QUAM LIMITED

華富國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 952)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2012

The board of directors (the "Board" or "Directors") of Quam Limited (the "Company") hereby announces the audited consolidated financial results of the Company and its subsidiaries (together, the "Group") for the year ended 31 March 2012, together with the comparative figures for the previous financial year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	Notes	**2012** **HK\$'000**	2011 HK\$'000
Revenue/Turnover	4	**358,332**	306,613
Fair value (loss)/gain on financial assets measured at fair value through profit or loss		**(7,571)**	4,239
Other operating income	5	**8,584**	8,365
Cost of services provided		**(154,244)**	(142,646)
Staff costs		**(129,093)**	(98,632)
Depreciation and amortisation expenses		**(6,289)**	(4,203)
Other operating expenses, net		**(72,513)**	(53,245)
Finance costs	6	**(7,115)**	(4,150)
Provision for impairment of interests in an associate		**(11,803)**	—
Share of results of associates		**(3,616)**	(5,750)
Share of results of jointly controlled entities		**1,952**	(2,347)
(Loss)/Profit before income tax	7	**(23,376)**	8,244
Income tax expense	8	**(1,147)**	(570)
(Loss)/Profit for the year, attributable to owners of the Company		**(24,523)**	7,674

* *For identification purpose only*

	Notes	**2012** ***HK$'000***	2011 *HK$'000*
Other comprehensive income, including reclassification adjustments			
Exchange gain on translation of financial statements of foreign operations		**9**	37
Changes in fair value of financial assets measured at fair value through other comprehensive income		**(11,629)**	(3,789)
Capital reduction of financial assets measured at fair value through other comprehensive income		**—**	10,239
Share of other comprehensive income of an associate		**(353)**	257
Other comprehensive income for the year, including reclassification adjustments and net of tax		**(11,973)**	6,744
Total comprehensive income for the year, attributable to owners of the Company		**(36,496)**	14,418
(Loss)/Earnings per share for (loss)/profit attributable to owners of the Company for the year	10		
— Basic *(HK cents)*		**(2.339)**	0.803#
— Diluted *(HK cents)*		**N/A**	0.801#

restated

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**15,060**	14,303
Goodwill		**14,695**	14,695
Development costs		**1,496**	1,355
Other intangible assets		**120**	160
Financial assets measured at fair value through other comprehensive income		**77,386**	74,373
Interests in associates		**—**	29,197
Interests in jointly controlled entities		**24,589**	19,986
Other assets		**5,841**	6,869
		139,187	160,938
Current assets			
Trade receivables	11	**759,473**	656,130
Loan receivables		**1,829**	4,410
Prepayments, deposits and other receivables		**15,498**	10,649
Financial assets measured at fair value through profit or loss		**11,052**	14,141
Tax recoverable		**374**	—
Trust time deposits held on behalf of customers		**300,264**	211,957
Trust bank balances held on behalf of customers		**289,404**	439,834
Cash and cash equivalents		**60,013**	122,510
		1,437,907	1,459,631
Current liabilities			
Trade payables	12	**877,247**	967,771
Borrowings		**265,747**	243,377
Accruals and other payables		**53,866**	49,658
Finance lease payables		**132**	714
Tax payables		**141**	439
		1,197,133	1,261,959
Net current assets		**240,774**	197,672
Total assets less current liabilities		**379,961**	358,610

	Notes	2012 HK$'000	2011 HK$'000
Non-current liabilities			
Finance lease payables		—	134
Deferred tax liabilities		**36**	36
		36	170
Net assets		**379,925**	358,440
EQUITY			
Equity attributable to Company's owners			
Share capital		**3,977**	3,161
Reserves		**375,948**	355,279
Total equity		**379,925**	358,440

NOTES TO THE ANNUAL RESULTS

(For the year ended 31 March 2012)

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

2. ADOPTION OF NEW AND AMENDED HKFRSs

2.1 Adoption of new and amended HKFRS

During the year, the Group has adopted all the new and amended HKFRSs which are first effective for the reporting period and relevant to Group. Except as explained below, the adoption of these new and amended HKFRSs did not result in material changes to the Group's accounting policies.

- HKAS 24 (Revised) — Related Party Disclosures; and
- HKFRSs (Amendments) — Improvements to HKFRSs 2010

HKAS 24 (Revised) — Related Party Disclosures

The amendment clarified the definition of related party to remove inconsistencies. As a result, the Group has reassessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous period. The amendment also introduced modified disclosure requirements for government-related entities. This does not impact the Group because the Group is not a government-related entity.

2.2 New and amended HKFRSs that have been issued but are not yet effective

The following new and amended HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain other new and amended HKFRSs have been issued but are not expected to have a material impact on the Group's financial statements.

