

HONG LEONG INVESTMENT BANK BERHAD
(Company Number 43526-P)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2011

	Note	The Group		The Bank	
		As at 31/03/2011 RM'000	As at 30/06/2010 RM'000	As at 31/03/2011 RM'000	As at 30/06/2010 RM'000
ASSETS					
Cash and short term funds		678,346	660,553	675,751	658,043
Securities purchased under resale agreements		29,926	-	29,926	-
Deposits and placements with banks and other financial institutions		50,000	45,000	50,000	45,000
Financial assets held at fair value through profit or loss	12	906,826	431,411	906,826	431,411
Financial investments available- for-sale	13	111,889	245	111,889	245
Financial investments held-to-maturity	14	55,602	10,000	55,602	10,000
Loans and advances	15	100,068	117,926	100,068	117,926
Clients' and brokers' balances	16	166,235	80,590	166,235	80,590
Other receivables	17	36,302	13,300	41,530	15,332
Statutory deposits with Bank Negara Malaysia		7,800	4,000	7,800	4,000
Tax recoverable		17	131	17	131
Investment in subsidiary companies		-	-	588	588
Deferred tax assets		43,686	52,597	43,686	52,597
Prepaid lease payments		1,131	1,131	1,131	1,131
Property and equipment		6,537	5,296	6,537	5,296
Goodwill		28,986	28,986	30,236	30,236
Intangible assets		1,146	1,229	1,146	1,229
TOTAL ASSETS		2,224,497	1,452,395	2,228,968	1,453,755
LIABILITIES					
Deposits from customers	18	572,417	31,218	572,417	31,218
Deposits and placements of banks and other financial institutions	19	957,251	600,990	957,251	600,990
Clients' and brokers' balances		329,313	223,440	329,313	222,317
Payable and other liabilities	21	51,019	309,122	54,418	310,376
TOTAL LIABILITIES		1,910,000	1,164,770	1,913,399	1,164,901

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 2010.

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 (Company Number 43526-P)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2011

	Note	The Group		The Bank	
		As at 31/03/2011 RM'000	As at 30/06/2010 RM'000	As at 31/03/2011 RM'000	As at 30/06/2010 RM'000
EQUITY					
Share capital		265,535	265,535	265,535	265,535
Redeemable preference shares		1,631	1,631	1,631	1,631
Reserves		47,331	20,459	48,403	21,688
TOTAL EQUITY		314,497	287,625	315,569	288,854
TOTAL LIABILITIES AND EQUITY					
		2,224,497	1,452,395	2,228,968	1,453,755
COMMITMENTS AND CONTINGENCIES					
	27	5,562,216	3,492,940	5,562,216	3,492,940
CAPITAL ADEQUACY					
<u>Before and after deducting proposed dividends</u>					
	28				
Core Capital Ratio		41.1%	33.0%	40.7%	33.1%
Risk-Weighted Capital Ratio		41.7%	33.6%	41.2%	33.5%
Net assets per share attributable to ordinary equity holder of the Bank (RM)					
		1.18	1.08	1.19	1.09

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 2010.

HONG LEONG INVESTMENT BANK BERHAD
 (Company Number 43526-P)
INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011

		Current quarter ended 31/03/2011 RM'000	Last year's quarter ended 31/03/2010 RM'000	Current year ended 31/03/2011 RM'000	Last year's ended 31/03/2010 RM'000
<u>The Group</u>					
Operating revenue		45,340	18,152	112,233	52,422
Interest income	22	15,519	4,184	39,546	10,653
Interest expense	23	(10,491)	(1,684)	(27,788)	(3,397)
Net interest income		5,028	2,500	11,758	7,256
Other operating income	24	29,821	13,968	72,687	41,769
Net income		34,849	16,468	84,445	49,025
Other operating expenses	25	(21,247)	(11,980)	(46,000)	(32,568)
Operating profit		13,602	4,488	38,445	16,457
(Allowance for)/write-back of impairment on loans and advances	26	(443)	(260)	791	(512)
Profit before taxation		13,159	4,228	39,236	15,945
Taxation		(3,284)	(1,054)	(9,774)	(3,990)
Net profit for the period		9,875	3,174	29,462	11,955
Earnings per RM1.00 share:					
- basic and diluted (sen)		3.7	1.2	11.1	4.5

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 2010.

HONG LEONG INVESTMENT BANK BERHAD
(Company Number 43526-P)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011

	Current quarter ended 31/03/2011 RM'000	Last year's quarter ended 31/03/2010 RM'000	Current year ended 31/03/2011 RM'000	Last year's ended 31/03/2010 RM'000
Note				
<u>The Group</u>				
Net profit for the period	9,875	3,174	29,462	11,955
Other comprehensive income:				
Net gain on revaluation of financial investments available-for-sale	13	-	53	-
Income tax relating to components of other comprehensive income	(3)	-	(13)	-
Other comprehensive income for the period, net of tax	<u>10</u>	<u>-</u>	<u>40</u>	<u>-</u>
Total comprehensive income for the period	<u>9,885</u>	<u>3,174</u>	<u>29,502</u>	<u>11,955</u>

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 2010.

