ECM LIBRA FINANCIAL GROUP BERHAD
(713570-K)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 January 2012

713570-K

ECM Libra Financial Group Berhad
(Incorporated in Malaysia)

Contents

ECM Libra Financial Group Berhad
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Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2012.

Principal activities

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiary companies are set out in Note 13 to the financial statements.

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

Results

	Group RM'000	Company RM'000
Profit attributable to owners of the Company	31,554	15,552

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

Dividends

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

	RM'000
In respect of the financial year ended 31 January 2011:	
Final dividend of 1.89 sen per ordinary share of RM1.00 each per ordinary share computed based on 804,452,937 ordinary shares (excluding treasury shares held by the Company of 26,449,016) paid on 7 June 2011	15,204

The final dividend in respect of the financial year ended 31 January 2011 also included a share dividend distribution of 24,366,154 treasury shares on the basis of one (1) treasury share for every thirty-three (33) existing ordinary shares of RM1.00 each held on 30 May 2011. The distributions of the cash and share dividends were completed on 7 June 2011.

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Dividends (cont'd.)

Subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting ("AGM"), the directors are recommending a final dividend of 2.4 sen per ordinary share of RM1.00 each, in respect of the financial year ended 31 January 2012. This is computed based on the issued and paid-up share capital as at 31 January 2012, excluding treasury shares held by the Company of 2,082,862 ordinary shares of RM1.00 each, to be paid to shareholders whose names appear in the Record of Depositors on a date to be determined by the directors.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 January 2013.

Share buy-back

During the financial year, the Company bought back 13,423,000 units of its issued shares ("ECM Shares") from the open market to enhance the value of the Company and in the best interests of the Company and its shareholders. The total consideration paid for the share buy-back of ECM Shares by the Company during the financial year, including transaction costs, was RM12,170,001 and was financed by internally generated funds. The ECM Shares bought back are held as treasury shares in accordance with Section 67A Subsection (3A)(b) of the Companies Act, 1965. None of the treasury shares held were resold or cancelled during the financial year. Further information is disclosed in Note 25 to the financial statements.

Directors

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

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

In accordance with Article 103 of the Articles of Association of the Company, Mr Lim Kian Onn, Datuk Kamarudin bin Md Ali and Dato' Othman bin Abdullah will retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

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Directors' interests

The Directors holding office at the end of the financial year who had beneficial interests in the ordinary shares/options* of the Company and/or related corporations during the financial year ended 31 January 2012, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Shareholdings in which directors have interests Number of ordinary shares/options*			
	As at 1.2.2011	**Acquired**	**Sold**	**As at 31.1.2012**
Direct interest in ECM Libra Financial Group Berhad ("ECMLFG")				
Dato' Seri Kalimullah bin Masheerul Hassan	32,000,000	969,696	-	32,969,696
	29,000,000*	-	-	29,000,000*
Dato' Ab Halim bin Mohyiddin	200,000*	-	-	200,000*
Mr Lim Kian Onn	77,926,307	2,361,403	-	80,287,710
	29,000,000*	-	-	29,000,000*
Datuk Kamarudin bin Md Ali	200,000*	-	-	200,000*
Dato' Othman bin Abdullah	200,000*	-	-	200,000*
En Mahadzir bin Azizan	200,000*	-	-	200,000*

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

Directors' benefits

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

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

Employees' share option scheme

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

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

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

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

The main features of the ESOS are, inter alia, as follows: (cont'd.)

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

As at 31 January 2012, there was no issuance of new shares arising from the exercise of options pursuant to the ESOS.

Other statutory information

(I) As at the end of the financial year

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

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

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

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

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

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

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

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

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

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Other statutory information (cont'd.)

(II) From the end of the financial year to the date of this report (cont'd.)

(b) In the opinion of the directors:

(i) the results of the operations of the Group and the Company for the financial year ended 31 January 2012 are not likely to be substantially affected by any item, transaction or event of a material and unusual nature which had arisen in the interval between the end of the financial year and the date of this report; and

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

(III) As at the date of this report

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

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

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

Auditors

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

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

Dato' Seri Kalimullah bin Masheerul Hassan

Lim Kian Onn

Kuala Lumpur
28 March 2012

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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 11 to 112 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia as modified by Bank Negara Malaysia's Guidelines so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2012 and of their results and their cash flows for the year then ended.

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

Dato' Seri Kalimullah bin Masheerul Hassan   Lim Kian Onn

Kuala Lumpur
28 March 2012

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

I, Lim Boon Soon, 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 11 to 112 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 Lim Boon Soon at
Kuala Lumpur in the Federal Territory
on 28 March 2012   Lim Boon Soon

Before me,

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Independent auditors' report to the members of
ECM Libra Financial Group Berhad
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Report on the financial statements

We have audited the financial statements of ECM Libra Financial Group Berhad, which comprise the statements of financial position as at 31 January 2012 of the Group and of the Company, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 11 to 111.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards in Malaysia as modified by Bank Negara Malaysia's Guidelines and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

Independent auditors' report to the members of
ECM Libra Financial Group Berhad (cont'd.)
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Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards in Malaysia as modified by Bank Negara Malaysia's Guidelines and 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 January 2012 and of their financial performances and cash flows for the year then ended.

Report on other legal and regulatory requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries 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.

Independent auditors' report to the members of
ECM Libra Financial Group Berhad (cont'd.)
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Other reporting responsibilities

The supplementary information set out in Note 44 on page 112 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Chan Hooi Lam
No. 2844/02/14(J)
Chartered Accountant

Kuala Lumpur, Malaysia
28 March 2012

ECM Libra Financial Group Berhad
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Statements of financial position as at 31 January 2012

		Group		Company	
	Note	**2012**	**2011**	**2012**	**2011**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Assets					
Cash and short term funds	3	410,566	394,897	10,043	6,483
Deposits with financial institutions	4	20,631	21,489	-	-
Securities held-for-trading	5	360,985	353,818	-	-
Securities available-for-sale	6	675,033	519,479	-	-
Securities held-to-maturity	7	200,000	70,000	-	-
Derivative financial assets	8(a)	6,688	9,552	-	-
Loans, advances and financing	9	550,242	649,880	-	-
Trade receivables	10	363,500	485,318	-	-
Other assets	11	29,443	21,760	19,076	39,662
Statutory deposit with Bank Negara Malaysia	12	27,165	8,834	-	-
Investment in subsidiary companies	13	-	-	888,360	888,764
Investment in associated company	14	19,976	19,757	-	-
Amount owing by subsidiary companies	15	-	-	892	659
Deferred tax assets	16	735	11,687	-	-
Property, plant and equipment	17	44,916	42,451	27,187	21,181
Intangible assets	18	284,500	284,500	-	-
Total assets		2,994,380	2,893,422	945,558	956,749
Liabilities and equity					
Liabilities					
Deposits from customers	19	1,081,483	1,046,806	-	-
Deposits and placements of banks and other financial institutions	20	341,371	201,008	-	-
Derivative financial liabilities	8(b)	57	-	-	-
Trade payables	21	482,959	577,837	-	-
Other liabilities	22	61,299	73,865	2,247	365
Provision for taxation		2,873	42	-	-
Amount owing to subsidiary companies	15	-	-	79,346	79,850
Deferred tax liabilities	16	8,041	958	571	914
Total liabilities		1,978,083	1,900,516	82,164	81,129

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Statements of financial position as at 31 January 2012 (cont'd.)

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Equity attributable to equity holders of the Company					
Share capital	23	830,902	830,902	830,902	830,902
Reserves	24	186,974	169,890	34,071	52,604
Less: Treasury shares, at cost	25	(1,579)	(7,886)	(1,579)	(7,886)
Shareholders' equity		1,016,297	992,906	863,394	875,620
Total equity and liabilities		2,994,380	2,893,422	945,558	956,749
Commitment and contingencies (investment banking operations)	39	559,055	317,193	-	-

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

ECM Libra Financial Group Berhad
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Statements of comprehensive income
For the year ended 31 January 2012

		Group		Company	
	Note	**2012** **RM'000**	**2011** **RM'000**	**2012** **RM'000**	**2011** **RM'000**
Revenue	2(r)	178,287	218,343	18,073	40,867
Interest income	26	82,078	64,313	406	236
Interest expense	27	(45,903)	(34,837)	-	(7)
Net interest income		36,175	29,476	406	229
Non-interest income	28	96,209	154,030	17,667	40,631
Other non-operating income	29	4,281	2,319	1,447	247
Net income		136,665	185,825	19,520	41,107
Operating expenses	30	(92,742)	(89,980)	(3,214)	(2,101)
Operating profit		43,923	95,845	16,306	39,006
Share of profit of an associated company		219	285	-	-
Writeback of/(allowance for) losses on loans, advances and financing	32	1,472	(5,059)	-	-
Writeback of bad and doubtful debts	33	6,493	305	-	-
Writeback of/(allowance for) impairment on investments	34	1,651	(4,704)	-	-
Profit before tax		53,758	86,672	16,306	39,006
Income tax expense	35	(22,204)	(21,461)	(754)	(929)
Net profit for the year		31,554	65,211	15,552	38,077

ECM Libra Financial Group Berhad
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Statements of comprehensive income
For the year ended 31 January 2012 (cont'd.)

		Group		Company	
	Note	**2012 RM'000**	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Other comprehensive income:					
Net gain/(loss) on available-for-sale financial assets		26,217	(15,321)	-	-
Currency translation differences		2	(940)	-	-
Income tax relating to components of other comprehensive income	16	(6,604)	3,848	-	-
Other comprehensive income/(loss) for the year, net of tax		19,615	(12,413)	-	-
Total comprehensive income for the year		51,169	52,798	15,552	38,077
Profit attributable to owners of the Company		31,554	65,211	15,552	38,077
Total comprehensive income attributable to owners of the Company		51,169	52,798	15,552	38,077
Earnings per share ("EPS") attributable to owners of the Company:		Sen	Sen		
- basic	36	3.84	8.01		
- diluted	36	3.84	8.01		

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

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Statements of changes in equity
For the year ended 31 January 2012

		<---	---	---	Non-distributable	---	---	---	--->	Distributable	
	Note	Share capital RM'000	Treasury shares RM'000	Merger reserve RM'000	Foreign currency translation reserve RM'000	Available-for-sale revaluation reserve RM'000	Equity compensation reserve RM'000	Statutory reserve RM'000	General reserve RM'000	Retained profits RM'000	Total RM'000
Group											
As at 1 February 2011		830,902	(7,886)	26,561	(3,295)	718	3,526	65,720	159	76,501	992,906
Total comprehensive income		-	-	-	2	19,613	-	-	-	31,554	51,169
Transactions with owners:											
Arising from the Company's ESOS vested during the year	30	-	-	-	-	-	186	-	-	-	186
ESOS lapsed during the year	30	-	-	-	-	-	(590)	-	-	-	(590)
Share buy-back by the Company	25	-	(12,170)	-	-	-	-	-	-	-	(12,170)
Transfer to statutory reserve	24(d)	-	-	-	-	-	-	15,067	-	(15,067)	-
Cash dividend paid	37	-	-	-	-	-	-	-	-	(15,204)	(15,204)
Share dividend	25, 37	-	18,477	-	-	-	-	-	-	(18,477)	-
		-	6,307	-	-	-	(404)	15,067	-	(48,748)	(27,778)
As at 31 January 2012		830,902	(1,579)	26,561	(3,293)	20,331	3,122	80,787	159	59,307	1,016,297

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

ECM Libra Financial Group Berhad
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Statements of changes in equity
For the year ended 31 January 2012 (cont'd.)

