

MAYBANK INVESTMENT BANK BERHAD
(15938-H)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2011

	Notes	Group		Bank	
		31 March 2011 RM'000	30 June 2010 RM'000	31 March 2011 RM'000	30 June 2010 RM'000
ASSETS					
Cash and short-term funds	12	1,002,047	432,824	972,373	406,990
Deposits and placements with banks and other financial institutions	13	12,475	12,052	9,131	8,733
Securities portfolio	14	127,862	111,307	70,081	65,978
Loans and advances	15	213,613	128,042	213,613	128,042
Other assets	16	400,805	176,730	402,087	177,147
Statutory deposits with Central bank		105	105	105	105
Investment in subsidiaries		-	-	233,279	233,279
Investment in associates		10,253	9,944	4,200	4,200
Property, plant and equipment		9,507	9,397	9,338	9,163
Intangible assets		1,339	1,823	1,339	1,823
Deferred tax assets (net)		9,124	14,945	9,124	14,945
TOTAL ASSETS		1,787,130	897,169	1,924,670	1,050,405
LIABILITIES					
Other liabilities	17	1,274,801	492,380	1,444,636	661,974
Deferred tax liabilities		567	566	-	-
TOTAL LIABILITIES		1,275,368	492,946	1,444,636	661,974
SHAREHOLDER'S EQUITY					
Share capital		50,116	50,116	50,116	50,116
Reserves		461,646	354,107	429,918	338,315
TOTAL EQUITY		511,762	404,223	480,034	388,431
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		1,787,130	897,169	1,924,670	1,050,405
COMMITMENTS AND CONTINGENCIES					
	24	405,188	410,156	405,188	410,156

(The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements)

MAYBANK INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
CONSOLIDATED UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 MARCH 2011

<u>Group</u>	Notes	3rd quarter ended		Cumulative 9 months ended	
		31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Interest income	18	4,145	3,821	11,933	38,267
Interest expense	19	(266)	(27)	(293)	(12,426)
Net interest income		3,879	3,794	11,640	25,841
Net income from Islamic					
Banking Scheme operations	26	12,365	182	33,553	2,279
Non-interest income	20	59,673	46,084	185,557	142,048
Net income		75,917	50,060	230,750	170,168
Overhead expenses	21	(45,784)	(24,958)	(117,544)	(77,781)
Operating profit		30,133	25,102	113,206	92,387
Allowance for losses on loans and advances	22	(403)	327	(525)	17,846
		29,730	25,429	112,681	110,233
Share of results in associates		1	1,239	495	1,640
Profit before taxation		29,731	26,668	113,176	111,873
Taxation and zakat		(7,318)	(5,444)	(27,189)	(26,445)
Profit for the period		22,413	21,224	85,987	85,428
Basic earnings per share (sen)		45	42	172	170

<u>Group</u>	3rd quarter ended		Cumulative 9 months ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Profit for the period	22,413	21,226	85,987	85,428
Other comprehensive income/(loss):				
Net (loss)/gain on available-for-sale financial assets				
- (Loss)/gain on fair value changes	(2,690)	(10,885)	8,733	24,917
Foreign currency translation	(768)	(8,448)	(3,092)	(8,884)
Other comprehensive income for the period, net of tax	(3,458)	(19,333)	5,641	16,033
Total comprehensive income for the period	18,955	1,893	91,628	101,461
Total comprehensive income for the period attributable to owner of the parent	18,955	1,893	91,628	101,461

(The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements)

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**CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 MARCH 2011**

	Notes	3rd quarter ended		Cumulative 9 months ended	
		31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Bank					
Interest income	18	3,966	3,639	11,417	37,953
Interest expense	19	(266)	(27)	(293)	(12,426)
Net interest income		3,700	3,612	11,124	25,527
Net income from Islamic					
Banking Scheme operations	26	12,365	182	33,553	2,279
Non-interest income	20	59,209	44,312	179,490	143,746
Net income		75,274	48,106	224,167	171,552
Overhead expenses	21	(45,314)	(27,215)	(116,043)	(77,484)
Operating profit		29,960	20,891	108,124	94,068
Allowance for losses on loans and advances	22	(403)	327	(525)	17,846
Profit before taxation		29,557	21,218	107,599	111,914
Taxation and zakat		(7,293)	(5,080)	(26,148)	(25,672)
Profit for the period		22,264	16,138	81,451	86,242
Basic earnings per share (sen)		44	32	163	172

	3rd quarter ended		Cumulative 9 months ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Bank				
Profit for the period	22,264	16,138	81,451	86,242
Other comprehensive income/(loss):				
Net gain/(loss) on available-for-sale financial assets				
- Gain/(loss) on fair value changes	18	(6,094)	(5,759)	23,121
Other comprehensive income for the period, net of tax	18	(6,094)	(5,759)	23,121
Total comprehensive income for the period	22,282	10,044	75,692	109,363

(The condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 MARCH 2011

<u>Group</u>	←-----Non-distributable----->							Distributable retained profits RM'000	Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves * RM'000	Unrealised holding reserves RM'000	Equity contribution from parent # RM'000	Exchange fluctuation reserve RM'000			
At 1 July 2010									
- as previously stated	50,116	172,669	50,116	18,762	-	(3,788)	116,348	404,223	
- effects of adopting FRS 139	-	-	-	-	-	-	15,911	15,911	
At 1 July 2010, as restated	50,116	172,669	50,116	18,762	-	(3,788)	132,259	420,134	
Profit for the period	-	-	-	-	-	-	85,987	85,987	
Other comprehensive income	-	-	-	8,733	-	(3,092)	-	5,641	
Total comprehensive income for the period	-	-	-	8,733	-	(3,092)	85,987	91,628	
At 31 March 2011	50,116	172,669	50,116	27,495	-	(6,880)	218,246	511,762	
At 1 July 2009	50,116	172,669	50,116	(3,519)	2,544	177	482,319	754,422	
Profit for the period	-	-	-	-	-	-	85,428	85,428	
Other comprehensive income	-	-	-	24,917	-	(8,884)	-	16,033	
Total comprehensive income for the period	-	-	-	24,917	-	(8,884)	85,428	101,461	
Dividends	-	-	-	-	-	-	(458,561)	(458,561)	
At 31 March 2010	50,116	172,669	50,116	21,398	2,544	(8,707)	109,186	397,322	

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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 MARCH 2011

<u>Bank</u>	<-----Non-distributable----->						Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves * RM'000	Unrealised holding reserves RM'000	Equity contribution from parent # RM'000	Distributable retained profits RM'000	
At 1 July 2010							
- as previously stated	50,116	172,669	50,116	5,777	-	109,753	388,431
- effects of adopting FRS 139	-	-	-	-	-	15,911	15,911
At 1 July 2010, as restated	50,116	172,669	50,116	5,777	-	125,664	404,342
Profit for the period	-	-	-	-	-	81,451	81,451
Other comprehensive income	-	-	-	(5,759)	-	-	(5,759)
Total comprehensive income for the period	-	-	-	(5,759)	-	81,451	75,692
At 31 March 2011	50,116	172,669	50,116	18	-	207,115	480,034
At 1 July 2009	50,116	172,669	50,116	(17,341)	2,511	474,013	732,084
Profit for the period	-	-	-	-	-	86,252	86,252
Other comprehensive income	-	-	-	23,121	-	-	23,121
Total comprehensive income for the period	-	-	-	23,121	-	86,252	109,373
Dividends	-	-	-	-	-	(458,561)	(458,561)
At 31 March 2010	50,116	172,669	50,116	5,780	2,511	101,704	382,896

* The statutory reserves are maintained in compliance with Section 36 of the Banking and Financial Institutions Act, 1989 and are not distributable as cash dividends.

This represents the cumulative fair value of equity-settled share-based compensation plan for the employees of the Group and of the Maybank Group Employee Share Options Scheme ("ESOS")

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes to the interim financial statements)

MAYBANK INVESTMENT BANK BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE THIRD QUARTER ENDED 31 MARCH 2011

	GROUP		BANK	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Profit before taxation	113,176	111,873	107,599	111,924
Adjustment for non-operating and non-cash items	1,473	(26,338)	1,595	(18,276)
Operating profit before working capital changes	114,649	85,535	109,194	93,648
Changes in working capital :				
Net changes in operating assets	(784,028)	3,826,168	(917,300)	3,772,103
Net changes in operating liabilities	649,330	(3,973,404)	782,664	(3,967,566)
Tax expense and zakat paid	24,975	(26,445)	26,148	25,672
Net cash generated from/(used in) operations	4,926	(88,146)	706	(76,143)
Net cash (used in)/generated from investing activities	(1,667)	8,881	(1,286)	(998)
Net cash generated from financing activities	-	(459,100)	-	(458,561)
Net change in cash and cash equivalents	3,259	(538,365)	(580)	(535,702)
Cash and cash equivalents at beginning of the year	141,178	626,904	115,343	603,770
Cash and cash equivalents at end of the period	144,437	88,539	114,763	68,068

Cash and cash equivalents included in the cash flow statements comprise the following Financial Position amounts:

Cash and short-term funds	1,002,047	169,542	972,373	144,794
Less: Monies held in trust	(857,610)	(81,003)	(857,610)	(76,726)
	144,437	88,539	114,763	68,068

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements)

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

1. Basis of Preparation

The unaudited condensed interim financial statement of the Group and the Bank have been prepared under the historical cost convention except for the following assets and liabilities that are stated at fair values: securities held-for-trading and available-for-sale, derivative financial instruments and investment properties.

The unaudited condensed interim financial statements have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting. The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2010. These explanatory notes attached to the audited condensed 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 unaudited condensed interim financial statement incorporated those activities relating to the Islamic banking business which have been undertaken by the Group. Islamic banking business refers generally to the acceptance of deposit and granting of financing under the principles of Shariah.

The significant accounting policies and methods of computation applied by the Group and the Bank 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, Interpretations of the Issues Committee ("IC Interpretations") and Technical Release ("TR").

