

ECM Libra Investment Bank Berhad
(682-X)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 January 2010

Ernst & Young

AF : 0039

682-X

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

Contents	Page
Directors' report	1 - 12
Statement by directors	13
Statutory declaration	13
Independent auditors' report	14 - 15
Balance sheets	16 - 17
Income statements	18
Statements of changes in equity	19 - 22
Cash flow statements	23 - 25
Notes to the financial statements	26 - 79

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Bank for the financial year ended 31 January 2010.

Principal activities

The Bank is principally involved in dealing with securities and derivatives and is a Participating Organisation of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and a Trading Participant of Bursa Malaysia Derivatives Berhad ("BMDB"). The Bank is also involved in the provision of corporate finance and other advisory services by virtue of its status as an investment bank. The subsidiaries are principally engaged in the provision of nominee services to clients.

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

Results

	Group RM'000	Bank RM'000
Net profit for the year	38,607	38,350

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

Dividends

No dividend had been paid by the Bank since the end of the previous financial year.

The Directors have declared an interim single-tier dividend of 3.74 sen per share on 513,000,000 ordinary shares, amounting to RM19,174,767 for the financial year ended 31 January 2010. The Directors do not propose any final dividend for the financial year ended 31 January 2010.

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

Directors

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

Dato' Mohd Ali bin Abd Samad
Datuk Kamarudin bin Md Ali
En Mahadzir bin Azizan
Dato' Seri Kalimullah bin Masheerul Hassan
Mr Lim Kian Onn
Dato' Othman bin Abdullah
Mr Lum Sing Fai

In accordance with Article 60 of the Articles of Association of the Bank, Datuk Kamarudin bin Md Ali and En Mahadzir bin Azizan will retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Directors' interests

No director holding office at the end of the financial year had any beneficial interest in the ordinary shares/options of the Bank and/or related corporations during the financial year except for Dato' Seri Kalimullah bin Masheerul Hassan, Mr Lim Kian Onn, Datuk Kamarudin bin Md Ali, En Mahadzir bin Azizan and Dato' Othman bin Abdullah whose beneficial interests are disclosed in the Register of Directors' Shareholdings of the holding company as provided for under Section 134 of the Companies Act 1965.

Directors' benefits

Since the end of the previous financial year, none of the directors of the Bank 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 Bank or of a related company) by reason of a contract made by the Bank 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 Bank 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 Bank to acquire benefits by means of the acquisition of shares in, or debentures of the Bank or any other body corporate other than the share options granted pursuant to the holding company's Employees Share Option Scheme.

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

Corporate governance

A. Directors

(i) The Board

The Bank is led by a proactive Board of Directors ("the Board") with a blend of good management and entrepreneurial skills, supported by independent directors who bring to the Board their different fields of training and experiences. The composition of the Board is set out in Page 2 of this report.

The Board is primarily entrusted with the responsibility of setting the goals and the direction of the Bank. The role and responsibilities of the Board broadly cover formulation of corporate policies and board strategies, overseeing and evaluating the conduct of the Bank's businesses, ensuring various control systems are in place as well as regularly evaluating such systems to ensure its integrity. The controls are necessary to minimise the risks associated with the businesses of the Bank.

The Board meets on a monthly basis and additionally as and when required, with a formal schedule of matters specifically reserved for its deliberation and decision. During the financial year under review, thirteen (13) Board meetings were held and all the Directors have complied with the requirements in respect of Board meeting attendance as stipulated by Bank Negara Malaysia ("BNM"). All Directors attended the said meetings except for Mr Lim Kian Onn who attended eleven (11) Board meetings, Dato' Seri Kalimullah bin Masheerul Hassan and Dato' Othman bin

The Board collectively reviews and approves all key proposals for implementation. Proposals are put to vote after careful deliberation and the Chairman of the meeting has a second or casting vote in the event of a tie in votes, except when only two Directors are competent to vote on the question in issue.

The Board is updated on the Bank's affairs at Board meetings. On an ad-hoc basis, the Board members can and do obtain information on the Bank's activities from the management team. This is to enable the Board members to discharge their duties and responsibilities competently and in an informed manner. During the financial year under review, in addition to some Board members attending the Financial Institution Directors Education Programme ("FIDE"), the Bank also organised Corporate Governance Guide Towards Board Excellence, a formal training session to update the Board on their duties and responsibilities under the regulatory framework of a bank.

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

Corporate governance (cont'd.)

A. Directors (cont'd.)

(ii) Board Balance

For the financial year ended 31 January 2010, the Board comprised seven (7) Directors, all of whom are non-executive. Of the non-executive Directors, four (4) are independent. There is a clear division of responsibilities at the head of the Bank to ensure a balance of authority and power. The wide spectrum of knowledge, skills and experience of the Board members gives added strength to the leadership which is necessary for the effective stewardship of the Bank.

The Board recognises the importance and contribution of its independent non-executive Directors. They represent the element of objectivity, impartiality and independent judgement of the Board. This ensures that there is adequate check and balance at the Board level. The four (4) independent Directors of the Bank provide the Board with vast and varied exposure, expertise and broad business and commercial experience.

(iii) Board Committees

(a) Board Audit Committee ("BAC")

The BAC comprises the following members:

- Datuk Kamarudin bin Md Ali (Chairman, Independent Non-Executive)
- Dato' Othman bin Abdullah (Independent Non-Executive)
- Dato' Mohd Ali bin Abd Samad (Independent Non-Executive)

whose scopes of responsibilities are as follows:

1. Recommend the appointment/removal of external auditors, assess their objectivity, performance and independence; review their management letters and ensure recommendations are complied with on a timely basis; approve and ensure adequate checks and balances are in place if any non-audit services provided by the same audit firm, and have direct communication with the auditors at least once annually.
2. Review the effectiveness of internal controls and risk management processes.
3. Ensure fair and transparent reporting and prompt publication of the financial statements.
4. Review all related party transactions and keep the Board informed of such transactions.

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

Corporate governance (cont'd.)

A. Directors (cont'd.)

(iii) Board Committees (cont'd)

(a) Board Audit Committee (“BAC”) (cont'd)

5. Oversee the function of internal audit; review its scope of audit programme and findings as well as recommend actions to be taken by management on audit findings, and appoint/transfer/dismissal of the Chief Internal Auditor including evaluation of his/her performance and compensation.

(b) Board Risk Management Committee (“BRMC”)

The BRMC comprises the following members:

- Dato’ Othman bin Abdullah (Chairman, Independent Non-Executive)
- Datuk Kamarudin bin Md Ali (Independent Non-Executive)
- En Mahadzir bin Azizan (Independent Non-Executive)

whose scopes of responsibilities are as follows:

1. Review and recommend risk management strategies, policies and risk tolerance for Board’s approval. This includes recommending to the Board the risk appetite that is consistent with the Bank’s overall business aims and desired risk profile;
2. Review and assess adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risk and the extent to which these are operating effectively;
3. Ensure infrastructure, resources and systems are in place for risk management i.e. ensure that the staff responsible for implementing risk management systems perform those duties independently of the Bank’s risk taking activities; and
4. Review Risk Management Department’s periodic reports on risk exposure, risk portfolio composition and risk management activities.

(c) Board Credit Committee (“BCC”)

The BCC comprises the following members:

- Dato’ Seri Kalimullah bin Masheerul Hassan (Chairman, Non-Independent Non-Executive)
- Mr Lim Kian Onn (Non-Independent Non-Executive)
- En Mahadzir bin Azizan (Independent Non- Executive)
- Mr Lum Sing Fai (Non-Independent Non-Executive)

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

Corporate governance (cont'd.)

A. Directors (cont'd.)

(iii) Board Committees (cont'd)

(c) Board Credit Committee ("BCC") (cont'd.)

whose scopes of responsibilities are as follows:

1. Review/approve the credit risk management policies as recommended by Credit Approval Executive Committee ("CAEC") from time to time.
2. Review/concur/vary and/or veto credit applications approved by CAEC.
3. Review and approve all new products and services to be introduced by the Bank.
4. Oversee the credit risk management process of the Bank.

(d) Board Nomination Committee ("BNC") and Board Remuneration Committee ("BRC")

BNM had given approval to the Bank to avail on the services of the BNC and BRC at the holding company level.

B. Internal Audit

The internal audit functions are organised on a group basis while the department is established at the Bank. The core functions of internal audit are:

- (i) Perform an independent overview and appraisals of the Group activities as service to the management.
- (ii) Evaluate the quality and appropriateness of Group management's approach to risk and control in their framework objectives and the effectiveness of the risk management procedures.
- (iii) Assess the adequacy and effectiveness of systems of risk management and internal controls; giving opinion on the effectiveness of the internal controls implemented, mitigation of risks, continuity and reliability of information systems; and provide assurance that adequate controls are in place in safeguarding of assets.
- (iv) Detection of frauds, errors, omissions and other irregularities, uncover significant control weaknesses, assist the management to revise and strengthen the controls features to prevent recurrence and BNM and other regulators should be informed of the audit results, wherever necessary.

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

Corporate governance (cont'd.)

B. Internal Audit (cont'd)

- (v) Provide value added management audit service to the Group management in determining optimum utilisation of available resources to be economically, effectively and efficiently utilised and managed.
- (vi) Information system audit to ensure the control features in the Group's information systems and infrastructure are adequate.
- (vii) Evaluate whether the Group is in compliance with the policies and procedures, applicable laws, guidelines and directives issued by BNM and other regulators and applicable rules set by various associations.
- (viii) Play participative and consultative role in assisting the management to accomplish the Group's overall goals and objectives.
- (ix) Provides periodic reports to the BAC, reporting on the outcome of the audits conducted, effectiveness of the system of internal controls implemented and highlighting key control issues impacting the Group. This enables the BAC to execute its oversight function by forming an opinion on the adequacy of measures undertaken by management.

During the financial year ended 31 January 2010, the Internal Audit Department had carried out its duties, primarily in the Bank and Avenue Invest Berhad, a fellow subsidiary, covering business, financial, management and operational areas. The International Standards for the Professional Practice of Internal Auditing, Bursa Malaysia rules (Rule 510.2) and Bank Negara Malaysia guidelines ("GP10") on internal audit are used as authoritative guidelines for internal auditing procedures.

C. Statement on Internal Control

Responsibility

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

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

Corporate governance (cont'd.)

