

HONG LEONG INVESTMENT BANK BERHAD
(Company Number 43526-P)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Note	The Group		The Bank	
		As at 30/06/2012 RM'000	As at 30/06/2011 RM'000	As at 30/06/2012 RM'000	As at 30/06/2011 RM'000
Discontinued Operation					
ASSETS					
Cash and short term funds		834,550	850,712	826,891	850,415
Reverse repurchase agreements		-	159,684	-	159,684
Deposits and placements with banks and other financial institutions		91,896	60,125	91,896	60,125
Financial assets held-for-trading	12	690,895	423,345	690,895	423,345
Financial investments available- for-sale	13	117,712	74,882	117,712	74,882
Financial investments held-to-maturity	14	495,380	112,647	495,380	112,647
Derivative financial assets	20	31,866	7,350	31,866	7,350
Loans and advances	15	184,870	107,975	184,870	107,975
Clients' and brokers' balances	16	153,304	165,813	153,304	165,813
Other assets	17	45,057	66,030	51,330	66,751
Statutory deposits with Bank Negara Malaysia		19,550	17,800	19,550	17,800
Tax recoverable		17	17	17	17
Investment in subsidiary companies		-	-	588	588
Deferred tax assets		-	41,716	-	41,716
Property and equipment		6,612	7,800	6,612	7,800
Goodwill		-	28,986	-	30,236
Intangible assets		1,040	993	1,040	993
TOTAL ASSETS		2,672,749	2,125,875	2,671,951	2,128,137
LIABILITIES					
Deposits from customers	18	633,625	395,243	633,625	395,243
Deposits and placements of banks and other financial institutions	19	973,644	747,999	973,644	747,999
Repurchased agreements		115,167	-	115,167	-
Derivative financial liabilities	20	55,429	7,121	55,429	7,121
Clients' and brokers' balances		551,589	582,461	551,589	582,461
Other liabilities	21	58,224	73,557	58,083	74,677
Deferred tax liabilities		956	-	956	-
TOTAL LIABILITIES		2,388,634	1,806,381	2,388,493	1,807,501

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 30 June 2011.

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UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Note	The Group		The Bank	
		As at 30/06/2012 RM'000	As at 30/06/2011 RM'000	As at 30/06/2012 RM'000	As at 30/06/2011 RM'000
Discontinued Operation					
EQUITY					
Share capital		265,535	265,535	265,535	265,535
Redeemable preference shares		1,631	1,631	1,631	1,631
Reserves		16,949	52,328	16,292	53,470
TOTAL EQUITY		284,115	319,494	283,458	320,636
TOTAL LIABILITIES AND EQUITY		2,672,749	2,125,875	2,671,951	2,128,137
COMMITMENTS AND CONTINGENCIES	27	6,194,149	3,945,487	6,194,149	3,945,487
<u>CAPITAL ADEQUACY</u>	28				
Before deducting proposed dividends					
Core Capital Ratio		24.9%	38.1%	24.8%	38.2%
Risk Weighted Capital Ratio		25.3%	38.6%	25.1%	38.6%
After deducting proposed dividends					
Core Capital Ratio		23.3%	35.6%	23.1%	35.7%
Risk Weighted Capital Ratio		23.7%	36.1%	23.5%	36.1%
Net assets per share attributable to ordinary equity holder of the Bank (RM)		1.07	1.20	1.07	1.21

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 30 June 2011.

HONG LEONG INVESTMENT BANK BERHAD
(Company Number 43526-P)
INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Note	Current quarter ended 30/06/2012 RM'000	Last year's quarter ended 30/06/2011 RM'000	Current year ended 30/06/2012 RM'000	Last year's ended 30/06/2011 RM'000
Discontinued Operation					
The Group					
Operating revenue		56,024	33,710	199,870	145,943
Interest income	22	28,254	19,025	100,025	58,571
Interest expense	23	(23,194)	(11,818)	(81,235)	(39,606)
Net interest income		5,060	7,207	18,790	18,965
Non-interest income	24	27,770	14,685	99,845	87,372
Net income		32,830	21,892	118,635	106,337
Overhead expenses	25	(17,412)	(14,864)	(69,450)	(60,864)
Operating profit before allowances		15,418	7,028	49,185	45,473
Write-back of/(allowance for) impairment on loans and advances and other losses	26	736	(43)	3,150	748
Profit before taxation		16,154	6,985	52,335	46,221
Taxation		(4,489)	(2,004)	(13,526)	(11,778)
Net profit for the period		11,665	4,981	38,809	34,443
Earnings per share (sen)					
- Basic		4.4	1.9	14.6	13.0

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 30 June 2011.

