



RHB Capital Berhad 312952-H  
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**UNAUDITED INTERIM FINANCIAL STATEMENTS  
 FOR THE SIX MONTHS ENDED 30 JUNE 2012**

The Board of Directors of RHB Capital Berhad ("The Board") wishes to announce that the unaudited interim financial results of the Group and the Company for the six months ended 30 June 2012 are as follows:

**INCOME STATEMENTS  
 FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	Note	2nd quarter ended		Six months ended	
		30 June 2012	Restated 30 June 2011	30 June 2012	Restated 30 June 2011
		RM'000	RM'000	RM'000	RM'000
<b>Group</b>					
Interest income	A8	1,495,523	1,392,800	2,956,676	2,702,837
Interest expense	A9	(763,580)	(672,254)	(1,515,745)	(1,283,956)
Net interest income		731,943	720,546	1,440,931	1,418,881
Other operating income	A10	323,039	316,268	653,419	582,798
		1,054,982	1,036,814	2,094,350	2,001,679
Income from Islamic Banking business		112,697	83,548	223,770	172,802
Net operating income		1,167,679	1,120,362	2,318,120	2,174,481
Other operating expenses	A11	(530,221)	(459,340)	(1,050,263)	(908,110)
Operating profit before allowances		637,458	661,022	1,267,857	1,266,371
Allowance for impairment on loans, financing and other losses	A12	(36,801)	(158,195)	(82,178)	(155,084)
Impairment write back/(losses) on other assets		2,328	8,015	(2,115)	10,018
		602,985	510,842	1,183,564	1,121,305
Share of results of a joint venture		249	12	393	144
<b>Profit before taxation</b>		603,234	510,854	1,183,957	1,121,449
Taxation	B5	(149,048)	(128,641)	(293,275)	(280,811)
<b>Net profit for the financial period</b>		454,186	382,213	890,682	840,638
Attributable to:					
- Equity holders of the Company		453,845	381,398	889,396	839,149
- Non-controlling interests		341	815	1,286	1,489
		454,186	382,213	890,682	840,638
<b>Earnings per share (sen)</b>					
- Basic	B12	20.5	17.6	40.3	38.8
- Diluted	B12	20.5	17.6	40.3	38.8

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.



**RHB CAPITAL BERHAD (312952 – H)  
STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	2nd quarter ended		Six months ended	
	30 June 2012	Restated 30 June 2011	30 June 2012	Restated 30 June 2011
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Net profit for the financial period	<b>454,186</b>	382,213	<b>890,682</b>	840,638
Other comprehensive income/(loss):				
Currency translation differences	<b>40,445</b>	(777)	<b>15,451</b>	(15,960)
Financial investments available-for-sale ('AFS')				
- Unrealised net gain on revaluation	<b>32,954</b>	51,929	<b>86,520</b>	41,667
- Net transfer to income statements on disposal or impairment	<b>(12,696)</b>	(5,409)	<b>(51,458)</b>	(13,340)
Income tax relating to components of other comprehensive income	<b>(4,973)</b>	(11,694)	<b>(8,705)</b>	(7,219)
Other comprehensive income, net of tax, for the financial period	<b>55,730</b>	34,049	<b>41,808</b>	5,148
Total comprehensive income for the financial period	<b>509,916</b>	416,262	<b>932,490</b>	845,786
Total comprehensive income attributable to:				
- Equity holders of the Company	<b>509,570</b>	415,475	<b>931,200</b>	844,332
- Non-controlling interests	<b>346</b>	787	<b>1,290</b>	1,454
	<b>509,916</b>	416,262	<b>932,490</b>	845,786

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.



**RHB CAPITAL BERHAD (312952 – H)  
INCOME STATEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	Note	2nd quarter ended		Six months ended	
		30 June 2012	30 June 2011	30 June 2012	30 June 2011
<u>Company</u>		RM'000	RM'000	RM'000	RM'000
Interest income	A8	592	900	1,001	1,525
Interest expense	A9	(36,771)	(36,148)	(73,178)	(71,980)
Net interest expense		<u>(36,179)</u>	<u>(35,248)</u>	<u>(72,177)</u>	<u>(70,455)</u>
Other operating income	A10	529,234	410,700	529,314	434,352
Net operating income		<u>493,055</u>	<u>375,452</u>	<u>457,137</u>	<u>363,897</u>
Other operating expenses	A11	(13,162)	(7,611)	(24,924)	(13,967)
<b>Profit before taxation</b>		<u>479,893</u>	<u>367,841</u>	<u>432,213</u>	<u>349,930</u>
Taxation	B5	(121,210)	(95,646)	(110,910)	(91,423)
<b>Net profit for the financial period</b>		<u><u>358,683</u></u>	<u><u>272,195</u></u>	<u><u>321,303</u></u>	<u><u>258,507</u></u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.



**RHB CAPITAL BERHAD (312952 – H)  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	2nd quarter ended		Six months ended	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	RM'000	RM'000	RM'000	RM'000
<b><u>Company</u></b>				
Net profit for the financial period	<u>358,683</u>	<u>272,195</u>	<u>321,303</u>	<u>258,507</u>
Other comprehensive income, net of tax, for the financial period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the financial period	<u><u>358,683</u></u>	<u><u>272,195</u></u>	<u><u>321,303</u></u>	<u><u>258,507</u></u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.



**RHB CAPITAL BERHAD (312952 – H)**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2012**

		Unaudited As at <b>30 June 2012</b>	Restated As at <b>31 Dec 2011</b>	Restated As at <b>1 Jan 2011</b>
	Note	RM'000	RM'000	RM'000
<b>Group</b>				
<b>ASSETS</b>				
Cash and short-term funds		16,887,795	20,358,496	14,754,516
Securities purchased under resale agreements		170,175	142,291	276,407
Deposits and placements with banks and other financial institutions		2,224,240	1,133,213	1,023,526
Financial assets held-for-trading	A13	1,677,130	1,501,758	772,254
Financial investments available-for-sale	A14	11,362,129	10,706,781	13,374,857
Financial investments held-to-maturity	A15	14,647,620	14,093,909	10,869,550
Loans, advances and financing	A16	101,607,471	95,058,670	81,213,637
Clients' and brokers' balances		492,609	234,834	422,937
Other assets	A17	761,696	691,965	589,156
Derivative assets		265,524	237,658	310,905
Statutory deposits		3,369,662	3,282,559	459,554
Tax recoverable		102,522	232,957	129,371
Deferred tax assets		11,067	14,630	265,645
Investments in a joint venture		19,509	24,956	25,044
Property, plant and equipment		1,102,594	1,106,503	1,023,170
Goodwill		3,806,860	3,806,860	3,806,860
Total assets		<u>158,508,603</u>	<u>152,628,040</u>	<u>129,317,389</u>
<b>LIABILITIES AND EQUITY</b>				
Deposits from customers	A18/B7(a)	118,159,833	115,860,584	94,433,828
Deposits and placements of banks and other financial institutions	A19/B7(a)	10,463,382	10,031,575	10,066,157
Bills and acceptances payable		4,038,048	3,764,155	3,536,140
Clients' and brokers' balances		819,966	562,393	610,360
Other liabilities	A20	1,596,153	1,583,516	1,528,386
Derivative liabilities		253,406	248,188	253,704
Recourse obligation on loans sold to Cagamas Berhad		1,361,106	1,161,814	818,503
Taxation liabilities		81,447	5,748	172,595
Deferred tax liabilities		70,447	63,108	5,157
Borrowings	B7(b)	3,404,102	3,603,334	4,064,323
Subordinated obligations	B7(c)	4,268,428	3,515,747	3,264,284
Hybrid Tier-1 Capital Securities	B7(d)	600,689	600,558	600,393
Senior Debt Securities	B7(e)	949,847	-	-
Total liabilities		<u>146,066,854</u>	<u>141,000,720</u>	<u>119,353,830</u>
Share capital		2,235,764	2,204,819	2,153,475
Reserves		10,193,766	9,410,579	7,799,271
		<u>12,429,530</u>	<u>11,615,398</u>	<u>9,952,746</u>
Non-controlling interests		12,219	11,922	10,813
Total equity		<u>12,441,749</u>	<u>11,627,320</u>	<u>9,963,559</u>
Total liabilities and equity		<u>158,508,603</u>	<u>152,628,040</u>	<u>129,317,389</u>
Commitments and contingencies	A25(a)	<u>76,778,154</u>	<u>74,161,318</u>	<u>70,521,648</u>
Net assets per share attributable to equity holders of the Company (RM)		<u>5.56</u>	<u>5.27</u>	<u>4.62</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.



