

HONG LEONG INVESTMENT BANK BERHAD
(Company Number 43526-P)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012

	Note	The Group		The Bank	
		As at 31/3/2012 RM'000	As at 30/06/2011 RM'000	As at 31/3/2012 RM'000	As at 30/06/2011 RM'000
ASSETS					
Cash and short term funds		979,260	850,712	966,720	850,415
Reverse repurchase agreements		83,981	159,684	83,981	159,684
Deposits and placements with banks and other financial institutions		371,680	60,125	371,680	60,125
Financial assets held-for-trading	12	713,943	423,345	713,943	423,345
Financial investments available- for-sale	13	170,825	74,882	170,825	74,882
Financial investments held-to-maturity	14	481,698	112,647	481,698	112,647
Derivative financial assets	20	21,376	5,358	21,376	5,358
Loans and advances	15	152,950	107,975	152,950	107,975
Clients' and brokers' balances	16	236,317	165,813	236,317	165,813
Other assets	17	39,473	68,022	46,322	68,743
Statutory deposits with Bank Negara Malaysia		33,100	17,800	33,100	17,800
Tax recoverable		17	17	17	17
Investment in subsidiary companies		-	-	588	588
Deferred tax assets		32,548	41,716	32,548	41,716
Property and equipment		6,647	7,800	6,647	7,800
Goodwill		28,986	28,986	30,236	30,236
Intangible assets		1,092	993	1,092	993
TOTAL ASSETS		3,353,893	2,125,875	3,350,040	2,128,137
LIABILITIES					
Deposits from customers	18	654,081	395,243	654,081	395,243
Deposits and placements of banks and other financial institutions	19	1,666,910	747,999	1,666,910	747,999
Derivative financial liabilities	20	29,556	5,159	29,556	5,159
Clients' and brokers' balances		571,999	582,461	571,999	582,461
Other liabilities	21	100,399	75,519	95,456	76,639
TOTAL LIABILITIES		3,022,945	1,806,381	3,018,002	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.

HONG LEONG INVESTMENT BANK BERHAD
(Company Number 43526-P)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012

	Note	The Group		The Bank	
		As at 31/3/2012 RM'000	As at 30/06/2011 RM'000	As at 31/3/2012 RM'000	As at 30/06/2011 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		63,782	52,328	64,872	53,470
TOTAL EQUITY		330,948	319,494	332,038	320,636
TOTAL LIABILITIES AND EQUITY					
		3,353,893	2,125,875	3,350,040	2,128,137
COMMITMENTS AND CONTINGENCIES					
	27	3,361,883	2,958,703	3,361,883	2,958,703
CAPITAL ADEQUACY					
	28				
Core Capital Ratio		19.15%	35.62% *	19.07%	35.66% *
Risk Weighted Capital Ratio		19.47%	36.11% *	19.35%	36.06% *
Net assets per share attributable to ordinary equity holder of the Bank (RM)					
		1.25	1.20	1.25	1.21

* After deducting the final dividend

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 PERIOD ENDED 31 MARCH 2012

		Current quarter ended 31/03/2012	Last year's quarter ended 31/03/2011	Current year ended 31/03/2012	Last year's ended 31/03/2011
	Note	RM'000	RM'000	RM'000	RM'000
The Group					
Operating revenue		59,477	45,340	143,846	112,233
Interest income	22	28,431	15,519	71,771	39,546
Interest expense	23	(24,355)	(10,491)	(58,041)	(27,788)
Net interest income		4,076	5,028	13,730	11,758
Non-interest income	24	31,046	29,821	72,075	72,687
Net income		35,122	34,849	85,805	84,445
Overhead expenses	25	(22,045)	(21,247)	(52,038)	(46,000)
Operating profit before allowances (Allowance for)/Write-back of impairment on loans and advances and other losses	26	13,077	13,602	33,767	38,445
Profit before taxation		12,685	13,159	36,181	39,236
Taxation		(3,164)	(3,284)	(9,037)	(9,774)
Net profit for the period		9,521	9,875	27,144	29,462
Earnings per share (sen)					
- Basic		3.6	3.7	10.2	11.1