HONG LEONG INVESTMENT BANK BERHAD
(Company Number 43526-P)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Note	Current quarter ended 30/06/2012 RM'000	Last year's quarter ended 30/06/2011 RM'000	Current year ended 30/06/2012 RM'000	Last year's ended 30/06/2011 RM'000
Discontinued Operation					
The Group					
Net profit for the period		11,665	4,981	38,809	34,443
Other comprehensive income:					
Net fair value changes on financial investments available-for-sale		(424)	21	401	74
Income tax relating to net fair value changes on financial investments available-for-sale		106	(5)	(101)	(18)
Other comprehensive income for the period, net of tax		(318)	16	300	56
Total comprehensive income for the period, net of tax		11,347	4,997	39,109	34,499

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 30 June 2011.

HONG LEONG INVESTMENT BANK BERHAD
(Company Number 43526-P)
INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Discontinued Operation	Note	Current quarter ended 30/06/2012 RM'000	Last year's quarter ended 30/06/2011 RM'000	Current year ended 30/06/2012 RM'000	Last year's ended 30/06/2011 RM'000
The Bank					
Operating revenue		55,435	33,652	199,063	145,613
Interest income	22	28,254	19,025	100,025	58,571
Interest expense	23	(23,194)	(11,818)	(81,235)	(39,606)
Net interest income		5,060	7,207	18,790	18,965
Non-interest income	24	27,181	14,627	99,038	87,042
Net income		32,241	21,834	117,828	106,007
Overhead expenses	25	(17,350)	(14,757)	(69,233)	(60,642)
Operating profit before allowances		14,891	7,077	48,595	45,365
Write-back of/(allowance for) impairment on loans and advances and other losses	26	727	(43)	3,141	748
Profit before taxation		15,618	7,034	51,736	46,113
Taxation		(4,450)	(1,983)	(13,476)	(11,757)
Net profit for the period		11,168	5,051	38,260	34,356
Earnings per share (sen)					
- Basic		4.2	1.9	14.4	12.9

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 30 June 2011.

HONG LEONG INVESTMENT BANK BERHAD
(Company Number 43526-P)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Discontinued Operation	Note	Current quarter ended 30/06/2012 RM'000	Last year's quarter ended 30/06/2011 RM'000	Current year ended 30/06/2012 RM'000	Last year's ended 30/06/2011 RM'000
The Bank					
Net profit for the period		11,168	5,051	38,260	34,356
Other comprehensive income					
Net fair value changes on financial investments available-for-sale		(424)	21	401	74
Income tax relating to net fair value changes on financial investments available-for-sale		106	(5)	(101)	(18)
Other comprehensive income for the period, net of tax		(318)	16	300	56
Total comprehensive income for the period, net of tax		10,850	5,067	38,560	34,412

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 30 June 2011.

HONG LEONG INVESTMENT BANK BERHAD
(Company Number 43526-P)
INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Discontinued Operation The Group	Share Capital RM'000	Redeemable Preference Share RM'000	Non-Distributable Reserves		Distributable Reserves	Total RM'000
			Statutory Reserves RM'000	Fair Value Reserves RM'000	Retained Profits RM'000	
At 1 July 2011	265,535	1,631	28,222	56	24,050	319,494
Net profit for the period	-	-	-	-	38,809	38,809
Other comprehensive income	-	-	-	300	-	300
Total comprehensive income for the year	-	-	-	300	38,809	39,109
Transfer to statutory reserve	-	-	19,130	-	(19,130)	-
Deferred tax assets reversed	-	-	-	-	(29,194)	(29,194)
Goodwill written-off	-	-	-	-	(28,986)	(28,986)
Dividend paid	-	-	-	-	(16,308)	(16,308)
At 30 June 2012	265,535	1,631	47,352	356	(30,759)	284,115
At 1 July 2010	265,535	1,631	11,044	-	6,785	284,995
Net profit for the period	-	-	-	-	34,443	34,443
Other comprehensive income	-	-	-	56	-	56
Total comprehensive income for the period	-	-	-	56	34,443	34,499
Transfer to statutory reserve	-	-	17,178	-	(17,178)	-
At 30 June 2011	265,535	1,631	28,222	56	24,050	319,494

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 30 June 2011.

