

ECM LIBRA HOLDINGS LIMITED**(Incorporated in the Federal Territory of Labuan, Malaysia)****STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2005**

	Note	Share capital USD	Distributable Retained profits USD	Total USD
At 1.4.2003		1,316,000	1,549,719	2,865,719
Net profit for the year		-	6,925,872	6,925,872
Dividends	12	-	(7,499,048)	(7,499,048)
At 31.3.2004		1,316,000	976,543	2,292,543
Net profit for the year		-	6,000,032	6,000,032
Dividends	12	-	(394,800)	(394,800)
At 31.3.2005		<u>1,316,000</u>	<u>6,581,775</u>	<u>7,897,775</u>

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

ECM LIBRA HOLDINGS LIMITED
(Incorporated in the Federal Territory of Labuan, Malaysia)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2005

	2005	2004
	USD	USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,000,032	6,931,135
Adjustment for:		
Dividend income	(6,003,340)	-
Interest income	(2,016)	(71,996)
Operating (loss)/profit before working capital changes	(5,324)	6,859,139
Decrease/(increase) in due from/(to) subsidiaries	3,598,790	(1,761,223)
Decrease/(increase) in due from other related party	114,520	(114,520)
Decrease/(increase) in other receivables	1,870	(1,759)
Decrease in due to subsidiary of holding company	(131,578)	(58,295)
Increase/(decrease) in other payables	1,312	(1,395,122)
Cash flows generated from operations	3,579,590	3,528,220
Dividend income received	467,846	-
Interest income received	1,877	71,996
Taxes paid	(5,263)	(5,263)
Net cash generated from operating activities	<u>4,044,050</u>	<u>3,594,953</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Dividends paid	(3,855,813)	(3,906,457)
Net cash used in financing activity	<u>(3,855,813)</u>	<u>(3,906,457)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	188,237	(311,504)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	25,978	337,482
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>214,215</u>	<u>25,978</u>
Cash and cash equivalents comprise:		
Short term funds (Note 7)	214,215	25,978
	<u>214,215</u>	<u>25,978</u>

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

ECM LIBRA HOLDINGS LIMITED
(Incorporated in the Federal Territory of Labuan, Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2005

1. GENERAL INFORMATION

The principal activities of the Company are investment holding and providing advisory services. There has been no significant change in the nature of the principal activities during the financial year.

The Company is a private limited company, incorporated under the Offshore Companies Act 1990 and domiciled in the Federal Territory of Labuan, Malaysia. The registered office of the Company is located at Unit Level 13(E), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Labuan Federal Territory.

The holding and ultimate holding company of the Company is ECM Libra Berhad, a company incorporated in Malaysia.

The Company does not have any employees at the end of the financial year. The accounting and other records are maintained by employees of a subsidiary.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 May 2005.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Company have been prepared under the historical cost convention and comply with the provisions of the Offshore Companies Act 1990 and applicable MASB Approved Accounting Standards in Malaysia.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention.

As at 31 March 2005, the Company has current liabilities in excess of current assets of USD1,634,341 (2004: USD1,704,080). The Company and its subsidiaries review their cash flow positions regularly to manage their exposure to fluctuations in future cash flows associated with their financial instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(b) Income Recognition

Revenue earned from rendering advisory services is recognised as and when services are performed.

Dividend income is recognised when the shareholder's right to receive payment is established.

Interest income is recognised on a time-apportionment basis.

(c) Foreign Currency Transactions

Transactions in foreign currency are converted into United States Dollar at rates of exchange ruling at the transaction dates. At each balance sheet date, foreign currency monetary items are translated into United States Dollar at the exchange rates ruling at that date. All exchange differences are taken to the income statement.

The principal exchange rate for every unit of foreign currency ruling at balance sheet date used is as follows:

	2005 USD	2004 USD
Ringgit Malaysia ("RM")	0.26	0.26

(d) Income Tax

Income tax on the profit or loss comprises current and deferred tax. The tax expense for the period is based on 3% of accounting profit or RM20,000, whichever is lower, in accordance with the Labuan Offshore Business Activity Tax Act 1990, together with a charge or credit for deferred taxation.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(d) Income Tax (Contd.)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(e) Investments in Subsidiaries

Subsidiaries are the entities in which the Company has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

No consolidated financial statements have been prepared for the Company and its subsidiaries as the Company is a wholly-owned subsidiary of ECM Libra Berhad, whose registered office is located at 8A Floor, Wisma Genting, Jalan Sultan Ismail, 50250 Kuala Lumpur.

The Company's investments in subsidiaries are stated at cost less impairment losses. At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets.

An impairment loss is charged to the income statement immediately.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined had no impairment loss been recognised. The reversal is recognised in the income statement immediately.

On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is charged or credited to the income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Financial Instruments

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instrument.

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

(i) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified.

(ii) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for services received.

(iii) Equity Instruments

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

(g) Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents include short term deposits with maturities of less than two months.

4. INVESTMENTS IN SUBSIDIARIES

	2005	2004
	USD	USD
Unquoted shares at cost	<u>9,532,117</u>	<u>3,996,623</u>

Details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Equity Interest %	Principal Activities
ECM Libra Investment Bank Limited and its subsidiary:	Malaysia	100	Offshore investment banking and related financial services
ECM Libra Investments Limited	British Virgin Islands	100	Investment holding and provision of financial services
ECM Libra Securities Limited	Hong Kong	100	Stockbroking services

5. DUE FROM/(TO) RELATED PARTIES

	2005	2004
	USD	USD
Due from subsidiary:		
ECM Libra Investment Bank Limited	<u>-</u>	<u>1,865,854</u>
Due from company in which a director has interest:		
Libra Asia Securities Limited	<u>-</u>	<u>114,520</u>
Due to subsidiaries:		
ECM Libra Securities Limited	(107,849)	(107,849)
ECM Libra Investment Bank Limited	<u>(1,732,936)</u>	<u>-</u>
	<u>(1,840,785)</u>	<u>(107,849)</u>
Due to subsidiary of holding company:		
ECM Libra Capital Sdn. Bhd.	<u>(5,019)</u>	<u>(136,597)</u>

The amount due from ECM Libra Investment Bank Limited as at 31 March 2004 carried interest of 3% per annum, was unsecured and had no fixed term of repayment. The amounts due from/(to) other related parties are unsecured, interest-free and have no fixed terms of repayment.