HONG LEONG INVESTMENT BANK BERHAD
 (Company Number 43526-P)
INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011

		Current quarter ended 31/03/2011 RM'000	Last year's quarter ended 31/03/2010 RM'000	Current year ended 31/03/2011 RM'000	Last year's ended 31/03/2010 RM'000
	Note				
<u>The Bank</u>					
Operating revenue		45,267	18,085	111,961	52,107
Interest income	22	15,519	4,184	39,546	10,653
Interest expense	23	(10,491)	(1,684)	(27,788)	(3,397)
Net interest income		5,028	2,500	11,758	7,256
Other operating income	24	29,748	13,901	72,415	41,454
Net income		34,776	16,401	84,173	48,710
Other operating expenses	25	(21,200)	(11,949)	(45,885)	(32,243)
Operating profit		13,576	4,452	38,288	16,467
(Allowance for)/write-back of impairment on loans and advances	26	(443)	(260)	791	(512)
Profit before taxation		13,133	4,192	39,079	15,955
Taxation		(3,284)	(1,054)	(9,774)	(3,990)
Net profit for the period		9,849	3,138	29,305	11,965
Earnings per RM1.00 share:					
- basic and diluted (sen)		3.7	1.2	11.0	4.5

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 2010.

HONG LEONG INVESTMENT BANK BERHAD
 (Company Number 43526-P)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011

	Current quarter ended 31/03/2011 RM'000	Last year's quarter ended 31/03/2010 RM'000	Current year ended 31/03/2011 RM'000	Last year's ended 31/03/2010 RM'000
<u>The Bank</u>				
Net profit for the period	9,849	3,138	29,305	11,965
Other comprehensive income				
Net gain on revaluation of financial investments available-for-sale	53	-	53	-
Income tax relating to components of other comprehensive income	(13)	-	(13)	-
Other comprehensive income for the period, net of tax	40	-	40	-
Total comprehensive income for the period	9,889	3,138	29,345	11,965

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 2010.

HONG LEONG INVESTMENT BANK BERHAD
(Company Number 43526-P)
INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011

	Share Capital RM'000	Redeemable Preference Share RM'000	Share Premium RM'000	Non-Distributable <u>Reserves</u> Statutory Reserves RM'000	Other Reserves RM'000	Distributable <u>Reserves</u> Retained Profits RM'000	Total RM'000
<u>The Group</u>							
At 1 July 2010	265,535	1,631	-	11,044	-	9,415	287,625
- effect of adopting FRS139	-	-	-	-	-	(2,630)	(2,630)
At 1 July 2010, as restated	265,535	1,631	-	11,044	-	6,785	284,995
Net profit for the period	-	-	-	-	-	29,462	29,462
Other comprehensive income	-	-	-	-	40	-	40
Total comprehensive income for the period	-	-	-	-	40	29,462	29,502
At 31 March 2011	265,535	1,631	-	11,044	40	36,247	314,497
At 1 July 2009	123,500	1,631	142,035	4,362	-	2,743	274,271
Net profit for the period	-	-	-	-	-	11,955	11,955
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	11,955	11,955
Issue of ordinary shares	142,035	-	(142,035)	-	-	-	-
At 31 March 2010	265,535	1,631	-	4,362	-	14,698	286,226

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 2010.

HONG LEONG INVESTMENT BANK BERHAD
(Company Number 43526-P)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011

	Share Capital RM'000	Redeemable Preference Share RM'000	Share Premium RM'000	Non-Distributable <u>Reserves</u> Statutory Reserves RM'000	Other Reserves RM'000	Distributable <u>Reserves</u> Retained Profits RM'000	Total RM'000
<u>The Bank</u>							
At 1 July 2010	265,535	1,631	-	11,044	-	10,644	288,854
- effect of adopting FRS139	-	-	-	-	-	(2,630)	(2,630)
At 1 July 2010, as restated	265,535	1,631	-	11,044	-	8,014	286,224
Net profit for the period	-	-	-	-	-	29,305	29,305
Other comprehensive income	-	-	-	-	40	-	40
Total comprehensive income for the period	-	-	-	-	40	29,305	29,345
At 31 March 2011	265,535	1,631	-	11,044	40	37,319	315,569
At 1 July 2009	123,500	1,631	142,035	4,362	-	3,963	275,491
Net profit for the period	-	-	-	-	-	11,965	11,965
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	11,965	11,965
Issue of ordinary shares	142,035	-	(142,035)	-	-	-	-
At 31 March 2010	265,535	1,631	142,035	4,362	-	15,928	287,456

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 2010.