Amendments to HKFRS 7 — Disclosures — Transfers of Financial Assets (Effective for annual periods beginning on or after 1 July 2012)

The amendments to HKFRS 7 improve the disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

Amendments to HKAS 1 (Revised) — Presentation of Items of Other Comprehensive Income (Effective for annual periods beginning on or after 1 July 2012)

The amendments require entities to group together the items of other comprehensive income that may be reclassified to profit or loss in the future (e.g. exchange difference on translation of financial statements of foreign operations) by presenting them separately from those that would never be reclassified to profit or loss (e.g. investment revaluation reserve). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments also change the title "Statement of comprehensive income" to "Statement of profit or loss and other comprehensive income". However, entities are still allowed to use the old title. The amendments will be applied retrospectively.

Amendments to HKAS 32 — Offsetting Financial Assets and Financial Liabilities (Effective for annual periods beginning on or after 1 January 2014) and amendments to HKFRS 7 — Disclosures — Offsetting Financial Assets and Financial Liabilities (Effective for annual periods beginning on or after 1 January 2013)

The amendments to HKAS 32 clarify the requirements for offsetting financial instruments. The amendments address inconsistencies in current practice when applying the offsetting criteria and clarify the meaning of "currently has a legally enforceable right of set-off" and some gross settlement systems may be considered equivalent to net settlements. The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement. The directors anticipate that the application of the amendments to HKAS 32 and HKFRS 7 may affect the Group's and the Company's disclosure regarding offsetting financial assets and financial liabilities in the future. The amendments will be applied retrospectively.

HKFRS 10 — Consolidated Financial Statements (Effective for annual periods beginning on or after 1 January 2013)

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns.

HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduce the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them.

The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agent of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 will be applied retrospectively subject to certain transitional provisions.

HKFRS 11 — Joint Arrangements (Effective for annual periods beginning on or after 1 January 2013)

Joint arrangements under HKFRS 11 have the same basic characteristics as joint ventures under HKAS 31. Joint arrangements are classified as either joint operations or joint ventures. Where the Group has rights to the assets and obligations for the liabilities of the joint arrangement, it is regarded as a joint operator and will recognise its interests in the assets, liabilities, income and expenses arising from the joint arrangement. Where the Group has rights to the net assets of the joint arrangement as a whole, it is regarded as having an interest in a joint venture and will apply the equity method of accounting. HKFRS 11 does not allow proportionate consolidation. In an arrangement structured through a separate vehicle, all relevant facts and circumstances should be considered to determine whether the parties to the arrangement have rights to the net assets of the arrangement. Previously, the existence of a separate legal entity was the key factor in determining the existence of a jointly controlled entity under HKAS 31. HKFRS 11 will be applied retrospectively with a joint operation which changes from equity method to accounting for assets and liabilities.

HKFRS 12 — Disclosure of Interests in Other Entities (Effective for annual periods beginning on or after 1 January 2013)

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 13 — Fair Value Measurement (Effective for annual periods beginning on or after 1 January 2013)

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and will be applied prospectively.

3. SEGMENT INFORMATION

The executive directors have identified the Group's five service lines as operating segments.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

2012	**Brokerage** *HK$'000*	**Advisory** *HK$'000*	**Asset management** *HK$'000*	**Website management** *HK$'000*	**Investments** *HK$'000*	**Total** *HK$'000*
Revenue						
From external customers	**268,051**	**54,325**	**9,024**	**26,932**	—	**358,332**
From other segments	—	—	—	**9,862**	—	**9,862**
Reportable segment revenue	**268,051**	**54,325**	**9,024**	**36,794**	—	**368,194**
Reportable segment result	**9,403**	**11,113**	**(16,487)**	**1,019**	**(11,081)**	**(6,033)**
Interest income on financial assets measured at amortised cost	**35,162**	—	—	**2**	—	**35,164**
Depreciation and amortisation	**4,134**	**102**	**366**	**1,378**	—	**5,980**
Finance costs	**7,082**	—	—	**33**	—	**7,115**
Provision for impairment of trade and other receivables	**7,639**	**284**	—	—	—	**7,923**
Reversal of provision for impairment of trade receivables	**(523)**	—	—	—	—	**(523)**
Share award expense	**2,462**	**715**	**74**	**238**	—	**3,489**
Share option expense	**(208)**	**(48)**	**16**	**(104)**	—	**(344)**
Reportable segment assets	**1,416,268**	**30,523**	**6,415**	**5,405**	**88,438**	**1,547,049**
Additions to non-current segment assets**	**5,136**	**103**	**1,567**	**334**	—	**7,140**
Reportable segment liabilities	**1,168,002**	**12,130**	**1,429**	**10,172**	—	**1,191,733**

