FREEMAN FINANCIAL CORPORATION LIMITED
民豐企業控股有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 279)

FINAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2011

FINAL RESULTS

The Board of Directors (the "Board") of Freeman Financial Corporation Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2011, which have been reviewed by the Audit Committee, as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2011

	Notes	**2011** **HK$'000**	2010 HK$'000
REVENUE	4	**89,630**	169,570
Cost of sales		**(2,364)**	(2,814)
Gross profit		**87,266**	166,756
Other income and gains	4	**167,947**	27,333
Gains arising from changes in fair value of investment properties, net		**5,409**	28,672
Fair value gains/(losses) on investments at fair value through profit or loss, net		**(82,743)**	98,709
Excess over the cost of a business combination		**–**	138,954
General and administrative expenses		**(115,409)**	(80,630)
Other expenses, net		**(194,325)**	(57,197)
Finance costs	6	**(43,298)**	(14,550)
Share of profit of an associate		**6,342**	–

	Notes	**2011** *HK$'000*	2010 *HK$'000*
PROFIT/(LOSS) BEFORE TAX	*5*	**(168,811)**	308,047
Income tax expense	*7*	**(2,687)**	(4,187)
PROFIT/(LOSS) FOR THE YEAR		**(171,498)**	303,860
Attributable to:			
Owners of the Company		**(189,530)**	297,486
Non-controlling interests		**18,032**	6,374
		(171,498)	303,860
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*8*		
Basic		**(10.45 HK cents)**	HK$1.23

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2011

	2011	2010
	HK$'000	*HK$'000*
PROFIT/(LOSS) FOR THE YEAR	**(171,498)**	303,860
OTHER COMPREHENSIVE INCOME		
Changes in fair value of an available-for-sale investment	**55,061**	16,974
Gain on property revaluation	**6,081**	–
Share of other comprehensive income of an associate	**4,103**	–
Exchange differences on translation of foreign operations	**104**	8
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**65,349**	16,982
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**(106,149)**	320,842
Attributable to:		
Owners of the Company	**(150,814)**	306,258
Non-controlling interests	**44,665**	14,584
	(106,149)	320,842

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2011

	Notes	2011 HK$'000	2010 HK$'000 (Restated)	2009 HK$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**33,908**	94,863	79,710
Investment properties		**140,854**	160,780	109,500
Investment in an associate		**779,489**	–	–
Available-for-sale investments		**425,729**	325,273	–
Other non-current investment		**–**	74,248	–
Loans receivable		**2,000**	64,323	3,000
Deposit paid for acquisition of an associate		**20,000**	–	–
Investments at fair value through profit or loss		**–**	–	250,000
Intangible assets		**–**	4,243	–
Total non-current assets		**1,401,980**	723,730	442,210
CURRENT ASSETS				
Accounts receivable	*9*	**–**	395,286	–
Loans receivable		**28,125**	539,325	76,992
Prepayments, deposits and other receivables		**5,254**	20,777	7,028
Investments at fair value through profit or loss		**1,033,901**	864,913	638,166
Cash and bank balances		**382,624**	170,249	34,794
Total current assets		**1,449,904**	1,990,550	756,980
CURRENT LIABILITIES				
Accounts payable	*10*	**–**	60,456	–
Other payables and accruals		**6,938**	81,642	5,157
Interest-bearing bank and other borrowings		**135,121**	298,153	109,972
Tax payable		**2,478**	7,006	2,447
Total current liabilities		**144,537**	447,257	117,576
NET CURRENT ASSETS		**1,305,367**	1,543,293	639,404
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,707,347**	2,267,023	1,081,614
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings		**200,000**	–	–
Convertible notes		**–**	221,118	–
Deferred tax liabilities		**5,523**	4,895	754
Total non-current liabilities		**205,523**	226,013	754
Net assets		**2,501,824**	2,041,010	1,080,860
EQUITY				
Equity attributable to owners of the Company				
Issued capital		**471,370**	38,135	195,463
Reserves		**2,030,454**	1,490,087	885,397
		2,501,824	1,528,222	1,080,860
Non-controlling interests		**–**	512,788	–
Total equity		**2,501,824**	2,041,010	1,080,860

NOTES

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, certain available-for-sale investment, derivative components of convertible notes and investments at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC) – Int 17	*Distributions of Non-cash Assets to Owners*
HKFRS 5 Amendments included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 1 (Revised) ***First-time Adoption of Hong Kong Financial Reporting Standards***

HKFRS 1 (Revised) was issued with an aim to improve the structure of the standard. The revised version of the standard does not make any changes to the substance of accounting by first-time adopters. As the Group is not a first-time adopter of HKFRSs, the revision is not applicable to the Group.