C. Statement on Internal Control (cont'd.)

Key Processes

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

The Board has appointed the BAC and BRMC comprising independent Directors to examine the effectiveness of the Bank's risk management policies, processes and infrastructure which are established to manage various types of risks and to ensure an effective internal audit function. This is accomplished through the review of the work of the Bank's Risk Management Department & Compliance Department and the Bank's Internal Audit Department, which focuses on areas of priority identified through risk assessment and in accordance with the plans approved by the BAC. The Bank's risk management comprises credit risk management, market risk management and operational risk management, and the department is headed by the Head of Risk Management. While business/operating units have the primary responsibility for managing specific risks assumed by them, Risk Management Department provides the central resource for developing tools and methodologies for the identification, quantification and management of the risks taken by the Bank as a whole.

In carrying out its responsibilities, the BAC relies on the support of Compliance Department and Internal Audit Department in providing assurance on the adequacy of internal controls. Compliance Department provides BAC periodic reports on conformance with relevant regulatory bodies and statutory requirements, whilst Bank's Internal Audit Department provides BAC with periodic reports highlighting on any non-compliance as well as recommendations and management action plans to improve the system of internal controls. On a quarterly basis, the BRMC receives risk management reports on the Bank's risk exposure, risk portfolio composition and assesses the risk management policies and framework with Risk Management Department.

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

Corporate governance (cont'd.)

C. Statement on Internal Control (cont'd.)

Key Processes (cont'd.)

The framework of the Bank's system of internal controls and key procedures include:

- A management structure exists with clearly defined lines of responsibility and the appropriate levels of delegation.
- Key functions such as finance, taxation, treasury, human resources and legal matters are controlled centrally.
- The management determines the applicability of risk monitoring and reporting procedures and is responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls.
- Clear definitions of limits of authority and responsibilities have been approved by the Board and subject to regular reviews and enhancements.
- Policies and procedures with embedded internal controls are documented in a series of policies and procedures, which will be subjected to annual review for updating of any changes in operational processes or regulatory requirements. Business and Support units in the Bank must ensure compliance with the policies and procedures.
- Corporate values, which emphasise on ethical behaviour and quality services, are set out in the Bank's Employee Handbook.

On yearly basis, all the business units within the Bank draw up their business plans and budgets for the Board's approval and the performance is tracked on a monthly basis.

Performance review for 2010

For the current financial year, the Bank recorded a profit before taxation of RM42.9 million. This is largely contributed by the increased level of broking activities which resulted in net brokerage income of RM43.2 million. In addition, the Bank recorded trading and investment income of RM23.2 million.

The Bank achieved a profit after tax of RM38.4 million for financial year ended 31 January 2010.

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

Outlook for the next financial year

With the Government's fiscal stimulus and continuous accommodative monetary policy, the local economy is expected to continue to improve in 2010. On the back of an improved economy and consumer confidence as well as the liberalisation of trading environment, competition within the investment banking industry will intensify.

The Bank will continue to focus on building capacity and capabilities for the next financial year. With its strong fundamentals and balance sheet, the Bank is expected to show satisfactory performance in the next financial year.

Rating by rating agencies

The Bank is not rated by any rating agency.

Other statutory information

(I) As at the end of the financial year

- (a) Before the income statements and balance sheets of the Group and the Bank were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and financing and the making of provision for doubtful debts and financing and had satisfied themselves that all known bad debts and financing had been written off and that adequate provision had been made for doubtful debts and financing; and
 - (ii) to ensure that any current assets, other than debts and financing, which were unlikely to realise their book values as shown in the accounting records in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of directors, the result of the operations of the Group and of Bank during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

Other statutory information (cont'd.)

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

- (a) The directors are not aware of any circumstances:
 - (i) which would render the amount written off for bad debts and financing or the amount of the provision for doubtful debts and financing inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements misleading; and
 - (iii) which had arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and the Bank misleading or inappropriate.
- (b) In the opinion of the directors:
 - (i) the results of the operations of the Group and the Bank for the financial year ended 31 January 2010 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 Bank 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 Bank 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.

Ultimate holding company

The holding and ultimate holding company is ECM Libra Financial Group Berhad, a public limited company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

682-X

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

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' Mohd Ali bin Abd Samad

Lim Kian Onn

Kuala Lumpur
29 March 2010

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

Statement by directors

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

We, Dato' Mohd Ali bin Abd Samad and Lim Kian Onn, being two of the directors of ECM Libra Investment Bank Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 16 to 79 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 Bank as at 31 January 2010 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' Mohd Ali bin Abd Samad
Kuala Lumpur
29 March 2010

Lim Kian Onn

Statutory declaration

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

I, Martin Chu Leong Meng, being the officer primarily responsible for the financial management of ECM Libra Investment Bank Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 16 to 79 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Martin Chu Leong Meng at
Kuala Lumpur in the Federal Territory
on 29 March 2010

Martin Chu Leong Meng

Before me,

682-X

**Independent auditors' report to the member of
ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

Report on the financial statements

We have audited the financial statements of ECM Libra Investment Bank Berhad, which comprise the balance sheets as at 31 January 2010 of the Group and the Bank, income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 16 to 79.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank'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.

682-X

**Independent auditors' report to the member of
ECM Libra Investment Bank Berhad (cont'd.)
(Incorporated in Malaysia)**

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia as modified by the Bank Negara Malaysia's Guidelines so as to give a true and fair view of the financial position of the Group and the Bank as at 31 January 2010 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 Bank and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Bank are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

This report is made solely to the member of the Bank, 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

Kuala Lumpur, Malaysia
29 March 2010

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

ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)

Balance sheet as at 31 January 2010

	Note	Group		Bank	
		2010 RM'000	2009 RM'000 (restated)	2010 RM'000	2009 RM'000 (restated)
Assets					
Cash and short-term funds	3	588,949	740,061	588,709	740,038
Deposits with financial institutions	4	50,870	119,930	50,870	115,847
Securities held-for-trading	5	301,911	8,813	301,911	8,813
Securities available-for-sale	6	475,824	255,150	475,824	255,150
Securities held-to-maturity	7	162,200	92,200	162,200	92,200
Derivative financial assets	8	339	-	339	-
Loans, advances and financing	9	323,485	247,293	323,485	247,293
Trade receivables	10	289,550	122,087	289,550	122,087
Other assets	11	14,759	12,472	14,758	12,461
Statutory deposit with Bank Negara Malaysia	12	4,073	1,413	4,073	1,413
Investment in subsidiary companies	13	-	-	-	-
Amount owing by related companies	14	-	7	-	-
Deferred tax assets	15	27,711	43,182	27,711	43,182
Property, plant and equipment	16	17,116	18,541	17,116	18,541
Intangible assets	17	52,500	52,500	52,500	52,500
Total assets		2,309,287	1,713,649	2,309,046	1,709,525
Liabilities and equity					
Liabilities					
Deposits from customers	18	991,177	605,943	995,205	605,943
Deposits and placements of banks and other financial institutions	19	250,646	296,004	250,646	296,004
Trade payables	20	366,331	192,766	366,331	192,766
Other liabilities	21	67,980	36,115	67,926	35,965
Provision for taxation		-	8	-	-
Amount owing to related companies	14	244	2,065	244	2,057
Total liabilities		1,676,378	1,132,901	1,680,352	1,132,735

682-X

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

Balance sheet as at 31 January 2010 (cont'd.)

	Note	Group		Bank	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Equity attributable to equity holder of the Bank					
Share capital	22	513,000	513,000	513,000	513,000
Reserves	23	119,909	67,748	115,694	63,790
Shareholder's equity		<u>632,909</u>	<u>580,748</u>	<u>628,694</u>	<u>576,790</u>
Total equity and liabilities		<u>2,309,287</u>	<u>1,713,649</u>	<u>2,309,046</u>	<u>1,709,525</u>
Commitment and contingencies	38	<u>427,889</u>	<u>214,990</u>	<u>427,889</u>	<u>214,990</u>

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

ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)

Income statement

For the year ended 31 January 2010

	Note	Group		Bank	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue	2(h)	120,076	63,615	119,808	63,388
Interest income	24	43,235	35,883	43,235	35,796
Interest expense	25	(18,453)	(9,112)	(18,540)	(9,112)
Net interest income		24,782	26,771	24,695	26,684
Non-interest income	26	76,841	27,732	76,573	27,592
Other non-operating income	27	3,112	771	3,112	771
Net income		104,735	55,274	104,380	55,047
Operating expenses	28	(60,563)	(53,861)	(60,546)	(53,788)
Operating profit		44,172	1,413	43,834	1,259
Allowance for losses on loans, advances and financing	30	(1,077)	(1,498)	(1,077)	(1,498)
Writeback of bad and doubtful debts	31	112	18	112	18
Writeback of impairment loss	32	-	4,400	-	4,400
Profit before taxation		43,207	4,333	42,869	4,179
Income tax expense	33	(4,600)	25,379	(4,519)	25,339
Profit after tax		38,607	29,712	38,350	29,518
		Sen	Sen		
Earnings per share ("EPS"):					
- basic	34	7.53	5.79		
- diluted	34	7.53	5.79		

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

682-X

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

**Statements of changes in equity
For the year ended 31 January 2010**

	Note	<----- Non-distributable ----->			Distributable		Total RM'000
		Share capital RM'000	Available- for-sale revaluation reserve RM'000	Equity compensation reserve RM'000	Statutory reserve RM'000	Retained profits RM'000	
Group							
Balance as at 1 February 2009							
- as previously reported		513,000	(21,077)	1,053	14,759	69,136	576,871
- prior year adjustment	41	-	-	-	-	3,877	3,877
As restated		513,000	(21,077)	1,053	14,759	73,013	580,748
Net fair value changes in securities available-for-sale		-	32,856	-	-	-	32,856
Arising from the holding company's ESOS granted during the year	28	-	-	213	-	-	213
ESOS lapsed during the year	28	-	-	(340)	-	-	(340)
Net profit for the financial year		-	-	-	-	38,607	38,607
Transfer to statutory reserve	23	-	-	-	19,175	(19,175)	-
Dividends	35	-	-	-	-	(19,175)	(19,175)
Balance as at 31 January 2010		513,000	11,779	926	33,934	73,270	632,909

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

682-X

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

**Statements of changes in equity
For the year ended 31 January 2010 (cont'd.)**

	Note	<----- Non-distributable ----->			Distributable		Total RM'000
		Share capital RM'000	Available- for-sale revaluation reserve RM'000	Equity compensation reserve RM'000	Statutory reserve RM'000	Retained profits RM'000	
Group							
Balance as at 1 February 2008							
- as previously reported		513,000	7,076	507	-	54,183	574,766
- prior year adjustment	41	-	-	-	-	3,877	3,877
As restated		513,000	7,076	507	-	58,060	578,643
Net fair value changes in securities available-for-sale		-	(28,153)	-	-	-	(28,153)
Arising from the holding company's ESOS granted during the year	28	-	-	546	-	-	546
Net profit for the financial year		-	-	-	-	29,712	29,712
Transfer to statutory reserve	23	-	-	-	14,759	(14,759)	-
Balance as at 31 January 2009		513,000	(21,077)	1,053	14,759	73,013	580,748