2011	Brokerage *HK$'000*	Advisory *HK$'000*	Asset management *HK$'000*	Website management *HK$'000*	Investments *HK$'000*	Total *HK$'000*
Revenue						
From external customers	230,704	40,073	10,581	25,255	—	306,613
From other segments	—	1,240	1,200	13,242	—	15,682
Reportable segment revenue	230,704	41,313	11,781	38,497	—	322,295
Reportable segment result	13,073	7,486	(4,583)	4,578	886	21,440
Interest income on financial assets measured at amortised cost	21,345	—	—	2	—	21,347
Depreciation and amortisation	2,194	94	59	1,544	—	3,891
Finance costs	4,051	—	—	99	—	4,150
Provision for impairment of trade and other receivables	2,112	160	—	—	—	2,272
Reversal of provision for impairment of trade receivables	(1,600)	—	—	—	—	(1,600)
Share award expense	1,370	434	233	163	—	2,200
Share option expense	242	138	129	67	—	576
Reportable segment assets	1,449,441	18,461	3,094	6,814	88,514	1,566,324
Additions to non-current segment assets**	7,489	112	55	340	—	7,996
Reportable segment liabilities	1,234,805	8,388	1,851	11,387	—	1,256,431

The totals presented for the Group's operating segments are reconciled to the Group's key financial figures as presented in the financial statements as follows:

	2012	2011
	HK$'000	*HK$'000*
Reportable segment revenue	**368,194**	322,295
Elimination of inter-segment revenue	**(9,862)**	(15,682)
Group's revenue	**358,332**	306,613
Reportable segment result	**(6,033)**	21,440
Other operating income	**4**	1,097
Provision for impairment of interests in an associate	**(11,803)**	—
Share of results of associates	**(3,616)**	(5,750)
Share of results of jointly controlled entities	**1,952**	(2,347)
Unallocated corporate expenses	**(3,880)**	(6,196)
(Loss)/Profit before income tax	**(23,376)**	8,244
Reportable segment assets	**1,547,049**	1,566,324
Interests in associates	**—**	29,197
Interests in jointly controlled entities	**24,589**	19,986
Unallocated corporate assets	**5,456**	5,062
Group's assets	**1,577,094**	1,620,569
Reportable segment liabilities	**1,191,733**	1,256,431
Unallocated corporate liabilities	**5,436**	5,698
Group's liabilities	**1,197,169**	1,262,129

	Reportable segment total		**Unallocated**		**Consolidated**	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other material non-cash items						
Interest income on financial assets measured at amortised cost	**35,164**	21,347	**4**	1,097	**35,168**	22,444
Depreciation and amortisation	**5,980**	3,891	**309**	312	**6,289**	4,203
Share award expense	**3,489**	2,200	**753**	457	**4,242**	2,657
Share option expense	**(344)**	576	**(52)**	510	**(396)**	1,086

The following table sets out information about the geographical location of the Group's revenue from external customers and the Group's non-current assets**. The geographical location of customers is based on the location at which services were provided. The geographical location of non-current assets is based on the physical location of the assets, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of goodwill, development costs and other intangible assets, and the location of operations, in the case of interests in associates and jointly controlled entities.

	Revenue from external customers		**Non-current assets****	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (domicile)##	**358,332**	306,613	**30,040**	29,349
Mainland China	**—**	—	**25,920**	21,150
United Arab Emirates	**—**	—	**—**	29,197
	358,332	306,613	**55,960**	79,696

** Non-current assets excluded such financial instruments as financial assets measured at fair value through other comprehensive income and other assets.

The Company is an investment holding company incorporated in Bermuda where the Group does not have any activities. The Group has the majority of its operations in Hong Kong, and therefore, Hong Kong is considered as the Group's place of domicile for the purpose of disclosures as required by HKFRS 8 "Operating Segments".

4. REVENUE/TURNOVER

Revenue, which is also the Group's turnover, represents:

	2012	2011
	HK$'000	*HK$'000*
Advertising and content fee income	**5,746**	4,828
Advisory fee income	**54,325**	40,073
Asset management fee income	**9,024**	10,581
Commission and performance fee income on securities, futures and options broking	**218,001**	185,689
Income from margin financing and money lending operations†	**32,499**	20,572
Placement and underwriting fee income	**12,725**	21,974
Website management and related service fee income	**21,186**	20,427
Wealth management service fee income	**4,826**	2,469
	358,332	306,613

† Included interest income on impaired receivables of HK$2,060,000 (2011: HK$1,423,000)

5. OTHER OPERATING INCOME

	2012 HK$'000	2011 HK$'000
Dividend income from unlisted securities measured at fair value through other comprehensive income[Δ]	—	57
Exchange gains, net	**3,764**	2,658
Interest income from banks and others	**2,669**	1,872
Reversal of provision for impairment of trade receivables	**523**	1,600
Sundry income	**1,628**	2,178
	8,584	8,365

Δ Dividend income from unlisted securities relates to investments held at the end of the reporting period.