HONG LEONG INVESTMENT BANK BERHAD
(Company Number 43526-P)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Discontinued Operation The Bank	Share Capital RM'000	Redeemable Preference Share RM'000	Non-Distributable Reserves		Distributable Reserves	Total RM'000
			Statutory Reserves RM'000	Fair Value Reserves RM'000	Retained Profits RM'000	
At 1 July 2011	265,535	1,631	28,222	56	25,192	320,636
Net profit for the period	-	-	-	-	38,260	38,260
Other comprehensive income	-	-	-	300	-	300
Total comprehensive income for the period	-	-	-	300	38,260	38,560
Transfer to statutory reserve	-	-	19,130	-	(19,130)	-
Deferred tax assets reversed	-	-	-	-	(29,194)	(29,194)
Goodwill written-off	-	-	-	-	(30,236)	(30,236)
Dividend paid	-	-	-	-	(16,308)	(16,308)
At 30 June 2012	265,535	1,631	47,352	356	(31,416)	283,458
At 1 July 2010	265,535	1,631	11,044	-	8,014	286,224
Net profit for the period	-	-	-	-	34,356	34,356
Other comprehensive income	-	-	-	56	-	56
Total comprehensive income for the period	-	-	-	56	34,356	34,412
Transfer to statutory reserve	-	-	17,178	-	(17,178)	-
At 30 June 2011	265,535	1,631	28,222	56	25,192	320,636

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 30 June 2011.

HONG LEONG INVESTMENT BANK BERHAD
(Company Number 43526-P)
INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	The Group		The Bank	
	30/06/2012	30/06/2011	30/06/2012	30/06/2011
Discontinued Operation	RM'000	RM'000	RM'000	RM'000
Profit before taxation	52,335	46,221	51,736	46,113
Adjustments for non-cash items	(22,960)	(28,394)	(22,461)	(28,394)
Operating profit before changes in working capital	29,375	17,827	29,275	17,719
Changes in working capital:				
Net changes in operating assets	(599,772)	(483,833)	(605,798)	(482,501)
Net changes in operating liabilities	543,976	350,827	542,715	351,816
Income tax (paid)/refund	(25)	120	-	120
Net cash used in operating activities	(26,446)	(115,059)	(33,808)	(112,846)
Net cash generated from investing activities	37,575	46,756	37,575	46,756
Net cash used in financing activities	(16,308)	-	(16,308)	-
Net changes in cash and cash equivalents	(5,179)	(68,303)	(12,541)	(66,090)
Cash and cash equivalents at beginning of the year	412,525	480,828	412,228	478,318
Cash and cash equivalents at end of the period	407,346	412,525	399,687	412,228
Cash and cash equivalents comprise:				
Cash and short term funds	834,550	850,712	826,891	850,415
Less: Remisiers' and clients' trust monies	(427,204)	(438,187)	(427,204)	(438,187)
	407,346	412,525	399,687	412,228

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 30 June 2011.

Explanatory Notes Pursuant to the Financial Reporting Standard 134 ("FRS 134") and Revised Guidelines on Financial Reporting for Licensed Institutions ("BNM/GP8") Issued by Bank Negara Malaysia ("BNM")

1. Basis of preparation

The unaudited interim financial statements have been prepared in accordance with FRS134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB"). The unaudited interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Bank for the year ended 30 June 2011. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 30 June 2011.

Hong Leong Capital Berhad ("HLCB") had on 12 March 2012 announced that HLCB shall acquire the entire equity interest in the MIMB Investment Bank Berhad ("MIMB") from Hong Leong Bank Berhad ("HLBB"). On 1 June 2012, HLCB had completed its acquisition of MIMB and became the wholly-owned subsidiary of HLCB. Upon completion of the acquisition, the Bank shall sell and vest its entire business, assets and liabilities to MIMB. On 10 April 2012, HLCB had entered into a conditional sale and purchase agreement with HLBB for the proposed disposal of the entire equity interest in the Bank. Accordingly, the financial statements for the financial year ended 30 June 2012 were prepared on the basis that the Bank has ceased to be a going concern and adjustments have been made to write down the value of assets to their estimated recoverable amount and provisions have been made for any liabilities which might arise.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 30 June 2011, except for the adoption of the following Financial Reporting Standards ("FRS"), amendments to FRSs and IC Interpretations:

- Amendments to FRS 1 "First-time Adoption of Financial Reporting Standards"
- Amendments to FRS 7 "Financial Instruments: Disclosures - improving disclosures about financial instruments"
- IC Interpretation 4 "Determining whether an arrangement contains a lease"
- IC Interpretation 19 "Extinguishing financial liabilities with equity instruments"
- Improvement to FRSs (2010)

The adoption of these FRSs, amendments to FRSs and IC Interpretations did not have any significant financial impact on the results of the Group and the Bank.

2. Auditors' report on preceding annual financial statements

The auditors' report on the audited financial statements for the financial year ended 30 June 2011 was not qualified.

3. Comments about seasonal or cyclical factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors during the financial quarter ended 30 June 2012.

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4. Unusual items due to their nature, size or incidence

There were no unusual items affecting the assets, liabilities, equities, net income or cash flows of the Group and the Bank during the financial quarter ended 30 June 2012.