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

682-X

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

**Statements of changes in equity
For the year ended 31 January 2010**

	Note	<----- Non-distributable ----->				Distributable	
		Share capital RM'000	Available- for-sale revaluation reserve RM'000	Equity compensation reserve RM'000	Statutory reserve RM'000	Retained profits RM'000	Total RM'000
Bank							
Balance as at 1 February 2009	42	513,000	(21,077)	1,053	14,759	69,055	576,790
Net fair value changes in securities available-for-sale		-	32,856	-	-	-	32,856
Arising from the holding company's ESOS vested during the year	28	-	-	213	-	-	213
ESOS lapsed during the year	28	-	-	(340)	-	-	(340)
Net profit for the financial year		-	-	-	-	38,350	38,350
Transfer to statutory reserve	23	-	-	-	19,175	(19,175)	-
Dividends	35	-	-	-	-	(19,175)	(19,175)
Balance as at 31 January 2010		<u>513,000</u>	<u>11,779</u>	<u>926</u>	<u>33,934</u>	<u>69,055</u>	<u>628,694</u>

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

682-X

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

**Statements of changes in equity
For the year ended 31 January 2010 (cont'd.)**

	Note	<----- Non-distributable ----->			Distributable		Total RM'000
		Share capital RM'000	Available- for-sale revaluation reserve RM'000	Equity compensation reserve RM'000	Statutory reserve RM'000	Retained profits RM'000	
Bank							
Balance as at 1 February 2008		513,000	7,076	507	-	54,296	574,879
Net fair value changes in securities available-for-sale		-	(28,153)	-	-	-	(28,153)
Arising from the holding company's ESOS vested during the year	28	-	-	546	-	-	546
Net profit for the financial year		-	-	-	-	29,518	29,518
Transfer to statutory reserve	23	-	-	-	14,759	(14,759)	-
Balance as at 31 January 2009		<u>513,000</u>	<u>(21,077)</u>	<u>1,053</u>	<u>14,759</u>	<u>69,055</u>	<u>576,790</u>

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

ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)

Cash flow statement
For the year ended 31 January 2010

	Group		Bank	
	2010 RM'000	2009 RM'000 (restated)	2010 RM'000	2009 RM'000 (restated)
Cash flow from operating activities				
Profit before taxation	43,207	4,333	42,869	4,179
Adjustments for:				
Writeback of impairment loss on investments	-	(4,400)	-	(4,400)
Depreciation of property, plant and equipment	3,946	4,444	3,946	4,444
Interest income	(43,235)	(35,883)	(43,235)	(35,796)
Interest expense	18,453	9,112	18,540	9,112
Property, plant and equipment written off	1	70	1	70
(Gain)/loss on disposal of:				
- securities held-for-trading	(3,116)	(213)	(3,116)	(213)
- securities available-for-sale	(19,011)	2,889	(19,011)	2,889
- securities held-to-maturity	-	(240)	-	(240)
Net unrealised (gain)/loss on revaluation of - securities held-for-trading	(729)	12,406	(729)	12,406
- derivatives	(339)	-	(339)	-
Dividend income	(3,244)	(4,346)	(3,244)	(4,346)
Gain on disposal of property, plant and equipment	(136)	(46)	(136)	(46)
Cost arising from ESOS	(127)	546	(127)	546
Allowance for losses on loans, advances and financing	1,077	1,498	1,077	1,498
(Writeback of)/allowance for doubtful debts on trade receivables	(25)	74	(25)	74
Operating loss before working capital changes	(3,278)	(9,756)	(3,529)	(9,823)
(Increase)/decrease in:				
Securities held-for-trading	(289,253)	(21,006)	(289,253)	(21,006)
Derivative financial instruments	-	-	-	-
Loans, advances and financing	(77,269)	(102,055)	(77,269)	(102,055)
Trade receivables	(167,438)	278,914	(167,438)	278,914
Other receivables, deposits and prepayments	(130)	(1,211)	(140)	(1,211)
Balance carried forward	(537,368)	144,886	(537,629)	144,819

ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)

Cash flow statement
For the year ended 31 January 2010 (cont'd.)

	Group		Bank	
	2010 RM'000	2009 RM'000 (restated)	2010 RM'000	2009 RM'000 (restated)
Cash flow from operating activities (cont'd)				
Balance brought forward	(537,368)	144,886	(537,629)	144,819
(Increase)/decrease in:				
Statutory deposit with Bank Negara Malaysia	(2,660)	(1,413)	(2,660)	(1,413)
Amount owing by subsidiary companies	-	-	-	962
Amount owing by related companies	7	4,092	-	4,092
Increase/(decrease) in:				
Deposits from customers	385,234	605,943	389,262	605,943
Deposits and placements of banks and other financial institutions	(45,358)	296,004	(45,358)	296,004
Trade payables	159,962	(325,958)	159,962	(325,958)
Other payables and accruals	9,354	(18,197)	9,416	(18,148)
Amount owing to holding company	-	(8,840)	-	(8,840)
Amount owing to subsidiary companies	-	-	-	(3,955)
Amount owing to related companies	(1,821)	(8,221)	(1,813)	(8,221)
Cash (used in)/generated from operations	(32,650)	688,296	(28,820)	685,285
Tax paid	-	(631)	-	(695)
Net cash (used in)/generated from operating activities	(32,650)	687,665	(28,820)	684,590
Cash flow from investing activities				
Dividend received	3,004	4,346	3,004	4,346
Purchase of property, plant and equipment	(2,722)	(3,396)	(2,722)	(3,396)
Purchase of available-for-sale and held-to-maturity securities, net of proceeds from sale	(227,978)	(128,433)	(227,855)	(128,433)
Proceeds from sale of property, plant and equipment	336	146	336	146
Interest income received	41,318	32,738	41,318	32,653
Net cash used in investing activities	(186,042)	(94,599)	(185,919)	(94,684)

ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)

Cash flow statement
For the year ended 31 January 2010 (cont'd.)

	Group		Bank	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
		(restated)		(restated)
Cash flow from financing activities				
Placement of monies held in trust	(2,317)	-	(2,317)	-
Interest paid	(17,182)	(6,840)	(17,269)	(6,840)
Net cash used in financing activities	<u>(19,499)</u>	<u>(6,840)</u>	<u>(19,586)</u>	<u>(6,840)</u>
Net (decrease)/increase in cash and cash equivalents	(238,191)	586,226	(234,325)	583,066
Cash and cash equivalents at beginning of year	<u>755,089</u>	<u>168,863</u>	<u>750,983</u>	<u>167,917</u>
Cash and cash equivalents at end of year	<u>516,898</u>	<u>755,089</u>	<u>516,658</u>	<u>750,983</u>
Cash and cash equivalents comprise:				
Cash and short-term funds (Note 3)	588,949	740,061	588,709	740,038
Deposits with licensed financial institutions (Note 4)	50,870	119,930	50,870	115,847
Monies held in trust for clients and dealers' representatives (Note 3)	<u>(122,921)</u>	<u>(104,902)</u>	<u>(122,921)</u>	<u>(104,902)</u>
	<u>516,898</u>	<u>755,089</u>	<u>516,658</u>	<u>750,983</u>

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

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

Notes to the financial statements - 31 January 2010

1. Corporate information

The Bank is principally involved in dealing with securities and derivatives and is a Participating Organisation of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and a Trading Participant of Bursa Malaysia Derivatives Berhad ("BMDB"). The Bank is also involved in the provision of corporate finance and other advisory services by virtue of its status as an investment bank. The subsidiaries are principally engaged in the provision of nominee services to clients.

The holding and ultimate holding company is ECM Libra Financial Group Berhad, a public limited company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

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

2. Significant accounting policies

(a) Basis of preparation

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

The accounting policies adopted are consistent with those of the previous financial year.

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

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

(a) Basis of preparation (cont'd.)

The Group and the Bank has not early adopted the following FRSs and Interpretations which have effective dates as follows:

FRSs and Interpretations	Effective for financial periods beginning on or after
FRS 8: Operating Segments	1 July 2009
FRS 1 and FRS 127: Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
FRS 2: Amendments to FRS 2 Share-based Payment - Vesting Conditions and Cancellations	1 January 2010
FRS 4: Insurance Contracts	1 January 2010
FRS 7: Financial Instruments : Disclosures	1 January 2010
FRS 123: Borrowing Costs	1 January 2010
FRS 139: Financial Instruments : Recognition and Measurement	1 January 2010
Amendments to FRS 132 Financial Instruments: Presentation	* 1 January 2010
Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2009)"	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2 Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13: Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
Amendments to FRS 132 Financial Instruments: Presentation	* 1 March 2010
FRS 1: First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3: Business Combinations	1 July 2010
FRS 127: Consolidated and Separate Financial Statements	1 July 2010
IC Interpretation 12: Service Concession Arrangements	1 July 2010
IC Interpretation 15: Agreements for the Construction of Real Estate	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 2: Share-based payment	1 July 2010

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

(a) Basis of preparation (cont'd.)

The Group and the Bank has not early adopted the following FRSs and Interpretations which have effective dates as follows:

FRSs and Interpretations	Effective for financial periods beginning on or after
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 138: Intangible Assets	1 July 2010
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives	1 July 2010
Limited Exemption from Comparative FRS 7 Disclosure for First Time Adopters (Amendments to FRS 1)	1 January 2011
Improving Disclosure about Financial Instruments (Amendments to FRS 7)	1 January 2011

* The Amendments to FRS 132 as identified in paragraphs 95A, 97AA and 97AB of the Standard shall apply to financial statements of annual periods beginning on or after 1 January 2010. The amendments in paragraphs 11, 16 and 97E of the Standard, relating to Classification of Rights Issues shall apply to financial statements of annual periods beginning on or after 1 March 2010.

The adoptions of the above FRSs and Interpretations upon their effective dates are not expected to have any significant impact on the financial statements of the Group and the Bank except possibly for FRS 139 and FRS 7. The Group and the Bank is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139 and FRS 7.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Bank's functional currency.

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

(b) Subsidiaries and basis of consolidation

(i) Subsidiaries

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

In the Bank'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 the income statement.

(ii) Basis of consolidation

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

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

(c) Merchant bank licence

The intangible asset of the Bank relates to contribution to BNM for a merchant bank licence to transform the Bank from a universal broker into an investment bank. The merchant bank licence has indefinite useful life and is stated at cost less accumulated impairment losses.

