

ECM LIBRA BERHAD (Company No. 288682-P)

Unaudited Consolidated Income Statements for the Quarter Ended 31 March 2006

	Current Quarter Ended 31.3.2006 RM'000	Corresponding Quarter Ended 31.3.2005 RM'000	Current 12 months Ended 31.3.2006 RM'000	Corresponding 12 months Ended 31.3.2005 RM'000
Revenue	23,477	16,379	68,251	73,206
Other operating income	609	4,963	5,506	13,377
Manufacturing costs relating to an entity disposed off during the year	-	298	-	(394)
Staff costs	(6,277)	(5,742)	(18,766)	(16,932)
Depreciation of property, plant and equipment	(944)	(684)	(3,495)	(1,989)
Other operating expenses	(6,409)	(6,232)	(21,597)	(20,941)
Profit from operations	10,456	8,982	29,899	46,327
Finance costs	(1,626)	(1,828)	(6,519)	(6,520)
Share of results of associate company	223	965	3,320	965
Profit before tax	9,053	8,119	26,700	40,772
Tax	(307)	1,195	(1,761)	(433)
Net profit for the period	8,746	9,314	24,939	40,339
Earnings per share :	Sen	Sen	Sen	Sen
- basic	2.02	2.15	5.76	9.32
- diluted	1.91	2.03	5.61	8.72

(The Consolidated Income Statements should be read in conjunction with the audited Annual Financial Statements for the year ended 31 March 2005)

ECM LIBRA BERHAD (Company No. 288682-P)

Unaudited Consolidated Balance Sheets As At 31 March 2006

	31.3.2006	Audited 31.3.2005
	RM'000	RM'000
Property, plant and equipment	14,608	13,265
Investment in associate company	45,171	44,864
Other investments	4,000	4,000
Goodwill on consolidation	360,794	360,794
Deferred tax assets	379	1,332
Current Assets		
Marketable securities	18,484	41,228
Trade receivables	146,214	119,161
Loan receivables	65,426	51,976
Other receivables and prepaid expenses	26,879	17,753
Fixed deposits, cash and bank balances	146,645	158,204
	403,648	388,322
Current Liabilities		
Borrowings	-	5,000
Trade payables	119,097	101,969
Other payables and accrued expenses	24,259	30,512
Tax liabilities	325	532
	143,681	138,013
Net Current Assets	259,967	250,309
Long-Term and Deferred Liabilities		
Borrowings	(40,000)	(40,000)
Redeemable Convertible Unsecured Loan Stocks – liability component	(55,833)	(54,579)
Deferred tax liabilities	(1,488)	(1,528)
Provision for retirement benefit	(176)	(176)
	(97,497)	(96,283)
	587,422	578,281
Represented by:		
Share capital	433,000	433,000
Redeemable Convertible Unsecured Loan Stocks – equity component	4,783	4,783
Reserves	149,639	140,498
Shareholders' Equity	587,422	578,281
 Net Tangible Assets Per Share (RM)	 0.52	 0.50

(The Consolidated Balance Sheets should be read in conjunction with the audited Annual Financial Statements for the year ended 31 March 2005)

ECM LIBRA BERHAD (Company No. 288682-P)

Unaudited Consolidated Statement of Changes in Equity for the Financial Period Ended 31 March 2006

	Share capital RM '000	RCULS - equity component RM '000	Share premium RM '000	Non-distributable reserve Reserve on consolidation RM '000	Translation reserve RM '000	Distributable reserves Unappropriated profit RM '000	Total RM '000
Balance as at 1 April 2005	433,000	4,783	105,491	-	(80)	35,087	578,281
Net profit for the financial period	-	-	-	-	-	24,939	24,939
Dividends	-	-	-	-	-	(15,588)	(15,588)
Currency translation differences	-	-	-	-	(210)	-	(210)
Balance as at 31 March 2006	433,000	4,783	105,491	-	(290)	44,438	587,422

ECM LIBRA BERHAD (Company No. 288682-P)

Unaudited Consolidated Statement of Changes in Equity for the Financial Period Ended 31 March 2006 (Continued)

