

ECM LIBRA AVENUE BERHAD (Company No. 713570-K)
(formerly known as Avenue International Capital Berhad)

Unaudited Condensed Consolidated Income Statements for the Second Quarter Ended 31 July 2006

	Current Quarter Ended 31.7.2006 RM'000	Corresponding Quarter Ended 31.7.2005 RM'000	Current 6 months Ended 31.7.2006 RM'000	Corresponding 6 months Ended 31.7.2005 RM'000
Revenue	28,540	20,935	49,025	41,100
Other operating income	4,391	10,389	6,815	11,823
Staff costs	(9,896)	(2,149)	(16,188)	(7,891)
Depreciation of property, plant and equipment	(2,048)	(939)	(3,050)	(1,882)
Other operating expenses	(19,353)	(9,368)	(28,895)	(19,333)
Profit from operations	1,634	18,868	7,707	23,817
Share of results of associate companies	(154)	-	(226)	-
Gain on disposal of investments	5,207	4,012	14,533	12,247
Finance costs	(790)	-	(844)	-
Profit before tax	5,897	22,880	21,170	36,064
Tax	(320)	(650)	(929)	(1,281)
Net profit for the period	5,577	22,230	20,241	34,783
Earnings per share :	Sen	Sen	Sen	Sen
- basic	0.67	2.67	2.44	4.19
- diluted	0.67	2.67	2.44	4.19

The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the audited consolidated financial statements for the year ended 31 January 2006 of Avenue Capital Resources Berhad (“ACRB”)

The Unaudited Condensed Consolidated Income Statements for the Group have been prepared using the merger principles of accounting method for the ACRB Group and as such, the results of the Group have been stated as if ACRB Group have been combined with the Company throughout the current and previous accounting periods. The comparative figures are that of ACRB Group, adjusted for the effects arising from using the merger principles of accounting.

ECM LIBRA AVENUE BERHAD (Company No. 713570-K)
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Unaudited Condensed Consolidated Balance Sheet As At 31 July 2006

	31.7.2006	Adjusted
	RM'000	31.1.2006 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	65,188	53,905
Investment in associate companies	48,222	318,173
Other investments	38,570	69,772
Goodwill on consolidation	232,000	-
	<u>383,980</u>	<u>441,850</u>
Current Assets		
Marketable securities	152,518	99,435
Trade receivables	344,785	303,311
Loan receivables	62,017	-
Other receivables and prepaid expenses	47,288	29,283
Fixed deposits, cash and bank balances	366,723	242,953
	<u>973,331</u>	<u>674,982</u>
TOTAL ASSETS	<u>1,357,311</u>	<u>1,116,832</u>
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the Company		
Share capital	830,902	703,027
Loan stocks	-	-
Reserves	41,063	18,027
Treasury shares	-	(1)
	<u>871,965</u>	<u>721,053</u>
Non-Current Liabilities		
Borrowings	40,000	-
Deferred tax liabilities	433	117
Provision for retirement benefit	176	-
	<u>40,609</u>	<u>117</u>
Current Liabilities		
Borrowings	65,137	30,000
Trade payables	356,289	316,366
Other payables and accrued expenses	22,852	48,998
Tax liabilities	459	298
	<u>444,737</u>	<u>395,662</u>
TOTAL EQUITY AND LIABILITIES	<u>1,357,311</u>	<u>1,116,832</u>
Net Tangible Assets Per Share (RM)	0.77	1.03

* The adjusted unaudited consolidated balance sheet of the Group as at 31 January 2006 was derived from the audited financial statements of ACRB as at 31 January 2006 and adjusted for using the merger principles of accounting (see Note 1).

(The Unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the audited consolidated financial statements for the year ended 31 January 2006 of ACRB.)