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

(d) Property, plant and equipment and depreciation

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

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

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

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

Freehold land with an unlimited useful life and work-in-progress which are not yet available for use are 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:

	% per annum
Building	2
Furniture and fittings and office equipment	10 - 20
Computers	20 - 25
Office renovation	10 - 20
Motor vehicles	20

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

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

(e) Financial instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument. Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income.

Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

(e) Financial instruments (cont'd.)

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

(i) Equity instruments

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

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

(ii) Cash and cash equivalents

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

(iii) Securities portfolio

Investments in securities of the Group and the Bank are classified according to the following categories at initial recognition depending on the purpose for which the securities were acquired:

a. Securities held-for-trading ("HFT")

Securities HFT are securities acquired or incurred principally for the purpose of selling or repurchasing in the near term or is part of a portfolio of identified securities that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also classified as held-for-trading unless they are designated as hedges.

Securities HFT are stated at fair value at initial recognition. Any gain or loss arising from a change in fair value or arising from derecognition of such securities is recognised in the income statement.

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

(e) Financial instruments (cont'd)

(iii) Securities portfolio (cont'd.)

b. Securities held-to-maturity ("HTM")

Securities HTM are securities with fixed or determinable payments and fixed maturities that the Group and the Bank have the positive intent and ability to hold to maturity. Securities HTM are initially stated at fair value and subsequently measured at amortised cost using the effective interest method. Any gain or loss is recognised in the income statement when the securities are derecognised or impaired and through the amortisation process.

If more than an insignificant amount of the securities HTM portfolio is sold or reclassified before maturity (other than under those conditions specified in BNM/GP8) during the current financial year or the last two preceding financial years, the entire category would be tainted and reclassified as securities AFS at fair value. The difference between the carrying value and fair value of the securities at the date of reclassification is recognised directly in equity.

c. Securities available-for-sale ("AFS")

Securities AFS are securities that are not classified as securities HFT or securities HTM. These securities are initially stated at fair value except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, which will be stated at cost. The return and cost of the debts securities AFS are credited and charged to income statement using accreted/amortised cost based on effective interest method.

Any gain or loss arising from the change in fair value is recognised directly in equity through the statement of changes in equity except for impairment losses and foreign exchange gains or losses. When securities AFS are derecognised, the cumulative gains or loss previously recognised in equity shall be transferred to the income statement.

(iv) Derivative financial instruments

Derivative financial instruments are initially recognised at fair values on the date on which derivative contracts are entered into and are subsequently remeasured at their fair values. Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of the derivatives are recognised immediately in the income statement.

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

(e) Financial instruments (cont'd.)

(v) Loans, advances and financing

Loans, advances and financing are carried at their outstanding principal and interest, net of general and specific allowances for losses on loans, advances and financing.

Specific allowance is made for bad and doubtful debts, which have been individually reviewed and specifically identified as bad, doubtful or substandard. A general allowance based on a percentage of the loans, advances and financing portfolio, net of specific allowance for bad and doubtful debts, is also made to cover possible losses, which are not specifically identified.

Any uncollectible loans or portion of the assets classified as bad are written off after taking into consideration the realisable value of collateral, if any, when in the judgement of the management, there is no prospect of recovery.

The Bank's allowances for non-performing loans, advances and financing are computed in conformity with the minimum requirements of the Guidelines on the Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts issued by BNM (BNM/GP3).

In addition, where there are indications of deteriorating financial conditions of the borrowers, the account may be classified as non-performing and allowance for bad and doubtful debts will be made at management's discretion.

(vi) Receivables

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

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

(e) Financial instruments (cont'd.)

(vi) Receivables (cont'd.)

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

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

- Specific allowance

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

General allowance is made to cover possible losses which have not been specifically identified based on a certain percentage of its total trade receivables, after deducting specific allowances and interest-in-suspense.

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

(vii) Payables

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

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

(f) Provisions for liabilities

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

(g) Impairment of assets

The carrying amounts of assets, except for deferred tax assets, are reviewed at each balance sheet date to determine whether there are any indications of impairment. If any such indications exist, the asset's recoverable amount is estimated to determine the amount of impairment loss. The policies on impairment of assets are summarised as follows.

(i) Securities AFS

For securities AFS in which there is objective evidence of impairment, the cumulative impairment loss that had been recognised directly in equity shall be transferred from equity to the income statement, even though the securities have not been derecognised. The cumulative impairment loss is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in the income statement.

Impairment losses on investments in equity instruments classified as AFS recognised are not reversed in the income statement subsequent to its recognition. Reversals of impairment losses on debt instruments classified as AFS are recognised in the income statement if the increase in fair value can be objectively related to an event occurring after the recognition of the impairment loss in the income statement.

(ii) Securities HTM

For securities HTM carried at amortised cost in which there is objective evidence of impairment, impairment loss is measured as the difference between the securities' carrying amount and the present value of the estimated future cash flows discounted at the securities' original effective interest rate. The amount of the impairment loss is recognised in the income statement.

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

(g) Impairment of assets (cont'd.)

(ii) Securities HTM (cont'd.)

Subsequent reversals in the impairment loss are recognised when the decrease can be objectively related to an event occurring after the impairment was recognised, to the extent that the securities' carrying amount does not exceed its amortised cost if no impairment had been recognised. The reversal is recognised in the income statement.

For securities HTM carried at cost, impairment loss is measured as the difference between the securities' carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for similar securities. The amount of impairment loss is recognised in the income statement and such impairment losses are not reversed subsequent to its recognition.

(iii) Merchant bank licence

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

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

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

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)****2. Significant accounting policies (cont'd.)****(g) Impairment of assets (cont'd.)****(iii) Merchant bank licence (cont'd.)**

An impairment loss is recognised in income statement in the period in which it arises. An impairment loss for merchant bank licence is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of merchant bank licence is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the income statement.

(iv) Other assets

Other assets such as property, plant and equipment, computer software and investments in subsidiaries are reviewed for objective indications of impairment at each balance sheet date or whenever there is any indication that these assets may be impaired. Where such indications exist, impairment loss is determined as the excess of the asset's carrying value over its recoverable amount (greater of value in use or fair value less costs to sell) and is recognised in the income statement. The carrying amount is increased to its revised recoverable amount, provided that the amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss of an asset is recognised in the income statement.

(h) Revenue

Operating revenue of the Group and the Bank comprises gross interest income, commission and other income derived from investment banking, stockbroking and lending businesses.

(i) Revenue and income recognition

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

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

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

(i) Revenue and income recognition (cont'd.)

- (ii) Margin income comprise margin interest income and rollover fees. Margin interest income is recognised on an accrual basis except where such margin account is considered non-performing in accordance with Schedule 7A of the Rules of Bursa Malaysia, in which case recognition of such interest is suspended. Subsequent to suspension, interest is recognised upon receipt until all arrears have been paid. Rollover fees are recognised on an accrual basis. Rollover fees from non-performing margin accounts will be suspended until the accounts are reclassified as performing.
- (iii) Gains or losses on disposal of investments are recognised upon confirmation of transactions by the stockbrokers.
- (iv) Underwriting, advisory, arrangement and placement fees are recognised as and when services are performed.
- (v) Other revenue earned by the Group are recognised on the following bases:
- | | | |
|-------------------------------------|---|--|
| Dividend income | - | when the right to receive payment is established. |
| Management fee
and rental income | - | accrual basis by reference to the agreements entered. |
| Other interest
income | - | on an accrual basis unless collectibility is in doubt, in which case they are recognised on receipt basis. |

(j) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group and the Bank 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 Bank's functional currency. All values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

(j) Foreign currencies (cont'd.)

(ii) Foreign currency transactions

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the income statement for the period.

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

(k) Income tax

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

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

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)****2. Significant accounting policies (cont'd.)****(k) Income tax (cont'd.)**

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

(l) Employee benefits**(i) Short term employee benefits**

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

(ii) Post-employment benefits - defined contribution plans

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

(iii) Share-based compensation

The fair value of the share options issued by the holding company to the Bank's employees, including directors of the Bank, is recognised as an expense in the income statement on the vesting date.

The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options granted and vested.

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)****2. Significant accounting policies (cont'd.)****(m) Significant accounting estimates and judgements**

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

(i) Impairment of merchant bank licence

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

(ii) Classification of investments

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

- Securities HFT, to be stated at fair value with gain or loss recognised in the income statement.
- 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 the income statement.
- Securities HTM, to be stated at amortised cost, less any impairment losses. Amortisation and impairment loss are recognised in the income statement.

(iii) Deferred tax assets

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

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

3. Cash and short-term funds

	Group		Bank	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	33,302	6,799	33,066	6,776
Money at call and deposits placements maturing within one month	555,647	733,262	555,643	733,262
	<u>588,949</u>	<u>740,061</u>	<u>588,709</u>	<u>740,038</u>

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

Money at call and deposits placements maturing within one month	<u>122,921</u>	<u>104,902</u>	<u>122,921</u>	<u>104,902</u>
---	----------------	----------------	----------------	----------------

4. Deposits with financial institutions

	Group		Bank	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Licensed banks	870	79,930	870	75,847
Bank Negara Malaysia	50,000	40,000	50,000	40,000
	<u>50,870</u>	<u>119,930</u>	<u>50,870</u>	<u>115,847</u>

5. Securities held-for-trading

	Group and Bank	
	2010	2009
	RM'000	RM'000
At fair value		
Banker acceptance	298,712	8,813
Quoted shares	3,199	-
	<u>301,911</u>	<u>8,813</u>

ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)

6. Securities available-for-sale

	Group and Bank	
	2010	2009
	RM'000	RM'000
At fair value		
Malaysian Government Securities	35,160	-
Cagamas bonds	130,276	10,353
Quoted securities		
- Shares	131,872	97,932
Unquoted securities		
- Private debt securities	178,516	146,865
	<u>475,824</u>	<u>255,150</u>

During the previous financial year, the following securities were reclassified out from held-for-trading to available-for-sale:

	Group and Bank	
	2010	2009
	RM'000	RM'000
Carrying value as at beginning of financial year	34,401	-
Purchase of securities	-	52,991
Gain/(loss) on revaluation		
- recognised in the income statement	-	(12,531)
- recognised in AFS revaluation reserves, net of tax	14,881	(6,059)
Carrying value as at end of financial year	<u>49,282</u>	<u>34,401</u>

7. Securities held-to-maturity

	Group and Bank	
	2010	2009
	RM'000	RM'000
At cost		
Unquoted securities		
Shares	2,200	2,200
Negotiable instrument deposits held	160,000	90,000
	<u>162,200</u>	<u>92,200</u>

ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)

8. Derivative financial assets

	Group and Bank	
	2010	2009
	RM'000	RM'000
Equity related contracts - Options		
Notional amount	33,033	-
	<hr/>	<hr/>
Fair value	339	-
	<hr/>	<hr/>

9. Loans, advances and financing

	Group and Bank	
	2010	2009
	RM'000	RM'000
Share margin financing	260,443	118,456
Term loans	68,159	132,877
Gross loans, advances and financing	<hr/> 328,602	<hr/> 251,333
Less: General allowance	(5,117)	(4,040)
Total net loans, advances and financing	<hr/> 323,485	<hr/> 247,293

Analysis of gross loans, advances and financing

(i) By Economic Purpose

Purchase of securities	296,233	226,251
Working capital	32,369	25,082
Gross loans, advances and financing	<hr/> 328,602	<hr/> 251,333

(ii) By Interest Rate Sensitivity

Fixed rate		
- Share margin financing and term loans	328,602	251,333
Gross loans, advances and financing	<hr/> 328,602	<hr/> 251,333

(iii) By Type of Customer

Domestic business enterprises	250,384	90,706
Individuals	78,218	160,627
Gross loans, advances and financing	<hr/> 328,602	<hr/> 251,333

(iv) Movement in non-performing loans, advances and financing ("NPL")

Balance at beginning of financial year	-	-
Classified as NPL during the year	53,394	29,204
Recovered during the year	<hr/> (53,394)	<hr/> (29,204)
At end of financial year	<hr/> -	<hr/> -

ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)

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

	Group and Bank	
	2010	2009
	RM'000	RM'000
(v) Movements in allowance for losses on loans and financing		
General allowance		
Balance at beginning of financial year	4,040	2,542
Allowance made during the year (Note 30)	1,077	1,498
Balance at end of financial year	<u>5,117</u>	<u>4,040</u>
As % of gross loans, advances and financing less specific allowance	<u>1.6%</u>	<u>1.6%</u>
Specific allowance		
Balance at beginning of financial year	-	-
Allowance made during the year (Note 30)	5,425	3,837
Amount written back during the year (Note 30)	(5,425)	(3,837)
Balance at end of financial year	<u>-</u>	<u>-</u>

10. Trade receivables

	Group and Bank	
	2010	2009
	RM'000	RM'000
Amount owing by clients	154,732	62,702
Amount owing by brokers	136,008	60,684
	<u>290,740</u>	<u>123,386</u>
Less: Allowance for bad and doubtful receivables		
General allowance	259	115
Specific allowance	82	251
Interest-in-suspense	849	933
	<u>1,190</u>	<u>1,299</u>
	<u>289,550</u>	<u>122,087</u>

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.

ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)

10. Trade receivables (cont'd.)

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

	Group and Bank	
	2010	2009
	RM'000	RM'000
(a) General allowance:		
Balance at beginning of year	115	232
Allowance made/(written-back) during the year (Note 31)	144	(117)
Balance at end of year	<u>259</u>	<u>115</u>
(b) Specific allowance:		
Balance at beginning of year	251	271
Allowance made during the year (Note 31)	229	623
Allowance written back during the year (Note 31)	(398)	(643)
Balance at end of year	<u>82</u>	<u>251</u>
(c) Interest-in-suspense:		
Balance at beginning of year	933	726
Suspended during the year	-	9,602
Written back during the year	(84)	(9,395)
Balance at end of year	<u>849</u>	<u>933</u>

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

	Group and Bank	
	2010	2009
	RM'000	RM'000
Non-performing accounts, classified as doubtful	153	146
Non-performing accounts, classified as bad	<u>4,738</u>	<u>4,909</u>
Total non-performing accounts	<u>4,891</u>	<u>5,055</u>

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

11. Other assets

	Group		Bank	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Interest receivable	4,813	2,896	4,813	2,896
Deposits	4,474	4,122	4,474	4,122
Tax recoverable	1,905	1,809	1,904	1,798
Other receivable and prepayments	3,567	3,645	3,567	3,645
	<u>14,759</u>	<u>12,472</u>	<u>14,758</u>	<u>12,461</u>

12. Statutory deposit with Bank Negara Malaysia

Group and Bank

The non-interest bearing statutory deposit is to be maintained by the Bank with BNM in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (revised 1994), the amount of which is determined as a set percentage of total eligible liabilities. As at the balance sheet date, the statutory deposit maintained with BNM is RM4,073,000 (2009: RM1,413,000).

13. Investment in subsidiary companies

	Bank	
	2010	2009
	RM'000	RM'000
Unquoted shares in local corporations, at cost	*	*

The details of the subsidiary companies, all incorporated in Malaysia, are as follows:

Name of company	Effective percentage of ownership		Principal activities
	2010	2009	
	%	%	
Direct subsidiaries			
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

* Denotes RM53.

ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)

14. Amount owing by/(to) related companies

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Amount owing by related companies	-	7	-	-
Amount owing to related companies	(244)	(2,065)	(244)	(2,057)

The amounts owing by/(to) related companies represent payments made on behalf and advances, and are unsecured, interest free with no fixed terms of repayments except for an amount owing to a related company of RM1,921,000 as of the end of previous financial year which bore interest ranging from 3.5% to 4.5% per annum.

15. Deferred tax assets

	Group and Bank	
	2010 RM'000	2009 RM'000
At beginning of the financial year	43,182	10,000
Recognised in the income statement (Note 33)	(4,519)	26,156
Recognised in reserves	(10,952)	7,026
At end of the financial year	27,711	43,182

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

	Unused tax	AFS	Other	Total
	losses	revaluation	temporary	
	RM'000	reserve	differences	RM'000
2010				
At beginning of the financial year	36,156	7,026	-	43,182
Recognised in income statement	(6,971)	-	2,452	(4,519)
Recognised in equity	-	(10,952)	-	(10,952)
At end of the financial year	29,185	(3,926)	2,452	27,711
2009				
At beginning of the financial year	10,000	-	-	10,000
Recognised in income statement	26,156	-	-	26,156
Recognised in equity	-	7,026	-	7,026
At end of the financial year	36,156	7,026	-	43,182

ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)

15. Deferred tax assets (cont'd.)

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

	Group and Bank	
	2010	2009
	RM'000	RM'000
Unused tax losses	-	27,033
Excess of capital allowances over depreciation of property, plant and equipment		
Other temporary differences	-	(700)
	<u>-</u>	<u>26,333</u>

The unutilised tax losses of the Group is 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.

682-X

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

16. Property, plant and equipment

Group and Bank	Freehold land RM'000	Building RM'000	Furniture and fittings and and office equipment RM'000	Computers RM'000	Office renovation RM'000	Motor vehicles RM'000	Total RM'000
Cost							
At 1 February 2009	1,750	6,782	10,679	21,427	10,804	1,567	53,009
Additions	-	-	154	759	314	1,495	2,722
Write-off	-	-	(77)	(879)	-	(5)	(961)
Disposals	-	-	(48)	(467)	(6)	(650)	(1,171)
At 31 January 2010	<u>1,750</u>	<u>6,782</u>	<u>10,708</u>	<u>20,840</u>	<u>11,112</u>	<u>2,407</u>	<u>53,599</u>
Accumulated depreciation							
At 1 February 2009	-	1,499	8,787	17,197	6,135	850	34,468
Charge during the year (Note 28)	-	136	793	1,968	737	312	3,946
Write-off	-	-	(76)	(879)	-	(5)	(960)
Disposals	-	-	(34)	(467)	(2)	(468)	(971)
At 31 January 2010	<u>-</u>	<u>1,635</u>	<u>9,470</u>	<u>17,819</u>	<u>6,870</u>	<u>689</u>	<u>36,483</u>
Net carrying amount							
At 31 January 2010	<u>1,750</u>	<u>5,147</u>	<u>1,238</u>	<u>3,021</u>	<u>4,242</u>	<u>1,718</u>	<u>17,116</u>

682-X

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

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

Group and Bank	Freehold land RM'000	Building RM'000	Furniture and fittings and and office equipment RM'000	Computers RM'000	Office renovation RM'000	Motor vehicles RM'000	Total RM'000
Cost							
At 1 February 2008	1,750	6,782	10,586	19,860	10,371	1,515	50,864
Additions	-	-	96	2,347	433	520	3,396
Write-off	-	-	(3)	(116)	-	-	(119)
Disposals	-	-	-	(664)	-	(468)	(1,132)
At 31 January 2009	<u>1,750</u>	<u>6,782</u>	<u>10,679</u>	<u>21,427</u>	<u>10,804</u>	<u>1,567</u>	<u>53,009</u>
Accumulated depreciation							
At 1 February 2008	-	1,363	7,919	15,317	5,444	1,062	31,105
Charge during the year (Note 28)	-	136	871	2,590	691	156	4,444
Write-off	-	-	(3)	(46)	-	-	(49)
Disposals	-	-	-	(664)	-	(368)	(1,032)
At 31 January 2009	<u>-</u>	<u>1,499</u>	<u>8,787</u>	<u>17,197</u>	<u>6,135</u>	<u>850</u>	<u>34,468</u>
Net carrying amount							
At 31 January 2009	<u>1,750</u>	<u>5,283</u>	<u>1,892</u>	<u>4,230</u>	<u>4,669</u>	<u>717</u>	<u>18,541</u>

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

17. Intangible assets

	Group and Bank	
	2010	2009
	RM'000	RM'000
Merchant bank licence		
At beginning/end of year	52,500	52,500

The merchant bank licence represents contribution by the Bank 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 Bank assessed the recoverable amount of merchant bank licence, and determined that the merchant bank licence are sustainable based on the value in use calculation using cash flow projections of 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% (2009: 6.15%).