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

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

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Statements of changes in equity
For the year ended 31 January 2012 (cont'd.)

				Non-Distributable	Distributable	
	Note	Share capital RM'000	Treasury shares RM'000	Equity compensation reserve RM'000	Retained profits RM'000	Total RM'000
Company						
As at 1 February 2011		830,902	(7,886)	3,526	49,078	875,620
Total comprehensive income		-	-	-	15,552	15,552
Transactions with owners:						
Arising from the Company's ESOS vested during the year	30	-	-	186	-	186
ESOS lapsed during the year	30	-	-	(590)	-	(590)
Share buy-back by the Company	25	-	(12,170)	-	-	(12,170)
Cash dividend paid	37	-	-	-	(15,204)	(15,204)
Share dividend	25, 37	-	18,477	-	(18,477)	-
		-	6,307	(404)	(33,681)	(27,778)
As at 31 January 2012		830,902	(1,579)	3,122	30,949	863,394

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

ECM Libra Financial Group Berhad
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Statements of changes in equity
For the year ended 31 January 2012 (cont'd.)

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

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

ECM Libra Financial Group Berhad
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Statements of cash flows
For the year ended 31 January 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Cash flows from operating activities					
Profit before taxation		53,758	86,672	16,306	39,006
Adjustments for:					
(Writeback of)/allowance for impairment on investments	34	(1,651)	4,704	-	-
Depreciation of property, plant and equipment	17	5,693	4,637	739	673
Unrealised gain on foreign exchange transactions		(3,751)	(3,792)	-	-
Interest income	26	(82,078)	(64,313)	(406)	(236)
Interest expense	27	45,903	34,837	-	7
Property, plant and equipment written-off	30	20	1,845	-	2
Share of profit of an associated company		(219)	(285)	-	-
Net gain on disposal of:	28				
- securities held-for-trading		(12,061)	(14,287)	-	-
- securities available-for-sale		(10,272)	(58,292)	-	-
- derivatives		(1,938)	(2,114)	-	-
Net unrealised (gain)/loss on revaluation of:	28				
- securities held-for-trading		(307)	(182)	-	-
- derivatives		1,691	(1,569)	-	-
Dividend income	28	(2,001)	(9,425)	(17,667)	(40,631)
Cost arising from ESOS	30	(404)	(320)	-	-
(Writeback of)/allowance for losses on loans, advances and financing	32	(1,472)	5,059	-	-
Writeback of bad and doubtful debts	33	(6,493)	(203)	-	-
Gain on disposal of property, plant and equipment	29	(2,490)	(10)	(91)	-
Operating loss before working capital changes		(18,072)	(17,038)	(1,119)	(1,179)
(Increase)/decrease in operating assets:					
Securities held-for-trading		5,201	(37,438)	-	-
Derivative financial instruments		3,168	(5,530)	-	-
Balance carried forward		(9,703)	(60,006)	(1,119)	(1,179)

ECM Libra Financial Group Berhad
(Incorporated in Malaysia)

Statements of cash flows
For the year ended 31 January 2012 (cont'd.)

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Cash flows from operating activities (cont'd.)					
Balance brought forward		(9,703)	(60,006)	(1,119)	(1,179)
(Increase)/decrease in operating assets (cont'd.):					
Loan, advances and financing		101,110	(331,454)	-	-
Trade receivables		128,311	(183,092)	-	-
Other assets		(25,798)	(7,930)	(459)	(6,102)
Increase/(decrease) in operating liabilities:					
Deposits from customers		34,677	91,161	-	-
Deposits and placements of banks and other financial institutions		140,363	(49,638)	-	-
Trade payables		(94,878)	210,632	-	-
Other liabilities		(10,593)	9,289	1,881	(2,538)
Amount owing by/to subsidiary companies		-	-	(737)	(163)
Cash generated from/(used in) operations		263,489	(321,038)	(434)	(9,982)
Tax refunded		615	412	440	-
Tax paid		(4,464)	(835)	(205)	(21)
Net cash generated from/(used in) operating activities		259,640	(321,461)	(199)	(10,003)
Cash flows from investing activities					
Dividends received		1,533	7,438	34,786	24,020
Purchase of property, plant and equipment	17	(14,598)	(18,521)	(4,294)	(4,025)
Purchase of treasury shares	25	(12,170)	(5,710)	(12,170)	(5,710)
Net (acquisition)/disposal of:					
- securities available-for-sale		(119,620)	(7,551)	-	-
- securities held-to-maturity		(127,800)	94,400	-	-
- property, plant and equipment		8,910	289	249	-
Interest income received		78,238	65,318	392	3,283
Net cash (used in)/generated from investing activities		(185,507)	135,663	18,963	17,568

ECM Libra Financial Group Berhad
(Incorporated in Malaysia)

Statements of cash flows
For the year ended 31 January 2012 (cont'd.)

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Cash flows from financing activities					
Placement of monies held in trust		(6,266)	(53,293)	-	-
Short-term borrowings repaid		-	(111)	-	(111)
Dividends paid	37	(15,204)	(18,542)	(15,204)	(18,542)
Interest paid		(47,870)	(34,837)	-	(7)
Net cash used in financing activities		(69,340)	(106,783)	(15,204)	(18,660)
Net increase/(decrease) in cash and cash equivalents		4,793	(292,581)	3,560	(11,095)
Effects of foreign exchange differences		3,752	2,850	-	-
Cash and cash equivalents at beginning of year		240,172	529,903	6,483	17,578
Cash and cash equivalents at end of year		248,717	240,172	10,043	6,483
Cash and cash equivalents comprise:					
Cash and short-term funds	3	410,566	394,897	10,043	6,483
Deposits with licensed financial institutions	4	20,631	21,489	-	-
Monies held in trust for clients dealers' representatives (Note 3 and Note 4)		(182,480)	(176,214)	-	-
		248,717	240,172	10,043	6,483

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

1. Corporate information

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

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiary companies are set out in Note 13.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 February 2012.

2. Significant accounting policies

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared on a historical cost basis, unless otherwise disclosed in the notes to the financial statements and are in accordance with the Companies Act, 1965 and the Financial Reporting Standards ("FRSs") in Malaysia as modified by Bank Negara Malaysia ("BNM") Guidelines.

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous years except for the adoption of the following FRSs, amendments to FRSs, IC Interpretation and Technical Release, which became effective on 1 February 2011:

	Effective for annual periods beginning on or after
FRS 1 First-time Adoption of Financial Reporting Standards	1 July 2010
Amendments to FRS 2 Share-based Payment	1 July 2010
FRS 3 Business Combinations (revised)	1 July 2010
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010

2. Significant accounting policies (cont'd.)

(b) Changes in accounting policies (cont'd.)

	Effective for annual periods beginning on or after
Amendments to FRS 127 Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138 Intangible Assets	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132 Financial Instruments: Presentation	1 January 2011
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
Amendments to FRS 7 Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 1 Limited Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 1 Additional Exemptions for First-time Adopters	1 January 2011
IC Interpretation 4 Determining Whether an Arrangement contains a Lease	1 January 2011
Improvements to FRS issued in 2010	1 January 2011

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

<u>Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements</u>

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in accounting for business combinations occurring after 1 July 2010. These changes impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

2. Significant accounting policies (cont'd.)

(b) Changes in accounting policies (cont'd.)

Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements (cont'd.)

The revised FRS 3 continues to apply the acquisition method to business combinations but with some significant changes. All payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets. All acquisition-related costs are expensed.

The revised FRS 3 requires goodwill to be determined only at the acquisition date of controlling interest rather than at the previous stages. The determination of goodwill includes the previously held equity interest to be adjusted to fair value, with any gain or loss recorded in profit or loss.

The amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

Amendments to FRS 7 Improving Disclosures about Financial Instruments

The amended standard requires enhanced disclosure about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy (Level 1, Level 2 and Level 3), by class, for all financial instruments recognised at fair value. A reconciliation between the beginning and ending balance for Level 3 fair value measurements is required. Any significant transfers between levels of the fair value hierarchy and the reasons for those transfers need to be disclosed. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 43. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 41.

2. Significant accounting policies (cont'd.)

(c) Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer.

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 January 2013. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has established a project team to plan and manage the adoption of the MFRS Framework.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 January 2012 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 January 2013.

(d) Subsidiaries and basis of consolidation

(i) Subsidiaries

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

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

2. Significant accounting policies (cont'd.)

(d) Subsidiaries and basis of consolidation (cont'd.)

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

(iii) Purchase method of consolidation

Acquisitions of subsidiaries are generally accounted for using the acquisition method. The acquisition method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any excess of the cost of the acquisition over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately as a gain from a bargain purchase in profit or loss on the date of acquisition.

(iv) Merger principles of accounting

Business combinations involving entities under common control are accounted for using merger principles of accounting. When the merger principles of accounting are adopted, the difference between the cost of investment in the Company's records and the share capital of the "acquired entity" is treated as a merger reserve or a merger deficit. The results of the companies merged are included as if the merger had been effected from day one throughout the financial periods presented.

2. Significant accounting policies (cont'd.)

(d) Subsidiaries and basis of consolidation (cont'd.)

(iv) Merger principles of accounting (cont'd.)

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

(e) Associates

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

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in an associate is carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group’s share of net assets of the associate. The Group’s share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group’s interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group’s net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

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

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

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

2. Significant accounting policies (cont'd.)

(e) Associates (cont'd.)

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

(f) Intangible assets

(i) Goodwill

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

(ii) Merchant bank licence

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

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

(g) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. 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 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 recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

2. Significant accounting policies (cont'd.)

(g) Property, plant and equipment (cont'd.)

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

Freehold land has an unlimited useful life and therefore is not depreciated.

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

	%
Building	2
Furniture and fittings and office equipment	10 - 20
Computers	20 - 25
Motor vehicles	20

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

The residual value, useful life and depreciation method 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 the profit or loss.

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

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

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

2. Significant accounting policies (cont'd.)

(h) Impairment of non-financial assets, investments in subsidiaries and associates (cont'd.)

