ecmlibra

Annual Report for financial period ended 31 December 2016

ECM Libra Financial Group Berhad (713570-K)

# contents

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# corporate information

## DIRECTORS

Dato' Seri Kalimullah bin Masheerul Hassan (Chairman)
Mr Lim Kian Onn (Managing Director)
Datuk Kamarudin bin Md Ali
Dato' Othman bin Abdullah
En Mahadzir bin Azizan
Mr Gareth Lim Tze Xiang
Mr Chin Jon Wei (alternate to Mr Gareth Lim Tze Xiang)

## SECRETARY

Ms Chan Soon Lee

## AUDITORS

Messrs Ernst & Young
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel : 03-7495 8000
Fax : 03-2095 9076

## SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 03-2783 9299
Fax : 03-2783 9222

## REGISTERED OFFICE

2nd Floor, West Wing, Bangunan ECM Libra
8 Jalan Damansara Endah
Damansara Heights
50490 Kuala Lumpur
Tel : 03-2089 1888
Fax : 03-2096 1188

## BUSINESS ADDRESS

Ground Floor, East Wing, Bangunan ECM Libra
8 Jalan Damansara Endah
Damansara Heights
50490 Kuala Lumpur
Tel : 03-2089 1888
Fax : 03-2096 1188

## 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, male, aged 59, began his 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 Editor-in-Chief 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 all six Board meetings held during the financial period ended 31 December 2016.

Dato' Seri Kalimullah is also a director of UPP Holdings Limited, a company listed on the Stock Exchange of Singapore and a trustee of ECM Libra Foundation. He is a substantial shareholder of ECMLFG and has no family relationship with the other directors or major shareholders of ECMLFG and no conflict of interest with ECMLFG. He has no conviction for offences within the past five years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 December 2016.

## Mr Lim Kian Onn

### Managing Director/Non-Independent

Mr Lim Kian Onn, a Malaysian, male, aged 60, 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 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. Mr Lim was subsequently re-designated Managing Director of ECMLFG with effect from 16 July 2015. He attended all six Board meetings held during the financial period ended 31 December 2016. He is a member of the Board Remuneration Committee of ECMLFG.

Mr Lim is also the non-executive Chairman of Plato Capital Limited, a company listed on the Stock Exchange of Singapore, a director of AirAsia X Berhad and a trustee of ECM Libra Foundation. He has substantial interest in ECMLFG. He is the father of Mr Gareth Lim Tze Xiang who is also a director of ECMLFG. He has no conflict of interest with ECMLFG, no conviction for offences within the past five years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 December 2016.

# directors' profile continued

## Datuk Kamarudin bin Md Ali

### Independent Non-Executive

Datuk Kamarudin bin Md Ali, a Malaysian, male, aged 66, is a retired police commissioner. He holds a Masters in Science (Engineering) from University of Birmingham, United Kingdom 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, United Kingdom and University of Pittsburgh in the United States. 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 logistics and financial 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 in the RMP. He is actively involved in NGOs and is noted for his contribution to the Malaysian Crime Prevention Foundation.

Datuk Kamarudin was appointed to the Board of ECMLFG on 16 June 2006. He attended all six Board meetings held during the financial period ended 31 December 2016. He is the Chairman of the Board Audit & Risk Management Committee and a member of the Board Nomination Committee of ECMLFG.

Datuk Kamarudin is also a director of Ann Joo Resources Berhad, Gabungan AQRS Berhad and Libra Invest Berhad. 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 five years. He has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 December 2016.

## En Mahadzir bin Azizan

### Independent Non-Executive

En Mahadzir bin Azizan, a Malaysian, male, aged 68, is a Barrister-At-Law from Lincoln's Inn, London, United Kingdom and was called to the English Bar in 1978.

After graduation, En Mahadzir 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 Board meetings held during the financial period ended 31 December 2016. He is the Chairman of the Board Remuneration Committee, a member of the Board Audit & Risk Management Committee and Board Nomination Committee of ECMLFG.

En Mahadzir is also a director of Syarikat Takaful Malaysia Berhad, RCE Capital Berhad and Libra Invest Berhad. 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 five years. He has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 December 2016.

## Dato' Othman bin Abdullah

### Independent Non-Executive

Dato' Othman bin Abdullah, a Malaysian, male, aged 68, 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 Board meetings held during the financial period ended 31 December 2016. He is the Chairman of the Board Nomination Committee and a member of the Board Audit & Risk Management Committee of ECMLFG.

Dato' Othman is also a director of Syarikat Takaful Malaysia Berhad. 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 five years. He has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 December 2016.

## Mr Gareth Lim Tze Xiang

### Non-Independent Non-Executive

Mr Gareth Lim Tze Xiang, a Malaysian, male, aged 34, holds a Bachelor of Arts Degree in Economics from St. Catharine's College at the University of Cambridge.

Mr Gareth Lim is presently the Chief Executive Officer of Plato Capital Limited Group ("Plato Group"). He joined the Plato Group in September 2009 as Head of Investments, responsible for the formulation and implementation of the Group's overall investment strategy. Mr Gareth Lim began his career as part of Morgan Stanley's mergers and acquisitions practice in Singapore. Prior to joining the Plato Group, Mr Gareth Lim was a pioneer member of the management teams at Tune Hotels, Southeast Asia's leading chain of limited service hotels, and AirAsia X, the world's then only low cost, long haul carrier, where he was responsible for the establishment and development of each company.

Mr Gareth Lim was appointed to the Board of ECMLFG on 4 July 2016. He attended one of the two Board meetings held since his appointment during the financial period ended 31 December 2016. He was appointed a member of the Board Nomination Committee of ECMLFG on 8 December 2016.

Mr Gareth Lim is an alternate director of Plato Capital Limited, a company listed on the Stock Exchange of Singapore. He is the son of Mr Lim Kian Onn who is the Managing Director of ECMLFG with substantial interest in ECMLFG. He has no conflict of interest with ECMLFG, no conviction for offences within the past five years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 December 2016.

# Mr Chin Jon Wei

## (Alternate to Mr Gareth Lim Tze Xiang)

### Non-Independent Non-Executive

Mr Chin Jon Wei, a Malaysian, male, aged 29, is a CFA Charterholder, a member of the Institute of Chartered Accountants in England & Wales and a member of the Malaysian Institute of Accountants.

Mr Chin joined the investment division of Plato Capital Limited Group ("Plato Group") in 2011 and currently holds the position of Vice President, Investments. Mr Chin served his articleship in the audit department of a mid-tier accounting firm in Kuala Lumpur where he led teams of junior executives in the financial statement audits of both listed and owner-managed companies. Prior to joining the Plato Group, Mr Chin was an equity analyst at UOB Kay Hian covering mid to large cap listed plantation companies within the South East Asian region.

Mr Chin was appointed as alternate director to Mr Gareth Lim Tze Xiang on the Board of ECMLFG on 4 July 2016. He has no directorship in any other public companies and listed issuers. 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 five years. He has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 December 2016.

# key senior management's profile

## Mr Lim Kian Onn

### Managing Director

Details of Mr Lim Kian Onn are disclosed in the Directors' profile on page 4.

## Ms Chan Soon Lee

### Company Secretary

Ms Chan Soon Lee, a Malaysian, female, aged 61, is a member of the Malaysian Institute of Accountants, registered as a Chartered Accountant.

Ms Chan has over 20 years of management experience in the banking sector overseeing finance, property & administration, strategic business projects management and in-house corporate services that carried out a public listing exercise, euro bond issuance, acquisitions and mergers.

Ms Chan joined ECM Libra Investment Bank Berhad on 10 September 2008 as Director, Project Management Office. On 27 July 2009 she was appointed as the Group Chief Financial Officer ("Group CFO") and her responsibilities included leading the finance and related function of the investment banking arm that was subsequently disposed by ECM Libra Financial Group Berhad ("ECMLFG"). She was appointed as Company Secretary of ECMLFG on 1 March 2011. She retired as the Group CFO on 1 December 2016 and remains as the Company Secretary of ECMLFG. She has no directorship in public companies and listed issuers. She 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 five years. She has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 December 2016.

## Mr Ng Cheong Seng

### Chief Financial Officer

Mr Ng Cheong Seng, a Malaysian, male, aged 44, graduated from the University of London with a Masters in Financial Management. He is a Fellow of the Association of Chartered Certified Accountants, United Kingdom and an Associate Member of the Institute of Chartered Accountants in England and Wales.

Mr Ng spent majority of his career with Pelikan Group (manufacturer and distributor of writing materials and stationeries) from years 2003 to 2012. He started as a Vice President of Corporate Planning Department and worked his way up to become the Chief Financial Officer ("CFO") and Board Member for one of its major subsidiary listed in Germany. During his tenure in Pelikan Group, his responsibilities included overseeing corporate exercises and end to end finance operation matters for all subsidiaries globally. In May 2013, he joined Warisan TC Holdings Berhad as the CFO. In August 2015, he joined Tien Wah Press Holdings Berhad as the Group Finance Director. As CFO and Group Finance Director, he oversaw the groups' Finance Department and was responsible for improving productivity of the operations for the groups. He worked hand in hand with the Chief Executive Officers to improve the overall performance of the groups. He has 22 years of experience in accounting and finance in various industries.

Mr Ng joined ECMLFG on 1 December 2016 as the CFO. He has no directorship in public companies and listed issuers. 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 five years. He has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 December 2016.

# key senior management's profile continued

## Mr Lee Wei Chung

### Executive Director/Chief Executive Officer of Libra Invest Berhad, a wholly-owned subsidiary of ECM Libra Financial Group Berhad

Mr Lee Wei Chung, a Malaysian, male, aged 45, holds a Bachelor of Arts in Social Studies with Honours in Economics from University of Exeter, United Kingdom, a Master of Science in the Social Sciences in International Banking and Financial Studies from University of Southampton, United Kingdom and he is also a Chartered Financial Analyst.

Mr Lee has more than 20 years of working experience in buy and sells sides of the financial services industry. A former portfolio manager for a family office and later general manager of investment in Amanah Raya-JMF Asset Management. He has also taken roles as an equity analyst and was the equity sales specialist as well as the head of dealing of Macquarie Capital Malaysia.

Mr Lee joined Libra Invest Berhad as the Co-Chief Investment Officer, Equity on 3 December 2012 and was appointed as the Executive Director and Chief Executive Officer of Libra Invest Berhad on 28 December 2015 and 19 February 2016 respectively. He has no directorship in any other public companies and listed issuers. 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 five years. He has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 December 2016.

## Ms Elyzza Syazreen binti Zailan

### Head of Fixed Income of Libra Invest Berhad, a wholly-owned subsidiary of ECM Libra Financial Group Berhad

Ms Elyzza Syazreen binti Zailan, a Malaysian, female, aged 30, holds a Bachelor of Science in Actuarial Science from University of Illinois, Urbana-Champaign, United States of America.

Ms Elyzza started her career with ECM Libra Investment Bank Berhad under the management associate programme in 2009 where she completed training in treasury sales, institutional stockbroking, equity research, asset management and investment banking. Upon completing the programme, she was subsequently selected to join Libra Invest Berhad in 2010. Before she was promoted to Head of Fixed Income, she held the position of Senior Fund Manager, where she assisted the Chief Investment Officer-Fixed Income in overseeing the overall fixed income fund performance and growth of asset under management. She has 6 years of experience in fund management, economics and fixed income research. She currently holds a Capital Markets Services Representative's Licence.

Ms Elyzza was appointed as the Head of Fixed Income of Libra Invest Berhad on 1 January 2016. She has no directorship in public companies and listed issuers. She 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 five years. She has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 December 2016.

# 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 period ended 31 December 2016 were:

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

**Terms of Reference of BARMC**

The terms of reference of BARMC include the following and are available on the website of the Company at www.ecmlibra.com:

(i) to review and approve the internal and statutory audit plans and the audit reports, and evaluate internal controls, including risk management and compliance matters;

(ii) to review the quarterly interim financial statements and year-end financial statements of the Group and the Company;

(iii) to consider related party transactions and conflict of interest situations that may arise within the companies in the Group; and

(iv) to review the appointment/re-appointment of the external auditors and their fees, and the scope, competency and resources of the internal audit function.

**Meetings**

The BARMC meets at least four (4) times in each financial year and additional meetings may be called at any time as and when necessary. During the financial period ended 31 December 2016, five (5) meetings were held and attended by all the BARMC members.

**Summary of Work**

The summary of work of the BARMC in the discharge of its duties and functions for the financial period ended 31 December 2016 is as below:

**1. Financial Reporting**

The BARMC reviewed the interim financial statements and year-end financial statements of the Company and Group prior to tabling to the Board for approval and its subsequent release to Bursa Malaysia Securities Berhad ("Bursa Securities"). In reviewing the interim financial statements and year-end financial statements of the Company and Group, the BARMC ensured fair reporting, reliability of financial information of the Company and Group, compliance with relevant provisions of the Companies Act, 1965, applicable financial reporting standards in Malaysia and Main Market Listing Requirements of Bursa Securities and prompt publication of the said statements.

**2. External Audit**

The BARMC deliberated with the external auditors on their scope of work and audit plan for the Group for financial period ended 31 December 2016 covering, amongst others, areas of audit emphasis, audit timeline, responsibilities of auditors, directors and management. Financial reporting developments including the relevant new and amended financial reporting standards and new and revised auditor reporting standards were also discussed. The BARMC noted the new and amended financial reporting standards that were adopted during the financial period did not have any effect on the financial performance or financial position of the Company and Group for the financial period ended 31 December 2016.

# board audit & risk management committee report
continued

**Summary of Work** (continued)

**2. External Audit** (continued)

The BARMC discussed with the external auditors their audit results for the year-end financial statements of the Company and Group; with due deliberation on the accounting and auditing matters reported in the audit results.

The BARMC assessed the suitability and independence of external auditors for their re-appointment by taking into consideration the criteria that include adequacy of resources of external auditors to undertake their audit, the level and quality of service provided by the external audit team, communication between the external auditors and management as well as the competence, knowledge, experience and independence of advice provided by the engagement partner. The external auditors had met the criteria and gave their written assurance confirming that they are independent in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants. Following the assessment, the BARMC recommended the re-appointment of the external auditors to the Board and for the Board to recommend the same to the shareholders for approval at the annual general meeting.

The BARMC reviewed the audit fees of external auditors for recommendation to the Board to consider for approval. The BARMC also reviewed fees and scope for the non-audit services provided by the external auditors.

The external auditors could meet freely, regularly and on a confidential basis with the BARMC. During the financial period, the BARMC met up with the external auditors on 30 March 2016 and 25 October 2016 without the presence of the other Directors or management. There were no major issues raised by the external auditors that needed to be brought to the attention of the Board.

**3. Internal Audit**

The BARMC reviewed and approved the internal audit plan for the financial period proposed by independent outsourced internal auditors ("Internal Auditors") and ensured adequate scope and coverage of internal audit on activities and operations of the Group. The BARMC also assessed that adequate time and resources were allocated by the Internal Auditors to perform the audit.

The BARMC reviewed with the Internal Auditors the internal audit reports on their audit findings and recommendations, assessment on the adequacy and effectiveness of internal controls implemented and the management's responses. The BARMC ensured that actions taken by management to address the audit findings were satisfactory and within the agreed timeline.

The BARMC met with the Internal Auditors on 5 December 2016 during the financial period without the presence of the other Directors or management. Said meeting facilitated a forum for the Internal Auditors to discuss freely and on a confidential basis with the BARMC. There were no major issues raised by the Internal Auditors that needed to be brought to the attention of the Board.

**4. Related Party Transaction**

The BARMC reviewed the related party transactions entered into by the Group on a quarterly basis to ensure that these transactions were carried out in the normal course of business and transacted at arms' length basis.

**5. Risk Management**

The BARMC oversees the establishment of a robust risk management framework. During the financial period, the BARMC reviewed the quarterly risk management reports that cover the review and management of risks in the day-to-day business operation and activities of the Group and ensured that the key risks encountered by the Group are properly managed and mitigated.

**6. Compliance**

The BARMC reviewed, on a quarterly basis, the reports of the Compliance and Risk Management Department on compliance status relating to Fund Management and Collective Investment Schemes, and Anti-Money Laundering and Counter-Financing of Terrorism; so as to ensure the activities of the Group operate within and fully comply with the relevant regulations and laws.

# board audit & risk management committee report
continued

**Summary of Work** (continued)

**7. Other Duties**

(i) The BARMC reviewed the Board Audit & Risk Management Committee Report and Statement on Risk Management & Internal Control to ensure adherence to the relevant regulatory reporting requirements prior to its recommendation to the Board for approval for inclusion in the Annual Report.

(ii) The BARMC reviewed the updated terms of reference of the BARMC and recommended the same to the Board for approval.

(iii) The BARMC reviewed the Compliance Manual, Internal Audit Manual, Data Protection Policy and Information Security Policy presented by management before its recommendation to the Board for adoption.

For the financial period under review, the members of BARMC conducted assessment to evaluate the performance of individual members and BARMC as a whole to ensure that the BARMC and its members have discharged their responsibilities effectively. The results of assessment were subsequently tabled to the Board Nomination Committee and the Board for review.

**Internal Audit Function**

The internal audit function of the Group has been outsourced to an independent internal audit service provider who reports directly to the BARMC. During the financial period ended 31 December 2016, the Internal Auditors presented to and obtained approval from the BARMC on the internal audit plan for the internal audit cycle covering fund management activities and compliance function of the Group. The Internal Auditors conducted scheduled internal control reviews with the objective to gain an understanding of the system or processes, identify key areas of risk and related internal controls and test the operational effectiveness of the identified internal controls. In discharging their role, the Internal Auditors:

- evaluated whether the Group is in compliance with internal policies and procedures, applicable laws, guidelines and directives issued by regulatory authorities in respect of the Group's businesses;
- evaluated the quality and appropriateness of management's approach to manage risk and control in the respective area of business and operation;
- assessed the adequacy of internal control systems and governance processes implemented, i.e., accounting, system and operational controls and ascertained the effectiveness of the said controls, continuity and reliability of information systems;
- assessed the adequacy of internal controls to ensure the reliability (including accuracy and completeness), integrity and timeliness of the regulatory reporting, accounting records, financial reports and management information; and
- assisted management to review and strengthen the control features to prevent fraud and recurrence of errors, lapses and omissions.

The Internal Auditors reported to the BARMC on the outcome of the audits conducted and their recommendations, the assessment on adequacy and effectiveness of the internal controls implemented and the action taken by management to implement improvements where applicable.

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

The total fees incurred for the internal audit function for the Group during the financial period was RM66,247.

This Report was approved by the Board on 16 February 2017.

# corporate governance statement

The Board of Directors ("Board") of ECM Libra Financial Group Berhad ("ECMLFG" or "Company") is committed to manage the Company and its subsidiaries ("ECMLFG Group" or "Group") in line with corporate governance practices as set out in the Malaysian Code on Corporate Governance 2012 ("Code"). The Board 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 and complied with the recommendations as set out in the Code throughout the financial period ended 31 December 2016 except as otherwise stated.

## 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 diverse fields of training and experiences.

The Board is primarily entrusted with the responsibility of setting the goals, strategies and the business and organisational policies 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 Board is guided by its Board Charter which is made available on the Company's website at www.ecmlibra.com. The Board Charter sets out the functions, roles and responsibilities of the Board which include:

- setting the strategic direction, approving and reviewing the business plans for the Group;
- overseeing the conduct and performance of the Group's businesses;
- identifying and managing principal risks affecting the Group;
- reviewing the adequacy and integrity of the Group's internal control systems;
- approving the appointment of Chief Executive Officer of the Company and its major subsidiary companies;
- approving the compensation of senior management staff;
- approving changes to the corporate organisation structure;
- approving the appointment of Directors and Directors' emoluments and benefits; and
- approving policies relating to public relations, investor relations and shareholder communication.

The Board Charter is reviewed at least once a year and updated as and when necessary to reflect changes in the regulatory requirements and circumstances and needs of the Company. The Board reviewed and adopted the updated Board Charter on 16 February 2017.

In formulating the goals and strategies of the Group, the Board is mindful of the importance of business sustainability and ensures that particular attention is given to promote sustainability. The Group has been providing manpower support to ECM Libra Foundation ("Foundation") which is actively involved in promoting social responsibility. The Foundation was privately funded by the founding shareholders of ECMLFG. The activities of the Foundation are elaborated in the Chairman's Statement on pages 27 to 28.

The Chairman of the Board leads the Directors in the performance of the Board's responsibilities and oversight of management whilst the responsibility of managing the Group's business activities is delegated to the Managing Director. The Managing Director is accountable to the Board and is responsible for growing the Group's overall business and providing direction in the implementation of strategies, policies and business plans approved by the Board.

## A. DIRECTORS (continued)

**(i) The Board** (continued)

All matters not specifically reserved to the Board and necessary for the day-to-day operations of the Group are delegated to the Managing Director and management which include, among others:

- formulating, recommending and implementing the strategic objectives of the Group;

- translation of the strategic business plan approved by the Board into annual operating and financial plans of the business;

- manage and fully utilise the Group's human, physical and financial resources and other available resources to achieve the Group's objectives;

- discharge duties and responsibilities within the delegated authority limits set by the Board;

- perform the day-to-day responsibility and manage all aspects of the day-to-day running of the Group and ensure the Group conforms with relevant laws and regulations and its compliance framework;

- develop, implement and manage the Group's risk management and internal control system and operate within the acceptable risk level set by the Board;

- develop, implement and update policies and procedures;

- keep abreast with industry and economic trends and updates in the environment where the Group operates in; and

- furnish the Board with accurate, timely and clear information to enable the Board to perform its duties and make decision.

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. The quorum, proceedings and attendance of meetings are governed by the Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ["Listing Requirements of Bursa Securities"]. During the financial period under review, six (6) Board meetings were held and attended by all the Directors except for Mr Gareth Lim Tze Xiang who attended one (1) of the two (2) Board meetings held since his appointment. All the Directors had complied with the requirements in respect of Board meeting attendance as required under the Listing Requirements of Bursa Securities.

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

The Directors are aware of their responsibilities and will devote sufficient time to discharge such responsibilities. Each member of the Board holds not more than five (5) directorships in public listed companies in accordance with the Listing Requirements of Bursa Securities. The Directors will inform the Board on their new appointment as Director in other companies. These ensure that their commitment, resources and time are focused on the affairs of the Company and enable them to discharge their responsibilities effectively. The meeting schedule for the ensuing financial year will be provided to the Directors in advance before the end of the current financial year so that the Directors are able to plan ahead and ensure sufficient time will be devoted to discharge their duties and responsibilities. The Directors are encouraged to participate in continuing training programme and/or to devote time in non-structured continuing professional development through reading articles relating to topics relevant to the business of the Group.

## A. DIRECTORS (continued)

**(i) The Board** (continued)

The Board sets the Group's core values and adopts proper standards to ensure that the Group operates with integrity and complies with the relevant rules and regulations. The Board observes the codes as set out in the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia and the requirements under the Companies Act, 2016 which provide guidance on the standards of conduct and prudent business practices as well as standards of ethical behaviour. The salient points of the Code of Ethics for Company Directors are highlighted below:

1. Should ensure at all times that the Company is properly managed and effectively controlled;

2. Should stay abreast of the affairs of the Company and be kept informed of the Company's compliance with the relevant legislation and contractual requirements;

3. Should disclose immediately all contractual interests whether directly or indirectly with the Company;

4. Should at all times act with utmost good faith towards the Company in any transaction and to act honestly and responsibly in the exercise of his powers in discharging his duties; and

5. Relationship with shareholders, employees, creditors and customers

   (i) should be conscious of the interest of shareholders, employees, creditors and customers of the Company;

   (ii) should at all times promote professionalism and improve the competency of management and employees; and

   (iii) should ensure adequate safety measures and provide proper protection to workers and employees at the workplace.