**RHB CAPITAL BERHAD (312952 – H)  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2012**

<u>Company</u>	Note	Unaudited As at 30 June 2012 RM'000	Audited As at 31 Dec 2011 RM'000
<b>ASSETS</b>			
Cash and short term funds		89,763	27,528
Deposits and placements with banks and other financial institutions		935	919
Other assets	A17	145,556	154,199
Amounts due from subsidiaries		17,918	18,188
Tax recoverable		83,615	90,476
Deferred tax assets		345	-
Investments in subsidiaries		8,691,602	8,691,602
Property, plant and equipment		585	635
Total assets		<u>9,030,319</u>	<u>8,983,547</u>
<b>LIABILITIES AND EQUITY</b>			
Other liabilities	A20	2,490	3,315
Amounts due to subsidiaries		8,771	8,626
Deferred tax liabilities		-	45
Borrowings	B7(b)	2,990,363	3,147,101
Total liabilities		<u>3,001,624</u>	<u>3,159,087</u>
Share capital		2,235,764	2,204,819
Reserves		3,792,931	3,619,641
Total equity		<u>6,028,695</u>	<u>5,824,460</u>
Total liabilities and equity		<u>9,030,319</u>	<u>8,983,547</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.



**RHB CAPITAL BERHAD (312952 – H)  
STATEMENTS OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	Attributable to equity holders of the Company							Non-controlling interests	Total equity	
	Share capital	Share premium	Reserve funds	Other reserves	AFS reserves	Translation reserves	Retained profits			Sub-total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Group</b>										
<b>Balance as at 1 January 2012</b>										
- As previously reported	2,204,819	2,674,459	3,016,604	27,815	213,654	(58,832)	3,359,866	11,438,385	11,922	11,450,307
- Effect of full adoption of MFRS 139	-	-	-	-	-	19	176,994	177,013	-	177,013
- As restated	2,204,819	2,674,459	3,016,604	27,815	213,654	(58,813)	3,536,860	11,615,398	11,922	11,627,320
Net profit for the financial period	-	-	-	-	-	-	889,396	889,396	1,286	890,682
Currency translation differences	-	-	-	-	-	15,451	-	15,451	-	15,451
Financial investments AFS										
- Unrealised net gain on revaluation	-	-	-	-	86,514	-	-	86,514	6	86,520
- Net transfer to income statements on disposal or impairment	-	-	-	-	(51,458)	-	-	(51,458)	-	(51,458)
Income tax relating to components of other comprehensive income	-	-	-	-	(8,703)	-	-	(8,703)	(2)	(8,705)
Other comprehensive income, net of tax, for the financial period	-	-	-	-	26,353	15,451	-	41,804	4	41,808
Total comprehensive income for the financial period	-	-	-	-	26,353	15,451	889,396	931,200	1,290	932,490
Transfer in respect of statutory requirements	-	-	241,020	-	-	-	(241,020)	-	-	-
Ordinary dividends	-	-	-	-	-	-	(318,827)	(318,827)	(993)	(319,820)
Shares issued pursuant to Dividend Reinvestment Plan ('DRP')	30,945	170,814	-	-	-	-	-	201,759	-	201,759
<b>Balance as at 30 June 2012</b>	<b>2,235,764</b>	<b>2,845,273</b>	<b>3,257,624</b>	<b>27,815</b>	<b>240,007</b>	<b>(43,362)</b>	<b>3,866,409</b>	<b>12,429,530</b>	<b>12,219</b>	<b>12,441,749</b>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.



**RHB CAPITAL BERHAD (312952 – H)**  
**STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	← Attributable to equity holders of the Company →							Non-controlling interests	Total equity	
	Share capital	Share premium	Reserve funds	Other reserves	AFS reserves	Translation reserves	Retained profits			Sub-total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			RM'000
<b>Group</b>										
<b>Balance as at 1 January 2011</b>										
- As previously reported	2,153,475	2,352,093	2,603,964	27,815	153,872	(76,854)	2,747,792	9,962,157	10,813	9,972,970
- Effect of full adoption of MFRS 139	-	-	-	-	-	(31)	(9,380)	(9,411)	-	(9,411)
- As restated	2,153,475	2,352,093	2,603,964	27,815	153,872	(76,885)	2,738,412	9,952,746	10,813	9,963,559
Net profit for the financial period	-	-	-	-	-	-	839,149	839,149	1,489	840,638
Currency translation differences	-	-	-	-	-	(15,960)	-	(15,960)	-	(15,960)
Financial investments AFS										
- Unrealised net gain/(loss) on revaluation	-	-	-	-	41,714	-	-	41,714	(47)	41,667
- Net transfer to income statements on disposal or impairment	-	-	-	-	(13,340)	-	-	(13,340)	-	(13,340)
Income tax relating to components of other comprehensive (income)/loss	-	-	-	-	(7,231)	-	-	(7,231)	12	(7,219)
Other comprehensive income/(loss), net of tax, for the financial period	-	-	-	-	21,143	(15,960)	-	5,183	(35)	5,148
Total comprehensive income/(loss) for the financial period	-	-	-	-	21,143	(15,960)	839,149	844,332	1,454	845,786
Ordinary dividends	-	-	-	-	-	-	(345,310)	(345,310)	(993)	(346,303)
Shares issued pursuant to DRP	38,441	252,178	-	-	-	-	-	290,619	-	290,619
<b>Balance as at 30 June 2011</b>	<u>2,191,916</u>	<u>2,604,271</u>	<u>2,603,964</u>	<u>27,815</u>	<u>175,015</u>	<u>(92,845)</u>	<u>3,232,251</u>	<u>10,742,387</u>	<u>11,274</u>	<u>10,753,661</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.