	Share capital RM '000	RCULS - equity component RM '000	Share premium RM '000	Reserve on consolidation RM '000	Translation reserve RM '000	Distributable reserves Unappropriated profit/ (Accumulated loss) RM '000	Total RM '000
Balance as at 1 April 2004	433,000	4,783	105,491	3,899	-	(5,252)	541,921
Arising from disposal of subsidiary companies	-	-	-	(3,899)	-	-	(3,899)
Net profit for the financial period	-	-	-	-	-	40,339	40,339
Dividends	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	(80)	-	(80)
Balance as at 31 March 2005	433,000	4,783	105,491	-	(80)	35,087	578,281

Unaudited Consolidated Cash Flow Statement for the Financial Period Ended 31 March 2006

	12 months ended 31 March 2006 RM'000	12 months ended 31 March 2005 RM'000
Cash Flows From / (Used In) Operating Activities		
Profit before tax	26,700	40,772
Adjustment for non-cash items	(7,000)	(10,888)
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Operating profit before working capital changes	19,700	29,884
Increase in inventories	-	723
Decrease in receivables	(52,521)	72,480
Decrease in payables	10,873	(130,492)
Net cash from / (used in) operations	(21,948)	(27,405)
Interest received	3,688	4,863
Net tax paid	(809)	(3,084)
Retirement benefits	-	(36)
Net cash from / (used in) operating activities	(19,069)	(25,662)
Cashflows from / (used in) investing activities		
Proceeds from disposal of subsidiary company	-	3,602
Dividend received	2,758	-
Acquisition of subsidiary company	-	(110)
Acquisition of associate company	-	(44,094)
Net investment in securities	32,387	(14,215)
Net investment in property, plant and equipment	(4,916)	(12,188)
Net cash from / (used in) investing activities	30,229	(67,005)
Cash flows from / (used in) financing activities		
Interest paid	(3,226)	(5,052)
Dividend paid	(15,588)	-
(Repayment)/ drawdown of short term loan	(5,000)	5,000
Net cash generated in financing activities	(23,814)	(52)
Net decrease in cash and cash equivalents	(12,654)	(92,719)
Effects of exchange rate changes	(208)	-
Cash and cash equivalents at beginning of year	140,413	233,132
Cash and cash equivalents at end of year	127,551	140,413

Cash and cash equivalents included in the cash flow statement comprise the following Balance Sheet amounts:

	RM'000	RM'000
Short term funds	146,645	158,204
Less: Monies held in trust	(19,094)	(17,791)
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	127,551	140,413

(The Consolidated Cash Flow Statement should be read in conjunction with the audited Annual Financial Statements for the year ended 31 March 2005)

Part A: Explanatory Notes Pursuant To Financial Reporting Standards (“FRS”) 134 (MASB 26)

1. Basis of Preparation

This unaudited interim report has been prepared in accordance with FRS 134 “Interim Financial Reporting” and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), and should be read in conjunction with the audited Annual Financial Statements for the year ended 31 March 2005 (“Financial Statements 2005”) of ECM Libra Berhad (“ECM Libra” or “Company”) and the Group.

The Company had on 30 March 2006 announced the change in financial year end from 31 March to 30 September to enable the Company to report financial results which would better reflect the financial position of the Company after the completion of the proposed merger as detailed out in Note 13 below.

2. Audit Report of Preceding Annual Financial Statements

The auditors’ report on the Financial Statements 2005 of the Company and the Group was not subjected to any qualification.

3. Seasonality and Cyclicity Factors

The operations of the Group were not materially affected either by seasonal or cyclical factors.

4. Exceptional Items/Unusual Events

There was no unusual item affecting assets, liabilities, equity, net income, or cash flows during the quarter and financial period ended 31 March 2006.

5. Variation from Financial Estimates Reported in Preceding Financial Period/Year

There were no changes in estimates of amounts reported in the preceding financial period that would have a material effect in the quarter results.

6. Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale and repayment of either debt or equity securities during the quarter and financial period ended 31 March 2006.

ECM LIBRA BERHAD (Company No. 288682-P)**7. Dividend Paid**

There was no dividend paid during the quarter ended 31 March 2006.