5. Change in estimate

There were no unusual items affecting the assets, liabilities, equities, net income or cash flows of the Group and the Bank during the financial quarter ended 30 June 2012.

6. Debt and Equity Securities

There were no new issuance and repayment of debt and equity securities, share-buy-back, share cancellations, share held as treasury shares and resale of treasury shares during the financial quarter ended 30 June 2012.

7. Dividends

There was no dividend has been paid during the financial quarter ended 30 June 2012.

At forthcoming Annual General Meeting, the Directors of the Bank recommend the payment of a single-tier final dividend of 7.0 sen per share on the Bank's issued and paid-up shares comprising 265,535,171 of ordinary shares amounting to RM18,587,462 for the financial year ended 30 June 2012.

8. Valuations of Property, Plant and Equipment

No valuations of property, plant and equipment were carried out for the financial quarter ended 30 June 2012.

9. Subsequent Events

On 15 August 2012, High Court Malaysia had granted a Vesting Order for the transfer of the entire assets, liabilities, activities, business and undertakings of Hong Leong Investment Bank Berhad to MIMB Investment Bank Berhad with effect from 29 September 2012.

10. Performance review

The Group achieved a profit before tax of RM16.2 million in current quarter as compared to RM7.0 million in the preceding year corresponding quarter. The increase in profit was mainly due to higher contribution from its investment banking division.

11. Prospect for the next financial year

The Group is expected to show satisfactory performance in the coming financial year ending 30 June 2013 with improving profitability via diversification of income source from more extensive investment banking activities.

Financial Reporting for Licensed Institutions ("BNM/GP8")**12. Financial assets held-for-trading**

	The Group and the Bank	
	As at 30/06/2012 RM'000	As at 30/06/2011 RM'000
Money market instruments		
Negotiable instruments of deposits	375,719	20,143
Bank Negara Malaysia Bills	199,683	-
Bankers' acceptances	-	212,418
	<u>575,402</u>	<u>232,561</u>
Quoted securities		
In Malaysia:		
Shares	8,433	52,463
Outside Malaysia:		
Foreign currency bonds	8,684	98,036
	<u>17,117</u>	<u>150,499</u>
Unquoted securities		
Private and Islamic debt securities	98,376	40,285
	<u>690,895</u>	<u>423,345</u>

13. Financial investments available-for-sale

	The Group and the Bank	
	As at 30/06/2012 RM'000	As at 30/06/2011 RM'000
Money market instruments		
Cagamas bonds	5,150	5,140
Quoted securities		
Outside Malaysia:		
Foreign currency bonds	22,626	10,902
Unquoted securities		
Shares	2,445	2,445
Private and Islamic debt securities	87,491	56,395
	<u>89,936</u>	<u>58,840</u>
	<u>117,712</u>	<u>74,882</u>

14. Financial investments held-to-maturity

	The Group and the Bank	
	As at	As at
	30/06/2012	30/06/2011
	RM'000	RM'000
Money market instruments		
Malaysian Government Investment Issues	5,131	5,153
Cagamas bonds	10,240	10,319
	<u>15,371</u>	<u>15,472</u>
Quoted securities		
Outside Malaysia:		
Foreign currency bonds	434,067	76,710
Unquoted securities		
Private and Islamic debt securities	45,942	20,465
	<u>495,380</u>	<u>112,647</u>

15. Loans and advances

	The Group and the Bank	
	As at	As at
	30/06/2012	30/06/2011
	RM'000	RM'000
Term loan financing	107,891	15,022
Share margin financing	80,087	76,819
Revolving credits	963	22,457
Gross loans and advances	<u>188,941</u>	<u>114,298</u>
Allowance for impaired loans and advances:		
- individual assessment allowance	(1,256)	(4,679)
- collective assessment allowance	(2,815)	(1,644)
Net loans and advances	<u>184,870</u>	<u>107,975</u>
15a. <u>By type of customer</u>		
Domestic business enterprises		
- Small and medium enterprises	18,703	8,807
- Others	108,352	35,568
Individuals	61,886	69,923
Gross loans and advances	<u>188,941</u>	<u>114,298</u>
15b. <u>By interest rate sensitivity</u>		
Fixed rate		
- Other fixed rate loan	8,255	11,237
Variable rate		
- Cost plus	180,686	103,061
Gross loans and advances	<u>188,941</u>	<u>114,298</u>

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15. Loans and advances (continued)