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

	Share capital	Non-distributable reserve Other reserves	Translation reserve	Distributable reserves Unappropriated profit	Total
	RM '000	RM '000	RM '000	RM '000	RM '000
Balance as at 1 February 2006 (as reflected in the adjusted financial statements)*	703,027	202,732	-	(184,705)	721,054
Share capital cancelled pursuant to distribution of assets in specie	(314,125)	-	-	-	(314,125)
Arising from acquisition of subsidiaries	442,000	-	-	-	442,000
Arising from disposal of a subsidiary company	-	7,985	-	23	8,008
Net profit for the financial period	-	-	-	20,241	20,241
Dividends paid	-	-	-	(5,612)	(5,612)
Currency translation differences	-	-	399	-	399
Balance as at 31 July 2006	830,902	210,717	399	(170,053)	871,965

* The adjusted balance as at 1 February was derived from the audited financial statements of ACRB as at 31 January 2006 and adjusted for using the merger principles of accounting (see Note 1)

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

	Non-distributable reserve			Distributable reserves	
	Share capital	Other reserves	Translation reserve	Unappropriated profit/ (Accumulated loss)	Total
	RM '000	RM '000	RM '000	RM '000	RM '000
Adjusted balance as at 1 February 2005 *	703,025	202,734		(231,902)	673,857
Net profit for the financial period	-	-	-	34,783	34,783
Dividends	-	-	-	(5,612)	(5,612)
Balance as at 31 July 2005	703,025	202,734	-	(202,731)	703,028

* The adjusted balance as at 1 February was derived from the audited financial statements of ACRB as at 31 January 2005 and adjusted for using the merger principles of accounting (see Note 1)

(The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited consolidated financial statements for the year ended 31 January 2006 of ACRB.)

ECM LIBRA AVENUE BERHAD (Company No. 713570-K)
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**Unaudited Condensed Consolidated Cash Flow Statement for the Financial Period Ended
31 July 2006**

	6 months ended 31 July 2006 RM'000	6 months ended 31 July 2005 RM'000
Cash Flows From / (Used In) Operating Activities		
Profit before tax	21,170	36,064
Adjustment for non-cash items	(12,969)	(10,913)
Operating profit before working capital changes	<u>8,201</u>	25,151
Net (increase) / decrease in current assets	62,166	(45,454)
Net increase / (decrease) in current liabilities	(51,824)	44,913
Net cash from operations	<u>18,543</u>	24,610
Net tax paid	(1,234)	(778)
Net cash from operating activities	<u>17,309</u>	23,832
Cashflows from / (used in) investing activities		
Net proceeds from disposal of other investments	6,086	34,729
Net cash outflow from disposal of subsidiary companies	(256)	-
Net cash inflow from acquisition of subsidiary companies	103,836	-
Net investment in property, plant and equipment	(83)	(1,335)
Net cash from investing activities	<u>109,583</u>	33,394
Cash flows from / (used in) financing activities		
Interest paid	(845)	-
Dividend paid	(5,612)	-
Proceeds from drawdown of short term loan	15,137	-
Net cash generated in financing activities	<u>8,680</u>	-
Net increase in cash and cash equivalents	135,572	57,226
Effects of exchange rate changes	401	-
Cash and cash equivalents at beginning of period	145,586	157,444
Cash and cash equivalents at end of period	<u>281,559</u>	<u>214,670</u>

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

	RM'000	RM'000
Short term funds	366,723	322,977
Less: Monies held in trust	(85,164)	(108,307)
	<u>281,559</u>	<u>214,670</u>

(The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited consolidated financial statements for the year ended 31 January 2006 of ACRB.)

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

1. Basis of Preparation

This unaudited quarterly 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”).

As further explained in Note 11(a) below, the Company became the new holding company of the Avenue Capital Resources Berhad (“ACRB”) Group pursuant to the ACRB Reorganisation, which was completed in the current financial quarter. The transaction has been accounted for using the merger principles of accounting. In accordance with the merger principles of accounting, the results and the financial position of the Group has been stated as if the subsidiaries and businesses of the ACRB Group have been combined with the Company throughout the current and previous accounting periods. Accordingly, the comparative financial statements of the Group relate to those of the previous ACRB Group and have been adjusted using the effects arising from the merger principles of accounting.