6. FINANCE COSTS

	2012 HK$'000	2011 HK$'000
Finance charges on finance lease payables	**33**	99
Interest for margin financing and money lending services		
— bank loans and other borrowings wholly repayable within five years	**7,082**	4,051
Interest expense on financial liabilities not at fair value through profit or loss	**7,115**	4,150

7. (LOSS)/PROFIT BEFORE INCOME TAX

	2012 HK$'000	2011 HK$'000
(Loss)/Profit before income tax is arrived at after charging/(crediting):		
Auditors' remuneration	**1,328**	1,175
Amortisation of development costs and other intangible assets	**454**	40
Depreciation of property, plant and equipment		
— Owned assets	**5,491**	3,359
— Leased assets	**344**	804
	5,835	4,163
	6,289	4,203
Minimum lease payments under operating leases in respect of land and buildings	**19,942**	14,682
Net loss on disposals of property, plant and equipment	—	15
Provision for impairment of		
— Trade receivables	**7,624**	2,272
— Other receivables	**299**	—
	7,923	2,272

8. INCOME TAX EXPENSE

For the years ended 31 March 2012 and 2011, Hong Kong Profits Tax was provided at the rate of 16.5% on the estimated assessable profits for the years.

Tax on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2012	2011
	HK$'000	*HK$'000*
Current tax — Hong Kong Profits Tax		
— Current year	**914**	499
— Under-provision in prior year	**233**	71
	1,147	570

9. DIVIDENDS

Dividends payable to owners of the Company attributable to the year:

	2012	2011
	HK$'000	*HK$'000*
Proposed final dividend of Nil (2011: HK0.5 cent) per ordinary share	**—**	4,773

At the meeting held on 17 June 2011, the directors proposed a final dividend of HK0.5 cent per ordinary share. The proposed final dividend for the year ended 31 March 2011 was approved by the shareholders in the annual general meeting held on 29 July 2011 and therefore was not accounted for in the financial statements for the year ended 31 March 2011 but recognised as distribution to owners in the current year's financial statements.

Dividends payable to owners of the Company attributable to the previous financial year, approved and paid during the year:

	2012	2011
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK0.5 cent (2011: Nil) per ordinary share	**4,773**	—

10. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic loss per share is based on loss attributable to owners of the Company for the year of HK$24,523,000 (2011: profit of HK$7,674,000) and on the weighted average of 1,048,595,063 (2011: 955,431,693, after adjusting for the rights issue completed in September 2011) ordinary shares in issue less shares held for Share Award Scheme during the year.

(b) Diluted (loss)/earnings per share

Diluted loss per share for the year ended 31 March 2012 was not presented because the impact of the exercise of share option and the vesting of share awards was anti-dilutive.

The calculation of diluted earnings per share for the year ended 31 March 2011 is based on profit attributable to owners of the Company for the year ended 31 March 2011 of HK$7,674,000 and the weighted average of 957,820,929 ordinary shares outstanding during the year ended 31 March 2011, after adjusting for rights issue completed in September 2011 and the effects of all dilutive potential shares. The weighted average number of ordinary shares used in the calculation of diluted earnings per share is calculated based on the weighted average of 955,431,693 ordinary shares in issue, after adjusting for rights issue completed in September 2011 less shares held for Share Award Scheme during the year ended 31 March 2011 plus the weighted average of 2,389,236 ordinary shares deemed to be issued at no consideration as if all the Company's share options have been exercised and the shares under Share Award Scheme had been vested.

11. TRADE RECEIVABLES

	Group	
	2012	2011
	HK$'000	*HK$'000*
Securities transactions		
— Brokers and clearing house	**5,444**	4,670
— Cash clients	**25,230**	19,659
— Margin clients	**482,026**	342,201
Futures and options contracts		
— Brokers and clearing houses	**262,671**	297,135
Advisory, placement and other services		
— Clients receivables	**9,260**	10,914
	784,631	674,579
Less: Provision for impairment	**(25,158)**	(18,449)
Trade receivables, net	**759,473**	656,130

Notes:

(a) Amounts due from cash clients, brokers and clearing houses are required to be settled on the settlement dates of their respective transactions (normally one or two business days after the respective trade dates). There are no credit terms granted to clients for its advisory, placement and other services. The amounts due from cash clients bear interest at commercial rates (normally at Hong Kong Dollar Prime Rate plus a spread).

(b) Margin clients are required to pledge securities collateral to the Group in order to obtain the credit facilities for securities trading. The amount of credit facilities granted to them is determined based on a discount on the market value of securities accepted by the Group. Any excess in the lending ratio will trigger a margin call which the clients have to make good the shortfall. As at 31 March 2012, the market value of securities pledged by clients to the Group as collateral against margin client receivables was HK$1,830,606,000 (2011: HK$2,252,849,000). The amounts due from margin clients are repayable on demand and bear interest at commercial rates (normally at Hong Kong Dollar Prime Rate plus a spread).