	The Group and the Bank	
	As at	As at
	30/06/2012 RM'000	30/06/2011 RM'000
15c. <u>By residual contractual maturity</u>		
Maturity within 1 year	188,881	113,338
More than one year to three years	60	960
Gross loans and advances	<u>188,941</u>	<u>114,298</u>
15d. <u>By geographical distribution</u>		
Malaysia	<u>188,941</u>	<u>114,298</u>
15e. <u>By economic purpose</u>		
Purchase of securities	108,343	89,354
Working capital	80,598	24,944
Gross loans and advances	<u>188,941</u>	<u>114,298</u>
15f. Movements in impaired loans and advances ("impaired loans") are as follows:		
Impaired loans and advances		
At 1 July	9,374	12,700
Impaired during the period	136	107
Amount written back	(8,254)	(2,347)
Amount written off	-	(1,086)
Closing balance	<u>1,256</u>	<u>9,374</u>
% of impaired loans to total loans and advances net of individual assessment allowance	<u>0.7%</u>	<u>8.6%</u>
15g. <u>Impaired loans and advances by geographical distribution</u>		
Malaysia	<u>1,256</u>	<u>9,374</u>
15h. <u>Impaired loans and advances by economic purpose</u>		
Working capital	-	8,254
Purchase of securities	1,256	1,120
Gross impaired loans and advances	<u>1,256</u>	<u>9,374</u>

15. Loans and advances (continued)

	The Group and the Bank	
	As at 30/06/2012 RM'000	As at 30/06/2011 RM'000
15i. Movement in the allowance for loss on loans and advances are as follows:		
<u>Collective assessment allowance</u>		
At 1 July	1,644	1,743
Allowance made/(written back) during the period	1,171	(99)
Closing balance	<u>2,815</u>	<u>1,644</u>
<u>Individual assessment allowance</u>		
At 1 July	4,679	6,247
Allowance made during the period	136	107
Amount written back	(3,559)	(589)
Amount written off	-	(1,086)
Closing balance	<u>1,256</u>	<u>4,679</u>

16. Clients' and brokers' balances

	The Group and the Bank	
	As at 30/06/2012 RM'000	As at 30/06/2011 RM'000
Performing accounts	152,691	165,605
Impaired accounts	1,218	12,589
	<u>153,909</u>	<u>178,194</u>
Less: Individual assessment allowance	(605)	(12,381)
	<u>153,304</u>	<u>165,813</u>

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17. Other assets

	The Group		The Bank	
	As at 30/06/2012 RM'000	As at 30/06/2011 RM'000	As at 30/06/2012 RM'000	As at 30/06/2011 RM'000
Amount due from holding company	-	384	-	384
Amount due from subsidiary companies	-	-	6,273	808
Other receivables, deposits and prepayments	45,057	65,646	45,057	65,559
	45,057	66,030	51,330	66,751

18. Deposits from customers

	The Group and the Bank	
	As at 30/06/2012 RM'000	As at 30/06/2011 RM'000
Fixed deposits	633,625	395,243

18a. By type of deposit

Fixed deposits	633,625	395,243
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18b. By type of customer

Government and statutory bodies	617,832	205,501
Business enterprises	15,793	188,724
Individual	-	1,018
	633,625	395,243

18c. The maturity structure of fixed deposits are as follows:

Due within six months	633,625	395,243
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19. Deposits and placements of banks and other financial institutions

	The Group and the Bank	
	As at 30/06/2012 RM'000	As at 30/06/2011 RM'000
Licensed banks	406,153	211,431
Other financial institutions	567,491	536,568
	973,644	747,999

20. Derivative financial instruments

	The Group and the Bank		
	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
30/06/2012			
Interest rate related contracts:			
- Interest rate swaps	1,408,500	13,389	(20,822)
- Futures	2,157,121	881	(3,426)
- Cross currency swaps	31,772	107	(57)
Foreign exchange related contracts:			
- Foreign currency swaps	2,231,056	15,228	(31,121)
- Foreign currency forwards	585	11	(3)
Equity related contracts:			
- Call option	10,000	2,250	-
	5,839,034	31,866	(55,429)
30/06/2011			
Interest rate related contracts:			
- Interest rate swaps	455,000	2,614	(3,562)
- Futures	2,253,753	515	(919)
Foreign exchange related contracts:			
- Foreign currency swaps	811,255	1,192	(2,247)
- Foreign currency spot	18,119	29	(25)
- Foreign currency forwards	30,198	-	(301)
Equity related contracts:			
- Futures	44,675	-	(67)
- Call option	10,000	3,000	-
	3,623,000	7,350	(7,121)

21. Other liabilities

	The Group		The Bank	
	As at 30/06/2012 RM'000	As at 30/06/2011 RM'000	As at 30/06/2012 RM'000	As at 30/06/2011 RM'000
Amount due to immediate holding company	172	-	172	-
Amount due to subsidiary companies	-	-	-	88
Remisiers' trust deposits	10,327	10,210	10,327	10,210
ESOS liabilities	245	249	245	249
Other payables and accrued liabilities	47,194	62,666	47,053	63,698
Post employment benefits obligation - defined contribution plan	286	432	286	432
	58,224	73,557	58,083	74,677