The conduct of the Board is also governed by the Articles of Association of the Company and the relevant laws and regulations in Malaysia.

The Board has approved a Code of Conduct to be observed by all employees of the Group, incorporating a Code of Ethics and a Code of Practice on the Prevention and Eradication of Sexual Harassment in the Workplace. The Board has put in place the Whistle Blowing Policy to enable the Group to take necessary measures so as to minimize, discourage, detect and prevent any form of unlawful, unethical, non-compliance and questionable practices within the Group. The Board has entrusted the Board Audit & Risk Management Committee ("BARMC") to be responsible for overseeing the application of the Whistle Blowing Policy which is accessible to the employees of the Group. The employees are encouraged to report in good faith if they are aware of any wrongdoing, malpractice or corporate misdeed has been, is being, or is likely to be committed within the Group. They are guided by the Whistle Blowing Policy when relaying any information in relation to the abovementioned either in writing or through oral communication to designated persons stated in said Policy. Upon receipt of report made by employees together with available evidence which have been verified accordingly, the BARMC would evaluate and make decision to determine the process that is to be initiated thereafter.

**(ii) Board Balance and Independence of Directors**

For the financial period ended 31 December 2016, the Board comprised six (6) Directors, three (3) of whom are independent. All Directors hold positions in a non-executive capacity except for Mr Lim Kian Onn who holds the position of Managing Director. The Chairman of the Board, Dato' Seri Kalimullah bin Masheerul Hassan, is a non-independent non-executive Director and the Board composition comprising 50% independent Directors, does not conform with the recommendation of the Code to have a majority of independent Directors when the Chairman is non-independent. Dato' Seri Kalimullah is designated as non-independent Director by virtue of his substantial interest of 13.73% in the ordinary shares of the Company. He has access to material information as do other independent Directors and is able to exercise his judgement to ensure that a balanced and unbiased deliberation process is in place to safeguard the interests of the Group. Hence, the Board opines that Dato' Seri Kalimullah's judgement would not be materially affected by virtue of his substantial interest in the Company. The Board has exercised its judgement that the current composition of the Board with six (6) members fairly reflects the investment in the Company by all the shareholders and is appropriate to protect the interest of all the shareholders. Based on the Register of Depositors as at 30 December 2016, the 40.77% equity interests of public shareholders other than major shareholders are represented by three (3) independent Directors constituting 50% of the Board members whilst the remaining 50% of the Board members who are non-independent represent the 59.23% interests of major shareholders. The Board is of the view that the current composition is suitable to reflect and protect the interests of all the shareholders.

## A. DIRECTORS (continued)

### (ii) Board Balance and Independence of Directors (continued)

There is a clear division of responsibilities between the Chairman and the Managing Director and the presence of independent oversight by the independent Directors to ensure a balance of authority and power within the Board. 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 recognizes the importance and contribution of its independent non-executive Directors. They represent the element of objectivity, impartiality and independent judgment of the Board. This ensures that there is adequate check and balance at the Board. The three (3) independent Directors of the Company provide the Board with vast and varied management exposure, expertise and broad business and commercial experiences.

The Board takes cognizance of the Code which recommends that the tenure of an independent Director should not exceed a cumulative term of nine (9) years. The Board is of the view that a Director's independence should not be determined solely based on the tenure of service and the continued tenure of directorship brings considerable stability to the Board. The Company benefits from Directors who have, over time, gained valuable insight into the Group. The ability and effectiveness of an independent Director is dependent on his calibre, qualification, experience, integrity and objectivity in discharging his responsibilities in good faith in the best interest of the Company and to safeguard the interests of the shareholders of the Company. Amongst various matters taken into consideration, the Board seeks to strike an appropriate balance between tenure of service, continuity of experience and the merit of refreshing the Board. In Year 2015, the Board after careful consideration, approved the policy on tenure of independent Directors which sets a cap of twelve (12) years for the tenure of independent Directors. Upon completion of twelve (12) years, such Directors can be re-designated as non-independent Directors. In line with good corporate governance practices as set out in the Code, the Board had sought and obtained approval of the shareholders at the Tenth Annual General Meeting of the Company held on 28 May 2015 for Datuk Kamarudin bin Md Ali, Dato' Othman bin Abdullah and En Mahadzir bin Azizan, who had served as independent non-executive Directors of the Company for a cumulative term nearest to nine (9) years, to continue to serve in the same capacity until their tenure reach twelve (12) years, provided always the criteria for assessment of their independence are met and subject to the provision on Director's retirement in accordance with the Articles of Association of the Company.

The independent Directors, Datuk Kamarudin bin Md Ali, Dato' Othman bin Abdullah and En Mahadzir bin Azizan have served the Company for a cumulative term nearest to eleven (11) years as at the date of this Statement. Their tenure in that capacity has not reached the cap of twelve (12) years as approved by the shareholders on 28 May 2015. The independent Directors have declared their independence and have been assessed independent by the Board Nomination Committee and the Board based on the criteria set in an annual assessment of their independence. The criteria set in the annual assessment of independence are in line with the definition of independent Director as stated in the Listing Requirements of Bursa Securities, the Company's policy on tenure of independent Directors and as suggested in Exhibit 8 of the Corporate Governance Guide: Towards Boardroom Excellence (2nd Edition) issued by Bursa Securities. The independent Directors have committed that they would remain objective and independent in expressing their opinions and in participating in the decision making and act in the best interest of the Company.

The Board has identified Datuk Kamarudin bin Md Ali, the Chairman of the Board Audit & Risk Management Committee, 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.

## A. DIRECTORS (continued)

### (iii) Supply of Information

Board members are provided with the notice, setting out the agenda and the comprehensive Board papers at least four (4) days 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 support of suitably qualified and competent Company Secretary. The Company Secretary of the Company is a registered member of the Malaysian Institute of Accountants who is qualified to act under the Companies Act, 2016. A brief profile of the Company Secretary is set out on page 8. The Company Secretary plays an important advisory role and is a source of information and advice to the Board on issues relating to procedural and statutory requirements affecting the Company and Group. The Company Secretary updates the Board on material changes in law and tables the regulatory development at the Board meeting for Board's notation. Where necessary, the Board shall also have access to advice of independent professional advisers at the expense of the Company. The Board will discuss and collectively decide on seeking such independent advice when the need arises. They also have unlimited access to all information with regard to the activities of the ECMLFG Group during deliberations at the Board meetings as well as through regular interaction with the members of the senior management who are obliged to provide the Board with complete, well-focused and adequate information in a timely manner.

### (iv) Appointments to the Board

The Board Nomination Committee ("BNC"), set up on 27 September 2006, comprised three (3) independent non-executive Directors and one (1) non-independent non-executive Director as at 31 December 2016. The BNC is responsible for assessing and recommending new nominees to the Board, re-appointment of retiring Directors as well as Directors to fill seats on Board committees; assessing the effectiveness of the Board and the Board committees; and to review the required mix of skills, experience and other qualities which Directors should bring to the Board. The BNC is responsible to assess the independence of independent Directors based on the criteria established by the BNC in line with the Listing Requirements of Bursa Securities, the Company's policy on tenure of independent Directors and as suggested in Exhibit 8 of the Corporate Governance Guide: Towards Boardroom Excellence (2nd Edition) issued by Bursa Securities. The BNC is also responsible to assess and recommend to the Board the appointment of Chief Executive Officer, oversee the succession of Board members and Chief Executive Officer and evaluate the performance of the Managing Director and other key senior management of the Group. The BNC facilitates board induction and oversees continuing education programmes to be provided to Board members in areas that would strengthen their contribution to the Board.

The terms of reference of BNC is reviewed at least once a year and updated as appropriate to reflect changes to regulations and the Company's circumstances that may impact upon the responsibilities of the BNC.

A summary of the main activities undertaken by the BNC in the discharge of its duties for the financial period ended 31 December 2016 is as follows:

1. Evaluated the performance of the Board and Board Committees with regard to their structure, operations and role and responsibilities;
2. Assessed the qualification, level of time commitment, skills and experience of individual Directors;
3. Assessed the independence of Independent Directors;
4. Assessed the re-appointment of retiring Directors at the annual general meeting;
5. Reviewed the appointment of new Director and alternate Director;
6. Reviewed the appointment of new member of BNC;
7. Assessed the performance of key senior management;
8. Reviewed the updated terms of reference of BNC;
9. Made available to the Directors relevant training programme on a regular basis; and
10. Facilitated board induction by providing annual report and board induction manual.

## A. DIRECTORS (continued)

**(iv) Appointments to the Board** (continued)

The assessment on the effectiveness of the Board and the Board Committees is undertaken annually via Evaluation Form comprising questions related to Board's structure, Board's operations, Board's roles and responsibilities, Board Chairman's role and responsibilities and Board Committees of the Company. The Evaluation Form is to be completed by each BNC member and kept by the Company Secretary. The findings from the Evaluation Form are compiled and tabled to the BNC for discussion. Subsequently, relevant report with views and recommendations of the BNC would be prepared and presented to the Board for consideration. The effectiveness of the Board and Board Committees is assessed in the areas of composition, mix of skills and experience, administration and process of meeting, quality of decision making, contribution and commitment.

In annual assessment of individual Directors by the BNC, the skills and experience of individual Directors are reviewed to ensure the composition of the Board is appropriate with a good mix of skills and core competencies in order to discharge its duties and responsibilities and to meet the business needs of the Group. The level of time commitment of individual Directors to discharge their responsibilities are assessed based on the record of their attendance at the Board and Board Committee meetings held during the financial year, the number of directorships in public listed companies held by them and their participation in continuing training programme and/or non-structured continuing professional development through reading articles relating to topics relevant to the business of the Group. In the case of independent Directors, their independence is assessed annually by the BNC based on the criteria established by the BNC in line with the Listing Requirements of Bursa Securities, the Company's policy on tenure of independent Directors and as suggested in Exhibit 8 of the Corporate Governance Guide: Towards Boardroom Excellence (2nd Edition) issued by Bursa Securities. The assessment is undertaken to ensure that independent Directors are able to continue to provide independent view to the deliberation and decision making of the Board and Board Committee meetings and act in the best interest of the Company. The BNC would deliberate on the outcome of the annual assessment on individual Directors and independence of independent Directors and present the outcome with their views and recommendations, to the Board for consideration.

For appointment of new Directors, selection of candidates is facilitated through recommendations from the Directors or external parties including the Company's contacts in related industries, and finance, legal and accounting professions. In assessing the suitability of a new Director appointment, the BNC takes into consideration a candidate's skills, knowledge, experience, competency and other relevant factors as may be determined by the BNC which would contribute to the Board's mixed of skills. Capabilities, integrity, reputation, time commitment of a candidate to discharge his duties and responsibilities and contribution that a candidate would bring to the Board and Group and other appropriate character and requisite quality of that person would also be taken into account by the BNC in assessment of appointment of new Director. Bankruptcy search would be conducted on the candidate as part of the suitability assessment. In case of appointment of new independent Directors, independence of a candidate is assessed based on the criteria established by the BNC. A candidate that has been assessed fit and proper for the appointment to the Board would be recommended by the BNC to the Board for approval.

The consent of retiring Directors for their re-election at annual general meeting would be obtained and bankruptcy search would be conducted on them before the BNC reviews on the re-election of retiring Directors. In considering re-election of retiring Directors, due regard would be given to a Director's skill, experience, contribution at Board and Board Committee meetings and time he has devoted to discharge his duties. With the consent given by the retiring Directors for their re-election at annual general meeting, the BNC would recommend the re-appointment of retiring Directors to the Board if the results of annual assessment and bankruptcy search conducted on them and their performance and attendance at the Board and Board Committee meetings are satisfactory.

The Board aims to maintain a diversity of expertise, skills, competency, personalities and attributes among the Directors so as to provide a comprehensive range of perspectives and experiences, resulting in improved decision making. The Board members are persons of high calibre and integrity and are able to devote sufficient time to discharge their duties. The number of Board members fairly reflects the investment in the Company by all the shareholders and is suitable to protect the interest of all the shareholders. Whilst the Directors recognise the contribution that women could bring to the Board, it has not established a specific target for the appointment of women candidates in its recruitment of Directors. The Board supports a policy of non-discrimination on the basis of gender, ethnicity and age for the Board and the workforce. The Board will only set aside specific targets in relation to gender and ethnicity and age diversity if the situation so requires and if it is in the best interest of the Company to do so.

## A. DIRECTORS (continued)

**(iv) Appointments to the Board** (continued)

Currently the Board comprised all male members who are aged between 34 and 68, of which 67% are Bumiputera and 33% are Chinese. The Group's workforce comprised 64% female and 36% male, of which 39% are Bumiputera, 58% are Chinese and 3% are Indian. The Group has a fair mix of employees in various age groups with 17% of employees below the age of 30, 34% between the age of 30 and 39, 32% between the age of 40 to 49 and 17% above the age of 50. The Board is of the view that the current workforce composition reflects adequate diversity in terms of gender, ethnicity and age; obviating the need to set specific diversity policy targets.

The BNC assesses the performance of the Managing Director and other key senior management of the Group annually based on their contribution, commitment and achievement of targets set in the business plan approved by the Board. The BNC has evaluated the performance of the Managing Director and senior management for the financial period under review and ascertained that they are fit and proper to manage the business of the Group; and the Board was informed of this accordingly.

For the financial period under review, the BNC has assessed the performance of the Board and the Board Committees and reviewed the skill and experience of individual Directors, and is satisfied with its current composition and that expectations have been met. The BNC has assessed independence of independent Directors based on the criteria set in the annual assessment of their independence and is satisfied with the results of the assessment. The BNC has considered the skills, experience, contribution and level of time commitment of the Directors who are subject to retirement by rotation at the forthcoming Twelfth Annual General Meeting and assessed that the retiring Directors are fit and proper persons for re-election as Directors of the Company. There were two (2) new appointments to the Board and one (1) new appointment to the BNC during the financial period. Mr Gareth Lim Tze Xiang was appointed to the Board and BNC whilst Mr Chin Jon Wei was appointed as alternate Director to Mr Gareth Lim Tze Xiang. Both Mr Gareth Lim Tze Xiang and Mr Chin Jon Wei have been assessed fit and proper by the BNC for their appointment. Their skills and knowledge have added diversity of skills to the Board and met the needs of the Board.

The BNC during the financial period ended 31 December 2016 comprised:

- Dato' Othman bin Abdullah (Chairman)
- Datuk Kamarudin bin Md Ali
- En Mahadzir bin Azizan
- Mr Gareth Lim Tze Xiang (Appointed on 8 December 2016)

**(v) Retirement and re-election of Directors**

The Articles of Association of the Company provide that at least one-third (⅓) 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 (3) years. The Articles of Association of the Company also provides 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.

## A. DIRECTORS (continued)

### (vi) Directors' Training

All Directors of the Company have completed the Mandatory Accreditation Programme. A newly appointed Director will be given the Company's annual report and a board induction manual to facilitate initial introduction to the Group and for ongoing reference. The contents of said manual include group structure, substantial shareholding structure, extract of Articles of Association of the Company and Listing Requirements of Bursa Securities pertaining to Directors and their powers and duties, proceedings of Directors, Board Charter, terms of reference, schedule of meetings of Board and respective Board Committees, contact details of Directors and other information as may be determined later. The Directors receive briefings and updates on the Group's businesses, operations, risk management, internal controls, finance and relevant legislation, rules and regulations. The Directors are encouraged to attend courses, briefings and seminars to keep themselves abreast with latest developments in the industry, regulatory updates or changes and to enhance their skills and knowledge. The BNC oversees continuing education programmes covering areas that could strengthen Directors' contribution to the Board. During the financial period, the Directors were regularly kept informed of available training programmes related to corporate governance, risk management and internal control, regulatory development as well as business trends; and arrangements were made for the Directors to attend the training programmes selected by them.

During the financial period under review, individual Board members have participated in the following external training courses, briefings or seminars to keep updated on latest developments and to enhance their knowledge:

- CG Breakfast Series for Directors: Future of Auditor Reporting – The Game Changer For Boardroom
- Risk and Vulnerability of Global Markets: Reinforcing Resilience in Emerging Markets
- CG Breakfast Series with Directors: The Strategy, the leadership, the Stakeholders and the Board
- Transforming Cities of Tomorrow
- The Strategy Leadership Stakeholders and Board
- Leadership in a Networking World
- Public Engagement Index Conference
- 12th Conference on Status and on Malaysia Iron and Steel Industry Towards Competitive and Sustainability
- Cybersecurity and how to mitigate risk
- International Youth Dialogue
- The Interplay between CG, Non-Financial Information and Investment Decision
- MIA conference 2016
- Companies Act 2016: A New Corporate Landscape for Directors
- Mandatory Accreditation Programme

The Board members have also devoted time in non-structured continuing professional development through reading articles relating to topics relevant to the business of the Group.

## B. DIRECTORS' REMUNERATION

The Board Remuneration Committee ("BRC"), set up on 27 September 2006, comprised one (1) independent non-executive Director and one (1) non-independent executive Director as at 31 December 2016 and the members were as follows:

- En Mahadzir bin Azizan (Chairman)
- Mr Lim Kian Onn

The BRC is responsible for assessing and recommending to the Board the remuneration of Directors and key senior management staff, and the payment of performance bonus and salary increments for employees of the Group. The Directors do not participate in the discussion and voting on decisions regarding their own remuneration. The aggregate annual Directors' fees as recommended by the Board are approved by shareholders at the annual general meeting.

ECMLFG has an established framework that entails annual performance review against Key Performance Indicator (KPI) to evaluate performance and determine reward for executive Directors and all employees of the Group. Remuneration packages for the executive Directors and employees are formulated to be competitive, with emphasis being placed on performance of the Group as well as the individual, experience and scope of responsibilities and aims to attract, motivate and retain the right 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 remuneration of executive Directors consists of salary, defined contribution plan and other benefits. The remuneration of non-executive Directors comprises annual Directors' fees, an allowance of RM1,000 for every Board and Board Committee meeting attended, medical coverage and other benefits.

The details of the remuneration of the Directors of ECMLFG (including a Director who had resigned during the financial period) received/receivable from the Company and Group for financial period ended 31 December 2016 are set out below:

1. The aggregate remuneration of Directors

| | **Group (RM'000)** | **Company (RM'000)** |
|---|---|---|
| **Executive Director:** | | |
| Short-term employee benefits | 663 | 663 |
| Defined contribution plan | 100 | 100 |
| | 763 | 763 |
| **Non-executive Directors:** | | |
| Fees | 281 | 232 |
| Other remuneration | 68 | 48 |
| | 349 | 280 |
| Total | 1,112 | 1,043 |

## B. DIRECTORS' REMUNERATION (continued)

2. The number of Directors whose remuneration falls into the following bands:

| | Executive | Non-executive |
|---|---|---|
| RM1 to RM50,000 | - | 2 |
| RM50,001 to RM100,000 | - | 4 |
| RM500,001 to RM800,000 | 1 | - |

## C. ACCOUNTABILITY AND AUDIT

### (i) Financial Reporting

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

The Board has delegated the responsibility of reviewing and ensuring that the financial statements comply with applicable financial reporting standards to the Board Audit & Risk Management Committee ("BARMC"). The BARMC has ensured that the financial statements are a reliable source of financial information of the Group and Company and complied with the relevant provisions of the Companies Act, 1965 and applicable financial reporting standards in Malaysia.

### (ii) Risk Management & Internal Control

The Statement on Risk Management & Internal Control as set out on pages 24 to 26 provides an overview of the management of risks and 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 pages 10 and 11.

The BARMC undertakes an annual assessment of the suitability and independence of the Group's external auditors according to the guidelines and procedures set out in the External Auditors Assessment Policy before recommending their re-appointment to the Board and shareholders for approval. The BARMC with the feedback provided by management assesses the external auditors via evaluation form comprising various questions which structured to test on the suitability and independence of external auditors. In undertaking the assessment, due consideration is given to the adequacy of resources of the external auditors to manage and undertake the audit, the level and quality of service provided by the external audit team, communication between the external auditors and management as well as the competence, knowledge, experience and independence of advice provided by the engagement partner. To support the annual assessment of independence of external auditors, the BARMC obtains written assurance from the external auditors confirming that they are independent in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants, in conducting the audit of the financial statements of the Group. Based on the results of the evaluation, the BARMC considers and recommends the re-appointment of external auditors to the Board for consideration. The contracts for provision of non-audit services will not be entered into with the external auditors if there is a conflict of interest and the task to be performed required the services of internal auditors. The appointment of the external auditors for provision of non-audit services must be assessed and reviewed by the BARMC according to the principles and criteria set out in the External Auditors Assessment Policy before recommending to the Board for approval. The BARMC will ensure the provision of non-audit services by the external auditors do not interfere with the exercise of independent judgement of the external auditors and shall not be in conflict with their duties as statutory auditors.

## C. ACCOUNTABILITY AND AUDIT (continued)

**(iii) Relationship with Auditors** (continued)

During the financial period, the BARMC assessed the suitability and independence of external auditors and recommended the re-appointment of external auditors to the Board for endorsement. In support of the assessment of independence of the external auditors, the BARMC had obtained written confirmation from the external auditors on the status of their independence. Based on the recommendation from the BARMC, the Board assessed and deliberated the suitability and independence of external auditors and was satisfied that the external auditors had met the criteria and recommended their re-appointment for approval of shareholders at the Eleventh Annual General Meeting held on 18 May 2016. Their tenure of appointment shall lapse at the conclusion of the Twelfth Annual General Meeting to be held on 12 April 2017.

## D. CORPORATE DISCLOSURES

The Company is committed to provide all stakeholders with timely and equitable access to material information that is comprehensive and accurate to ensure its compliance with the disclosure requirements as set out in the Listing Requirements of Bursa Securities and other applicable laws. In line with this commitment and for transparency and accountability, material corporate disclosures are deliberated by the Board before being released to the public.

The Company's website, www.ecmlibra.com, serves as the main mean of communication of the Company to reach its shareholders and general public. To maintain transparency and to promote the timely dissemination of corporate disclosures, all information made public to Bursa Securities, such as the Company's Annual Report, the quarterly financial results, all corporate announcements and circular to shareholders together with the Board Charter, the Code of Ethics for Company Directors, the terms of reference of Board Committees and other corporate information are made available on the Company's website at the dedicated section on Investor Relations. The Company would also publish summary of the key matters discussed at the annual general meeting as soon as practicable on the Company's website.

## E. SHAREHOLDERS

The Company's general meetings serve as a forum for dialogue with shareholders. Notice of general meeting and related documents are sent to the shareholders within the notice period required by the relevant act and the Listing Requirements of Bursa Securities before the meeting is to be held. Notice of general meeting is also advertised in the press and made public to Bursa Securities and published on the website of the Company. Shareholders are encouraged to attend general meeting, to communicate with the Board, to participate in the question and answer session and to vote on all resolutions set out in the notice of general meeting. The Board members and management would clarify and elaborate on any issue raised by shareholders at the meeting to enable them to exercise their rights. In accordance with the Listing Requirements of Bursa Securities, voting on resolutions set out in the notice of general meeting would be conducted by way of poll and an independent scrutineer would be appointed by the Company to validate the voting results. The result of all resolutions proposed at general meeting and name of the scrutineer would be submitted to Bursa Securities at the end of the meeting day.