(c) Included in the Group's margin clients and cash clients receivables as at 31 March 2012 were amounts due from a director of the Company and companies in which a director of the Company has indirect/100% interest, of HK$8,928,000 (2011: HK$4,689,000) and HK$40,000 (2011: HK$2,000), respectively.

(d) Included in amounts due from futures brokers was HK$40,975,000 (2011: HK$102,857,000) due from MF Global Hong Kong Limited ("MF Global HK"), which was a broker utilised by the Group for dealing in futures contracts. In October 2011, MF Global HK was placed in provisional liquidation. Based on the current information issued by the provisional liquidators, a provision for impairment of HK$6,701,000 (2011: Nil) has been recognised.

(e) The movement in the provision for impairment of trade receivables is as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
At the beginning of the year	**18,449**	17,777
Amount written off	**(392)**	—
Impairment losses recognised	**7,624**	2,272
Impairment losses reversed	**(523)**	(1,600)
At the end of the year	**25,158**	18,449

At each of the reporting date, the Group reviews trade receivables for evidence of impairment on both an individual and collective basis. The above provision represents provision for individually impaired trade receivables with gross carrying amount of HK$77,037,000 (2011: HK$45,213,000). The individually impaired trade receivables relate to customers and MF Global HK that were in default or delinquency in payments.

(f) No ageing analysis based on invoice date is disclosed as, in the opinion of the directors, the ageing analysis does not give additional value in view of the business nature. The ageing analysis of the Group's trade receivables as at the reporting date, based on due date and net of provision, is as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Repayable on demand	**469,341**	329,926
0–30 days	**245,399**	314,874
31–60 days	**1,059**	6,828
61–90 days	**386**	722
91–180 days	**42,780**	2,971
181–360 days	**181**	809
Over 360 days	**327**	—
	759,473	656,130

(g) The ageing analysis of the trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Neither past due nor impaired	**452,197**	304,307
0–30 days past due	**252,099**	314,491
31–60 days past due	**1,059**	6,828
61–90 days past due	**386**	722
91–180 days past due	**1,805**	2,971
181–360 days past due	**8**	47
Over 360 days past due	**40**	—
	707,594	629,366

Trade receivables that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired related to a large number of diversified customers that had a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group did not hold any collateral in respect of trade receivables that are past due but not impaired.

12. TRADE PAYABLES

	Group	
	2012	2011
	HK$'000	*HK$'000*
Securities transactions		
— Brokers and clearing house	**60,471**	779
— Cash clients	**308,926**	405,894
— Margin clients	**81,575**	73,085
Futures and options contracts		
— Clients payables	**421,198**	480,179
Asset management, advisory and other services		
— Clients payables	**5,077**	7,834
	877,247	967,771

Accounts payable to cash clients attributable to dealing in securities transactions represents clients' undrawn monies/excess deposits placed with the Group. These amounts, together with the amounts due to brokers and clearing house, are repayable on demand up to the settlement dates of their respective transactions (normally one or two business days after the respective trade dates). Accounts payable to margin clients are repayable on demand.

Accounts payable to clients attributable to dealing in futures and options contracts includes margin deposits received from clients for their trading of futures and options contracts and clients' undrawn monies/excess deposits placed with the Group. Only the excess over the required margin deposits are repayable on demand.

Included in above were amounts due to two directors of the Company, and a company in which a director of the Company has indirect equity interest of HK$3,659,000 (2011: HK$1,581,000) and Nil (2011: HK$919,000) as at 31 March 2012, respectively. The balances also included amounts due to close family members of two directors of the Company of HK$7,013,000 (2011: HK$6,292,000).

No ageing analysis is disclosed in respect of accounts payable attributable to dealing in securities and futures and options contracts as, in the opinion of directors, the ageing analysis does not give additional value in view of the business nature. The ageing analysis of the accounts payable of the Group attributable to other services is as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Within 180 days	**5,020**	7,777
Over 180 days	**57**	57
	5,077	7,834

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 March 2012 (2011: HK0.5 cent per ordinary share, totaling approximately HK$4,773,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 March 2012 (the "Year"), the Group reports a loss of HK$24,523,000 (2011: profit of HK$7,674,000). The Group's revenue for the Year amounted to HK$358,332,000 (2011: HK$306,613,000) reflecting an increase of 16.9% in the corresponding period last year.

This year's result was affected by several isolated matters which we believe will not recur or affect the corporate earnings going forward. As mentioned in the interim report 2011, we were affected by the liquidation of MF Global HK at the end of October 2011. Although our operations and securities and futures were able to continue uninterrupted, the industry suffered a slowdown because of this event. Given that we had monies held in MF Global HK, we received 40% of the claim in the first distribution in January 2012, and currently the provisional liquidators have obtained a court order to distribute a further 30% of client monies. Indications and announcements from the provisional liquidators advise that they are in control of approximately 87% of the client monies and the remaining lie with overseas affiliates and brokers. As the extent and amount of the recovery are not fully known, we have made a provision for this possible shortfall amounting to HK$7,000,000 in this year's accounts.