FRS, Amendments to FRS and Interpretations

- (i) FRS 1 First-time Adoption of Financial Reporting Standards
- (ii) FRS 7 Financial Instruments - Disclosures
- (iii) FRS 101 Presentation of Financial Statements
- (iv) FRS 123 Borrowing Costs
- (v) FRS 127 Consolidated and Separate Financial Statements (amended)
- (vi) FRS 139 Financial Instruments - Recognition and Measurement
- (vii) Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Costs of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- (viii) Amendments to FRS 2 Share-based Payments
- (ix) Amendments to FRS 2 Share-based Payments - Vesting Conditions and Cancellations
- (x) Amendments to FRS 132 Financial Instruments: Presentation
- (xi) Amendments to FRS 132 Financial Instruments: Presentation (Classification of Rights Issues)
- (xii) Amendments to FRS 138 Intangible Assets
- (xiii) Amendments to FRS 139 Financial Instruments: Recognition and Measurements, FRS 7: Financial Instruments: Disclosure and IC Interpretation 9: Reassessment of Embedded Derivatives
- (xiv) Amendments to FRSs contained in the document entitled 'Improvements to FRSs (2009)'
- (xv) IC Interpretation 9 Reassessment of Embedded Derivatives
- (xvi) IC Interpretation 10 Interim Financial Reporting and Impairment
- (xvii) IC Interpretation 11 FRS 2 - Group and Treasury Share Transactions
- (xviii) IC Interpretation 13 Customer Loyalty Programmes
- (xix) IC Interpretation 14 FRS 119: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction TR - 3 Guidance on Disclosures of Transition to IFRSs
- (xx) Requirements and their Interaction TR - 3 Guidance on Disclosures of Transition to IFRSs
- (xxi) TR i-3 Presentation of Financial Statements of Islamic Financial Institutions
- (xxii) SOP i-1 Financial Reporting from an Islamic Perspective

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1. Basis of Preparation (Cont'd)

The adoption of the above FRSs, amendments to FRSs and IC Interpretations did not have any material impact on the financial statements of the Group and the Bank except for the following:

- (i) the changes in accounting policies arising from the adoption of FRS 139 and its related amendments to FRSs, IC Interpretations and relevant Bank Negara Malaysia ("BNM") Guidelines, which are disclosed in Note 27.
- (ii) the adoption of FRS 101, FRS 7, TR i-3 and amendments to FRS 132 which resulted in changes in presentation of the financial statements and its relevant notes, but did not affect the earnings, retained earnings or other reserves; and
- (iii) the adoption of FRS 4

In addition to these, the Group and the Bank have also adopted BNM's Revised Guidelines for Financial Reporting for Banking Institutions revised on 10 March 2010 and Revised Guidelines for Classification and Impairment Provision for Loans/Financing revised on 26 January 2010. The effects of adopting these Guidelines are consistent with the application of FRS 139 and are disclosed in Note 27.

2. Significant Accounting Estimates and Judgements

The preparation of financial statement requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving higher degree of judgement and complexity are as follows:

(i) Fair Value Estimation of Securities Available-for-sale (Note 14(i)), Securities Held-to-maturity (Note 14(ii)), and Derivative Financial Instruments.

The fair value of securities and derivatives that are not traded in an active market are determined using valuation techniques based on assumptions of market conditions existing at the balance sheet date, including reference to quoted market prices and independent dealer quotes for similar securities and discounted cash flows methods.

(ii) Impairment of Goodwill

The Group tests annually whether the goodwill that has an indefinite life has suffered any impairment by measuring the recoverable amount of the goodwill based on the value-in-use method, which requires the use of estimates of cash flow projections, growth rates and discount rates. Changes to the assumptions used by management, particularly the discount rate and the terminal growth rate, may significantly affect the results of the impairment.

(iii) Impairment of Other Intangible Assets

The Group's and the Bank's intangible assets that can be separated and sold and have a finite useful life are amortised over their estimated useful life.

The determination of the estimated useful life of these intangible assets requires the Bank's management to analyse the circumstances, the industry and market practice and also to use judgement. At each balance sheet date, or more frequently when events or changes in circumstances dictate, intangible assets are assessed for indications of impairment. If indications are present, these assets are subject to an impairment review. The impairment review comprises of the carrying amount of the assets with its recoverable amount.

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2. Significant Accounting Estimates and Judgements (Cont'd)

(iv) Deferred Tax and Income Taxes

The Group and the Bank are subject to income taxes in many jurisdictions and significant judgement is required in estimating the provision for income taxes. There are many transactions and interpretations of tax law for which the final outcome will not be established until some time later. Liabilities for taxation are recognized based on estimates of whether additional taxes will be payable. The estimation process includes seeking expert advice where appropriate. Where the final liability for taxation is different from the amounts that were initially recorded, the differences will affect the income tax and deferred tax provisions in the period which the estimates is revised or the final liability is established.

(v) Impairment Losses on Loans, Advances and Financing

The Group and the Bank review its individually significant loans, advances and financing at each statement of financial position date to assess whether an impairment loss should be recorded in the income statement. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Group and the Bank make judgements about the borrower's or the customer's financial situation and the net realisable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ resulting in future changes to the allowances.

Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from the loan portfolio (such as credit quality, level of arrears, credit utilisation, loan to collateral ratios etc.) concentrations of risks and relevant economic data.

(vi) Impairment of Investments in Subsidiaries and Interest in Associates

The Group and the Bank assess whether there is any indication that an investment in subsidiaries and interests in associates may be impaired at each balance sheet date.

If indicators are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the investment and the investment's estimated recoverable amount.

Judgements made by management in the process of applying the Group's and the Bank's accounting policies in respect of investment in subsidiaries and interest in associates are as follows:

- (i) The Bank determines whether its investments are impaired following certain indications of impairments such as, amongst others, prolonged shortfall between market value and carrying amount, significant changes with adverse effects on the investment and deteriorating financial performance of the investment due to observed changes and fundamentals.
- (ii) Depending on their nature and the industries in which the investments relate to, judgements are made by management to select suitable methods of valuation such as, amongst others, discounted cash flow, realisable net asset value and sector average price-earnings ratio.

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2. Significant Accounting Estimates and Judgements (Cont'd)

(vi) Impairment of Investments in Subsidiaries and Interest in Associates (cont'd)

Once a suitable method of valuation is selected, management makes certain assumptions concerning the future to estimate the recoverable amount of the investment. These assumptions and other key sources of estimation uncertainty at the balance sheet date, may have a significant risk of causing a material adjustment to the carrying amounts of the investments within the next financial year. Depending on the specific individual investment, assumptions made by management may include, amongst others, assumptions on expected future cash flows, revenue growth, discount rate used for purposes of discounting future cash flows which incorporates the relevant risks, and expected future outcome of certain past events.

(vii) Impairment of Securities Portfolio

The Group and the Bank review the Securities Portfolio and assess at each reporting date whether there is any objective evidence that the investment is impaired. If there are indicators or objective evidence, the assets are subject to impairment review.

The impairment review comprises the following judgement made by Management:

- (i) Determination whether its investment is impaired following certain indicators or triggers such as, amongst others, prolonged decline in fair value, significant financial difficulties of the issuers or obligors, the disappearance of an active trading market and deterioration of the credit quality of the issuers or obligors.
- (ii) Determination of "significant" or "prolonged" requires judgement and management evaluates various factors, such as historical value movement and the significant reduction in fair value.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 30 June 2010 was not qualified.

4. Seasonal or Cyclical Factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the third quarter ended 31 March 2011.

5. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items due to their nature, size or incidence that occurred during the quarter ended 31 March 2011 except for RM8.7 million of excess shares recognised as income which were non-recurring in nature.

6. Subsequent Events

There were no material subsequent events during the quarter ended 31 March 2011.

7. Changes in Estimates

There were no material changes in estimates during the quarter ended 31 March 2011.

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8. Changes in Debt and Equity Securities

There were no issuances, cancellations, share buy-backs, resale of shares bought back and repayment of debt and equity securities by the Bank.

9. Dividend Paid

There was no dividend paid for the quarter ended 31 March 2011.

10. Performance Review

The Bank and the Group recorded a pre-tax profit of RM107.6 million and RM113.2 million respectively for the third quarter ended 31 March 2011 as compared to RM111.9 million and RM111.9 million accordingly in the previous corresponding quarter. This was due to the lower interest income received during the third quarter ended 31 March 2011.

11. Strategic Direction & Prospects

Maybank Investment Bank Berhad envisages to remain resilient and the proposed acquisition of Kim Eng Holdings Limited by Maybank Group would enable the Bank immediately to gain a strong foothold and instant access to clientele, platform and talents in many key markets in core ASEAN countries among others, Singapore, Indonesia and Thailand as a regional player. The proposed acquisition accelerates the build-out of the Bank's investment banking and equities platform in the region which is a perfect complement to our existing strengths in investment banking and the equities market.

Barring any unforeseen circumstances, the financial performance of the Group and the Bank for the financial year ending 30 June 2011 is expected to be satisfactory.

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12. Cash and short-term funds

	Group		Bank	
	31 March 2011 RM'000	30 June 2010 RM'000	31 March 2011 RM'000	30 June 2010 RM'000
Cash and bank balances with licensed commercial banks and other licensed financial institutions	901,019	315,330	898,327	312,650
Deposit placements maturing within one month	101,028	117,494	74,046	94,340
	1,002,047	432,824	972,373	406,990

Included in cash and short-term funds of the Group and of the Bank are monies held in trust of RM857,609,519 (30 June 2010: RM291,646,000).