Other than contacts at general meetings, there is no formal programme or schedule of meetings with investors, shareholders or the public generally. However, the management has the option of calling for meetings with investors/analysts if it is deemed necessary. Thus far, the Board is of the opinion that this arrangement has been satisfactory to all parties. Besides that, the Board has identified the Company Secretary as the liaison person of the Company whom shareholders can refer to if they require any assistance on matters affecting their interests. The contact details of the Company Secretary are published on the website of the Company.

## F. STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

**Responsibility**

The Board is responsible for managing the risks of the Group and its system of internal control as well as reviewing its adequacy and integrity. The Board recognises that the Group's system of risk management & internal control is designed to manage and minimise the risk of failure to achieve the Group's objectives. Hence, it is able to only provide a reasonable and not absolute assurance against a material misstatement of management and financial information or against financial losses and fraud. This ongoing process has been in place during the financial period under review and up to the date of approval of the Statement on Risk Management & Internal Control for inclusion in the Annual Report.

**Key Processes**

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, and the said process is reviewed by the Board and accords with the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.

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 Compliance and Risk Management Department which is organised at the asset management subsidiary and the outsourced Internal Auditors who undertake the internal audit function for the Group. The focus is on areas of priority identified through risk assessment and in accordance with the plans approved by the BARMC. In the process of risk identification and evaluation, a "bottom-up" approach is adopted. Specific risks are identified by the respective business/operating units and self-assessed with the support from the Compliance and Risk Management Department in the identification, evaluation and quantification, monitoring and management of such risks undertaken by the Group as a whole. The regular risk assessment exercise using the bottom-up approach promotes risk awareness and facilitates the effective control and management of potential risks for the Group, as risk identification, evaluation and mitigation are reported to the Compliance and Risk Management Department for review and reporting to top management and the BARMC, for high-level direction and management, where applicable.

The Compliance and Risk Management Department undertakes the group risk management function and reports to the BARMC. The Compliance and Risk Management Department covers regulatory compliance risk, operational risk, financial risk and legal risk. The BARMC reviews the Risk Management Framework and Risk Management Procedure Manual applicable to the Group before recommending to the Board for approval. The Risk Management Framework and Risk Management Procedure Manual are subject to review annually, or as and when there are any material changes in the regulatory requirements. The Risk Management Framework outlines the approach and management structure in the Group towards the management of risk. It further provides for a general framework in the methodologies and processes adopted by the Group in identifying, monitoring and reporting risk. Likewise, the Risk Management Procedure Manual lays out the procedures in the Group's approach towards risk management. The Risk Management Framework encompasses the following:

1. Identifying the full spectrum of risks including potential risks; segregation of controllable from uncontrollable risks and identifying causes for the risk occurrences;

2. Assessing risk severity and probability, and combining estimates of severity and probability in the context of existing control measures;

3. Comparing the risk exposures to the entity's risk appetite and identifying those risk exposures that are deemed as unacceptable;

4. Identifying risk mitigation actions; instituting an ongoing review of risk and controlling its effectiveness as the business and environment changes, with tighter monitoring in areas of greatest change and risk and assessing the quality and appropriateness of mitigating actions; and

5. Providing timely exception and periodic reports to facilitate informed risk management decisions.

The BARMC reviews periodic reports from the Compliance and Risk Management Department on risk management related to business and activities of the Group to ensure proper management of risks and appropriate measures are taken on a timely basis to mitigate any identified weaknesses in the control environment.

## F. STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL (continued)

**Key Processes** (continued)

In carrying out its responsibilities, the BARMC relies on the support of the Compliance and Risk Management Department and the outsourced Internal Auditors who report directly to the BARMC, in providing assurance on the adequacy and effectiveness of internal controls. The Compliance and Risk Management Department provides the BARMC with periodic reports pertaining to compliance with internal risk management policies and parameters as well as compliance with relevant regulatory and statutory requirements. The outsourced Internal Auditors conduct internal audit reviews and provide the BARMC with reports highlighting outcome of the review on adequacy and effectiveness of internal controls; as well as reporting on management action taken to redress lapses, if any, and to enhance the system of internal control.

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 to govern the Group's business activities to be consistent with the Group's overall business objective and risk appetite and subjected to adequate risk management and internal controls;

- clear definitions of limits of authority to cover inter alia the day-to-day operations, credit limit, investment and capital expenditure. The limits of authority have been approved by the Board and put in place to ensure control procedures and limits are implemented and complied with;

- key functions such as finance, credit control, human resources and legal matters are controlled centrally. Internal control measures such as segregation of duties, independent checks, segmented system access control and multi-tier authorisation process are put in place to ensure these key functions are operating within the control environment;

- 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 and operation together with the design and operation of suitable internal controls. The business and support units each undertakes periodic self-assessment to identify and assess the effectiveness of the controls put in place for all material activities, processes and systems to manage the risks identified. The undertaking of self-assessment serves as an early warning tool to drive appropriate management action before the risks materialise into losses;

- policies and procedures with embedded internal controls are documented in a series of Policies and Procedures that are subjected to periodic review for updating of any changes in operational processes or regulatory requirements. The business and support units in the Group are guided by the Policies and Procedures in performing their duties to ensure compliance with internal controls and relevant laws and regulations;

- corporate values, which emphasise on ethical behaviour and quality services, are formalised into a Code of Conduct as set out in the Group's Employee Handbook and the Board Charter. The Code of Conduct provides guidance to the Directors and employees of the Group on expected moral and ethical behaviour in carrying out their duties;

- updates relating to regulatory requirements/guidelines from Bursa Securities, Securities Commission Malaysia and other regulatory bodies are disseminated to the relevant employees of the Group on a timely manner to ensure compliance of the activities of the Group with the relevant regulatory requirements; and

- the requirement of periodical declaration of compliance by employees of the Group to meet the statutory compliance.

The Group has put in place a Whistle Blowing Policy that governs reporting and investigations of allegations of suspected improper/unethical activities, violations of the laws, regulations, internal policies, procedures, guidelines and code of ethics as well as whistle blower protection. The Whistle Blowing Policy is incorporated in the Employee Handbook accessible to the employees of the Group. The BARMC has been entrusted by the Board to be responsible for overseeing the application of the Whistle Blowing Policy for the Group.

On a yearly basis, all the business units within the Group draw up their business plan and budget for the Board's approval and their performance are tracked on a monthly basis as part of the overall management of the business risk.

## F. STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL (continued)

**Key Processes** (continued)

As required by the Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement on Risk Management & Internal Control for inclusion in the Annual Report. Based on their limited assurance review, nothing has come to their attention that causes them to believe that the Statement on Risk Management & Internal Control is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement on Risk Management & Internal Control factually inaccurate.

The Board confirms that there is an ongoing process that has been in place throughout the financial period ended 31 December 2016 for identifying, evaluating and managing significant risks faced by the Group. The Board has reviewed the adequacy and effectiveness of the risk management and internal control system within the Group for the financial period with the support of the Compliance and Risk Management Department and outsourced Internal Auditors. From the review, no significant control weaknesses that have resulted in any material loss to the Group were identified during the financial period under review. The Board has received assurance from the Managing Director and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

The Board is of the view that the Group's risk management and internal control system is adequate and sufficient after taking into consideration of the ongoing processes in place for identifying, evaluating and managing significant risks faced by the Group and the assurance from the management; and after taking into account of any material development up to the date of approval of this Statement on Risk Management & Internal Control for inclusion in the Annual Report. The Board opines the risk management and internal control system provides reasonable assurance that the structure and operation of controls are appropriate for the activities of the Group so as to safeguard the assets and the interests of stakeholders of the Group and for the Group to achieve its objectives.

## G. DIRECTORS' RESPONSIBILITY IN FINANCIAL REPORTING

The Board is required by the Listing Requirements of Bursa Securities to prepare financial statements for each financial year to 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 period ended 31 December 2016, the Group had adopted and applied consistently appropriate accounting policies, supported by reasonable and prudent judgments 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.

This Statement was approved by the Board on 16 February 2017.

# chairman's statement

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the annual report and the audited financial statements for the 11 months ended 31 December 2016.

### Financial and Business Review

For the financial period ended 31 December 2016, the Group recorded profit before tax of RM7.1 million and profit after tax of RM6.0 million. The Group has substantially reduced its earnings base after the Distribution Exercise completed in the last financial year returning RM286 million to shareholders and reducing the share capital to the current level of RM34.4 million from RM268.2 million. Conversely, the "Fund managed by a subsidiary" segment contribution became insignificant in the current financial period as compared with the last financial year. Profit continues to be driven by our fund management business, structured financing and investment income; meanwhile the Group continues to explore several potential business opportunities.

### Corporate Social Responsibility

The Group's corporate social responsibility related work is spearheaded by the ECM Libra Foundation ("Foundation") which was privately funded by the founding shareholders of ECM Libra Financial Group Berhad. Since inception, education has always been and will remain the main thrust of the Foundation. It is the Foundation's belief that education is the key to close the gap for the neediest communities within the country.

For many years now, the Foundation has resolutely given to the Orang Asli community and other marginalized groups, in particular in Sabah and Sarawak. The Foundation is also cognizant that the urban poor are another segment of our community that need assistance and children from this community have the highest risk of being early school dropouts and becoming victims to undesirable influences. Against this backdrop, for 2016, the Foundation partnered with *Goodkids Enterprise* and *Global Peace Foundation* to focus on children from these two communities.

*Goodkids* is a social enterprise that aims to empower youth who are at risk of dropping out of schools by building their self-confidence using performing arts. Many urban poor in Malaysia grow up in dysfunctional families and a non-conducive environment for learning. Unable to cope academically, they develop low self-confidence and a sense of rejection which make them at risk of being marginalised. This weekly programme sponsored by the Foundation provides them an avenue to develop their self-confidence that will assist them in their development. A total of 50 children from the above target communities participated in this programme and results show vast improvement in their lives.

Likewise *Global Peace Foundation* is an organisation that runs leadership and counselling workshops and camps for at-risk school children from the middle and lower social economic group. Working with the schools they attend, 40 children were selected for participation in this programme sponsored by the Foundation. These are children that had been identified to be difficult students with disciplinary issues at schools. After this intervention, in addition to gaining new social skills, and understanding how they can work in teams to support each other, almost all these 40 children improved in their discipline and were reported to show more interest and improvements in their studies.

ECM Libra Foundation has also continued to focus on efforts to improve the command of the English language amongst our youth, especially in the remote communities. The Foundation continued to sponsor English tuition programs for the Bidayuh villages in Sarawak as well as the Chinese New Villages in Kampar and Sungai Long. In Sarawak, the Foundation partnered with a *Yayasan Lasallian Kuching*, and in Kampar and Sungai Long, the Foundation partnered with *Universiti Tunku Abdul Rahman* faculty and students. In this area of focus, the Foundation also worked with *Kakiseni* where the Foundation sponsored the National English Language Drama Competition. 2,000 school children from almost 200 schools benefited from this competition where they learnt English the fun way.

# chairman's statement continued

This year, the Foundation also gave out aids to primary and secondary schools for the purchase of desks and chairs, construction of shelters for assembly area, construction of covered walkway and upgrading of a science laboratory. The Foundation contributed to the building of a new block for SMK Convent Green Lane, Penang. Apart from these, the Foundation continued to sponsor sports activities and basic back-to-school essentials such as uniforms, shoes, socks, schoolbags and books for needy communities.

In 2016, the Foundation also gave out scholarships and interest-free student loans to 72 underprivileged and deserving Malaysians amounting to RM600,000, including for tertiary education.

## Dividends

The Board is not proposing any final dividend for the financial period ended 31 December 2016.

## Appreciation

To end my message, I wish to extend my heartfelt appreciation to the management and staff for their commitments and contributions to the Group and to shareholders for their continued support and confidence. We shall remain committed in our quest to achieve long-term objectives of the Group whilst not losing sight of the welfare of our staff. On behalf of the Board and management, I would like to thank all our business associates, shareholders and stakeholders for their continued trust and confidence in us. To my fellow Board members, thank you for your continuous support and valuable advice.

**Dato' Seri Kalimullah bin Masheerul Hassan**
Chairman
16 February 2017

# management discussion and analysis

### Overview

ECM Libra Financial Group Berhad ("the Company") is a public listed company, incorporated on 24 October 2005 and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The principal activities of the Company are investment holding and provision of management services. Along with its subsidiaries (collectively, "the Group"), the Group currently has four reportable business segments, identified based on business units which are engaged in providing different services, namely investment holding, fund management, structured financing, and fund managed by a subsidiary.

### Financial Review

The Group had changed its financial year end from 31 January to 31 December, and hence this financial review is for 11-month period from 1 February 2016 to 31 December 2016. Thereafter, the financial year end of the Group shall be on 31 December for each subsequent financial year. Consequently, the 11-month result is not comparable to the previous audited financial statements of 12-month. Revenue and profit in this financial period had declined resulted from the Group's reduction in its shareholders' equity after returning RM286 million to its shareholders pursuant to the "Distribution Exercise" (refer to Note 16(c) of the financial statements) completed in the previous financial year, with income contribution from its existing fund management business, a smaller loan portfolio and lower cash reserve.

For the 11-month ended 31 December 2016, the Group recorded profit before tax of RM7.1 million and profit after tax of RM6.0 million. The profit before tax was lower than the RM13.1 million achieved in the previous 12-month ended 31 January 2016 mainly attributable to the lower level of contribution from gain on disposal of securities and interest income from deposit placements with financial institutions following the Distribution Exercise. Total income for the 11-month amounted to RM22.9 million comprising portfolio management fees of RM11.2 million, gain from disposal of securities of RM5.5 million, interest income of RM4.7 million, rental income of RM1.2 million, and other income totalling RM1.4 million; reduced by the RM1.1 million foreign currency translation reserve losses recorded in prior financial years and reclassified from other comprehensive income to profit or loss upon completion of the liquidation/struck off of subsidiaries during the financial period, and impairment losses on securities of RM0.8 million. Whilst the reclassification of foreign currency translation reserve losses from other comprehensive income to profit or loss had no impact on the net assets value of the Group, the said reclassification had reduced the profit for the financial period. Total expenses for the 11-month ended 31 December 2016 amounted to RM15.0 million compared to RM18.1 million in the previous 12-month ended 31 January 2016. Meanwhile, the basic earnings per share for the financial period ended 31 December 2016 dropped to 2.10 sen from 4.06 sen in the previous financial year.

The Group's cash and cash equivalents decreased by 12% to RM22.0 million as at 31 December 2016 from RM24.9 million as at 31 January 2016. Cash flows from operating activities were RM4.3 million compared to RM12.6 million in the previous financial year. During the financial period, the Company purchased additional securities available-for-sale in unit trust liquidity fund which gave higher return then cash holding. The Group's cash and securities available-for-sale increased by 40% to RM59.2 million, representing 40% of the Group's total assets as at 31 December 2016 (previous financial year: RM42.2 million or 29%). During the financial period, the Group capitalised RM1.2 million for investment in computers and software for the fund management system to improve operational efficiency and effectiveness.

The Group's objectives when managing capital are to safeguard its ability to continue as going concern in order to provide returns to shareholders, benefits for other stakeholders, and to maintain an optimal capital structure to reduce cost of capital. The Group had no borrowings during the financial period and continued to maintain a debt free capital structure with the same level of issued and fully paid-up share capital amounted to RM34.4 million or 286.6 million shares of RM0.12 par value each as at 31 December 2016. The Group's total equity increased by 5% to RM144.3 million as at 31 December 2016 from RM137.3 million as at 31 January 2016. The return on assets, return on equity and net assets per share for the financial period ended 31 December 2016 were 4.0%, 4.2% and RM0.50 respectively compared to 7.7%, 8.1% and RM0.48 respectively in the previous financial year using the assets and equity base after the Distribution Exercise.

# management discussion and analysis continued

## Business Segments Review

*Investment holding*

Investment holding reported a total income of RM6.7 million during the 11-month ended 31 December 2016, representing 29% of the Group's total income (previous financial year: RM0.7 million or 2%), whilst its profit before tax was RM1.6 million during the 11-month ended 31 December 2016, largely contributed by the gain on disposal of securities of RM5.5 million. The Group commenced six member's voluntary winding-up or struck off of dormant wholly-owned subsidiaries which are in excess of the requirements, for which four member's voluntary winding-up or struck off were completed during the financial period (refer to Note 8 of the financial statements) and recorded a gain on liquidation of subsidiaries of RM5.8 million at the entity level and RM0.2 million at the Group level. Meanwhile, the remaining two member's voluntary winding-up were on-going as at 31 December 2016.

*Fund management*

Fund management is operated by its subsidiary, Libra Invest Berhad ("LIB"), which undertakes the regulated activities of fund management and the distribution of unit trust funds. LIB assists investors in achieving their medium to long-term financial goals through three main core values i.e. performance base culture, personalised client services, integrity and ethics. Fund management continued to be one of the Group's main revenue source and generated total revenue of RM11.5 million during the 11-month ended 31 December 2016, representing 50% of the Group's revenue (previous financial year: RM12.3 million or 35%). In the current financial period, fund management recorded a profit before tax of RM1.7 million, compared to RM0.6 million in the previous financial year. The increase in profit was due to lower operating expenses by 15% to RM9.9 million in the current financial period from RM11.7 million in the previous financial year. LIB's total equity increased by 6% to RM14.9 million as at 31 December 2016 from RM14.0 million as at 31 January 2016.

As at 31 December 2016, LIB managed about RM4.4 billion of assets through unit trust funds, wholesale funds, as well as portfolios of privately managed funds on behalf of high net worth individuals, corporations and institutional clients. The funds performances are tracked against their respective benchmarks as well as peers' group through Lippers Ranking. As at 31 December 2016, 13 of LIB's unit trust funds were in the first and second quartiles of the Lippers 1-Year Fund Ranking Table as compared to 9 in 2015. Recently, Libra DividendEXTRA had won The Edge Thomson Reuters Lipper Malaysia Fund Awards 2017 as the best performing fund in category "Best Equity Malaysia Income – Malaysia Provident, 3 years".

Growth of the Malaysian fund management industry is very much subject to developments in domestic and global economic environment, changes in government policies, government driven initiatives and global financial market performances. Weak economic growth and very low interest rates in developed economies over the past few years had driven global asset managers to invest in emerging markets in search of higher investment returns. In recent years, the scenario has benefited the Malaysian investing community at large given the favourable performance of both the equity and fixed income asset classes.

However, rising volatility in the global equity, bond and currency markets has induced end investors to become more risk averse, hence the decline in fund sizes. Of late, there have been encouraging signs that the trend is gradually changing. Increased awareness among the Malaysian public of the need to invest for their retirement savings has seen retail interest returning to the capital market. A younger generation of retail investors has begun to show their interest as they seek to outpace the rising cost of living. However, the challenge to engage this new batch of investors is dependent on their net disposable income available for investing.

On the other hand, the current turmoil in domestic and global financial markets has moderated the industry's growth. The heightened volatility in financial markets dampened investors' confidence, while rising cost of imported raw materials given Ringgit's depreciation has compelled corporate investors to allocate more cash resources towards their operational costs rather than for investment purposes.

The current state of global financial markets has set a more challenging landscape for the fund management industry. In the near term, uncertainties surrounding the new United States' administration under President Trump, geopolitical risks in Europe, China's economic slowdown and domestic instabilities in emerging economies will continue to feed volatilities across asset classes.

**Business Segments Review** (continued)

*Fund management* (continued)

The domestic fund management industry is expected to continue its growth momentum, albeit at a slower rate as foreign asset managers turn their attention to prospects of faster economic growth in the United States. The challenges for LIB would be to continue to attract investments and further improving performance amidst a highly volatile investing environment in a period where investors' sentiments are generally more cautious. LIB will continue to assess the market's appetite and launch new products that will cater to the investors' requirements. Concurrently, it will continue its efforts to enhance capacity and capabilities in terms of distribution network, investment and operational processes. LIB will also continue to explore new ways of doing business in particular in relation to emerging fintech and robo advisor as a way to help investors at large.

A Risk Management Framework has been established and is monitored by the Compliance and Risk Management Department which reports to the Board of Audit and Risk Management Committee. The Framework sensitises the organisation to risk identification, measurement, control, ongoing monitoring, responsibility and accountability. It coordinates and standardises the understanding and application of risk management throughout the organisation so that assurance can be given to the Board of Audit and Risk Management Committee that a sound risk management and internal control system are in place.

*Structured financing*

Structured financing generated a total income of RM4.7 million during the 11-month ended 31 December 2016, representing 21% of the Group's total income (previous financial year: RM5.8 million or 17%), whilst its profit before tax was RM4.6 million during the 11-month ended 31 December 2016, contributed mainly by interest income. The profit before tax was 21% lower compared to RM5.8 million achieved in the previous 12-month ended 31 January 2016, mainly due to lower average loan base of RM59.6 million during the financial period compared to a level up to RM80.0 million in the previous financial year. When the Group identifies attractive business opportunities, structured financing will be reduced to provide financing for those new investments.

*Fund managed by a subsidiary*

The fund managed by a subsidiary reported a loss before tax of RM0.8 million during the 11-month ended 31 December 2016, mainly contributed by impairment of its underlying investment in shares, compared to a profit before tax of RM12.3 million in the previous financial year which was largely contributed by gain on disposal of securities of RM14.1 million to conserve cash for the Distribution Exercise. This fund currently has minimal assets holding after the Distribution Exercise.

**Prospects**

The Group will continue to derive income contribution from its existing fund management business, whilst the contribution from investments in securities and structured lending activities are opportunistic in nature. Meanwhile, the Group will continue to explore several potential business opportunities.

**Dividends**

The Board had not proposed any dividend for the financial period ended 31 December 2016.

# notice of annual general meeting

**NOTICE IS HEREBY GIVEN** that the Twelfth Annual General Meeting of ECM Libra Financial Group Berhad ("Company") will be held at Ground Floor, East Wing, Bangunan ECM Libra, 8 Jalan Damansara Endah, Damansara Heights, 50490 Kuala Lumpur on Wednesday, 12 April 2017 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 period ended 31 December 2016; **Please refer to explanatory note 1**

2. to approve the payment of Directors' fees of RM232,477 in respect of financial period ended 31 December 2016 to be divided amongst the non-executive Directors in such manner as the Directors may determine; **Resolution 1**

3. to approve the payment of Directors' remuneration (excluding Directors' fees) up to an amount of RM167,000 payable to the non-executive Directors from 1 January 2017 until the next Annual General Meeting of the Company; **Resolution 2**

4. to re-elect the following Directors retiring pursuant to the Company's Articles of Association:

   (a) Dato' Seri Kalimullah bin Masheerul Hassan; **Resolution 3**
   (b) Datuk Kamarudin bin Md Ali; and **Resolution 4**
   (c) Mr Gareth Lim Tze Xiang; **Resolution 5**

5. to re-appoint Messrs Ernst & Young as Auditors of the Company and authorise the Directors to fix their remuneration; **Resolution 6**

   **AS SPECIAL BUSINESS**

   To consider and if thought fit, pass the following resolution:

6. **Ordinary Resolution on Authority to Directors to Issue Shares**

   "**THAT** pursuant to Sections 75 and 76 of the Companies Act, 2016, 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 to be issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares 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."; **Resolution 7**

7. to consider any other business of which due notice shall have been given.