**RHB CAPITAL BERHAD (312952 – H)  
STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	<u>Share capital</u> RM'000	<u>Non- distributable Share premium</u> RM'000	<u>Distributable Retained profits</u> RM'000	<u>Total</u> RM'000
<b><u>Company</u></b>				
<b>Balance as at 1 January 2012</b>	2,204,819	2,674,459	945,182	5,824,460
Net profit for the financial period	-	-	321,303	321,303
Ordinary dividends	-	-	(318,827)	(318,827)
Shares issued pursuant to DRP	30,945	170,814	-	201,759
<b>Balance as at 30 June 2012</b>	<u>2,235,764</u>	<u>2,845,273</u>	<u>947,658</u>	<u>6,028,695</u>
<b>Balance as at 1 January 2011</b>	2,153,475	2,352,093	1,227,290	5,732,858
Net profit for the financial period	-	-	258,507	258,507
Ordinary dividends	-	-	(345,310)	(345,310)
Shares issued pursuant to DRP	38,441	252,178	-	290,619
<b>Balance as at 30 June 2011</b>	<u>2,191,916</u>	<u>2,604,271</u>	<u>1,140,487</u>	<u>5,936,674</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.



**RHB CAPITAL BERHAD (312952 – H)**  
**CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	Six months ended	
	30 June 2012	Restated 30 June 2011
	RM'000	RM'000
<b>Group</b>		
<b>Cash flows from operating activities</b>		
Profit before taxation	1,183,957	1,121,449
Adjustments for:		
Allowance for impairment on loans, financing and other losses	304,200	282,342
Property, plant and equipment		
- depreciation	55,534	54,716
- gain on disposal	(1,126)	(4,919)
- written off	-	22
Impairment write back on financial investments AFS and held-to-maturity	(1,647)	(10,036)
Impairment loss on impairments in a joint venture	5,936	-
Accretion of discounts for borrowings and subordinated obligations	1,197	4,708
Share of results of a joint venture	(393)	(144)
Interest income from financial assets held-for-trading, financial investments		
AFS and held-to-maturity	(412,654)	(425,845)
Investment income from financial assets held-for-trading, financial investments		
AFS and held-to-maturity	(67,902)	(60,062)
Net gain arising from sale/redemption of financial assets held-for-trading, financial investments AFS and held-to-maturity	(112,935)	(45,108)
Unrealised gain on revaluation of financial assets held-for-trading and derivatives	(20,322)	(10,489)
Net gain on fair value hedges	439	-
Unrealised foreign exchange (gain)/loss	(26,657)	624
Accretion of discount less amortisation of premium	1,677	8,705
Gross dividend income from financial assets held-for-trading, financial investments AFS and held-to-maturity	(10,604)	(10,876)
Operating profit before working capital changes	<u>898,700</u>	<u>905,087</u>
(Increase)/decrease in operating assets:		
Securities purchased under resale agreements	(27,752)	(457,061)
Deposits and placements with banks and other financial institutions	(1,091,027)	(891,766)
Financial assets held-for-trading	(106,937)	(734,954)
Loans, advances and financing	(6,854,363)	(7,913,419)
Clients' and brokers' balances	(257,775)	(7,420)
Other assets	(80,983)	103,476
Statutory deposits	(87,103)	(1,352,790)
	<u>(8,505,940)</u>	<u>(11,253,934)</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.



**RHB CAPITAL BERHAD (312952 – H)  
CONDENSED STATEMENTS OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	Six months ended	
	30 June 2012	30 June 2011
	RM'000	RM'000
<b>Group</b>		
<b>Cash flows from operating activities (continued)</b>		
(Increase)/decrease in operating liabilities:		
Deposits from customers	2,299,249	8,464,087
Deposits and placements with banks and other financial institutions	431,807	2,242,941
Bills and acceptances payable	273,893	595,900
Clients' and brokers' balances	257,573	112,887
Other liabilities	100,294	18,605
Recourse obligation on loans sold to Cagamas	199,292	(152,293)
	<u>3,562,108</u>	<u>11,282,127</u>
Cash (used in)/generated from operations	(4,045,132)	933,280
Taxation paid	(112,550)	(477,941)
Taxation refunded	27,902	33,077
Net cash (used in)/generated from operating activities	<u>(4,129,780)</u>	<u>488,416</u>
<b>Cash flows from investing activities</b>		
Net purchase of financial investments AFS and held-to-maturity	(1,138,756)	(1,386,445)
Purchase of property, plant and equipment	(56,885)	(91,607)
Interest received from financial assets held-for-trading, financial investments AFS and held-to-maturity	419,917	359,346
Investment income received from financial assets held-for-trading, financial investments AFS and held-to-maturity	66,940	57,914
Proceeds from disposal of property, plant and equipment	9,996	5,363
Dividend income received from financial assets held-for-trading, financial investments AFS and held-to-maturity	9,558	10,822
Net cash used in investing activities	<u>(689,230)</u>	<u>(1,044,607)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of USD Senior Debt Securities	916,829	-
Proceeds from issuance of RM subordinated notes	749,006	-
Proceeds from shares issued pursuant to DRP	201,759	290,619
Drawdown of borrowings	48,400	35,300
Repayment of borrowings	(247,895)	(509,650)
Dividends paid to equity holders of the Company	(318,827)	(345,310)
Dividends paid to non-controlling interests in a subsidiary	(993)	(993)
Net cash generated from/(used in) financing activities	<u>1,348,279</u>	<u>(530,034)</u>
Net decrease in cash and cash equivalents	(3,470,731)	(1,086,225)
Cash and cash equivalents		
- at the beginning of the financial period	<u>20,358,478</u>	<u>14,754,516</u>
- at the end of the financial period	<u>16,887,747</u>	<u>13,668,291</u>
Cash and cash equivalents comprise the following:		
Cash and short term funds	16,887,795	13,668,851
Overdrafts	(48)	(560)
	<u>16,887,747</u>	<u>13,668,291</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.



**RHB CAPITAL BERHAD (312952 – H)  
CONDENSED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	Six months ended	
	30 June 2012	30 June 2011
	RM'000	RM'000
<b>Company</b>		
<b>Cash flows from operating activities</b>		
Profit before taxation	432,213	349,930
Adjustments for:		
Interest expense	73,178	71,980
Unrealised foreign exchange loss/(gain)	47	(46)
Property, plant and equipment		
- depreciation	120	106
- gain on disposal	-	(91)
Dividend income	(529,361)	(434,215)
Interest income	(1,001)	(1,525)
Operating loss before working capital changes	<u>(24,804)</u>	<u>(13,860)</u>
Increase in deposits and placements with banks and other financial institutions	(16)	(17)
Decrease in inter-company balances	761	10,075
Decrease/(increase) in other assets	8,644	(1,380)
Decrease in other liabilities	<u>(825)</u>	<u>(1,527)</u>
Cash used in operations	(16,240)	(6,708)
Taxation refunded	27,902	33,077
Net cash generated from operating activities	<u>11,662</u>	<u>26,369</u>
<b>Cash flows from investing activities</b>		
Dividend income received from subsidiaries	397,020	325,661
Interest income received	608	522
Purchase of property, plant and equipment	(70)	(35)
Proceeds from disposal of property, plant and equipment	-	91
Net cash generated from investing activities	<u>397,558</u>	<u>326,239</u>
<b>Cash flows from financing activities</b>		
Proceeds from shares issued pursuant to DRP	201,759	290,619
Drawdown of borrowings	48,400	35,300
Repayment of borrowings	(217,520)	(509,650)
Interest expense paid	(60,827)	(75,219)
Dividends paid to equity holders of the Company	<u>(318,827)</u>	<u>(345,310)</u>
Net cash used in financing activities	<u>(347,015)</u>	<u>(604,260)</u>
Net increase/(decrease) in cash and cash equivalents	62,205	(251,652)
Cash and cash equivalents		
- at the beginning of the financial period	27,510	346,009
- at the end of the financial period	<u>89,715</u>	<u>94,357</u>
Cash and cash equivalents comprise the following:		
Cash and short term funds	89,763	94,917
Overdrafts	<u>(48)</u>	<u>(560)</u>
	<u>89,715</u>	<u>94,357</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.