During the financial period ended 31 March 2006, a final dividend of 5% less 28% tax amounting to RM15,588,000 for the financial year ended 31 March 2005 was paid on 22 September 2005.

8. Segmental Reporting

Segmental revenue and results for the current financial period ended 31 March 2006 are as follows:

	Advisory RM'000	Stock- broking RM'000	Principal finance & investments RM'000	Others RM'000	Total RM'000
Revenue					
External sales	25,560	24,393	18,298	-	68,251
Inter-segment sales	-	-	-	-	-
Total revenue	<u>25,560</u>	<u>24,393</u>	<u>18,298</u>	<u>-</u>	<u>68,251</u>
Results					
Profit from operations	<u>17,577</u>	<u>(8,215)</u>	<u>15,269</u>	<u>(238)</u>	24,393
Other income					5,506
Finance costs					(6,519)
Share of results of associate company					<u>3,320</u>
Profit before tax					<u>26,700</u>
Income tax expense					<u>(1,761)</u>
Profit after tax					<u>24,939</u>
Other information					
Depreciation	443	3,001	47	4	3,495

The primary basis of segment reporting of the Group is according to business segments.

9. Material Subsequent Event

There were no material events subsequent to the Balance Sheet date other than those stated in note 13.

10. Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter and financial period ended 31 March 2006.

11. Changes in Contingent Liabilities/Assets

There were no material changes in contingent liabilities or assets since the last annual balance sheet date.

12. Capital Commitments

The amount of commitments for the purchase of property, plant and equipment and investment not provided for in the financial statements as at 31 March 2006 was as follows:

	RM'000
Approved and contracted for	576
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Part B – Additional Information Required by the Listing Requirements of Bursa Securities

13 Status of Corporate Proposals Announced

On 19 January 2006, the Company announced that it had entered into a conditional Share Sale Agreement (“SSA”) with Avenue Capital Resources Berhad (“ACRB”) and Avenue International Capital Berhad (“AICB”) for the proposed merger between ACRB and the Company (“Proposed Merger”) via the acquisitions by AICB of the following wholly-owned subsidiaries of the Company for a total consideration of 442 million new AICB ordinary shares (“Consideration Shares”) credited as fully paid-up with a pro-forma market valuation of RM293 million:

- i. ECM Libra Securities Sdn Bhd (“ECMLS”)
- ii. ECM Libra Holdings Limited
- iii. ECM Libra Partners Sdn Bhd
- iv. ECM Libra Capital Sdn Bhd
- v. ECM Libra Capital Markets Sdn Bhd

On 16 February 2006, the Company announced that, upon completion of the Proposed Merger and subject to the results of the final completion audit, the Company proposed to undertake the following:

- i. distribute 433 million new AICB shares (being part of the Consideration Shares), to be received by the Company pursuant to the Proposed Merger to its shareholders (“Proposed Distribution”) via a reduction in the par value of each ECM Libra share under Section 64 of the Companies Act, 1965 (“Act”) by an amount equivalent to the cost of investment of each AICB share; and
- ii. utilization of share premium account and a further reduction in the par value of each share under Section 64 of the Act against accumulated losses arising from the Proposed Merger and thereafter the consolidation of the shares to a par value of RM0.10 per share.

(The proposed reduction of the par value of ECM Libra share and utilization of the share premium account abovementioned are collectively referred to as “Proposed Capital Reconstruction”).

Securities Commission (“SC”) had vide its letter dated 13 April 2006 (“SC Approval”) approved the Proposed Merger, Proposed Distribution and Proposed Capital Reconstruction subject to the following conditions:

- (i) The Company is to surrender its listing status upon the completion of the Proposal;
- (ii) The Company should seek SC’s prior approval for the disposal of the balance 9 million AICB shares (“Proposed Disposal of Balance AICB Shares”);
- (iii) The Company should fully settle its liabilities to its creditors prior to the completion of the Proposal;

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- (iv) All the companies licenced under the Securities Industry Act, 1983 (“SIA”) affected by the Proposal shall obtain the necessary approval in relation to the proposed change of shareholders pursuant to their respective licensing conditions; and
- (v) Aseambankers Malaysia Berhad (the Company’s adviser) and the Company should fully comply with the relevant requirements of the Policies and Guidelines on Issue/Offer of Securities pertaining to the implementation of the Proposals.