By Order of the Board

CHAN SOON LEE
Secretary

Kuala Lumpur
21 March 2017

**NOTES:**

1. Only a depositor whose name appears in the Record of Depositors of the Company as at 5 April 2017 shall be regarded as a member entitled to attend, speak and vote, and appoint a proxy to attend, speak and vote on his/her behalf, at the Twelfth Annual General Meeting ("12th AGM").

2. 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/her stead. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. A proxy may but need not be a member of the Company.

3. Where a member appoints more than one (1) proxy to attend the meeting, the member shall specify the proportion of his/her shareholdings to be represented by each proxy.

4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of a duly authorised officer or attorney of the corporation.

5. 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 appointed for holding the meeting or adjourned meeting.

6. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms pursuant to the Personal Data Protection Act 2010 set out below:

   By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 12th AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company or its Share Registrar for the purpose of the processing and administration of proxies and representatives appointed for the 12th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 12th AGM (including any adjournment thereof), and in order for the Company or its Share Registrar to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company or its Share Registrar, the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company or its Share Registrar of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

# notice of annual general meeting continued

**Explanatory notes**

1. **To receive the audited financial statements together with the reports of the Directors and Auditors thereon for the financial period ended 31 December 2016**

   This agenda item is meant for discussion only as under the provision of Section 340(1) of the Companies Act, 2016, the audited financial statements do not require a formal approval of the members and hence, this item will not be put forward for voting.

2. **Ordinary Resolution on payment of Directors' remuneration (excluding Directors' fees) up to an amount of RM167,000 payable to the non-executive Directors from 1 January 2017 until the next Annual General Meeting of the Company**

   The current Directors' remuneration (excluding Directors' fees) payable to the non-executive Directors for both the Company and main subsidiary of the Company, Libra Invest Berhad ("LIB") includes meeting allowances, medical coverage and other benefits.

   The Executive Directors of the Company and LIB do not receive Directors' remuneration and Directors' fees.

   The estimated meeting allowances payable to the non-executive Directors from 1 January 2017 until the next Annual General Meeting are calculated based on the number of scheduled meetings for Board of Directors ("Board") and Board Committees of the Company and LIB and the number of non-executive Directors involved in these meetings.

   The Board will seek approval of the members at the next Annual General Meeting of the Company in the event the Directors' remuneration (excluding Director's fees) proposed is insufficient due to an increase in the number of the Board's and Board Committees' meetings and/or increase in the Board size and/or revision to the existing Directors' remuneration structure.

3. **Ordinary Resolution on re-election of Datuk Kamarudin bin Md Ali retiring pursuant to the Company's Articles of Association**

   In line with the Malaysian Code on Corporate Governance 2012, the Board Nomination Committee and the Board have conducted an assessment on the independence of Datuk Kamarudin bin Md Ali and are satisfied that Datuk Kamarudin bin Md Ali has met the criteria set in the assessment.

4. **Ordinary Resolution on authority to Directors to issue shares**

   The ordinary resolution, if passed, will give a renewed mandate to the Directors to issue shares in the Company from time to time provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares 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 18 May 2016 and which will lapse at the conclusion of the 12th AGM.

   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.

# statement accompanying notice of annual general meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

**1. Details of persons who are standing for election as Directors**

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

**2. Ordinary Resolution on authority to Directors to issue shares**

Further details of the authority to Directors to issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016 are stated in the explanatory notes of the Notice of Annual General Meeting as set out on page 34.

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# financial statements

# directors' report

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial period ended 31 December 2016.

## Principal activities

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 8 to the financial statements.

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

## Change in financial year end

During the financial period, the Group and the Company changed its financial year end from 31 January to 31 December. Accordingly, the current financial statements of the Group and the Company are for a period of 11 months from 1 February 2016 to 31 December 2016. Further details are disclosed in Note 32 to the financial statements.

## Results

| | **Group RM'000** | **Company RM'000** |
|---|---|---|
| Profit for the financial period attributable to owners of the Company | 6,026 | 5,128 |

## Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial period under review.

## Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend for the current financial period ended 31 December 2016.

## 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
Mr Lim Kian Onn
Datuk Kamarudin bin Md Ali
Dato' Othman bin Abdullah
En Mahadzir bin Azizan
Mr Gareth Lim Tze Xiang (appointed on 4 July 2016)
Mr Chin Jon Wei (Alternate Director to Mr Gareth Lim Tze Xiang) (appointed on 4 July 2016)
Mr Soo Kim Wai (resigned on 4 July 2016)

In accordance with Article 103 of the Articles of Association of the Company, Dato' Seri Kalimullah bin Masheerul Hassan and Datuk Kamarudin bin Md Ali will retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

In accordance with Article 110 of the Articles of Association of the Company, Mr Gareth Lim Tze Xiang will retire at the forthcoming Annual General Meeting and being eligible, offers himself for re-election.

## Directors' interests

The Directors holding office at the end of the financial period who had beneficial interests in the ordinary shares of the Company and/or its related corporations during the financial period ended 31 December 2016, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| | **As at 1.2.2016** | **Acquired** | **Sold** | **As at 31.12.2016** |
| **Direct interest in the Company** | | | | |
| Dato' Seri Kalimullah bin Masheerul Hassan | 21,856,640 | 17,500,000 | - | **39,356,640** |
| Mr Lim Kian Onn | 68,399,119 | 3,855,931 | (72,255,050) | **-** |
| Datuk Kamarudin bin Md Ali | 50,000 | - | - | **50,000** |
| **Indirect interest in the Company** | | | | |
| Mr Lim Kian Onn | 1,437,163 | 146,450,023 | (17,500,000) | **130,387,186** |

Mr Lim Kian Onn, by virtue of his interests in the Company and pursuant to Section 6A of the Companies Act, 1965, is deemed to have interests in the shares of all the subsidiaries of the Company to the extent that the Company has an interest.

None of the other Directors holding office at 31 December 2016 had any interest in the shares and options over shares of the Company and of its related corporations during the financial period.

## Directors' benefits

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full time employee of the Company or of its related corporations as disclosed in Note 22) 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 provision of services including but not limited to management services and tenancies, made by the Company and its related corporations with Mr Lim Kian Onn and corporations in which Mr Lim Kian Onn is deemed to have interests.

There were no arrangements during and at the end of the financial period 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.

## Issue of shares and debentures

There were no changes in the authorised, issued and paid-up capital of the Company during the financial period.

## Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial period.

## Other statutory information

**(I) As at the end of the financial period**

(a) Before the financial statements of the Group and of 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 there were no known bad debts and financing and that no provision for doubtful debts and financing was required; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial period had not been substantially affected by any item, transaction or event of a material and unusual nature.

## Other statutory information (continued)

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

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

(i) which would render it necessary to write off any bad debts and financing or to make any provision for doubtful debts and financing in the financial statements of the Group and of the Company;

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

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

(b) In the opinion of the Directors:

(i) the results of the operations of the Group and of the Company for the financial period ended 31 December 2016 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occured in the interval between the end of the financial period 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 period which will or may affect the ability of the Group and of 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 of the Company which had arisen since the end of the financial period to secure the liabilities of any other person.

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

(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.

## Subsequent event

Subsequent event of the Group and of the Company is as disclosed in Note 33 of the financial statements.

## 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

Kuala Lumpur, Malaysia
16 February 2017

# 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 47 to 113 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of their results and their cash flows for the financial period then ended.

In the opinion of the Directors, the information set out in Note 34 on page 113 to the financial statements has been prepared in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants.

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

Dato' Seri Kalimullah bin Masheerul Hassan

Lim Kian Onn

Kuala Lumpur, Malaysia
16 February 2017

# statutory declaration

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

I, Ng Cheong Seng, being the officer 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 47 to 113 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 Ng Cheong Seng at
Petaling Jaya in the State of Selangor Darul Ehsan
on 16 February 2017.

Ng Cheong Seng

Before me,

Ng Say Hung
Commissioner for Oaths

16 February 2017

# auditors' report

## Independent auditors' report to the members of ECM Libra Financial Group Berhad (Incorporated in Malaysia)

## Report on the audit of the financial statements

*Opinion*

We have audited the financial statements of ECM Libra Financial Group Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 47 to 113.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

*Basis for opinion*

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Independence and other ethical responsibilities*

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

*Key audit matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter mentioned below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements of the Group and of the Company. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

<u>Impairment of unquoted investments classified as securities available-for-sale</u>

The Group and the Company hold unquoted investments which are carried at cost and classified as securities available-for-sale as at 31 December 2016 which amounted to RM19.99 million (31 January 2016: RM12.79 million), as disclosed in Note 4 to the financial statements.

We consider the impairment assessment of the unquoted investments as a key audit matter due to the degree of complexity involved in valuing these instruments and the significance of the judgements and estimates made by management. The significant accounting policy relating to impairment of these unquoted investments are disclosed in Note 2(i)(vi)(b) to the financial statements. The nature of the significant judgment and estimates used by management is as disclosed in Note 2(t)(iii) to the financial statements.

## Report on the audit of the financial statements (continued)

*Key audit matters* (continued)

Impairment of unquoted investments classified as securities available-for-sale (continued)

Our audit procedures included the following:

- Making enquiries with management of the Company on the basis and assumptions used to determine the profit and cash flows forecasts and projections of the underlying assets,
- Compared the basis and assumptions used by management against historical evidence available for the underlying assets and publicly-available economic and market data, and
- Performed a downward sensitivity analysis on the growth rates (being the input that is most sensitive to the profit and cash flows forecasts and projections), and discount rate used by management.

*Information other than the financial statements and auditors' report thereon*

The Directors of the Company are responsible for the other information. The other information comprises the board audit & risk management committee report, corporate governance statement, chairman's statement, management discussion and analysis, the Director's report and the other information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Directors for the financial statements*

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

## Report on the audit of the financial statements (continued)

*Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## 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 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 financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

## Other reporting responsibilities

The supplementary information set out in Note 34 on page 113 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements.

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.

## Other matters

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

Yeo Beng Yean
No. 03013/10/2018(J)
Chartered Accountant

Kuala Lumpur, Malaysia
16 February 2017

# statements of financial position

as at 31 December 2016

| | Note | Group 31.12.2016 RM'000 | Group 31.1.2016 RM'000 | Company 31.12.2016 RM'000 | Company 31.1.2016 RM'000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and cash equivalents | 3 | **22,015** | 24,883 | **8,683** | 11,461 |
| Securities available-for-sale | 4 | **37,217** | 17,327 | **37,217** | 15,726 |
| Loans, advances and financing | 5 | **58,897** | 60,279 | **-** | - |
| Trade receivables | 6 | **2,142** | 6,222 | **-** | - |
| Other assets | 7 | **1,487** | 1,555 | **752** | 885 |
| Investment in subsidiaries | 8 | **-** | - | **13,184** | 16,937 |
| Investment in associated company | 9 | **-** | 7,200 | **-** | 7,200 |
| Amount owing by subsidiaries | 10 | **-** | - | **54,828** | 57,060 |
| Deferred tax assets | 11 | **92** | 295 | **-** | 132 |
| Property, plant and equipment | 12 | **23,403** | 24,304 | **24,908** | 25,673 |
| Investment property | 13 | **4,011** | 4,030 | **4,011** | 4,030 |
| **Total assets** | | **149,264** | 146,095 | **143,583** | 139,104 |
| **Liabilities and equity** | | | | | |
| **Liabilities** | | | | | |
| Trade payables | 14 | **2,134** | 334 | **-** | - |
| Other liabilities | 15 | **2,685** | 8,075 | **1,138** | 1,347 |
| Provision for taxation | | **89** | 351 | **-** | 297 |
| Deferred tax liabilities | 11 | **47** | - | **47** | - |
| **Total liabilities** | | **4,955** | 8,760 | **1,185** | 1,644 |
| **Equity attributable to owners of the Company** | | | | | |
| Share capital | 16 | **34,391** | 34,391 | **34,391** | 34,391 |
| Reserves | 17 | **109,918** | 102,944 | **108,007** | 103,069 |
| **Total equity** | | **144,309** | 137,335 | **142,398** | 137,460 |
| **Total liabilities and equity** | | **149,264** | 146,095 | **143,583** | 139,104 |

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

# statements of profit or loss and other comprehensive income

for the financial period ended 31 December 2016

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 1.2.2016 to 31.12.2016 | 1.2.2015 to 31.1.2016 | 1.2.2016 to 31.12.2016 | 1.2.2015 to 31.1.2016 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 2(m) | **22,223** | 36,661 | **3,731** | 6,456 |
| Interest income | 18 | **4,683** | 8,992 | **2,932** | 4,679 |
| Non-interest income | 19 | **17,540** | 27,669 | **799** | 1,777 |
| Other non-operating income/(loss) | 20 | **646** | (1,288) | **7,823** | 2,173 |
| Gross income | | **22,869** | 35,373 | **11,554** | 8,629 |
| Operating expenses | 21 | **(14,998)** | (18,115) | **(5,172)** | (6,208) |
| Operating profit | | **7,871** | 17,258 | **6,382** | 2,421 |
| Dividend income from a subsidiary | | **-** | - | **-** | 27,326 |
| Interim distribution income from subsidiaries | | **-** | - | **575** | 41,282 |
| Impairment losses on investment in subsidiaries | | **-** | - | **(1,341)** | (41,227) |
| Impairment losses on securities | | **(754)** | (4,165) | **-** | - |
| Profit before tax | | **7,117** | 13,093 | **5,616** | 29,802 |
| Income tax expense | 23 | **(1,091)** | (1,916) | **(488)** | (1,386) |
| Profit for the financial period/year | | **6,026** | 11,177 | **5,128** | 28,416 |

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

# statements of profit or loss and other comprehensive income continued

for the financial period ended 31 December 2016

| | Note | Group 1.2.2016 to 31.12.2016 RM'000 | Group 1.2.2015 to 31.1.2016 RM'000 | Company 1.2.2016 to 31.12.2016 RM'000 | Company 1.2.2015 to 31.1.2016 RM'000 |
|---|---|---|---|---|---|
| Profit for the financial period/year | | **6,026** | 11,177 | **5,128** | 28,416 |
| Other comprehensive income/(loss) | | | | | |
| Items that may be subsequently reclassified to profit or loss: | | | | | |
| Net loss on securities available-for-sale | | **(127)** | (62,437) | **(123)** | (476) |
| Available-for-sale revaluation reserve losses reclassified to profit or loss upon impairment on securities | | **-** | 3,810 | **-** | - |
| Foreign currency translation differences | | **-** | (87) | **-** | - |
| Foreign currency translation reserve losses reclassified to profit or loss upon liquidation/struck off of subsidiaries | | **1,141** | 3,762 | **-** | - |
| Income tax relating to components of other comprehensive income/(loss) | 11 | **(66)** | 114 | **(67)** | 114 |
| Other comprehensive income/(loss) for the financial period/year, net of tax | | **948** | (54,838) | **(190)** | (362) |
| Total comprehensive income/(loss) for the financial period/year | | **6,974** | (43,661) | **4,938** | 28,054 |
| Profit attributable to owners of the Company | | **6,026** | 11,177 | **5,128** | 28,416 |
| Total comprehensive income/(loss) attributable to owners of the Company | | **6,974** | (43,661) | **4,938** | 28,054 |
| Earnings per share ("EPS") attributable to owners of the Company: | | | | | |
| Basic earnings per share (sen) | 24 | **2.10** | 4.06 | | |
| Diluted earnings per share (sen) | 24 | **2.10** | 3.90 | | |

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

# statements of changes in equity

for the financial period ended 31 December 2016

| Group | Share capital | Treasury shares | Capital redemption reserve | Foreign currency translation reserve (deficit)/ surplus | Available-for-sale revaluation reserve deficit | Equity compensation reserve | General reserve | Retained profits | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | ← Non-distributable | | | | | | → | Distributable | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| As at 1 February 2016 | **34,391** | **-** | **3,555** | **(1,141)** | **(397)** | **-** | **2,788** | **98,139** | **137,335** |
| Profit for the financial period | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **6,026** | **6,026** |
| Other comprehensive loss | **-** | **-** | **-** | **-** | **(193)** | **-** | **-** | **-** | **(193)** |
| Reclassification to profit or loss upon liquidation/ struck off of subsidiaries | **-** | **-** | **-** | **1,141** | **-** | **-** | **-** | **-** | **1,141** |
| Total comprehensive income/ (loss) | **-** | **-** | **-** | **1,141** | **(193)** | **-** | **-** | **6,026** | **6,974** |
| As at 31 December 2016 | **34,391** | **-** | **3,555** | **-** | **(590)** | **-** | **2,788** | **104,165** | **144,309** |

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

# statements of changes in equity continued

for the financial period ended 31 December 2016

| Group | Share capital | Treasury shares | Capital redemption reserve | Foreign currency translation reserve (deficit)/ surplus | Available-for-sale revaluation reserve surplus/ (deficit) | Equity compensation reserve | General reserve | Retained profits | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | ← Non-distributable | | | | | → | | Distributable | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| As at 1 February 2015 | 268,222 | - | 2,083 | (4,816) | 58,116 | 2,789 | 159 | 121,894 | 448,447 |
| Profit for the financial year | - | - | - | - | - | - | - | 11,177 | 11,177 |
| Other comprehensive loss | - | - | - | (87) | (62,323) | - | - | - | (62,410) |
| Reclassification to profit or loss upon impairment on securities | - | - | - | - | 3,810 | - | - | - | 3,810 |
| Reclassification to profit or loss upon liquidation of a subsidiary | - | - | - | 3,762 | - | - | - | - | 3,762 |
| Reclassification to retained profits upon liquidation of a subsidiary | - | - | - | - | - | - | (159) | 159 | - |
| Total comprehensive income/(loss) | - | - | - | 3,675 | (58,513) | - | (159) | 11,336 | (43,661) |
| Transactions with owners: | | | | | | | | | |
| Issuance of shares pursuant to ESOS | 19,842 | - | - | - | - | (2,788) | 2,788 | - | 19,842 |
| ESOS expired during the financial year | - | - | - | - | - | (1) | - | 1 | - |
| Shares buy-back | - | (1,593) | - | - | - | - | - | - | (1,593) |
| Cancellation of treasury shares | (1,472) | 1,593 | 1,472 | - | - | - | - | (1,593) | - |
| Capital reduction | (252,201) | - | - | - | - | - | - | - | (252,201) |
| Dividend paid | - | - | - | - | - | - | - | (33,499) | (33,499) |
| | (233,831) | - | 1,472 | - | - | (2,789) | 2,788 | (35,091) | (267,451) |
| As at 31 January 2016 | 34,391 | - | 3,555 | (1,141) | (397) | - | 2,788 | 98,139 | 137,335 |

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

# statements of changes in equity continued

for the financial period ended 31 December 2016

| Company | Share capital | Treasury shares | Capital redemption reserve | Available-for-sale revaluation reserve deficit | Equity compensation reserve | General reserve | Retained profits | Total equity |
|---|---|---|---|---|---|---|---|---|
| | ← Non-distributable | | | | | → | Distributable | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| As at 1 February 2016 | **34,391** | **-** | **3,555** | **(215)** | **-** | **2,746** | **96,983** | **137,460** |
| Profit for the financial period | **-** | **-** | **-** | **-** | **-** | **-** | **5,128** | **5,128** |
| Other comprehensive loss | **-** | **-** | **-** | **(190)** | **-** | **-** | **-** | **(190)** |
| Total comprehensive (loss)/income | **-** | **-** | **-** | **(190)** | **-** | **-** | **5,128** | **4,938** |
| As at 31 December 2016 | **34,391** | **-** | **3,555** | **(405)** | **-** | **2,746** | **102,111** | **142,398** |

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

# statements of changes in equity continued

for the financial period ended 31 December 2016

| Company | Share capital RM'000 | Treasury shares RM'000 | Capital redemption reserve RM'000 | Available-for-sale revaluation reserve surplus/ (deficit) RM'000 | Equity compensation reserve RM'000 | General reserve RM'000 | Retained profits RM'000 | Total equity RM'000 |
|---|---|---|---|---|---|---|---|---|
| | | ← Non-distributable | | | | → | Distributable | |
| As at 1 February 2015 | 268,222 | - | 2,083 | 147 | 2,789 | - | 103,659 | 376,900 |
| Profit for the financial year | - | - | - | - | - | - | 28,416 | 28,416 |
| Other comprehensive loss | - | - | - | (362) | - | - | - | (362) |
| Total comprehensive (loss)/income | - | - | - | (362) | - | - | 28,416 | 28,054 |
| Transactions with owners: | | | | | | | | |
| Issuance of shares pursuant to ESOS | 19,842 | - | - | - | (2,746) | 2,746 | - | 19,842 |
| Reversal of equity compensation reserve upon exercise/expiry of ESOS granted to employees of a subsidiary (Note 8) | - | - | - | - | (43) | - | - | (43) |
| Shares buy-back | - | (1,593) | - | - | - | - | - | (1,593) |
| Cancellation of treasury shares | (1,472) | 1,593 | 1,472 | - | - | - | (1,593) | - |
| Capital reduction | (252,201) | - | - | - | - | - | - | (252,201) |
| Dividend paid | - | - | - | - | - | - | (33,499) | (33,499) |
| | (233,831) | - | 1,472 | - | (2,789) | 2,746 | (35,092) | (267,494) |
| As at 31 January 2016 | 34,391 | - | 3,555 | (215) | - | 2,746 | 96,983 | 137,460 |

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

# statements of cash flows

for the financial period ended 31 December 2016

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 1.2.2016 to 31.12.2016 | 1.2.2015 to 31.1.2016 | 1.2.2016 to 31.12.2016 | 1.2.2015 to 31.1.2016 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| **Cash flows from operating activities** | | | | | |
| Profit before tax | | **7,117** | 13,093 | **5,616** | 29,802 |
| Adjustments for: | | | | | |
| Depreciation of property, plant and equipment | 21 | **1,194** | 1,501 | **855** | 924 |
| Depreciation of investment property | 21 | **19** | 2 | **19** | 2 |
| Loss/(gain) on disposal of property, plant and equipment | 20 | **7** | (169) | **-** | (169) |
| Property, plant and equipment written-off | 21 | **51** | - | **-** | - |
| Net gain on disposal of securities available-for-sale | 19 | **(5,521)** | (14,490) | **-** | (491) |
| Impairment losses on securities | | **754** | 4,165 | **-** | - |
| Income distribution from unit trust funds | 19 | **(254)** | (828) | **(244)** | (822) |
| Foreign currency translation reserve losses reclassified to profit or loss upon liquidation/struck off of subsidiaries | 20 | **1,141** | 3,762 | **-** | - |
| Gain on foreign currency translation | 20 | **(239)** | (681) | **(251)** | - |
| Dividend income | | **(35)** | (63) | **(35)** | (27,326) |
| Interim distribution income from subsidiaries | | **-** | - | **(575)** | (41,282) |
| Gain on liquidation of subsidiaries | 20 | **(153)** | (182) | **(5,798)** | (185) |
| Impairment losses on investment in subsidiaries | | **-** | - | **1,341** | 41,227 |
| Interest income | 18 | **(4,683)** | (8,992) | **(2,932)** | (4,679) |
| Operating loss before working capital changes | | **(602)** | (2,882) | **(2,004)** | (2,999) |
| Decrease/(increase) in operating assets: | | | | | |
| Loans, advances and financing | | **1,500** | 12,000 | **-** | - |
| Trade receivables | | **4,080** | (4,413) | **-** | - |
| Other assets | | **22** | 957 | **69** | (115) |
| Amount owing by subsidiaries | | **-** | - | **2,542** | (7,233) |
| Balance carried forward | | **5,000** | 5,662 | **607** | (10,347) |