**RHB CAPITAL BERHAD (312952 – H)**  
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**FOR THE SIX MONTHS ENDED 30 JUNE 2012**

**A1. Basis of Preparation**

The Malaysian Accounting Standards Board ('MASB') has announced on 19 November 2011 that Malaysian reporting entities are required to comply with the new International Financial Reporting Standards ('IFRS') compliant framework, Malaysia Financial Reporting Standards ('MFRS') for financial year commencing on or after 1 January 2012.

The Group and the Company revised its accounting policies on 1 January 2012 to enable the preparation of financial statements that comply with MFRS. This condensed financial statements is the Group's and Company's first financial report prepared in accordance with MFRS and MFRS 1: 'First Time Adoption of MFRS', and has been applied retrospectively as if the requirements of MFRSs have always been applied by the Group and the Company from the transition date of 1 January 2011. The Group and the Company does not take advantage on certain mandatory exceptions and optional exceptions provided in MFRS 1 for first time adoption of MFRS.

The interim financial statements are unaudited and has been prepared in compliance with Malaysian Financial Reporting Standard ('MFRS') 134, 'Interim Financial Reporting' issued by MASB and should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 31 December 2011.

The accounting policies and presentation adopted by the Group and the Company for the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2011, except for the adoption of the following relevant accounting standards, amendments to published accounting standards and interpretations to existing accounting standards which are effective from 1 January 2012:

MFRS 1	First-Time Adoption of MFRS
MFRS 139	Financial Instruments: Recognition and Measurement
Revised MFRS 124	Related Party Disclosures
Amendment to MFRS 112	Income Taxes
Amendment to MFRS 1	First Time Adoption on Fixed Dates and Hyperinflation
Amendment to MFRS 7	Financial Instruments: Disclosures on Transfers of Financial Assets
Amendment to MFRS 101	Presentation of Items of Other Comprehensive Income
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of the above accounting standards, amendments to published accounting standards and interpretations to existing accounting standards does not give rise to any material financial effects to the Group and the Company, except for the adoption of MFRS 139.

Previously, the Group applied the Amendment to FRS 139, which included an additional transitional arrangement for financial sectors, whereby Bank Negara Malaysia ('BNM') may prescribed the use of an alternative basis for collective assessment of impairments on loans, advances and financing. This transitional arrangement is prescribed in BNM's Guidelines on Classification and Impairment Provisions for Loans/Financing issued on 8 January 2010 and subsequently updated on 26 January 2010 and 17 December 2010, whereby banking institutions are required to maintain collective allowances of at least 1.5% of total outstanding loans/financing, net of individual impairment allowances under the transitional provisions in the guidelines.

With effect from 1 January 2012, BNM has removed the transitional provision for banking institution on collective evaluation of loan impairment assessment and loan loss provisioning to comply with MFRS 139 requirements. Exposures not individually known to be impaired are placed into pools of similar assets with similar risk characteristics to be collectively assessed for losses that have been incurred but not identified yet. The required loan loss allowance is estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the collective pool. The historical loss experience is adjusted based on current observable data.

Previously, when a collectively assessed loans and receivables is deemed impaired, the Group reversed out the interest income recognised in income statements and set off against the interest receivable in the statements of financial position.

Upon the adoption of MFRS 139, with effect from 1 January 2012, once a collectively assessed loans and receivables has been written down as a result of an impairment loss, interest income is thereafter recognised using the original effective interest rate in the income statements.

The change in accounting policies mentioned above have been accounted for retrospectively by re-measuring the relevant financial assets, as appropriate, and recording any adjustments to the previous carrying amounts to the Group's opening retained profits. As such, comparatives have been restated to conform with current year's presentation. The principal effects of the changes in accounting policies arising from the adoption of MFRS 139 are disclosed in Note A29.



**RHB CAPITAL BERHAD (312952 – H)  
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**A2. Auditors' Report**

The auditors' report for the financial year ended 31 December 2011 was not subject to any qualification.

**A3. Seasonal or Cyclical Factors**

The business operations of the Group and the Company have not been affected by any material seasonal or cyclical factors.

**A4. Exceptional or Unusual Items**

There were no exceptional or unusual items for the six months ended 30 June 2012.

**A5. Changes in Estimates**

There were no material changes in estimates of amount reported in prior financial years that have a material effect for the six months ended 30 June 2012.

**A6. Changes in Debt and Equity Securities**

During the financial period, the Company has:

- (a) increased the share issued and paid-up share capital of the Company to 2,235,763,288 via issuance of 30,944,571 new ordinary shares of RM1.00 each arising from DRP, as stated in note B6(c), relating to the final dividend of 11.82% less 25% income tax and single-tier dividend of 5.59% in respect of financial year ended 31 December 2011, on 12 June 2012;

The new ordinary shares issued during the financial year rank *pari passu* in all respects with the existing shares of the Company.

- (b) issued RM750.0 million nominal value of Subordinated Notes, being part of the RM3.0 billion in nominal value (or its equivalent in other currencies) under a MCMTN Programme on 7 May 2012; and
- (c) issued USD300.0 million nominal value of Senior Notes, being part of the USD500.0 million in nominal value under the EMTN Programme on 11 May 2012.

Other than the above, there were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the period under review.

**A7. Dividends Paid**

During the six months ended 30 June 2012, the Company paid a final dividend of 11.82% less 25% income tax amounting to RM195.5 million and single-tier dividend of 5.59% amounting to RM123.3 million in respect of the financial year ended 31 December 2011 on 11 June 2012. The reinvestment rate subsequent to the completion of DRP was 63.29%.



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	2nd quarter ended		Six months ended	
	30 June 2012	Restated 30 June 2011	30 June 2012	Restated 30 June 2011
	RM'000	RM'000	RM'000	RM'000
<b>A8. Interest Income</b>				
<b><u>Group</u></b>				
Loans, advances and financing	<b>1,177,903</b>	1,096,708	<b>2,326,901</b>	2,126,414
Money at call and deposits and placements with banks and other financial institutions	<b>113,061</b>	73,399	<b>215,736</b>	146,265
Securities purchased under resale agreements	<b>73</b>	539	<b>132</b>	629
Financial assets held-for-trading	<b>3,974</b>	5,802	<b>11,759</b>	9,176
Financial investments AFS	<b>71,703</b>	100,557	<b>144,952</b>	199,790
Financial investments held-to-maturity	<b>128,431</b>	113,697	<b>255,811</b>	216,250
Others	<b>378</b>	2,098	<b>1,385</b>	4,313
	<b>1,495,523</b>	1,392,800	<b>2,956,676</b>	2,702,837
Of which:				
Interest income earned on impaired loans, advances and financing	<b>38,756</b>	25,784	<b>80,719</b>	75,834
<b><u>Company</u></b>				
Money at call and deposits and placements with banks and other financial institutions	<b>395</b>	752	<b>608</b>	759
Others	<b>197</b>	148	<b>393</b>	766
	<b>592</b>	900	<b>1,001</b>	1,525