During the Year, we began making a provision on impairment of our associate, McMillen Advantage Capital Limited ("MAC") due to the deteriorating global business climate and in particular Middle East. In addition, in February 2012, all shareholders of MAC received a general offer made by The Brooker Group Public Company Limited ("Brooker"), a financial group listed in Thailand, for all the shares in MAC. Although the offer was slightly below its net asset value, we decided to accept the offer for all our shares. This offer was also subject to the approval by Brooker's independent shareholders. With this acceptance, we had engaged an independent professional valuer to assess the required impairment which as a result affected the Group's results by HK$11,803,000. However, subsequent to the reporting date, the offer was defeated by independent shareholders of Brooker and thus the transaction was not completed. We therefore shall continue to hold the stake in MAC, however we have foregone our right to appoint any director or representative in MAC group, and the holding is now reclassified as "Financial Assets measured at Fair Value through Other Comprehensive Income". MAC, however, has obtained approval for a capital reduction and a return of capital to its shareholders is in progress.

We continue to have an active involvement with Seamico Securities Public Company Limited ("Seamico") and its main operation entity KT ZMICO Securities Company Limited ("KTZ"). Seamico's result for the year ended 31 December 2011 was positive although lower than prior year at THB20,500,000 (2010 : THB67,300,000) due to decline of share of profits from KTZ, and increase in Thai corporate tax rate. Subsequent to the reporting date, we received a small dividend of THB0.05 per share. Our investment in Capital Partners Securities Co., Ltd. of Japan has faired relatively well after the shock from the earthquake and tsunami that hit in early 2011 and have been expanding their asset management business as well as expanding the funds distribution.

During the first half of this year as mentioned in our interim report, we took action to terminate a new team based in Shanghai which was intended at the beginning of the financial year to expand the private equity business, due to management issues. We incurred costs of HK$6,027,000 for this operation up to October 2011. In addition, as a result of an underwriting, we suffered a loss due to the failure of an Australian listed company.

Our securities and corporate finance units both performed well during the Year in light of the challenging environment. Corporate finance unit were able to complete several initial public offerings ("IPO(s)"), and equity capital market ("ECM") team also completed several placement and advisory mandates during the Year. Securities unit was able to increase market share on the Hong Kong Exchange and Clearings Limited ("HKEx") and break into the category "B" classification in the first quarter of 2012. This sales performance was the result assisted by the expansion of sales staff and account executives emanating since September 2010. We have been able to fulfil this capacity on our current premises and shall manage the productivity of the sales staff going forth. This also culminated with growth of our margin loan book and margin interest income as a result of increased sales activity. The expansion of the wealth management business with the move to new premises in December 2011 and the rebranding of our business as "Quam Private Wealth" is progressing with now over 45 independent advisors compared with 25 from last year. New services include discretionary portfolio management service and external asset management service.

Although during the Year the asset management business were able to launch two new funds, the Quam Silkroad Mongolia SP Fund and Quam BRIC EDCA Segregated Portfolio, overall market confidence is still low and building up of Assets under Management ("AUM") will be challenging. Total AUM at the Year end stood at US$62,900,000. Although fund performances suffered from market volatility, they have been in line with the respective benchmark indices.

Quamnet's business was able to continue growth from advertising and content subscription revenues. Much effort has been put on developing our footprint in China by hosting financial investment seminars in Shenzhen and Shanghai and making broader use of our Quamnet TV.

The deteriorating investment climate in the second half due to continued fear of the European sovereign debt situation was affecting the entire industry. Our outlook on operating environment for the forthcoming year is even more challenging with the continual staggering events globally, in particular in Europe. We have therefore undertaken necessary restructuring and reduced cost in our asset management and Quamnet operations since January and shall continue to monitor these changes in light of the overall environment.

Review of Operations

Securities and futures dealing and placement

Securities and futures dealing commissions further increased for the Year of HK$218,001,000 (2011: HK$185,689,000), an increase of 17.4% over the same period last year assisted by the consolidated expanded client base supported by the enlarged sales force.

The securities margin lending maintained an annual net average loan book of HK$413,000,000 (2011: HK$239,400,000) and attributed interest income of HK$32,499,000 (2011: HK$20,572,000). The margin loan book at the end of Year stood at HK$469,341,000 (2011: HK$329,926,000) and is well supported by sufficient banking facilities.

ECM business activity in placement and underwriting fee income for the Year declined to HK$12,725,000 (2011: HK$21,974,000).

Corporate financial advisory services

Corporate finance and advisory services revenue for the Year amounted to HK$54,325,000 (2011: HK$40,073,000). The increase in revenue was derived from the completion of a number of IPOs along with several advisory mandates.