6. OTHER RECEIVABLES

Other receivables are interest income due and accrued.

7. CASH AND CASH EQUIVALENTS

	2005	2004
	USD	USD
Cash at bank	114,520	-
Fixed deposits placed with a licensed offshore bank	99,695	25,978
	<u>214,215</u>	<u>25,978</u>

The weighted average effective interest rate and the average remaining maturity of these fixed deposits are 2.67% (2004: 1.07%) per annum and 31 days (2004: 26 days) respectively.

8. SHARE CAPITAL

	Number of Ordinary Shares of USD1 Each		Amount	
	2005	2004	2005	2004
			USD	USD
Authorised:				
At 1 April/31 March	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>
Issued and fully paid:				
At 1 April/31 March	<u>1,316,000</u>	<u>1,316,000</u>	<u>1,316,000</u>	<u>1,316,000</u>

9. REVENUE

	2005	2004
	USD	USD
Dividend income from subsidiary	6,003,340	-
Advisory services	-	6,791,010
	<u>6,003,340</u>	<u>6,791,010</u>

10. PROFIT BEFORE TAXATION

Included in profit before taxation are the following:

	2005	2004
	USD	USD
Interest income	(2,016)	(71,996)
Auditors' remuneration	<u>790</u>	<u>790</u>

11. TAXATION

	2005	2004
	USD	USD
Tax charge for current year	<u>-</u>	<u>5,263</u>

The tax charge is computed based on 3% of accounting profit or RM20,000, whichever is lower, in accordance with the provisions of the Labuan Offshore Business Activity Tax Act 1990. For the year ended 31 March 2005, the Company's tax liability is USD Nil as dividend income from its subsidiary is not chargeable to tax. For the year ended 31 March 2004, the Company had elected to pay RM20,000 as tax liability.

12. DIVIDENDS

	Amount		Net Dividends per Share	
	2005	2004	2005	2004
	USD	USD	Cent	Cent
First interim tax exempt dividend of 30.00%, paid on 29.3.2005	394,800	-	30	-
First interim tax exempt dividend of 20.00%, paid on 30.5.2003	-	263,180	-	20
Second interim tax exempt dividend of 147.26%, paid on 3.6.2003	-	1,938,000	-	147
Third interim tax exempt dividend of 6.00%, paid on 25.7.2003	-	78,948	-	6
Fourth interim tax exempt dividend of 2.00%, paid on 15.9.2003	-	26,329	-	2

12. DIVIDENDS (CONTD.)

	Amount		Net Dividends per Share	
	2005 USD	2004 USD	2005 Cent	2004 Cent
Fifth interim tax exempt dividend of 121.58%, paid on 19.3.2004	-	1,600,000	-	122
Sixth interim tax exempt dividend of 272.99% paid on 8, 12 and 14 April 2004	-	3,592,591	-	273
	<u>394,800</u>	<u>7,499,048</u>	<u>30</u>	<u>570</u>

13. FINANCIAL INSTRUMENTS**(a) Financial Risk Management Objectives and Policies**

The Company's overall financial risk management objective is to ensure that the Company creates value for its shareholder while minimising the potential adverse effects on the performance of the Company.

(b) Interest Rate Risk

The Company's primary interest rate risk relates to interest-bearing assets. The interest bearing assets are made up of fixed deposits with licensed financial institutions. The interest rate risk arises from changes in market interest rate.

(c) Foreign Exchange Risk

Foreign exchange exposures in transactional currencies other than United States Dollar are kept to a minimum level. These transactions are mainly denominated in Ringgit Malaysia.

(d) Liquidity Risk

The Company manages the profile of its fixed deposits with financial institutions, operating cash flows and the availability of funding so as to ensure that all operating needs are met. As part of its overall prudent liquidity management, the Company maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

13. FINANCIAL INSTRUMENTS (CONTD.)

(e) Fair Values

It is not practical to estimate the fair value of the inter-company balances due principally to a lack of fixed repayment terms entered by the parties involved. However, the Company believes that the carrying amount represents the recoverable value.

The carrying amounts for short term funds, other receivables and payables approximate their fair values due to the relatively short term maturity of these financial instruments.

14. CURRENCY

All amounts are stated in United States Dollar.

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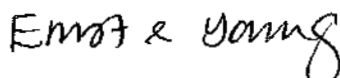
**REPORT OF THE AUDITORS TO THE MEMBERS OF
ECM LIBRA HOLDINGS LIMITED
(Incorporated in the Federal Territory of Labuan, Malaysia)**

We have audited the financial statements set out on pages 114 to 126. These financial statements are the responsibility of the Company's directors.

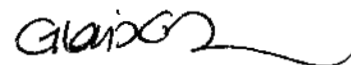
It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

In our opinion, the financial statements have been properly drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2005 and of the results and the cash flows of the Company for the year then ended.