The following approvals for the Proposed Merger had been obtained:-

- (i) Labuan Offshore Financial Services Authority via their letter dated 23 March 2006;
- (ii) Ministry of Housing and Local Government via their letter dated 28 March 2006;
- (iii) Securities and Futures Commission of Hong Kong via their letter dated 6 April 2006; and
- (iv) Institutions and Intermediaries Supervision Department of the SC via their letter dated 17 May 2006 subject to the following conditions:-
 - i. Avenue Securities Sdn Bhd (“ASSB”) and ECMLS shall merge their stockbroking business within 3 months upon receiving all the regulatory approvals for the proposed acquisition;
 - ii. ASSB to inform the SC the location of the principal office of the merged entity before the effective date of the merger of ASSB and ECMLS;
 - iii. ECMLS shall surrender its dealer’s licence within 14 days from the date of the vesting of its business, assets and liabilities to ASSB;
 - iv. All the companies licensed under the SIA affected by the proposal shall submit the proposed change in shareholders via the Electronic Licensing Application System within a week from the approval of this proposal and notify the SC of the implementation of the change within 14 days from the effective date.
- (v) Shareholders of the Company and ARCB on 17 April 2006 and 18 May 2006 respectively.

Shareholders of the Company had also approved the Proposed Distribution, Proposed Capital Reconstruction and Proposed Disposal of Balance AICB shares in the Extraordinary General Meeting (“EGM”) held on 17 April 2006. The shareholders of ACRB, in their EGM held on 18 May 2006, had also approved the exemption (“GO Waiver”) to the Company and parties deemed to be acting in concert from the obligation to undertake a mandatory general offer for all the remaining AICB shares not owned by the Company upon issuance of the Consideration Shares.

The completion of the Proposed Merger is currently pending confirmation of the SC for the GO Waiver and the results of the final completion accounts.

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Upon completion, the Proposed Merger will result in the Company and the Group incurring a loss of RM241.5 million and RM273.8 million respectively upon the disposal of the subsidiaries mentioned above.

Other than the above, there was no corporate proposal announced but not completed at the date of this report.

14. Performance Review on the Results of the Group for the Current Financial Quarter and Financial Period

The Group recorded a profit before tax of RM9.1 million for the quarter under review against RM8.1 million in the previous year's corresponding quarter. The increase in profits for the Group is due primarily to execution of more advisory mandates and gains from disposal of marketable securities riding on improving market conditions in this quarter under review.

The results for the twelve months were however affected by the weak market conditions during the first 9 months of the financial period. Profit before tax decreased from RM40.8 million in the previous year corresponding period to RM26.7 million in the current financial period.

15. Review of Performance of Current Financial Quarter against Preceding Financial Quarter

The Group's profit before taxation for the quarter ended 31 March 2006 increased 35% to RM9.1 million from the preceding quarter's profit before taxation of RM6.7 million. The increase in profit is primarily due to the improved equity market conditions which resulted in completion of more advisory mandates and investment gains. Bursa Securities' trading value increased to RM58.49 billion for the current quarter from RM40.04 billion of the preceding financial quarter.

16. Company's Prospects

In compliance with the conditions imposed in the SC Approval, upon completion of the Proposed Merger and Proposed Distribution, the Company will surrender its listing status.

As mentioned in Note 13 above, shareholders of the Company will however, participate in the merged AICB Group which will comprise a local investment bank and an offshore investment bank and an asset management group. The Directors believe that the merged group will be able to compete effectively in the new financial landscape and achieve long term growth for all shareholders.

17. Profit Forecast

The Group has not entered into any scheme that requires it to present forecast results or guarantee any profits.