HONG LEONG INVESTMENT BANK BERHAD
(Company Number 43526-P)
INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011

	The Group		The Bank	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	39,236	15,945	39,079	15,955
Adjustments for non-cash items	(25,690)	(5,048)	(25,690)	(5,048)
Operating profit before changes in working capital	13,546	10,897	13,389	10,907
Changes in working capital:				
Net changes in operating assets	(627,263)	(123,509)	(630,459)	(122,883)
Net changes in operating liabilities	693,994	297,422	699,784	297,567
Net taxes received	120	-	120	-
Net cash generated from operating activities	80,397	184,810	82,834	185,591
Net cash used in investing activities	(87,896)	(180,996)	(87,896)	(180,996)
Net cash used in financing activities	-	-	-	-
Net change in cash and cash equivalents	(7,499)	3,814	(5,062)	4,595
Cash and cash equivalents at beginning of the year	480,828	55,546	478,318	54,674
Cash and cash equivalents at end of the period	473,329	59,360	473,256	59,269
Cash and cash equivalents comprise of:				
Cash and short term funds	678,346	239,865	675,751	234,324
Less: Remisiers' and clients' trust monies	(205,017)	(180,505)	(202,495)	(175,055)
	473,329	59,360	473,256	59,269

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 2010.

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 2010. 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 2010.

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 2010, 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" and FRS 127 "Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate"
- Amendments to FRS 2 "Share-based Payment Vesting Conditions and Cancellations"
- FRS 7 "Financial Instruments: Disclosures"
- Amendments to FRS 139 "Financial Instruments: Recognition and Measurement", FRS 7 "Financial Instruments: Disclosures" and IC Interpretation 9 "Reassessment of Embedded Derivatives"
- FRS 101 "Presentation of Financial Statements"
- FRS 139 "Financial Instruments: Recognition and Measurement"
- Amendment to FRS 117 "Leases"
- Amendment to FRS 119 "Employee Benefits"
- Amendment to FRS 127 "Consolidated and Separate Financial Statements"
- Amendments to FRS 132 "Financial Instruments: Presentation"
- Amendments to FRS 134 "Interim Financial Reporting"
- Amendments to FRS 138 "Intangible Assets"
- IC Interpretation 9 "Reassessment of Embedded Derivatives"
- IC Interpretation 10 "Interim Financial Reporting and Impairment "
- IC Interpretation 11 "FRS 2 Group and Treasury Share Transactions"
- IC Interpretation 14 "FRS 119 The Limit on a Defined Benefit Assets, Minimum Funding Requirement and their Interaction"
- FRS 1 "First-time Adoption of Financial Reporting Standards"
- Amendments to FRS 1 "Limited Exemption from Comparative FRS 7 Disclosures for First-Time Adopters"
- Amendments to FRS 1 "Additional Exemptions for First-time Adopters"
- Amendments to FRS 2 "Share-based Payment"
- Amendments to FRS 2 "Group Cash-settled Share-based Payment Transactions"
- FRS 3 "Business Combinations"
- Amendments to FRS 7 "Improving Disclosures about Financial Instruments"
- FRS 127 "Consolidated and Separate Financial Statements"
- Amendments to FRS 138 "Intangible Assets"
- Amendments to IC Interpretation 9 "Reassessment of Embedded Derivatives"
- IC Interpretation 4 "Determining Whether an Arrangement Contain a Lease"

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1. Basis of preparation (continued)

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. The principal effects of the changes in accounting policies arising from the adoption of FRS 139 and its related amendments to FRSs and IC Interpretations are disclosed in Note 29.

Amendments to FRS 139 included an additional transitional arrangement for entities in the financial sector, whereby BNM may prescribe the use of an alternative basis for collective assessment of impairment by banking institutions. This transitional arrangement, as prescribed in the BNM's Guidelines on Classification and Impairment Provisions for Loans/Financing, and its principal effects are also disclosed in Note 29.

2. Auditors' report on preceding annual financial statements

The auditors' report on the audited financial statements for the financial year ended 30 June 2010 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 31 March 2011.

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 31 March 2011.

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 31 March 2011.

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 31 March 2011.

7. Dividends

There was no dividend has been paid during the financial quarter ended 31 March 2011.

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8. Valuations of Property, Plant and Equipment

No valuations of property, plant and equipment were carried out for the financial quarter ended 31 March 2011.

9. Subsequent Events

There were no material events subsequent to the end of the reporting period that require disclosure or adjustments to the unaudited interim financial statements.

