Libra,
8 Jalan Damansara Endah,
Damansara Heights,
50490 Kuala Lumpur.