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

# statements of cash flows continued

for the financial period ended 31 December 2016

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | **1.2.2016 to 31.12.2016** | **1.2.2015 to 31.1.2016** | **1.2.2016 to 31.12.2016** | **1.2.2015 to 31.1.2016** |
| | | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **Cash flows from operating activities (continued)** | | | | | |
| Balance brought forward | | **5,000** | 5,662 | **607** | (10,347) |
| Increase/(decrease) in operating liabilities: | | | | | |
| Trade payables | | **1,800** | (721) | **-** | - |
| Other liabilities | | **(5,390)** | 4,205 | **(209)** | (389) |
| Cash generated from/(used in) operations | | **1,410** | 9,146 | **398** | (10,736) |
| Tax refunded | | **91** | 107 | **78** | - |
| Tax paid | | **(1,266)** | (1,786) | **(736)** | (1,126) |
| Interest income received from loans, advances and financing | | **4,080** | 5,099 | **-** | - |
| Net cash generated from/(used in) operating activities | | **4,315** | 12,566 | **(260)** | (11,862) |
| **Cash flows from investing activities** | | | | | |
| Dividend received | | **35** | 63 | **35** | 27,326 |
| Purchase of investment property | 13 | **-** | (4,032) | **-** | (4,032) |
| Purchase of property, plant and equipment | 12 | **(355)** | (2,235) | **(90)** | (1,191) |
| Proceeds from disposal of property, plant and equipment | | **4** | 355 | **-** | 355 |
| Proceeds from liquidation of subsidiaries | | **153** | 182 | **8,210** | 185 |
| Interim distribution income from subsidiaries | | **-** | - | **575** | 41,282 |
| Redemption of units in Libra Strategic Opportunity Fund | | **-** | - | **-** | 164,793 |
| Net (purchase)/disposal of securities available-for-sale | | **(7,796)** | 128,629 | **(14,170)** | (6,484) |
| Interest income received from deposits with financial institutions | | **537** | 3,679 | **210** | 914 |
| Interest income received from amount owing by a subsidiary | | **-** | - | **2,461** | 3,808 |
| Net cash (used in)/generated from investing activities | | **(7,422)** | 126,641 | **(2,769)** | 226,956 |

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

# statements of cash flows continued

for the financial period ended 31 December 2016

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 1.2.2016 to 31.12.2016 | 1.2.2015 to 31.1.2016 | 1.2.2016 to 31.12.2016 | 1.2.2015 to 31.1.2016 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| **Cash flows from financing activities** | | | | | |
| Capital reduction | | - | (252,201) | - | (252,201) |
| Dividend paid | | - | (33,499) | - | (33,499) |
| Purchase of treasury shares | | - | (1,593) | - | (1,593) |
| Proceeds from issuance of shares | | - | 19,842 | - | 19,842 |
| Net cash used in financing activities | | - | (267,451) | - | (267,451) |
| **Net decrease in cash and cash equivalents** | | **(3,107)** | (128,244) | **(3,029)** | (52,357) |
| **Effects of foreign exchange differences** | | **239** | 594 | **251** | - |
| **Cash and cash equivalents at beginning of the financial period/year** | | **24,883** | 152,533 | **11,461** | 63,818 |
| **Cash and cash equivalents at end of the financial period/year** | 3 | **22,015** | 24,883 | **8,683** | 11,461 |

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 and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The principal place of business of the Company is located at Ground Floor, East 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 subsidiaries are set out in Note 8. There have been no significant changes in the nature of these activities during the financial period.

The financial statements of the Company and its subsidiaries (collectively, "the Group") were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 16 February 2017.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements have been prepared on a historical cost basis, except for quoted securities available-for-sale that have been measured at fair value.

### (b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 February 2016, the Group and the Company adopted the following MFRS, Amendments to MFRS and Annual Improvements to MFRS effective for annual periods beginning on or after 1 January 2016:

Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*
Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*
MFRS 14 *Regulatory Deferral Account*
Amendments to MFRS 101 *Disclosure Initiative*
Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*
Amendments to MFRS 127 *Equity Method in Separate Financial Statements*
Annual Improvements to MFRS 2012 - 2014 Cycle

Adoption of the above standards and amendments, where relevant, did not have any effect on the financial performance or position of the Group and the Company.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The following are accounting standards, amendments and interpretations issued by the Malaysian Accounting Standards Board ("MASB"), but not yet effective, up to the date of issuance of the Group's and the Company's financial statements. The Group and the Company intend to adopt these standards, amendments and interpretations, if applicable, when they become effective:

| **Description** | **Effective for annual periods beginning on or after** |
|---|---|
| Amendments to MFRS 12 *Disclosure of Interests in Other Entities* | 1 January 2017 |
| Amendments to MFRS 107 *Disclosure Initiative* | 1 January 2017 |
| Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses* | 1 January 2017 |
| Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* | 1 January 2018 |
| Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions* | 1 January 2018 |
| Amendments to MFRS 4 *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts* | 1 January 2018 |
| Amendments to MFRS 128 *Investments in Associates and Joint Ventures* | 1 January 2018 |
| Amendments to MFRS 140 *Transfers of Investment Property* | 1 January 2018 |
| Clarifications to MFRS 15 *Revenue from Contracts with Customers* | 1 January 2018 |
| IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration* | 1 January 2018 |
| MFRS 9 *Financial Instruments* | 1 January 2018 |
| MFRS 15 *Revenue from Contracts with Customers* | 1 January 2018 |
| MFRS 16 *Leases* | 1 January 2019 |
| Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* | Deferred to a date to be announced by MASB |

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial year. These pronouncements are not expected to have any significant impact to the financial statements of the Group and the Company upon their initial application, other than MFRS 9 and MFRS 15.

**MFRS 9 *Financial Instruments* ("MFRS 9")**

The International Accounting Standards Board ("IASB") issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but restatement of comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

**MFRS 9 *Financial Instruments* ("MFRS 9") (continued)**

MFRS 9 is issued by the MASB in respect of its application in Malaysia. It is equivalent to IFRS 9 as issued by IASB, including the effective and issuance dates. The areas with expected significant impact from application of MFRS 9 are summarised below:

**(i) Classification and measurement**

The classification and measurement of financial assets are determined on the basis of the contractual cash flow characteristics and the objective of the business model associated with holding the asset. Key changes include:

- The held-to-maturity ("HTM") and available-for-sale ("AFS") asset categories will be removed;

- A new asset category measured at fair value through other comprehensive income ("FVOCI") is introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a model whose objective is achieved by both collecting contractual cash flows and selling financial assets;

- A new asset category for non-traded equity investments measured at FVOCI is introduced; and

- Classification of financial liabilities will remain largely unchanged, other than the fair value gains and losses attributable to changes in 'own credit risk' for financial liabilities designated and measured at fair value through profit or loss to be presented in other comprehensive income.

The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's and the Company's financial assets, and may have no impact on the classification and measurement of the Group's and the Company's financial liabilities.

**(ii) Impairment**

The MFRS 9 impairment requirements are based on an expected credit loss model ("ECL") that replaces the incurred loss model under the current accounting standard. The Group and the Company will be generally required to recognise either a 12-month or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. The ECL model will apply to financial assets measured at amortised cost or at FVOCI, irrevocable loan commitments and financial guarantee contracts, which will include loans, advances and financing and debt instruments held by the Group and the Company. MFRS 9 will change the Group's and the Company's current methodology for calculating allowances for impairment, in particular for individual and collective assessment and provisioning.

**(iii) Hedge accounting**

The requirements for general hedge accounting have been simplified for hedge effectiveness testing and may result in more designations of hedged items for accounting purposes.

The Group and the Company are in the process of assessing the financial implications of adopting the new standard.

**MFRS 15 *Revenue from Contracts with Customers* ("MFRS 15")**

MFRS 15 replaces all existing revenue requirements (MFRS 111 *Construction Contracts*, MFRS 118 *Revenue*, IC 13 *Customer Loyalty Programmes*, IC 15 *Agreements for the Construction of Real Estate*, IC 18 *Transfers of Assets from Customers* and IC 131 *Revenue - Barter Transactions Involving Advertising Services)* in MFRS and applies to all revenue arising from contracts with customers. It also provides a model for the recognition and measurement of sales of some non-financial assets including disposals of property, equipment and intangible assets.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

**MFRS 15 *Revenue from Contracts with Customers* ("MFRS 15") (continued)**

The standard outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group and the Company are in the process of assessing the financial implications of adopting the new standard.

### (d) Subsidiaries and basis of consolidation

#### (i) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2016. The financial statements of the Company's subsidiaries are prepared for the same reporting date as the Company, using consistent accounting policies for transactions and events in similar circumstances.

Subsidiaries are consolidated from the date of acquisition or the date of incorporation, being the date on which the Company obtains control and continue to be consolidated until the date that such control effectively ceases. The Group controls an investee if and only if, the Group has three elements of control as below:

(A) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(B) Exposure, or rights, to variable returns from its investment with the investee; and

(C) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

(A) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(B) Potential voting rights held by the Company, other vote holders or other parties;

(C) Rights arising from other contractual arrangements; and/or

(D) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

All intra-group balances, income and expenses and any unrealised gains and losses arising from intra-group transactions are eliminated in full on consolidation.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in a loss of control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (d) Subsidiaries and basis of consolidation (continued)

#### (i) Basis of consolidation (continued)

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

#### (ii) Investment in subsidiaries

Subsidiaries are entities controlled by the Company, as defined in Note 2(d)(i).

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

#### (iii) Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed as incurred and included in administrative and general expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* ("MFRS 139"), is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (e) Investment in associated company

An associated company is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

On acquisition of an investment in associated company, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated company's profit or loss for the financial period in which the investment is acquired.

The Group's investment in associated company is accounted for using the equity method.

Under the equity method, the investment in an associated company is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of the net assets of the associated company since the acquisition date. When the Group's share of losses in an associated company equal or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associated company.

Profits and losses resulting from upstream and downstream transactions between the Group and its associated company are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associated company. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associated company are prepared for the same reporting date as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss with respect to its net investment in the associated company. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over the associated company, any retained interest in the former associated company at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the Group's interest in the associated company decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

In the Company's separate financial statements, investment in associated company is accounted for at cost less any impairment losses. On disposal of such investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (f) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciate them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. The carrying amount of the replaced component is derecognised to profit or loss. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Work-in-progress comprises the development of software which is not depreciated until the development is completed and is available for use.

Depreciation of other property, plant and equipment is calculated on a straight-line basis on the cost less residual value over the estimated useful lives, at the following annual rates:

| | |
|---|---|
| Building and office renovation | 2% - 10% |
| Furniture and fittings and office equipment | 10% - 20% |
| Computers | 10% - 33 1/3% |
| Motor vehicles | 20% |

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The residual values, useful lives and depreciation methods are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss when the asset is derecognised.

### (g) Investment property

Investment property is property which is owned or held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold land is not depreciated. Freehold building is depreciated on a straight-line basis over the estimated useful lives, at the annual rate of 2%. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

The residual values, useful lives and depreciation methods are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Investment property is derecognised either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds, if any, and the net carrying amount of the asset is recognised in profit or loss in the financial period of derecognition.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (h) Impairment of non-financial assets, investments in subsidiaries and associated company

The Group and the Company assess, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purpose of impairment testing, 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. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in profit or loss. 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 unit or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An 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. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior financial years. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent financial period.

### (i) Financial instruments

#### (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.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables and available-for-sale financial assets. The Group and the Company do not have any financial assets at fair value through profit or loss or held-to-maturity investments.

##### (a) Loans and receivables

Non-derivative 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 profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (i) Financial instruments (continued)

#### (i) Financial assets (continued)

**(b) Available-for-sale ("AFS") financial assets**

AFS financial assets are non-derivative financial assets that are designated as available-for-sale and are those that are not classified as held-for-trading ("HFT"), loans and receivables or designated at fair value through profit or loss.

After initial recognition, AFS financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income as AFS revaluation reserve, except for impairment losses, foreign exchange gains and losses arising from monetary items and interest income calculated using the effective interest method are recognised in profit or loss. On derecognition, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Dividends on AFS financial assets are recognised in profit or loss when the Group and the Company have the right to receive payment.

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

A financial asset or part of it is derecognised when, and only when the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A regular way purchase or sale is purchase or sale of a financial asset that require delivery of the asset within the period established generally by regulation or convention in the marketplace concerned. All regular way purchases or 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.

#### (ii) Reclassification of financial assets

The Group and the Company may choose to reclassify financial assets that would meet the definition of loans and receivables out of the AFS 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. For a financial asset reclassified out of the AFS category, any previous gain or loss on that asset that has been recognised in other comprehensive income is amortised to profit or loss over the remaining life of the asset using the effective interest method. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the effective interest method. If the asset is subsequently determined to be impaired, then the amount recorded in other comprehensive income is recycled to profit or loss.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (i) Financial instruments (continued)

#### (iii) Determination of fair value

All financial instruments are recognised initially at fair value. At initial recognition, the fair value of a financial instrument is the transaction price, i.e. the fair value of the consideration given or received. Subsequent to initial recognition, the fair value of the financial instrument measured at fair value is measured in accordance with the valuation methodologies as set out in Note 30.

Investment in unquoted equity instruments whose fair value cannot be reliably measured is measured at cost, and assessed for impairment at the end of each reporting date.

MFRS 7 *Financial Instruments: Disclosures* requires the classification of financial instruments held at fair value according to a hierarchy that reflects the significance of inputs used in making the measurements, in particular, whether the inputs used are observable or unobservable. The following hierarchy is used for determining and disclosing the fair value of the financial instruments:

*Level 1: Quoted (unadjusted) market price in active markets for identical assets and liabilities*

Refers to instruments which are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, and those prices which represent actual and regularly occurring market transactions in an arm's length basis. Such financial instruments include actively traded government securities, listed derivatives and cash products traded on exchange.

*Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable*

Refers to inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices). Examples of Level 2 financial instruments include over-the-counter ("OTC") derivatives, corporate and other government bonds, illiquid equities and consumer loans and financing with homogeneous or similar features in the market.

*Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable*

Refers to instruments where fair value is measured using significant unobservable market data. The valuation technique is consistent with the Level 2. The chosen valuation technique incorporates the Group's and the Company's own assumptions and data. Examples of Level 3 instruments include corporate bonds in illiquid markets, private equity investments and loans and financing priced primarily based on internal credit assessment.

For financial instruments measured at fair value, where available, quoted and observable market prices in an active market or dealer price quotations are used to measure fair value. These include listed equity securities and broker quotes from Bloomberg and Reuters.

Where such quoted and observable market prices are not available, fair values are determined using appropriate valuation techniques, which include the use of mathematical models, such as discounted cash flow models and option pricing models, comparison to similar instruments for which market observable prices exist and other valuation techniques. Valuation techniques used incorporate assumptions regarding discount rates, interest rate yield curves, estimates of future cash flows and other factors.

Changes in these assumptions could materially affect the fair values derived. The Group and the Company generally use widely recognised valuation techniques with market observable inputs for the determination of fair value due to the low complexity of the financial instruments held.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (i) Financial instruments (continued)

#### (iv) 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 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 instruments. All financial liabilities are measured initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost, except in the case of financial liabilities designated at fair value through profit or loss.

The Group and the Company do not have any non-derivative financial liabilities designated at fair value through profit or loss. The Group's and the Company's financial liabilities include trade payables and other liabilities.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. 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. The difference between the carrying amount of the original financial liability and the consideration paid is recognised in profit or loss.

#### (v) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position if there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### (vi) 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. Losses expected as a result of future events, no matter how likely, are not recognised.

##### (a) 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 judgment of the management, there is no prospect of recovery.

Individual impairment assessment 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 impairment assessment 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 impairment assessment 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 impairment assessment 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 allowance based on review of all outstanding amounts as at the reporting date.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (i) Financial instruments (continued)

#### (vi) Impairment of financial assets (continued)

##### (b) AFS 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 AFS financial assets are impaired.

If an AFS 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 other comprehensive income to profit or loss.

Impairment losses on AFS equity investments are not reversed through profit or loss in the subsequent financial periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income.

For AFS debt investments, impairment losses are subsequently reversed through profit or loss 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 profit or loss, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed.

### (j) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks, cash on hand and deposit placements with a maturity of less than two months held for the purpose of meeting short-term commitments, and are readily convertible to known amount of cash, which are subject to an insignificant risk of changes in value, and excluding monies held in trust for clients.

### (k) Provisions

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when 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 in profit or loss.

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 benefits will be required to settle the obligation, the provision is reversed.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (l) Employee benefits

#### (i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial period 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) Defined contribution plans

The Group and the Company participate in the national pension schemes as defined by the laws of the countries in which it has operations. The companies in the Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the financial period in which the related service is performed.

When employees of the Group receive remuneration in the form of share options of the Company as consideration for services rendered, the cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the equity compensation reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a financial period represents the movement in cumulative expense recognised at the beginning and end of that financial period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The equity compensation reserve is transferred to retained profits upon expiry of the share options. When the options are exercised, the equity compensation reserve is transferred to general reserve.

### (m) Revenue recognition

Revenue of the Group and of the Company comprise interest income, gains or losses on disposal of investments, unit trust and fund management fees, arrangement and placement fees and dividend income.

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

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

(iii) Arrangement and placement fees are recognised as and when services are performed.

(iv) Other income earned by the Group are recognised on the following bases:

| | |
|---|---|
| Dividend income | - when the right to receive payment is established. |
| Interest income | - on an accrual basis using the effective interest method unless collectability is in doubt, in which case they are recognised on receipt basis. |

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (n) 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 functional currency of the Company and its subsidiaries. All values are rounded to the nearest thousand (RM'000), unless otherwise stated.

#### (ii) Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the Company and its subsidiaries and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under the foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the financial period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, and are presented in the foreign currency translation reserve 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 presented are translated at the closing rate prevailing at the reporting date;

- Income and expenses are translated at average exchange rates for the financial year, which approximates the exchange rates at the dates of the transactions; and

- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (o) 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 and any adjustment to tax payable in respect of the previous financial years. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

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

#### (ii) Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or a 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.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any 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.

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 re-assessed 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 recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the financial 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 profit or loss is recognised outside profit or loss. 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.

### (p) 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 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 financial period in which they are declared.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (q) 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 comprises the amount of the consideration paid and directly 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 share dividends, the cost of the treasury shares is accounted for as a reduction of the share premium and/or distributable reserves in accordance with Section 67A(3D) 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(3E) 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.

### (r) 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 28, including the factors used to identify the reportable segments and the measurement basis of segment information.

### (s) Contingencies

#### (i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurence or non-occurence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

#### (ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

### (t) Significant accounting judgments and estimates

The preparation of the Group's and the Company's financial statements requires management to make judgments, 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial period in which the estimates are revised and in any future financial periods affected.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (t) Significant accounting judgments and estimates (continued)

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

#### (i) Classification of investments

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

- Securities HFT, to be stated at fair value with gain or loss recognised in profit or loss.

- Securities AFS, to be stated at fair value or cost (where fair value cannot be determined with reasonable certainty) less any impairment loss. Fair value gains or losses are recognised in other comprehensive income and impairment losses are recognised in profit or loss. The amount of impairment loss on investments is disclosed in Note 4.

- Securities HTM, to be stated at amortised cost, less any impairment losses. Amortisation and impairment losses are recognised in profit or loss.

#### (ii) 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 entities within the Group against which the losses and capital allowances can be utilised. Significant management judgment, 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.

#### (iii) Impairment loss on receivables and investments

At the end of the financial period, the Group assessed whether there were any indication that investments may be impaired. Upon indication of impairment, the Group has estimated the recoverable amount of the investments and provided an allowance for impairment loss.

The recoverable amount calculation for unquoted investments is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Based on the Group's assessment, no allowance for impairment loss on receivables was necessary based on the Group's historical loss data.

#### (iv) Determination of the cost of land and building

The separation of costs of land and building of the Group and the Company were determined by management based on historical valuation reports prepared by independent valuers as well as indicative values of properties in the vicinity.

#### (v) Reclassification of investment in associated company and advances to an associated company

During the financial period, through its relationship with a corporate shareholder, the Company has assessed that it no longer has significant influence over its associated company, Positive Carry Limited, as Positive Carry Limited now comes under the direct control and influence of the corporate shareholder. As such, the cost of investment in associated company and advances to an associated company have been reclassified to securities available-for-sale.

## 3. CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 31.12.2016 | 31.1.2016 | 31.12.2016 | 31.1.2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash and balances with banks and other financial institutions | **4,327** | 3,665 | **595** | 725 |
| Money at call and deposit placements maturing within two months | **17,688** | 21,218 | **8,088** | 10,736 |
| | **22,015** | 24,883 | **8,683** | 11,461 |

Money at call and deposit placements maturing within two months represent fixed deposits placed with licensed financial institutions. The weighted average effective interest rate and weighted average maturity period of the fixed deposits are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 31.12.2016 | 31.1.2016 | 31.12.2016 | 31.1.2016 |
| Weighted average effective interest rate (%) | **2.50%** | 3.81% | **0.79%** | 3.82% |
| Weighted average maturity period (days) | **14** | 13 | **6** | 2 |

## 4. SECURITIES AVAILABLE-FOR-SALE

| | Group | | Company | |
|---|---|---|---|---|
| | 31.12.2016 | 31.1.2016 | 31.12.2016 | 31.1.2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **At fair value** | | | | |
| Quoted shares in Malaysia | **3,112** | 2,938 | **3,112** | 2,938 |
| Quoted shares outside Malaysia | **754** | 5,183 | **-** | - |
| Less: Impairment losses on securities | **(754)** | (4,165) | **-** | - |
| | **-** | 1,018 | **-** | - |
| Unit trust fund units | **14,117** | 583 | **14,117** | - |
| | **17,229** | 4,539 | **17,229** | 2,938 |
| **At cost** | | | | |
| Unquoted shares in Malaysia | **12,788** | 12,788 | **12,788** | 12,788 |
| Unquoted investments outside Malaysia | **7,200** | - | **7,200** | - |
| | **19,988** | 12,788 | **19,988** | 12,788 |
| **Total securities available-for-sale** | **37,217** | 17,327 | **37,217** | 15,726 |

## 5. LOANS, ADVANCES AND FINANCING

| | Group | |
|---|---|---|
| | **31.12.2016** | **31.1.2016** |
| | **RM'000** | **RM'000** |
| Term loans, representing gross loans, advances and financing | **58,897** | 60,279 |
| **Analysis of gross loans, advances and financing** | | |
| **(i) By economic purpose** | | |
| Investments | **18,881** | 20,231 |
| Others | **40,016** | 40,048 |
| Gross loans, advances and financing | **58,897** | 60,279 |
| **(ii) By interest rate sensitivity** | | |
| Fixed rate | **58,897** | 60,279 |
| **(iii) By type of customer** | | |
| Domestic business enterprise | **18,881** | 20,231 |
| Individual | **40,016** | 40,048 |
| Gross loans, advances and financing | **58,897** | 60,279 |
| **(iv) By residual contractual maturity** | | |
| Within one year | **58,897** | 60,279 |

## 6. TRADE RECEIVABLES

| | Group | |
|---|---|---|
| | **31.12.2016** | **31.1.2016** |
| | **RM'000** | **RM'000** |
| Cancellation of units of funds | **883** | 5,038 |
| Management fee receivables | **1,259** | 1,184 |
| | **2,142** | 6,222 |

Trade receivables have 30 days credit period and are neither past due nor impaired as at the end of the reporting period.