10. Performance review

The Group achieved a profit before tax of RM13.2 million in current quarter as compared to RM4.2 million in the preceding year corresponding quarter. The increase in profit was mainly due to higher other operating income which was mainly contributed by investment banking business achieved in the current quarter as compared to the preceding year corresponding quarter.

11. Prospect for the next financial year

The Group is expected to show satisfactory performance in the coming financial year ending 30 June 2011 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 at fair value through profit or loss

	The Group and the Bank	
	As at	As at
	31/03/2011	30/06/2010
	RM'000	RM'000
Financial assets held-for-trading		
Bank Negara Malaysia Bills	139,416	188,748
Malaysian Government Securities	50,055	-
Negotiable instruments of deposits	250,023	45,003
Bankers' acceptances	297,852	-
Quoted securities:		
Shares in Malaysia	7,058	7,117
Unquoted securities:		
Private debt securities in Malaysia	110,791	190,543
Private debt securities outside Malaysia	51,631	-
Total financial assets held-for-trading	906,826	431,411

13. Financial investments available-for-sale

	The Group and the Bank	
	As at	As at
	31/03/2011	30/06/2010
	RM'000	RM'000
Cagamas bonds	5,101	-
Unquoted securities:		
Shares in Malaysia	2,445	245
Private debt securities in Malaysia	104,343	-
Total financial investments available-for-sale	111,889	245

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14. Financial investments held-to-maturity

	The Group and the Bank	
	As at	As at
	31/03/2011	30/06/2010
	RM'000	RM'000
At amortised cost		
Malaysian Government Securities	20,013	-
Malaysian Government Investment Issues	5,077	-
Cagamas bonds	10,242	-
Negotiable instruments of deposits	-	10,000
Unquoted securities:		
Private debt securities in Malaysia	20,270	-
Total financial investments held-to-maturity	<u>55,602</u>	<u>10,000</u>

15. Loans and advances

	The Group and the Bank	
	As at	As at
	31/03/2011	30/06/2010
	RM'000	RM'000
At amortised cost		
Term loans	20,028	47,559
Share margin financing	62,385	46,647
Revolving credits	24,206	28,204
Gross loans and advances	<u>106,619</u>	<u>122,410</u>
Allowance for impaired loans and advances:		
- individual assessment allowance	(5,027)	-
- collective assessment allowance	(1,524)	-
- specific allowance	-	(2,688)
- general allowance	-	(1,796)
Net loans and advances	<u>100,068</u>	<u>117,926</u>

15a. By type of customer

Domestic business enterprises		
- Small and medium enterprises	7,445	2,007
- Others	41,874	73,526
Individuals	56,043	45,197
Foreign non-bank entities	1,257	1,680
Gross loans and advances	<u>106,619</u>	<u>122,410</u>

15b. By interest rate sensitivity

Fixed rate		
- Other fixed rate loan/financing	62,385	46,647
Variable rate		
- Cost plus	44,234	75,763
Gross loans and advances	<u>106,619</u>	<u>122,410</u>

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15. Loans and advances (continued)

	The Group and the Bank	
	As at	As at
	31/03/2011	30/06/2010
	RM'000	RM'000
15c. <u>By residual contractual maturity</u>		
Maturity within 1 year	106,619	122,410
Gross loans and advances	106,619	122,410
15d. <u>By geographical distribution</u>		
Malaysia	106,619	122,410
Other countries	-	-
Gross loans and advances	106,619	122,410
15e. <u>By economic purpose</u>		
Working capital	30,917	60,841
Purchase of securities	75,702	61,569
Gross loans and advances	106,619	122,410
15f. Movements in impaired loans and advances ("impaired loans") are as follows:		
Impaired loans and advances		
At 1 July		
- as previously stated	2,688	2,521
- effect of adopting FRS139	10,012	-
At 1 July, as restated	12,700	2,521
Impaired during the period/year	109	178
Recoveries	(1,435)	(11)
Pre-acquisition adjustment	(1,086)	-
Closing balance	10,288	2,688
Gross impaired loans as a percentage of gross loans and advances	9.6%	2.2%
15g. <u>Impaired loans and advances by geographical distribution</u>		
Malaysia	10,288	2,688
15h. <u>Impaired loans and advances by economic purpose</u>		
Working capital	8,820	-
Purchase of securities	1,468	2,688
Gross impaired loans and advances	10,288	2,688

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15. Loans and advances (continued)