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 PERIOD ENDED 31 MARCH 2012

	Current quarter ended 31/03/2012 Note	Last year's quarter ended 31/03/2011 RM'000	Current year ended 31/03/2012 RM'000	Last year's ended 31/03/2011 RM'000
The Group				
Net profit for the period	9,521	9,875	27,144	29,462
Other comprehensive income:				
Net fair value changes on financial investments available-for-sale	1,396	13	825	53
Income tax relating to net fair value changes on financial investments available-for-sale	(350)	(3)	(207)	(13)
Other comprehensive income for the period, net of tax	1,046	10	618	40
Total comprehensive income for the period, net of tax	10,567	9,885	27,762	29,502

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 PERIOD ENDED 31 MARCH 2012

		Current quarter ended 31/03/2012 RM'000	Last year's quarter ended 31/03/2011 RM'000	Current year ended 31/03/2012 RM'000	Last year's ended 31/03/2011 RM'000
	Note				
The Bank					
Operating revenue		59,384	45,267	143,628	111,961
Interest income	22	28,431	15,519	71,771	39,546
Interest expense	23	(24,355)	(10,491)	(58,041)	(27,788)
Net interest income		4,076	5,028	13,730	11,758
Non-interest income	24	30,953	29,748	71,857	72,415
Net income		35,029	34,776	85,587	84,173
Overhead expenses	25	(21,986)	(21,200)	(51,883)	(45,885)
Operating profit before allowances (Allowance for)/Write-back of impairment on loans and advances and other losses	26	13,043	13,576	33,704	38,288
Profit before taxation		12,651	13,133	36,118	39,079
Taxation		(3,159)	(3,284)	(9,026)	(9,774)
Net profit for the period		9,492	9,849	27,092	29,305
Earnings per share (sen)					
- Basic		3.6	3.7	10.2	11.0

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 PERIOD ENDED 31 MARCH 2012

	Current quarter ended 31/03/2012 Note	Last year's quarter ended 31/03/2011 RM'000	Current year ended 31/03/2012 RM'000	Last year's ended 31/03/2011 RM'000
The Bank				
Net profit for the period	9,492	9,849	27,092	29,305
Other comprehensive income				
Net fair value changes on financial investments available-for-sale	1,396	13	825	53
Income tax relating to net fair value changes on financial investments available-for-sale	(350)	(3)	(207)	(13)
Other comprehensive income for the period, net of tax	1,046	10	618	40
Total comprehensive income for the period, net of tax	10,538	9,859	27,710	29,345

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 PERIOD ENDED 31 MARCH 2012

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	-	-	-	-	27,144	27,144	
Other comprehensive income	-	-	-	618	-	618	
Total comprehensive income for the period	-	-	-	618	27,144	27,762	
Dividend paid	-	-	-	-	(16,308)	(16,308)	
At 31 March 2012	265,535	1,631	28,222	674	34,886	330,948	
At 1 July 2010							
- as previously reported	265,535	1,631	11,044	-	9,415	287,625	
- effect of adopting FRS139	-	-	-	-	(2,630)	(2,630)	
At 1 July 2010, 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	

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 PERIOD ENDED 31 MARCH 2012

	Share Capital RM'000	Redeemable Preference Share RM'000	Non-Distributable <u>Reserves</u>		Distributable	Total RM'000
			Statutory Reserves RM'000	Fair Value Reserves RM'000	<u>Reserves</u> Retained Profits RM'000	
The Bank						
At 1 July 2011	265,535	1,631	28,222	56	25,192	320,636
Net profit for the period	-	-	-	-	27,092	27,092
Other comprehensive income	-	-	-	618	-	618
Total comprehensive income for the period	-	-	-	618	27,092	27,710
Dividend paid	-	-	-	-	(16,308)	(16,308)
At 31 March 2012	265,535	1,631	28,222	674	35,976	332,038
At 1 July 2010						
- as previously reported	265,535	1,631	11,044	-	10,644	288,854
- effect of adopting FRS139	-	-	-	-	(2,630)	(2,630)
At 1 July 2010, 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