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

Impairment losses are recognised in profit or loss.

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

(i) Financial assets

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

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

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

2. Significant accounting policies (cont'd.)

(i) Financial assets (cont'd.)

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

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

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

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Loans and receivables

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

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

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

2. Significant accounting policies (cont'd.)

(i) Financial assets (cont'd.)

(iii) Held-to-maturity ("HTM") investments

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

Subsequent to initial recognition, HTM investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the HTM investments are derecognised or impaired, and through the amortisation process.

HTM investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(iv) Available-for-sale ("AFS") financial assets

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

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

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

AFS financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

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

2. Significant accounting policies (cont'd.)

(i) Financial assets (cont'd.)

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

(j) Reclassification of financial assets

The Group and the Company may choose to reclassify non-derivative assets out from the HFT category, in rare circumstances, where the financial assets are no longer held for the purpose of selling or repurchasing in the short term. In addition, the Group and the Company may also choose to reclassify financial assets that would meet the definition of loans and receivables out of the HFT or 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. Any fair value gains or losses previously recognised in profit or loss are not reversed.

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

(k) Determination of fair value

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 instruments measured at fair value are measured in accordance with the valuation methodologies as set out in Note 43.

Investments in unquoted equity instruments whose fair value cannot be reliably measured are measured at cost, and assessed for impairment at each reporting date.

FRS 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 financial instruments:

Level 1 - quoted market prices: quoted prices (unadjusted) in active markets for identical assets or liabilities;

2. Significant accounting policies (cont'd.)

(k) Determination of fair value (cont'd.)

Level 2 - valuation techniques using observable inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, whether directly (i.e. prices) or indirectly (i.e. derived from prices), are used;

Level 3 - valuation techniques with significant unobservable inputs: inputs used are not based on observable market data.

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 uses widely recognised valuation techniques with market observable inputs for the determination of fair value due to the low complexity of the financial instruments held.

(l) Offsetting of financial instruments

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

(m) Impairment of financial assets

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

2. Significant accounting policies (cont'd.)

(m) Impairment of financial assets (cont'd.)

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

Trade receivables are carried at anticipated realisable values. Impaired accounts are written off after taking into consideration the realisable values of collaterals, if any, when in the 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 reporting date.

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

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

2. Significant accounting policies (cont'd.)

(m) Impairment of financial assets (cont'd.)

(ii) Unquoted equity securities carried at cost

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

(iii) 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 equity to profit or loss.

Impairment losses on AFS equity investments are not reversed in profit or loss in the subsequent 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 in 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.

2. Significant accounting policies (cont'd.)

(n) Cash and cash equivalents

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

(o) Provisions

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(p) Financial liabilities

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

Financial liabilities 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. Financial liabilities are measured at amortised cost. The Group and the Company do not have any non-derivative financial liabilities designated at fair value through profit or loss. Financial liabilities measured at amortised cost include deposits from customers, deposits from banks, debt securities issued and other borrowed funds.

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

2. Significant accounting policies (cont'd.)

(q) Employee benefits

(i) Short-term employee benefits

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

(ii) 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 Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(iii) Employee share option plans

Employees of the Group receive remuneration in the form of share options of the holding 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 employee share option 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 period represents the movement in cumulative expense recognised at the beginning and end of that 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 employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to capital reserve.

2. Significant accounting policies (cont'd.)

(r) Revenue and income recognition

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

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

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

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

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

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

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

Dividend income	-	when the right to receive payment is established.
Management fee and rental income	-	accrual basis by reference to the agreements entered.
Other interest income	-	on an accrual basis using the effective interest method unless collectibility is in doubt, in which case they are recognised on receipt basis.

2. Significant accounting policies (cont'd.)

(s) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency. All values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies 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. 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 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 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.

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

2. Significant accounting policies (cont'd.)

(s) Foreign currencies (cont'd.)

(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 year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

(t) Income tax

(i) Current tax

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

Current taxes are recognised in 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 at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. Significant accounting policies (cont'd.)

(t) Income tax (cont'd.)

(ii) Deferred tax (cont'd.)

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. Significant accounting policies (cont'd.)

(t) Income tax (cont'd.)

(ii) Deferred tax (cont'd.)

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

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

Deferred tax relating to items recognised outside 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.

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

(u) Share capital and share issuance expenses

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

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

(v) Treasury shares

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

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

2. Significant accounting policies (cont'd.)

(v) Treasury shares (cont'd.)

The treasury shares can either be distributed as share dividends or reissued by resale in the open market. Where treasury shares are distributed as shares dividends, the cost of the treasury shares is accounted for as a reduction of the share premium and/or distributable reserves in accordance with 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 of the Companies Act, 1965. The issued and paid-up share capital of the Company is reduced by the shares cancelled and the same amount of which is transferred to the Capital Redemption Reserve.

(w) Significant accounting 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.

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) Impairment of goodwill and other intangible assets

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

2. Significant accounting policies (cont'd.)

(w) Significant accounting judgments and estimates (cont'd.)

(ii) 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 equity and impairment losses are recognised in profit or loss.

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

(iii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available in the respective entity within the Group against which the losses and capital allowances can be utilised. Significant management 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.

2. Significant accounting policies (cont'd.)

(w) Significant accounting judgments and estimates (cont'd.)

(iv) Provision for ESOS-related costs

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

	<------ As at ------>				
	6 January 2012	**24 August 2009**	**22 August 2009**	**7 April 2009**	**25 January 2009**
Share price (RM)	0.785	0.663	0.525	0.670	0.815
Exercise price (RM)	1.00	1.00	1.00	1.00	1.00
Expected volatility (%)	37.26	37.89	38.82	40.00	32.08
Risk free interest rate (%)	3.20	3.76	3.75	3.67	3.50
Dividend pay out (RM)	0.00	0.00	0.00	0.00	0.02
Average dividend yield (%)	0.00	0.00	0.00	0.00	1.50
Historical dividend yield (%)	2.00	2.00	1.00	1.00	1.00
Expected future dividend yield (%)	0.00	0.00	0.00	0.00	2.00

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

(x) Segment reporting

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

3. Cash and short-term funds

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	69,108	72,709	195	1,181
Money at call and deposits placements maturing within one month	341,458	322,188	9,848	5,302
	410,566	394,897	10,043	6,483

Included in cash and short-term funds are monies held in trust for clients and dealers' representatives as follows:

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Money at call and deposits placements maturing within one month	181,823	175,578	-	-

4. Deposits with financial institutions

	Group	
	2012	2011
	RM'000	RM'000
Licensed banks	20,631	1,489
Licensed investment banks	-	20,000
	20,631	21,489

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

	Group	
	2012	2011
	RM'000	RM'000
Deposit placements maturing after one month	657	636

5. Securities HFT

	Group 2012 RM'000	2011 RM'000
At fair value		
Malaysian Government Securities	60,708	-
Bankers' acceptances	194,977	304,060
Bank Negara Malaysia Notes	93,225	49,758
Quoted shares	2,001	-
Unquoted Private Debt Securities	10,074	-
	360,985	353,818

6. Securities AFS

	Group 2012 RM'000	2011 RM'000
At fair value, or at cost for certain unquoted securities		
Malaysian Government Securities	254,019	70,973
Malaysian Government Investment Issuance	89,122	-
Cagamas bonds	40,278	60,014
Bank Negara Malaysia Notes	-	149,498
Quoted shares	147,398	46,247
Unquoted securities		
- Private debt securities	130,027	195,251
- Shares	2,200	2,200
Unit trust fund	15,042	-
	678,086	524,183
Less: Impairment loss on securities	(3,053)	(4,704)
	675,033	519,479

6. Securities AFS (cont'd.)

The balance of securities that were reclassified out from HFT to AFS in the previous year:

	Group 2012 RM'000	Group 2011 RM'000
At fair value		
Carrying value as at beginning of financial year	3,926	49,282
Disposal of securities	-	(47,215)
Loss on revaluation		
- recognised in AFS revaluation reserves	(881)	(1,082)
Deferred tax under-recognised	-	2,941
Carrying value as at end of financial year	3,045	3,926

7. Securities HTM

	Group 2012 RM'000	Group 2011 RM'000
At amortised cost		
Negotiable instruments of deposit	200,000	70,000

At 31 January 2012, current market value of securities HTM is equivalent to their carrying amount.

8. (a) Derivative financial assets

	Group 2012 RM'000	Group 2011 RM'000
Equity related contracts - Options		
- Notional amount	78,732	55,244
- Fair value	58	1,693

8. (a) Derivative financial assets (cont'd.)

	Group 2012 RM'000	Group 2011 RM'000
Embedded derivatives		
- Notional amount	124,075	147,075
- Fair value	6,630	7,859
Total fair value of derivative assets	6,688	9,552

(b) Derivative financial liabilities

	Group 2012 RM'000	Group 2011 RM'000
Foreign exchange related contracts		
- Notional amount	2,140	-
- Fair value/Total fair value of derivative liabilities	57	-

9. Loans, advances and financing

	Group 2012 RM'000	Group 2011 RM'000
Share margin financing	360,591	319,135
Term loans	189,649	276,004
Revolving credit	8,706	5,882
Bridging loans	-	59,035
Gross loans, advances and financing	558,946	660,056
Less: Collective assessment allowance	(8,704)	(10,176)
Total net loans, advances and financing	550,242	649,880

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

	Group 2012 RM'000	Group 2011 RM'000
Analysis of gross loans, advances and financing		
(i) By economic purpose		
Purchase of securities	404,530	473,531
Working capital	79,367	111,469
Others	75,049	75,056
Gross loans, advances and financing	558,946	660,056
(ii) By interest rate sensitivity		
Fixed rate		
- Share margin financing, term loans, revolving credit and bridging loans	558,946	660,056
Gross loans, advances and financing	558,946	660,056
(iii) By type of customer		
Domestic business enterprises	417,999	377,112
Individuals	122,275	240,128
Domestic non-bank financial institutions	18,672	42,816
Gross loans, advances and financing	558,946	660,056
(iv) Movements in impaired loans, advances and financing		
Balance at beginning of financial year	-	-
Classified as impaired during the year	-	-
Recovered during the year	-	-
At end of financial year	-	-

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

	2012 RM'000	2011 RM'000
Collective assessment allowance		
Balance at beginning of financial year	10,176	5,117
(Writeback)/allowance made during the year (Note 32)	(1,472)	5,059
Balance at end of financial year	8,704	10,176
As % of gross loans, advances and financing less individual assessment allowance	1.6%	1.5%

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

Analysis of gross loans, advances and financing (cont'd.)

(v) Movements in allowance for losses on loans and financing (cont'd.)

Individual assessment allowance

As at 31 January 2012/2011, there is no individual assessment allowance made as there is no impaired loan during and at the end of the year.