	The Group and the Bank	
	As at 31/03/2011 RM'000	As at 30/06/2010 RM'000
15i. Movements in allowance for impaired loans and advances are as follows:		
<u>Collective assessment allowance</u>		
At 1 July		
- as previously stated	-	-
- effect of adopting FRS139	1,743	-
At 1 July, as restated	1,743	-
Allowance written back during the period/year	(219)	-
Closing balance	<u>1,524</u>	<u>-</u>
As % of gross loans and advances less individual assessment allowance	<u>1.5%</u>	<u>-</u>
<u>Individual assessment allowance</u>		
At 1 July		
- as previously stated	-	-
- effect of adopting FRS139	6,247	-
At 1 July, as restated	6,247	-
Allowance made during the period/year	109	-
Recoveries	(243)	-
Pre-acquisition adjustment	(1,086)	-
Closing balance	<u>5,027</u>	<u>-</u>
<u>General allowance</u>		
At 1 July		
- as previously stated	1,796	1,254
- effect of adopting FRS139	(1,796)	-
At 1 July, as restated	-	1,254
Allowance made during the period/year	-	542
Closing balance	<u>-</u>	<u>1,796</u>
As % of gross loans and advances less specific allowance	<u>-</u>	<u>1.5%</u>
<u>Specific allowance</u>		
At 1 July		
- as previously stated	2,688	2,521
- effect of adopting FRS139	(2,688)	-
At 1 July, as restated	-	2,521
Allowance made during the period/year	-	178
Written back during the period/year	-	(11)
Closing balance	<u>-</u>	<u>2,688</u>

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16. Clients' and brokers' balances

	The Group and the Bank	
	As at	As at
	31/03/2011	30/06/2010
	RM'000	RM'000
Performing accounts	165,897	80,456
Impaired accounts	14,806	37,813
Less: Individual assessment allowance	(13,776)	(37,043)
Collective assessment allowance	-	(9)
Interest-in-suspense	(692)	(627)
	166,235	80,590

17. Other receivables

	The Group		The Bank	
	As at	As at	As at	As at
	31/03/2011	30/06/2010	31/03/2011	30/06/2010
	RM'000	RM'000	RM'000	RM'000
Interest receivable	8,827	4,008	8,827	4,008
Derivative financial instruments (Note 20)	2,346	23	2,346	23
Amount due from holding company	39	-	550	-
Amount due from subsidiary companies	-	-	5,303	745
Deposits and prepayments	4,506	2,876	4,506	2,876
Other receivables	20,584	6,393	19,998	7,680
	36,302	13,300	41,530	15,332

18. Deposits from customers

	The Group and the Bank	
	As at	As at
	31/03/2011	30/06/2010
	RM'000	RM'000
18a. <u>By type of deposit</u>		
Fixed deposits	572,417	31,218
18b. <u>By type of customer</u>		
Federal and state governments	30,000	-
Local government and statutory authorities	5,000	-
Business enterprises	536,407	31,218
Individuals	1,010	-
	572,417	31,218

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

Due within six months	572,417	31,218
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19. Deposits and placements of banks and other financial institutions

	The Group and the Bank	
	As at	As at
	31/03/2011	30/06/2010
	RM'000	RM'000
Licensed banks	169,197	61,000
Other financial institutions	788,054	539,990
	<u>957,251</u>	<u>600,990</u>

20. Derivative financial instruments

	The Group and the Bank	
	As at	As at
	31/03/2011	30/06/2010
	RM'000	RM'000
Derivatives at fair value through profit or loss		
- Interest rate swaps	959	23
- Currency forwards	198	-
- Futures	1,189	-
Total derivative financial assets	<u>2,346</u>	<u>23</u>
Derivatives at fair value through profit or loss		
- Futures	369	1,194
- Interest rate swaps	1,892	-
- Currency forwards	55	-
Total derivative financial liabilities	<u>2,316</u>	<u>1,194</u>

21. Payables and other liabilities

	The Group		The Bank	
	As at	As at	As at	As at
	31/03/2011	30/06/2010	31/03/2011	30/06/2010
	RM'000	RM'000	RM'000	RM'000
Amount due to holding company	-	272	-	272
Amount due to subsidiary companies	-	-	88	89
Remisiers' trust deposits	10,904	10,687	10,904	10,687
Derivative financial instruments (Note 20)	2,316	1,194	2,316	1,194
Other payables and accrued liabilities	35,522	295,846	38,833	297,011
Interest payable	1,848	703	1,848	703
Post employment benefits obligation	-	-	-	-
- defined contribution plan	429	420	429	420
	<u>51,019</u>	<u>309,122</u>	<u>54,418</u>	<u>310,376</u>