13. Deposits and placements with banks and other financial institutions

	Group		Bank	
	31 March 2011 RM'000	30 June 2010 RM'000	31 March 2011 RM'000	30 June 2010 RM'000
Licensed banks	12,475	12,052	9,131	8,733
	12,475	12,052	9,131	8,733

14. Securities portfolio

		Group		Bank	
		31 March 2011 RM'000	30 June 2010 RM'000	31 March 2011 RM'000	30 June 2010 RM'000
Securities available-for-sale	14 (i)	127,829	111,274	70,048	65,945
Securities held-to-maturity	14 (ii)	33	33	33	33
Total securities portfolio		127,862	111,307	70,081	65,978

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14 (i) Securities available-for-sale

At fair value, or cost less impairment losses for certain unquoted equity instruments	Group		Bank	
	31 March 2011 RM'000	30 June 2010 RM'000	31 March 2011 RM'000	30 June 2010 RM'000
Quoted Securities:				
Shares, Warrants, Unit Trusts and Loan Stocks in Malaysia	8,690	12,614	8,690	12,614
Shares, Warrants, Unit Trusts and Loan Stocks outside Malaysia	55,581	43,129	-	-
	<u>64,271</u>	<u>55,743</u>	<u>8,690</u>	<u>12,614</u>
Unquoted Securities:				
Shares, Unit Trusts and Loan Stocks in Malaysia	41,187	44,338	38,987	42,138
Shares, Unit Trusts and Loan Stocks outside Malaysia	7,351	6,197	7,351	6,197
Private and Islamic Debt Securities in Malaysia	15,020	4,996	15,020	4,996
	<u>63,558</u>	<u>55,531</u>	<u>61,358</u>	<u>53,331</u>
Total securities available-for-sale	<u>127,829</u>	<u>111,274</u>	<u>70,048</u>	<u>65,945</u>

14 (ii) Securities held-to-maturity

At Amortised Cost	Group and Bank	
	31 March 2011 RM'000	30 June 2010 RM'000
Unquoted Securities:		
Corporate Bonds	33	33
Total securities held-to-maturity	<u>33</u>	<u>33</u>

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15. Loans and advances

	Group and Bank	
	31 March 2011 RM'000	30 June 2010 RM'000
At amortised cost		
Term loans		
- Syndicated term loan	6,209	6,209
- Other term loan	31,243	31,013
Amount due from brokers and clients		
- Margin accounts	169,987	101,299
Staff loans	13,572	14,499
Foreign currency loans	1,452	1,553
Gross loans and advances	<u>222,463</u>	<u>154,573</u>
Less: Allowance for impaired loans		
- general	-	(18,685)
- individual	(8,850)	-
- specific	-	(7,846)
Net loans and advances	<u>213,613</u>	<u>128,042</u>

(i) Loans and advances analysed by type of customers are as follows:

	Group and Bank	
	31 March 2011 RM'000	30 June 2010 RM'000
Domestic business enterprises	105,419	59,046
Individuals	115,592	93,974
Foreign entities	1,452	1,553
Gross loans and advances	<u>222,463</u>	<u>154,573</u>

(ii) Loans and advances analysed by interest/profit rate sensitivity are as follows:

	Group and Bank	
	31 March 2011 RM'000	30 June 2010 RM'000
Fixed rate		
- Housing loans	10,133	11,873
- Hire purchase receivables	3,298	2,587
- Other fixed rate loans	141	39
Variable rate		
- Base lending rate plus	38,904	38,776
- Cost plus	169,987	101,298
Gross loans and advances	<u>222,463</u>	<u>154,573</u>

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15. Loans and advances (Cont'd)

(iii) Loans and advances analysed by economic purpose are as follows:

	Group and Bank	
	31 March	30 June
	2011	2010
	RM'000	RM'000
Purchase of securities	199,988	131,298
Purchase of transport vehicles	3,641	2,743
Purchase of residential landed property	11,032	12,730
Personal use	138	32
Consumer durables	3	8
Others	7,661	7,762
Gross loans and advances	222,463	154,573

(iv) The maturity structure of loans and advances are as follows:

	Group and Bank	
	31 March	30 June
	2011	2010
	RM'000	RM'000
Maturing within one year	207,946	139,131
One year to three years	691	1,367
Three years to five years	2,378	1,115
After five years	11,448	12,960
Gross loans and advances	222,463	154,573

(v) Movement in impaired loans and advances ("impaired loans") are as follows:

	Group and Bank	
	31 March	30 June
	2011	2010
	RM'000	RM'000
Gross balance at beginning of period	9,784	57,201
Impaired during the period	560	14,333
Recovered/regularised during the period	(560)	(16,766)
Amount written off	-	(45,035)
Exchange differences	(101)	51
Gross balance at end of period	9,683	9,784
Less:		
Individual assessment/specific allowance	(8,850)	(7,846)
Net balance	833	1,938
Net impaired loans as % of gross loans and advances less specific allowance	0.39%	1.32%

(vi) Impaired loans and advances by economic purpose are as follows:

	Group and Bank	
	31 March	30 June
	2011	2010
	RM'000	RM'000
Purchase of securities	1,323	1,316
Purchase of residential landed property	542	550
Others	7,818	7,918
Gross loans and advances	9,683	9,784

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15. Loans and advances (Cont'd)

(vii) Movement in the allowance for impaired loans and advances are as follows:

	Group and Bank	
	31 March	30 June
	2011	2010
	RM'000	RM'000
Individual assessment allowance:		
At 1 July		
- effect of adopting FRS 139	7,846	-
At 1 July, as restated	7,846	-
Allowance made during the period/year	1,237	-
Amount written back	(233)	-
At end of the period/year	8,850	-
Collective assessment allowance:		
At 1 July		
- transfer from general allowance	18,685	-
- effect of adopting FRS 139	(18,685)	-
At end of the period/year	-	-
As a % of gross loans, advances and financing less individual assessment allowance	NA	NA
Specific allowance:		
Balance at beginning of period	7,846	50,967
Effects of adopting FRS 139	(7,846)	-
Allowance made during the period	-	3,100
Amount written back in respect of recoveries	-	(3,774)
Transfer of allowance and write back, net to IA	-	(42,447)
At end of the period/year	-	7,846
General allowance:		
Balance at beginning of period	18,685	39,514
Allowance made during the period	-	1,018
Amount written back during the period	-	(21,791)
Transfer to collective assessment allowance	(18,685)	-
Exchange differences	-	(56)
At end of the period/year	-	18,685
As a % of gross loans and advances less specific allowance	NA	12.73%
As a % of total risk-weighted assets, excluding deferred tax assets		
- Group	NA	1.77%
- Bank	NA	1.98%

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16. Other assets

	Group		Bank	
	31 March 2011 RM'000	30 June 2010 RM'000	31 March 2011 RM'000	30 June 2010 RM'000
Tax recoverable	11,513	18,444	16,564	18,444
Interest/income receivables	2,926	3,704	153	50
Amount due from brokers and clients				
- Non-margin accounts (a)	362,387	146,372	361,913	146,372
Other debtors, deposits and prepayment	26,723	15,635	26,436	18,675
	403,549	184,155	405,066	183,541
Less: Individual assessment allowance				
- Allowance for doubtful debts	(2,744)	(7,425)	(2,979)	(6,394)
	400,805	176,730	402,087	177,147

- (a) Amount due from brokers and clients relates to outstanding purchase contracts entered into on behalf of clients, contra gains and losses, clients' trust monies, other fees and charges.

The normal trade credit terms for non-margin brokers and clients is 3 market days in accordance with the Bursa Malaysia's Fixed Delivery and Settlement System ("FDSS") trading rules.

17. Other liabilities

	Group		Bank	
	31 March 2011 RM'000	30 June 2010 RM'000	31 March 2011 RM'000	30 June 2010 RM'000
Interest/profit payable	15	-	15	-
Provisions and accruals	56,698	23,625	56,322	50,083
Amount due to brokers and clients (a)	1,125,921	194,286	1,125,921	193,079
Deposits and other creditors	85,462	273,567	256,034	418,073
Provisions for taxation	6,705	902	6,344	739
	1,274,801	492,380	1,444,636	661,974

- (a) Amount due to brokers and clients represent net amount payable to margin and non-margin clients, which include outstanding sales contracts entered into on behalf of clients, contra gain and losses, clients' trust monies and other fees and charges.

The trade credit term for trade contract payable for non-margin clients and brokers is 3 market days according to the Bursa Malaysia's Fixed Delivery and Settlement System ("FDSS") trading rules.

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18. Interest income

Group	3rd quarter ended		Cumulative 9 months ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Loans and advances				
- Interest income other than recoveries from impaired loans	2,601	2,542	7,983	9,807
- Recoveries from impaired loans	102	331	293	455
Money at call and deposit placements with banks and other financial institutions	1,105	842	3,221	4,302
Securities held-for-trading	-	-	-	1,130
Securities available-for-sale	337	42	362	17,209
Securities held-to-maturity	-	-	-	4,397
Others	-	-	-	7
	4,145	3,757	11,859	37,307
Add/(less):				
Amortisation of premiums and accretion of discounts	-	64	74	960
Total interest income	4,145	3,821	11,933	38,267

Bank	3rd quarter ended		Cumulative 9 months ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Loans and advances				
- Interest income other than recoveries from impaired loans	2,600	2,543	7,983	9,807
- Recoveries from impaired loans	102	331	293	455
Money at call and deposit placements with banks and other financial institutions	927	723	2,705	3,988
Securities held-for-trading	-	-	-	1,130
Securities available-for-sale	337	42	362	17,209
Securities held-to-maturity	-	-	-	4,397
Others	-	-	-	7
	3,966	3,639	11,343	36,993
Add/(less):				
Amortisation of premiums and accretion of discounts	-	-	74	960
Total interest income	3,966	3,639	11,417	37,953

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19. Interest expense

	Group and Bank		Group and Bank	
	3rd quarter ended		Cumulative 9 months ended	
	31 March	31 March	31 March	31 March
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	266	21	293	10,653
Deposits from customers	-	6	-	1,773
	266	27	293	12,426