As such, the interim financial statements should be read in conjunction with the audited financial statements for the period ended 31 January 2006 (“Financial Statements 2006”) of ACRB.

In addition, as explained in Note 11(b) below, in the current financial quarter, the Company also completed the acquisition of the operating subsidiaries of ECM Libra Berhad (“ECM Libra”). This acquisition was accounted for using the purchase method.

The accounting policies and methods of computation adopted in this interim financial report are consistent with those adopted in the preparation of the Financial Statements 2006, except for the adoption of the following new and revised Financial Reporting Standards (“FRS”) issued by Malaysia Accounting Standard Board (“MASB”) effective from 1 February 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates

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FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 140	Investment Property

The adoption of the above new FRS does not have any significant financial impact on the results of the Group except for the principal effects of the changes in accounting policies resulting from the adoption of FRS 101 as disclosed below:-

FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 requires the share of results of associated companies to be presented net of tax in the consolidated income statement. The current quarter's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

2. Audit Report of Preceding Annual Financial Statements

The auditors' report on the Financial Statements 2006 were not subjected to any qualification.

The auditors' report on the financial statements of the Company for the financial period ended 31 January 2006 were also 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 July 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.

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6. Debt and Equity Securities

The movements on the issued and paid-up ordinary share capital of the Company and the Group during the current quarter are as follows:

Company

	RM'000
As at 1 May 2006	*
Shares issued for the exchange of securities in ACRB pursuant to the ACRB Reorganisation	849,128
Share capital cancelled pursuant to a distribution of assets in specie	(314,125)
Share capital cancelled pursuant to the ACRB Reorganisation	<u>(146,101)</u>
	388,902
Shares issued pursuant to the acquisition of the operating subsidiaries of ECM Libra	<u>442,000</u>
As at 31 July 2006	<u><u>830,902</u></u>

* RM2.00

Group

	RM'000
Adjusted balance as at 1 February 2006* (as reported in the unaudited consolidated statement of changes in equity)	703,027
Shares issued pursuant to the acquisition of the operating subsidiaries of ECM Libra Berhad	442,000
Share capital cancelled pursuant to a distribution of assets in specie	<u>(314,125)</u>
As at 31 July 2006	<u><u>830,902</u></u>

* The adjusted balance as at 1 February was derived from the audited financial statements of ACRB as at 31 January 2006 and adjusted for using the merger principles of accounting (see Note 1)

Other than the above, there was no other issuance, cancellation, repurchase, resale and repayment of either debt or equity securities during the quarter and financial period ended 31 July 2006.

7. Dividend Paid

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

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8. Segmental Reporting

Segmental revenue and results for the current 6 months financial period ended 31 July 2006 are as follows:

	Financial services RM'000	Investment holding RM'000	Others RM'000	Elimina- tions RM'000	Total RM'000
Revenue					
External sales	48,397	8,961	-	(8,333)	49,025
Inter-segment sales	-	-	-	-	-
Total revenue	<u>48,397</u>	<u>8,961</u>	<u>-</u>	<u>(8,333)</u>	<u>49,025</u>
Results					
Profit from operations	<u>8,241</u>	<u>7,744</u>	<u>55</u>	<u>(8,333)</u>	7,707
Gain on disposal of investments					14,533
Finance costs					(844)
Share of results of associate companies					(226)
Profit before tax					<u>21,170</u>
Income tax expense					<u>(929)</u>
Profit after tax					<u>20,241</u>
Other information					
Depreciation	<u>2,942</u>	<u>108</u>	<u>-</u>	<u>-</u>	<u>3,050</u>

Segment reporting of the Group geographically is not made as the Group operates principally in Malaysia.

9. Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment and investment properties have been brought forward without amendment from the Financial Statements 2006 of ACRB.

10. Material Subsequent Event

There were no material events subsequent to the balance sheet date except for the following:

Proposed Assignment And Transfer Of Dealer's License

On 3 August 2006, the Company announced that two of its subsidiaries, ECM Libra Securities Sdn Bhd ("ECMLS") and Avenue Securities Sdn Bhd, had on 27 July 2006

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entered into an Assignment Agreement with HLG Securities Sdn Bhd ("HLGS") for the proposed assignment and transfer by ECMLS of its dealer's license to HLGS for a cash consideration of RM5,000,000 ("Proposed Assignment").

However, the Securities Commission on 10 August 2006 informed the Company that it is unable to consider the application for the Proposed Assignment as the current policy disallows dealer's licences to be transferred.

On 15 September 2006, the Company announced that the Proposed Assignment had lapsed and the parties to the arrangement have decided not to proceed with the Proposed Assignment.

11. Changes in the Composition of the Group

(a) ACRB Reorganisation

- (i) On 16 June 2006, the Company completed the ACRB Reorganisation wherein the Company became the new holding company of ACRB Group. The Company also assumed the listing status of ACRB on the Main Board of Bursa Securities on 28 June 2006;
- (ii) On 16 June 2006, Pos Malaysia & Services Holdings Bhd ("PSH") ceased to be an associate of the Company pursuant to the distribution of assets in specie comprising all the shares held by the Company in PSH;

(b) Acquisition of the operating subsidiaries of ECM Libra

On 16 June 2006, the Company completed the acquisitions of the entire equity interests in the following operating subsidiaries of ECM Libra in consideration of the allotment and issuance of 442.0 million new ordinary shares of RM1.00 each in the Company credited as fully paid-up at RM1.00 each to ECM Libra:-

- (i) ECM Libra Securities Sdn Bhd;
- (ii) ECM Libra Capital Sdn Bhd;
- (iii) ECM Libra Partners Sdn Bhd;
- (iv) ECM Libra Capital Markets Sdn Bhd; and
- (v) ECM Libra Holdings Limited

(c) Pentaville Investments Ltd

On 17 July 2006, Pentaville Investments Ltd, a dormant subsidiary of the Company was dissolved.

Save as disclosed above, there were no other changes in the composition of the Group during the quarter ended 31 July 2006.

12. Changes in Contingent Liabilities/Assets

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

13. 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 July 2006 was as follows:

	RM'000
Approved and contracted for	1,164
	<hr/>

Part B – Additional Information Required by the Listing Requirements of Bursa Securities

13 Status of Corporate Proposals Announced

On 19 May 2005, ACRB announced the establishment by the Company of a scheme for the grant of options to the directors and eligible employees of Group (“ESOS”). The ESOS has been approved by the authorities and the shareholders and is currently pending implementation.

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 RM5.9 million for the quarter under review against RM22.9 million in the preceding year’s corresponding quarter. This is due primarily to higher combined operating costs of the enlarged Group after the completion of the acquisition of the operating subsidiaries of ECM Libra. In addition, the higher profit for the preceding year’s corresponding quarter was attributable mainly to write back of provisions no longer required, comprising RM4.1 million staff cost overprovided and bad debts of RM4.2 million overprovided, which were non-recurring during the current quarter.

Although the revenue for the six months ended 31 July 2006 is higher by 19% as compared to the previous year’s corresponding period, profit before tax decreased from RM36.1 million in the previous year corresponding period to RM21.2 million in the current financial period. Again, this was mainly due to higher combined operating costs of the enlarged Group and write back of provisions no longer required recorded in the

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previous year corresponding period as mentioned in para above, which was non-recurring for the current period.