18. Deposits from customers

	Group		Bank	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
<u>By type of deposits:</u>				
Fixed deposits	988,177	589,993	992,205	589,993
Negotiable instrument deposits	3,000	15,950	3,000	15,950
	991,177	605,943	995,205	605,943
<u>By type of customers:</u>				
Government and statutory bodies	53,000	4,670	53,000	4,670
Domestic business enterprises	174,525	149,498	178,553	149,498
Individuals	10,676	59,834	10,676	59,834
Non-bank financial institutions	752,976	391,941	752,976	391,941
	991,177	605,943	995,205	605,943

19. Deposits and placements of banks and other financial institutions

	Group and Bank	
	2010	2009
	RM'000	RM'000
Licensed banks	180,646	248,004
Licensed investment banks	70,000	48,000
	250,646	296,004

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

20. Trade payables

	Group and Bank	
	2010	2009
	RM'000	RM'000
Amount owing to clients	92,680	47,804
Amount owing to brokers	172,840	57,754
Client's trust monies	100,811	87,208
	<u>366,331</u>	<u>192,766</u>

21. Other liabilities

	Group		Bank	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Accruals and deposits received	16,162	13,576	16,133	9,549
Remisiers' and dealers' trust accounts	14,691	12,592	14,691	12,592
Other payables	37,127	9,947	37,102	13,824
	<u>67,980</u>	<u>36,115</u>	<u>67,926</u>	<u>35,965</u>

22. Share capital

Group and Bank	Number of shares of RM1 each		Amount	
	2010	2009	2010	2009
	Units'000	Units'000	RM'000	RM'000
Authorised	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>
Issued and fully paid-up	<u>513,000</u>	<u>513,000</u>	<u>513,000</u>	<u>513,000</u>

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

23. Reserves

	Note	Group		Bank	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-distributable:					
Equity compensation reserve	(a)	926	1,053	926	1,053
Available-for-sale revaluation reserve	(b)	11,779	(21,077)	11,779	(21,077)
Statutory reserve	(c)	33,934	14,759	33,934	14,759
Distributable:					
Retained profits	(d)	73,270	73,013	69,055	69,055
		<u>119,909</u>	<u>67,748</u>	<u>115,694</u>	<u>63,790</u>

- (a) The equity compensation reserve relates to the Bank's share of Employees Share Option Scheme ("ESOS") costs arising from the ESOS of the holding company which was approved by the shareholders of the holding company on 1 December 2005 at an Extraordinary General Meeting.

The holding company's ESOS was implemented on 4 January 2008 and is to be in force for a period of 10 years from the date of implementation. The main features of the ESOS are disclosed in the audited financial statements of the holding company.

As at 31 January 2010, there had not been issuance of new shares as there had not been exercise of the ESOS options granted.

A summary of the movements in the number of ESOS granted to employees of the Bank are as follows:

	2010 Number of share options '000	2009 Number of share options '000
At 1 February 2009/2008	13,826	13,082
Granted	6,000	3,000
Lapsed	(4,254)	(2,256)
As at 31 January	<u>15,572</u>	<u>13,826</u>
Exercisable as at 31 January	<u>12,572</u>	<u>12,326</u>

- (b) Available-for-sale revaluation reserve represents unrealised gains or losses arising from changes in fair values of securities classified as available-for-sale.
- (c) The statutory reserves are maintained in compliance with Section 36 of the Banking and Financial Institutions Act, 1989 and are not distributable as cash dividends.

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

23. Reserves (cont'd.)

- (d) 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 transition period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Bank has elected for the irrevocable option to disregard the 108 balance as at 31 January 2009. Hence, the Bank will be able distribute dividends out of its entire retained earnings under the single tier system.

24. Interest income

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Loans and advances	19,260	18,798	19,260	18,798
Stockbroking clients	957	821	957	821
Short-term funds and deposits with financial institutions	11,839	10,002	11,839	9,915
Securities:				
- Available-for-sale	8,715	6,118	8,715	6,118
- Held-to-maturity	2,231	18	2,231	18
Others	5	8	5	8
	<u>43,007</u>	<u>35,765</u>	<u>43,007</u>	<u>35,678</u>
Accretion of discounts less amortisation of premium	228	118	228	118
	<u>43,235</u>	<u>35,883</u>	<u>43,235</u>	<u>35,796</u>

25. Interest expense

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	17,772	7,717	17,859	7,717
Deposits from banks and other financial institutions	670	1,067	670	1,067
Others	11	328	11	328
	<u>18,453</u>	<u>9,112</u>	<u>18,540</u>	<u>9,112</u>

ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)

26. Non-interest income

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Fee income				
- Fees on loans and advances	4,925	4,464	4,925	4,464
- Corporate advisory fees	731	3,175	731	3,175
- Net brokerage fee	43,152	26,430	43,152	26,430
- Other fee income	1,594	4,159	1,326	4,019
	<u>50,402</u>	<u>38,228</u>	<u>50,134</u>	<u>38,088</u>
Investment and trading income				
- Gain/(loss) from sale of securities:				
Held-for-trading	3,116	213	3,116	213
Available-for-sale	19,011	(2,889)	19,011	(2,889)
Held-to-maturity	-	240	-	240
- Gain/(loss) on revaluation of securities:				
Held-for-trading	729	(12,406)	729	(12,406)
Derivatives	339	-	339	-
	<u>23,195</u>	<u>(14,842)</u>	<u>23,195</u>	<u>(14,842)</u>
Gross dividend income				
- Securities held-for-trading	16	-	16	-
- Securities available-for-sale	3,228	4,346	3,228	4,346
	<u>3,244</u>	<u>4,346</u>	<u>3,244</u>	<u>4,346</u>
Total non-interest income	<u>76,841</u>	<u>27,732</u>	<u>76,573</u>	<u>27,592</u>

27. Other non-operating income

	Group and Bank	
	2010 RM'000	2009 RM'000
Rental income	308	62
Gain on disposal of property, plant and equipment	136	46
Gain on revaluation of foreign exchange translation	1,630	131
Others	1,038	532
	<u>3,112</u>	<u>771</u>

ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)

28. Operating expenses

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<u>Personnel expenses</u>				
Salaries, allowance and bonus	32,062	25,837	32,062	25,837
Cost arising from ESOS	(127)	546	(127)	546
Other personnel costs	5,406	4,664	5,406	4,664
	<u>37,341</u>	<u>31,047</u>	<u>37,341</u>	<u>31,047</u>
<u>Establishment costs</u>				
Depreciation of property, plant and equipment (Note 16)	3,946	4,444	3,946	4,444
Rental of premises	3,380	3,574	3,380	3,574
Rental of network and equipment	2,836	3,531	2,836	3,531
Property, plant and equipment written off	1	70	1	70
Other establishment costs	2,315	2,749	2,315	2,749
	<u>12,478</u>	<u>14,368</u>	<u>12,478</u>	<u>14,368</u>
<u>Marketing and communication expenses</u>				
Advertising expenses	1	128	1	128
Entertainment	751	426	751	426
Other marketing expenses	-	203	-	203
	<u>752</u>	<u>757</u>	<u>752</u>	<u>757</u>
<u>Administrative and general expenses</u>				
Audit fees	138	138	132	132
Legal and professional fees	349	362	349	362
Licence fees	391	186	391	186
Insurance	392	375	392	375
Telecommunication expenses	504	661	504	661
Travelling and accommodation	374	225	374	225
Others	7,844	5,742	7,833	5,675
	<u>9,992</u>	<u>7,689</u>	<u>9,975</u>	<u>7,616</u>
Total operating expenses	<u>60,563</u>	<u>53,861</u>	<u>60,546</u>	<u>53,788</u>

ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)

29. CEO and directors' remuneration

	Group		Bank	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Executive Director and CEO:				
Salary and other remuneration, including meeting allowance	-	839	-	839
Fees	-	26	-	26
Bonuses	-	800	-	800
Non-executive Directors:				
Fees	315	277	315	277
Other remuneration	130	83	130	83
	<u>445</u>	<u>2,025</u>	<u>445</u>	<u>2,025</u>

The total remuneration of the directors of the Bank during the financial year fall within the following bands:

	Number of directors	
	2010	2009
Executive directors:		
Below RM50,000	-	-
RM50,000 to RM950,000	-	-
RM950,001 to RM1,000,000	-	-
RM1,000,001 to RM1,500,000	-	-
RM1,500,001 to RM1,550,000	-	-
RM1,550,001 to RM1,700,000	-	1
Non-executive directors:		
Below RM50,000	-	2
RM50,000 to RM100,000	7	4

ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)

30. Allowance for losses on loans, advances and financing

	Group and Bank	
	2010	2009
	RM'000	RM'000
General allowance on loans, advances and financing:		
- Provided during the financial year (Note 9(v))	1,077	1,498
	<u>1,077</u>	<u>1,498</u>
Specific allowance on loans, advances and financing:		
- Provided during the financial year (Note 9(v))	5,425	3,837
- Written back during the financial year (Note 9(v))	(5,425)	(3,837)
	<u>-</u>	<u>-</u>
	<u>1,077</u>	<u>1,498</u>

31. Write back of bad and doubtful debts

	Group and Bank	
	2010	2009
	RM'000	RM'000
Trade Receivables		
General allowance:		
- Provided/(writtenback) during the financial year (Note 10(a))	144	(117)
	<u>144</u>	<u>(117)</u>
Specific allowance:		
- Provided during the financial year (Note 10(b))	229	623
- Written back during the financial year (Note 10(b))	(398)	(643)
	<u>(169)</u>	<u>(20)</u>
Bad debts:		
- Recovered	(28)	(94)
- Write off	-	2
	<u>(28)</u>	<u>(92)</u>
	<u>(53)</u>	<u>(229)</u>

ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)

31. Write back of bad and doubtful debts (cont'd.)

	Group and Bank	
	2010	2009
	RM'000	RM'000
Other receivables		
Specific allowance:		
- Provided during the financial year	-	286
- Write back	-	(286)
	<u>-</u>	<u>-</u>
Bad debts:		
- Recovered	(59)	-
- Write off	-	211
	<u>(59)</u>	<u>211</u>
	<u>(59)</u>	<u>211</u>
	<u>(112)</u>	<u>(18)</u>

32. Writeback of impairment loss

	Group and Bank	
	2010	2009
	RM'000	RM'000
Writeback of impairment loss:		
Private debt securities		
- Available-for-sale	-	4,400
	<u>-</u>	<u>4,400</u>

33. Income tax expense

	Group		Bank	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- Current year's provision	88	-	-	-
- (Over)/under provision of tax in prior years	(7)	777	-	817
	<u>81</u>	<u>777</u>	<u>-</u>	<u>817</u>
Deferred taxation:				
- Recognised in the income statement (Note 15)	4,519	(26,156)	4,519	(26,156)
	<u>4,600</u>	<u>(25,379)</u>	<u>4,519</u>	<u>(25,339)</u>

ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)

33. Income tax expense (cont'd.)

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

	Group		Bank	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	<u>43,207</u>	<u>4,333</u>	<u>42,869</u>	<u>4,179</u>
Tax at Malaysian statutory rate of 25% (2009: 25%)	10,802	1,083	10,717	1,045
Tax effects of:				
Non-allowable expenses	414	614	411	614
Non-taxable income	-	(1,137)	-	(1,137)
(Over)/Under provision of tax in prior years	(7)	778	-	817
Underprovision of deferred tax in prior years	1,824	-	1,824	-
Deferred tax not recognised on temporary differences	-	(946)	-	(907)
Deferred tax recognised on unabsorbed tax losses	(6,190)	(26,156)	(6,190)	(26,156)
Deferred tax recognised on temporary differences	(2,243)	-	(2,243)	-
Effect of changes in tax rate on opening balance of deferred tax	-	385	-	385
	<u>4,600</u>	<u>(25,379)</u>	<u>4,519</u>	<u>(25,339)</u>

34. Earning per ordinary share

The basic and diluted earnings per ordinary share are calculated by dividing the Group's profit after taxation of RM39,357,000 (2009: RM29,712,000), by the weighted average number of ordinary shares in issue during the year of 513,000,000 (2009: 513,000,000).