HLIB Q3 (31.03.2011)**22. Interest income**

	Current quarter ended 31/03/2011 RM'000	Last year's quarter ended 31/03/2010 RM'000	Current year ended 31/03/2011 RM'000	Last year's ended 31/03/2010 RM'000
The Group and the Bank				
Loan and advances	1,630	1,578	4,426	4,593
Money at call and deposits placements with banks and other financial institutions	3,514	892	10,735	1,361
Financial assets held at fair value through profit or loss	8,861	150	20,110	150
Financial investments available-for-sale	1,157	1,491	2,520	4,349
Financial investments held-to-maturity	341	-	1,456	-
Others	279	74	685	201
	<u>15,782</u>	<u>4,185</u>	<u>39,932</u>	<u>10,654</u>
Accretion of discount less amortisation of premium	(263)	(1)	(386)	(1)
Total interest income	<u>15,519</u>	<u>4,184</u>	<u>39,546</u>	<u>10,653</u>
Of which:				
Interest income earned on impaired loans and advances	<u>85</u>	<u>-</u>	<u>290</u>	<u>-</u>

23. Interest expense

	Current quarter ended 31/03/2011 RM'000	Last year's quarter ended 31/03/2010 RM'000	Current year ended 31/03/2011 RM'000	Last year's ended 31/03/2010 RM'000
The Group and the Bank				
Deposits and placements of banks and other financial institutions	3,376	68	7,844	99
Deposits from customers	7,115	1,616	19,944	3,298
Total interest expense	<u>10,491</u>	<u>1,684</u>	<u>27,788</u>	<u>3,397</u>

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24. Other operating income

	Current quarter ended 31/03/2011 RM'000	Last year's quarter ended 31/03/2010 RM'000	Current year ended 31/03/2011 RM'000	Last year's ended 31/03/2010 RM'000
The Group				
(a) Fee income:				
Fee on loans and advances	795	114	2,266	437
Arranger fees	886	1,750	7,870	3,741
Corporate advisory fees	1,762	495	4,637	675
Underwriting commissions	-	-	1,329	-
Brokerage commissions	14,472	10,364	36,794	32,142
Net commission from futures business	241	-	518	-
Other fee income	9,043	206	11,928	1,761
	<u>27,199</u>	<u>12,929</u>	<u>65,342</u>	<u>38,756</u>
(b) Net gain arising from sale of securities - held at fair value through profit or loss	9,744	35	11,776	573
(c) Gross dividend from securities - held at fair value through profit or loss	366	299	664	598
(d) Unrealised (loss)/gain on revaluation of financial assets held at fair value through profit or loss	(3,843)	560	(1,287)	1,278
(e) Gain on disposal of property and equipment	-	248	1	248
(f) Other (expense)/income	(3,645)	(103)	(3,809)	316
Total other operating income	<u>29,821</u>	<u>13,968</u>	<u>72,687</u>	<u>41,769</u>

HLIB Q3 (31.03.2011)
24. Other operating income (continued)

	Current quarter ended 31/03/2011 RM'000	Last year's quarter ended 31/03/2010 RM'000	Current year ended 31/03/2011 RM'000	Last year's ended 31/03/2010 RM'000
The Bank				
(a) Fee income:				
Fee on loans and advances	795	114	2,266	437
Arranger fees	886	1,750	7,870	3,741
Corporate advisory fees	1,762	495	4,637	675
Underwriting commissions	-	-	1,329	-
Brokerage commissions	14,472	10,364	36,794	32,142
Net commission from futures business	241	-	518	-
Other fee income	8,970	139	11,656	1,446
	27,126	12,862	65,070	38,441
(b) Net gain arising from sale of securities - held at fair value through profit or loss	9,744	35	11,776	573
(c) Gross dividend from securities - held at fair value through profit or loss	366	299	664	598
(d) Unrealised (loss)/gain on revaluation of financial assets held at fair value through profit or loss	(3,843)	560	(1,287)	1,278
(e) Gain on disposal of property and equipment	-	248	1	248
(f) Other (expense)/income	(3,645)	(103)	(3,809)	316
Total other operating income	29,748	13,901	72,415	41,454

25. Other operating expenses

	Current quarter ended 31/03/2011 RM'000	Last year's quarter ended 31/03/2010 RM'000	Current year ended 31/03/2011 RM'000	Last year's ended 31/03/2010 RM'000
The Group				
Personnel costs	14,813	7,283	26,789	18,173
- Salaries, allowances and bonuses	12,880	5,635	23,031	14,605
- Others	1,933	1,648	3,758	3,568
Establishment costs	3,193	2,688	10,589	8,131
- Depreciation of property and equipment	550	416	1,603	1,191
- Amortisation of intangible assets	201	177	592	445
- Rental	1,115	901	3,483	2,726
- Information technology expenses	840	922	2,944	2,839
- Others	487	272	1,967	930
Marketing expenses	336	199	835	489
- Advertisement and publicity	-	15	53	22
- Entertainment and business improvement	278	139	633	387
- Others	58	45	149	80
Administration and general expenses	2,905	1,810	7,787	5,775
- Management fees	515	243	1,530	828
- Teletransmission expenses	580	392	1,735	1,080
- Audit fees	34	25	98	95
- Legal and professional fees	927	622	2,384	2,158
- Others	849	528	2,040	1,614
	21,247	11,980	46,000	32,568