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

	Current Quarter	Preceding Quarter	
	31.7.2006	30.4.2006	Variance
	RM'000	RM'000	RM'000
Profit before tax	5,897	15,273	(9,376)
Taxation	(320)	(609)	289
Profit after tax	<u>5,577</u>	<u>14,664</u>	

The Group's profit before taxation for the quarter ended 31 July 2006 decreased from RM15.3 million to RM5.9 million as compared to the preceding quarter's profit before taxation mainly due to higher gain from disposal of quoted investment of RM9.3 million recorded in the preceding quarter as compared to only RM5.2 million in the current quarter.

16. **Company's Prospects**

With the acquisition of the operating subsidiaries of ECM Libra, the enlarged Group would be able to strengthen its core competencies and build synergies to capitalise on new business opportunities, increase competitive advantage as well as leverage on a larger customer and capital base to support its expanded range of activities, which included off-shore investment banking activities and in Singapore.

The Group's stockbroking subsidiary, Avenue Securities Sdn Bhd ("AvS") is awaiting the approval of the authorities for the granting of an investment banking licence. With the transformation of AvS into an investment bank, the Group would be able to offer a more comprehensive range of investment banking activities, including interbank dealings and money market transactions.

On 25 September 2006, AvS also completed the business merger of its stockbroking activities with that of ECM Libra Securities Sdn Bhd as part of the Group rationalisation exercise. The merger will allow the Group to streamline its business activities and embark on a right-sizing exercise in order to improve its future performance.

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	
	31.7.2006	31.7.2005	31.7.2006	31.7.2005
	RM'000	RM'000	RM'000	RM'000
Current year income tax (Under)/ Over provision in respect of prior years	(687)	(636)	(1,269)	(1,267)
Deferred taxation	-	(14)	(27)	(14)
Share of taxation of associates	367	-	367	-
	<u>(320)</u>	<u>(650)</u>	<u>(929)</u>	<u>(1,281)</u>

The effective tax rate of the Group is lower than the statutory tax rate for the quarter and financial period-to-date due to the availability of tax losses brought forward to set off against current period's profit. In addition, there is no tax effect arising from the gain on disposal of investments as it is capital in nature.

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 other than those held by the stockbroking subsidiaries in the ordinary course of business.

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, other than those 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
	31.7.2006	31.7.2006
	RM'000	RM'000
Total purchases	<u>-</u>	<u>-</u>
Total sales proceeds	<u>27,106</u>	<u>27,106</u>
Total profit on disposals	<u>1,065</u>	<u>1,065</u>

- b) The total investments in quoted securities as at 31 July 2006, other than those held by the stockbroking and offshore investment bank subsidiaries in their ordinary course of business, are as follows:

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Quoted in Malaysia

	Unit trusts	Others	Total
	RM '000	RM '000	RM '000
At cost	31,269	-	31,269
At carrying value/ book value	31,269	-	31,269
At market value	34,667	-	34,667

21. Group Borrowings

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

	RM'000
Unsecured long term borrowings	40,000
Unsecured short term borrowings	65,137
	<u>105,137</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

Interim dividend has not been recommended for the quarter ended 31 July 2006.

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25. **Earnings Per Share**

	Quarter ended		Year-to-date	
	31.7.2006	31.7.2005	31.7.2006	31.7.2005
Basic earnings per share:				
Net profit for the period (RM'000)	5,577	22,230	20,241	34,783
Weighted average number of ordinary shares in issue ('000)	609,902	779,492	501,233	777,289
Adjustment for merger accounting	-	52,222	-	52,222
	<u>609,902</u>	<u>831,714</u>	<u>501,233</u>	<u>829,511</u>
Basic earnings per share (sen)	<u>0.67</u>	<u>2.67</u>	<u>2.44</u>	<u>4.19</u>
Fully diluted earnings per share (sen)	<u>0.67</u>	<u>2.67</u>	<u>2.44</u>	<u>4.19</u>

The basic and fully diluted earnings per share for the quarter and financial period under review are the same as the Company does not have any dilutive potential ordinary shares in issue presently.

Dated: 27 September 2006