**RHB CAPITAL BERHAD (312952 – H)  
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	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
<b>A9. Interest Expense</b>				
<b><u>Group</u></b>				
Deposits and placements of banks and other financial institutions	61,108	44,718	90,686	79,698
Deposits from customers	576,838	517,757	1,181,027	986,692
Borrowings	35,430	34,811	70,296	69,285
Subordinated obligations	49,680	41,979	94,307	83,496
Senior Debt Securities	4,503	-	4,503	-
Hybrid Tier-1 Capital Securities	11,233	11,228	22,463	22,330
Recourse obligation on loans sold to Cagamas	12,176	7,986	28,109	16,284
Others	12,612	13,775	24,354	26,171
	<u>763,580</u>	<u>672,254</u>	<u>1,515,745</u>	<u>1,283,956</u>
<b><u>Company</u></b>				
Borrowings	<u>36,771</u>	<u>36,148</u>	<u>73,178</u>	<u>71,980</u>





**RHB CAPITAL BERHAD (312952 – H)**  
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	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
<b>A10. Other Operating Income</b>				
<b>Group</b>				
<b>Fee income</b>				
- Service charges and fees	90,545	44,078	134,469	95,312
- Commission	29,489	28,306	59,516	55,455
- Guarantee fees	11,161	10,207	19,646	18,140
- Commitment fees	11,423	11,551	23,232	24,275
- Net brokerage	18,010	21,339	40,197	48,682
- Fund management fees	4,864	5,294	9,349	10,301
- Corporate advisory fees	3,245	2,771	4,225	5,456
- Underwriting and arrangement fees	12,834	7,645	15,083	9,946
- Unit trust fee income	1,738	882	1,802	2,305
- Other fee income	9,497	15,387	16,666	20,512
	<b>192,806</b>	<b>147,460</b>	<b>324,185</b>	<b>290,384</b>
<b>Net gain arising from financial assets held-for-trading</b>				
- net gain on disposal	12,348	19,007	52,591	27,105
- unrealised net gain/(loss) on revaluation	1,123	7,290	(3,054)	8,725
- gross dividend income	1,041	873	1,556	1,476
	<b>14,512</b>	<b>27,170</b>	<b>51,093</b>	<b>37,306</b>
<b>Net gain/(loss) on revaluation of derivatives</b>	<b>6,317</b>	<b>(1,398)</b>	<b>23,204</b>	<b>625</b>
<b>Net gain on fair value hedges</b>	<b>439</b>	<b>-</b>	<b>439</b>	<b>-</b>
<b>Net gain arising from financial investments AFS</b>				
- net gain on disposal	10,322	2,545	44,102	9,502
- gross dividend income	6,267	7,711	9,048	9,400
	<b>16,589</b>	<b>10,256</b>	<b>53,150</b>	<b>18,902</b>
<b>Net gain arising from financial investments held-to-maturity</b>				
- net gain on redemption	587	538	587	1,638
	<b>587</b>	<b>538</b>	<b>587</b>	<b>1,638</b>



**RHB CAPITAL BERHAD (312952 – H)**  
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**FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	2nd quarter ended		Six months ended	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	RM'000	RM'000	RM'000	RM'000
<b>A10. Other Operating Income (continued)</b>				
<b>Other income</b>				
- Net foreign exchange gain/(loss)				
- realised	13,559	79,913	105,582	157,601
- unrealised	50,259	14,004	26,657	(624)
- Insurance underwriting surplus before management expenses	10,561	19,681	34,492	39,984
- Rental income	775	529	1,319	1,112
- Net gain on disposal of property, plant and equipment	1,126	161	1,126	4,919
- Other operating income	14,773	12,745	30,311	25,418
- Other non-operating income	736	5,209	1,274	5,533
	<u>91,789</u>	<u>132,242</u>	<u>200,761</u>	<u>233,943</u>
	<u>323,039</u>	<u>316,268</u>	<u>653,419</u>	<u>582,798</u>
 <b>Company</b>				
<b>Gross dividend income from:</b>				
- Subsidiaries	<u>529,361</u>	<u>410,540</u>	<u>529,361</u>	<u>434,215</u>
 <b>Other income</b>				
- Net foreign exchange (loss)/gain				
- unrealised	(127)	69	(47)	46
- Net gain on disposal of property, plant and equipment	-	91	-	91
	<u>(127)</u>	<u>160</u>	<u>(47)</u>	<u>137</u>
	<u>529,234</u>	<u>410,700</u>	<u>529,314</u>	<u>434,352</u>



**RHB CAPITAL BERHAD (312952 – H)**  
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**FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	2nd quarter ended		Six months ended	
	30 June	Restated	30 June	Restated
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
<b>A11. Other Operating Expenses</b>				
<b>Group</b>				
<b>Personnel costs</b>				
- Salaries, bonus, wages and allowances	248,280	222,517	516,534	464,657
- Defined contribution plan	37,723	34,229	78,328	70,255
- Other staff related costs	19,667	22,514	42,241	42,566
	<u>305,670</u>	<u>279,260</u>	<u>637,103</u>	<u>577,478</u>
<b>Establishment costs</b>				
- Property, plant and equipment				
- Depreciation	34,270	28,009	55,534	54,716
- Written off	-	3	-	22
- Information technology expenses	30,964	30,074	57,637	56,253
- Repair and maintenance	5,574	5,977	11,428	11,790
- Security and escorting charges	10,818	8,220	21,120	16,445
- Rental of premises	24,940	11,926	46,700	24,084
- Water and electricity	6,363	5,816	12,886	11,382
- Rental of equipment	1,607	2,444	3,333	4,917
- Insurance	1,745	(694)	3,686	187
- Others	2,039	1,672	4,365	4,186
	<u>118,320</u>	<u>93,447</u>	<u>216,689</u>	<u>183,982</u>
<b>Marketing expenses</b>				
- Sales commission	9,665	5,759	18,290	9,143
- Advertisements and publicity	22,461	17,359	30,335	25,092
- Others	17,559	3,191	35,679	19,431
	<u>49,685</u>	<u>26,309</u>	<u>84,304</u>	<u>53,666</u>
<b>Administration and general expenses</b>				
- Communication expenses	25,030	24,871	50,680	49,538
- Legal and professional fee	8,831	2,640	14,061	4,447
- Others	22,685	32,813	47,426	38,999
	<u>56,546</u>	<u>60,324</u>	<u>112,167</u>	<u>92,984</u>
	<u>530,221</u>	<u>459,340</u>	<u>1,050,263</u>	<u>908,110</u>



**RHB CAPITAL BERHAD (312952 – H)**  
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**FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
<b>A11. Other Operating Expenses (continued)</b>				
<b><u>Company</u></b>				
<b>Personnel costs</b>				
- Salaries, bonus, wages and allowances	2,996	2,371	8,173	6,169
- Defined contribution plan	475	384	1,281	986
- Other staff related costs	355	490	930	922
	<b>3,826</b>	<b>3,245</b>	<b>10,384</b>	<b>8,077</b>
<b>Establishment costs</b>				
- Rental of premises	274	301	541	602
- Depreciation of property, plant and equipment	61	53	120	106
- Repair and maintenance	30	19	68	58
- Security and escorting charges	8	17	17	17
- Rental of equipment	8	13	26	23
- Water and electricity	22	20	57	40
- Information technology expenses	-	-	-	2
- Insurance	-	1	1	1
	<b>403</b>	<b>424</b>	<b>830</b>	<b>849</b>
<b>Marketing expenses</b>				
- Advertisements and publicity	972	1,018	1,274	1,018
- Others	45	(37)	91	235
	<b>1,017</b>	<b>981</b>	<b>1,365</b>	<b>1,253</b>
<b>Administration and general expenses</b>				
- Communication expenses	90	115	180	164
- Legal and professional fee	7,580	211	11,855	870
- Others	246	2,635	310	2,754
	<b>7,916</b>	<b>2,961</b>	<b>12,345</b>	<b>3,788</b>
	<b>13,162</b>	<b>7,611</b>	<b>24,924</b>	<b>13,967</b>