10. Trade receivables

	Group 2012 RM'000	Group 2011 RM'000
Amount owing by clients	165,279	217,143
Amount owing by brokers	196,574	265,989
	361,853	483,132
Less: Impairment allowance for bad and doubtful receivables		
Individual assessment allowance	(1,044)	(1,010)
	360,809	482,122
Amount owing by trustees	2,691	3,196
	363,500	485,318

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

10. Trade receivables (cont'd.)

Movements in the allowance for impaired accounts are as follows:

	Group 2012 RM'000	Group 2011 RM'000
(a) Collective assessment allowance:		
Balance at beginning of financial year	-	259
Allowance written back during the year (Note 33)	-	(259)
Balance at end of financial year	-	-
(b) Individual assessment allowance:		
Balance at beginning of financial year	1,010	931
Allowance made during the year (including interest-in-suspense)	34	79
Balance at end of financial year	1,044	1,010

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

	Group 2012 RM'000	Group 2011 RM'000
Impaired accounts, classified as doubtful	287	133
Impaired accounts, classified as bad	4,371	3,282
Total impaired accounts	4,658	3,415

11. Other assets

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Interest receivable	7,653	3,813	14	-
Deposits	6,410	5,066	8	8
Tax recoverable	1,448	5,636	1,086	1,768
Other receivable and prepayments	16,208	9,696	17,968	37,886
	31,719	24,211	19,076	39,662
Less: Individual assessment allowance	(2,276)	(2,451)	-	-
	29,443	21,760	19,076	39,662

12. Statutory deposit with Bank Negara Malaysia

Group

The non-interest bearing statutory deposit is to be maintained by the investment banking subsidiary with BNM in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (revised 1994), the amount is determined as a set percentage of total eligible liabilities. As at the reporting date, the statutory deposit maintained with BNM is RM27,165,000 (2011: RM8,834,000).

13. Investment in subsidiary companies

	Company	
	2012 RM'000	2011 RM'000
Unquoted shares in subsidiaries, at cost	887,921	887,921
Add/(less) share options movements:		
Balance at beginning of financial year	843	1,163
Vested during the year	186	128
Lapsed during the year	(590)	(448)
Balance at end of financial year	439	843
	888,360	888,764

13. Investment in subsidiary companies (cont'd.)

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

Name of Company	Effective Percentage of Ownership 2012 %	2011 %	Principal Activities
ECM Libra Investment Bank Berhad and its subsidiaries:	100	100	Investment banking
- ECML Nominees (Tempatan) Sdn. Bhd.	100	100	Provision of nominee services for local clients
- ECML Nominees (Asing) Sdn. Bhd.	100	100	Provision of nominee services for foreign clients
- Avenue Kestrel Sdn. Bhd.	100	100	Dormant
Libra Invest Berhad (formerly known as Avenue Invest Berhad) and its subsidiary:	100	100	Provision of unit trust and asset management services
- Avenue Asset Management Services (Labuan) Ltd.	100	100	Provision of portfolio management services
Avenue Services Sdn. Bhd.	100	100	In member's voluntary liquidation
ECM Libra Holdings Limited and its subsidiaries:	100	100	Investment holding and provision of advisory services
- ECM Libra Investment Bank Limited and its subsidiary:	100	100	Provision of Labuan investment banking and related financial services
- ECM Libra Investments Limited (Incorporated in British Virgin Islands)	100	100	Investment holding and provision of financial services

13. Investment in subsidiary companies (cont'd.)

Name of Company	Effective Percentage of Ownership 2012 %	2011 %	Principal Activities
ECM Libra Capital Sdn. Bhd.	100	100	Provision of investment research services
ECM Libra Partners Sdn. Bhd.	100	100	Provision of credit services
ECM Libra Capital Markets Sdn. Bhd.	100	100	Dormant
Avenue Capital Resources Berhad and its subsidiaries:	100	100	Investment holding and provision of management services
- Ultimate Acres Sdn. Bhd.	100	100	In member's voluntary liquidation
ACRB Capital Sdn. Bhd.	100	100	In member's voluntary liquidation
ECM Libra Securities Sdn. Bhd. and its subsidiaries:	100	100	Dormant
- ECM Libra Securities Nominees (Tempatan) Sdn. Bhd.	100	100	Dormant
- ECM Libra Securities Nominees (Asing) Sdn. Bhd.	100	100	Dormant
- ECM Libra Securities Nominees Sdn. Bhd.	100	100	In member's voluntary liquidation
- ECM Libra Securities Portfolio Management Sdn. Bhd.	100	100	In member's voluntary liquidation

14. Investment in an associated company

	Group 2012 RM'000	Group 2011 RM'000
Quoted shares, outside Malaysia	43,544	43,544
Share in post-acquisition results	599	380
	44,143	43,924
Less: Impairment loss	(24,167)	(24,167)
Net	19,976	19,757
Quoted shares, outside Malaysia		
At market value	14,669	13,047
At fair value	20,163	19,743

The carrying value of the Group's quoted investment in an associated company exceeded the market value by approximately RM5,307,000 (2011: RM6,710,000). Based on the directors' valuation, the carrying value of the Group's investment in associated company is supported by its recoverable amount.

Name of Company	Principal activities	Year end	Effective percentage of ownership 2012 %	Effective percentage of ownership 2011 %
Asiasons WFG Financial Ltd. (Incorporated in Singapore)	Investment holding	31 December	24	24

The following amounts represent the assets, liabilities, revenue and expenses of the associated company of the Group remaining as at 31 December 2011 and for the financial year:

	Group 2012 RM'000	Group 2011 RM'000
Property, plant and equipment	502	336
Financial assets at fair value through profit or loss	16,079	-
Securities AFS	9,958	11,925
Current assets	61,735	71,454
Current liabilities	(4,526)	(2,572)
Long term liabilities	(1,010)	(129)
Net assets	82,738	81,014

14. Investment in an associated company (cont'd.)

	Group 2012 RM'000	Group 2011 RM'000
Revenue	4,551	6,100
Expenses	(3,114)	(4,631)
Profit before taxation	1,437	1,469
Income tax expense	(828)	(302)
Net profit for the year	609	1,167

15. Amount owing by/(to) subsidiary companies

	Company 2012 RM'000	Company 2011 RM'000
Amount owing by subsidiary companies	892	659
Amount owing to subsidiary companies	(79,346)	(79,850)

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

16. Deferred tax (liabilities)/assets

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
At beginning of the financial year	10,729	27,739	(914)	69
Recognised in profit or loss				
- Relating to origination and reversal of temporary differences	(10,281)	(21,459)	342	(982)
- (Under)/over provision of tax in prior years (Note 35)	(1,150)	601	1	(1)
	(11,431)	(20,858)	343	(983)
Recognised in equity	(6,604)	3,848	-	-
At end of the financial year	(7,306)	10,729	(571)	(914)

Presented after appropriate offsetting as follows:

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Deferred tax assets	735	11,687	-	-
Deferred tax liabilities	(8,041)	(958)	(571)	(914)
	(7,306)	10,729	(571)	(914)

16. Deferred tax (liabilities)/assets (cont'd.)

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

Group

2012	Unused tax losses RM'000	AFS revaluation reserve RM'000	Provisions RM'000	Other temporary difference RM'000	Total RM'000
At beginning of the financial year	5,279	(78)	8,911	(3,383)	10,729
Recognised in profit or loss	(5,279)	-	4	(6,156)	(11,431)
Recognised in equity	-	(6,604)	-	-	(6,604)
At end of the financial year	-	(6,682)	8,915	(9,539)	(7,306)
2011					
At beginning of the financial year	29,185	(3,926)	3,898	(1,418)	27,739
Recognised in profit or loss	(23,906)	-	5,013	(1,965)	(20,858)
Recognised in equity	-	3,848	-	-	3,848
At end of the financial year	5,279	(78)	8,911	(3,383)	10,729

Company

2012	Unused tax losses RM'000	Provisions RM'000	Other temporary difference RM'000	Total RM'000
At beginning of the financial year	17	78	(1,009)	(914)
Recognised in profit or loss	(17)	3	357	343
At end of the financial year	-	81	(652)	(571)
2011				
At beginning of the financial year	-	77	(8)	69
Recognised in profit or loss	17	1	(1,001)	(983)
At end of the financial year	17	78	(1,009)	(914)

16. Deferred tax (liabilities)/assets (cont'd.)

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

	Group	
	2012 RM'000	2011 RM'000
Unused tax losses	33,240	33,245
Unutilised capital allowances	619	508
	33,859	33,753

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

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

17. Property, plant and equipment

Group	Work-In-Progress RM'000	Freehold land and building RM'000	Furniture and fittings and office equipment RM'000	Computers RM'000	Motor vehicles RM'000	Total RM'000
Cost						
At 1 February 2011	4,359	21,977	18,148	28,158	3,896	76,538
Additions	586	2,904	6,914	2,557	1,637	14,598
Transfer	(4,359)	6,968	(2,609)	-	-	-
Write-offs	-	-	(2,121)	(4,895)	-	(7,016)
Disposals	-	(8,032)	(48)	(528)	(801)	(9,409)
At 31 January 2012	586	23,817	20,284	25,292	4,732	74,711
Accumulated depreciation						
At 1 February 2011	-	3,427	6,995	21,308	2,357	34,087
Charge during the year (Note 30)	-	438	1,797	2,731	727	5,693
Write-offs	-	-	(2,111)	(4,885)	-	(6,996)
Disposals	-	(1,771)	(48)	(528)	(642)	(2,989)
At 31 January 2012	-	2,094	6,633	18,626	2,442	29,795
Net carrying amount						
At 31 January 2012	586	21,723	13,651	6,666	2,290	44,916
Cost						
At 1 February 2010	339	21,977	23,636	23,766	4,380	74,098
Additions	4,020	-	8,711	5,790	-	18,521
Write-offs	-	-	(14,091)	(1,077)	(4)	(15,172)
Disposals	-	-	(108)	(321)	(480)	(909)
At 31 January 2011	4,359	21,977	18,148	28,158	3,896	76,538
Accumulated depreciation						
At 1 February 2010	-	3,023	17,802	20,663	1,919	43,407
Charge during the year (Note 30)	-	404	1,553	2,037	643	4,637
Write-offs	-	-	(12,252)	(1,071)	(4)	(13,327)
Disposals	-	-	(108)	(321)	(201)	(630)
At 31 January 2011	-	3,427	6,995	21,308	2,357	34,087
Net carrying amount						
At 31 January 2011	4,359	18,550	11,153	6,850	1,539	42,451