(b) Amendments to HKFRS 1 ***First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters***

The HKFRS 1 Amendments provide relief from the full retrospective application of HKFRSs for the measurement of oil and gas assets and leases. As a result of extending the options for determining deemed cost to oil and gas assets, the existing exemption relating to decommissioning liabilities has also been revised. As the Group is not a first-time adopter of HKFRSs, the amendments are not applicable to the Group.

(c) Amendments to HKFRS 2 ***Share-based Payment – Group Cash-settled Share-based Payment Transactions***

The HKFRS 2 Amendments provide guidance on how to account for cash-settled share-based payment transactions in the separate financial statements of an entity receiving the goods and services when the entity has no obligation to settle the share-based payment transactions. The amendments also incorporate guidance that was previously included in HK(IFRIC) – Int 8 *Scope of HKFRS 2* and HK(IFRIC) – Int 11 *HKFRS 2 – Group and Treasury Share Transactions*. The adoption of the amendments has had no impact on the financial position or results of operations of the Group.

(d) HKFRS 3 (Revised) ***Business Combinations*** **and HKAS 27 (Revised)** ***Consolidated and Separate Financial Statements***

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

(e) Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*

The HKAS 32 Amendment revises the definition of financial liabilities such that rights, options or warrants issued to acquire a fixed number of an entity's own equity instruments for a fixed amount of any currency are equity instruments, provided that the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. As the Group currently has no such rights, options or warrants in issue, the amendment is unlikely to have any financial impact on the Group.

(f) Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*

The HKAS 39 Amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. As the Group has not entered into any hedges, the amendment has had no impact on the financial position or results of operations of the Group.

(g) HK(IFRIC) – Int 17 *Distributions of Non-cash Assets to Owners*

HK(IFRIC) – Int 17 standardises practice in the accounting for non-reciprocal distributions of non-cash assets to owners. The interpretation clarifies that (i) a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity; (ii) an entity should measure the dividend payable at the fair value of the net assets to be distributed; and (iii) an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss. Other consequential amendments were made to HKAS 10 *Events after the Reporting Period* and HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Since the Group did not make any non-cash asset distributions to owners during the year, the adoption of the interpretation has had no impact on the financial position or results of operations of the Group.

(h) Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*

The amendments to HKFRS 5 clarify that all assets and liabilities of a subsidiary shall be classified as held for sale if an entity has a sale plan involving loss of control of the subsidiary, regardless of whether the entity will retain a non-controlling interest. The changes must be applied prospectively and will affect future sale transactions or plans involving loss of control of a subsidiary. As the Group has no sale plan involving loss of control of a subsidiary, the adoption of the amendments has had no impact on the financial position or results of operations of the Group.

(i) *Improvements to HKFRSs 2009* issued in May 2009 set out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 7 *Statement of Cash Flows:* Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.

- HKAS 17 *Leases:* Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in HKAS 17.

  Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases* is revised as a consequence of the amendment to HKAS 17 *Leases* included in *Improvements to HKFRSs 2009*. Following this amendment, the scope of HK Interpretation 4 has been expanded to cover all land leases, including those classified as finance leases. As a result, this Interpretation is applicable to all leases of property accounted for in accordance with HKAS 16, HKAS 17 and HKAS 40.

  The Group has reassessed its leases in Hong Kong, previously classified as operating leases, upon the adoption of the amendments. As substantially all the risks and rewards associated with the leases in Hong Kong have been transferred to the Group, the leases in Hong Kong have been reclassified from operating leases under "prepaid land premium" to finance leases under "property, plant and equipment". The corresponding amortisation has also been reclassified to depreciation. The effects of the above changes are summarised below:

	2011	2010
	HK$'000	*HK$'000*
Consolidated income statement for the year ended 31 March		
Decrease in amortisation of prepaid land premium	**(218)**	(401)
Increase in depreciation of property, plant and equipment	**218**	401
	–	–

	2011	2010
	HK$'000	*HK$'000*
Consolidated statement of financial position at 31 March		
Decrease in prepaid land premium, net	**(15,326)**	(21,755)
Decrease in prepayments, deposits and other receivables	**(218)**	(305)
Increase in property, plant and equipment, net	**15,544**	22,060
	–	–

Consolidated statement of financial position at 1 April 2009	
Decrease in prepaid land premium, net	**(50,031)**
Decrease in prepayments, deposits and other receivables	**(690)**
Increase in property, plant and equipment, net	**50,721**
	–

Due to the retrospective application of the amendments which has resulted in the restatement of items in the statement of financial position, a statement of financial position as at 1 April 2009 has been presented.

- HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations:* Clarifies that (i) the disclosures required in respect of non-current assets (or a disposal group) classified as held for sale or a discontinued operation are those set out in HKFRS 5; (ii) the general requirements of HKAS 1 still apply (e.g., source of estimation uncertainty); and (iii) the disclosures in other HKFRSs are not required unless:

  - those HKFRSs specifically require disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations; or

  - the disclosures relate to the measurement of assets or liabilities within a disposal group that are outside the scope of measurement requirements of HKFRS 5 and disclosures are not provided elsewhere in the financial statements.

- HKFRS 8 *Operating Segments:* Clarifies that segment assets and liabilities need only to be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker.

- HKAS 36 *Impairment of Assets:* Clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment as defined in HKFRS 8 before aggregation for financial reporting purposes.

- HKAS 38 *Intangible Assets:* Clarifies that (i) if an intangible asset acquired in a business combination is identifiable only with another intangible asset, the acquirer may recognise the group of assets as a single asset provided that the individual assets have similar useful lives; and (ii) the valuation techniques presented in the standard for determining the fair value of intangible assets acquired in a business combination that are not traded in active markets are only examples and are not restrictive on the methods that can be used.

(j) HK Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

The interpretation requires a term loan that contains a clause that gives the lender the unconditional right to call the loan at any time shall be classified in total by the borrower as current in the statement of financial position. This is irrespective of whether a default event has occurred and notwithstanding any other terms and maturity stated in the loan agreement. Prior to the adoption of this interpretation, the Group's term loan was classified in the statement of financial position as a non-current liability based on the maturity date of repayment. The interpretation has been applied by the Group retrospectively and comparative amounts have been restated. In addition, as a result of this change and as required by HKAS 1 *Presentation of Financial Statements*, these financial statements also include a statement of financial position as at 1 April 2009.

The above change has had no effect on the consolidated income statement. The effect on the consolidated statement of financial position is summarised as follows:

	31 March 2011	31 March 2010	1 April 2009
	HK$'000	*HK$'000*	*HK$'000*
CURRENT LIABILITIES			
Increase in interest-bearing bank and other borrowings	**64,516**	84,193	85,932
NON-CURRENT LIABILITIES			
Decrease in interest-bearing bank and other borrowings	**(64,516)**	(84,193)	(85,932)
Change on the net assets of the Group	**–**	–	–

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has six reportable operating segments as follows:

(a) the trading of securities segment engages in the purchase and sale of securities and the holding of investments primarily for interest income, dividend income and capital appreciation;

(b) the provision of finance segment engages in the provision of financing services in Hong Kong;

(c) the property holding and investment segment engages primarily in the investments in commercial and residential properties for their rental income potential and/or their appreciation in values;

(d) the insurance agency and brokerage business segment engages in general and life insurance brokerage business and the provision of related investment linked financial products in Hong Kong;

(e) securities brokerage, placing, underwriting and margin financing in Hong Kong; and

(f) the investment holding segment engages in holding investments for continuing strategic or long term purposes, primarily for their dividend income and capital appreciation.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax from continuing operations. The adjusted profit/(loss) before tax from continuing operations is measured consistently with the Group's profit/(loss) before tax from continuing operations except that interest income, finance costs, fair value gain from the Group's derivative components of convertible notes as well as head office and corporate expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 March 2011