18 Taxation

	Quarter ended		Year-to-date	
	31.3.2006	31.3.2005	31.3.2006	31.3.2005
	RM'000	RM'000	RM'000	RM'000
Current year income tax (Under)/ Over provision in respect of prior years	601	(306)	(847)	(2,183)
Deferred taxation	(908)	1,457	(914)	1,706
	<u>(307)</u>	<u>1,195</u>	<u>(1,761)</u>	<u>(433)</u>

The effective tax rate of the Group is lower than the statutory tax rate for the financial year-to-date due to availability of tax losses to set off against current year profit and the low tax rates of the Group's offshore subsidiaries. The reversal of deferred tax liability was in respect of timing difference between the interest rates on the Redeemable Convertible Unsecured Loan Stocks' ("RCULS") liability component and that of the actual coupon rate and recognition of deferred tax assets under the requirements of MASB approved standards.

19. Sale of Unquoted Investments and Properties

There was no sale of unquoted investments and properties during the quarter and the financial period under review.

20. Quoted Securities

The particulars of the purchase and disposal of quoted securities of the Group are as follows: -

- a) Total purchases and disposal of quoted securities and profit/loss arising from the ordinary course of business by the stockbroking and offshore investment bank subsidiaries for the current financial year-to-date are as follows:-

	Quarter ended	Year-to-date
	31.3.2006	31.3.2006
	RM'000	RM'000
Total purchases	<u>13,153</u>	<u>24,258</u>
Total sales proceeds	<u>37,645</u>	<u>56,645</u>
Total profit on disposals	<u>8,575</u>	<u>9,912</u>

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b) There were no investments in quoted securities as at 31 March 2006 other than those held by the stockbroking and offshore investment bank subsidiaries in their ordinary course of business.

21. Group Borrowings

Total borrowings and debt securities of the Group as at 31 March 2006 were as follows:

	RM'000
Unsecured long term borrowings	<u>40,000</u>
RCULS - liability component	<u>55,833</u>

22. Off Balance Sheet Financial Instruments

There are no financial instruments with material off balance sheet risk as at the date of this report.

23. Material Litigations

There is no pending material litigation for the Group as at the date of this report.

24. Dividend

The directors recommended an interim gross dividend of 2.5 sen per share less tax in respect of the financial period ended 31 March 2006 (31 March 2005: Final gross dividend of 5 sen), payable on 23 June 2006 in respect of deposited securities to securities holders whose names appear in the Record of Depositors on 15 June 2006.

The total gross dividend for the current financial period ended 31 March 2006 is 2.5 sen per share less tax.

25. Earnings Per Share

	Quarter ended		Year-to-date	
	31.3.2006	31.3.2005	31.3.2006	31.3.2005
	RM'000	RM'000	RM'000	RM'000
Basic earnings per share:				
Net profit for the period	8,746	9,314	24,939	40,339
	Units('000)	Units('000)	Units('000)	Units('000)
Weighted average number of ordinary shares in issue	433,000	433,000	433,000	433,000
Basic earnings per share (sen)	<u>2.02</u>	<u>2.15</u>	<u>5.76</u>	<u>9.32</u>
	Quarter ended		Year-to-date	
	31.3.2006	31.3.2005	31.3.2006	31.3.2005
	RM'000	RM'000	RM'000	RM'000
Fully diluted earnings per share :				
Net profit for the period	8,746	9,314	24,939	40,339
Add: Assumed saving in interest on RCULS, net of tax	691	679	2,703	2,655
	<u>9,437</u>	<u>9,993</u>	<u>27,642</u>	<u>42,994</u>
	Units('000)	Units('000)	Units('000)	Units('000)
Weighted average number of ordinary shares in issue	433,000	433,000	433,000	433,000
No. of shares that would have been issued assuming full conversion	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share	<u>493,000</u>	<u>493,000</u>	<u>493,000</u>	<u>493,000</u>
Fully diluted earnings per share (sen)	<u>1.91</u>	<u>2.03</u>	<u>5.61</u>	<u>8.72</u>

The adjusted weighted average number of shares in issue and issuable for the year was arrived at after taking into account the dilutive effect of the conversion of all outstanding RCULS of the Company and the net profit is adjusted to eliminate the applicable interest expense less the associated tax effect. The dilutive effect is computed assuming full conversion of the RCULS as at the date of issue.

Dated: 29 May 2006