**RHB CAPITAL BERHAD (312952 – H)  
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	2nd quarter ended		Six months ended	
	30 June	Restated 30 June	30 June	Restated 30 June
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
<b>A12. Allowance for Impairment on Loans, Financing and Other Losses</b>				
<b><u>Group</u></b>				
Allowance for impaired loans and financing:				
- Individual impairment allowance	57,710	43,040	104,292	45,915
- Collective impairment allowance	99,280	94,229	110,530	126,273
Impaired loans and financing recovered	(165,861)	(48,054)	(222,022)	(127,258)
Impaired loans and financing written off	46,153	68,052	89,298	108,186
Allowance for impairment on other assets	(481)	928	80	1,968
	<b>36,801</b>	<b>158,195</b>	<b>82,178</b>	<b>155,084</b>



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NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	Group	
	Unaudited As at 30 June 2012	Audited As at 31 Dec 2011
	RM'000	RM'000
<b>A13. Financial Assets Held-for-trading</b>		
<b>At fair value</b>		
<b><u>MONEY MARKET INSTRUMENTS:</u></b>		
Malaysian government securities	206,939	21,119
Malaysian government investment issues	386,946	144,220
BNM monetary notes	572,854	808,374
Singapore government treasury bills	289,042	275,519
Wakala Global Sukuk	3,592	16,495
Khazanah bonds	-	53,767
<b><u>QUOTED SECURITIES:</u></b>		
<b>In Malaysia</b>		
Shares	72,880	67,981
Unit trusts	3,871	3,451
<b>Outside Malaysia</b>		
Shares	4,097	2,524
<b><u>UNQUOTED SECURITIES:</u></b>		
<b>In Malaysia</b>		
Private debt securities	136,909	108,308
	<u>1,677,130</u>	<u>1,501,758</u>



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FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	Group	
	Unaudited As at 30 June 2012 RM'000	Audited As at 31 Dec 2011 RM'000
<b>A14. Financial Investments Available-for-sale</b>		
At fair value		
<b><u>MONEY MARKET INSTRUMENTS:</u></b>		
Malaysian government securities	994,369	1,666,771
Malaysian government investment issues	2,224,835	2,907,749
Cagamas bonds and Cagamas Mudharabah bonds	258,913	82,056
Khazanah bonds	68,173	12,638
Islamic accepted bills	75,685	-
Singapore government securities	136,616	232,275
Singapore government treasury bills	423,289	73,155
Thailand government bonds	95,476	85,870
1 Malaysia Sukuk	287,387	291,592
Wakala Global Sukuk	111,409	115,164
<b><u>QUOTED SECURITIES:</u></b>		
<b>In Malaysia</b>		
Corporate loan stocks	10,104	15,434
Shares	5,650	4,503
<b>Outside Malaysia</b>		
Shares	22	23
<b><u>UNQUOTED SECURITIES:</u></b>		
<b>In Malaysia</b>		
Private debt securities	5,806,219	4,384,508
Shares	407,653	406,680
Corporate loan stocks	121,637	127,875
Unit trusts	317,074	278,883
Redeemable convertible preference shares	13,980	15,130
<b>Outside Malaysia</b>		
Private debt securities	3,064	5,901
Corporate loan stocks	574	574
	<b>11,362,129</b>	<b>10,706,781</b>

As at 30 June 2012, the carrying value of financial investments available-for-sale which was transferred from financial assets held-for-trading in previous financial years amounted to RM296,691,000 (31.12.2011: RM580,456,000).



**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	Group	
	Unaudited As at 30 June 2012 RM'000	Audited As at 31 Dec 2011 RM'000
<b>A15. Financial Investments Held-to-maturity</b>		
<b>At amortised cost</b>		
<b><u>MONEY MARKET INSTRUMENTS:</u></b>		
Malaysian government securities	2,711,904	2,814,685
Malaysian government investment issues	4,265,927	3,304,614
Cagamas bonds and Cagamas Mudharabah bonds	2,205,668	1,963,279
Khazanah bonds	64,827	63,418
Negotiable instruments of deposits	1,197,646	1,005,545
Singapore government securities	126,540	123,462
Thailand government securities	296,416	240,210
Sukuk (Brunei) Incorporation	52,498	53,682
Bankers' acceptances	108,145	271,632
Wakala Global Sukuk	221,169	203,078
<b><u>UNQUOTED SECURITIES:</u></b>		
<b>In Malaysia</b>		
Private debt securities	2,498,467	3,207,217
Corporate loan stocks	56,132	56,283
Bonds	883	883
Prasarana bonds	1,041,883	990,911
<b>Outside Malaysia</b>		
Private debt securities	19,111	19,063
	<b>14,867,216</b>	14,317,962
Accumulated impairment losses	<b>(219,596)</b>	(224,053)
	<b>14,647,620</b>	14,093,909

As at 30 June 2012, the carrying value of financial investments held-to-maturity which was transferred from financial assets held-for-trading in previous financial years amounted to RM19,111,000 (31.12.2011: RM19,063,000). The fair value of the financial investments as at 30 June 2012 amounted to RM20,397,000 (31.12.2011: RM20,643,000).





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	<b>Group</b>	
	<b>Unaudited As at 30 June 2012</b>	<b>Restated As at 31 Dec 2011</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A16. Loans, Advances and Financing</b>		
<b>At amortised cost</b>		
Overdrafts	5,793,796	5,713,718
Term loans/financing		
- housing loans/financing	20,852,068	20,083,314
- syndicated term loans/financing	2,692,285	2,603,854
- hire-purchase receivables	12,405,746	12,958,064
- lease receivables	106,176	116,243
- other term loans/financing	45,799,663	43,135,262
Bills receivable	1,817,702	1,645,017
Trust receipts	432,583	383,406
Claims on customers under acceptance credits	5,261,956	4,757,731
Staff loans/financing	301,546	316,812
Credit/charge cards receivables	1,831,656	1,783,094
Revolving credits/financing	6,697,207	3,941,393
Gross loans, advances and financing	<u>103,992,384</u>	<u>97,437,908</u>
Fair value changes arising from fair value hedges	16,271	-
	<u>104,008,655</u>	97,437,908
Allowance for impaired loans, advances and financing		
- individual impairment allowance	(888,893)	(813,086)
- collective impairment allowance	(1,512,291)	(1,566,152)
Net loans, advances and financing	<u>101,607,471</u>	<u>95,058,670</u>

Included in term loans are housing loans sold to Cagamas with recourse amounting to RM1,361,106,000 (31.12.2011: RM1,161,814,000).