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25. Other operating expenses (continued)

	Current quarter ended 31/03/2011 RM'000	Last year's quarter ended 30/06/2010 RM'000	Current year ended 31/03/2011 RM'000	Last year's ended 30/06/2010 RM'000
The Bank				
Personnel costs	14,767	7,253	26,684	18,049
- Salaries, allowances and bonuses	12,838	-	22,937	8,886
- Others	1,929	7,253	3,747	9,163
Establishment costs	3,193	2,688	10,589	8,131
- Depreciation of property and equipment	550	416	1,603	1,191
- Amortisation of intangible assets	201	177	592	445
- Rental	1,115	901	3,483	2,726
- Information technology expenses	840	922	2,944	2,839
- Others	487	272	1,967	930
Marketing expenses	336	199	835	489
- Advertisement and publicity	-	15	53	22
- Entertainment and business improvement	278	139	633	387
- Others	58	45	149	80
Administration and general expenses	2,904	1,809	7,777	5,574
- Management fees	515	243	1,530	828
- Teletransmission expenses	580	392	1,735	1,080
- Audit fees	34	25	98	95
- Legal and professional fees	927	622	2,384	2,158
- Others	848	527	2,030	1,413
	21,200	11,949	45,885	32,243

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26. Allowance for/(write-back of) impairment on loans and advances

	Current quarter ended 31/03/2011 RM'000	Last year's quarter ended 31/03/2010 RM'000	Current year ended 31/03/2011 RM'000	Last year's ended 31/03/2010 RM'000
The Group and the Bank				
Allowance for/(write-back of) losses on impaired loans and advances:				
Specific allowance				
- written back during the period	-	-	-	(11)
- made during the period	-	27	-	158
General allowance written back during the period				
	-	(18)	-	165
Individual assessment allowance				
- written back during the period	3	-	(243)	-
- made during the period	37	-	109	-
Collective assessment allowance made/(written back) during the period				
	(1)	-	(219)	-
Bad debts on loans and advance				
- recovered	-	(16)	-	(16)
Allowance for losses on clients' and brokers' balances:				
Specific allowance				
- made during the period	-	265	-	254
Individual assessment allowance				
- written back during the period	(847)	-	(1,757)	-
- made during the period	1,411	-	1,541	-
General allowance written back during the period				
	-	2	(9)	(38)
Bad debts on clients' and brokers' balances				
- Recovered	(160)	-	(213)	-
	443	260	(791)	512

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27. Commitments and contingencies

	31 March 2011			30 June 2010		
	Principal Amount RM'000	Credit Equivalent RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent RM'000	Risk Weighted Amount RM'000
The Group and the Bank						
<u>Commitments and contingent liabilities</u>						
Any commitment that are unconditionally cancelled at any time by the bank without prior notice						
- maturity less than 1 year	<u>273,814</u>	-	-	<u>267,940</u>	-	-
<u>Derivative Financial Instruments</u>						
Interest rate related contracts:						
- One year or less	1,053,465	-	-	680,000	-	-
- Over one year to five years	3,877,671	15,159	3,032	2,545,000	1,021	204
- Over five years	309,252	-	-	-	-	-
Foreign exchange related contracts						
- One year or less	<u>48,014</u>	<u>198</u>	<u>40</u>	-	-	-
	<u>5,288,402</u>	<u>15,357</u>	<u>3,072</u>	<u>3,225,000</u>	<u>1,021</u>	<u>204</u>
	<u>5,562,216</u>	<u>15,357</u>	<u>3,072</u>	<u>3,492,940</u>	<u>1,021</u>	<u>204</u>

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").

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28. Capital adequacy

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

	The Group		The Bank	
	As at 31/03/2011	As at 30/06/2010	As at 31/03/2011	As at 30/06/2010
<u>Before and after deducting proposed dividends</u>				
Core capital ratio	41.1%	33.0%	40.7%	33.1%
Risk-weighted capital ratio	41.7%	33.6%	41.2%	33.5%
<u>After deducting proposed dividends</u>				
Core capital ratio	41.1%	33.0%	40.7%	33.1%
Risk-weighted capital ratio	41.7%	33.6%	41.2%	33.5%
	The Group		The Bank	
	As at 31/03/2011 RM'000	As at 30/06/2010 RM'000	As at 31/03/2011 RM'000	As at 30/06/2010 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	9,415	9,415	10,644	10,644
Statutory reserves	11,044	11,044	11,044	11,044
	285,994	285,994	287,223	287,223
Less: Goodwill	(28,986)	(28,986)	(30,236)	(30,236)
Deferred tax assets (net)	(52,597)	(52,597)	(52,597)	(52,597)
Total Tier I capital	204,411	204,411	204,390	204,390
<u>Tier II capital</u>				
Redeemable preference shares ("RPS")	1,631	1,631	1,631	1,631
Collective assessment allowance	1,524	-	1,524	-
General allowance	-	1,805	-	1,805
Total tier II capital	3,155	3,436	3,155	3,436
Total capital	207,566	207,847	207,545	207,826
Less: Investment in subsidiary companies	-	-	(588)	(588)
Capital base	207,566	207,847	206,957	207,238