Ernst & Young
AAL: 0001
Chartered Accountants



Gloria Goh Ewe Gim
No. 1685/04/07(J)
Partner

Federal Territory of Labuan, Malaysia

20 MAY 2005

ECM LIBRA SECURITIES SDN. BHD.
(formerly known as BBMB Securities Sdn. Bhd.)
(Incorporated in Malaysia)

INCOME STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2005

		1.1.04 to 31.3.05 RM	1.1.03 to 31.12.03 RM
	Note		
Revenue	3	55,304,967	39,348,596
Cost of sales	4	(12,610,616)	(12,989,343)
Gross profit		42,694,351	26,359,253
Other operating income	5	12,811,425	281,072
Staff costs	6	(14,668,971)	(9,804,359)
Depreciation		(1,825,060)	(1,323,801)
Other operating expenses	7	(9,857,109)	(7,180,094)
Profit before taxation		29,154,636	8,332,071
Taxation	8	(5,922,302)	1,872,140
Net profit for the period/year		23,232,334	10,204,211

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

ECM LIBRA SECURITIES SDN. BHD.
(formerly known as BBMB Securities Sdn. Bhd.)
(Incorporated in Malaysia)

BALANCE SHEET AS AT 31 MARCH 2005

	Note	31.3.05 RM	31.12.03 RM
NON-CURRENT ASSETS			
Property, plant and equipment	9	11,642,669	2,315,981
Investments in subsidiaries	10	20,004	20,004
Goodwill	11	33,800,000	33,800,000
Deferred tax assets	12	599,789	-
		<u>46,062,462</u>	<u>36,135,985</u>
CURRENT ASSETS			
Trade receivables	13	115,999,990	188,999,153
Other receivables	14	10,829,517	2,777,880
Tax recoverable		4,512,171	13,972,074
Marketable securities	15	1,900,492	1,761,121
Short term deposits	16	85,121,273	63,615,429
Cash and bank balances	17	10,244,334	12,829,924
		<u>228,607,777</u>	<u>283,955,581</u>
CURRENT LIABILITIES			
Trade payables	18	98,754,790	151,667,896
Other payables	19	12,154,509	10,645,418
Dealers/remisiers trust accounts		2,746,335	4,477,687
		<u>113,655,634</u>	<u>166,791,001</u>
NET CURRENT ASSETS		<u>114,952,143</u>	<u>117,164,580</u>
		<u>161,014,605</u>	<u>153,300,565</u>

ECM LIBRA SECURITIES SDN. BHD.
(formerly known as BBMB Securities Sdn. Bhd.)
(Incorporated in Malaysia)

BALANCE SHEET AS AT 31 MARCH 2005 (CONTD.)

	Note	31.3.05 RM	31.12.03 RM
REPRESENTED BY:			
Share capital	20	101,038,732	101,038,732
Retained profits		<u>59,799,986</u>	<u>51,844,708</u>
		<u>160,838,718</u>	<u>152,883,440</u>
Deferred tax liabilities	12	-	70,125
Provision for retirement benefits	21	<u>175,887</u>	<u>347,000</u>
		<u>175,887</u>	<u>417,125</u>
		<u>161,014,605</u>	<u>153,300,565</u>

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

ECM LIBRA SECURITIES SDN. BHD.
(formerly known as BBMB Securities Sdn. Bhd.)
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2005

	Share capital RM	Distributable Retained profits RM	Total RM
At 1 January 2003	101,038,732	61,640,497	162,679,229
Net profit for the year	-	10,204,211	10,204,211
Dividends (Note 22)	-	(20,000,000)	(20,000,000)
At 31 December 2003	<u>101,038,732</u>	<u>51,844,708</u>	<u>152,883,440</u>
At 1 January 2004	101,038,732	51,844,708	152,883,440
Net profit for the period	-	23,232,334	23,232,334
Dividends (Note 22)	-	(15,277,056)	(15,277,056)
At 31 March 2005	<u>101,038,732</u>	<u>59,799,986</u>	<u>160,838,718</u>

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

ECM LIBRA SECURITIES SDN. BHD.
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(Incorporated in Malaysia)

CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2005

	1.1.04 to 31.3.05 RM	1.1.03 to 31.12.03 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	29,154,636	8,332,071
Adjustments for:		
Depreciation	1,825,060	1,323,801
Net unrealised foreign exchange gain	41,079	6,086
Provision for /(writeback of) diminution in value of marketable securities	710,129	(309,463)
Gain on disposal of property, plant and equipment	(3,938)	(43,812)
Property, plant and equipment written off	11,314	-
Capital gain arising from receipt of shares in Bursa Malaysia Berhad	(12,500,001)	-
(Gain)/loss on disposal of marketable securities	(5,862,900)	346
Interest income	(5,049,591)	(3,733,176)
Provision/(writeback of provision) for doubtful debts	5,168,807	(1,594,317)
Write back of provision for retirement benefits	(135,447)	(198,651)
Gross dividends	(2,806)	(7,113)
Operating profit before working capital changes	13,356,342	3,775,772
Decrease in receivables	65,436,354	41,672,847
Decrease in payables	(56,427,521)	(50,638,524)
Cash generated from/(used in) operations	22,365,175	(5,189,905)
Net tax refunded	2,868,224	13,377,240
Net cash generated from operating activities	25,233,399	8,187,335
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(11,165,951)	(566,389)
Proceeds from disposal of property, plant and equipment	6,827	46,510
Purchase of marketable securities	(14,113,413)	(40,958)
Proceeds from disposal of marketable securities	21,177,386	-
Proceeds from disposal of Bursa Malaysia Berhad shares	10,623,529	-
Net dividends received	2,268	7,113
Net cash generated from/(used in) investing activities	6,530,646	(553,724)

ECM LIBRA SECURITIES SDN. BHD.
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(Incorporated in Malaysia)

CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2005 (CONTD.)