17. Property, plant and equipment (cont'd.)

Company	Work-In-Progress RM'000	Freehold land and building RM'000	Furniture and fittings and office equipment RM'000	Computers RM'000	Motor vehicles RM'000	Total RM'000
Cost						
At 1 February 2011	4,359	17,517	2	20	1,592	23,490
Additions	586	2,904	1	8	795	4,294
Disposal	-	-		-	(796)	(796)
Transfer from subsidiary	-	2,609	-	-	-	2,609
Transfer	(4,359)	4,359	-	-	-	-
At 31 January 2012	586	27,389	3	28	1,591	29,597
Accumulated depreciation						
At 1 February 2011	-	1,110	-	5	1,194	2,309
Charge during the year (Note 30)	-	416	1	4	318	739
Disposal	-	-	-	-	(638)	(638)
At 31 January 2012	-	1,526	1	9	874	2,410
Net carrying amount						
At 31 January 2012	586	25,863	2	19	717	27,187
Cost						
At 1 February 2010	339	17,517	2	17	1,592	19,467
Additions	4,020	-	2	3	-	4,025
Write-offs	-	-	(2)	-	-	(2)
At 31 January 2011	4,359	17,517	2	20	1,592	23,490
Accumulated depreciation						
At 1 February 2010	-	759	-	2	875	1,636
Charge during the year (Note 30)	-	351	-	3	319	673
At 31 January 2011	-	-	-	-	-	-
	-	1,110	-	5	1,194	2,309
Net carrying amount						
At 31 January 2011	4,359	16,407	2	15	398	21,181

18. Intangible assets

Group	Goodwill RM'000	Merchant bank licence RM'000	Total RM'000
2012			
Cost/Net carrying amount			
At 1 February 2011/31 January 2012	232,000	52,500	284,500
2011			
Cost/Net carrying amount			
At 1 February 2010/31 January 2011	232,000	52,500	284,500

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

During the financial year, the Group assessed the recoverable amount of goodwill and merchant bank licence, and determined that the goodwill associated with the acquisition of operating subsidiaries of the Company and the merchant bank licence are sustainable based on the value-in-use calculation using cash flow projections covering a five-year approved budget and a terminal value beyond the five-year period with an assumed growth rate of 5% in perpetuity at a discount rate of 8% (2011: 8%).

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

19. Deposits from customers

	Group 2012 RM'000	Group 2011 RM'000
By type of deposits:		
Short-term deposits	1,064,920	1,043,290
Negotiable instruments of deposit	16,563	3,516
	1,081,483	1,046,806
By type of customers:		
Government and statutory bodies	116,300	70,000
Domestic business enterprises	177,508	173,913
Domestic other entities	600	-
Individuals	26,991	22,133
Non-bank financial institutions	760,084	780,760
	1,081,483	1,046,806

20. Deposits and placements of banks and other financial institutions

	Group 2012 RM'000	Group 2011 RM'000
Licensed banks	266,409	201,008
Licensed investment banks	74,962	-
	341,371	201,008

21. Trade payables

	Group 2012 RM'000	Group 2011 RM'000
Amount owing to clients	102,743	178,563
Amount owing to brokers	221,589	248,295
Client's trust monies	158,546	149,742
Amount owing to trustees	81	1,237
	482,959	577,837

The trade settlement for the amounts owing to clients and brokers is 3 market days according to the FDSS trading rules of Bursa Malaysia.

22. Other liabilities

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Interest payables	2,585	4,552	-	-
Accruals and deposits received	8,968	14,196	383	365
Remisiers' and dealers' trust accounts	20,710	19,531	-	-
Other payables	29,036	35,586	1,864	-
	61,299	73,865	2,247	365

23. Share capital

Group and Company	Number of ordinary shares of RM1 each 2012 units '000	Number of ordinary shares of RM1 each 2011 units '000	Amount 2012 RM'000	Amount 2011 RM'000
Authorised:				
At beginning/end of year	1,500,000	1,500,000	1,500,000	1,500,000
Issued and fully paid-up:				
At beginning/end of year	830,902	830,902	830,902	830,902

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

23. Share capital (cont'd.)

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

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

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

As at 31 January 2012, there has not been issuance of new shares arising from the exercise of options pursuant to the ESOS.

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

	Number of share options	
	2012	2011
	units '000	units '000
At 1 February	72,960	77,268
Granted	4,000	-
Lapsed	(4,292)	(4,308)
At 31 January	72,668	72,960
Exercisable as at 31 January	70,668	72,960
Exercise price	RM1.00	RM1.00

23. Share capital (cont'd.)

The aggregate number of options granted to the directors at the beginning of the financial year and which remained outstanding at the end of the financial year were 58,800,000. In accordance with the by-laws of the ESOS, the aggregate maximum allocation of options to the directors and senior management is 50%. The actual percentage of options granted to the directors and senior management during the commencement of the scheme was 47% whilst during the financial year was 50%.

There were no options granted to or exercised by the non-executive directors during the financial year.

24. Reserves

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Non-distributable:					
Merger reserve	(a)	26,561	26,561	-	-
Foreign currency translation reserve		(3,293)	(3,295)	-	-
Equity compensation reserve	(b)	3,122	3,526	3,122	3,526
AFS revaluation reserve	(c)	20,331	718	-	-
Statutory reserve	(d)	80,787	65,720	-	-
General reserve		159	159	-	-
Distributable:					
Retained profits	(e)	59,307	76,501	30,949	49,078
		186,974	169,890	34,071	52,604

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

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

(c) AFS revaluation reserve represents unrealised gains or losses arising from changes in fair values of securities classified as AFS.

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

24. Reserves (cont'd.)

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

As at 31 January 2012, the Section 108 balance of the Company is nil. The Company may distribute dividends out of its entire retained profits under the single tier system.

25. Treasury shares

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

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

25. Treasury shares (cont'd.)

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

	Number of shares units '000	Cost RM'000	* Average price RM
At beginning of the financial year	13,026	7,886	0.61
Shares purchased during the financial year:			
March 2011	6,362	5,660	0.89
April 2011	7,061	6,510	0.92
	13,423	12,170	0.91
Share dividend distributed during the financial year (Note 37)	(24,366)	(18,477)	0.76
At end of the financial year	2,083	1,579	0.76

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

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

A total of 24,366,154 treasury shares were distributed as share dividend on the basis of one (1) treasury share for every thirty-three (33) existing ordinary shares of RM1.00 each held on 30 May 2011. The distribution of the share dividend was completed on 7 June 2011.

Of the total 830,901,953 (2011: 830,901,953) issued and paid-up ordinary shares as at 31 January 2012, 2,082,862 (2011: 13,026,016) are held as treasury shares by the Company after deducting the above share dividend distribution. As at 31 January 2012, the number of outstanding ordinary shares in issue after the set-off is therefore 828,819,091 (2011: 817,875,937) ordinary shares of RM1.00 each.

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

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

26. Interest income

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Loans and advances	44,680	39,705	-	-
Stockbroking clients	358	436	-	-
Short-term funds and deposits with financial institutions	12,428	10,728	406	236
Securities:				
- HFT	510	-	-	-
- AFS	15,214	11,085	-	-
- HTM	4,886	899	-	-
Others	110	7	-	-
	78,186	62,860	406	236
Accretion of discounts less amortisation of premium	3,892	1,453	-	-
	82,078	64,313	406	236

27. Interest expense

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deposits from customers	41,831	31,840	-	-
Deposits from banks and other financial institutions	3,904	2,990	-	-
Others	168	7	-	7
	45,903	34,837	-	7

28. Non-interest income

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Fee income				
- Fees on loans and advances	5,716	5,246	-	-
- Corporate advisory fees	2,150	925	-	-
- Underwriting commissions	-	1,288	-	-
- Net brokerage fee	47,303	44,228	-	-
- Portfolio management fees	10,429	10,033	-	-
- Other fee income	1,972	2,737	-	-
	67,570	64,457	-	-
Investment and trading income				
Net gain arising from securities HFT				
- Net gain on disposal	12,061	14,287	-	-
- Unrealised gain on revaluation	307	182	-	-
- Gross dividend income	24	29	-	-
	12,392	14,498	-	-
Net gain arising from securities AFS				
- Net gain on disposal	10,272	58,292	-	-
- Gross dividend income	1,977	9,396	-	-
	12,249	67,688	-	-
Net gain arising from derivatives				
- Net gain on disposal	1,938	2,114	-	-
- Unrealised (loss)/gain on revaluation	(1,691)	1,569	-	-
	247	3,683	-	-
Gross dividend income				
- Subsidiaries	-	-	17,667	40,631

28. Non-interest income (cont'd.)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Gain on foreign exchange transactions	3,751	3,704	-	-
Total non-interest income	96,209	154,030	17,667	40,631

29. Other non-operating income

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Rental income	311	208	1,358	247
Gain on disposal of property, plant and equipment	2,490	10	91	-
(Loss)/gain on foreign exchange transactions (net)	(1)	88	(2)	-
Others	1,481	2,013	-	-
	4,281	2,319	1,447	247

30. Operating expenses

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Personnel expenses				
Salaries, allowance and bonus	41,234	44,530	-	-
Contributions to defined contribution plan	4,961	4,443	-	-
Cost arising from ESOS	(404)	(320)	-	-
Other personnel costs	5,070	3,914	-	-
	50,861	52,567	-	-

30. Operating expenses (cont'd.)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Establishment costs				
Depreciation of property, plant and equipment (Note 17)	5,693	4,637	739	673
Property, plant and equipment written off	20	1,845	-	2
Rental of premises	4,790	4,041	1	9
Rental of network and equipment	4,425	3,869	-	-
Other establishment costs	3,543	4,785	-	-
	18,471	19,177	740	684
Marketing and communication expenses				
Advertising expenses	419	906	-	-
Entertainment	1,600	1,377	-	-
Other marketing expenses	670	472	-	-
	2,689	2,755	-	-
Administrative and general expenses				
Audit fees				
- statutory audit	222	222	30	30
- non-audit	83	-	-	-
- overprovision in prior year	(8)	(3)	-	-
Legal and professional fees	3,972	1,682	758	28
Printing and stationery	853	632	-	-
Insurance, postages and courier	936	904	31	114
Electricity and water charges	1,258	1,072	-	-
Telecommunication expenses	680	720	-	-
Travelling and accommodation	862	414	-	-
Others	11,863	9,838	1,655	1,245
	20,721	15,481	2,474	1,417
Total operating expenses	92,742	89,980	3,214	2,101

31. Directors' remuneration

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Executive Directors and CEO:				
Fees	-	-	-	-
Salary and other remuneration, including meeting allowance	-	3,823	-	3,823
Bonuses	-	2,000	-	2,000
Non-executive Directors:				
Fees	620	586	300	300
Other remuneration	3,609	1,923	3,435	1,745
	4,229	8,332	3,735*	7,868

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

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

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

	Number of directors	
	2012	2011
Executive Directors:		
Below RM1,550,001	-	-
RM1,500,001 - RM2,500,000	-	* 1
RM2,500,001 - RM3,000,000	-	-
RM3,000,001 - RM3,500,000	-	*1
Non-executive Directors:		
Below RM50,001	1	1
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	1	2
RM150,001 to RM200,000	2	2
RM200,001 - RM1,000,000	1	1
RM1,000,001 - RM2,500,000	2	1

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

32. (Writeback of)/allowance for losses on loans, advances and financing

	Group 2012 RM'000	Group 2011 RM'000
Collective assessment allowance		
- (Writeback)/allowance made during the financial year (Note 9(v))	(1,472)	5,059

33. Writeback of bad and doubtful debts

	Group 2012 RM'000	Group 2011 RM'000
Collective assessment allowance		
- Writeback during the financial year (Note 10(a))	-	(259)
Individual assessment allowance		
- Allowance made during the financial year	17	56
- Writeback during the financial year	(243)	-
Bad debts		
- Recovered	(6,923)	(102)
- Written-off	656	-
	(6,493)	(305)

34. (Writeback of)/allowance for impairment on investments

	Group 2012 RM'000	Group 2011 RM'000
(Writeback of)/allowance for impairment:		
- Private debt securities:		
• AFS	(1,651)	4,704

35. Income tax expense

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- Current year's provision	3,326	662	1,097	-
- Under/(over) provision of tax in prior years	7,447	(59)	-	(54)
	10,773	603	1,097	(54)
Deferred taxation (Note 16):				
- Relating to origination and reversal of temporary differences	10,281	21,459	(342)	982
- Under/(over) provision of deferred tax in prior years	1,150	(601)	(1)	1
	11,431	20,858	(343)	983
	22,204	21,461	754	929

Income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year.