20. Non-interest income

<u>Group</u>	3rd quarter ended		Cumulative 9 months ended	
	31 March	31 March	31 March	31 March
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Corporate advisory fees	7,304	14,340	58,044	66,324
Underwriting commission	1,960	5,181	15,269	9,922
Brokerage income	34,769	23,922	93,042	67,820
Other fee income	5,455	2,541	8,076	2,580
	49,488	45,984	174,431	146,646
Investment income:				
Gain from sale of securities held-for-trading, net	-	-	-	2,061
Gain/(loss) from sale of securities available-for-sale, net	1,916	-	1,654	(6,244)
Early redemption gain from securities held-to-maturity, net	-	-	-	429
Impairment loss on securities, net	(372)	-	(457)	-
Gross dividends from securities available-for-sale				
- Quoted in Malaysia	-	-	-	269
- Quoted outside Malaysia	-	-	-	330
- Unquoted in Malaysia	-	33	99	4,113
	1,544	33	1,296	958
Other income:				
Foreign exchange (loss)/profit	(114)	(722)	60	(857)
Gain on disposal of property, plant and equipment (net)	2	-	6	-
Goodwill written off	-	-	-	(5,898)
Others	8,753	789	9,764	1,199
	8,641	67	9,830	(5,556)
Total non-interest income	59,673	46,084	185,557	142,048

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20. Non-interest income (Cont'd)

<u>Bank</u>	3rd quarter ended		Cumulative 9 months ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Fee income:				
Corporate advisory fees	6,839	12,757	52,627	62,974
Underwriting commission	1,960	5,181	15,269	9,922
Brokerage income	34,769	23,923	93,042	67,820
Other fee income	5,454	2,541	8,075	2,580
	49,022	44,402	169,013	143,296
Investment income:				
Gain from sale of securities held-for-trading, net	-	-	-	2,061
Gain/(loss) from sale of securities available- for-sale, net	1,916	-	1,654	(6,244)
Early redemption gain from securities held-to-maturity, net	-	-	-	429
Impairment loss on securities, net	(372)	-	(457)	-
Gross dividends from securities available-for-sale				
- Quoted in Malaysia	-	-	-	269
- Unquoted in Malaysia	-	-	99	330
- Subsidiaries	-	538	-	4,113
	1,544	538	1,296	958
Other income:				
Foreign exchange (loss)/profit	(114)	(722)	60	(857)
Gain on disposal of property, plant and equipment (net)	2	-	6	-
Others	8,755	94	9,115	349
	8,643	(628)	9,181	(508)
Total non-interest income	59,209	44,312	179,490	143,746

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21. Overhead expenses

Group	3rd quarter ended		Cumulative 9 months ended	
	31 March	31 March	31 March	31 March
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Personnel expenses				
- Salaries, allowances and bonuses	23,782	12,948	55,188	36,946
- Pension costs - defined contribution plan	1,967	1,283	5,282	3,896
- Other staff related expenses	1,670	1,023	3,965	2,217
- Dealers' incentives	3,549	2,985	9,768	8,444
	30,968	18,239	74,203	51,503
Establishment costs				
- Depreciation	841	604	2,503	1,949
- Amortisation of intangible assets	173	(297)	553	11
- Rental of leasehold land and premises	1,809	2,054	5,516	5,475
- Repairs and maintenance of property, plant and equipment	1,081	1,060	2,747	2,615
- Information technology expenses	519	271	1,074	901
- Others	5,203	412	14,646	4,319
	9,626	4,104	27,039	15,270
Marketing costs				
- Advertisement and publicity	1,173	820	3,064	1,956
- Others	1,003	49	2,932	879
	2,176	869	5,996	2,835
Administration and general expenses				
- Fee and brokerage	2,357	2,925	8,112	6,148
- Administrative expenses	534	561	1,819	1,681
- General expenses	123	(1,740)	375	344
	3,014	1,746	10,306	8,173
Total	45,784	24,958	117,544	77,781

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21. Overhead expenses (Cont'd)

<u>Bank</u>	3rd quarter ended		Cumulative 9 months ended	
	31 March	31 March	31 March	31 March
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Personnel expenses				
- Salaries, allowances and bonuses	23,682	13,077	55,188	37,075
- Pension costs - defined contribution plan	1,967	1,283	5,282	3,896
- Other staff related expenses	1,665	932	3,933	2,126
- Dealers' incentives	3,549	2,985	9,768	8,444
	<u>30,863</u>	<u>18,277</u>	<u>74,171</u>	<u>51,541</u>
Establishment costs				
- Depreciation	822	600	2,443	1,889
- Amortisation of intangible assets	172	(306)	550	11
- Rental of leasehold land and premises	1,779	1,955	5,426	5,376
- Repairs and maintenance of property, plant and equipment	1,081	1,060	2,747	2,615
- Information technology expenses	519	271	1,074	901
- Others	5,419	1,516	15,450	4,884
	<u>9,792</u>	<u>5,096</u>	<u>27,690</u>	<u>15,676</u>
Marketing costs				
- Advertisement and publicity	1,173	820	3,064	1,956
- Others	1,003	742	2,931	1,572
	<u>2,176</u>	<u>1,562</u>	<u>5,995</u>	<u>3,528</u>
Administration and general expenses				
- Fee and brokerage	1,865	1,646	6,143	4,869
- Administrative expenses	535	548	1,807	1,668
- General expenses	83	86	237	202
	<u>2,483</u>	<u>2,280</u>	<u>8,187</u>	<u>6,739</u>
Total	<u>45,314</u>	<u>27,215</u>	<u>116,043</u>	<u>77,484</u>

22. Allowance for impairment on loans and advances

	Group and Bank		Group and Bank	
	3rd quarter ended		Cumulative 9 months ended	
	31 March	31 March	31 March	31 March
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Allowance for impaired loans and advances:				
(a) Specific allowance/Individual allowance				
- Made during the period	1,004	230	1,237	989
- Written back during the period	(4)	(163)	(233)	(2,947)
(b) General allowance/Collective allowance				
- Made during the period	-	277	-	849
- Written back during the period	-	(73)	-	(18,359)
Impaired loans written off	1	2,263	770	1,053
Allowance for other debtors	(684)	(2,326)	202	3,732
Write back of allowance for other debtors	86	(535)	(1,451)	(3,163)
	<u>403</u>	<u>(327)</u>	<u>525</u>	<u>(17,846)</u>

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23. Capital adequacy

(I) The capital adequacy ratios of the Group and of the Bank are as follows :

Without deducting interim dividend*:

	Group		Bank	
	31 March 2011 (Basel II) %	30 June 2010 (Basel II) %	31 March 2011 (Basel II) %	30 June 2010 (Basel II) %
Capital ratios				
Core capital ratio				
Credit risk	51.18%	72.80%	48.67%	71.46%
Credit, market and operational risks	32.23%	35.60%	30.79%	34.31%
Risk-weighted capital ratio				
Credit risk	51.18%	76.43%	48.67%	71.46%
Credit, market and operational risks	32.23%	37.37%	30.79%	34.31%

After deducting interim dividend:

	Group		Bank	
	31 March 2011 (Basel II) %	30 June 2010 (Basel II) %	31 March 2011 (Basel II) %	30 June 2010 (Basel II) %
Capital ratios				
Core capital ratio				
Credit risk	41.44%	72.80%	37.67%	71.46%
Credit, market and operational risks	25.54%	35.60%	23.27%	34.31%
Risk-weighted capital ratio				
Credit risk	41.44%	76.43%	37.67%	71.46%
Credit, market and operational risks	25.54%	37.37%	23.27%	34.31%

Tier 1 capital				
Paid-up share capital	50,116	50,116	50,116	50,116
Share premium	172,669	172,669	172,669	172,669
Statutory reserves	50,116	50,116	50,116	50,116
Islamic banking capital fund	5,000	5,000	5,000	5,000
Other reserves	213,246	111,348	202,115	104,753
Less: Deferred tax assets ¹	(9,124)	(14,379)	(9,124)	(14,945)
Total Tier 1 capital	482,023	374,870	470,892	367,709
Tier 2 capital				
General allowance for bad and doubtful debts	-	18,685	-	18,685
Total capital	482,023	393,555	470,892	386,394
Less: Investment in subsidiaries ²	-	-	(61,804)	(61,804)
Capital base	482,023	393,555	409,088	324,590

* In arriving at the capital base used in the ratio calculations of the Group and the Bank, the interim dividend for the respective financial year was not included.

¹ Under Bank Negara Malaysia Guidelines, deferred tax is required to be excluded from Tier 1 capital.

² Excludes the cost of investment in a subsidiary, Maysec (KL) Sdn. Bhd. of RM171,475,000 as its business, assets and liabilities have been transferred to the Bank on 30 December 2006.