## 7. OTHER ASSETS

| | Group | | Company | |
|---|---|---|---|---|
| | **31.12.2016** | **31.1.2016** | **31.12.2016** | **31.1.2016** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Interest receivable | **7** | 59 | **3** | 52 |
| Deposits | **327** | 340 | **91** | 85 |
| Tax recoverable | **551** | 545 | **343** | 358 |
| Other receivables | **257** | 258 | **208** | 209 |
| Prepayments | **345** | 353 | **107** | 181 |
| | **1,487** | 1,555 | **752** | 885 |

## 8. INVESTMENT IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | **31.12.2016** | **31.1.2016** |
| | **RM'000** | **RM'000** |
| Unquoted shares in subsidiaries, at cost | **16,937** | 222,957 |
| Less: | | |
| Subsidiaries dissolved during the financial period/year | **(2,412)** | - |
| Redemption of units in Libra Strategic Opportunity Fund | **-** | (164,793) |
| | **(2,412)** | (164,793) |
| Less: Impaired during the financial period/year | **(1,341)** | (41,227) |
| Add/(less): Cost of share options movements in Libra Invest Berhad: | | |
| Balance at beginning of the financial period/year | **-** | 43 |
| Expired/lapsed during the financial period/year | **-** | (1) |
| Exercise of ESOS during the financial period/year | **-** | (42) |
| Balance at end of the financial period/year | **-** | - |
| | **13,184** | 16,937 |

## 8. INVESTMENT IN SUBSIDIARIES (continued)

The subsidiaries are incorporated in Malaysia, unless otherwise stated:

| Name of Company | Effective Percentage of Ownership 31.12.2016 % | 31.1.2016 % | Principal Activities |
|---|---|---|---|
| Libra Invest Berhad and its subsidiary: | **100** | 100 | Provision of unit trust and asset management services |
| - Avenue Asset Management Services (Labuan) Ltd. | - | 100 | Struck off during the financial period |
| ECM Libra Holdings Limited and its subsidiary: | - | 100 | Liquidation completed during the financial period<br>Company dissolution date: 23 March 2017 |
| - ECM Libra Investments Limited (Incorporated in British Virgin Islands) | - | 100 | Dissolved during the financial period |
| ECM Libra Partners Sdn. Bhd. | **100** | 100 | Provision of credit services |
| ECM Libra Capital Sdn. Bhd. | **100** | 100 | In Member's Voluntary Liquidation |
| ECM Libra Capital Markets Sdn. Bhd. | **100** | 100 | In Member's Voluntary Liquidation |
| ECM Libra Securities Sdn. Bhd. | - | 100 | Dissolved during the financial period |
| **Name of Fund** | | | |
| Libra Strategic Opportunity Fund | **100** | 100 | Investment activities |

## 9. INVESTMENT IN ASSOCIATED COMPANY

| | Group and Company 31.12.2016 RM'000 | 31.1.2016 RM'000 |
|---|---|---|
| Unquoted shares outside Malaysia | - | -* |
| Advances | - | 7,200 |
| | - | 7,200 |

* Denotes RM9.00.

The advances to an associated company are unsecured and interest free.

## 9. INVESTMENT IN ASSOCIATED COMPANY (continued)

Details of the associated company are as follows:

| Name of Company | Principal activity | Effective Percentage of Ownership 31.12.2016 | 31.1.2016 |
|---|---|---|---|
| | | % | % |
| Positive Carry Limited (Incorporated in British Virgin Islands) | Investment holding | - | 30 |

The following amounts represent the assets, liabilities, revenue and expenses of the associated company, not adjusted for the proportion of ownership interest held by the Group and the Company:

| | Group and Company 31.12.2016 | 31.1.2016 |
|---|---|---|
| | RM'000 | RM'000 |
| Current assets | - | 7,204 |
| Current liabilities | - | (42) |
| Non-current liabilities | - | (7,200) |
| Net liabilities | - | (38) |
| Revenue | - | - |
| Expenses | - | (4) |
| Loss for the financial year | - | (4) |
| Total comprehensive loss | - | (4) |

## 10. AMOUNT OWING BY SUBSIDIARIES

The amount owing by subsidiaries mainly represents payments made on behalf and unsecured advances which are repayable on demand. Amount owing by a subsidiary, ECM Libra Partners Sdn. Bhd. is charged an average interest rate of 5.37% (31.1.2016: 5.43%) per annum.

## 11. DEFERRED TAX ASSETS/(LIABILITIES)

| | Group | | Company | |
|---|---|---|---|---|
| | 31.12.2016 | 31.1.2016 | 31.12.2016 | 31.1.2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At beginning of the financial period/year | **295** | 244 | **132** | 31 |
| Recognised in profit or loss (Note 23) | | | | |
| - Relating to origination and reversal of temporary differences | **(160)** | (24) | **(107)** | 17 |
| - Under provision of deferred tax in prior financial years | **(24)** | (39) | **(5)** | (30) |
| | **(184)** | (63) | **(112)** | (13) |
| Recognised in other comprehensive income | **(66)** | 114 | **(67)** | 114 |
| At end of the financial period/year | **45** | 295 | **(47)** | 132 |
| Presented after appropriate offsetting as follows: | | | | |
| Deferred tax assets | **92** | 295 | **-** | 132 |
| Deferred tax liabilities | **(47)** | - | **(47)** | - |
| | **45** | 295 | **(47)** | 132 |

## 11. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

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

| Group | AFS revaluation reserve RM'000 | Provisions RM'000 | Other temporary difference RM'000 | Net deferred tax assets/ (liabilities) RM'000 |
|---|---|---|---|---|
| **31.12.2016** | | | | |
| At beginning of the financial period | **66** | **320** | **(91)** | **295** |
| Recognised in profit or loss | **-** | **(42)** | **(142)** | **(184)** |
| Recognised in other comprehensive income | **(66)** | **-** | **-** | **(66)** |
| At end of the financial period | **-** | **278** | **(233)** | **45** |
| **31.1.2016** | | | | |
| At beginning of the financial year | (48) | 445 | (153) | 244 |
| Recognised in profit or loss | - | (125) | 62 | (63) |
| Recognised in other comprehensive income | 114 | - | - | 114 |
| At end of the financial year | 66 | 320 | (91) | 295 |
| **Company** | | | | |
| **31.12.2016** | | | | |
| At beginning of the financial period | **67** | **113** | **(48)** | **132** |
| Recognised in profit or loss | **-** | **(35)** | **(77)** | **(112)** |
| Recognised in other comprehensive income | **(67)** | **-** | **-** | **(67)** |
| At end of the financial period | **-** | **78** | **(125)** | **(47)** |
| **31.1.2016** | | | | |
| At beginning of the financial year | (47) | 108 | (30) | 31 |
| Recognised in profit or loss | - | 5 | (18) | (13) |
| Recognised in other comprehensive income | 114 | - | - | 114 |
| At end of the financial year | 67 | 113 | (48) | 132 |

## 12. PROPERTY, PLANT AND EQUIPMENT

| Group | Freehold land | Building and office renovation | Furniture and fittings and office equipment | Computers | Motor vehicles | Work-in progress | Total |
|---|---|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Cost** | | | | | | | |
| At 1 February 2016 | **10,074** | **15,374** | **1,834** | **3,631** | **1,168** | **905** | **32,986** |
| Additions | **-** | **7** | **90** | **1,163** | **-** | **(905)** | **355** |
| Disposals | **-** | **-** | **(15)** | **-** | **-** | **-** | **(15)** |
| Write-offs | **-** | **(333)** | **(161)** | **(78)** | **-** | **-** | **(572)** |
| At 31 December 2016 | **10,074** | **15,048** | **1,748** | **4,716** | **1,168** | **-** | **32,754** |
| **Accumulated depreciation** | | | | | | | |
| At 1 February 2016 | **-** | **4,101** | **957** | **3,398** | **226** | **-** | **8,682** |
| Charge during the financial period (Note 21) | **-** | **671** | **124** | **188** | **211** | **-** | **1,194** |
| Disposals | **-** | **-** | **(4)** | **-** | **-** | **-** | **(4)** |
| Write-offs | **-** | **(314)** | **(134)** | **(73)** | **-** | **-** | **(521)** |
| At 31 December 2016 | **-** | **4,458** | **943** | **3,513** | **437** | **-** | **9,351** |
| **Net carrying amount** | | | | | | | |
| At 31 December 2016 | **10,074** | **10,590** | **805** | **1,203** | **731** | **-** | **23,403** |
| **Cost** | | | | | | | |
| At 1 February 2015 | 10,074 | 15,350 | 1,799 | 3,513 | 1,109 | - | 31,845 |
| Additions | - | 24 | 35 | 118 | 1,153 | 905 | 2,235 |
| Disposals | - | - | - | - | (1,094) | - | (1,094) |
| At 31 January 2016 | 10,074 | 15,374 | 1,834 | 3,631 | 1,168 | 905 | 32,986 |
| **Accumulated depreciation** | | | | | | | |
| At 1 February 2015 | - | 3,367 | 810 | 3,002 | 910 | - | 8,089 |
| Charge during the financial year (Note 21) | - | 734 | 147 | 396 | 224 | - | 1,501 |
| Disposals | - | - | - | - | (908) | - | (908) |
| At 31 January 2016 | - | 4,101 | 957 | 3,398 | 226 | - | 8,682 |
| **Net carrying amount** | | | | | | | |
| At 31 January 2016 | 10,074 | 11,273 | 877 | 233 | 942 | 905 | 24,304 |

## 12. PROPERTY, PLANT AND EQUIPMENT (continued)

| Company | Freehold land | Building and office renovation | Furniture and fittings and office equipment | Computers | Motor vehicles | Total |
|---|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Cost** | | | | | | |
| At 1 February 2016 | **10,074** | **18,459** | **291** | **35** | **1,153** | **30,012** |
| Additions | **-** | **7** | **82** | **1** | **-** | **90** |
| At 31 December 2016 | **10,074** | **18,466** | **373** | **36** | **1,153** | **30,102** |
| **Accumulated depreciation** | | | | | | |
| At 1 February 2016 | **-** | **4,004** | **99** | **25** | **211** | **4,339** |
| Charge during the financial period (Note 21) | **-** | **608** | **32** | **4** | **211** | **855** |
| At 31 December 2016 | **-** | **4,612** | **131** | **29** | **422** | **5,194** |
| **Net carrying amount** | | | | | | |
| At 31 December 2016 | **10,074** | **13,854** | **242** | **7** | **731** | **24,908** |
| **Cost** | | | | | | |
| At 1 February 2015 | 10,074 | 18,435 | 277 | 35 | 1,094 | 29,915 |
| Additions | - | 24 | 14 | - | 1,153 | 1,191 |
| Disposals | - | - | - | - | (1,094) | (1,094) |
| At 31 January 2016 | 10,074 | 18,459 | 291 | 35 | 1,153 | 30,012 |
| **Accumulated depreciation** | | | | | | |
| At 1 February 2015 | - | 3,343 | 65 | 20 | 895 | 4,323 |
| Charge during the financial year (Note 21) | - | 661 | 34 | 5 | 224 | 924 |
| Disposals | - | - | - | - | (908) | (908) |
| At 31 January 2016 | - | 4,004 | 99 | 25 | 211 | 4,339 |
| **Net carrying amount** | | | | | | |
| At 31 January 2016 | 10,074 | 14,455 | 192 | 10 | 942 | 25,673 |

## 13. INVESTMENT PROPERTY

| Group and Company | Freehold land RM'000 | Building RM'000 | Total RM'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 February 2016/31 December 2016 | **2,982** | **1,050** | **4,032** |
| **Accumulated depreciation** | | | |
| At 1 February 2016 | **-** | **2** | **2** |
| Charge during the financial period (Note 21) | **-** | **19** | **19** |
| At 31 December 2016 | **-** | **21** | **21** |
| **Net carrying amount** | | | |
| At 31 December 2016 | **2,982** | **1,029** | **4,011** |
| **Cost** | | | |
| At 1 February 2015 | - | - | - |
| Additions | 2,982 | 1,050 | 4,032 |
| At 31 January 2016 | 2,982 | 1,050 | 4,032 |
| **Accumulated depreciation** | | | |
| At 1 February 2015 | - | - | - |
| Charge during the financial year (Note 21) | - | 2 | 2 |
| At 31 January 2016 | - | 2 | 2 |
| **Net carrying amount** | | | |
| At 31 January 2016 | 2,982 | 1,048 | 4,030 |

The fair value of the investment property as at 31 December 2016 was RM4,475,000 (31 January 2016: RM4,030,000). The fair value is categorised as Level 3 in the fair value hierarchy and is estimated using unobservable inputs.

| Description of valuation technique and inputs used | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|---|---|
| Sales comparison approach:<br>Sales price of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot. | Price per square foot (RM630 - RM937) | The estimated fair value would increase (decrease) if the price per square foot is higher (lower). |

## 14. TRADE PAYABLES

Trade payables comprise amounts payable to the funds managed by Libra Invest Berhad for the creation of units.

## 15. OTHER LIABILITIES

| | Group | | Company | |
|---|---|---|---|---|
| | 31.12.2016 | 31.1.2016 | 31.12.2016 | 31.1.2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Accruals and other payables | **2,002** | 7,369 | **455** | 641 |
| Deposits received | **683** | 706 | **683** | 706 |
| | **2,685** | 8,075 | **1,138** | 1,347 |

## 16. SHARE CAPITAL

| | | Number of ordinary shares of RM0.12* each | | Amount | |
|---|---|---|---|---|---|
| **Group and Company** | **Note** | 31.12.2016 | 31.1.2016 | 31.12.2016 | 31.1.2016 |
| | | units '000 | units '000 | RM'000 | RM'000 |
| **Authorised** | | | | | |
| At beginning of the financial period/year | | **12,500,000** | 1,500,000 | **1,500,000** | 1,500,000 |
| At end of the financial period/year | | **12,500,000** | 12,500,000 | **1,500,000** | 1,500,000 |
| **Issued and fully paid-up** | | | | | |
| At beginning of the financial period/year | | **286,592** | 268,222 | **34,391** | 268,222 |
| Issued under ESOS | (a) | **-** | 19,842 | **-** | 19,842 |
| Treasury shares cancelled pursuant to Section 67A | (b) | **-** | (1,472) | **-** | (1,472) |
| Capital reduction | (c) | **-** | - | **-** | (252,201) |
| At end of the financial period/year | | **286,592** | 286,592 | **34,391** | 34,391 |

* On 20 August 2015, shareholders approved the proposed capital reduction by way of cancellation of RM0.88 from the par value of each existing ordinary share of RM1.00 each pursuant to Section 64 of the Companies Act, 1965 ("Proposed Capital Reduction"). On 28 October 2015, the High Court of Malaya granted the order confirming the Proposed Capital Reduction. The capital reduction was effected on 19 November 2015. Consequently, the par value of each ordinary share was reduced from RM1.00 to RM0.12 each with effect from 19 November 2015.

## 16. SHARE CAPITAL (continued)

### (a) ESOS

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

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

(i) The eligibility of an employee or Director of the Group to participate in the ESOS shall be at the discretion of the Options Committee. The Options Committee may from time to time at its discretion select and identify suitable eligible employees to be offered options. The maximum allowable allotments for the Directors had been approved by the shareholders of the Company in a general meeting.

(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 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.

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

| | Number of share options | |
|---|---|---|
| | **31.12.2016** | **31.1.2016** |
| | **units '000** | **units '000** |
| At beginning of the financial period/year | - | 19,848 |
| Granted | - | - |
| Exercised | - | (19,842) |
| Expired/lapsed | - | (6) |
| At end of the financial period/year | - | - |
| Exercisable as at 31 December 2016/31 January 2016 | - | - |
| Exercise price | - | RM1.00 |

The ESOS expired on 30 November 2015. Consequently, the 5,700 share options that were not exercised had since expired and became null and void.

No options were granted to any person to take up unissued shares of the Company during the financial period.

## 16. SHARE CAPITAL (continued)

### (b) Treasury shares

At an Extraordinary General Meeting held on 9 February 2015, the shareholders of the Company had approved the ordinary resolution to grant authority for the Company to buy-back its own shares. In February 2015, the Company had bought back 1,471,900 units of its issued ordinary shares of RM1.00 each ("ECM Shares") from the open market. The total consideration paid including transaction costs was RM1,592,894 or an average price of RM1.0822 per ECM Share and was financed by internally generated funds. The ECM Shares bought back were held as treasury shares in accordance with Section 67A(3A)(b) of the Companies Act, 1965.

On 11 September 2015, the 1,471,900 treasury shares held were cancelled. The amount of RM1,471,900 which the issued share capital was diminished was transferred to the capital redemption reserve in accordance with the requirements of Section 67A(3E) of the Companies Act, 1965. The issued share capital after cancellation of treasury shares diminished from 288,064,391 ordinary shares of RM1.00 each to 286,592,491 ordinary shares of RM1.00 each. The carrying amount of the treasury shares cancelled was set off against retained profits.

As at 31 December 2016/31 January 2016, the Company did not hold any treasury shares.

### (c) Distribution Exercise involving capital reduction

In the previous financial year, the Company had undertaken a distribution exercise to shareholders by way of a capital repayment and special dividend, being satisfied by a combination of cash distribution component of RM0.62 per ordinary share of RM1.00 par value each in the Company ("ECM Shares") and a distribution-in-specie component of two stock units in Eastern & Oriental Berhad ("E&O"), a company listed on the Main Market of Bursa Malaysia Securities Berhad, for every nine ECM Shares and two E&O warrants for every fifteen ECM Shares held by the shareholders ("Distribution Exercise").

The capital repayment was via a capital reduction by cancellation of RM0.88 from the par value of each existing ordinary share of RM1.00 each pursuant to Section 64 of the Companies Act, 1965. The capital reduction was effected on 19 November 2015 and the total issued and paid-up share capital of the Company was reduced by RM252,201,392 from RM286,592,491 to RM34,391,099 based on the total issued and paid-up share capital of 286,592,491 ordinary shares after taking into account the cancellation of 1,471,900 treasury shares and the issuance of 19,842,300 ordinary shares of RM1.00 par value each pursuant to the exercise of options under the Company's ESOS. After the capital reduction, the paid-up share capital of RM34,391,099 comprised 286,592,491 ordinary shares of par value RM0.12 each.

The total value of the distribution to shareholders amounted to RM286 million or equivalent to RM0.997 for each ordinary share of RM1.00 par value, comprising a capital repayment of RM0.88 and special dividend of RM0.117 per share. The distribution-in-specie component of the Distribution Exercise was valued at RM108 million based on the last trading prices of RM1.57 for each E&O stock unit and RM0.21 for each E&O warrant as at the entitlement date of 24 November 2015. The cash component amounted to RM178 million. The Distribution Exercise was completed on 7 December 2015.

## 17. RESERVES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 31.12.2016 | 31.1.2016 | 31.12.2016 | 31.1.2016 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| **Non-distributable** | | | | | |
| Foreign currency translation reserve deficit | (a) | **-** | (1,141) | **-** | - |
| AFS revaluation reserve deficit | (b) | **(590)** | (397) | **(405)** | (215) |
| General reserve | | **2,788** | 2,788 | **2,746** | 2,746 |
| Capital redemption reserve | | **3,555** | 3,555 | **3,555** | 3,555 |
| **Distributable** | | | | | |
| Retained profits | | **104,165** | 98,139 | **102,111** | 96,983 |
| | | **109,918** | 102,944 | **108,007** | 103,069 |

(a) Foreign currency translation reserve deficit comprises foreign currency translation losses arising from the translation of the financial statements of foreign operations.

(b) AFS revaluation reserve deficit represents unrealised losses arising from changes in fair values of securities classified as AFS.

## 18. INTEREST INCOME

| | Group | | Company | |
|---|---|---|---|---|
| | 1.2.2016 to 31.12.2016 | 1.2.2015 to 31.1.2016 | 1.2.2016 to 31.12.2016 | 1.2.2015 to 31.1.2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Loans, advances and financing | **4,198** | 5,378 | **-** | - |
| Short-term funds and deposits with financial institutions | **485** | 3,614 | **161** | 871 |
| Amount owing by a subsidiary | **-** | - | **2,771** | 3,808 |
| | **4,683** | 8,992 | **2,932** | 4,679 |

## 19. NON-INTEREST INCOME

| | Group | | Company | |
|---|---|---|---|---|
| | 1.2.2016 to 31.12.2016 | 1.2.2015 to 31.1.2016 | 1.2.2016 to 31.12.2016 | 1.2.2015 to 31.1.2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Fee income** | | | | |
| Portfolio management fees | **11,210** | 11,824 | **-** | - |
| Other fee income | **520** | 464 | **520** | 464 |
| | **11,730** | 12,288 | **520** | 464 |
| **Investment income** | | | | |
| Net gain/(loss) arising from securities available-for-sale | | | | |
| - Net gain/(loss) on disposal of: | | | | |
| - Quoted shares in Malaysia | **-** | (2,576) | **-** | - |
| - Quoted shares outside Malaysia | **5,521** | - | **-** | - |
| - Unit trust fund units | **-** | 17,066 | **-** | 491 |
| | **5,521** | 14,490 | **-** | 491 |
| - Income distribution from unit trust fund | **254** | 828 | **244** | 822 |
| - Dividend income from quoted shares in Malaysia | **35** | 63 | **35** | - |
| | **5,810** | 15,381 | **279** | 1,313 |
| **Total non-interest income** | **17,540** | 27,669 | **799** | 1,777 |

## 20. OTHER NON-OPERATING INCOME/(LOSS)

| | Group | | Company | |
|---|---|---|---|---|
| | 1.2.2016 to 31.12.2016 | 1.2.2015 to 31.1.2016 | 1.2.2016 to 31.12.2016 | 1.2.2015 to 31.1.2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Rental income | **1,178** | 1,389 | **1,551** | 1,796 |
| (Loss)/gain on disposal of property, plant and equipment | **(7)** | 169 | **-** | 169 |
| Gain on foreign currency translation | **239** | 681 | **251** | - |
| Foreign currency translation reserve losses reclassified to profit or loss upon liquidation/struck off of subsidiaries | **(1,141)** | (3,762) | **-** | - |
| Gain on liquidation of subsidiaries | **153** | 182 | **5,798** | 185 |
| Others | **224** | 53 | **223** | 23 |
| | **646** | (1,288) | **7,823** | 2,173 |

## 21. OPERATING EXPENSES

| | Group | | Company | |
|---|---|---|---|---|
| | 1.2.2016 to 31.12.2016 | 1.2.2015 to 31.1.2016 | 1.2.2016 to 31.12.2016 | 1.2.2015 to 31.1.2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Personnel expenses** | | | | |
| Short-term employee benefits | **7,524** | 8,639 | **1,715** | 1,980 |
| Defined contribution plan | **933** | 1,039 | **245** | 241 |
| Other personnel costs | **923** | 1,178 | **391** | 481 |
| | **9,380** | 10,856 | **2,351** | 2,702 |
| **Establishment costs** | | | | |
| Depreciation of property, plant and equipment (Note 12) | **1,194** | 1,501 | **855** | 924 |
| Depreciation of investment property (Note 13) | **19** | 2 | **19** | 2 |
| Rental of premises | **62** | 141 | **-** | - |
| Property, plant and equipment written off (Note 12) | **51** | - | **-** | - |
| Other establishment costs | **44** | 47 | **-** | - |
| | **1,370** | 1,691 | **874** | 926 |

## 21. OPERATING EXPENSES (continued)

| | Group | | Company | |
|---|---|---|---|---|
| | 1.2.2016 to 31.12.2016 | 1.2.2015 to 31.1.2016 | 1.2.2016 to 31.12.2016 | 1.2.2015 to 31.1.2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Marketing and communication expenses** | | | | |
| Advertising expenses | **4** | 80 | **4** | 18 |
| Entertainment | **50** | 59 | **33** | 40 |
| Other marketing expenses | **1,027** | 1,282 | **-** | - |
| | **1,081** | 1,421 | **37** | 58 |
| **Administrative and general expenses** | | | | |
| Auditors' remuneration | | | | |
| - statutory audit | **93** | 103 | **50** | 48 |
| - overprovision in prior financial years | **(4)** | - | **-** | - |
| - regulatory-related services | **5** | 5 | **5** | 5 |
| - other services | **28** | 58 | **-** | 30 |
| Building maintenance expenses | **1,073** | 1,016 | **1,073** | 1,016 |
| Electricity and water charges | **66** | 75 | **-** | - |
| Insurance, postages and courier | **118** | 148 | **71** | 93 |
| Legal and professional fees | **459** | 1,092 | **177** | 634 |
| Printing and stationeries | **128** | 136 | **80** | 83 |
| Rental of network and telecommunication expenses | **240** | 156 | **49** | 60 |
| Travelling and accommodation | **197** | 209 | **75** | 54 |
| Others | **764** | 1,149 | **330** | 499 |
| | **3,167** | 4,147 | **1,910** | 2,522 |
| **Total operating expenses** | **14,998** | 18,115 | **5,172** | 6,208 |

Included in the personnel expenses are Directors' remuneration of RM1,112,000 (31.1.2016: RM829,000) and RM1,043,000 (31.1.2016: RM773,000) of the Group and of the Company respectively.