We closed 46 transactions this Year (2011: 35 transactions) and increased our head-count to 24 staff (2011: 20 staff). Of the transactions we completed during the Year were 3 IPOs, and 43 corporate advisory and restructuring mandates. The dedicated China/European desk, focusing on M&A deal flows, with an emphasis on outbound projects is gaining traction and supported by a new Director of Corporate Finance based in Shanghai. Deal flow remains strong and we hope to remain this momentum in 2012/13.

Asset Management

Revenue for the Year for management fee amounted to HK$9,024,000 (2011: HK$10,581,000). This decrease was a result of falling AUM through redemption and performance deterioration. The net results were further affected by an increase in overheads and marketing expenses.

Total AUM in our funds stood at close to US$62,900,000 (2011: US$78,500,000) as at the Year end. We have undertaken some restructuring from January to reduce costs and as result of poor investment climate.

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Quamnet's revenue for the Year was slightly increased to HK$26,932,000 (2011: HK$25,255,000), an increase of 6.6% compared to the previous year. Advertising and content fee revenue was improved as a result of a slightly improved advertising market in the financial services category. Revenue from website management and related services which include subscriptions for research and columnist also increased, benefiting from the launch of new paid services covering a wider range of investing instruments and markets.

Financial Reviews

Liquidity and Financial Resources

The Group generally finances its operations with internally generated cash flow as well as with banking facilities provided by its principal bankers in Hong Kong. We have increased our bank facilities during the Year to cater for the increase in dealing activity from new sales force. At 31 March 2012, the Group had available aggregate banking facilities of approximately HK$415,000,000 as compared to HK$369,000,000 in 2011, secured by legal charges on certain securities owned by the Group's margin and money lending clients. On 31 March 2012, approximately HK$198,102,000 (2011: HK$196,694,000) of these banking and short-term loan facilities were utilized.

Capital Structure

The Group's cash and short term deposits at 31 March 2012 stood at approximately HK$60,013,000 (2011: HK$122,510,000).

Gearing Ratio

The Group's gearing ratio was 69.9% at 31 March 2012 (2011: 67.9%), being calculated as borrowings over net assets. The management of the Company have applied prudent risk and credit management on the increased lending to clients and borrowings from banks.

Employees and Remuneration Policies

As of 31 March 2012, the Group had 184 full time employees and 6 part time employees in Hong Kong (2011: 171 full time employees and 12 part time employees in Hong Kong), together with 65 full time employees and 2 part time employees based in the Mainland China (2011: 68 full time employees and 2 part time employees based in the Mainland China). Competitive total remuneration packages are offered to employees by reference to prevailing market practices and standards and individual merit. Salaries are reviewed annually and bonuses paid with reference to individual performance appraisals, prevailing market conditions and company financial results. Other benefits offered by the Group include mandatory provident fund scheme and medical and health insurance. In addition, the Group has maintained a share option scheme and a restricted share award scheme in order to recognize and motivate the contribution of high performing employees of the Group, to provide incentives for retention purposes and to attract personnel for further development of the Group.

Risk Management

The Group adopts stringent risk management policies and monitoring systems to contain exposure associated with credit, liquidity, market and IT systems in all its major operations.

Credit Risk

The Group's credit committee within the securities and futures operation meets regularly to review credit limits for clients and identify and assess risk associated with financial products. The credit committee, which is appointed by the Executive Committee of the Company and ultimately authorized by the Board, is responsible for the approval of individual stocks acceptable for margin lending. The stock list is revised as and when deemed necessary by the committee. The committee will prescribe from time to time lending limits on individual stocks and/or for each individual client.

The credit control department is responsible for monitoring and making margin calls to clients, exceeding their limits. Failure to meet margin calls will result in liquidation of the customer's positions. The credit control department runs stress tests on loan portfolios to determine the impact on the firm's financial position and exposure.

Liquidity Risk

The Group's operating units are subject to various liquidity requirements as prescribed by the authorities and regulator. The Group has put in place monitoring system to ensure that it maintains adequate liquid capital to fund its business commitments and to comply with the relevant rules including Financial Resources Rules.

As a safeguard, the Group has maintained long term facilities and stand-by banking facilities to meet any contingency in its operations. Even in periods of high market volatility, the management believes the Group's working capital is adequate to meet its financial obligations.

Market Risk

The Group offers margin trading in securities and futures and options products. Clients are required to maintain a margin in order to hold positions and meet margin calls when there are changes in value of the underlying interest. The margins to be maintained for futures and options products are based on requirements set by the exchanges. The margin ratios for securities margin loans are based on a combination of factors including indicative acceptable lending rates from our bankers, the quality of the company represented by the securities, the liquidity of the securities, and the concentration level of securities held. All margin ratios are assessed by the Credit Committee. In situations where there may be sudden volatile market movement (e.g. market gap opening) affecting client's positions, the liquidation of these positions can be compromised due to market liquidity and therefore, expose the Group to credit and delivery risk.