	1.1.04 to 31.3.05 RM	1.1.03 to 31.12.03 RM
CASH FLOWS FROM FINANCING ACTIVITY		
Dividend paid	(15,277,056)	(20,000,000)
Net cash used in financing activity	<u>(15,277,056)</u>	<u>(20,000,000)</u>
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	16,486,989	(12,366,389)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR	<u>61,087,902</u>	<u>73,454,291</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR	<u>77,574,891</u>	<u>61,087,902</u>
Cash and cash equivalents comprise:		
Short term deposits	85,121,273	63,615,429
Cash and bank balances	<u>10,244,334</u>	<u>12,829,924</u>
	95,365,607	76,445,353
Less: Monies held in trust		
- Short term deposits	(10,483,513)	(3,893,671)
- Cash and bank balances	<u>(7,307,203)</u>	<u>(11,463,780)</u>
	<u>77,574,891</u>	<u>61,087,902</u>

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

ECM LIBRA SECURITIES SDN. BHD.
(formerly known as BBMB Securities Sdn. Bhd.)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2005

1. CORPORATE INFORMATION

The Company, a Participating Organisation of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), carries on business as brokers for the buying and selling of stocks and shares. The principal activities of its subsidiaries are described in Note 10. There have been no significant changes in the nature of these activities during the financial period.

During the financial period, the Company changed its financial year end from 31 December to 31 March to be co-terminous with the financial year end of its new holding company, ECM Libra Berhad.

The Company is a private limited company, incorporated and domiciled in Malaysia. The principal place of business is located at 1st, 2nd & 3rd Floors, Wisma Genting, Jalan Sultan Ismail, 50250 Kuala Lumpur. The branch office at which business is also carried out is located at Level 7, 8 & 9 Menara PSCI, No. 39 Jalan Sultan Ahmad Shah, 10050 Penang.

In the previous financial year, the holding company was Khazanah Nasional Berhad. In the current financial period, effective 30 March 2004, the Company regards ECM Libra Berhad, a company incorporated in Malaysia and listed on the Main Board of Bursa Malaysia as its holding company.

The number of employees in the Company at the end of the financial period were 187 (31.12.03: 221).

The financial statements were authorised for issue by the Board of Directors ("Board") in accordance with a resolution of the directors on 20 May 2005.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Company have been prepared under the historical cost convention and comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(b) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o).

Depreciation is calculated on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Renovation, furniture and fittings	10% - 20%
Office equipment	15%
Computers	25%
Motor vehicles	20%

Upon disposal of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

(c) Investment in Subsidiaries

The Company's investment in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o).

On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised in the income statement.

No consolidated financial statements have been prepared as the Company is a wholly owned subsidiary of ECM Libra Berhad, a company incorporated in Malaysia and having its registered office at 8A Floor, Wisma Genting, Jalan Sultan Ismail 50250 Kuala Lumpur. As required by the Ninth Schedule of the Companies Act, 1965, the audited financial statements of the subsidiaries are annexed.

(d) Goodwill

Goodwill represents the excess of the cost of acquisition over the Company's interest in the fair value of the identifiable assets and liabilities of an acquired operations of a business entity.

Goodwill is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o). Goodwill arising on the acquisition of the operations of a business entity is presented separately on the balance sheet. Goodwill is not amortised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(e) Marketable Securities

Marketable securities represent quoted shares which are carried at the lower of cost and market value, determine on a portfolio basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

(f) Foreign Currencies

Transactions in foreign currencies are recorded in Ringgit Malaysia at the exchange rates ruling at the dates of the transactions or at contracted rates where applicable. Foreign currency assets and liabilities are translated at the exchange rates ruling at the balance sheet date. All exchange differences are taken to the income statement.

The principal exchange rate used for every unit of foreign currencies ruling at balance sheet date used are as follows:

	As at 31.3.05 RM	As at 31.12.03 RM
US dollar	3.80	3.80
Singapore dollar	2.32	2.10
Australian dollar	2.96	2.80

(g) Trade Receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. Specific provisions for bad and doubtful receivables are made for accounts which have been classified as non-performing, net of interest-in-suspense and taking into consideration any collateral held by the Company, in accordance with the Rules of Bursa Malaysia. General provisions are made based on a certain percentage of trade receivables (excluding outstanding purchase contracts which are not due for payment), net of interest-in-suspense and specific provisions already made. When an account is classified as non-performing, interest is suspended and are subsequently recognised on a cash basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(g) Trade Receivables (Contd.)

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

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

(h) Other Receivables

Other receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on review of all outstanding amounts as at balance sheet date.

(i) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, short term deposits and fixed deposit placements with licensed financial institutions which have an insignificant risk of changes in value, excluding monies held in trust, net of outstanding bank overdrafts.

(j) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods or services received.

(k) Provisions for Liabilities

Provisions for liabilities are recognised when the Company has a present obligation as result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(l) Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. 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

As required by law, companies incorporated in Malaysia make contributions to the Employee Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(iii) Provision for retirement benefits

The Company operates an unfunded defined contribution retirement benefits scheme for certain employees. The benefits are determined based on the length of service at predetermined contribution rates.

The liability in respect of the scheme is based on the amounts identified for eligible employees and on the Company's contribution obligations in relation to the past earnings of such employees.

The initial provision was established in the financial year ended 31 December 2000 when the benefits of eligible employees first vested. Thereafter, the provision for each financial year is based on the accretion of the Company's contribution obligations computed on the appropriate proportion of the earnings of the eligible employees during the financial year. The provision in respect of individual employees is written back in the event of their cessation of employment prior to retirement.

(m) Revenue Recognition

(i) Brokerage

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(m) Revenue Recognition (Contd.)

(ii) Margin Income

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

(iii) Other Interest Income

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

(iv) Dividend Income

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

(n) Income Tax

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(n) Income Tax (Contd.)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(o) Impairment of Assets

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

(p) Financial Instruments

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instrument.