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 PERIOD ENDED 31 MARCH 2012

	The Group		The Bank	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	36,181	39,236	36,118	39,079
Adjustments for non-cash items	(51,982)	(25,690)	(51,962)	(25,690)
Operating profit before changes in working capital	(15,801)	13,546	(15,844)	13,389
Changes in working capital:				
Net changes in operating assets	(1,031,537)	(627,263)	(1,037,685)	(630,459)
Net changes in operating liabilities	1,219,524	693,994	1,213,461	699,784
Income tax (paid)/refund	(11)	120	-	120
Net cash used in operating activities	172,175	80,397	159,932	82,834
Net cash generated from investing activities	38	(87,896)	38	(87,896)
Net cash used in financing activities	(16,308)	-	(16,308)	-
Net changes in cash and cash equivalents	155,905	(7,499)	143,662	(5,062)
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	568,430	473,329	555,890	473,256
Cash and cash equivalents comprise:				
Cash and short term funds	979,260	678,346	966,720	675,751
Less: Remisiers' and clients' trust monies	(410,830)	(205,017)	(410,830)	(202,495)
	568,430	473,329	555,890	473,256

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.

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 2 "Share-based Payment: Group, cash-settled share based payment transactions"
- Amendments to FRS 7 "Improving Disclosures about Financial Instruments"
- IC Interpretation 4 "Determining whether an arrangement contains a lease"
- IC Interpretation 19 "Extinguishing financial liabilities with equity investments"
- FRS 101 "Presentation of Financial Statements"

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 31 March 2012.

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 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 31 March 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 31 March 2012.

7. Dividends

There was no dividend has been paid during the financial quarter ended 31 March 2012.

8. Valuations of Property, Plant and Equipment

No valuations of property, plant and equipment were carried out for the financial quarter ended 31 March 2012.

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 RM12.7 million in current quarter as compared to RM13.2 million in the preceding year corresponding quarter. The decrease in profit was mainly due to higher overheads incurred from enlarged staff force in the Group.

11. Prospect for the next financial year

The Group is expected to show satisfactory performance in the coming financial year ending 30 June 2012 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	As at
	31/3/2012	30/06/2011
	RM'000	RM'000
Money market instruments		
Negotiable instruments of deposits	406,648	20,143
Bank Negara Malaysia Bills	99,676	-
Bankers' acceptances	-	212,418
	506,324	232,561
Quoted securities		
In Malaysia:		
Shares	8,254	52,463
Outside Malaysia:		
Foreign currency bonds	8,286	98,036
	16,540	150,499
Unquoted securities		
Private and Islamic debt securities	191,079	40,285
	713,943	423,345

13. Financial investments available-for-sale

	The Group and the Bank	
	As at	As at
	31/3/2012	30/06/2011
	RM'000	RM'000
Money market instruments		
Cagamas bonds	5,215	5,140
Quoted securities		
Outside Malaysia:		
Foreign currency bonds	21,794	10,902
Unquoted securities		
Shares	2,445	2,445
Private and Islamic debt securities	141,371	56,395
	143,816	58,840
	170,825	74,882

14. Financial investments held-to-maturity

	The Group and the Bank	
	As at	As at
	31/3/2012	30/06/2011
	RM'000	RM'000
Money market instruments		
Malaysian Government Investment Issues	5,088	5,153
Cagamas bonds	10,373	10,319
	<u>15,461</u>	<u>15,472</u>
Quoted securities		
Outside Malaysia:		
Foreign currency bonds	420,313	76,710
Unquoted securities		
Private and Islamic debt securities	45,924	20,465
	<u>481,698</u>	<u>112,647</u>

15. Loans and advances

	The Group and the Bank	
	As at	As at
	31/3/2012	30/06/2011
	RM'000	RM'000
Term loan financing	69,814	15,022
Share margin financing	72,022	76,819
Revolving credits	18,222	22,457
Gross loans and advances	<u>160,058</u>	<u>114,298</u>
Allowance for impaired loans and advances:		
- individual assessment allowance	(4,779)	(4,679)
- collective assessment allowance	(2,329)	(1,644)
Net loans and advances	<u>152,950</u>	<u>107,975</u>

15a. By type of customer

Domestic business enterprises		
- Small and medium enterprises	12,409	8,807
- Others	87,382	35,568
Individuals	58,347	68,722
Foreign entities	1,920	1,201
Gross loans and advances	<u>160,058</u>	<u>114,298</u>

15b. By interest rate sensitivity

Fixed rate		
- Other fixed rate loan	72,022	76,819
Variable rate		
- Cost plus	88,036	37,479
Gross loans and advances	<u>160,058</u>	<u>114,298</u>