	Trading of securities *HK$'000*	Provision of finance *HK$'000*	Property holding and investment *HK$'000*	Insurance agency and brokerage business *HK$'000*	Investment holding *HK$'000*	Securities brokerage, placing, underwriting and margin financing *HK$'000*	Total *HK$'000*
Segment revenue:							
Sales to external customers	(62,498)	41,642	7,467	2,021	–	100,998	89,630
Intersegment sales	–	–	1,242	–	22,084	1,156	24,482
	(62,498)	41,642	8,709	2,021	22,084	102,154	114,112
Reconciliation:							
Elimination of intersegment sales							(24,482)
Total revenue							89,630
Segment results	(152,178)	19,024	8,444	(6,229)	(34,044)	17,246	(147,737)
Reconciliation:							
Interest income							39
Other interest income							487
Corporate and other unallocated expenses							(10,772)
Fair value gain on derivative components of convertible notes							32,470
Finance costs							(43,298)
Loss before tax							(168,811)
Other segment information:							
Share of profit of an associate	–	–	–	–	6,342	–	6,342
Impairment of accounts receivable	–	–	–	–	–	10,456	10,456
Loss on redemption of convertible notes	–	–	–	–	–	19,108	19,108
Depreciation							
– segment	–	–	511	73	22	5,494	6,100
– unallocated							2,144
							8,244
Investment in an associate	–	–	–	–	779,489	–	779,489
Capital expenditure							
– segment	–	–	1,574	157	502,548	4,185	508,464
– unallocated							4,331
							512,795*

* *Capital expenditure consists of additions to property, plant and equipment, investment properties and available-for-sale investment.*

Year ended 31 March 2010

	Trading of securities HK$'000	Provision of finance HK$'000	Property holding and investment HK$'000	Insurance agency and brokerage business HK$'000	Investment holding HK$'000	Securities brokerage, placing, underwriting and margin financing HK$'000	Total HK$'000
Segment revenue:							
Sales to external customers	79,928	23,925	3,997	1,980	–	59,740	169,570
Intersegment sales	–	–	2,669	–	31,069	3,005	36,743
	79,928	23,925	6,666	1,980	31,069	62,745	206,313
Reconciliation:							
Elimination of intersegment sales							(36,743)
Total revenue							169,570
Segment results	163,901	20,409	17,897	(7,665)	119,693	(14,188)	300,047
Reconciliation:							
Interest income							34
Other interest income							6,732
Corporate and other unallocated expenses							(246)
Fair value gain on derivative components of convertible notes							16,030
Finance costs							(14,550)
Profit before tax							308,047
Other segment information:							
Impairment of accounts receivable	–	–	–	–	–	7,108	7,108
Reversal of impairment of loans receivable	–	(3,098)	–	–	–	–	(3,098)
Loss on redemption of convertible notes	–	–	–	–	51,247	–	51,247
Depreciation							
– segment	–	–	792	68	132	3,919	4,911
– unallocated							1,856
							6,767
Capital expenditure							
– segment	–	–	5,569	–	104,839	19,587	129,995
– unallocated							52
							130,047*

* *Capital expenditure consists of additions to property, plant and equipment, investment properties, intangible assets and other non-current investment which include assets from the acquisition of subsidiaries.*

Geographical information

(a) The Group's revenue is derived from its external customers in Hong Kong.

(b) Non-current assets

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Hong Kong	**954,251**	306,468
Singapore	**–**	27,666
	954,251	334,134

The non-current asset information above is based on the location of assets and excludes financial instruments.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents interest income earned from provision of finance; dividend income from equity investments; gains/(losses) from the sale of investments at fair value through profit or loss; gross rental income received and receivable from investment properties; insurance agency and brokerage income; commission and brokerage income from securities dealings; commission from underwriting and placing services and interest income on margin financing activities during the year.

An analysis of revenue, other income and gains is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Revenue		
Interest income from provision of finance	**41,642**	23,925
Dividend income from investments at fair value through profit or loss	**6,230**	23,101
Gains/(losses) from the sale of investments at fair value through profit or loss, net	**(68,728)**	56,827
Gross rental income	**7,467**	3,997
Insurance agency and brokerage income	**2,021**	1,980
Commission and brokerage income from securities dealings	**28,851**	30,451
Commission from underwriting and placing services	**43,900**	16,550
Interest income on margin financing activities	**28,247**	12,739
	89,630	169,570
Other income and gains		
Bank interest income	**39**	34
Other interest income	**487**	6,732
Fair value gain on derivative components of convertible notes, net	**32,470**	16,030
Gain on disposal of a subsidiary	**–**	2,500
Gain on deemed disposal of interests in subsidiaries	**6,756**	–
Net gain from additional shares issued by an associate	**18,821**	–
Recovery of loan receivable previously written off	**100,008**	–
Gain on disposal of investment properties	**–**	647
Gain on disposal of items of property, plant and equipment	**39**	–
Foreign exchange differences, net	**2,068**	–
Others	**7,259**	1,390
	167,947	27,333