The Group's exposure to underwriting commitments is subject to market volatility and sentiment. In that respect, the Group follows strict limits as to the maximum exposure to any underwriting commitment. The net exposure commitment per issue should not exceed 25% of net asset value of the Group and the aggregate of underwriting commitments at any one time should not exceed 40% of net asset value of the Group. The Board has the ultimate say in establishing those policies.

Prospects

The year ahead we remain cautiously optimistic despite significant challenges of the global investment and business climate. The ongoing maelstrom in Europe will continue and together with major markets in US and China being affected will lower confidence on investors and the business environment.

Our efforts will continue to focus on cost rationalization, which we began in January 2012. We believe the current strategy adopted in order to make more is to spend less. Preserving current business and relationships is vital during this current period of uncertainty and we look to reinforce that going forward.

We will continue to focus on our core businesses that derive positive contributions, and narrow the gap through rationalization or switching certain costs structures to a variable or incremental basis.

We will continue to seek divestment of some of our investments which are not directly linked to our core operations, the proceeds will go to further enhance our core business operations for future growth.

The capital markets and financial systems are undergoing a vast change in regulation and practices since the financial crisis. The Group has continually adopted to accept these changes as part of our evolution. We believe there will be consolidation in certain areas we are in from other competitors. With this we therefore be ready to capture our greater share of business when business confidence returns.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year ended 31 March 2012, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Board considers that the Company has applied the principles and complied with the code provisions set out in Appendix 14 of the Listing Rules, titled "Corporate Governance Code and Corporate Governance Report" (the "CG Code"), throughout the Year and subsequent period up to the date of publication of this announcement, save for the deviations from code provisions A.2.1 and A.5.1 which are explained as follow:

Since April 2000, the role of the Chairman and the Chief Executive Officer had been performed by Mr. Bernard POULIOT. On 17 October 2011, the Company has appointed Mr. Kenneth LAM Kin Hing, the Deputy Chairman and executive Director of the Company to be Chief Executive Officer of the Company while Mr. Bernard POULIOT, stepped down as managing director of the Group but remains as the Chairman of the Company. Therefore, the Company has already complied with code provision A.2.1 of the CG Code which stipulates that the roles of the Chairman and the Chief Executive Officer should be separate and should not be performed by the same individual.

The Company does not establish a Nomination Committee. This constitutes a deviation from code provision A.5.1 of the CG Code which stipulate that a Nomination Committee should be established. In view of the existing size of the Board and business operation of the Group, it is considered more beneficial and effective to have the relevant function performed by the Board as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under Appendix 10 of the Listing Rules. The code of conduct is also updated from time to time in order to keep abreast with the latest changes in the Listing Rules. It has also been extended to specified employees of the Company who are likely to be in possession of unpublished price sensitive information in respect of their dealings in the securities of the Company.

Having made specific enquiry of all the directors of the Company, all of them confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company throughout the Year.

AUDIT COMMITTEE REVIEW

The Audit Committee of the Company comprises three independent non-executive Directors. The Audit Committee has met with BDO Limited, the external auditor of the Group, to review the accounting policies and practices adopted by the Group, and review the audited consolidated financial results of the Company for the year ended 31 March 2012.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement of the Group for the year ended 31 March 2012 is published on the websites of HKEx at www.hkexnews.hk and the website of the Company at www.quamlimited.com respectively. The 2012 Annual Report of the Company will be despatched to the shareholders of the Company and made available on the above websites in due course.

PROPOSED AMENDMENTS TO BYE-LAWS AND ADOPTION OF NEW BYE-LAWS OF THE COMPANY

In order to address the recent changes brought about by amendments of the Listing Rules and the Companies Act 1981 of Bermuda together with other house-keeping improvements to the bye-laws of the Company (the "Bye-laws"), certain amendments to the Bye-Laws will be proposed by the Board for approval by the shareholders of the Company at the forthcoming annual general meeting of the Company (the "AGM"). Details of the proposed amendments will be set out in the circular of the Company to be despatched to the shareholders of the Company in respect of the AGM.

The Board will also propose to adopt a new set of Bye-laws consolidating all the proposed amendments to the Bye-laws and all previous amendments made pursuant to the resolutions passed by the shareholders of the Company at AGM.

On behalf of the Board
Quam Limited
Bernard POULIOT
Chairman and Executive Director

Hong Kong, 22 June 2012

As at the date of this announcement, the board of directors of Quam Limited comprises three executive directors, namely Mr. Bernard POULIOT, Mr. Kenneth LAM Kin Hing and Mr. Richard David WINTER; and three independent non-executive directors, namely Mr. Gordon KWONG Che Keung, Mr. Robert Stephen TAIT and Mr. Robert CHAN Tze Leung.