15. Loans and advances (continued)

	The Group and the Bank	
	As at	As at
	31/3/2012 RM'000	30/06/2011 RM'000
15c. <u>By residual contractual maturity</u>		
Maturity within 1 year	160,058	114,298
15d. <u>By geographical distribution</u>		
Malaysia	160,058	114,298
15e. <u>By economic purpose</u>		
Purchase of securities	82,151	89,354
Working capital	77,907	24,944
Gross loans and advances	160,058	114,298
15f. Movements in impaired loans and advances ("impaired loans") are as follows:		
Impaired loans and advances		
At 1 July		
- as previously reported	9,374	2,688
- effect of adopting FRS139	-	10,012
At 1 July, as restated	9,374	12,700
Impaired during the period	100	107
Amount written back	(722)	(2,347)
Amount written off	-	(1,086)
Closing balance	8,752	9,374
% of impaired loans to total loans and advances net of individual assessment allowance	5.6%	8.6%
15g. <u>Impaired loans and advances by geographical distribution</u>		
Malaysia	8,752	9,374
15h. <u>Impaired loans and advances by economic purpose</u>		
Working capital	7,532	8,254
Purchase of securities	1,220	1,120
Gross impaired loans and advances	8,752	9,374

15. Loans and advances (continued)

The Group and the Bank
As at **As at**
31/3/2012 **30/06/2011**
RM'000 **RM'000**

15i. Movement in the allowance for loss on loans and advances are as follows:

Collective assessment allowance

At 1 July

- as previously reported	1,644	-
- effect of adopting FRS139	-	1,743

At 1 July, as restated	1,644	1,743
------------------------	-------	-------

Allowance made/(written back) during the period	685	(99)
---	-----	------

Closing balance	2,329	1,644
-----------------	--------------	--------------

Individual assessment allowance

At 1 July

- as previously reported	4,679	-
- effect of adopting FRS139	-	6,247

At 1 July, as restated	4,679	6,247
------------------------	-------	-------

Allowance made during the period	100	107
----------------------------------	-----	-----

Amount written back	-	(589)
---------------------	---	-------

Amount written off	-	(1,086)
--------------------	---	---------

Closing balance	4,779	4,679
-----------------	--------------	--------------

16. Clients' and brokers' balances

The Group and the Bank
As at **As at**
31/3/2012 **30/06/2011**
RM'000 **RM'000**

Performing accounts	235,849	165,605
---------------------	---------	---------

Impaired accounts	1,067	12,589
-------------------	-------	--------

	236,916	178,194
--	----------------	---------

Less: Individual assessment allowance	(599)	(12,381)
---------------------------------------	-------	----------

	236,317	165,813
--	----------------	----------------

17. Other assets

	The Group		The Bank	
	As at 31/3/2012 RM'000	As at 30/06/2011 RM'000	As at 31/3/2012 RM'000	As at 30/06/2011 RM'000
Amount due from holding company	696	384	696	384
Amount due from subsidiary companies	-	-	6,852	808
Other receivables, deposits and prepayments	38,777	67,638	38,774	67,551
	39,473	68,022	46,322	68,743

18. Deposits from customers

	The Group and the Bank	
	As at 31/3/2012 RM'000	As at 30/06/2011 RM'000
Fixed deposits	654,081	395,243
18a. <u>By type of deposit</u>		
Fixed deposits	654,081	395,243
18b. <u>By type of customer</u>		
Government and statutory bodies	623,130	205,501
Business enterprises	30,951	188,724
Individual	-	1,018
	654,081	395,243
18c. The maturity structure of fixed deposits are as follows:		
Due within six months	654,081	395,243

19. Deposits and placements of banks and other financial institutions

	The Group and the Bank	
	As at 31/3/2012 RM'000	As at 30/06/2011 RM'000
Licensed banks	689,783	211,431
Other financial institutions	977,127	536,568
	1,666,910	747,999

20. Derivative financial instruments

	Contract or underlying principal amount RM'000	The Group and the Bank	
		Positive fair value RM'000	Negative fair value RM'000
31/03/2012			
Interest rate related contracts:			
- Interest rate swaps	1,188,500	3,892	(11,050)
- Futures	1,285,986	694	(2,210)
Foreign exchange related contracts:			
- Foreign currency swaps	456,195	13,860	(16,294)
- Foreign currency forwards	430	-	(2)
Equity related contracts:			
- Call option	10,000	2,930	-
	2,941,111	21,376	(29,556)
30/06/2011			
Interest rate related contracts:			
- Interest rate swaps	455,000	622	(1,600)
- Futures	2,013,753	515	(919)
Foreign exchange related contracts:			
- Foreign currency swaps	64,471	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	-
	2,636,216	5,358	(5,159)