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

The accounting policies for financial instruments other than equity instruments are disclosed in the individual policies associated with each item.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**(p) Financial Instruments (Contd.)****(i) Equity Instruments**

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

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

3. REVENUE

Revenue comprises the following:

	1.1.04 to 31.3.05 RM	1.1.03 to 31.12.03 RM
Gross brokerage	36,996,496	35,315,205
Interest income	2,351,760	2,445,768
Margin income	3,107,873	1,335,355
Contra service fee	220,983	252,268
Share placement fee	12,627,855	-
	<u>55,304,967</u>	<u>39,348,596</u>

4. COST OF SALES

Cost of sales comprises the following:

	1.1.04 to 31.3.05 RM	1.1.03 to 31.12.03 RM
Dealers' commission	5,519,809	6,171,623
Remisiers' commission	5,423,221	5,242,707
Securities Commission Levy	1,271,208	1,184,648
SCORE Fees	396,378	390,365
	<u>12,610,616</u>	<u>12,989,343</u>

5. OTHER OPERATING INCOME

Included in other operating income are the following:

	1.1.04 to 31.3.05 RM	1.1.03 to 31.12.03 RM
Capital gain arising from receipt of shares in Bursa Malaysia Berhad	12,500,001	-
Gross dividend income	2,805	7,113
Net unrealised foreign exchange gain	41,079	6,086
Gain on disposal of property, plant and equipment	<u>3,938</u>	<u>43,812</u>

The capital gain arises from the receipt of 4,545,455 ordinary shares in Bursa Malaysia Berhad ("BMB"), the holding company of Bursa Malaysia arising from the demutualisation of Bursa Malaysia Berhad which was completed on 5 January 2004. At that point in time, under Section 4(4) of the Demutualisation (Kuala Lumpur Stock Exchange) Act, 2003, these shares could not be disposed without the appropriate regulatory approvals until and unless such BMB Shares have been listed.

In the absence of more detailed information, the directors had considered then that the underlying net tangible assets value of RM 2.75 per share as reflected in the latest audited financial statements of Bursa Malaysia Berhad as at 31 December 2003 is a reasonable indicator of fair value for purposes of recognising the capital gain.

6. STAFF COSTS

	1.1.04 to 31.3.05 RM	1.1.03 to 31.12.03 RM
Wages and salaries	9,926,877	7,542,150
Social security costs	71,534	60,800
Pension costs- defined contribution plan	1,404,195	1,145,413
Writeback of provision for retirement benefits (Note 21)	(135,447)	(198,651)
Payment for staff Voluntary Separation Scheme	2,164,615	-
Other staff related expenses	<u>1,237,197</u>	<u>1,254,647</u>
	<u>14,668,971</u>	<u>9,804,359</u>

Included in staff costs are directors' remuneration amounting to RM1,772,270 (31.12.03: RM1,202,357).

7. OTHER OPERATING EXPENSES

Included in other operating expenses are the following:

	1.1.04 to 31.3.05 RM	1.1.03 to 31.12.03 RM
Auditors' remuneration	69,000	69,000
Office rental	2,291,517	2,691,562
Provision for/ (writeback of) diminution in value of marketable securities	710,129	(309,463)
Property, plant and equipment written off	11,314	-
(Gain)/ loss on disposal of marketable securities	(5,862,900)	346
Provision/(writeback of provision) for doubtful debts	5,168,807	(1,594,317)
Bad debts recovered	<u>(1,314,749)</u>	<u>(954,277)</u>

8. TAXATION

	1.1.04 to 31.3.05 RM	1.1.03 to 31.12.03 RM
Under/(over) provision of income tax expense in prior years	<u>6,592,216</u>	<u>(1,942,265)</u>
Deferred tax- relating to origination and reversal of temporary differences	1,622,564	70,125
Underprovision of deferred tax assets in prior years	<u>(2,292,478)</u>	<u>-</u>
	<u>(669,914)</u>	<u>70,125</u>
	<u>5,922,302</u>	<u>(1,872,140)</u>

Income tax is calculated at the Malaysian statutory tax rate of 28% (31.12.03: 28%) of the estimated assessable income for the period.

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

8. TAXATION (CONTD.)

	1.1.04 to 31.3.05 RM	1.1.03 to 31.12.03 RM
Profit before taxation	<u>29,154,636</u>	<u>8,332,071</u>
Taxation at Malaysian statutory tax rate of 28%	8,163,298	2,332,980
Effect of income not subject to tax	(3,500,786)	(6,497)
Effect of expenses not deductible for tax purposes	361,830	232,020
Effect of utilisation of previously unrecognised tax losses and certain other temporary differences brought forward from previous years	(3,401,778)	(498,160)
Deferred tax assets not recognised during the period/year	-	(1,990,218)
Underprovision of deferred tax assets in prior years	(2,292,478)	-
Under/(over)provision of income tax expense in prior years	6,592,216	(1,942,265)
Tax expense for the period/year	<u>5,922,302</u>	<u>(1,872,140)</u>
Tax losses are analysed as follows:		
Tax saving recognised during the period/ year arising from utilisation of tax losses brought forward from previous year	3,401,778	127,860
Unutilised tax losses carried forward	<u>31,476,706</u>	<u>43,625,916</u>

As at 31 March 2005, the Company has sufficient tax credit under Section 108 of the Income Tax Act 1967 to frank the payment of dividends amounting to RM54,800,000 (31.12.2003: RM68,100,000) out of its retained profits. If the balance of the retained profits of RM5,000,000 (31.12.2003: Nil) were to be distributed as dividends prior to there being sufficient tax credit, the Company would have a Section 108 shortfall of approximately RM2,000,000 (31.12.03: Nil)