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Group	
	2011	2010
	HK$'000	*HK$'000*
Depreciation	**8,244**	6,767
Employee benefit expenses (excluding directors' remuneration):		
Wages, salaries and allowances	**21,906**	18,563
Equity-settled share option expense	**1,051**	–
Retirement benefit scheme contributions (defined contribution schemes)*	**1,169**	1,007
	24,126	19,570
Auditors' remuneration	**3,440**	3,220
Foreign exchange differences, net	**(2,068)**	189
Minimum lease payments under operating leases in respect of land and buildings	**15,904**	8,810
Direct operating expenses arising on rental-earning investment properties	**2,036**	2,125
Rental income on investment properties less direct operating expenses of HK$2,036,000 (2010: HK$2,125,000)	**5,431**	1,872
Loss/(gain) on disposal/write-off of items of property, plant and equipment	**(39)**	84
Loss/(gain) on disposal of subsidiaries	**1,680**	(2,500)
Loss on deemed disposals of an associate**	**50,697**	–
Loss on disposal of an available-for-sale investment**	**–**	1,940
Loss on redemption of convertible notes**	**19,108**	51,247
Impairment of an available-for-sale investment**	**76,813**	–
Reversal of impairment of loans receivable, net	**–**	(3,098)
Impairment of accounts receivable**	**10,456**	7,108

* *At 31 March 2011, the Group had no material forfeited contributions available to reduce its contributions to the retirement benefit scheme in future years (2010: Nil).*

** *These balances are included in "Other expenses" in the consolidated income statement.*

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans wholly repayable within five years or on demand	**18,251**	5,657
Convertible notes	**25,047**	8,893
Total finance costs	**43,298**	14,550

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2011	2010
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**4,091**	46
Deferred	**(1,404)**	4,141
Total tax charge for the year	**2,687**	4,187

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company of HK$189,530,000 (2010: profit of HK$297,486,000), and the weighted average number of 1,814,214,634 (2010: 242,100,000) ordinary shares in issue during the year.

(b) ***Diluted earnings/(loss) per share***

Diluted earnings/(loss) per share amounts for the years ended 31 March 2011 and 2010 have not been disclosed, as the options and convertible notes outstanding during these years had an anti-dilutive effect on the basic earnings/(loss) per share for these years.

9. ACCOUNTS RECEIVABLE

	Group	
	2011	2010
	HK$'000	*HK$'000*
Accounts receivable arising from the ordinary course of business of dealing in securities:		
Clearing houses	–	51,227
Cash clients	–	1,435
Margin clients	–	349,732
	–	402,394
Impairment	–	(7,108)
	–	395,286

The settlement terms of accounts receivable attributable to the dealing in securities transactions are two days after trade date. The above balances were all aged within 30 days.

Trading limits are set for customers. The Group seeks to maintain tight control over its outstanding accounts receivable in order to minimise the credit risk. Overdue balances were regularly monitored by management. Accounts receivable that were past due but not impaired relate to a number of independent clients that have a good track record with the Group. Based on past experience, the directors of the Company were of the opinion that no provision for impairment was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable at 31 March 2010.

10. ACCOUNTS PAYABLE

The balances as at 31 March 2010 were all aged within 30 days.

11. COMPARATIVE AMOUNTS

Due to the adoption of new and revised HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made and certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment, and a third statement of financial position as at 1 April 2009 has been presented.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2011 (2010: Nil).

BUSINESS REVIEW

The Group's consolidated net loss for the year was approximately HK$171.5 million (2010: net profit of HK$303.9 million). The consolidated net assets of the Group increased from approximately HK$2,041.0 million as at 31 March 2010 to approximately HK$2,501.8 million as at 31 March 2011. The net loss was mainly attributed to the loss from securities trading business and the potential disposal of the beneficial interests in Liu's Holdings Limited.

Trading of Securities

In regard of the volatility of the Hong Kong stock market, the Group recorded realised and unrealised losses of investments held for trading of approximately HK$68.7 million and HK$82.7 million respectively. There is no significant change in the Group's investment strategy during the year. The operations of our insurance agency and brokerage business remained similar as compared to last year. The application of insurance license was putting on hold since 2009.

Property Investments

Property market continues to bloom during the year. The Group recorded a gain from changes in fair value of investment properties of approximately HK$5.4 million.