21. Other liabilities

	The Group		The Bank	
	As at 31/3/2012 RM'000	As at 30/06/2011 RM'000	As at 31/3/2012 RM'000	As at 30/06/2011 RM'000
Amount due to subsidiary companies	-	-	84	88
Remisiers' trust deposits	11,040	10,210	11,040	10,210
ESOS liabilities	273	249	273	249
Other payables and accrued liabilities	88,797	64,628	83,775	65,660
Provision for taxation	5	-	-	-
Post employment benefits obligation - defined contribution plan	284	432	284	432
	100,399	75,519	95,456	76,639

22. Interest income

	Current quarter ended 31/3/2012 RM'000	Last year's quarter ended 31/03/2011 RM'000	Current year ended 31/3/2012 RM'000	Last year's ended 31/03/2011 RM'000
The Group and the Bank				
Loan and advances	2,356	1,630	6,007	4,426
Money at call and deposits placements with banks and other financial institutions	4,567	3,514	10,813	10,735
Financial investments available-for-sale	1,506	1,157	3,517	2,520
Financial investments held-to-maturity	5,347	341	13,051	1,456
Others	154	279	398	685
	13,930	6,921	33,786	19,822
Financial assets held-for-trading	15,688	8,861	41,232	20,110
Accretion of discount less amortisation of premium	(1,187)	(263)	(3,247)	(386)
Total interest income	28,431	15,519	71,771	39,546
Of which:				
Interest income earned on impaired loans and advances	65	85	214	290

23. Interest expense

	Current quarter ended 31/3/2012 RM'000	Last year's quarter ended 31/03/2011 RM'000	Current year ended 31/3/2012 RM'000	Last year's ended 31/03/2011 RM'000
The Group and the Bank				
Deposits and placements of banks and other financial institutions	13,185	3,376	30,975	7,844
Deposits from customers	11,165	7,115	27,015	19,944
Others	5	-	51	-
Total interest expense	24,355	10,491	58,041	27,788

24. Non-interest income

	Current quarter ended 31/3/2012 RM'000	Last year's quarter ended 31/03/2011 RM'000	Current year ended 31/3/2012 RM'000	Last year's ended 31/03/2011 RM'000
The Group				
(a) Fee income:				
Fee on loans and advances	649	795	1,038	2,266
Arranger fees	1,645	886	7,614	7,870
Corporate advisory fees	1,465	1,762	5,305	4,637
Underwriting Commission	-	-	890	1,329
Brokerage commissions	12,303	14,472	31,486	36,794
Net commission from futures business	162	241	653	518
Other fee income	4,273	9,043	15,163	11,928
	20,497	27,199	62,149	65,342
(b) Net realised gain arising from sale of:				
- Financial assets held-for-trading	3,111	867	2,851	4,088
- Financial investments available-for-sale	-	-	210	-
- Derivatives	31,239	8,877	10,420	7,688
	34,350	9,744	13,481	11,776
(c) Dividend income from:				
- Financial assets held-for-trading	568	366	1,071	664
- Financial investments available-for-sale	25	-	172	-
	593	366	1,243	664
(d) Net unrealised (loss)/gain on revaluation of:				
- Financial assets held-for-trading	(134)	1,523	2,330	(2,477)
- Derivatives	(5,773)	(5,366)	(8,384)	1,190
	(5,907)	(3,843)	(6,054)	(1,287)
(e) Gain on disposal of property and equipment	-	-	2	1
(f) Foreign exchange (loss)/gain	(18,568)	(3,170)	1,319	(3,335)
(g) Other income/(expense)	81	(475)	(65)	(474)
Total non-interest income	31,046	29,821	72,075	72,687