9. PROPERTY, PLANT AND EQUIPMENT

	Renovation, Furniture and fittings RM	Office equipment RM	Computers RM	Motor vehicles RM	Total RM
Cost					
As at 1 January 2004	5,424,668	2,615,849	10,343,505	453,016	18,837,038
Additions	6,552,671	546,757	4,066,523	-	11,165,951
Disposals	-	(7,170)	-	-	(7,170)
Write off	-	(16,680)	-	-	(16,680)
As at 31 March 2005	11,977,339	3,138,756	14,410,028	453,016	29,979,139
Accumulated Depreciation					
As at 1 January 2004	5,055,089	2,285,368	8,997,077	183,523	16,521,057
Depreciation charge for the period	569,860	227,940	925,130	102,130	1,825,060
Disposals	-	(4,281)	-	-	(4,281)
Write off	-	(5,366)	-	-	(5,366)
As at 31 March 2005	5,624,949	2,503,661	9,922,207	285,653	18,336,470
Net Book Value					
As at 31 March 2005	6,352,390	635,095	4,487,821	167,363	11,642,669
As at 31 December 2003	369,579	330,481	1,346,428	269,493	2,315,981

9. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Renovation, Furniture and fittings RM	Office equipment RM	Computers RM	Motor vehicles RM	Total RM
Details as at 1 January 2003					
Cost	5,178,789	2,606,126	10,171,627	474,515	18,431,057
Accumulated depreciation	4,907,097	2,083,157	8,112,896	251,816	15,354,966
Depreciation charge for 2003	147,992	209,923	884,181	81,705	1,323,801

Included in property, plant and equipment are fully depreciated assets which are still in use which cost RM15,813,258 (31.12.03: RM14,160,034).

10. INVESTMENTS IN SUBSIDIARIES

	31.3.05	31.12.03
	RM	RM
Unquoted shares, at cost	<u>20,004</u>	<u>20,004</u>

Details of the subsidiary companies are as follows:

Name	Country of incorporation	Nature of business	31.3.05 %	31.12.03 %
ECM Libra Securities Nominees Sdn. Bhd. (formerly known as BBMB Securities Nominees Sdn. Bhd.)	Malaysia	Inactive	100	100
ECM Libra Securities Nominees (Tempatan) Sdn. Bhd. (formerly known as BBMB Securities Nominees (Tempatan) Sdn. Bhd.)	Malaysia	Provision of nominee services for local clients	100	100
ECM Libra Securities Nominees (Asing) Sdn. Bhd. (formerly known as BBMB Securities Nominees (Asing) Sdn. Bhd.)	Malaysia	Provision of nominee services for foreign clients	100	100
ECM Libra Securities Portfolio Management Sdn. Bhd. (formerly known as BBMB Securities Portfolio Management Sdn. Bhd.)	Malaysia	Dormant	100	100

11. GOODWILL

Goodwill arose from the Company's acquisition of operations in a business entity.

12. DEFERRED TAX (ASSETS)/ LIABILITIES

	31.3.05	31.12.03
	RM	RM
Balance at beginning of period/ year	70,125	-
Recognised in income statement	(669,914)	70,125
Balance at end of period/ year	<u>(599,789)</u>	<u>70,125</u>

Presented after appropriate offsetting as follows:

Deferred tax liabilities	927,071	384,611
Deferred tax assets	(1,526,860)	(314,486)
	<u>(599,789)</u>	<u>70,125</u>

The components and movements of deferred tax liabilities and assets during the financial period prior to offsetting are as follows:

	1.1.04	Recognised in the income statement	31.3.05
	RM	RM	RM
Deferred Tax Liabilities:			
Accelerated capital allowances	<u>384,611</u>	<u>542,460</u>	<u>927,071</u>
Deferred Tax Assets:			
Provision in diminution in value	-	(482,990)	(482,990)
Provision for doubtful debts	(314,486)	139,893	(174,593)
Interest in suspense	-	(203,033)	(203,033)
Provision for retirement benefits	-	(49,248)	(49,248)
Other accruals	-	(616,996)	(616,996)
	<u>(314,486)</u>	<u>(1,212,374)</u>	<u>(1,526,860)</u>

	1.1.03	Recognised in the income statement	31.12.03
	RM	RM	RM
Deferred Tax Liabilities:			
Accelerated capital allowances	<u>-</u>	<u>384,611</u>	<u>384,611</u>
Deferred Tax Assets:			
Provision for doubtful debts	<u>-</u>	<u>(314,486)</u>	<u>(314,486)</u>

12. DEFERRED TAX (ASSETS)/ LIABILITIES (CONTD.)

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

	31.3.05	31.12.03
	RM	RM
Unused tax losses	<u>8,813,478</u>	<u>12,215,256</u>

The unused tax losses is available indefinitely for offset against future taxable profits of the Company, subject to agreement with the Inland Revenue Board. Deferred tax assets have not been recognised in respect of the unused tax losses as there is uncertainty of the quantum available for use pending finalisation with the Inland Revenue Board.

13. TRADE RECEIVABLES

	31.3.05	31.12.03
	RM	RM
Amounts due from clients	109,997,468	206,280,166
Amounts due from brokers	<u>13,021,284</u>	<u>8,149,163</u>
	123,018,752	214,429,329
Interest-in-suspense	<u>(725,116)</u>	<u>(4,293,185)</u>
	122,293,636	210,136,144
Provision for doubtful debts	<u>(6,293,646)</u>	<u>(21,136,991)</u>
	<u>115,999,990</u>	<u>188,999,153</u>

- (i) Classification of non-performing accounts and related exposure in accordance with Schedule 7 of the Rules of Bursa Malaysia.