22. Interest income

	Current quarter ended 30/06/2012 RM'000	Last year's quarter ended 30/06/2011 RM'000	Current year ended 30/06/2012 RM'000	Last year's ended 30/06/2011 RM'000
The Group and the Bank				
Loan and advances	2,937	1,632	8,944	6,058
Money at call and deposits placements with banks and other financial institutions	3,073	2,332	13,886	13,067
Financial assets held-for-trading	5,248	6,383	24,666	22,175
Financial investments available-for-sale	1,513	3,268	5,030	5,788
Financial investments held-to-maturity	5,407	723	18,458	2,179
Derivative financial instruments	10,870	3,568	32,684	7,886
Others	177	1,200	575	1,885
	<u>29,225</u>	<u>19,106</u>	<u>104,243</u>	<u>59,038</u>
Accretion of discount less amortisation of premium	(971)	(81)	(4,218)	(467)
Total interest income	<u>28,254</u>	<u>19,025</u>	<u>100,025</u>	<u>58,571</u>
Of which:				
Interest income earned on impaired loans and advances	758	84	972	374

23. Interest expense

	Current quarter ended 30/06/2012 RM'000	Last year's quarter ended 30/06/2011 RM'000	Current year ended 30/06/2012 RM'000	Last year's ended 30/06/2011 RM'000
The Group and the Bank				
Deposits and placements of banks and other financial institutions	2,115	1,827	10,907	5,775
Deposits from customers	9,860	6,342	36,875	26,286
Derivative financial instruments	11,192	3,649	33,375	7,545
Others	27	-	78	-
Total interest expense	<u>23,194</u>	<u>11,818</u>	<u>81,235</u>	<u>39,606</u>

24. Non-interest income

	Current quarter ended 30/06/2012 RM'000	Last year's quarter ended 30/06/2011 RM'000	Current year ended 30/06/2012 RM'000	Last year's ended 30/06/2011 RM'000
The Group				
(a) Fee income:				
Fee on loans and advances	790	62	1,828	2,328
Arranger fees	4,897	7,174	12,511	15,044
Guarantee fees	700	-	700	-
Corporate advisory fees	2,753	1,189	8,058	5,826
Underwriting Commission	396	509	1,286	1,838
Brokerage commissions	9,078	9,849	40,564	46,643
Net commission from futures business	229	181	882	699
Other fee income	3,200	2,327	18,363	14,255
	22,043	21,291	84,192	86,633
(b) Net realised (loss)/gain arising from sale of:				
- Financial assets held-for-trading	1,584	(1,247)	4,435	2,841
- Financial investments available-for-sale	234	690	444	690
- Derivative financial instruments	(6,111)	(7,534)	4,309	154
	(4,293)	(8,091)	9,188	3,685
(c) Dividend income from:				
- Financial assets held-for-trading	212	10	1,283	674
- Financial investments available-for-sale	48	92	220	92
	260	102	1,503	766
(d) Net unrealised (loss)/gain on revaluation of:				
- Financial assets held-for-trading	(1,320)	1,463	1,010	(1,014)
- Derivative financial instruments	(15,206)	173	(23,590)	1,363
	(16,526)	1,636	(22,580)	349
(e) Gain on disposal of property and equipment	104	-	106	1
(f) Gain on disposal of a subsidiary	571	-	571	-
(g) Foreign exchange gain/(loss)	24,340	(213)	25,659	(3,548)
(h) Other income/(expense)	1,271	(40)	1,206	(514)
Total non-interest income	27,770	14,685	99,845	87,372

24. Non-interest income (continued)

	Current quarter ended 30/06/2012 RM'000	Last year's quarter ended 30/06/2011 RM'000	Current year ended 30/06/2012 RM'000	Last year's ended 30/06/2011 RM'000
The Bank				
(a) Fee income:				
Fee on loans and advances	790	62	1,828	2,328
Arranger fees	4,897	7,174	12,511	15,044
Guarantee fees	700	-	700	-
Corporate advisory fees	2,753	1,189	8,058	5,826
Underwriting commissions	396	509	1,286	1,838
Brokerage commissions	9,078	9,849	40,564	46,643
Net commission from futures business	229	181	882	699
Other fee income	3,101	2,269	18,046	13,925
	21,944	21,233	83,875	86,303
(b) Net realised (loss)/gain arising from sale of:				
- Financial assets held-for-trading	1,584	(1,247)	4,435	2,841
- Financial investments available-for-sale	234	690	444	690
- Derivative financial instruments	(6,111)	(7,534)	4,309	154
	(4,293)	(8,091)	9,188	3,685
(c) Dividend income from:				
- Financial assets held-for-trading	212	10	1,283	674
- Financial investments available-for-sale	48	92	220	92
	260	102	1,503	766
(d) Net unrealised (loss)/gain on revaluation of:				
- Financial assets held-for-trading	(1,320)	1,463	1,010	(1,014)
- Derivative financial instruments	(15,206)	173	(23,590)	1,363
	(16,526)	1,636	(22,580)	349
(e) Gain on disposal of property and equipment	104	-	106	1
(f) Gain on disposal of subsidiary	81	-	81	-
(g) Foreign exchange gain/(loss)	24,340	(213)	25,659	(3,548)
(h) Other income/(expense)	1,271	(40)	1,206	(514)
Total non-interest income	27,181	14,627	99,038	87,042