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

35. Dividends

No dividend had been paid by the Bank since the end of the previous financial year.

The Directors have declared an interim single-tier dividend of 3.74 sen per share on 513,000,000 ordinary shares, amounting to RM19,174,767 for the financial year ended 31 January 2010. The Directors do not propose any final dividend for the financial year ended 31 January 2010.

36. Capital adequacy

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) - Disclosure Requirements (Pillar 3) issued by Bank Negara Malaysia.

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

	2010	2009
	RM'000	RM'000
<u>Tier 1 Capital</u>		
Paid-up share capital	513,000	513,000
Retained profits	69,055	69,055
Statutory reserve	33,934	14,759
Other reserves	926	1,053
	<u>616,915</u>	<u>597,867</u>
Less: Deferred tax assets*	(31,637)	(36,156)
Total Tier 1 capital (a)	<u>585,278</u>	<u>561,711</u>
<u>Tier 2 Capital</u>		
General allowance for loans, advances and financing	<u>5,117</u>	<u>4,040</u>
Total Tier 2 capital (b)	<u>5,117</u>	<u>4,040</u>
Total capital (a) + (b)	590,395	565,751
Less: Investment in subsidiaries	-	-
Capital base	<u>590,395</u>	<u>565,751</u>
Total risk-weighted assets	<u>1,013,343</u>	<u>766,582</u>
* Excludes deferred tax on AFS reserve.		
	2010	2009
<u>%</u>		
Core capital ratio	57.76%	73.27%
Risk weighted capital ratio	58.26%	73.80%

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

36. Capital adequacy (cont'd.)

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

As at 31 January 2010

Risk type	Gross Exposures RM'000	Net Exposures RM'000	Risk Weighted Assets RM'000	Capital Requirements RM'000
(i) Credit risk				
<i>On-Balance Sheet Exposures</i>				
Banks, Development Financial Institutions ("DFIs") & Multilateral Development Banks ("MDBs")	803,630	803,630	159,901	12,792
Corporates	587,545	321,185	113,124	9,050
Regulatory Retail	62,225	16	12	1
Other Assets	222,814	222,814	112,082	8,967
Total On-Balance Sheet Exposures	1,676,214	1,347,645	385,119	30,810
<i>Off-Balance Sheet Exposures</i>				
Credit-related off-balance sheet exposures	85,578	85,578	79,352	6,348
Total Off-Balance Sheet Exposures	85,578	85,578	79,352	6,348
Total On and Off-Balance Sheet Exposures	1,761,792	1,433,223	464,471	37,158
(ii) Market risk				
	Long Position RM'000	Short Position RM'000		
Interest Rate Risk	323,696	-	21,401	1,712
Equity Risk	135,410	-	344,901	27,592
Total	459,106	-	366,302	29,304
(iii) Operational risk			182,570	14,606
Total RWA and capital requirements			1,013,343	81,068

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

36. Capital adequacy (cont'd.)

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

As at 31 January 2009

Risk type	Gross Exposures RM'000	Net Exposures RM'000	Risk Weighted Assets RM'000	Capital Requirements RM'000
(i) Credit risk				
<i>On-Balance Sheet Exposures</i>				
Banks, DFIs & MDBs	947,267	947,267	189,161	15,133
Corporates	369,690	186,501	85,759	6,861
Regulatory Retail	41,061	-	-	-
Other Assets	146,627	146,627	96,251	7,700
Total On-Balance Sheet Exposures	1,504,645	1,280,395	371,171	29,694
<i>Off-Balance Sheet Exposures</i>				
Credit-related off-balance sheet exposures	38,765	38,765	30,281	2,422
Total Off-Balance Sheet Exposures	38,765	38,765	30,281	2,422
Total On and Off-Balance Sheet Exposures	1,543,410	1,319,160	401,452	32,116
(ii) Market risk				
	Long Position RM'000	Short Position RM'000		
Interest Rate Risk	8,813	-	500	40
Equity Risk	105,066	-	225,305	18,024
Total	113,879	-	225,805	18,064
(iii) Operational risk			139,325	11,146
Total RWA and capital requirements			766,582	61,326

ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)

36. Capital adequacy (cont'd.)

(c) Credit risk exposures by risk weights

As at 31 January 2010

Risk Weights	Exposures after Netting and Credit Risk Mitigation					Total Risk Weighted Assets
	Banks, DFIs and MDBs	Corporates	Regulatory Retail	Other Assets	Total Exposures	
0%	4,125	35,160	-	1,926	41,211	-
20%	799,505	103,322	-	136,008	1,038,835	207,767
50%	-	180,486	-	-	180,486	90,243
75%	-	-	24,921	-	24,921	18,691
100%	-	62,890	-	84,880	147,770	147,770
Total	803,630	381,858	24,921	222,814	1,433,223	464,471

Risk-weighted assets by exposures
Average risk weight
Deduction from Capital Base

159,901	173,797	18,691	112,082	464,471
20%	46%	75%	50%	32%
-	-	-	-	-

As at 31 January 2009

Risk Weights	Exposures after Netting and Credit Risk Mitigation					Total Risk Weighted Assets
	Banks, DFIs and MDBs	Corporates	Regulatory Retail	Other Assets	Total Exposures	
0%	1,464	-	-	1,828	3,292	-
20%	945,803	73,778	-	60,684	1,080,265	216,053
50%	-	83,440	-	-	83,440	41,720
75%	-	-	33,935	-	33,935	25,451
100%	-	34,113	-	84,115	118,228	118,228
Total	947,267	191,331	33,935	146,627	1,319,160	401,452

Risk-weighted assets by exposures
Average risk weight
Deduction from Capital Base

189,161	90,589	25,451	96,252	401,452
20%	47%	75%	66%	30%
-	-	-	-	-

ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)

37. Commitments

	Group and Bank	
	2010	2009
	RM'000	RM'000
Capital Commitments		
Approved and contracted for:		
Purchase of property, plant and equipment	1,716	259
	<u>1,716</u>	<u>259</u>
Non-cancellation operating lease commitments		
Future minimum rentals payable		
Not more than 1 year	2,355	225
More than 1 year and less than 5 years	807	4,505
	<u>3,162</u>	<u>4,730</u>

38. Commitments and contingencies

	Group and Bank		
	Nominal	* Credit	Risk-
	amount	equivalent	weighted
	RM'000	amount	amount
	RM'000	RM'000	RM'000
As at 31 January 2010			
Commitments to extend credits with maturity of less than 1 year:			
- margin facilities	310,037	62,007	55,781
- other term loan facilities	117,852	23,571	23,571
	<u>427,889</u>	<u>85,578</u>	<u>79,352</u>
As at 31 January 2009			
Commitments to extend credits with maturity of less than 1 year:			
- margin facilities	189,830	37,966	29,483
- other term loan facilities	3,992	798	798
Equity-related contracts	21,168	7,134	7,134
	<u>214,990</u>	<u>45,898</u>	<u>37,415</u>

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

ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)

39. Significant related party transactions

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Bank had the following transactions with related parties during the financial year:

	Group and Bank	
	2010	2009
	RM'000	RM'000
Transactions with a company in which a director and shareholder of the holding company has interest in:		
- Project management fees	263	334
- Interest expenses payable	453	328
- Management expenses receivable	-	66
	<u> </u>	<u> </u>

The directors of the Bank are of the opinion that the above transactions have 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.

(b) Compensation of key management personnel

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

	Group		Bank	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Fees and meeting allowances	445	389	445	389
Short-term employee benefits	2,869	3,899	2,869	3,899
Defined contribution plan	275	468	275	468
Share-based payment	213	546	213	546
	<u>3,802</u>	<u>5,302</u>	<u>3,802</u>	<u>5,302</u>

Included in the total key management personnel are:

	Group		Bank	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Directors' remuneration (Note 29)	<u>445</u>	<u>2,025</u>	<u>445</u>	<u>2,025</u>

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

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

(c) Credit transactions and exposures with connected party

	Group and Bank	
	RM'000	RM'000
Outstanding credit exposures with connected parties	10,014	-
Percentage of outstanding credit exposures with connected parties		
- as a proportion of total credit exposures	0.7%	0%
- which is non-performing or in default	0%	0%

The above disclosure on Credit Transactions and Exposures with Connected Parties is presented in accordance with para 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which became effective on 1 January 2008.

40. Financial instruments

(a) Financial Risk Management Objectives and Policies

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

(b) Credit risk

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

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

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

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

40. Financial instruments

(c) Liquidity risk

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

Liquidity risk is controlled through the BNM Liquidity Framework and the Group's liquidity risk management policy.

(d) Price risk

The proprietary position of private debt securities and equities were subjected price risk. Such positions were marked-to-market daily and the price risk were controlled by investing in high quality stocks and highly rated private debt securities as well as cut-loss should the prices expected to decline substantially. For those instruments held to maturity, adequate provisions were made when there is an indication of impairment.

ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)

40 Financial instruments (cont'd.)

(e) Interest rate risk

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

Group	-----Non-trading book----->						Trading book RM '000	Total RM '000	Effective interest rate
	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			
As at 31 January 2010									
Assets									
Cash and bank balances	555,648	-	-	-	-	33,301	-	588,949	2.02%
Deposits with financial institutions	-	50,167	660	43	-	-	-	50,870	2.07%
Securities held-for-trading	-	-	-	-	-	-	301,911	301,911	
Securities available-for-sale	70,000	9,972	130,118	91,154	42,708	-	131,872	475,824	3.60%
Securities held-to-maturity	30,000	130,000	-	-	-	2,200	-	162,200	2.20%
Derivative financial instruments	-	-	-	-	-	-	339	339	
Loan, advances and financing									
- Performing	260,626	116	49,451	18,409	-	(5,117)*	-	323,485	8.06%
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	4,073	-	4,073	
Trade receivables	7,296	-	-	-	-	282,254	-	289,550	9.00%
Other assets ^	-	-	-	-	-	112,086	-	112,086	
Total assets	923,570	190,255	180,229	109,606	42,708	428,797	434,122	2,309,287	

^ Other assets include other assets, property, plant and equipment, intangible assets, deferred tax assets as disclosed in the consolidated balance sheet.