	31.3.05	31.12.03
	RM	RM
Classified as doubtful	151,125	219,098
Classified as bad	<u>12,550,683</u>	<u>41,363,317</u>
	<u>12,701,808</u>	<u>41,582,415</u>

13. TRADE RECEIVABLES (CONTD.)

(ii) Movement of provision for bad and doubtful debts:

	31.3.05	31.12.03
	RM	RM
At beginning of period/year	21,136,991	25,537,441
Provision/(writeback of provision) for bad and doubtful debts	4,668,465	(1,594,317)
Provision written off	(19,511,810)	(2,806,133)
At end of period/year	<u>6,293,646</u>	<u>21,136,991</u>

(iii) Movement of interest-in-suspense:

	31.3.05	31.12.03
	RM	RM
At beginning of period/year	4,293,185	13,034,365
Net interest recovered during the period/ year	(21,207)	(68,659)
Written off	(3,546,862)	(8,672,521)
At end of period/year	<u>725,116</u>	<u>4,293,185</u>

Trade receivables represents trading and share margin accounts and outstanding purchase contracts entered into on behalf of clients where settlements have yet to be made by clients.

The trade settlement is 3 market days according to the BMSB Fixed Delivery and Settlement System ("FDSS") trading rules. The Company's trade credit terms for margin clients are set within standard margin agreements.

14. OTHER RECEIVABLES

	31.3.05	31.12.03
	RM	RM
Sundry receivables	8,860,519	1,432,744
Deposits	1,220,534	1,131,391
Staff loans	449,025	649,828
Prepayments	341,536	272,913
Amount due from subsidiary companies	14,309	1,080
Amount due from fellow subsidiary companies	256,768	-
	<u>11,142,691</u>	<u>3,487,956</u>
Less: Provision for doubtful debts	(313,174)	(710,076)
	<u>10,829,517</u>	<u>2,777,880</u>

14. OTHER RECEIVABLES (CONTD.)

Staff loans consist of housing and car loan. These loans bear interest at 7.00% (31.12.03: 7.00%) per annum, are secured over the properties and motor vehicles financed and are repayable within the period from 7 to 25 years.

The amount due from subsidiary companies and fellow subsidiary companies are unsecured, interest-free and have no fixed terms of repayment.

Included in sundry receivables is an amount of RM6,817,446 (31.12.03: Nil) being capital repayment due from Bursa Malaysia Berhad arising from its capital reduction and share consolidation exercise. This amount was received after the financial year end.

The Company has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

15. MARKETABLE SECURITIES

	31.3.05	31.12.03
	RM	RM
Quoted shares, at cost		
- outside Malaysia	95,558	1,253,683
- in Malaysia	3,529,898	1,696,378
	3,625,456	2,950,061
Provision for diminution in value	(1,724,964)	(1,188,940)
	<u>1,900,492</u>	<u>1,761,121</u>
Quoted shares, at market value		
- outside Malaysia	57,522	709,309
- in Malaysia	2,896,070	1,051,812
	<u>2,953,592</u>	<u>1,761,121</u>

16. SHORT TERM DEPOSITS

	31.3.05	31.12.03
	RM	RM
Deposits with licensed banks	7,042,760	5,005,758
Deposits with licensed finance companies	43,000,000	24,000,000
Deposits with other financial institutions	24,595,000	30,716,000
	<u>74,637,760</u>	<u>59,721,758</u>
Deposits held in trust with licensed banks	1,324,626	1,398,122
Deposits held in trust with licensed finance companies	1,324,473	2,495,549
Deposits held in trust with other financial institutions	7,834,414	-
	<u>10,483,513</u>	<u>3,893,671</u>
	<u>85,121,273</u>	<u>63,615,429</u>

16. SHORT TERM DEPOSITS (CONTD.)

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

	31.3.05	31.12.03
	%	%
Licensed banks	3.06	2.66
Licensed finance companies	2.89	3.10
Other financial institutions	<u>2.61</u>	<u>2.81</u>

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

	31.3.05	31.12.03
	Days	Days
Licensed banks	193	45
Licensed finance companies	230	135
Other financial institutions	<u>3</u>	<u>14</u>

17. CASH AND BANK BALANCES

	31.3.05	31.12.03
	RM	RM
Cash and bank balances	2,937,131	1,366,144
Trust accounts with licensed banks	<u>7,307,203</u>	<u>11,463,780</u>
	<u>10,244,334</u>	<u>12,829,924</u>

18. TRADE PAYABLES

	31.3.05	31.12.03
	RM	RM
Amounts due to clients	67,393,058	63,762,740
Amounts due to brokers	<u>31,361,732</u>	<u>87,905,156</u>
	<u>98,754,790</u>	<u>151,667,896</u>

Trade payables mainly relate to contra gains owing to clients and outstanding contracts entered into on behalf of clients where settlements via the Central Depository System have yet to be made.

The trade credit term for trade payable for non-margin clients and brokers is 3 market days according to the Bursa Malaysia Fixed Delivery and Settlement System ("FDSS") trading rules.

19. OTHER PAYABLES

	31.3.05 RM	31.12.03 RM
Sundry payables	10,378,591	8,683,720
Accruals	<u>1,775,918</u>	<u>1,961,698</u>
	<u>12,154,509</u>	<u>10,645,418</u>

Included in sundry payables is an amount due to Khazanah Nasional Berhad, a former holding company of the Company of RM3,260,120 (31.12.03: Nil). The amount is unsecured, interest-free and has no fixed terms of repayment.

20. SHARE CAPITAL

	31.3.05 RM	31.12.03 RM
Authorised:		
130,000,000 ordinary shares of RM1 each	<u>130,000,000</u>	<u>130,000,000</u>
Issued and fully paid:		
101,038,732 ordinary shares of RM1 each	<u>101,038,732</u>	<u>101,038,732</u>

21. PROVISION FOR RETIREMENT BENEFITS

The Company operates an unfunded, defined benefit Retirement Benefit Scheme for certain employees (2 employees as at 31 March 2005; 5 employees as at 31 December 2003) that have exceeded 10 years of service with the Company. The Company's obligations under this scheme is determined based on number of years of service and salary of the employee entitled to the scheme, as stated in the Company's policy. All the liabilities arising from the Retirement Benefit Scheme will arise later than 5 years.