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23. Capital adequacy (Cont'd)

(II) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category are as follows:

<u>Group</u>	Gross exposures RM'000	Net exposures RM'000	Risk- weighted assets RM'000	Capital requirements RM'000
31 March 2011				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	23,212	23,212	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Bank ("MDBs")	1,014,913	1,014,913	203,160	16,253
Corporates	47,326	47,326	16,160	1,293
Regulatory retail	540,633	540,633	508,388	40,671
Higher risk assets	114,320	114,320	171,479	13,718
Other assets	42,532	42,532	42,527	3,402
Equity exposures	60	60	60	5
Total on-balance sheet exposures	1,782,996	1,782,996	941,774	75,342
Total off-balance sheet exposures	375,188	375,188	-	-
Total on and off-balance sheet exposures	2,158,184	2,158,184	941,774	75,342
(ii) <u>Market Risk</u>				
Interest rate risk	-	-	9,750	780
Foreign currency risk	-	-	82,791	6,623
Total	-	-	92,541	7,403
(iii) <u>Operational Risk</u>	-	-	461,278	36,902
Total RWA and capital requirements	2,158,184	2,158,184	1,495,593	119,647

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23. Capital adequacy (Cont'd)

<u>Group</u>	Gross exposures RM'000	Net exposures RM'000	Risk- weighted assets RM'000	Capital requirements RM'000
30 June 2010				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	18,698	18,698	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Bank ("MDBs")	444,721	444,721	88,944	7,116
Corporates	32,910	32,910	1,455	116
Regulatory retail	115,395	115,395	107,810	8,625
Higher risk assets	60,479	60,479	90,718	7,257
Other assets	212,686	212,686	212,682	17,015
Equity exposures	13,314	13,314	13,314	1,065
Total on-balance sheet exposures	898,203	898,203	514,923	41,194
Total off-balance sheet exposures	-	-	-	-
Total on and off-balance sheet exposures	898,203	898,203	514,923	41,194
(ii) <u>Market Risk</u>				
Interest rate risk	-	-	12,812	1,025
Foreign currency risk	-	-	54,044	4,324
Options risk	-	-	45,720	3,658
Total	-	-	112,576	9,007
(iii) <u>Operational Risk</u>				
	-	-	425,635	34,051
Total RWA and capital requirements	898,203	898,203	1,053,134	84,252

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23. Capital adequacy (Cont'd)

(II) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category are as follows:

<u>Bank</u>	Gross exposures RM'000	Net exposures RM'000	Risk- weighted assets RM'000	Capital requirements RM'000
31 March 2011				
Exposure Class				
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	23,212	23,212	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Bank ("MDBs")	981,894	981,894	196,556	15,724
Corporates	45,088	45,088	15,041	1,203
Regulatory retail	540,390	540,390	506,948	40,556
Higher risk assets	52,967	52,967	78,287	6,263
Other assets	43,647	43,647	43,643	3,491
Equity exposures	60	60	60	5
Total on-balance sheet exposures	1,687,258	1,687,258	840,535	67,242
Total off-balance sheet exposures	375,188	375,188	-	-
Total on and off-balance sheet exposures	2,062,446	2,062,446	840,535	67,242
(ii) <u>Market Risk</u>				
Interest rate risk	-	-	9,750	780
Foreign currency risk	-	-	23,969	1,918
Total	-	-	33,719	2,698
(iii) <u>Operational Risk</u>	-	-	454,206	36,336
Total RWA and capital requirements	2,062,446	2,062,446	1,328,460	106,276

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23. Capital adequacy (Cont'd)

<u>Bank</u>	Gross exposures	Net exposures	Risk-weighted assets	Capital requirements
30 June 2010 Exposure Class	RM'000	RM'000	RM'000	RM'000
(i) Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	18,698	18,698	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Bank ("MDBs")	415,569	415,569	83,114	6,649
Corporates	32,910	32,910	1,455	116
Regulatory retail	115,395	115,395	107,810	8,625
Higher risk assets	52,535	52,535	78,802	6,304
Other assets	169,741	169,741	169,737	13,579
Equity exposures	13,314	13,314	13,314	1,065
Total on-balance sheet exposures	818,162	818,162	454,232	36,338
Total off-balance sheet exposures	-	-	-	-
Total on and off-balance sheet exposures	818,162	818,162	454,232	36,338
(ii) Market Risk				
Interest rate risk	-	-	12,812	1,025
Foreign currency risk	-	-	7,610	609
Options risk	-	-	45,720	3,658
Total	-	-	66,142	5,292
(iii) Operational Risk				
	-	-	425,635	34,051
Total RWA and capital requirements	818,162	818,162	946,009	75,681

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23. Capital adequacy (Cont'd)

(III) There is no off-balance sheet exposures and related counterparty credit risk of the Group and Bank.

The risk-weighted assets and capital requirements for the various categories of risk:

Group	31 March 2011		30 June 2010	
	Risk-weighted assets equivalent RM'000	Capital required RM'000	Risk-weighted assets equivalent RM'000	Capital required RM'000
Interest rate risk				
- General interest rate risk	9,750	780	7,812	625
- Specific interest rate risk	-	-	5,000	400
	9,750	780	12,812	1,025
Foreign exchange risk	82,791	6,623	54,044	4,324
Option risk	-	-	45,720	3,658
Total	92,541	7,403	112,576	9,007

Bank	31 March 2011		30 June 2010	
	Risk-weighted assets equivalent RM'000	Capital required RM'000	Risk-weighted assets equivalent RM'000	Capital required RM'000
Interest rate risk				
- General interest rate risk	9,750	780	7,812	625
- Specific interest rate risk	-	-	5,000	400
	9,750	780	12,812	1,025
Foreign exchange risk	23,969	1,918	7,610	609
Option risk	-	-	45,720	3,658
Total	33,719	2,698	66,142	5,292

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23. Capital adequacy (Cont'd)

(IV) The breakdown of exposures by risk weights are as follows:

Group	Exposures after Netting and Credit Risk Mitigation								
	Sovereigns/ Central banks	Banks, DFIs and MDBs	Corporates	Regulatory retail	Higher risk assets	Other assets	Equity exposures	Total Exposures after netting and credit risk mitigation	Total risk- weighted assets
31 March 2011									
Risk weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	23,212	-	30,047	-	-	5	-	53,264	-
20%	-	1,014,320	-	-	-	-	-	1,014,320	202,864
50%	-	593	2,238	323	-	-	-	3,154	1,577
75%	-	-	-	129,293	-	-	-	129,293	96,970
100%	-	-	15,041	410,538	-	42,527	60	468,166	468,166
150%	-	-	-	479	114,320	-	-	114,799	172,199
Total exposures	23,212	1,014,913	47,326	540,633	114,320	42,532	60	1,782,996	941,776
Risk-weighted assets by exposures	-	203,161	16,160	508,388	171,480	42,527	60	941,776	
Average risk weights	0%	20%	34%	94%	150%	100%	100%	53%	

Group	Exposures after Netting and Credit Risk Mitigation								
	Sovereigns/ Central Banks	Banks, DFIs and MDBs	Corporates	Regulatory retail	Higher risk assets	Other assets	Equity exposures	Total exposures after netting and credit risk mitigation	Total risk- weighted assets
30 June 2010									
Risk weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	18,698	-	30,041	-	-	-	-	48,739	-
20%	-	444,721	-	-	-	-	-	444,721	88,944
50%	-	-	2,828	65	-	-	-	2,893	1,447
75%	-	-	-	30,210	-	-	-	30,210	22,658
100%	-	-	41	85,120	-	212,682	13,314	311,157	311,157
150%	-	-	-	-	60,479	-	-	60,479	90,719
Total exposures	18,698	444,721	32,910	115,395	60,479	212,682	13,314	898,199	514,925
Risk-weighted assets by exposures	-	88,944	1,455	107,810	90,719	212,682	13,314	514,924	
Average risk weights	0%	20%	4%	93%	150%	100%	100%	58%	

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23. Capital adequacy (Cont'd)

Bank	Exposures after Netting and Credit Risk Mitigation								
	Sovereigns/ Central Banks	Banks, DFIs and MDBs	Corporates	Regulatory retail	Higher risk assets	Other assets	Equity exposures	Total exposures after netting and credit risk mitigation	Total risk- weighted assets
31 March 2011									
Risk weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	23,212	-	30,047	-	-	4	-	53,263	-
20%	-	981,301	-	-	-	-	-	981,301	196,260
50%	-	593	2,238	323	-	-	-	3,154	1,577
75%	-	-	-	129,293	-	-	-	129,293	96,970
100%	-	-	15,041	410,538	-	43,643	60	469,282	469,282
150%	-	-	-	479	50,486	-	-	50,965	76,448
Total exposures	23,212	981,894	47,326	540,633	50,486	43,647	60	1,687,258	840,537
Risk-weighted assets by exposures	-	196,557	16,160	508,388	75,729	43,643	60	840,537	
Average risk weights	0%	20%	34%	94%	150%	100%	100%	50%	

Bank	Exposures after Netting and Credit Risk Mitigation								
	Sovereigns/ Central Banks	Banks, DFIs and MDBs	Corporates	Regulatory retail	Higher risk assets	Other assets	Equity exposures	Total exposures after netting and credit risk mitigation	Total risk- weighted assets
30 June 2010									
Risk Weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	18,698	-	30,041	-	-	4	-	48,743	-
20%	-	415,569	-	-	-	-	-	415,569	83,114
50%	-	-	2,828	65	-	-	-	2,893	1,446
75%	-	-	-	30,210	-	-	-	30,210	22,658
100%	-	-	41	85,120	-	169,737	13,314	268,212	268,212
150%	-	-	-	-	52,535	-	-	52,535	78,802
Total exposures	18,698	415,569	32,910	115,395	52,535	169,741	13,314	818,162	454,232
Risk-weighted assets by exposures	-	83,114	1,455	107,810	78,802	169,737	13,314	454,232	
Average risk weights	0%	20%	4%	93%	150%	100%	100%	56%	

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24. Commitments and Contingencies

Group and Bank	As at 31 March 2011			As at 30 June 2010		
	Notional amount RM'000	Credit equivalent amount* RM'000	Risk- weighted amount RM'000	Notional amount RM'000	Credit equivalent amount* RM'000	Risk- weighted amount RM'000
Obligations under underwriting agreements (#)	30,000	15,000	15,000	59,160	29,580	53,408
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	375,188	-	-	350,996	-	-
	405,188	15,000	15,000	410,156	29,580	53,408

* The credit equivalent amount is arrived at using the credit evaluation conversion factor as per Bank Negara Malaysia's guideline.

Interest rate related contracts are subject to market risk.

The RWA amount of RM15 million as at 31 March 2011 was for DHTI.

Market Risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in this type of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions.

Credit Risk

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Group and the Bank have a gain position. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates and prices. As at 31 March 2011, there were no contracts subject to credit risk.

Contingent liabilities

	Group and Bank	
	31 March 2011 RM'000	30 June 2010 RM'000
Unsecured		
(i) Guarantee given to the holding company for banking facilities extended to Bursa Malaysia Securities Clearing Berhad	1,000	1,000
(ii) Claims under litigation*	10,091	10,091
	11,091	11,091

* The Group and the Bank are aggressively defending all of the claims under litigation, through their solicitors, the outcomes of which are subject matter for the Courts to eventually determine.