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

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

40 Financial instruments (cont'd.)

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

Group	-----Non-trading book----->						Trading book	Total	Effective interest rate
	Up to 1 month	> 1 - 3 months	> 3 - 12 months	1 - 5 years	Over 5 years	Non-interest sensitive			
As at 31 January 2010	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	
Liabilities and equity									
Liabilities									
Deposits from customers	647,446	193,283	150,448	-	-	-	-	991,177	2.19%
Deposits and placements of banks and other financial institutions	130,000	100,646	20,000	-	-	-	-	250,646	2.19%
Trade payables	-	-	-	-	-	366,331	-	366,331	
Other liabilities #	-	-	-	-	-	68,224	-	68,224	
Total liabilities	777,446	293,929	170,448	-	-	434,555	-	1,676,378	
Shareholders' funds	-	-	-	-	-	632,909	-	632,909	
Total equity and liabilities	777,446	293,929	170,448	-	-	1,067,464	-	2,309,287	
On-balance sheet interest sensitivity gap	146,124	(103,674)	9,781	109,606	42,708	(638,667)	434,122	-	
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-	
Total interest sensitivity gap	146,124	(103,674)	9,781	109,606	42,708	(638,667)	434,122	-	

Other liabilities include other liabilities and provision for taxation as disclosed in the consolidated balance sheet.

ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)

40 Financial instruments (cont'd.)

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

Group	-----Non-trading book-----						Trading book RM '000	Total RM '000	Effective interest rate
	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			
As at 31 January 2009									
Assets									
Cash and bank balances	733,262	-	-	-	-	6,799	-	740,061	2.82%
Deposits with financial institutions	-	119,930	-	-	-	-	-	119,930	2.58%
Securities held-for-trading	-	-	-	-	-	-	8,813	8,813	
Securities available-for-sale	-	-	15,120	104,219	37,879	-	97,932	255,150	5.33%
Securities held-to-maturity	-	90,000	-	-	-	2,200	-	92,200	2.58%
Derivative financial instruments	-	-	-	-	-	-	-	-	
Loan, advances and financing									
- Performing	129,326	115,716	6,291	-	-	(4,040)*	-	247,293	8.75%
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	1,413	-	1,413	
Trade receivables	5,692	-	-	-	-	116,395	-	122,087	9.00%
Other assets [^]	-	-	-	-	-	126,702	-	126,702	
Total assets	868,280	325,646	21,411	104,219	37,879	249,469	106,745	1,713,649	

[^] Other assets include other assets, property, plant and equipment, intangible assets, deferred tax assets as disclosed in the consolidated balance sheet.

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

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

40 Financial instruments (cont'd.)

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

Group	-----Non-trading book-----						Trading book	Total	Effective interest rate
	Up to 1 month	> 1 - 3 months	> 3 - 12 months	1 - 5 years	Over 5 years	Non-interest sensitive			
As at 31 January 2009	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	
Liabilities and equity									
Liabilities									
Deposits from customers	429,344	86,881	89,218	500	-	-	-	605,943	2.86%
Deposits and placements of banks and other financial institutions	251,004	28,000	17,000	-	-	-	-	296,004	2.99%
Trade payables	-	-	-	-	-	192,766	-	192,766	
Other liabilities #	-	-	-	-	-	38,188	-	38,188	
Total liabilities	680,348	114,881	106,218	500	-	230,954	-	1,132,901	
Shareholders' funds	-	-	-	-	-	580,748	-	580,748	-
Total equity and liabilities	680,348	114,881	106,218	500	-	811,702	-	1,713,649	
On-balance sheet interest sensitivity gap	187,932	210,765	(84,807)	103,719	37,879	(562,233)	106,745	-	
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-	
Total interest sensitivity gap	187,932	210,765	(84,807)	103,719	37,879	(562,233)	106,745	-	

Other liabilities include other liabilities and provision for taxation as disclosed in the consolidated balance sheet.

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

40. Financial instruments (cont'd.)

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

Bank	<-----Non-trading book----->						Trading book	Total	Effective interest rate
	Up to 1 month	> 1 - 3 months	> 3 - 12 months	1 - 5 years	Over 5 years	Non-interest sensitive			
As at 31 January 2010	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	
Assets									
Cash and bank balances	555,643	-	-	-	-	33,066	-	588,709	2.02%
Deposits with financial institutions	-	50,167	660	43	-	-	-	50,870	2.07%
Securities held-for-trading	-	-	-	-	-	-	301,911	301,911	
Securities available-for-sale	70,000	9,972	130,118	91,154	42,708	-	131,872	475,824	3.60%
Securities held-to-maturity	30,000	130,000	-	-	-	2,200	-	162,200	2.20%
Derivative financial assets	-	-	-	-	-	-	339	339	
Loan, advances and financing - Performing	260,626	116	49,451	18,409	-	(5,117) *	-	323,485	8.06%
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	4,073	-	4,073	
Trade receivables	7,296	-	-	-	-	282,254	-	289,550	9.00%
Other assets ^	-	-	-	-	-	112,085	-	112,085	
Total assets	923,565	190,255	180,229	109,606	42,708	428,561	434,122	2,309,046	

^ Other assets include other assets, property, plant and equipment, intangible assets, deferred tax assets as disclosed in the balance sheet.

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

682-X

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

40. Financial instruments (cont'd.)

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

Bank	<-----Non-trading book----->							Trading book	Total	Effective interest rate
	Up to 1 month	> 1 - 3 months	> 3 - 12 months	1 - 5 years	Over 5 years	Non-interest sensitive	RM '000			
As at 31 January 2010	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	
Liabilities and equity										
Liabilities										
Deposits from customers	647,446	197,311	150,448	-	-	-	-	-	995,205	2.19%
Deposits and placements of banks and other financial institutions	130,000	100,646	20,000	-	-	-	-	-	250,646	2.19%
Trade payables	-	-	-	-	-	366,331	-	-	366,331	
Other liabilities #	-	-	-	-	-	68,170	-	-	68,170	
Total liabilities	777,446	297,957	170,448	-	-	434,501	-	-	1,680,352	
Shareholders' funds	-	-	-	-	-	628,694	-	-	628,694	
Total equity and liabilities	777,446	297,957	170,448	-	-	1,063,195	-	-	2,309,046	
On-balance sheet interest sensitivity gap	146,119	(107,702)	9,781	109,606	42,708	(634,634)	434,122	-	-	
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-	-	
Total interest sensitivity gap	146,119	(107,702)	9,781	109,606	42,708	(634,634)	434,122	-	-	

Other liabilities include other liabilities and amount owing to related companies as disclosed in the balance sheet.

682-X

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

40. Financial instruments (cont'd.)

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

Bank	-----Non-trading book----->						Trading book RM '000	Total RM '000	Effective interest rate
	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			
As at 31 January 2009									
Assets									
Cash and bank balances	733,262	-	-	-	-	6,776	-	740,038	2.82%
Deposits with financial institutions	-	115,847	-	-	-	-	-	115,847	2.58%
Securities held-for-trading	-	-	-	-	-	-	8,813	8,813	
Securities available-for-sale	-	-	15,120	104,219	37,879	-	97,932	255,150	5.33%
Securities held-to-maturity	-	90,000	-	-	-	2,200	-	92,200	2.58%
Derivative financial instruments	-	-	-	-	-	-	-	-	
Loan, advances and financing - Performing	129,326	115,716	6,291	-	-	(4,040)	-	247,293	8.75%
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	1,413	-	1,413	
Trade receivables	5,692	-	-	-	-	116,395	-	122,087	9.00%
Other assets ^	-	-	-	-	-	126,684	-	126,684	
Total assets	868,280	321,563	21,411	104,219	37,879	249,428	106,745	1,709,525	

^ Other assets include other assets, property, plant and equipment, intangible assets, deferred tax assets as disclosed in the balance sheet.

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

**ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)**

40. Financial instruments (cont'd.)

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

Bank

<-----Non-trading book----->

As at 31 January 2009	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	429,344	86,881	89,218	500	-	-	-	605,943	2.86%
Deposits and placements of banks and other financial institutions	251,004	28,000	17,000	-	-	-	-	296,004	2.99%
Trade payables	-	-	-	-	-	192,766	-	192,766	
Other liabilities #	-	-	-	-	-	38,022	-	38,022	
Total liabilities	680,348	114,881	106,218	500	-	230,788	-	1,132,735	
Shareholders' funds	-	-	-	-	-	576,790	-	576,790	-
Total equity and liabilities	680,348	114,881	106,218	500	-	807,578	-	1,709,525	
On-balance sheet interest sensitivity gap	187,932	206,682	(84,807)	103,719	37,879	(558,150)	106,745	-	
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-	
Total interest sensitivity gap	187,932	206,682	(84,807)	103,719	37,879	(558,150)	106,745	-	

Other liabilities include other liabilities and amount owing to related companies as disclosed in the balance sheet.

ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)

40. Financial instruments (cont'd.)

(f) Fair value of financial assets and financial liabilities

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

	Note	Group		Bank	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
2010					
Financial assets					
Amounts owing by related companies		-		-	
Financial liabilities					
Amounts owing to related companies		244	*	244	*

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

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

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

The estimated fair values are generally based on quoted and observable market prices. Where there is no ready market, fair values will be assessed by reference to market indicative interest yields or net tangible asset backing of the investee where applicable.

(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.

ECM Libra Investment Bank Berhad
(Incorporated in Malaysia)

41. Prior year adjustments

The Group restated the opening balances of retained profits to adjust the carrying amount of its other liabilities of prior years. The adjustment was made to reverse provisions made in the past after it is confirmed that they are no longer required. The effects are disclosed in below:

	Group		
	As previously reported RM'000	Adjustment RM'000	As restated RM'000
<u>Balance sheet as at 31 January 2009</u>			
Other liabilities	39,992	(3,877)	36,115
Retained profits	54,183	3,877	58,060
	<u>54,183</u>	<u>3,877</u>	<u>58,060</u>

42. Comparatives

The Bank restated the carrying amounts of its available-for-sale revaluation securities and deferred tax asset as follows:

	Group and Bank		
	As previously reported	Adjustment	As restated
<u>Balance sheet as at 31 January 2009</u>			
Available-for-sale revaluation reserves	28,103	(7,026)	21,077
Deferred tax assets	36,156	7,026	43,182
	<u>36,156</u>	<u>7,026</u>	<u>43,182</u>

The above adjustments do not have any impact on the current year and previous year's income statement.