## 22. DIRECTORS' REMUNERATION

| | Group | | Company | |
|---|---|---|---|---|
| | 1.2.2016 to 31.12.2016 | 1.2.2015 to 31.1.2016 | 1.2.2016 to 31.12.2016 | 1.2.2015 to 31.1.2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Executive Director** | | | | |
| Short-term employee benefits | **663** | 392 | **663** | 392 |
| Defined contribution plan | **100** | 59 | **100** | 59 |
| | **763** | 451 | **763** | 451 |
| **Non-Executive Directors** | | | | |
| Fees | **281** | 290 | **232** | 250 |
| Other remuneration | **68** | 88 | **48** | 72 |
| | **349** | 378 | **280** | 322 |
| **Total Directors' remuneration** | **1,112** | 829 | **1,043** | 773 |

The total remuneration of the Directors of the Company for the financial period/year fall within the following bands:

| | Number of Directors | |
|---|---|---|
| | 1.2.2016 to 31.12.2016 | 1.2.2015 to 31.1.2016 |
| **Executive Director** | | |
| RM1 to RM500,000 | **-** | 1* |
| RM500,001 to RM800,000 | **1** | - |
| **Non-Executive Directors** | | |
| RM1 to RM50,000 | **2**** | 1 |
| RM50,001 to RM100,000 | **4** | 4 |

* In the previous financial year, a Non-Executive Director was re-designated as Executive Director.

** Included a Non-Executive Director who resigned during the financial period.

## 23. INCOME TAX EXPENSE

| | Group | | Company | |
|---|---|---|---|---|
| | 1.2.2016 to 31.12.2016 RM'000 | 1.2.2015 to 31.1.2016 RM'000 | 1.2.2016 to 31.12.2016 RM'000 | 1.2.2015 to 31.1.2016 RM'000 |
| **Income tax** | | | | |
| Current financial period's/year's provision | **925** | 1,814 | **377** | 1,350 |
| (Over)/under provision of income tax in prior financial years | **(18)** | 39 | **(1)** | 23 |
| | **907** | 1,853 | **376** | 1,373 |
| **Deferred tax (Note 11)** | | | | |
| Relating to origination and reversal of temporary differences | **160** | 24 | **107** | (17) |
| Under provision of deferred tax in prior financial years | **24** | 39 | **5** | 30 |
| | **184** | 63 | **112** | 13 |
| **Total income tax expense** | **1,091** | 1,916 | **488** | 1,386 |

A reconciliation of income tax expense applicable to profit before tax 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 | |
|---|---|---|---|---|
| | 1.2.2016 to 31.12.2016 RM'000 | 1.2.2015 to 31.1.2016 RM'000 | 1.2.2016 to 31.12.2016 RM'000 | 1.2.2015 to 31.1.2016 RM'000 |
| Profit before tax | **7,117** | 13,093 | **5,616** | 29,802 |
| Tax at Malaysian statutory rate of 24% (31.1.2016: 24%) | **1,708** | 3,142 | **1,348** | 7,152 |
| Tax effects of: | | | | |
| Non-allowable expenses | **977** | 3,089 | **793** | 11,047 |
| Non-taxable income | **(1,600)** | (4,393) | **(1,657)** | (16,866) |
| (Over)/under provision in prior financial years | | | | |
| - income tax | **(18)** | 39 | **(1)** | 23 |
| - deferred tax | **24** | 39 | **5** | 30 |
| | **1,091** | 1,916 | **488** | 1,386 |

## 24. EARNINGS PER ORDINARY SHARE ("EPS")

### (a) Basic EPS

The basic EPS is calculated by dividing the Group's profit for the financial period/year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period/year.

| | Group | |
|---|---|---|
| | **1.2.2016 to 31.12.2016** | **1.2.2015 to 31.1.2016** |
| Profit for the financial period/year attributable to owners of the Company (RM'000) | **6,026** | 11,177 |
| Weighted average number of ordinary shares in issue (units '000) | **286,592** | 275,462 |
| Basic EPS (sen) | **2.10** | 4.06 |

### (b) Diluted EPS

The diluted EPS is calculated by dividing the Group's profit for the financial period/year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period/year, taking into account the outstanding options under the ESOS, if any.

| | Group | |
|---|---|---|
| | **1.2.2016 to 31.12.2016** | **1.2.2015 to 31.1.2016** |
| Profit for the financial period/year attributable to owners of the Company (RM'000) | **6,026** | 11,177 |
| Weighted average number of ordinary shares in issue (units '000) | **286,592** | 275,462 |
| Effect of options if exercised under ESOS (units '000) | **-** | 11,178 |
| | **286,592** | 286,640 |
| Diluted EPS (sen) | **2.10** | 3.90 |

## 25. DIVIDENDS

In the previous financial year, a special dividend of RM0.117 per ordinary share was paid on 7 December 2015 pursuant to the Distribution Exercise. The total special dividend paid amounted to RM33,499,348.

The Directors do not recommend the payment of any dividend for the financial period ended 31 December 2016.

## 26. COMMITMENTS

| | Group | |
|---|---|---|
| | **31.12.2016** | **31.1.2016** |
| | **RM'000** | **RM'000** |
| Approved and contracted for: | | |
| Purchase of property, plant and equipment | **225** | 413 |

## 27. SIGNIFICANT RELATED PARTY TRANSACTIONS

### (a) Related parties and relationships

The related parties of, and their relationships (other than those disclosed in Note 8 and Note 9 to the financial statements) with the Group and the Company are as follows:

| **Related parties** | **Relationships** |
|---|---|
| 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 dependents of key management personnel and entities that are controlled or significantly influenced by, or for which significant voting power in such entities reside with, directly, or indirectly by key management personnel or its close family members. |

## 27. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

### (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:

| | Group | | Company | |
|---|---|---|---|---|
| | 1.2.2016 to 31.12.2016 | 1.2.2015 to 31.1.2016 | 1.2.2016 to 31.12.2016 | 1.2.2015 to 31.1.2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Income/(expenses)** | | | | |
| Interest income from a subsidiary | **-** | - | **2,771** | 3,808 |
| Rental income from: | | | | |
| - related parties | **167** | 142 | **167** | 142 |
| - a subsidiary | **-** | - | **373** | 407 |
| Dividend income from a subsidiary | **-** | - | **-** | 27,326 |
| Management fee received from Directors | **14** | 29 | **-** | - |
| Loyalty programme expenses charged by a related party | **(8)** | (11) | **-** | - |

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

### (c) Compensation of Directors and key management personnel

The remuneration of Directors and other members of key management for the financial period/year was as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 1.2.2016 to 31.12.2016 | 1.2.2015 to 31.1.2016 | 1.2.2016 to 31.12.2016 | 1.2.2015 to 31.1.2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Fees and meeting allowances | **349** | 378 | **280** | 322 |
| Short-term employee benefits | **2,270** | 2,748 | **1,430** | 1,364 |
| Defined contribution plan | **335** | 403 | **209** | 204 |
| | **2,954** | 3,529 | **1,919** | 1,890 |

## 27. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

### (c) Compensation of Directors and key management personnel (continued)

Included in the total compensation of Directors and key management personnel are:

| | Group | | Company | |
|---|---|---|---|---|
| | 1.2.2016 to 31.12.2016 | 1.2.2015 to 31.1.2016 | 1.2.2016 to 31.12.2016 | 1.2.2015 to 31.1.2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Directors' remuneration (Note 22) | **1,112** | 829 | **1,043** | 773 |

## 28. SEGMENTAL REPORTING

**Business segments**

The Group determines and presents operating segments based on the information provided to senior management of the Group. The Group's reportable operating segments are identified based on business units which are engaged in providing different services and products, as follows:

(a) Investment holding - general investments and corporate related activities.

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

(c) Fund managed by Libra Invest Berhad ("LIB") - a unit trust fund.

(d) Structured financing - structured lending and financial services related activities.

## 28. SEGMENTAL REPORTING (continued)

**Business segments (continued)**

| Group | Investment holding | Fund management | Fund managed by LIB | Structured financing | Inter-segment elimination | Group total |
|---|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **31.12.2016** | | | | | | |
| Revenue | 6,010 | 11,496 | - | 4,717 | - | 22,223 |
| Interest income | 199 | 286 | - | 4,198 | - | 4,683 |
| Non-interest income | 5,811 | 11,210 | - | 519 | - | 17,540 |
| Other non-operating income/(loss) | 642 | 25 | (21) | - | - | 646 |
| Gross income/(loss) | 6,652 | 11,521 | (21) | 4,717 | - | 22,869 |
| Operating expenses of which: | (5,057) | (9,866) | (7) | (68) | - | (14,998) |
| - Depreciation of property, plant and equipment | (780) | (414) | - | - | - | (1,194) |
| - Depreciation of investment property | (19) | - | - | - | - | (19) |
| Operating profit/(loss) | 1,595 | 1,655 | (28) | 4,649 | - | 7,871 |
| Impairment losses on securities | - | - | (754) | - | - | (754) |
| Profit/(loss) before tax | 1,595 | 1,655 | (782) | 4,649 | - | 7,117 |
| Segment assets | 71,421 | 18,306 | 21 | 59,161 | - | 148,909 |
| Additions to property, plant and equipment | 90 | 265 | - | - | - | 355 |
| Total assets | 71,511 | 18,571 | 21 | 59,161 | - | 149,264 |
| Total liabilities | 1,200 | 3,630 | 23 | 102 | - | 4,955 |

## 28. SEGMENTAL REPORTING (continued)

**Business segments (continued)**

| Group | Investment holding | Fund management | Fund managed by LIB | Structured financing | Inter-segment elimination | Group total |
|---|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **31.1.2016** | | | | | | |
| Revenue | 2,594 | 12,120 | 16,104 | 5,843 | - | 36,661 |
| Inter-segment revenue | - | 177 | - | - | (177) | - |
| | 2,594 | 12,297 | 16,104 | 5,843 | (177) | 36,661 |
| Interest income | 1,277 | 296 | 2,041 | 5,378 | - | 8,992 |
| Non-interest income | 1,317 | 12,001 | 14,063 | 465 | (177) | 27,669 |
| Other non-operating (loss)/income | (1,854) | 30 | 536 | - | - | (1,288) |
| Gross income | 740 | 12,327 | 16,640 | 5,843 | (177) | 35,373 |
| Operating expenses of which: | (6,156) | (11,689) | (369) | (78) | 177 | (18,115) |
| - Depreciation of property, plant and equipment | (843) | (658) | - | - | - | (1,501) |
| - Depreciation of investment property | (2) | - | - | - | - | (2) |
| Operating (loss)/profit | (5,416) | 638 | 16,271 | 5,765 | - | 17,258 |
| Impairment losses on securities | (206) | - | (3,959) | - | - | (4,165) |
| (Loss)/profit before tax | (5,622) | 638 | 12,312 | 5,765 | - | 13,093 |
| Segment assets | 51,765 | 19,728 | 803 | 60,332 | - | 132,628 |
| Investment in associated company | 7,200 | - | - | - | - | 7,200 |
| Additions to property, plant and equipment | 1,191 | 1,044 | - | - | - | 2,235 |
| Additions to investment property | 4,032 | - | - | - | - | 4,032 |
| Total assets | 64,188 | 20,772 | 803 | 60,332 | - | 146,095 |
| Total liabilities | 1,866 | 6,804 | 23 | 67 | - | 8,760 |

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

**Overview**

The Group is exposed to a variety of financial risks, which include credit risk, market risk and liquidity risk.

The Board of Directors is responsible for managing the Group's financial risks and has appointed the Board Audit and Risk Management Committee ("BARMC") to oversee the effectiveness of the Group's risk management policies and processes.

The Group's overall risk management is carried out through internal control processes and is being separately set out below to reflect the substantial component of the Group's financial risks.

**Credit risk**

Credit risk is the potential loss of revenue as a result of failure by the borrowers or counterparties to meet their contractual financial obligations. The Group's exposure to credit risk is primarily from its lending activities, and credit risk is the risk of loss arising from the actual or perceived declining credit quality and actual default of an obligor, counterparty or customer. The Group manages the credit risk by undertaking credit evaluation to minimise such risk.

**(a) Risk management approach**

**(i) Lending to individuals**

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

**(ii) Lending to corporate customers**

Credit granting to corporate customers is individually underwritten. Credit officers identify and assess the credit risks of the corporate customers, taking into consideration their financial and business profiles, industry and economic factors, or other credit supports.

**(iii) Placements with licensed financial institutions**

Credit risk arising from placements of deposits in licensed financial institutions is managed by ensuring the Group will only place deposits in reputable licensed financial institutions.

**(iv) Inter-company loans and advances**

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of subsidiaries regularly. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. There was no indication that the amount owing by subsidiaries is not recoverable.

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

**Credit risk (continued)**

**(b) Credit quality of gross loans, advances and financing**

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

Gross loans, advances and financing are analysed as follows:

| | Group | |
|---|---|---|
| | **31.12.2016** | **31.1.2016** |
| | **RM'000** | **RM'000** |
| Neither past due nor impaired | **58,897** | 60,279 |

(i) Loans, advances and financing that are "neither past due nor impaired"

Analysis of gross loans, advances and financing are disclosed in Note 5.

(ii) Loans, advances and financing that are "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 December 2016/31 January 2016, there were no loans which are past due but not impaired.

(iii) Impaired loans, advances and financing

For all loans, advances and financing that are considered individually significant, the Group assesses on a case-by-case basis at each reporting date whether there is any objective evidence that a loan, advance and financing is impaired. The criteria that the Group 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; and/or

(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 Group's internal credit risk assessment.

As at 31 December 2016/31 January 2016, there were no impaired loans, advances and financing.

(iv) The credit risk of financial assets of the Group is mitigated by the collateral held against the financial assets. As at 31 December 2016/31 January 2016, the value of the collateral exceeds the carrying amount of the loans, advances and financing.

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

**Credit risk (continued)**

**(b) Credit quality of gross loans, advances and financing (continued)**

(v) Repossessed collateral

These are assets obtained by taking possession of collateral held as security against loans, advances and financing.

Repossessed collaterals are sold as soon as practicable. Repossessed collaterals are recognised in other assets on the statements of financial position. As at 31 December 2016/31 January 2016, there was no repossessed collateral.

**(c) Credit quality of financial assets**

The table below presents analysis on financial assets, based on ratings from external credit ratings agencies:

| Group | Cash and cash equivalents | Securities available-for-sale | Loans, advances and financing | Trade receivables | Others assets less prepayments | Total |
|---|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **31.12.2016** | | | | | | |
| AAA | **4,288** | **-** | **-** | **-** | **100** | **4,388** |
| AA+ to AA- | **1** | **-** | **-** | **-** | **-** | **1** |
| A+ to A- | **17,723** | **-** | **-** | **-** | **-** | **17,723** |
| Not rated | **3** | **37,217** | **58,897** | **2,142** | **1,042** | **99,301** |
| | **22,015** | **37,217** | **58,897** | **2,142** | **1,142** | **121,413** |
| **31.1.2016** | | | | | | |
| AAA | 3,662 | - | - | - | - | 3,662 |
| AA+ to AA- | 1 | - | - | - | - | 1 |
| A+ to A- | 21,218 | - | - | - | - | 21,218 |
| Not rated | 2 | 17,327 | 60,279 | 6,222 | 1,202 | 85,032 |
| | 24,883 | 17,327 | 60,279 | 6,222 | 1,202 | 109,913 |

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

**Credit risk (continued)**

**(c) Credit quality of financial assets (continued)**

| Company | Cash and cash equivalents | Securities available-for-sale | Amount owing by subsidiaries | Others assets less prepayments | Total |
|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **31.12.2016** | | | | | |
| AAA | **558** | **-** | **-** | **100** | **658** |
| A+ to A- | **8,123** | **-** | **-** | **-** | **8,123** |
| Not rated | **2** | **37,217** | **54,828** | **545** | **92,592** |
| | **8,683** | **37,217** | **54,828** | **645** | **101,373** |
| **31.1.2016** | | | | | |
| AAA | 724 | - | - | - | 724 |
| A+ to A- | 10,736 | - | - | - | 10,736 |
| Not rated | 1 | 15,726 | 57,060 | 704 | 73,491 |
| | 11,461 | 15,726 | 57,060 | 704 | 84,951 |

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

**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 Group'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 and equity prices.

**(a) Equity price 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.

The Group through the fund managers of LIB monitors and manages equity price risk exposure via regular stock review and portfolio rebalancing.

A 10% (31.1.2016: 10%) strengthening in FTSE Bursa Malaysia KLCI ("FBMKLCI") at the end of the reporting period with all other variables held constant and assuming the Group's quoted equity investments moved in correlation with the FBMKLCI, would have increased the Group's equity by RM311,000 (31.1.2016: RM396,000) for quoted equity investments classified as AFS. A 10% (31.1.2016: 10%) weakening in FBMKLCI would have had an equal but opposite effect on equity.

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

**Market risk (continued)**

**(b) Interest rate risk ("IRR")**

IRR arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities.

The Group's and the Company's exposure to IRR is mainly confined to short-term placements with financial institutions. The Group and the Company mitigate IRR exposure by way of maintaining deposits on short-term basis. The Group is also exposed to IRR through loans, advances and financing to its customers, whilst the Company is also exposed to IRR through loans to a subsidiary, ECM Libra Partners Sdn. Bhd..

The interest rate profile of the Group's and the Company's interest-bearing financial instruments based on the carrying amounts as at the end of the reporting period was:

| | Group | | Company | |
|---|---|---|---|---|
| | 31.12.2016 | 31.1.2016 | 31.12.2016 | 31.1.2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Financial assets** | | | | |
| **Fixed rate instruments** | | | | |
| Loans, advances and financing | **58,897** | 60,279 | **-** | - |
| Money at call and deposit placements maturing within two months | **17,688** | 21,218 | **8,088** | 10,736 |
| Other assets | **100** | - | **100** | - |
| | **76,685** | 81,497 | **8,188** | 10,736 |
| **Floating rate instruments** | | | | |
| Amount owing by a subsidiary | **-** | - | **54,820** | 57,060 |

A 25 basis point increase in interest rates based on currently observable market environment with all other variables held constant, would have the following effect on the Group's and the Company's profit after tax and equity:

| | Group | | Company | |
|---|---|---|---|---|
| | 1.2.2016 to 31.12.2016 | 1.2.2015 to 31.1.2016 | 1.2.2016 to 31.12.2016 | 1.2.2015 to 31.1.2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Increase in profit after tax** | | | | |
| Fixed rate instruments | **146** | 155 | **16** | 20 |
| Floating rate instruments | **-** | - | **104** | 108 |
| | **146** | 155 | **120** | 128 |

An equivalent decrease in interest rates shown above would result in an equivalent, but opposite impact. The projection assumes a constant financial position and that all positions run to maturity.

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

**Market risk (continued)**

**(c) Foreign currency risk**

The Group is exposed to foreign currency risk on short-term placements with financial institutions and securities available-for-sale (quoted shares outside Malaysia) that are denominated in a currency other than RM. The currencies giving rise to this risk are primarily Singapore Dollar ("SGD") and Great Britain Pound ("GBP").

The Group does not hedge its foreign currency risk. The Group's exposure to foreign currency risk, based on the carrying amounts as at the end of the reporting period was:

| | Denominated in SGD | | Denominated in GBP | |
|---|---|---|---|---|
| **Group** | **31.12.2016** | **31.1.2016** | **31.12.2016** | **31.1.2016** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Cash and cash equivalents | **6,476** | - | **-** | - |
| Securities available-for-sale | **-** | 243 | **-** | 775 |
| Net exposure | **6,476** | 243 | **-** | 775 |
| **Company** | | | | |
| Cash and cash equivalents | **6,476** | - | **-** | - |
| Net exposure | **6,476** | - | **-** | - |

A 10% strengthening of RM against the following currencies at the end of the reporting period would have decreased the Group's and the Company's profit after tax and equity by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group and the Company considered to be reasonably possible at the end of the reporting period with all other variables held constant.

| | Group | | Company | |
|---|---|---|---|---|
| | **1.2.2016 to 31.12.2016** | **1.2.2015 to 31.1.2016** | **1.2.2016 to 31.12.2016** | **1.2.2015 to 31.1.2016** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Decrease in profit after tax | **(492)** | (18) | **(492)** | (59) |

A 10% weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

**Liquidity risk**

Liquidity risk is the risk that the Group is unable to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due or securing the funding requirements at excessive cost.

Liquidity risk is managed on a projected cash flows basis and funds management including the maintenance of a portfolio of highly liquid assets that can be easily liquidated as buffer against any unforeseen interruption to cash flows.