25. Overhead expenses

	Current quarter ended 30/06/2012 RM'000	Last year's quarter ended 30/06/2011 RM'000	Current year ended 30/06/2012 RM'000	Last year's ended 30/06/2011 RM'000
The Group				
Personnel costs				
- Salaries, bonuses and allowances	7,610	5,711	34,974	28,742
- Option charge/(writeback) arising from ESOS	10	249	(4)	249
- Others	2,096	1,513	7,087	5,271
	9,716	7,473	42,057	34,262
Establishment costs				
- Depreciation of property and equipment	494	577	2,188	2,180
- Amortisation of intangible assets	166	187	733	779
- Rental	1,084	863	4,344	4,346
- Information technology expenses	1,293	1,313	4,061	4,257
- Others	536	541	1,972	2,508
	3,573	3,481	13,298	14,070
Marketing expenses				
- Advertisement and publicity	-	-	-	53
- Entertainment and business improvement	394	410	1,277	1,043
- Others	47	45	190	194
	441	455	1,467	1,290
Administration and general expenses				
- Management fees	860	370	2,257	1,900
- Teletransmission expenses	536	586	1,954	1,724
- Auditors' remuneration				
- Statutory audit	36	61	272	159
- Tax compliance fee	2	12	12	12
- Other fees	(6)	33	60	33
- Legal and professional fees	1,413	1,359	4,358	3,743
- Others	841	1,034	3,715	3,671
	3,682	3,455	12,628	11,242
	17,412	14,864	69,450	60,864

25. Overhead expenses (continued)

	Current quarter ended 30/06/2012 RM'000	Last year's quarter ended 30/06/2011 RM'000	Current year ended 30/06/2012 RM'000	Last year's ended 30/06/2011 RM'000
The Bank				
Personnel costs				
- Salaries, bonuses and allowances	7,578	5,684	34,878	28,621
- Option charge/(writeback) arising from ESOS	10	249	(4)	249
- Others	2,090	1,509	7,069	5,256
	9,678	7,442	41,943	34,126
Establishment costs				
- Depreciation of property and equipment	494	577	2,188	2,180
- Amortisation of intangible assets	166	187	733	779
- Rental	1,084	833	4,344	4,316
- Information technology expenses	1,293	1,313	4,061	4,257
- Others	536	536	1,972	2,503
	3,573	3,446	13,298	14,035
Marketing expenses				
- Advertisement and publicity	-	-	-	53
- Entertainment and business improvement	394	410	1,277	1,043
- Others	47	45	190	194
	441	455	1,467	1,290
Administration and general expenses				
- Management fees	860	370	2,257	1,900
- Teletransmission expenses	534	586	1,952	1,724
- Auditors' remuneration				
- Statutory audit	32	52	262	150
- Tax compliance fee	12	12	12	12
- Other fees	(6)	33	60	33
- Legal and professional fees	1,410	1,351	4,358	3,735
- Others	816	1,010	3,624	3,637
	3,658	3,414	12,525	11,191
	17,350	14,757	69,233	60,642

26. (Write-back of)/allowance for impairment on loans and advances and other losses

	Current quarter ended 30/06/2012 RM'000	Last year's quarter ended 30/06/2011 RM'000	Current year ended 30/06/2012 RM'000	Last year's ended 30/06/2011 RM'000
The Group				
Allowance for/(write-back of) losses on impaired loans and advances:				
Individual assessment allowance				
- made during the period	36	(2)	136	107
- written back during the period	(3,559)	(346)	(3,559)	(589)
Collective assessment allowance made/ (written back) during the period	486	120	1,171	(99)
Bad debts on clients' and brokers' balances				
- recovered	(59)	(65)	(118)	(278)
Allowance for losses on clients' and brokers' balances:				
Collective Assessment allowance written back during the period	-	-	-	(9)
Individual assessment allowance				
- made during the period	(14)	21	107	1,562
- written back during the period	2,374	315	(887)	(1,442)
	(736)	43	(3,150)	(748)
The Bank				
Allowance for/(write-back of) losses on impaired loans and advances:				
Individual assessment allowance				
- made during the period	36	(2)	136	107
- written back during the period	(3,559)	(346)	(3,559)	(589)
Collective assessment allowance made/ (written back) during the period	486	120	1,171	(99)
Bad debts on clients' and brokers' balances				
- recovered	(59)	(65)	(118)	(278)
Allowance for losses on clients' and brokers' balances:				
Collective Assessment allowance written back during the period	-	-	-	(9)
Individual assessment allowance				
- made during the period	(14)	21	107	1,562
- written back during the period	2,374	315	(887)	(1,442)
Allowance for impairment on subsidiaries	9	-	9	-
	(727)	43	(3,141)	(748)