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24. Commitments and Contingencies (Cont'd)

Contingent liabilities (cont'd)

(iii) A corporate borrower had issued a writ of summons against the Bank in 2005 in its capacity as Security Agent for the syndicated lenders claiming general, special and exemplary damages arising from alleged breach of duty owed by the Bank. Although it has not been quantified, the claim value is estimated at approximately RM450.0 million.

The credit facilities consisting of a bridging loan of RM54.5 million and a revolving credit facility of RM4.0 million were granted to the borrower by the Bank's holding company and three other financial institutions as the syndicated lenders. The loan was subsequently restructured to RM38.0 million with terms for repayment. In 2006, the Bank's holding company and three other syndicated lenders filed a counterclaim against the corporate borrower for recovery of the loan. The two suits were then ordered by the Court to be heard together.

Pursuant to an agreement dated 19 December 2006, the Bank had disposed off its exposure under this loan to its holding company. The Court on 6 May 2009 entered judgement against the Bank as the security agent for the syndicated lenders for an estimated RM115.5 million with interest at 6% per annum from date of disbursement to realisation.

The balance of the judgement claim (including general damages) against the Bank as Security Agent for the syndicated lenders were ordered to be assessed by the Senior Assistant Registrar, and it was determined that the Bank's exposure was RM48 million out of the RM115.5 million judgement. The Bank filed a notice of appeal and an application for stay of execution of the judgement sum on 8 May 2009. On 24 June 2009, the Court granted a stay order pending the appeal. Subsequently the borrower had on the same date filed a counter appeal against the stay order, however the borrower's counter appeal has thereafter been dismissed by the Court of Appeal on 23 November 2009.

A hearing date has yet to be fixed for the Bank's appeal due to inavailability of notes of evidence and grounds of judgement by the High Court. The appeal is still undergoing case management. The Court has fixed 12th May 2011 as the next case management date for the suit pending the availability of notes of evidence and grounds of judgement.

(iv) Mayban Trustees Berhad ("MTB"), as Trustee and Maybank Investment Bank Berhad ("Maybank IB") as Security Agent for the Senior Bonds and Junior Notes issued by a corporation were served with a Writ of Summons, Statement of Claim and Amended Statement of Claim on 29 December 2010 and 30 December 2010 respectively wherein an individual as the sole Junior Noteholder of the Junior Notes issued, claimed against both MTB and Maybank IB, the sum of RM556,500,000 together with interests and costs arising from the declaration made by MTB of an Event Of Default of the Senior Bonds and subsequent Event Of Default of the Junior Notes and for an alleged breach of fiduciary duties and duty of care by Maybank IB. MTB and Maybank IB do not admit any liability to this claim and will defend the suit. The suit was called up for case management on 5th April, where the Court has then fixed 29th April 2011 as the next case management date.

(v) Maybank IB was on 30 December 2010 served with Writ of Summons, Statement of Claim and Amended Statement of Claim in a suit by a corporation, being the Issuer of a bonds programme, for alleged breach of fiduciary duties and duty of care. The plaintiff has requested for the losses and damages to be assessed by the court. Maybank IB does not admit any liability to this claim and will defend the suit. The suit was called up for case management on 29th March, where the Court has then fixed 18th April 2011 as the next date.

In the aforementioned legal suit Maybank IB has been named as a defendant together with 2 individuals.

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25. Interest rate risk

The Group and Bank are exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on the financial position and cash flows.

The table below summarises the Group's and Bank's exposure to interest rate risk. The table indicates effective interest rates at the balance sheet date and periods in which the financial instruments reprice or mature, whichever is earlier.

Group	Up to 1	> 1 - 3	> 3 - 12	1 - 5	Over 5	Non-	Trading	Total	Effective
31 March 2011	month	month	month	years	years	interest	book	RM'000	interest
	RM'000	RM'000	RM'000	RM'000	RM'000	sensitive	RM'000	RM'000	rate
						RM'000			%
Assets									
Cash and short-term funds	101,076	-	-	-	-	900,971	-	1,002,047	2.53%
Deposits and placements with banks and other financial institutions	-	20	2,160	1,164	-	9,131	-	12,475	2.69%
Securities available-for-sale	-	-	-	15,020	-	112,809	-	127,829	4.05%
Securities held-to-maturity	-	-	-	-	33	-	-	33	-
Loans and advances									
- performing	167,384	-	31,824	242	10,289	3,041	-	212,780	7.19%
- non-performing *	-	-	-	-	-	833	-	833	-
Other assets	-	-	-	-	-	400,805	-	400,805	-
Other non-interest sensitive balances	-	-	-	-	-	30,328	-	30,328	-
Total assets	268,460	20	33,984	16,426	10,322	1,457,918	-	1,787,130	

* This is arrived at after deducting the general allowance/collective allowance, specific allowance/individual allowance and interest/income-in-suspense from gross non-performing loans outstanding.

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25. Interest rate risk (Cont'd)

Group (cont'd)	Up to 1	> 1 - 3	> 3 - 12	1 - 5	Over 5	Non-	Trading	Total	Effective
31 March 2011	month	month	month	years	years	interest	book	RM'000	interest
	RM'000	RM'000	RM'000	RM'000	RM'000	sensitive	RM'000	RM'000	rate
						RM'000			%
Liabilities and equity									
Other liabilities	-	-	-	-	-	1,275,368	-	1,275,368	-
Total liabilities	-	-	-	-	-	1,275,368	-	1,275,368	-
Share capital	-	-	-	-	-	50,116	-	50,116	-
Reserves	-	-	-	-	-	461,646	-	461,646	-
Total equity	-	-	-	-	-	511,762	-	511,762	-
Total liabilities and equity	-	-	-	-	-	1,787,130	-	1,787,130	-
On-balance sheet interest sensitivity gap	268,460	20	33,984	16,426	10,322	(329,212)	-	-	-
Total interest sensitivity gap	268,460	20	33,984	16,426	10,322	(329,212)	-	-	-
Cumulative interest rate sensitivity gap	268,460	268,480	302,464	318,890	329,212	-	-	-	-

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25. Interest rate risk (Cont'd)

Group	Up to 1	> 1 - 3	> 3 - 12	1 - 5	Over 5	Non-	Trading	Total	Effective
30 June 2010	month	month	month	years	years	interest	book	RM'000	interest
	RM'000	RM'000	RM'000	RM'000	RM'000	sensitive	RM'000	RM'000	rate
						RM'000			%
Assets									
Cash and short-term funds	117,494	-	-	-	-	315,330	-	432,824	2.42%
Deposits and placements with banks and other financial institutions	-	20	3,299	-	-	8,733	-	12,052	2.50%
Securities available-for-sale	4,996	-	-	-	-	106,278	-	111,274	5.20%
Securities held-to-maturity	-	-	-	-	33	-	-	33	-
Loans and advances									
- performing	100,291	-	31,696	4,254	7,774	774	-	144,789	6.43%
- non-performing *	-	-	-	-	-	(16,747)	-	(16,747)	-
Other assets	-	-	-	-	-	176,730	-	176,730	-
Other non-interest sensitive balances	-	-	-	-	-	36,214	-	36,214	-
Total assets	222,781	20	34,995	4,254	7,807	627,312	-	897,169	

* This is arrived at after deducting the general allowance/collective allowance, specific allowance/individual allowance and interest/income-in-suspense from gross non-performing loans outstanding.

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25. Interest rate risk (Cont'd)

Group (cont'd)	Up to 1	> 1 - 3	> 3 - 12	1 - 5	Over 5	Non-	Trading	Total	Effective
30 June 2010	month	month	month	years	years	interest	book	RM'000	interest
	RM'000	RM'000	RM'000	RM'000	RM'000	sensitive	RM'000	RM'000	rate
						RM'000			%
Liabilities and equity									
Other liabilities	-	-	-	-	-	492,946	-	492,946	-
Total liabilities	-	-	-	-	-	492,946	-	492,946	-
Share capital	-	-	-	-	-	50,116	-	50,116	-
Reserves	-	-	-	-	-	354,107	-	354,107	-
Total equity	-	-	-	-	-	404,223	-	404,223	-
Total liabilities and equity	-	-	-	-	-	897,169	-	897,169	-
On-balance sheet interest sensitivity gap	222,781	20	34,995	4,254	7,807	(269,857)	-	-	-
Total interest sensitivity gap	222,781	20	34,995	4,254	7,807	(269,857)	-	-	-
Cumulative interest rate sensitivity gap	222,781	222,801	257,796	262,050	269,857	-	-	-	-

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25. Interest rate risk (Cont'd)

Bank	Up to 1	> 1 - 3	> 3 - 12	1 - 5	Over 5	Non-	Trading	Total	Effective
31 March 2011	month	month	month	years	years	interest	book	RM'000	interest
	RM'000	RM'000	RM'000	RM'000	RM'000	sensitive	RM'000	RM'000	rate
						RM'000			%
Assets									
Cash and short-term funds	74,046	-	-	-	-	898,327	-	972,373	2.58%
Deposits and placements with banks and other financial institutions	-	-	-	-	-	9,131	-	9,131	-
Securities available-for-sale	-	-	-	15,020	-	55,028	-	70,048	4.05%
Securities held-to-maturity	-	-	-	-	33	-	-	33	-
Loans and advances									
- performing	167,384	-	31,824	242	10,289	3,041	-	212,780	7.19%
- non-performing *	-	-	-	-	-	833	-	833	-
Other assets	-	-	-	-	-	402,087	-	402,087	-
Other non-interest sensitive balances	-	-	-	-	-	257,385	-	257,385	-
Total assets	241,430	-	31,824	15,262	10,322	1,625,832	-	1,924,670	

* This is arrived at after deducting the general allowance/collective allowance, specific allowance/individual allowance and interest/income-in-suspense from gross non-performing loans outstanding.