The following tables show the contractual undiscounted cash flows payable for financial liabilities and off-balance sheet commitments by remaining contractual maturities. The contractual maturity profile does not necessarily reflect the behavioural cash flows.

| Group | Up to 7 days | > 7 days - 1 month | > 1 - 3 months | > 3 - 6 months | > 6 - 12 months | > 1 year | Total |
|---|---|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **31.12.2016** | | | | | | | |
| Trade payables | **2,134** | **-** | **-** | **-** | **-** | **-** | **2,134** |
| Accruals and other payables | **394** | **232** | **925** | **430** | **21** | **-** | **2,002** |
| Deposits received | **-** | **-** | **-** | **-** | **-** | **683** | **683** |
| Provision for taxation | **-** | **-** | **-** | **-** | **89** | **-** | **89** |
| Total financial liabilities | **2,528** | **232** | **925** | **430** | **110** | **683** | **4,908** |
| Total off-balance sheet items | **32** | **-** | **-** | **-** | **193** | **-** | **225** |
| **Total financial liabilities and off-balance sheet items** | **2,560** | **232** | **925** | **430** | **303** | **683** | **5,133** |
| **31.1.2016** | | | | | | | |
| Trade payables | 334 | - | - | - | - | - | 334 |
| Accruals and other payables | 5,257 | 349 | 1,033 | 564 | 166 | - | 7,369 |
| Deposits received | - | - | - | - | - | 706 | 706 |
| Provision for taxation | - | - | - | - | 351 | - | 351 |
| Total financial liabilities | 5,591 | 349 | 1,033 | 564 | 517 | 706 | 8,760 |
| Total off-balance sheet items | - | - | - | - | 413 | - | 413 |
| **Total financial liabilities and off-balance sheet items** | 5,591 | 349 | 1,033 | 564 | 930 | 706 | 9,173 |

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

**Liquidity risk (continued)**

| **Company** | **Up to 7 days** | **> 7 days - 1 month** | **> 1 - 3 months** | **> 3 - 6 months** | **> 6 - 12 months** | **> 1 year** | **Total** |
|---|---|---|---|---|---|---|---|
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **31.12.2016** | | | | | | | |
| Accruals and other payables | **-** | **67** | **93** | **295** | **-** | **-** | **455** |
| Deposits received | **-** | **-** | **-** | **-** | **-** | **683** | **683** |
| **Total financial liabilities** | **-** | **67** | **93** | **295** | **-** | **683** | **1,138** |
| **31.1.2016** | | | | | | | |
| Accruals and other payables | - | 111 | 174 | 356 | - | - | 641 |
| Deposits received | - | - | - | - | - | 706 | 706 |
| Provision for taxation | - | - | - | - | 297 | - | 297 |
| **Total financial liabilities** | - | 111 | 174 | 356 | 297 | 706 | 1,644 |

## 30. FINANCIAL INSTRUMENTS

This note provides information on fair value measurement for financial instruments and is structured as follows:

(a) Valuation principles

(b) Valuation techniques

(c) Categories of financial instruments

(d) Fair value information

## 30. FINANCIAL INSTRUMENTS (continued)

### (a) Valuation principles

Fair value is defined as the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market as of the measurement date. The Group and the Company determine the fair value by reference to quoted prices in active markets or by using valuation techniques based on observable inputs or unobservable inputs. Management judgment is exercised in the selection and application of appropriate parameters, assumptions and modelling techniques where some or all of the parameter inputs are not observable in deriving fair value.

Valuation adjustment is also an integral part of the valuation process. Valuation adjustment is to reflect the uncertainty in valuations generally for products that are less standardised, less frequently traded and more complex in nature. In making a valuation adjustment, the Group and the Company follow methodologies that consider factors such as bid-offer spread, unobservable prices/inputs in the market and uncertainties in the assumptions/parameters.

The Group and the Company continuously enhance their design, validation methodologies and processes to ensure the valuations are reflective. The valuation models are validated internally with periodic reviews to ensure the model remains suitable for their intended use.

### (b) Valuation techniques

The valuation techniques used for financial instruments that are not determined by reference to quoted prices (Level 1) are described below:

**AFS financial assets**

Generally, the fair values of AFS financial assets are determined by reference to prices quoted by independent data providers and independent broker quotations.

Certain AFS financial assets were fair valued based on management's own internal assessment and the fair value is classified under Level 3 of the fair value hierarchy.

It was not practicable to estimate the fair value of the Group's and the Company's unquoted investments due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

### (c) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(i) Loans and receivables ("L&R");

(ii) Available-for-sale financial assets ("AFS"); and

(iii) Financial liabilities measured at amortised cost ("FL").

## 30. FINANCIAL INSTRUMENTS (continued)

### (c) Categories of financial instruments (continued)

| Group | Carrying amount RM'000 | L&R/ (FL) RM'000 | AFS RM'000 |
|---|---|---|---|
| **31.12.2016** | | | |
| **Financial assets** | | | |
| Cash and cash equivalents | **22,015** | **22,015** | **-** |
| Securities available-for-sale | **37,217** | **-** | **37,217** |
| Loans, advances and financing | **58,897** | **58,897** | **-** |
| Trade receivables | **2,142** | **2,142** | **-** |
| Other assets less prepayments | **1,142** | **1,142** | **-** |
| | **121,413** | **84,196** | **37,217** |
| **Financial liabilities** | | | |
| Trade payables | **(2,134)** | **(2,134)** | **-** |
| Other liabilities | **(2,685)** | **(2,685)** | **-** |
| Provision for taxation | **(89)** | **(89)** | **-** |
| | **(4,908)** | **(4,908)** | **-** |
| **31.1.2016** | | | |
| **Financial assets** | | | |
| Cash and cash equivalents | 24,883 | 24,883 | - |
| Securities available-for-sale | 17,327 | - | 17,327 |
| Loans, advances and financing | 60,279 | 60,279 | - |
| Trade receivables | 6,222 | 6,222 | - |
| Other assets less prepayments | 1,202 | 1,202 | - |
| | 109,913 | 92,586 | 17,327 |
| **Financial liabilities** | | | |
| Trade payables | (334) | (334) | - |
| Other liabilities | (8,075) | (8,075) | - |
| Provision for taxation | (351) | (351) | - |
| | (8,760) | (8,760) | - |

## 30. FINANCIAL INSTRUMENTS (continued)

### (c) Categories of financial instruments (continued)

| Company | Carrying amount RM'000 | L&R/ (FL) RM'000 | AFS RM'000 |
|---|---|---|---|
| **31.12.2016** | | | |
| **Financial assets** | | | |
| Cash and cash equivalents | **8,683** | **8,683** | **-** |
| Securities available-for-sale | **37,217** | **-** | **37,217** |
| Other assets less prepayments | **645** | **645** | **-** |
| Amount owing by subsidiaries | **54,828** | **54,828** | **-** |
| | **101,373** | **64,156** | **37,217** |
| **Financial liabilities** | | | |
| Other liabilities | **(1,138)** | **(1,138)** | **-** |
| | **(1,138)** | **(1,138)** | **-** |
| **31.1.2016** | | | |
| **Financial assets** | | | |
| Cash and cash equivalents | 11,461 | 11,461 | - |
| Securities available-for-sale | 15,726 | - | 15,726 |
| Other assets less prepayments | 704 | 704 | - |
| Amount owing by subsidiaries | 57,060 | 57,060 | - |
| | 84,951 | 69,225 | 15,726 |
| **Financial liabilities** | | | |
| Other liabilities | (1,347) | (1,347) | - |
| Provision for taxation | (297) | (297) | - |
| | (1,644) | (1,644) | - |

## 30. FINANCIAL INSTRUMENTS (continued)

### (d) Fair value information

The carrying amounts of cash and cash equivalents, loans, advances and financing, amount owing by subsidiaries, short-term receivables and payables reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The table below analyses financial instruments carried at fair value, together with their carrying amounts shown in the statements of financial position.

| | Fair value of financial instruments carried at fair value | | | | |
|---|---|---|---|---|---|
| **Group** | **Level 1** | **Level 2** | **Level 3** | **Total** | **Carrying amount** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **31.12.2016** | | | | | |
| **AFS financial assets** | | | | | |
| Quoted shares | **3,112** | **-** | **-** | **3,112** | **3,112** |
| Unit trust fund units | **-** | **14,117** | **-** | **14,117** | **14,117** |
| | **3,112** | **14,117** | **-** | **17,229** | **17,229** |
| **31.1.2016** | | | | | |
| **AFS financial assets** | | | | | |
| Quoted shares | 3,713 | - | 243 | 3,956 | 3,956 |
| Unit trust fund units | - | 583 | - | 583 | 583 |
| | 3,713 | 583 | 243 | 4,539 | 4,539 |
| **Company** | | | | | |
| **31.12.2016** | | | | | |
| **AFS financial assets** | | | | | |
| Quoted shares | **3,112** | **-** | **-** | **3,112** | **3,112** |
| Unit trust fund units | **-** | **14,117** | **-** | **14,117** | **14,117** |
| | **3,112** | **14,117** | **-** | **17,229** | **17,229** |
| **31.1.2016** | | | | | |
| **AFS financial assets** | | | | | |
| Quoted shares | 2,938 | - | - | 2,938 | 2,938 |

## 30. FINANCIAL INSTRUMENTS (continued)

### (d) Fair value information (continued)

No fair value information for the Group's and the Company's unquoted investments was disclosed as it was not practical to estimate the fair value of the unquoted investments due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured. Thus, the Group's and the Company's unquoted investments were stated at cost less any impairment loss.

**Transfers between Level 1 and Level 2 fair values**

There has been no transfer between Level 1 and Level 2 fair values during the financial period (31.1.2016: no transfer in either directions).

**Movements of Level 3 instruments**

The following presents additional information about Level 3 financial assets measured at fair value on a recurring basis.

| | Group | | Company | |
|---|---|---|---|---|
| | 31.12.2016 | 31.1.2016 | 31.12.2016 | 31.1.2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At beginning of the financial period/year | **243** | 413 | **-** | - |
| Disposal | **(243)** | - | **-** | - |
| Impairment losses recognised in profit or loss | **-** | (206) | **-** | - |
| Exchange differences | **-** | 36 | **-** | - |
| At end of the financial period/year | **-** | 243 | **-** | - |

## 31. CAPITAL RISK MANAGEMENT

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or buy-back shares from the open market to be held as treasury shares and cancellation of treasury shares.

## 32. CHANGE IN FINANCIAL YEAR END

During the financial period, the Group and its subsidiaries changed their financial year end from 31 January to 31 December. Accordingly, the financial statements of the Group and the Company for the financial period ended 31 December 2016 covered a 11-month period from 1 February 2016 to 31 December 2016 as compared to a 12-month period from 1 February 2015 to 31 January 2016 for the previous financial year. Consequently, the comparative figures are not comparable for the statements of profit or loss and other comprehensive income, statements of changes in equity, statements of cash flows and certain notes to the financial statements of the Group and the Company.

Thereafter, the financial year end of the Group and the Company shall be on 31 December for each subsequent financial year. The next set of financial statements will be for a period of 12 months commencing from 1 January 2017.

## 33. SUBSEQUENT EVENT

The Companies Act, 2016 ("New Act") was enacted to replace the Companies Act, 1965 in Malaysia with the objectives of creating a legal and regulatory structure that will facilitate business and promote accountability as well as protection of corporate directors and shareholders, taking into consideration the interest of other stakeholders. The New Act was passed on 4 April 2016 by the Dewan Rakyat (House of Representative) and gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the date on which the New Act comes into operation, except section 241 and Division 8 of Part III of the New Act, would be 31 January 2017.

Amongst the key changes introduced in the New Act which will affect the financial statements of the Group and of the Company upon the commencement of the New Act on 31 January 2017 are:

(a) Removal of the authorised share capital;

(b) Shares of the Group and of the Company will cease to have par or nominal value; and

(c) The Group's and the Company's share premium and capital redemption reserves will become part of the share capital.

The adoption of the New Act is not expected to have any financial impact on the Group and on the Company for the current financial period ended 31 December 2016 as any accounting implications will only be applied prospectively, if applicable, and the effect of adoption mainly will be on the disclosures to the annual report and financial statements of the Group and of the Company for the financial year ending 31 December 2017.

## 34. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group and of the Company as at 31 December 2016/31 January 2016 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** | | **Company** | |
|---|---|---|---|---|
| | **31.12.2016** | **31.1.2016** | **31.12.2016** | **31.1.2016** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Total retained profits of the Group and its subsidiaries | | | | |
| - Realised | **104,120** | 97,970 | **102,158** | 96,919 |
| - Unrealised | **45** | 169 | **(47)** | 64 |
| Total retained profits as per financial statements | **104,165** | 98,139 | **102,111** | 96,983 |

# 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 period or entered into since the end of the previous financial year.

## 2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid and payable by the Company and the Group to the external auditors for the financial period ended 31 December 2016 are as follows:

| | **Company (RM)** | **Group (RM)** |
|---|---|---|
| Audit fee | 50,000 | 92,800 |
| Non-audit fee | 5,000 | 33,000 |
| Total | 55,000 | 125,800 |

## 3. ANALYSIS OF SHAREHOLDERS AS AT 28 FEBRUARY 2017

| | | |
|---|---|---|
| Total no. of issued shares | : | 286,592,491 |
| Class of shares | : | Ordinary shares |
| 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 | 5,318 | 40.31 | 157,335 | 0.05 |
| 100 – 1,000 | 4,237 | 32.12 | 1,658,432 | 0.58 |
| 1,001 – 10,000 | 2,975 | 22.55 | 9,230,370 | 3.22 |
| 10,001 – 100,000 | 593 | 4.50 | 16,523,198 | 5.77 |
| 100,001 – less than 5% of issued shares | 66 | 0.50 | 58,167,447 | 20.30 |
| 5% and above of issued shares | 3 | 0.02 | 200,855,709 | 70.08 |
| Total | 13,192 | 100.00 | 286,592,491 | 100.00 |

## 3. ANALYSIS OF SHAREHOLDERS AS AT 28 FEBRUARY 2017 (continued)

**Thirty largest shareholders:**

| | Name of shareholders | Number of shares | % |
|---|---|---|---|
| 1. | HSBC Nominees (Asing) Sdn Bhd<br>- exempt an for Bank Julius Baer & Co. Ltd. | 105,617,096 | 36.85 |
| 2. | Kenanga Nominees (Asing) Sdn Bhd<br>- Truesource Pte Ltd | 56,694,973 | 19.78 |
| 3. | Amsec Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account – AmBank (M) Berhad for Kalimullah bin Masheerul Hassan | 38,543,640 | 13.45 |
| 4. | Maybank Securities Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account for Tan Ching Ching | 11,666,200 | 4.07 |
| 5. | Tan Han Chuan | 4,762,800 | 1.66 |
| 6. | HSBC Nominees (Asing) Sdn Bhd<br>- exempt an for J.P. Morgan Bank Luxembourg S.A. | 4,000,000 | 1.40 |
| 7. | Kenanga Nominees (Tempatan) Sdn Bhd<br>- Libra Invest Berhad for ECM Libra Foundation | 3,699,255 | 1.29 |
| 8. | Cimsec Nominees (Tempatan) Sdn Bhd<br>- exempt an for CIMB Securities (Singapore) Pte Ltd | 3,674,948 | 1.28 |
| 9. | Lim Su Tong @ Lim Chee Tong | 3,636,270 | 1.27 |
| 10. | Yu Kok Ann | 3,238,800 | 1.13 |
| 11. | Kenanga Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account for Lim Siew Lean | 2,350,000 | 0.82 |
| 12. | Sumberama Sdn Bhd | 2,000,000 | 0.70 |
| 13. | Teo Kwee Hock | 1,641,100 | 0.57 |
| 14. | Quek Siow Leng | 1,437,163 | 0.50 |
| 15. | Tan Kim Kee @ Tan Kee | 1,181,212 | 0.41 |
| 16. | UOB Kay Hian Nominees (Tempatan) Sdn Bhd<br>- exempt an for UOB Kay Hian Pte Ltd | 907,106 | 0.32 |
| 17. | Kalimullah bin Masheerul Hassan | 813,000 | 0.28 |
| 18. | Citigroup Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account for Leong Chin Chye | 650,000 | 0.23 |
| 19. | Tan Swan Po @ Dolly Tan | 554,933 | 0.19 |
| 20. | AllianceGroup Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account for Tan Chee Chiang | 501,021 | 0.17 |
| 21. | Yong Loy Huat | 500,000 | 0.17 |
| 22. | Detik Jalur Sdn Bhd | 485,430 | 0.17 |
| 23. | Chin Khee Kong & Sons Sdn Bhd | 444,395 | 0.16 |

## 3. ANALYSIS OF SHAREHOLDERS AS AT 28 FEBRUARY 2017 (continued)

**Thirty largest shareholders: (continued)**

| | Name of shareholders | Number of shares | % |
|---|---|---|---|
| 24. | Affin Hwang Nominees (Tempatan) Sdn Bhd<br>- DBS Vickers Secs (S) Pte Ltd for Goon Tuck Khoon | 440,300 | 0.15 |
| 25. | Seow Hoon Hin | 409,700 | 0.14 |
| 26. | Yu Sze Yung | 400,000 | 0.14 |
| 27. | Maybank Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account for Hoo Yeek Foo | 378,100 | 0.13 |
| 28. | Sharikat Kim Loong Sendirian Berhad | 375,000 | 0.13 |
| 29. | Citigroup Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account for Vijaya Alphonsus Rajadurai | 350,800 | 0.12 |
| 30. | Binasudi Sendirian Berhad | 317,393 | 0.11 |

*Note: The analysis of shareholders is based on the Record of Depositors of the Company as at 28 February 2017 and does not take into account shares transacted but pending settlement through Bursa Malaysia Securities Berhad.*

**Substantial shareholders as per Register of Substantial Shareholders of the Company as at 28 February 2017:**

| | Direct interest | | Deemed interest | |
|---|---|---|---|---|
| **Name of substantial shareholders** | **Number of shares** | **%** | **Number of shares** | **%** |
| Mr Lim Kian Onn | - | - | 130,387,186[(1)] | 45.50 |
| Dato' Seri Kalimullah bin Masheerul Hassan | 39,356,640 | 13.73 | - | - |
| Truesource Pte Ltd | 56,694,973 | 19.78 | - | - |
| Plato Capital Limited | - | - | 56,694,973[(2)] | 19.78 |
| Garynma MY Capital Limited | 72,255,050 | 25.21 | - | - |
| Garynma MY Holdings Limited | - | - | 72,255,050[(3)] | 25.21 |
| Julius Baer Trust Company (Singapore) Limited | - | - | 72,255,050[(4)] | 25.21 |

*Notes:*

*(1) Deemed interest of 45.50% by virtue of his interest in Plato Capital Limited and his interest via Garynma Trust which holds all the shares in Garynma MY Holdings Limited pursuant to Section 8(4) of the Companies Act, 2016 and his spouse's shareholding pursuant to Section 59(11)(c) of the Companies Act, 2016.*

*(2) Deemed interest of 19.78% by virtue of Plato Capital Limited, being the holding company of Truesource Pte Ltd pursuant to Section 8(4) of the Companies Act, 2016.*

*(3) Deemed interest of 25.21% by virtue of Garynma MY Holdings Limited, being the holding company of Garynma MY Capital Limited pursuant to Section 8(4) of the Companies Act, 2016.*

*(4) Deemed interest of 25.21% by virtue of Julius Baer Trust Company (Singapore) Limited, being the trustee of Garynma Trust which holds all the shares in Garynma MY Holdings Limited pursuant to Section 8(4) of the Companies Act, 2016.*

## 4. DIRECTORS' INTERESTS IN THE COMPANY AND/OR ITS RELATED CORPORATIONS AS AT 28 FEBRUARY 2017

Other than as disclosed below, none of the other Directors of the Company has any interest in the Company and/or its related corporations:

| | Direct interest | | Deemed interest | |
|---|---|---|---|---|
| **Name of directors** | **Number of shares** | **%** | **Number of shares** | **%** |
| Dato' Seri Kalimullah bin Masheerul Hassan | 39,356,640 | 13.73 | - | - |
| Mr Lim Kian Onn | - | - | 130,387,186[(1)] | 45.50 |
| Datuk Kamarudin bin Md Ali | 50,000 | 0.02 | - | - |

*Note:*

*(1) Deemed interest of 45.50% by virtue of his interest in Plato Capital Limited and his interest via Garynma Trust which holds all the shares in Garynma MY Holdings Limited pursuant to Section 8(4) of the Companies Act, 2016 and his spouse's shareholding pursuant to Section 59(11)(c) of the Companies Act, 2016.*

Mr Lim Kian Onn, by virtue of his interests in the Company and pursuant to Section 8(4)(c) of the Companies Act, 2016, is deemed to have interests in the shares of all the subsidiaries of the Company to the extent that the Company has an interest.

## 5. LIST OF PROPERTIES AS AT 31 DECEMBER 2016

| Location | Description/ Existing use | Tenure | Area (sq. ft.) | Age of property (years) | Net book value (RM'000) | Date of acquisition |
|---|---|---|---|---|---|---|
| Bangunan ECM Libra Centre & East Wings 8 Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur | Office building | Freehold | 48,350 (build up area) | 21 | 19,791 | 08.09.2004 |
| No. 9 Persiaran Damansara Endah Damansara Heights 50490 Kuala Lumpur | Residential building | Freehold | 6,211 (land area) | 31 | 4,011 | 01.12.2015 |

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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

| Name | Address | NRIC No. | Proportion of shareholdings to be represented by proxy (%) |
|---|---|---|---|
| | | | |

and/or

| Name | Address | NRIC No. | Proportion of shareholdings to be represented by proxy (%) |
|---|---|---|---|
| | | | |

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 Twelfth Annual General Meeting ("12th AGM") of the Company to be held at Ground Floor, East Wing, Bangunan ECM Libra, 8 Jalan Damansara Endah, Damansara Heights, 50490 Kuala Lumpur on Wednesday, 12 April 2017 at 10.00 a.m. and at any adjournment thereof.

My/Our proxy/proxies is/are to vote as indicated below with an "X":

| | RESOLUTIONS | FOR | AGAINST |
|---|---|---|---|
| 1. | To approve the payment of Directors' fees | | |
| 2. | To approve the payment of Directors' remuneration (excluding Directors' fees) | | |
| | To re-elect the following as Directors: | | |
| 3. | (a) Dato' Seri Kalimullah bin Masheerul Hassan | | |
| 4. | (b) Datuk Kamarudin bin Md Ali | | |
| 5. | (c) Mr Gareth Lim Tze Xiang | | |
| 6. | To re-appoint Messrs Ernst & Young as Auditors of the Company and authorise the Directors to fix their remuneration | | |
| 7. | To approve the authority to Directors to issue shares | | |

Dated this __________ day of ____________________ 2017

| Number of shares held |
|---|
| |

______________________________
Signature(s)/Common Seal of Member(s)

Please refer to next page on the notes.

Notes:

1. Only a depositor whose name appears in the Record of Depositors of the Company as at 5 April 2017 shall be regarded as a member entitled to attend, speak and vote, and appoint a proxy to attend, speak and vote on his/her behalf, at the 12th AGM.
2. 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/her stead. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. A proxy may but need not be a member of the Company.
3. Where a member appoints more than one (1) proxy to attend the meeting, the member shall specify the proportion of his/her shareholdings to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of a duly authorised officer or attorney of the corporation.
5. 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 appointed for holding the meeting or adjourned meeting.
6. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms pursuant to the Personal Data Protection Act 2010 set out in the Notice of 12th AGM dated 21 March 2017.

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.