24. Non-interest income (continued)

	Current quarter ended 31/3/2012 RM'000	Last year's quarter ended 31/03/2011 RM'000	Current year ended 31/3/2012 RM'000	Last year's ended 31/03/2011 RM'000
The Bank				
(a) Fee income:				
Fee on loans and advances	649	795	1,038	2,266
Arranger fees	1,645	886	7,614	7,870
Corporate advisory fees	1,465	1,762	5,305	4,637
Underwriting commissions	-	-	890	1,329
Brokerage commissions	12,303	14,472	31,486	36,794
Net commission from futures business	162	241	653	518
Other fee income	4,180	8,970	14,945	11,656
	20,404	27,126	61,931	65,070
(b) Net realised gain arising from sale of:				
- Financial assets held-for-trading	3,111	867	2,851	4,088
- Financial investments available-for-sale	-	-	210	-
- Derivatives	31,239	8,877	10,420	7,688
	34,350	9,744	13,481	11,776
(c) Dividend income from:				
- Financial assets held-for-trading	568	366	1,071	664
- Financial investments available-for-sale	25	-	172	-
	593	366	1,243	664
(d) Net unrealised (loss)/gain on revaluation of:				
- Financial assets held-for-trading	(134)	1,523	2,330	(2,477)
- Derivatives	(5,773)	(5,366)	(8,384)	1,190
	(5,907)	(3,843)	(6,054)	(1,287)
(e) Gain on disposal of property and equipment	-	-	2	1
(f) Foreign exchange (loss)/gain	(18,568)	(3,170)	1,319	(3,335)
(g) Other income/(expense)	81	(475)	(65)	(474)
Total non-interest income	30,953	29,748	71,857	72,415

25. Overhead expenses

	Current quarter ended 31/3/2012 RM'000	Last year's quarter ended 31/03/2011 RM'000	Current year ended 31/3/2012 RM'000	Last year's ended 31/03/2011 RM'000
The Group				
Personnel costs				
- Salaries, bonuses and allowances	13,389	12,880	27,364	23,031
- Option charge arising from ESOS	12	-	(14)	-
- Others	2,105	1,933	4,991	3,758
	<u>15,506</u>	<u>14,813</u>	<u>32,341</u>	<u>26,789</u>
Establishment costs				
- Depreciation of property and equipment	539	550	1,694	1,603
- Amortisation of intangible assets	200	201	567	592
- Rental	1,095	1,115	3,260	3,483
- Information technology expenses	895	840	2,768	2,944
- Others	405	487	1,436	1,967
	<u>3,134</u>	<u>3,193</u>	<u>9,725</u>	<u>10,589</u>
Marketing expenses				
- Advertisement and publicity	-	-	-	53
- Entertainment and business improvement	390	278	883	633
- Others	38	58	143	149
	<u>428</u>	<u>336</u>	<u>1,026</u>	<u>835</u>
Administration and general expenses				
- Management fees	520	515	1,397	1,530
- Teletransmission expenses	565	580	1,418	1,735
- Auditors' remuneration				
- Statutory audit	42	34	236	98
- Tax compliance fee	10	-	10	-
- Other fees	66	-	66	-
- Legal and professional fees	949	927	2,945	2,384
- Others	825	849	2,874	2,040
	<u>2,977</u>	<u>2,905</u>	<u>8,946</u>	<u>7,787</u>
	<u>22,045</u>	<u>21,247</u>	<u>52,038</u>	<u>46,000</u>

25. Overhead expenses (continued)

	Current quarter ended 31/3/2012 RM'000	Last year's quarter ended 31/03/2011 RM'000	Current year ended 31/3/2012 RM'000	Last year's ended 31/03/2011 RM'000
The Bank				
Personnel costs				
- Salaries, bonuses and allowances	13,359	12,838	27,300	22,937
- Option charge arising from ESOS	12	-	(14)	-
- Others	2,098	1,929	4,979	3,747
	<u>15,469</u>	<u>14,767</u>	<u>32,265</u>	<u>26,684</u>
Establishment costs				
- Depreciation of property and equipment	539	550	1,694	1,603
- Amortisation of intangible assets	200	201	567	592
- Rental	1,095	1,115	3,260	3,483
- Information technology expenses	895	840	2,768	2,944
- Others	405	487	1,436	1,967
	<u>3,134</u>	<u>3,193</u>	<u>9,725</u>	<u>10,589</u>
Marketing expenses				
- Advertisement and publicity	-	-	-	53
- Entertainment and business improvement	390	278	883	633
- Others	38	58	143	149
	<u>428</u>	<u>336</u>	<u>1,026</u>	<u>835</u>
Administration and general expenses				
- Management fees	521	515	1,397	1,530
- Teletransmission expenses	565	580	1,418	1,735
- Auditors' remuneration				
- Statutory audit	37	34	230	98
- Other fees	66	-	66	-
- Legal and professional fees	948	927	2,948	2,384
- Others	818	848	2,808	2,030
	<u>2,955</u>	<u>2,904</u>	<u>8,867</u>	<u>7,777</u>
	<u>21,986</u>	<u>21,200</u>	<u>51,883</u>	<u>45,885</u>