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% (2010 - 8.00%) for the risk-weighted capital ratio.

HLIB Q3 (31.03.2011)**28. Capital adequacy (continued)**

	The Group		The Bank	
	As at	As at	As at	As at
	31/03/2011	30/06/2010	31/03/2011	30/06/2010
	RM'000	RM'000	RM'000	RM'000
Credit risk	212,911	354,669	217,620	356,198
Market risk	175,582	177,473	175,582	177,473
Operational risk	109,116	86,750	108,946	84,507
	497,609	618,892	502,148	618,178

The detailed disclosures on the capital base and risk-weighted assets, are presented in accordance with para 4.3 of BNM's Guidelines on Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirement (Pillar 3).

29. Change in accounting policies and prior year adjustments

With effect from 1 January 2005, the BNM's Revised Guidelines on Financial Reporting for Licensed Institutions ('BNM/GP8'), whereby certain principles in connection with the recognition, derecognition and measurement of financial instruments and hedge accounting are similar to those prescribed by FRS 139, have been adopted by the Group and the Bank. Therefore, the adoption of FRS 139 on 1 July 2010 has resulted in the following material changes in accounting policies as follows:

1) Impairment of loans and advances

Prior to 1 July 2010, the Group and the Bank loan loss allowances were determined in accordance with the BNM/GP3 Guidelines on the Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts ('BNM/GP3').

Under FRS 139, the Group and the Bank first assesses individually whether objective evidence of impairment exists individually for loans.

Loan impairment is calculated as the difference between the carrying amount and the present value of future expected cash flows discounted at the original effective interest rate ('EIR') of loans and advances. The carrying amount of the loans and advances is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

In the Amendments to FRS 139 listed above, MASB has included an additional transitional arrangement for entities in the financial sector, whereby BNM may prescribe an alternative basis for collective assessment of impairment by banking institutions. This transitional arrangement is prescribed in BNM's guidelines on Classification and Impairment Provisions for Loans/Financing issued on 8 January 2010, whereby banking institutions are required to maintain collective assessment impairment allowances of at least 1.5% of total outstanding loans/financing, net of individual impairment allowance. Subject to the written approval by BNM, banking institutions are allowed to maintain a lower collective assessment impairment allowance. The collective assessment impairment allowances of the Group and the Bank as at the reporting date has been arrived at based on this transitional arrangement issued by BNM.

The adoption of FRS 139 and the transitional provision has resulted in the following adjustments against the retained profit of the Group and the Bank as at 1 July 2010:

	The Group and the Bank
	RM'000
i) Write back of specific allowance	(2,688)
ii) Write back of general allowance	(1,796)
iii) Opening adjustment in collective assessment allowance	1,743
iv) Opening adjustment in individual assessment allowance	6,247
v) Opening adjustment in deferred tax assets	(876)
	<hr/>

29. Change in accounting policies and prior year adjustments (continued)

2) Recognition of interest income

Prior to 1 July 2010, interest on loans and advances was recognised in the income statement at contracted interest rates. FRS 139 requires interest income to be recognised on an EIR basis. The EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the loan or, when appropriate, a shorter period to the net carrying amount of the loan.

Prior to the adoption of FRS 139, where a loan becomes non-performing, interest accrued and recognised as income prior to the date the loans are classified as non-performing are reversed out of the income statement and set off against the accrued interest receivable account in the balance sheet. Subsequently, the interest earned on the non-performing loans shall be recognised as income on cash basis.

Upon adoption of FRS 139, once a loan has been written down due to impairment loss, interest income is recognised based on the interest rate used to discount the future cash flows for the purpose of measuring impairment loss.

3) Recognition of Embedded Derivatives

Upon the adoption of FRS 139, embedded derivatives are to be separated from the host contract and accounted for as a derivative if the economic characteristics and risks of the embedded derivative are not closely related to that of the host contract.

Based on the assessment by the Group and the Bank upon adoption of FRS 139 on 1 July 2010, there were no embedded derivatives which were not closely related to the host contracts and which required bifurcation.