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	Group	
	Unaudited As at 30 June 2012	Restated As at 31 Dec 2011
	RM'000	RM'000
<b>A16. Loans, Advances and Financing (continued)</b>		
<b>(a) By type of customer</b>		
Domestic non-bank financial institutions		
- others	954,779	937,008
Domestic business enterprises		
- small medium enterprises	12,069,016	11,539,573
- others	28,129,709	23,989,635
Government and statutory bodies	10,993,011	11,148,102
Individuals	45,461,065	43,979,280
Other domestic entities	10,641	10,674
Foreign entities	6,374,163	5,833,636
	<u>103,992,384</u>	<u>97,437,908</u>
<b>(b) By geographical distribution</b>		
In Malaysia	98,820,806	92,881,385
Outside Malaysia		
- Singapore operations	4,908,294	4,211,647
- Thailand operations	173,785	232,363
- Brunei operations	89,499	112,513
	<u>103,992,384</u>	<u>97,437,908</u>
<b>(c) By interest/profit rate sensitivity</b>		
Fixed rate		
- housing loans/financing	1,509,702	1,612,129
- hire-purchase receivables	12,405,746	12,958,064
- other fixed rate loans/financing	17,847,461	16,528,417
Variable rate		
- base lending/financing rate plus	40,198,194	38,793,599
- cost-plus	27,388,357	23,122,176
- other variable rates	4,642,924	4,423,523
	<u>103,992,384</u>	<u>97,437,908</u>



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	Group	
	Unaudited As at 30 June 2012 RM'000	Restated As at 31 Dec 2011 RM'000
<b>A16. Loans, Advances and Financing (continued)</b>		
<b>(d) By purpose</b>		
Purchase of securities	8,220,531	6,983,242
Purchase of transport vehicles	11,180,470	11,742,988
Purchase of landed property:		
- residential	21,198,531	20,604,412
- non-residential	5,280,923	5,282,037
Purchase of property, plant and equipment other than land and building	3,151,465	3,241,052
Personal use	5,268,303	4,960,882
Credit card	1,831,656	1,783,094
Purchase of consumer durables	39,076	43,750
Construction	3,242,093	3,024,994
Working capital	23,011,868	20,359,900
Merger and acquisition	4,760,495	4,200,239
Other purpose	16,806,973	15,211,318
	<u>103,992,384</u>	<u>97,437,908</u>
<b>(e) By remaining contractual maturities</b>		
Maturity within one year	33,902,502	30,866,562
One year to three years	9,930,892	6,148,234
Three years to five years	8,118,264	10,384,652
Over five years	52,040,726	50,038,460
	<u>103,992,384</u>	<u>97,437,908</u>



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	Group	
	Unaudited As at 30 June 2012 RM'000	Restated As at 31 Dec 2011 RM'000
<b>A16. Loans, Advances and Financing (continued)</b>		
<b>(f) Impaired loans, advances and financing</b>		
<b>(i) Movements in impaired loans, advances and financing</b>		
Balance as at the beginning of the financial period/year		
- As previously reported	3,351,106	3,672,175
- Effect of full adoption of MFRS 139	142,845	176,364
- As restated	<u>3,493,951</u>	3,848,539
Classified as impaired	2,141,007	3,711,482
Reclassified as non-impaired	(1,470,264)	(2,856,741)
Amount recovered	(423,689)	(609,133)
Amount written off	(283,278)	(604,997)
Exchange difference	1,903	4,801
Balance as at the end of the financial period/year	<u>3,459,630</u>	<u>3,493,951</u>
<b>(ii) By purpose</b>		
Purchase of securities	51,910	91,503
Purchase of transport vehicles	277,490	267,936
Purchase of landed property:		
- residential	1,037,029	1,085,031
- non-residential	154,300	211,948
Purchase of property, plant and equipment other than land and building	82,972	146,184
Personal use	138,548	125,496
Credit card	41,914	43,394
Purchase of consumer durables	2,735	2,154
Construction	244,209	244,774
Working capital	1,356,940	1,249,521
Other purpose	71,583	26,010
	<u>3,459,630</u>	<u>3,493,951</u>



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	Group	
	Unaudited As at 30 June 2012	Restated As at 31 Dec 2011
	RM'000	RM'000
<b>A16. Loans, Advances and Financing (continued)</b>		
<b>(f) Impaired loans, advances and financing (continued)</b>		
<b>(iii) By geographical distribution</b>		
In Malaysia	3,360,707	3,397,385
Outside Malaysia		
- Singapore operations	68,139	66,581
- Thailand operations	22,489	22,440
- Brunei operations	8,295	7,545
	<u>3,459,630</u>	<u>3,493,951</u>
<b>(iv) Movements in allowance for impaired loans, advances and financing</b>		
<u>Individual impairment allowance</u>		
Balance as at the beginning of the financial period/year	813,086	855,782
Net allowance made	104,292	110,301
Amount written off	(50,037)	(155,738)
Reclassified from collective impairment allowance	21,219	1,786
Transfer to impairment of investment securities	(643)	-
Exchange differences	976	955
Balance as at the end of the financial period/year	<u>888,893</u>	<u>813,086</u>
<u>Collective impairment allowance</u>		
Balance as at the beginning of the financial period/year		
- As previously reported	1,658,463	1,626,369
- Effect of full adoption of MFRS 139	(92,311)	190,820
- As restated	<u>1,566,152</u>	<u>1,817,189</u>
Net allowance made	110,530	143,615
Amount written off	(143,638)	(394,391)
Reclassified to individual impairment allowance	(21,219)	(1,786)
Exchange differences	466	1,525
Balance as at the end of the financial period/year	<u>1,512,291</u>	<u>1,566,152</u>



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	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	As at	As at	As at	As at
	30 June 2012	31 Dec 2011	30 June 2012	31 Dec 2011
	RM'000	RM'000	RM'000	RM'000
<b>A17. Other Assets</b>				
Other debtors, deposits and prepayments	458,743	417,075	33,041	41,684
Reinsurance assets	190,438	162,375	-	-
Deposit for proposed acquisition of PT Bank Mestika Dharma (refer to Note B6(a))	112,515	112,515	112,515	112,515
	<u>761,696</u>	<u>691,965</u>	<u>145,556</u>	<u>154,199</u>

	Group	
	Unaudited	Audited
	As at	As at
	30 June 2012	31 Dec 2011
	RM'000	RM'000
<b>A18. Deposits from Customers</b>		
<b>(a) By type of deposits</b>		
Demand deposits	21,905,860	21,435,927
Savings deposits	6,762,192	6,359,910
Fixed/investment deposits	89,231,760	87,946,325
Negotiable instruments of deposits	260,021	118,422
	<u>118,159,833</u>	<u>115,860,584</u>
<b>(b) By type of customer</b>		
Government and statutory bodies	13,614,957	12,738,623
Business enterprises	65,783,576	65,868,672
Individuals	32,914,536	31,171,620
Others	5,846,764	6,081,669
	<u>118,159,833</u>	<u>115,860,584</u>
<b>(c) By maturity structure of fixed/investment deposits and negotiable instruments of deposits</b>		
Due within six months	76,707,240	71,800,822
Six months to one year	12,275,322	14,779,575
One year to three years	470,982	1,440,291
Three years to five years	37,851	44,059
Over five years	386	-
	<u>89,491,781</u>	<u>88,064,747</u>



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Group	
Unaudited As at 30 June 2012	Audited As at 31 Dec 2011
RM'000	RM'000

**A19. Deposits and Placements of Banks and Other Financial Institutions**

Licensed banks	6,435,355	6,173,594
Licensed Islamic banks	1,316,306	73,654
Licensed investment banks	500,967	423,382
BNM	1,026,072	1,273,358
Other financial institutions	1,184,682	2,087,587
	<u>10,463,382</u>	<u>10,031,575</u>

Group		Company	
Unaudited As at 30 June 2012	Restated As at 31 Dec 2011	Unaudited As at 30 June 2012	Audited As at 31 Dec 2011
RM'000	RM'000	RM'000	RM'000

**A20. Other Liabilities**

Other creditors and accruals	817,938	827,017	633	1,361
General insurance contract liabilities	502,990	433,933	-	-
Short term employee benefits	105,043	163,241	1,857	1,954
Lessee deposits	53,742	54,756	-	-
Prepaid instalment	80,119	79,774	-	-
Remisiers' trust deposits	9,051	9,306	-	-
Amount due to Danaharta	1,825	1,804	-	-
Amount payable for creation of units due to funds	25,445	13,685	-	-
	<u>1,596,153</u>	<u>1,583,516</u>	<u>2,490</u>	<u>3,315</u>



**RHB CAPITAL BERHAD (312952 – H)  
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**A21. Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is the person or group that allocates resources to and assesses the performance of the operating segments of an entity.