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

35. Income tax expense (cont'd.)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before taxation	53,758	86,672	16,306	39,006
Tax at Malaysian Statutory rate of 25% (2011: 25%)	13,440	21,668	4,077	9,752
Tax effects of:				
Non-allowable expenses	1,388	2,315	445	386
Non-taxable income	(1,221)	(1,858)	(3,767)	(9,156)
(Over)/under provision in prior years				
- tax expenses	7,447	(59)	-	(54)
- deferred tax	1,150	(601)	(1)	1
Utilisation of deferred tax assets previously not recognised	-	(4)	-	-
	22,204	21,461	754	929

36. Earnings per ordinary share

The basic and diluted earnings per ordinary share is calculated by dividing the Group's profit after taxation of RM31,554,000 (2011: RM65,211,000) by the weighted average number of ordinary shares in issue during the year of 822,706,000 (2011: 814,483,000).

For the financial year ended 31 January 2012, outstanding ESOS have been excluded from the computation of fully diluted earnings per RM1.00 ordinary shares as their conversion to ordinary shares would be anti-dilutive.

37. Dividends

	2012 RM'000	2011 RM'000
Final dividend for 2011:		
- Single tier dividend of 1.89 sen, on 804,452,937 ordinary shares (excluding treasury shares of 26,449,016 ordinary shares)	15,204	-
Interim dividend for 2011:		
- Single tier dividend of 2.30 sen, on 806,183,353 ordinary shares (excluding treasury shares of 24,718,600 ordinary shares)	-	18,542
	15,204	18,542

The final dividend in respect of the financial year ended 31 January 2011 also included a share dividend distribution of 24,366,154 treasury shares on the basis of one (1) treasury share for every thirty-three (33) existing ordinary shares of RM1.00 each held on 30 May 2011. The distributions of the cash and share dividends were completed on 7 June 2011.

Subject to the approval of the shareholders of the Company at the forthcoming AGM, the directors are recommending a first and final dividend of 2.4 sen per ordinary share of RM1.00 each, in respect of the financial year ended 31 January 2012. This is computed based on the issued and paid-up share capital as at 31 January 2012, excluding treasury shares held by the Company of 2,082,862 ordinary shares of RM1.00 each, to be paid to shareholders whose names appear in the Record of Depositors on a date to be determined by the directors.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 January 2013.

38. Capital adequacy and capital management

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

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

	2012 %	2011 %
Before deducting proposed dividend		
Core capital ratio	50.45	81.83
Risk-weighted capital ratio	51.11	83.14
After deducting proposed dividend		
Core capital ratio	50.45	81.83
Risk-weighted capital ratio	51.11	83.14

Capital management process

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

(i) assess the capital buffer requirements over a short-term period under a stressed event;
(ii) address major risks not addressed under Pillar 1;
(iii) assess the capital buffer requirements based on the business activities generated under the Bank's Business Plans, usually over a period of 1 to 3 years.

38. Capital adequacy and capital management (cont'd.)

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

	2012 RM'000	2011 RM'000
Tier I Capital		
Paid-up share capital	513,000	513,000
Retained profit	69,055	69,055
Statutory reserve	80,787	65,720
Other reserves	212	612
	663,054	648,387
Less: Deferred tax assets *	-	(10,765)
Total Tier I Capital (a)	663,054	637,622
Tier II Capital		
Collective assessment allowance for loans, advances and financing	8,704	10,176
Total Tier II Capital (b)	8,704	10,176
Total capital (a) + (b)	671,758	647,798
Less: Investment in subsidiaries	-	-
Capital base	671,758	647,798
Total RWA	1,314,270	779,192

* Excludes deferred tax on AFS reserve.

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

	2012 RM'000	2011 RM'000
Credit risk	511,769	401,250
Market risk	528,595	182,207
Operational risk	273,906	195,735
	1,314,270	779,192

39. Commitments

	Group 2012 RM'000	Group 2011 RM'000
Capital commitments		
Approved and contracted for:		
Purchase of property, plant and equipment	2,573	7,559
Non-cancellation operating lease commitments		
Future minimum rentals payable:		
Not later than 1 year	2,599	1,901
Later than 1 year and not later than 5 years	2,363	2,316
	4,962	4,217

Commitments and contingencies

	Group Nominal amount RM'000	Credit equivalent amount* RM'000	Risk-weighted amount RM'000
As at 31 January 2012			
Commitments to extend credits with maturity of less than 1 year:			
- margin facilities	492,574	98,515	68,415
- other term loans facilities	60,667	13,183	32,462
Foreign exchange related contracts	5,814	91	35
	559,055	111,789	100,912
As at 31 January 2011			
Commitments to extend credits with maturity of less than 1 year:			
- margin facilities	269,365	53,873	46,872
- other term loans facilities	47,828	9,566	9,566
	317,193	63,439	56,438

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

40. Significant related party transactions

(a) Related parties and relationships

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

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

(b) Significant related party transactions and balances

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

	Group		**Company**	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
<u>Income</u>				
Interest income from:				
- a substantial shareholder	2,793	390	-	-
- subsidiaries	-	-	406	236
Commitment fee income from a substantial shareholder	211	222	-	-
Dividend income from subsidiaries	-	-	17,667	40,631
Brokerage fee income from:				
- a director	-	26	-	-
- a substantial shareholder	-	-	-	-
- a related party	61	54	-	-
Rental income from a subsidiary	-	-	1,358	247

40. Significant related party transactions (cont'd.)

(b) Significant related party transactions and balances (cont'd.)

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Income (cont'd.)				
Management fee from directors	31	25	-	-
Expenditure				
Interest on deposits and placements to related parties	311	311	-	-
Interest on deposits and placements to key management personnel	20	-	-	-
Rental expenses charged by a related party	2,236	637	-	-
Project management fee charged by a related party	266	263	-	-
Other				
Purchase of computer software from a related party	-	519	-	-
Amount due from				
Fixed deposits placed with a subsidiary	-	-	9,848	5,302
Dividend receivable from subsidiaries	-	-	17,667	34,786
Interest receivable from a subsidiary	-	-	14	-
Amount due to				
Deposits from other related parties	8,311	11,624	-	-
Interest payable to other related parties	3	7	-	-

40. Significant related party transactions (cont'd.)

(b) Significant related party transactions and balances (cont'd.)

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

(c) Compensation of key management personnel

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Fees and meeting allowances	804	829	375	365
Short-term employee benefits	6,391	8,735	3,000	6,657
Defined contribution plan	801	1,103	360	846
Share-based payment	186	128	-	-
	8,182	10,795	3,735	7,868

Included in the total key management personnel are:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Directors' remuneration (Note 31)	4,229	8,332	3,735	7,868

41. Financial risk management objectives and policies

Overview

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

41. Financial risk management objectives and policies (cont'd.)

Overview (cont'd.)

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

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

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

Credit risk

Credit risk is the potential loss of revenue as a result of failure by the borrowers or counterparties to meet their contractual financial obligations. As the Bank's primary business is in investment banking, the Bank's exposure to credit risk is primarily from its lending and financing to retail consumers, Small and Medium Enterprises ("SMEs"), 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 corporate customers as well as underwriting commitments. Trading and investing the surplus funds of the Bank, such as trading and holding of debt securities, settlement of transactions, also expose the Bank to credit risk and counterparty risk.

Risk governance

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

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

41. Financial risk management objectives and policies (cont'd.)

Credit risk (cont'd.)

Risk management approach

(a) Lending to Retail consumers and SMEs

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

(b) Lending to Corporate and Institutional customers

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

(c) Credit risk from trading and investment activities

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

41. Financial risk management objectives and policies (cont'd.)

Credit risk (cont'd.)

Risk management approach (cont'd.)

(d) Counterparty credit risk on derivative financial instruments

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

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

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

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

(iii) the related accounting policies.

As at 31 January 2012, the amount of credit risk in the Bank, measured in terms of the cost to replace the profitable contracts was RM202,807,000 (31 January 2011: RM202,319,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices. Derivative financial instruments at their contractual and fair value amounts are as follows:

	Group 2012		Group 2011	
	Notional amount RM'000	Fair value RM'000	Notional amount RM'000	Fair value RM'000
Equity related contracts, options purchased and embedded derivatives	202,807	6,688	202,319	9,552

41. Financial risk management objectives and policies (cont'd.)

Credit risk (cont'd.)

Risk management approach (cont'd.)

(e) Independent credit assessment

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

(i) Credit risk exposures and credit risk concentration

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

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

The Group's credit risk from financial instruments were all located in Malaysia.

41. Financial risk management objectives and policies (cont'd.)

Credit risk (cont'd.)

Risk management approach (cont'd.)

(e) Independent credit assessment (cont'd.)

(i) Credit risk exposures and credit risk concentration (cont'd.)