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27. Commitments and contingencies

	30 June 2012			30 June 2011		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
The Group and the Bank						
Commitments and contingent liabilities						
Obligations under underwriting agreement	-	-	-	20,238	10,119	10,119
Direct Credit Substitutes	50,750	50,750	50,750	-	-	-
Other commitments, such as formal standby facilities and credit lines						
- maturity less than one year	15,266	3,053	3,053	-	-	-
Any commitments that are unconditionally cancelled at any time by the bank without prior notice						
- maturity less than one year	289,099	-	-	302,249	-	-
	355,115	53,803	53,803	322,487	10,119	10,119
Derivative Financial Instruments						
Interest rate related contracts:						
- One year or less	960,241	1,214	243	527,573	-	-
- Over one year to five years	2,579,963	48,838	9,767	2,057,370	18,572	3,714
- Over five years	57,189	-	-	123,810	-	-
Foreign exchange related contracts						
- One year or less	2,231,641	41,028	8,206	859,572	5,750	1,512
Equity related contracts						
- One year or less	-	-	-	44,675	-	-
- Over one year to five years	10,000	-	-	10,000	-	-
	5,839,034	91,080	18,216	3,623,000	24,322	5,226
	6,194,149	144,883	72,019	3,945,487	34,441	15,345

The credit equivalent amount and risk weighted amount are arrived at using the credit conversion factors and risk weights as defined in the BNM's revised Risk-weighted Capital Adequacy Framework ("RWCAF").

28. Capital adequacy

The capital adequacy ratios of the Group and the Bank as at the following dates:

	The Group		The Bank	
	As at 30/06/2012	As at 30/06/2011	As at 30/06/2012	As at 30/06/2011
Before deducting proposed dividends				
Core capital ratio	24.9%	38.1%	24.8%	38.2%
Risk-weighted capital ratio	25.3%	38.6%	25.1%	38.6%
After deducting proposed dividends				
Core capital ratio	23.3%	35.6%	23.1%	35.7%
Risk-weighted capital ratio	23.7%	36.1%	23.5%	36.1%
	The Group		The Bank	
	As at 30/06/2012 RM'000	As at 30/06/2011 RM'000	As at 30/06/2012 RM'000	As at 30/06/2011 RM'000
Components of Tier I and Tier II capital:				
<u>Tier I capital</u>				
Paid-up share capital	265,535	265,535	265,535	265,535
Retained profit	(30,759)	24,050	(31,416)	25,192
Statutory reserves	47,352	28,222	47,352	28,222
	282,128	317,807	281,471	318,949
Less: Goodwill	-	(28,986)	-	(30,236)
Deferred tax assets (net)	-	(41,716)	-	(41,716)
Total Tier I capital	282,128	247,105	281,471	246,997
<u>Tier II capital</u>				
Redeemable preference shares ("RPS")	1,631	1,631	1,631	1,631
Collective assessment allowance ⁽¹⁾	2,815	1,574	2,815	1,574
Total Tier II capital	4,446	3,205	4,446	3,205
Eligible Tier II capital	4,446	3,205	4,446	3,205
Total capital	286,574	250,310	285,917	250,202
Less: Investment in subsidiaries	-	-	(588)	(588)
Total capital base	286,574	250,310	285,329	249,614

The capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's revised Risk-Weighted Capital Adequacy Framework ("RWCAF-Basel II"). The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% (2011 - 8.00%) for the risk-weighted capital ratio.

Note :

⁽¹⁾ Excludes collective assessment allowance attributable to loans and advances classified as impaired.

28. Capital adequacy (continued)

	The Group		The Bank	
	As at	As at	As at	As at
	30/06/2012	30/06/2011	30/06/2012	30/06/2011
	RM'000	RM'000	RM'000	RM'000
Credit risk	745,440	286,172	750,181	286,833
Market risk	204,798	237,494	204,798	237,494
Operational risk	180,897	124,294	180,741	122,594
	<u>1,131,135</u>	<u>647,960</u>	<u>1,135,720</u>	<u>646,921</u>