Movements in the provision for retirement benefits during the financial period/ year were as follows:

	31.3.05 RM	31.12.03 RM
At 1 January	347,000	545,651
Reversal of provision during the period/ year (Note 6)	(135,447)	(198,651)
Payment made during the period/ year	(35,666)	-
At 31 March/ December	<u>175,887</u>	<u>347,000</u>

22. DIVIDENDS

	Amount		Net Dividend Per Share	
	31.3.05	31.12.03	31.3.05	31.12.03
	RM	RM	sen	sen
Interim				
Dividend of 27.4% less 28% tax, in respect of 31 December 2003, paid on 19 December 2003	-	20,000,000	-	20
Dividend of 21% less 28% tax in respect of 31 March 2005, paid on 22 March 2005.	15,277,056	-	15	-
	<u>15,277,056</u>	<u>20,000,000</u>	<u>15</u>	<u>20</u>

The directors do not recommend payment of a final dividend in respect of the current financial period ended 31 March 2005.

23. COMMITMENTS

	31.3.05	31.12.03
	RM	RM
(a) Capital Commitments		
Approved and contracted for:		
Property, plant and equipment	327,997	-
Approved but not contracted for:		
Property, plant and equipment	45,800	-
	<u>373,797</u>	<u>-</u>
(b) Operational Commitments		
Underwriting commitment	<u>50,800,000</u>	<u>-</u>

23. COMMITMENTS (CONTD.)**(c) Non-Cancellable Operating Lease Commitments**

Future minimum rentals payable:

Not later than 1 year

1,922,307

1,328,012

Later than 1 year and not later than 5 years

2,580,187

399,972

4,502,4941,727,984**24. SIGNIFICANT RELATED PARTY TRANSACTIONS****31.3.05****31.12.03****RM****RM**

Project management fee payable to Plato Solutions

Sdn. Bhd., a company in which a director and a major
shareholder of the holding company have interest400,000-**25. FINANCIAL RISK MANAGEMENT POLICIES**

The Company's financial risk management policy seeks to ensure that adequate resources are available for the development of the Company's businesses whilst managing its credit risk, market risk and liquidity risk. The Company operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transactions. The Company's policy in respect of the major risk areas is set out as follows:

(a) Operational Risk

The operational risk losses which would result from inadequate or failed internal processes, people and systems are managed through established operational risk management processes, proper monitoring and reporting of the business activities by control and support units which are independent of the business units and oversight by the management and the Board.

The operation of risk management processes include comprehensive documentation of processes and procedures and built-in system of internal controls. Key back-up procedures, regular contingency planning, self-compliance audit and independent audits also form an integral part of the operational risk management process.

25. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(b) Credit Risk

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

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

(c) Market Risk

Market risk is the risk of loss arising from adverse movement in market prices and the state of the domestic and foreign markets, the key components being equity price risk, foreign currency exchange risk and interest rate risk.

(i) Equity Price Risk

Equity price risk refers to the risk of an adverse deviation of the mark-to-market value of a portfolio of securities in the time it takes for liquidation. It is the risk of loss that has to be absorbed by the Company in the course of facilitation of client's trades or underwriting/placement activities.

Market risk arising from the trading activities is independently marked-to-market on a daily basis against their predetermined market risk limits within internally approved policies and guidelines of the Bursa Malaysia.

(ii) Foreign Currency Exchange Risk

Foreign currency exchange risk which arises from exchange rate movements may affect the Company's exposure to receivables and payables denominated in foreign currency. Hedging of foreign currency exchange risk through the use of forward exchange contracts may be adopted should the foreign exchange rate are expected to fluctuate widely. There is no outstanding forward exchange contract as at end of the period.

(iii) Interest Rate Risk

Interest rate risk refers to volatility in net interest income as a result of changes in the levels of interest rate and shifts in the composition of the assets and liabilities. Interest rate risk is managed through interest rate sensitivity gap analysis. The potential reduction in net interest income from an unfavourable interest rate movement is monitored closely and mark-to-market valuations are regularly reported to the management.

25. FINANCIAL RISK MANAGEMENT POLICIES (CONTD.)

(d) Liquidity Risk

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

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

(e) Fair Values

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and Cash Equivalents, Trade and Other Receivables/Payables

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments, except for amounts due from subsidiary companies and fellow subsidiary companies as it is not practical to estimate the fair value due to the lack of repayment term.

(ii) Marketable Securities

The fair value of marketable securities, represented by market value as disclosed in Note 15, is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

26. CURRENCY

All amounts are stated in Ringgit Malaysia.

27. COMPARATIVES

Comparative amounts are for the financial year from 1 January 2003 to 31 December 2003.

164534-K

**REPORT OF THE AUDITORS TO THE MEMBERS OF
ECM LIBRA SECURITIES SDN. BHD.
(formerly known as BBMB Securities Sdn. Bhd.)
(Incorporated in Malaysia)**

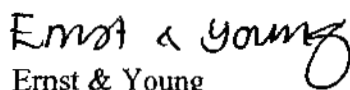
We have audited the financial statements set out on pages 128 to 157. These financial statements are the responsibility of the Company's directors.

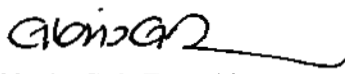
It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content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

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

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Company as at 31 March 2005 and of the results and the cash flows of the Company for the period then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.


Ernst & Young
AF: 0039
Chartered Accountants


Gloria Goh Ewe Gim
No. 1685/04/07 (J)
Partner

Kuala Lumpur
20 May 2005