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25. Interest rate risk (Cont'd)

Bank (cont'd) 31 March 2011	Up to 1 month RM'000	> 1 - 3 month RM'000	> 3 - 12 month RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Liabilities and equity									
Other liabilities	-	-	-	-	-	1,444,636	-	1,444,636	-
Total liabilities	-	-	-	-	-	1,444,636	-	1,444,636	
Share capital	-	-	-	-	-	50,116	-	50,116	-
Reserves	-	-	-	-	-	429,918	-	429,918	-
Total equity	-	-	-	-	-	480,034	-	480,034	
Total liabilities and equity	-	-	-	-	-	1,924,670	-	1,924,670	
On-balance sheet interest sensitivity gap	241,430	-	31,824	1,694	25,342	(300,290)	-	-	
Total interest sensitivity gap	241,430	-	31,824	1,694	25,342	(300,290)	-	-	
Cumulative interest rate sensitivity gap	241,430	241,430	273,254	274,948	300,290	-	-		

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25. Interest rate risk (Cont'd)

<u>Bank</u> 30 June 2010	Up to 1 month RM'000	> 1 - 3 month RM'000	> 3 - 12 month RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	94,340	-	-	-	-	312,650	-	406,990	2.49%
Deposits and placements with banks and other financial institutions	-	-	-	-	-	8,733	-	8,733	-
Securities available-for-sale	4,996	-	-	-	-	60,949	-	65,945	5.20%
Securities held-to-maturity	-	-	-	-	33	-	-	33	-
Loans and advances									
- performing	100,291	-	31,696	4,254	7,774	774	-	144,789	6.43%
- non-performing *	-	-	-	-	-	(16,747)	-	(16,747)	-
Other assets	-	-	-	-	-	177,147	-	177,147	-
Other non-interest sensitive balances	-	-	-	-	-	263,515	-	263,515	-
Total assets	199,627	-	31,696	4,254	7,807	807,021	-	1,050,405	

* This is arrived at after deducting the general allowance/collective allowance, specific allowance/individual allowance and interest/income-in-suspense from gross non-performing loans outstanding.

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25. Interest rate risk (Cont'd)

Bank (cont'd) 30 June 2010	Up to 1 month RM'000	> 1 - 3 month RM'000	> 3 - 12 month RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Liabilities and equity									
Other liabilities	-	-	-	-	-	661,974	-	661,974	-
Total liabilities	-	-	-	-	-	661,974	-	661,974	
Share capital	-	-	-	-	-	50,116	-	50,116	
Reserves	-	-	-	-	-	338,315	-	338,315	
Total equity	-	-	-	-	-	388,431	-	388,431	
Total liabilities and equity	-	-	-	-	-	1,050,405	-	1,050,405	
On-balance sheet interest sensitivity gap	199,627	-	31,696	4,254	7,807	(243,384)	-	-	
Total interest sensitivity gap	199,627	-	31,696	4,254	7,807	(243,384)	-	-	
Cumulative interest rate sensitivity gap	199,627	199,627	231,323	235,577	243,384	-	-		

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26. The Operations of Islamic Banking Scheme
Unaudited Statements of Financial Position as at 31 March 2011

	Notes	Group and Bank	
		31 March 2011 RM'000	30 June 2010 RM'000
ASSETS			
Cash and short-term funds		70	79
Other assets	(a)	49,265	14,958
Total assets		49,335	15,037
LIABILITIES			
Other liabilities	(b)	12,624	3
Provision for taxation and zakat		6,338	739
TOTAL LIABILITIES		18,962	742
ISLAMIC BANKING FUND			
Islamic banking capital fund		5,000	5,000
Reserves		25,373	9,295
		30,373	14,295
Total Liabilities and Islamic Banking Fund		49,335	15,037

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26. The Operations of Islamic Banking Scheme (Cont'd)

Condensed Financial Statements
Unaudited Statements of Comprehensive Income
For the Third Quarter Ended 31 March 2011

	Notes	3rd quarter ended		Cumulative 9 months ended	
		31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Income derived from investment of depositors' funds and others	(c)	12,365	182	33,553	2,428
Transfer to profit equalisation reserves		-	-	-	328
Gross attributable income		12,365	182	33,553	2,756
Income attributable to depositors	(d)	-	-	-	(477)
Income attributable to the Group and the Bank		12,365	182	33,553	2,279
Overhead expenses	(e)	(6,903)	-	(11,876)	(81)
Profit before taxation and zakat		5,462	182	21,677	2,198
Taxation		(1,366)	(51)	(5,420)	(721)
Zakat		(41)	(1)	(179)	(19)
Profit for the period		4,055	130	16,078	1,458
Total comprehensive income for the period		4,055	130	16,078	1,458

Unaudited Consolidated Statements of Changes in Equity
For the Third Quarter Ended 31 March 2011

	Islamic banking capital fund RM'000	Non-distributable unrealised holdings reserves RM'000	Distributable retained profits RM'000	Total RM'000
<u>Group and Bank</u>				
At 1 July 2010	5,000	-	9,295	14,295
Profit for the period	-	-	16,078	16,078
Total comprehensive income for the period	-	-	16,078	16,078
At 31 March 2011	5,000	-	25,373	30,373
At 1 July 2009	5,000	232	7,592	12,824
Net increase in fair value of securities	-	(232)	-	(232)
Profit for the period	-	-	1,703	1,703
At 31 March 2010	5,000	-	9,295	14,295

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26. The Operations of Islamic Banking Scheme (Cont'd)

Condensed Financial Statements
Unaudited Condensed Cash Flow Statements
For the Third Quarter Ended 31 March 2011

	Group and Bank	
	31 March 2011 RM'000	31 March 2010 RM'000
Cash flows from operating activities		
Profit before taxation and zakat	21,677	2,198
Adjustments for:		
Accretion of discounts less amortisation of premiums	-	221
Gain on sale of dealing and investment securities	-	(644)
Operating profit before working capital changes	<u>21,677</u>	<u>1,775</u>
Decrease in securities	-	157,986
Increase in receivables	(34,307)	(16,606)
Decrease/(increase) in payables	12,621	(45,170)
Decrease in deposits from customers and banks and other financial institutions	-	(607,876)
Net cash used for operating activities	<u>(9)</u>	<u>(509,891)</u>
Net decrease in cash and cash equivalents	(9)	(509,891)
Cash and cash equivalents at beginning of the period	79	510,040
Cash and cash equivalents at end of the period	<u>70</u>	<u>149</u>

(a) Other assets

	Group and Bank	
	31 March 2011 RM'000	30 June 2010 RM'000
Income receivables	<u>49,265</u>	<u>14,958</u>

(b) Other liabilities

	Group and Bank	
	31 March 2011 RM'000	30 June 2010 RM'000
Provisions and accruals	<u>12,624</u>	<u>3</u>
	<u>12,624</u>	<u>3</u>

The movements in PER are as follows:

Balance at beginning of period	683	683
Amount reversed during the period	(683)	-
Balance at end of period	<u>-</u>	<u>683</u>

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26. The Operations of Islamic Banking Scheme (Cont'd)

(c) Income derived from investment of depositors' funds and others

Details of the income derived from depositors' funds and others are as follows:

	3rd quarter ended		Cumulative 9 months ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Gross income from:				
- Securities available-for-sale	-	27	-	725
- Securities held-to-maturity	-	15	-	402
- Deposit and placement with financial institutions	-	131	-	786
Fee Income	12,365	-	33,553	-
Accretion of discounts less amortisation of premiums	-	(5)	-	(129)
	12,365	168	33,553	1,784
Gain from sale of investment				
- Securities	-	14	-	644
	12,365	182	33,553	2,428

(d) Income attributable to depositors

	3rd quarter ended		Cumulative 9 months ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Deposits from customers				
- Mudharabah fund	-	-	-	2
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	-	-	-	475
	-	-	-	477

(e) Overhead expenses

	3rd quarter ended		Cumulative 9 months ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Personnel expenses	5,349	-	8,904	-
Establishment costs	962	-	2,145	81
Marketing costs	296	-	452	-
Administration and general expenses	296	-	375	-
	6,903	-	11,876	81

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26. The Operations of Islamic Banking Scheme (Cont'd)

(f) Capital adequacy

Group and Bank	
31 March	30 June
2011	2010
(Basel II)	(Basel II)
%	%

(I) Capital ratios

Core capital ratios:

Credit risk	53.42	29.02
Credit, market and operational risks	35.30	19.17

Risk-weighted capital ratio:

Credit risk	53.42	29.02
Credit, market and operational risks	35.30	19.17

Tier 1 capital

Group and Bank	
31 March	30 June
2011	2010
RM'000	RM'000

Islamic banking capital fund	5,000	5,000
Retained profits	25,373	9,295
Total tier 1 capital	30,373	14,295
Capital base	30,373	14,295

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26. The Operations of Islamic Banking Scheme (Cont'd)

(f) Capital adequacy (cont'd)

(II) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category are as follows:

<u>Bank</u>				
31 March 2011	Gross	Net	Risk-weighted	Capital
Exposure Class	exposures	exposures	assets	requirements
	RM'000	RM'000	RM'000	RM'000
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	70	70	-	-
Other assets	49,265	49,265	49,265	3,941
Total on-balance sheet exposures	49,335	49,335	49,265	3,941
Total off-balance sheet exposures	-	-	-	-
Total on and off-balance sheet exposures	49,335	49,335	49,265	3,941
(ii) <u>Market Risk</u>				
	-	-	-	-
(iii) <u>Operational Risk</u>				
	-	-	25,297	2,024
Total RWA and capital requirements	49,335	49,335	74,562	5,965

<u>Bank</u>				
30 June 2010	Gross	Net	Risk-weighted	Capital
Exposure Class	exposures	exposures	assets	requirements
	RM'000	RM'000	RM'000	RM'000
(i) <u>Credit Risk</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	79	79	-	-
Other assets	14,958	14,958	14,958	1,197
Total on-balance sheet exposures	15,037	15,037	14,958	1,197
Total off-balance sheet exposures	-	-	-	-
Total on and off-balance sheet exposures	15,037	15,037	14,958	1,197
(ii) <u>Market Risk</u>				
	-	-	-	-
(iii) <u>Operational Risk</u>				
	-	-	7,279	582
Total RWA and capital requirements	15,037	15,037	22,237	1,779