By class of financial instrument

	Government and Central Banks RM'000	Financial services RM'000	Transport storage and business services RM'000	Agriculture, manufacturing, wholesale & retail trade RM'000	Construction & real estate RM'000	Utilities RM'000	Other consumer loans RM'000	Purchase of securities RM'000	Total RM'000
Group									
As at 31 January 2012									
On-Balance Sheet financial assets									
Cash and short term funds	52	410,514	-	-	-	-	-	-	410,566
Deposits with financial institutions	-	20,631	-	-	-	-	-	-	20,631
Securities HFT	153,933	200,674	729	5,537	112	-	-	-	360,985
Securities AFS	370,886	92,710	3,550	9,268	188,577	10,042	-	-	675,033
Securities HTM	-	200,000	-	-	-	-	-	-	200,000
Derivative financial assets	-	52	-	-	6,630	-	6	-	6,688
Gross loans, advances and financing	-	18,672	47,307	295,643	75,049	-	-	122,275	558,946
Statutory deposits with BNM	27,165	-	-	-	-	-	-	-	27,165
Trade receivables	-	199,265	-	-	-	-	-	164,235	363,500
	552,036	1,142,518	51,586	310,448	270,368	10,042	6	286,510	2,623,514
Commitments and contingencies									
Commitments (credit equivalent amount)	-	10,070	1,750	1,133	-	-	21	98,815	111,789
Total	552,036	1,152,588	53,336	311,581	270,368	10,042	27	385,325	2,735,303

41. Financial risk management objectives and policies (cont'd.)

Credit risk (cont'd.)

Risk management approach (cont'd.)

(e) Independent credit assessment (cont'd.)

(i) Credit risk exposures and credit risk concentration (cont'd.)

By class of financial instrument

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

41. Financial risk management objectives and policies (cont'd.)

Credit risk (cont'd.)

Risk management approach (cont'd.)

(e) Independent credit assessment (cont'd.)

(i) Credit risk exposures and credit risk concentration (cont'd.)

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

(ii) Credit quality of gross loans and advances

Gross loans, advances and financing are analysed as follows:

	Group	
	2012	**2011**
	RM'000	**RM'000**
Neither past due nor impaired	558,946	660,056
Past due but not impaired	-	-
Impaired	-	-
	558,946	660,056

(a) Neither past due nor impaired

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

	Group	
	2012	**2011**
	RM'000	**RM'000**
Retail loans/financing	122,275	240,128
Corporate loans/financing	436,671	419,928
	558,946	660,056

(b) Past due but not impaired

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

As at 31 January 2012/2011, there are no balances which are past due but not impaired (2011: Nil).

41. Financial risk management objectives and policies (cont'd.)

Credit risk (cont'd.)

Risk management approach (cont'd.)

(e) Independent credit assessment (cont'd.)

(ii) Credit quality of gross loans and advances (cont'd.)

(c) Impaired loans

For all loans 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 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;

(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 rating assessment exercise;

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

As at 31 January 2012, there are no impaired loans.

(d) Rescheduled/restructured loans, advances and financing

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

At 31 January 2012, the outstanding amount of restructured loans is RM8,354,971 (2011: RM9,970,951).

41. Financial risk management objectives and policies (cont'd.)

Credit risk (cont'd.)

Risk management approach (cont'd.)

(e) Independent credit assessment (cont'd.)

(ii) Credit quality of gross loans and advances (cont'd.)

(e) The credit risk of financial asset of the Group is mitigated by the collaterals held against the financial asset.

No loans, advances and financing was subject to individual assessment impairment, review as at the current and previous financial year end. The collateral mitigates credit risk and would reduce the extent of impairment allowance for the asset subject to impairment review.

For trade receivables, individual assessment allowances of the Group as at the date of the statements of financial position would have been higher by approximately RM3,600,000 (2011: RM2,400,000) without the collateral held.

(f) Repossessed collateral

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

Repossessed collateral are sold as soon as practicable. Repossessed collateral are recognised in other assets on the statement of financial position. The Group do not occupy repossessed properties for its business use.

(iii) Impairment of private debt securities

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

41. Financial risk management objectives and policies (cont'd.)

Credit risk (cont'd.)

Risk management approach (cont'd.)

(e) Independent credit assessment (cont'd.)

(iv) Credit quality of financial investments

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

	Financial Assets Placements with financial institutions*		Financial Investments HFT		Financial Investments AFS		Financial Investments HTM		Total
	At amortised cost	At fair value	At amortised cost	At fair value	At amortised cost	At fair value	At amortised cost	At fair value	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group									
As at 31 January 2012									
AAA+ to AA-	317,089	-	-	205,742	-	106,058	200,000	-	828,889
A+ to A-	20,000	-	-	-	-	10,282	-	-	30,282
Not rated	-	-	-	153,933	-	343,141	-	-	497,074
Unrated	25,000	-	-	1,310	-	215,552	-	-	241,862
	362,089	-	-	360,985	-	675,033	200,000	-	1,598,107

* Comprises of money at call and deposits placed.

41. Financial risk management objectives and policies (cont'd.)

Credit risk (cont'd.)

Risk management approach (cont'd.)

(e) Independent credit assessment (cont'd.)

(iv) Credit quality of financial investments (cont'd.)

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

* Comprises of money at call and deposits placed.

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

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

41. Financial risk management objectives and policies (cont'd.)

Market risk

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

Risk governance

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

Types of market risk

(i) Traded market risk

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

Risk measurement approach

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

Analysis of traded market risk exposures

During the year, the Group's traded market risk exposures on fixed income securities as measured by PV01, ranged from RM40,000 to RM73,000. The composition of the Group's trading portfolio is as set out in Note 5 to the financial statements.

41. Financial risk management objectives and policies (cont'd.)

Market risk (cont'd.)

Types of market risk (cont'd.)

(ii) Equity risk

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

Risk measurement approach

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

Analysis of equity instruments risk exposures

	2012 RM'mil	2011 RM'mil
Book value	120	31
Value-at-Risk	7	4

41. Financial risk management objectives and policies (cont'd.)

Market risk (cont'd.)

Types of market risk (cont'd.)

(iii) Non-traded market risk

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

(a) Interest rate risk

IRR emanates from the repricing mismatches of the Group's banking assets and liabilities and also from the Bank's investments of their surplus funds.

Risk measurement approach

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

41. Financial risk management objectives and policies (cont'd.)

Market risk (cont'd.)

Types of market risk (cont'd.)

(iii) Non-traded market risk (cont'd.)

(a) Interest rate risk (cont'd.)

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

Group	**<---------------------------Non-trading book**					**-------------------------------->**			
As at 31 January 2012	**Up to 1 month RM '000**	**> 1 - 3 months RM '000**	**> 3 - 12 months RM '000**	**1 - 5 years RM '000**	**Over 5 years RM '000**	**Non-interest sensitive RM '000**	**Trading book RM '000**	**Total RM '000**	**Effective interest rate %**
Assets									
Cash and short term funds	341,458	-	-	-	-	69,108	-	410,566	3.02
Deposits with financial institutions	-	20,051	580	-	-	-	-	20,631	3.20
Securities HFT	-	-	-	-	-	-	360,985	360,985	-
Securities AFS	3,053	5,006	71,006	97,277	199,664	14,189	284,838	675,033	4.11
Securities HTM	75,000	125,000	-	-	-	-	-	200,000	3.19
Derivative financial assets	-	-	-	-	-	-	6,688	6,688	-
Loans, advances and financing									
- Performing	218,878	133,643	159,925	-	46,500	(8,704) *	-	550,242	7.86
Statutory deposit with BNM	-	-	-	-	-	27,165	-	27,165	-
Trade receivables	5,284	-	-	-	-	358,216	-	363,500	9.00
Other assets ^	-	-	-	-	-	379,570	-	379,570	-
Total assets	643,673	283,700	231,511	97,277	246,164	839,544	652,511	2,994,380	

^ Other assets include other assets, investment in associated company, property, plant and equipment and intangible assets as disclosed in the consolidated statement of financial position.

* The negative balance represents collective assessment allowance for loans, advances and financing.

ECM Libra Financial Group Berhad
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41 Financial risk management objectives and policies (cont'd.)

Market risk (cont'd.)

Types of market risk (cont'd.)

(iii) Non-traded market risk (cont'd.)

(a) Interest rate risk (cont'd.)

Group	**<----Non-trading book**					**---->**			
As at 31 January 2012	**Up to 1 month RM '000**	**> 1 - 3 months RM '000**	**> 3 - 12 months RM '000**	**1 - 5 years RM '000**	**Over 5 years RM '000**	**Non-interest sensitive RM '000**	**Trading book RM '000**	**Total RM '000**	**Effective interest rate %**
Liabilities and equity									
Liabilities									
Deposits from customers	849,139	207,974	24,370	-	-	-	-	1,081,483	3.25
Deposits and placements of banks and other financial institutions	341,371	-	-	-	-	-	-	341,371	3.08
Trade payables	-	-	-	-	-	482,959	-	482,959	-
Other liabilities #	-	-	-	-	-	72,270	-	72,270	-
Total liabilities	1,190,510	207,974	24,370	-	-	555,229	-	1,978,083	
Shareholders' equities	-	-	-	-	-	1,016,297	-	1,016,297	
Total equity and liabilities	1,190,510	207,974	24,370	-	-	1,571,526	-	2,994,380	
On-Balance Sheet interest sensitivity gap	(546,837)	75,726	207,141	97,277	246,164	(731,982)	652,511	-	
Off-Balance Sheet interest sensitivity gap	-	-	-	-	-	-	-	-	
Total interest sensitivity gap	(546,837)	75,726	207,141	97,277	246,164	(731,982)	652,511	-	

Other liabilities include other liabilities, provision for taxation and derivatives financial liabilities as disclosed in the consolidated statement of financial position.

41. Financial risk management objectives and policies (cont'd.)

Market risk (cont'd.)

Types of market risk (cont'd.)

(iii) Non-traded market risk (cont'd.)

(a) Interest rate risk (cont'd.)

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

Group	**<------------------------------Non-trading book----------------------------------->**								
As at 31 January 2011	**Up to 1 month RM '000**	**> 1 - 3 months RM '000**	**> 3 - 12 months RM '000**	**1 - 5 years RM '000**	**Over 5 years RM '000**	**Non-interest sensitive RM '000**	**Trading book RM '000**	**Total RM '000**	**Effective interest rate %**
Assets									
Cash and short term funds	322,188	-	-	-	-	72,709	-	394,897	2.70
Deposits with financial institutions	-	20,849	640	-	-	* -	-	21,489	2.88
Securities HFT	-	-	-	-	-	-	353,818	353,818	-
Securities AFS	4,703	154,505	38,469	194,067	83,992	(2,504)	46,247	519,479	4.88
Securities HTM	20,000	50,000	-	-	-	** -	-	70,000	2.97
Derivative financial assets	-	-	-	-	-	-	9,552	9,552	-
Loans, advances and financing									
- Performing	129,445	209,923	320,688	-	-	(10,176)	-	649,880	8.21
Statutory deposit with Bank Negara	-	-	-	-	-	8,834	-	8,834	-
Trade receivables	5,718	-	-	-	-	479,600	-	485,318	9.00
Other assets ^	-	-	-	-	-	380,155	-	380,155	-
Total assets	482,054	435,277	359,797	194,067	83,992	928,618	409,617	2,893,422	

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

41 Financial risk management objectives and policies (cont'd.)

Market risk (cont'd.)