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

	Current quarter ended 31/3/2012 RM'000	Last year's quarter ended 31/03/2011 RM'000	Current year ended 31/3/2012 RM'000	Last year's ended 31/03/2011 RM'000
The Group and the Bank				
Allowance for/(write-back of) losses on impaired loans and advances:				
Individual assessment allowance				
- made during the period	34	37	100	109
- written back during the period	-	3	-	(243)
Collective assessment allowance made/ (written back) during the period	286	(1)	685	(219)
Bad debts on clients' and brokers' balances				
- recovered	(6)	(160)	(59)	(213)
Allowance for losses on clients' and brokers' balances:				
Collective Assessment allowance written back during the period				
	-	-	-	(9)
Individual assessment allowance				
- made during the period	70	1,411	121	1,541
- written back during the period	8	(847)	(3,261)	(1,757)
	392	443	(2,414)	(791)

HLIB Q3 (31.03.2012)

27. Commitments and contingencies

	31 March 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 of up to one year	17,800	3,560	3,560	-	-	-
Any commitments that are unconditionally cancelled at any time by the bank without prior notice						
- maturity less than 1 year	352,222	-	-	302,249	-	-
	420,772	54,310	54,310	322,487	10,119	10,119
Derivative Financial Instruments						
Interest rate related contracts:						
- One year or less	718,230	306	61	527,573	-	-
- Over one year to five years	1,579,202	34,286	6,857	1,817,370	18,572	3,714
- Over five years	177,054	5,175	1,035	123,810	-	-
Foreign exchange related contracts						
- One year or less	456,625	38,377	7,675	112,788	5,750	1,512
Equity related contracts						
- One year or less	-	-	-	44,675	-	-
- Over one year to five years	10,000	-	-	10,000	-	-
	2,941,111	78,144	15,628	2,636,216	24,322	5,226
	3,361,883	132,454	69,938	2,958,703	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 31/3/2012	As at 30/06/2011	As at 31/3/2012	As at 30/06/2011
Core capital ratio	19.15%	35.62% *	19.07%	35.66% *
Risk-weighted capital ratio	19.47%	36.11% *	19.35%	36.06% *

* After deducting the final dividend

	The Group		The Bank	
	As at 31/3/2012 RM'000	As at 30/06/2011 RM'000	As at 31/3/2012 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	7,742	24,050	8,884	25,192
Statutory reserves	28,222	28,222	28,222	28,222
	301,499	317,807	302,641	318,949
Less: Goodwill	(28,986)	(28,986)	(30,236)	(30,236)
Deferred tax assets (net)	(41,716)	(41,716)	(41,716)	(41,716)
Total Tier I capital	230,797	247,105	230,689	246,997
<u>Tier II capital</u>				
Redeemable preference shares ("RPS")	1,631	1,631	1,631	1,631
Collective assessment allowance ⁽¹⁾	2,270	1,574	2,270	1,574
Total Tier II capital	3,901	3,205	3,901	3,205
Eligible Tier II capital	3,901	3,205	3,901	3,205
Total capital	234,698	250,310	234,590	250,202
Less: Investment in subsidiaries	-	-	(588)	(588)
Total capital base	234,698	250,310	234,002	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 31/3/2012 RM'000	As at 30/06/2011 RM'000	As at 31/3/2012 RM'000	As at 30/06/2011 RM'000
Credit risk	730,074	286,172	734,416	286,833
Market risk	302,462	237,494	302,462	237,494
Operational risk	172,693	124,294	172,636	122,594
	<u>1,205,229</u>	<u>647,960</u>	<u>1,209,514</u>	<u>646,921</u>

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).