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26. The Operations of Islamic Banking Scheme (Cont'd)

(f) Capital adequacy (cont'd)

(III) The breakdown of exposures by risk weights are as follows:

Group	Exposures after Netting and Credit Risk Mitigation								
	Sovereigns/ Central banks	Banks, DFIs and MDBs	Corporates	Regulatory retail	Higher risk assets	Other assets	Equity exposures	Total Exposures after netting and credit risk mitigation	Total risk- weighted assets
31 March 2011									
Risk weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	70	-	-	-	-	-	-	70	-
100%	-	-	-	-	-	49,265	-	49,265	49,265
Total exposures	70	-	-	-	-	49,265	-	49,335	49,265
Risk-weighted assets by exposures	-	-	-	-	-	49,265	-	49,265	
Average risk weights	0%	0%	0%	0%	0%	100%	0%	100%	

Group	Exposures after Netting and Credit Risk Mitigation								
	Sovereigns/ Central Banks	Banks, DFIs and MDBs	Corporates	Regulatory retail	Higher risk assets	Other assets	Equity exposures	Total exposures after netting and credit risk mitigation	Total risk- weighted assets
30 June 2010									
Risk weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	79	-	-	-	-	-	-	79	-
100%	-	-	-	-	-	14,958	-	14,958	14,958
Total exposures	79	-	-	-	-	14,958	-	15,037	14,958
Risk-weighted assets by exposures	-	-	-	-	-	14,958	-	14,958	
Average risk weights	0%	0%	0%	0%	0%	100%	0%	100%	

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26. The Operations of Islamic Banking Scheme (Cont'd)

(g) Yield/profit rate risk on IBS portfolio

The Group and the Bank are exposed to various risks associated with the effects of fluctuations in the prevailing levels of yield/profit rate on the financial position and cash flows of the IBS portfolio. The fluctuations in yield/profit rate can be influenced by changes in interest rates that affect the value of financial instruments under the IBS portfolio. Yield/profit rate risk is monitored and managed by the Group and the Bank to protect the income from IBS operations.

The table below summarises the Group's and the Bank's exposure to yield/profit rate risk for the IBS operations. The table indicates effective yield/profit rates at the balance sheet date and the periods in which the financial instruments reprice or mature, whichever is earlier.

<u>Group and Bank</u> 31 March 2011	Up to 1 month RM'000	> 1 - 3 month RM'000	> 3 - 12 month RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-yield/ profit rate sensitive RM'000	Trading book RM'000	Total RM'000	Effective yield/profit rate %
Assets									
Cash and short-term funds	-	-	-	-	-	70	-	70	-
Other assets	-	-	-	-	-	49,265	-	49,265	-
Total assets	-	-	-	-	-	49,335	-	49,335	
Liabilities and Islamic banking fund									
Other non-yield/profit rate sensitive balances	-	-	-	-	-	18,962	-	18,962	-
Total liabilities	-	-	-	-	-	18,962	-	18,962	
Reserves	-	-	-	-	-	30,373	-	30,373	-
Total Islamic banking fund	-	-	-	-	-	30,373	-	30,373	
Total liabilities and Islamic banking fund	-	-	-	-	-	49,335	-	49,335	
Total yield/profit rate sensitivity gap	-	-	-	-	-	-	-	-	
Cumulative yield/profit rate sensitivity gap	-	-	-	-	-	-	-	-	

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26. The Operations of Islamic Banking Scheme (Cont'd)

(g) Yield/profit rate risk on IBS portfolio (cont'd)

<u>Group and Bank</u> 30 June 2010	Up to 1 month RM'000	> 1 - 3 month RM'000	> 3 - 12 month RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-yield/ profit rate sensitive RM'000	Trading book RM'000	Total RM'000	Effective yield/profit rate %
Assets									
Cash and short-term funds	-	-	-	-	-	79	-	79	-
Other assets	-	-	-	-	-	14,958	-	14,958	-
Total assets	-	-	-	-	-	15,037	-	15,037	
Liabilities and Islamic banking fund									
Other non-yield/profit rate sensitive balances	-	-	-	-	-	742	-	742	-
Total liabilities	-	-	-	-	-	742	-	742	
Reserves	-	-	-	-	-	14,295	-	14,295	-
Total Islamic banking fund	-	-	-	-	-	14,295	-	14,295	
Total liabilities and Islamic banking fund	-	-	-	-	-	15,037	-	15,037	
Total yield/profit rate sensitivity gap	-	-	-	-	-	-	-	-	
Cumulative yield/profit rate sensitivity gap	-	-	-	-	-	-	-	-	

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26. The operations of Islamic Banking Scheme (Cont'd)

(h) Fair values of financial assets and liabilities

The estimated fair values of those on-balance sheet financial assets and financial liabilities as at the balance sheet date, which are considered short term in maturity, approximate their carrying amounts as shown in balance sheet.

(i) Allocation of income

The policy of allocation of income to the various types of deposits and investments is subject to "The Framework of Rate of Return" issued by Bank Negara Malaysia in October 2001. The objective is to set the minimum standard and terms of reference for the Islamic banking institution in calculating and deriving the rate of return for the depositors.

(j) Shariah committee

The operation of IBS is governed by Section 124(3) of the Banking and Financial Institution Act, 1989 ("the Act"), which stipulates that "any licensed institution carrying on Islamic financial business, in addition to its existing licensed business may, from time to time seek the advise of the Shariah Advisory Council ("SAC") established under subsection (7) of the Act, on the operations of its business in order to ensure that it does not involve any element which is not approved by the Religion of Islam" and Section IV of BNM's "Guidelines on the Governance of Shariah Committee for the Islamic Financial Institutions" known as BNM/GPS 1, stipulates that "Every Islamic institution is required to establish a Shariah Committee".

Based on the above, the duties and responsibilities of the Group's and the Bank's Shariah Committee are to advise on the overall Islamic Banking operations of the Group's and the Bank's business in order to ensure compliance with the Shariah requirements.

The roles of the Shariah Committee in monitoring the Group's and the Bank's activities include:

- (i) To advise the Board on Shariah matters in its business operations
- (ii) To endorse Shariah Compliance Manuals
- (iii) To endorse and validate relevant documentations
- (iv) To assist related parties on Shariah matters for advice upon request
- (v) To advise on matters to be referred to the SAC
- (vi) Provide written Shariah opinion:
 - When the Group and the Bank make references to SAC of BNM for advice on unresolved Shariah issues.
 - When the Group and the Bank submit application to BNM for new product approval
- (vii) Assist in providing explanation on matters referred to BNM or SAC of BNM at their requests
- (viii) Participate in the in-house training programmes of the Group and the Bank

The Group and the Bank presently have four Shariah consultants.

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27. Changes in Accounting Policies

As disclosed in Note 1, the adoption of new FRS's, amendments to FRSs, IC Interpretations and TR during the financial period have resulted in the following changes in accounting policies:

- (i) FRS 139 Financial Instruments: Recognition and Measurement
- (ii) IC Interpretation 9 Reassessment of Embedded Derivatives
- (iii) Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
- (iv) Amendments to FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes the principles for the recognition, derecognition and measurement of an entity's financial instruments and for hedge accounting. Some of these principles and accounting policies have been adopted by the Group and the Bank since the application of BNM's revised BNM/GP8 - Guidelines of Financial Reporting for Licensed Institutions ("BNM GP8 Guidelines") on 1 July 2005 due to the similarities between BNM GP8 Guidelines and FRS 139.

The changes in accounting policies above have been accounted for prospectively, in line with the transitional arrangements under para 103AA of FRS 139, with adjustments to the carrying values of financial assets and liabilities at the beginning of the current financial period being adjusted to opening retained profits and/or unrealised holding reserves/(deficit) as appropriate.

Upon the full adoption of FRS 139 on 1 July 2010, the Group has implemented additional requirements as follows:

1) Impairment of loans, advances and financing (inclusive receivables (non-margin))

The Group and the Bank assess at the end of each reporting period whether there is any objective evidence that a loan or group of loans is impaired. The loan or group is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the loan (as incurred 'loss event') and that the loss event has an impact on future estimated cash flows of the loan or group of loans that can be easily estimated.

The Group and the Bank assess if objective evidences of impairment exist for loans, advances and financing which are deemed to be individually significant.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the loan's carrying amount and the present value of the estimated future cash flows. The carrying amount of the loan is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

For margin and non-margin accounts to refer to note 2 below.

Loans which are not individually significant and loans that have been individually assessed with no evidence of impairment loss are grouped together for portfolio impairment assessment.

2) Classification of loans, advances and financing as impaired

Prior to the adoption of FRS 139, loans were classified as non-performing when principal or interest/profit for both are past due for three (3) months or more. Upon the adoption of FRS 139, loans are classified as impaired when principal or interest/profit or both are past due for three (3) months or more or where loans in arrears for less than three (3) months exhibit indications of credit weaknesses, whether or not impairment loss has been provided for.

For margin and non-margin, the classification of impaired accounts are to follow the Bursa Malaysia Guidelines under Schedule 7 Chapter 11.

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27. Changes in Accounting Policies (Cont'd)

3) Interest and Profit Income Recognition

For all financial instruments measured at amortised cost, interest bearing and other financial assets classified as financial investments available-for-sale and financial instruments designated at fair value through profit or loss, interest or profit income or expense is recorded using the effective interest rate ("EIR") or effective profit rate ("EPR"), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR or the EPR, but not future credit losses.

4) Recognition of Embedded Derivatives

Upon the adoption of FRS 139 and IC Interpretation 9, 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 derivatives are not closely related to that of the host contract and the fair value of the resulting derivative can be easily measured. The assessment is made when the entity first becomes a party of the contract.