On 13 April 2011, the Group entered into an agreement with an independent third party to dispose of its entire interest in Future Master Investments Limited ("Future Master"), a wholly owned subsidiary of the Company at a consideration of HK$120 million (the "Disposal"). The major assets of Future Master and its direct subsidiaries (collectively referred to as "Future Master Group") are the investment properties and buildings with net carrying value of approximately HK$140.9 million and HK$23.3 million respectively as at 31 March 2011 and these investment properties and buildings are under mortgage loans from banks with outstanding loan balances of approximately HK$69.7 million as at 31 March 2011. This transaction was completed in April 2011.

Pursuant to the agreement entered on 13 April 2011 in respect of the Disposal, the Group also provided guarantees in respect of the mortgage loans taken out by the Future Master Group to the lenders for a term of one year from the date of completion of the Disposal. A guarantee fee of 1.25% per annum calculated on the amount of outstanding mortgage loans at each month end and payable on a quarterly basis in arrears will be charged by the Company.

Financial Services

There is no significant change in the financial service operations during the year. The Group continues to provide finance to various borrowers with carried interest rates ranging from 5% per annum to 24% per annum. With broader the customer network contributed by Hennabun (as defined below), the Group recorded a significant interest income from provision of finance of approximately HK$41.6 million for the year.

Hennabun Capital Group Limited ("Hennabun")

On 1 November 2010, Hennabun entered into a subscription agreement with an independent third party (the "Investor"), pursuant to which Hennabun issued additional new shares of Hennabun to the Investor at a consideration of approximately HK$200 million (the "Subscription"). The Subscription was completed on 22 December 2010. Upon completion of the Subscription, the Group's interest in Hennabun was diluted from approximately 51.93% to 41.71%. Hennabun ceased to be a subsidiary of the Company since then and became an associate of the Group.

In addition, Hennabun completed a number of share placements to third parties since December 2010 and the Company's shareholding in Hennabun has been diluted down to approximately 26.20% as at 2 March 2011. On 5 March 2011, the Group further acquired 42,138,127 shares of Hennabun through setting off an outstanding loan due by Hennabun with the principal of HK$250 million and the total accrued but unpaid accrued interest of approximately HK$2.8 million as consideration. The Group's interest in Hennabun was then increased to approximately 31.92%.

On 17 May 2011, the Group entered into another subscription agreement with Hennabun, pursuant to which the Company agreed to acquire a convertible note of Hennabun at a consideration of HK$250 million with the principal amount of HK$250 million. This transaction has not yet completed up to the date of this announcement.

Liu's Holdings Limited ("Liu's Holdings")

On 8 December 2010, the Group entered into a share purchase agreement with Mr. Liu Lit Man ("Mr. L M Liu"), Mrs. Liu Heu Seu Chu Pearl ("Mrs. Liu") and Mr. Andrew Liu ("Mr. A Liu"), pursuant to which the Group acquired the beneficial rights, interests, entitlements, claims and undeclared dividends in the shares owned by Mr. L M Liu and Mrs. Liu in Liu's Holdings (the "Sale Shares") at a consideration of approximately HK$502.5 million (the "Acquisition"). Liu's Holdings is an investment holding company and is mandated to hold the shares, stocks and securities in Liu Chong Hing Investment Limited ("LCH Investment") and to receive and distribute dividends from time to time declared by LCH Investment. Liu's Holdings holds an approximate 45.33% interest in LCH Investment, and LCH Investment in turn holds an approximate 48.52% interest in Chong Hing Bank Limited ("Chong Hing Bank") through its wholly owned subsidiary, Liu Chong Hing Estate Company, Limited. LCH Investment is engaged in property investment, property development, property management, banking and finance, trading and manufacturing and hotel operation. Chong Hing Bank's principal business is banking, and holds a banking licence issued by the Hong Kong Monetary Authority and is subject to its regulations. The Acquisition was completed in January 2011.

On 17 May 2011, the Group entered into an agreement with Mr. L M Liu, Mrs. Liu and Mr. A Liu, pursuant to which the Group agreed to dispose of the beneficial interests in the Sale Shares to Mr. L M Liu and Mrs. Liu at a consideration of approximately HK$425.7 million. Details of this transaction are disclosed in the Company's circular dated 25 June 2011.

Issue of Shares and Convertible Bonds

In October 2010, the Company issued Firm Bonds and Optional Bonds with an aggregate principal of HK$550 million. All the Firm Bonds and Optional Bonds were converted into new ordinary shares of the Company during October 2010 to January 2011 and raised net proceeds of approximately HK$549.3 million.