Types of market risk (cont'd.)

(iii) Non-traded market risk (cont'd.)

(a) Interest rate risk (cont'd.)

Group	**<---------------------------Non-trading book--------------------------------->**								
As at 31 January 2011	**Up to 1 month RM '000**	**> 1 - 3 months RM '000**	**> 3 - 12 months RM '000**	**1 - 5 years RM '000**	**Over 5 years RM '000**	**Non-interest sensitive RM '000**	**Trading book RM '000**	**Total RM '000**	**Effective interest rate %**
Liabilities and equity									
Liabilities									
Deposits from customers	767,114	156,676	123,016	-	-	-	-	1,046,806	3.02
Deposits and placements of banks and other financial institutions	85,000	106,008	10,000	-	-	-	-	201,008	2.98
Trade payables	-	-	-	-	-	577,837	-	577,837	-
Other liabilities #	-	-	-	-	-	74,865	-	74,865	
Total liabilities	852,114	262,684	133,016	-	-	652,702	-	1,900,516	
Shareholders' equities	-	-	-	-	-	992,906	-	992,906	
Total equity and liabilities	852,114	262,684	133,016	-	-	1,645,608	-	2,893,422	
On-Balance Sheet interest sensitivity gap	(370,060)	172,593	226,781	194,067	83,992	(716,990)	409,617	-	
Off-Balance Sheet interest sensitivity gap	-	-	-	-	-	-	-	-	
Total interest sensitivity gap	(370,060)	172,593	226,781	194,067	83,992	(716,990)	409,617	-	

Other liabilities include other liabilities and provision for taxation as disclosed in the consolidated statement of financial position.

41. Financial risk management objectives and policies (cont'd.)

Market risk (cont'd.)

Types of market risk (cont'd.)

(iii) Non-traded market risk (cont'd.)

(a) Interest rate risk (cont'd.)

The Company is not subject to IRR except for the following:

	Applicable interest rates:	
	2012	**2011**
	%	**%**
Cash and short-term funds		
- Money at call and deposits placements maturing within one month	3.11	2.68

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

Liquidity and funding risk

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

Risk governance

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

41. Financial risk management objectives and policies (cont'd.)

Liquidity and funding risk (cont'd.)

Risk management approach

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

The day-to-day funding management is undertaken by the treasury operations and this includes the maintenance of a portfolio of highly liquid assets that can be easily liquidated as protection against any unforeseen interruption to cash flow and the replenishment of funds as they mature or are borrowed by customers. The Group holds a sizeable balance of Malaysian Government Securities amounting to RM315 million (2011: RM71 million) of its portfolio of securities.

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

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

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

41. Financial risk management objectives and policies (cont'd.)

Liquidity and funding risk (cont'd.)

Risk management approach (cont'd.)

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

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

Group As at 31 January 2012	Up to 7 days RM'000	> 7 days - 1 month RM'000	> 1 - 3 months RM'000	> 3 - 6 months RM'000	> 6 - 12 months RM'000	> 1 year RM'000	Total RM'000
Deposits from customers	358,802	461,067	209,126	4,665	20,326	-	1,053,986
Deposits from banks	105,023	266,820	-	-	-	-	371,843
Total liabilities	463,825	727,887	209,126	4,665	20,326	-	1,425,829
Loan commitments	481,286	161	12,115	80	56,099	3,500	553,241
Total off-balance sheet items	481,286	161	12,115	80	56,099	3,500	553,241
Total liabilities and off-balance sheet items	945,111	728,048	221,241	4,745	76,425	3,500	1,979,070
Group As at 31 January 2011							
Deposits from customers	336,819	518,383	223,740	182,841	124,001	-	1,385,784
Deposits from banks	15,362	82,236	146,743	-	37,978	-	282,319
Total liabilities	352,181	600,619	370,483	182,841	161,979	-	1,668,103
Loan commitments	269,373	20,000	9,050	18,770	-	-	317,193
Total off-balance sheet items	269,373	20,000	9,050	18,770	-	-	317,193
Total liabilities and off-balance sheet items	621,554	620,619	379,533	201,611	161,979	-	1,985,296

41. Financial risk management objectives and policies (cont'd.)

Operational risk

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

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

42. Segmental reporting

Business segments

The Group determines and presents operating segments based on the information provided to senior management of the Group.

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

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

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

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

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

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

42. Segmental Reporting (cont'd.)

Business Segments (cont'd.)

12 months ended 31 January 2012	Stockbroking RM'000	Investment banking and structured financing RM'000	Treasury and capital market operations RM'000	Fund management RM'000	Others RM'000	Total RM'000	Inter-segment elimination RM'000	Group total RM'000
Revenue from external customers	57,330	45,283	62,256	11,481	1,937	178,287	-	178,287
Inter-segment revenue	-	-	50,077	-	241	50,318	(50,318)	-
	57,330	45,283	112,333	11,481	2,178	228,605	(50,318)	178,287
Net interest income	2,769	20,797	11,952	273	384	36,175	-	36,175
Non-interest income	48,890	8,497	26,488	11,208	1,126	96,209	-	96,209
Other non-operating income	2,712	67	1,322	-	180	4,281	-	4,281
Net income	54,371	29,361	39,762	11,481	1,690	136,665	-	136,665
Operating expenses	(50,616)	(4,990)	(22,874)	(8,922)	(5,340)	(92,742)	-	(92,742)
Operating profit/(loss)	3,755	24,371	16,888	2,559	(3,650)	43,923	-	43,923
Writeback of losses on loans, advances and financing	(311)	1,737	-	-	46	1,472	-	1,472
Writeback of bad and doubtful debts	110	(73)	6,456	-	-	6,493	-	6,493
Writeback of impairment on investments	-	-	1,738	(87)	-	1,651	-	1,651
Profit/(loss) by segments	3,554	26,035	25,082	2,472	(3,604)	53,539	-	53,539
Share of profit of an associated company								219
Profit before tax								53,758
Segment assets	471,430	440,140	1,720,270	15,141	75,836	2,722,817	(32,913)	2,689,904
Investment in associated companies								19,976
Intangible assets								284,500
Total assets								2,994,380

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42. Segmental Reporting (cont'd.)

Business Segments (cont'd.)

12 months ended 31 January 2011	Stockbroking RM'000	Investment banking and structured financing RM'000	Treasury and capital market operations RM'000	Fund management RM'000	Others RM'000	Total RM'000	Inter-segment elimination RM'000	Group total RM'000
Revenue from external customers	51,782	43,674	111,034	10,588	1,265	218,343	-	218,343
Inter-segment revenue	-	-	25,998	-	55	26,053	(26,053)	-
	51,782	43,674	137,032	10,588	1,320	244,396	(26,053)	218,343
Net interest income	1,597	21,520	5,961	246	152	29,476	-	29,476
Non-interest income	45,961	8,682	87,968	10,342	1,077	154,030	-	154,030
Other non-operating income	772	27	1,321	153	46	2,319	-	2,319
Net income	48,330	30,229	95,250	10,741	1,275	185,825	-	185,825
Operating expenses	(43,981)	(6,179)	(28,685)	(8,538)	(2,597)	(89,980)	-	(89,980)
Operating profit/(loss)	4,349	24,050	66,565	2,203	(1,322)	95,845	-	95,845
Allowance for losses on loans, advances and financing	(497)	(4,552)	-	-	(10)	(5,059)	-	(5,059)
Writeback of bad and doubtful debts	305	(21)	18	-	3	305	-	305
Allowance for impairment on investments	-	-	(4,704)	-	-	(4,704)	-	(4,704)
Profit/(loss) by segments	4,157	19,477	61,879	2,203	(1,329)	86,387	-	86,387
Share of profit of an associated company								285
Profit before tax								86,672
Segment assets	581,439	545,722	1,406,861	16,721	70,982	2,621,725	(32,560)	2,589,165
Investment in associated companies								19,757
Intangible assets								284,500
Total assets								2,893,422

43. Fair value of financial assets and liabilities

Determination of fair value and the fair value hierarchy

FRS 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 financial instruments:

Level 1 - Quoted market prices: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Valuation techniques using observable inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, whether directly (i.e. prices) or indirectly (i.e. derived from prices), are used;

Level 3 - Valuation techniques with significant unobservable inputs: inputs used are not based on observable market data.

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 Bank 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.

43. Fair value of financial assets and liabilities (cont'd.)

Determination of fair value and the fair value hierarchy (cont'd.)

The following table shows the Group's financial assets and liabilities which are measured at fair value analysed by level within the fair value hierarchy:

Group 2012	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Financial assets				
Financial assets HFT				
- Government securities and treasury bills	-	153,933	-	153,933
- Money market instruments	-	194,977	-	194,977
- Non-money market instruments	2,001	10,074	-	12,075
	2,001	358,984	-	360,985
Financial investments AFS				
- Government securities and treasury bills	-	383,419	-	383,419
- Non-money market instruments	147,398	142,016	-	289,414
	147,398	525,435	-	672,833
Total financial assets measured at fair value	149,399	884,419	-	1,033,818

2011	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Financial assets				
Financial assets HFT				
- Government securities and treasury bills	-	49,758	-	49,758
- Money market instruments	-	304,060	-	304,060
	-	353,818	-	353,818
Financial investments AFS				
- Government securities and treasury bills	-	280,485	-	280,485
- Non-money market instruments	46,247	190,547	-	236,794
	46,247	471,032	-	517,279
Total financial assets measured at fair value	46,247	824,850	-	871,097

43. Fair value of financial assets and liabilities (cont'd.)

Determination of fair value and the fair value hierarchy (cont'd.)

	Group			
	2012		2011	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial assets				
Financial investments AFS	2,200	2,200 *	2,200	2,200*
Financial investments HTM				
- Money market instruments	200,000	200,000	70,000	70,000

* It is not practical to estimate the fair value of the unquoted shares due to absence of an active market. However, the Directors do not anticipate the carrying amount recorded at the reporting date to be significantly different from the value that would eventually be received.

The methods and assumptions used to estimate the fair values of these financial instruments not carried at fair value are as follows:

(i) **Securities HFT, securities AFS and securities HTM**

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

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

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

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

44. Supplementary information – breakdown of retained profits into realised and unrealised

The breakdown of the retained profits of the Group and of the Company as at 31 January 2012 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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total retained profits of the Group and its subsidiaries				
- Realised	64,835	62,676	30,949	49,078
- Unrealised	(8,068)	12,337	-	-
	56,767	75,013	30,949	49,078
Total share of retained profits from an associated company				
- Realised	600	380	-	-
	57,367	75,393	30,949	49,078
Add: Consolidation adjustments	1,940	1,108	-	-
Retained profits as per financial statements	59,307	76,501	30,949	49,078