The Company also completed four other placing activities during the year. The total net proceeds from these placing activities were approximately HK$637.7 million.

All net proceeds raised from issue of shares and convertible bonds have been used as the general working capital of the Company and as the resources for investment/acquisition opportunities.

FINANCIAL REVIEW

Turnover decreased by approximately 47% to HK$89.6 million compared to HK$169.6 million in 2010. During the year under review, the financial market was volatile and thus the performance of the Group has been weakened. Income from trading of securities included income from sales of trading securities and dividend income from trading investments. Income from sales of trading securities recorded a loss of HK$68.7 million, as compared to a profit of HK$56.8 million in 2010; it was mainly due to the volatility of the financial markets. Dividend income from trading investments decreased by approximately 73% to HK$6.2 million as compared to HK$23.1 million in 2010 as less dividend distribution was received from the trading investments in 2011. Interest income from provision of finance increased by approximately 74% to HK$41.6 million compared to HK$23.9 million in 2010 as a result of increase in financing activities. Gross rental income increased to HK$7.5 million, representing an increase of approximately 88% as compared to HK$4.0 million in 2010, it was mainly because the rental income of leased properties were generally increased as a result of the bloomed property market. Revenue from securities brokerage, placing, underwriting and margin financing, which were also attributable from Hennabun before the deemed disposal completed in December 2010 was approximately HK$101.0 million, representing approximately 69% increase as compared to HK$59.7 million in 2010. Income from insurance agency and brokerage business remained similar at HK$2.0 million as compared to HK$2.0 million in 2010.

The gross profit was HK$87.3 million (2010: HK$166.8 million), representing a decrease of approximately 48% as compared to last year. It was mainly due to the loss from the sale of trading securities.

During the year, certain provisions were made in accordance with the financial reporting standards.

Investment properties were valued at fair value at the end of each reporting period. The fair value of investment properties were adjusted by an increment of HK$5.4 million (2010: HK$28.7 million). It was because the value of properties has changed positively since the global financial crisis in 2008. Moreover, the Group also recorded a fair value loss on securities held for trading of HK$82.7 million (2010: a fair value gain of HK$98.7 million) as a result of the volatility of the financial markets.

The Group is continuously monitoring the daily operation with an aim at cost saving. This year, the general and administrative expenses were HK$115.4 million, representing an increase of approximately 43% as compared to HK$80.6 million in 2010, it was mainly due to the consolidation of Hennabun before the deemed disposal completed in December 2010. During the year, all of the direct expenses related to issuance of new shares were set off against the Company's reserve.

The net loss attributable to shareholders of the Company was HK$189.5 million (2010: net profit of HK$297.5 million). Loss per share was 10.45 HK cents (2010: earnings per share HK$1.23).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2011, the net current assets of the Group amounted to HK$1,305.4 million (2010: HK$1,543.3 million) and the current ratio (current assets/current liabilities) was 10.0 (2010: 4.5). The cash and bank balances were HK$382.6 million (2010: HK$170.2 million).

As at 31 March 2011, the Group had secured bank loans of HK$69.7 million (2010: HK$89.8 million) and had secured and unsecured other borrowings of HK$265.4 million (2010: HK$208.4 million). Gearing ratio calculated on the basis of the Group's interest-bearing bank and other borrowings and convertible notes divided by the equity attributable to equity holders of the Company, was 13.4% (2010: 34.0%) at the end of the reporting period. The bank loans and other borrowings of the Group carried floating interest rates calculated by reference to the Hong Kong dollar prime rate (as quoted by The Bank of East Asia, Limited, Bank of Communications Co., Ltd or The Hongkong and Shanghai Banking Corporation Limited) and were made in Hong Kong dollar.

The Group's assets portfolio is mainly financed by its shareholders' funds. As at 31 March 2011, the Group had shareholders' funds of HK$2,501.8 million (2010: HK$1,528.2 million). During the year, the total net proceeds raised from placing activities and issue of convertible bonds was approximately HK$1,187.0 million and has been used as the general working capital of the Company and as the resources for investment/acquisition opportunities.

PLEDGE OF ASSETS

As at 31 March 2011, leasehold land and buildings with total carrying amount of approximately HK$23.3 million (2010: HK$60.8 million) and investment properties situated in Hong Kong with an aggregate carrying value of approximately HK$140.9 million (2010: HK$118.8 million) were pledged to secure general banking facilities granted to the Group. Investments held for trading of approximately HK$1,033.9 million (2010: HK$864.9 million) were pledged to financial institutions to secure margin-financing facilities provided to the Group.

FOREIGN CURRENCY MANAGEMENT

During the year, since the amount of the Group's foreign currency transactions is not material, the Directors are of the view that the Group's exposure to exchange rate risk is not material.

MATERIAL ACQUISITIONS/DISPOSALS

Details of material acquisitions/disposals during the year are set out in the section "Business Review".

CAPITAL COMMITMENTS

The Group had no material capital commitment at the year end date (2010: Nil). In light of the amount of liquid assets on hand and banking facility available, the Directors are of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities at the year end date (2010: Nil).

EMPLOYEES' REMUNERATION POLICY AND RETIREMENT BENEFITS SCHEME

As at 31 March 2011, the Group employed about 49 staff members including directors of the Company (2010: 68 staff). Staff costs incurred for the year, including directors' remuneration, was approximately HK$28.5 million (2010: HK$24.0 million). It was the remuneration policy of the Group to reward its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. Remuneration packages, include granting of share options, were structured to motivate individual performance and contributions to the Group. The Company has adopted a share option scheme on 23 August 2002 for the Directors and the employees. The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance for its employees.

EVENTS AFTER THE REPORTING PERIOD

On 14 April 2011, the Group disposed of its entire interest in Future Master at a consideration of HK$120 million to an independent third party. The major assets of Future Master Group are the investment properties and buildings with net carrying value of approximately HK$140.9 million and HK$23.3 million respectively as at 31 March 2011 and these investment properties and buildings are under mortgage loans from banks with outstanding loan balances of approximately HK$69.7 million as at 31 March 2011.

On 17 May 2011, the Group entered into a conditional agreement with Mr. L M Liu, Mrs. Liu and Mr. A Liu, pursuant to which the Group agreed to dispose of the beneficial interests in the Sale Shares to Mr. L M Liu and Mrs. Liu at a consideration of approximately HK$425.7 million.

On 17 May 2011, the Group also entered into a conditional subscription agreement with Hennabun, pursuant to which the Company agreed to acquire a convertible note of Hennabun at consideration of HK$250 million with the principal amount of HK$250 million.

The Company has no other material event after the reporting period.

PROSPECTS

In regard of the vast market potential in the fund management industry, the Company is exploring the setting up of one or more growth/opportunity/other investment funds to capture investment opportunities in the financial services sector to potentially generate a more lucrative return. Looking forward, the Company is optimistic about the prospect of the financial market and will continue to explore any new business opportunities or investments.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

CORPORATE GOVERNANCE

The Company is committed to ensuring high standards of corporate governance practices. The Board believes that good corporate governance practices are increasingly important for maintaining and promoting investor confidence. Corporate governance requirements keep changing, therefore the Board reviews its corporate governance practices from time to time to ensure they meet public and shareholders' expectation, comply with legal and professional standards and reflect the latest local and international developments. The Board will continue to commit itself to achieving a high quality of corporate governance.

To the best knowledge and belief of the Board, the Board considers that the Company has complied with the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the year ended 31 March 2011.

AUDIT COMMITTEE

The Company has established an Audit Committee. The existing members of the Audit Committee comprise four independent non-executive Directors, namely, Mr. Yau Chung Hong, Mr. Gary Drew Douglas, Mr. Peter Temple Whitelam and Dr. Agustin V. Que. The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and financial reporting matters including the review of the consolidated financial statements of the Company for the year ended 31 March 2011.

By Order of the Board
Freeman Financial Corporation Limited
Yang Fan Shing, Andrew
Chairman

Hong Kong, 29 June 2011

As at the date of this announcement, the Board comprises the following Directors:–

Executive Directors:
Dr. Yang Fan Shing, Andrew *(Chairman)*
Mr. Lo Kan Sun *(Managing Director)*
Mr. Hui Quincy Kwong Hei *(Managing Director)*
Ms. Au Shuk Yee, Sue
Mr. Scott Allen Phillips
Ms. Chow Mun Yee

Non-executive Directors:
Mr. Andrew Liu
Mr. Cheng Chi Ming, Brian
Mr. Liu Kam Fai, Winston

Independent non-executive Directors:
Mr. Gary Drew Douglas
Mr. Peter Temple Whitelam
Dr. Agustin V. Que
Mr. Yau Chung Hong