For the current financial period, the Group's business segments can be organised into the following main segments reflecting the Group's internal reporting structure:

(a) Corporate and Investment Banking

Corporate and Investment Banking caters to funding or lending needs of corporate customers including public listed corporations and its related entities, multinational corporations (including Japanese), financial institutions and Government and state owned entities. Included under Corporate Banking are offshore banking activities carried out by RHB Bank (L) Ltd whose borrowing and lending facilities are offered in major currencies mainly to corporate customers.

Investment banking provides services for advisory, fund raising in the structuring and issuance of debt securities and capital market instruments, corporate and debt restructuring, mergers and acquisitions, private placements, underwriting and structuring of bilateral lending, project financing, loans syndication, infrastructure financing, initial public offerings of equity related instruments, private placements and underwriting. This segment also covers facilities for equity share trading in local and foreign markets, share margin financing, futures broking products and services, custodian and nominees services, investment cash management and unit trust funds.

(b) Retail Banking

Retail Banking focuses on providing products and services to individual customers. The products and services offered to customers include credit facilities (mortgages, hire purchase financing, study loans, lease financing and personal loans), credit cards, remittance services, deposit collection and investment products.

(c) Business Banking

Business Banking caters to funding or lending needs to small and medium sized enterprises.

(d) Group Treasury

Group Treasury operations are involved in proprietary trading in fixed income securities and foreign exchange, derivatives trading and structuring, managing customer-based foreign exchange and money market transactions, funding and investments in ringgit and foreign currencies.

(e) Islamic Banking business

Islamic Banking business focuses on providing a full range of commercial banking products and services in accordance with the principles of Shariah to individual customers, corporate clients, government and state owned entities as well as small and medium sized enterprises.

(f) Global Financial Banking

Global Financial Banking focuses on providing banking related products and services tailored to the specific needs in foreign countries. Currently, the Group has established foreign operations in Singapore, Thailand and Brunei.





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**A21. Segment Reporting (continued)**

For the current financial period, the Group's business segments can be organised into the following main segments reflecting the Group's internal reporting structure: (continued)

(g) Support center and others

Support center and others comprise of results from other business segments in the Group (nominee services, property investment and rental, dormant operations and other related financial services), funding center of the commercial banking subsidiary and investment holding company, whose results are not material to the Group and therefore do not render separate disclosure in the financial statements and thus, have been reported in aggregate.

The business segment results are prepared based on the Group's internal management reporting, which reflects the organisation's management reporting structure. Internal allocation of costs, for example, back office support, centralised cost, funding centre and the application of transfer pricing, where appropriate, has been used in preparing the segmental reporting.

Arising from the adoption of MFRS 139 as mentioned in Note A1, comparatives have been restated to conform with current period's presentation.



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**A21. Segment Reporting (continued)**

**Segment Profit and Loss for the Six Months Ended 30 June 2012**

	Corporate & Investment Banking	Retail Banking	Business Banking	Group Treasury	Islamic Banking Business	Global Financial Banking	Support Center and Others	Inter-segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	432,320	1,039,712	347,638	326,808	191,575	127,231	(147,164)	-	2,318,120
Inter-segment revenue	8,909	10,643	-	18,231	(16,403)	1,729	13,127	(36,236)	-
Segment revenue	441,229	1,050,355	347,638	345,039	175,172	128,960	(134,037)	(36,236)	2,318,120
Overhead expenses	(144,583)	(475,769)	(197,729)	(45,416)	(80,355)	(97,411)	(45,236)	36,236	(1,050,263)
Including:									
Depreciation of property, plant and equipment	(3,785)	(33,141)	(7,262)	(2,363)	(3,358)	(2,565)	(3,060)	-	(55,534)
Allowance (made)/write back for impairment on loans, financing and other losses	42,943	(78,408)	(6,643)	-	(47,662)	2,476	5,116	-	(82,178)
Impairment (losses)/write back on other assets	2,929	14	152	(5,210)	-	-	-	-	(2,115)
	342,518	496,192	143,418	294,413	47,155	34,025	(174,157)	-	1,183,564
Share of results of a joint venture									393
Profit before taxation									1,183,957
Taxation									(293,275)
Net profit for the financial period									890,682



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**A21. Segment Information (continued)**

**Segment Profit and Loss for the Six Months Ended 30 June 2011 (Restated)**

	<b>Corporate &amp; Investment Banking</b>	<b>Retail Banking</b>	<b>Business Banking</b>	<b>Group Treasury</b>	<b>Islamic Banking Business</b>	<b>Global Financial Banking</b>	<b>Support Center and Others</b>	<b>Inter-segment Elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
External revenue	380,597	985,972	336,932	298,214	136,914	100,687	(64,835)	-	2,174,481
Inter-segment revenue	8,979	7,643	-	9,198	(7,728)	1,644	13,071	(32,807)	-
Segment revenue	<u>389,576</u>	<u>993,615</u>	<u>336,932</u>	<u>307,412</u>	<u>129,186</u>	<u>102,331</u>	<u>(51,764)</u>	<u>(32,807)</u>	<u>2,174,481</u>
Overhead expenses	(144,914)	(410,637)	(184,007)	(40,362)	(69,288)	(66,945)	(24,764)	32,807	(908,110)
Including:									
Depreciation of property, plant and equipment	(3,900)	(31,341)	(6,814)	(2,339)	(4,163)	(2,628)	(3,531)	-	(54,716)
Allowance (made)/write back for impairment on loans, financing and other losses	(99,543)	(79,975)	15,492	-	7,601	1,341	-	-	(155,084)
Impairment write back/(losses) on other assets	7,091	(17)	952	1,992	-	-	-	-	10,018
	<u>152,210</u>	<u>502,986</u>	<u>169,369</u>	<u>269,042</u>	<u>67,499</u>	<u>36,727</u>	<u>(76,528)</u>	<u>-</u>	<u>1,121,305</u>
Share of results of a joint venture									144
Profit before taxation									<u>1,121,449</u>
Taxation									(280,811)
Net profit for the financial period									<u><u>840,638</u></u>



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A21. Segment Reporting (continued)

Segment Assets as at 30 June 2012

	Corporate & Investment Banking	Retail Banking	Business Banking	Group Treasury	Islamic Banking Business	Global Financial Banking	Support Center and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	34,808,865	43,391,171	11,747,130	40,841,118	14,833,600	11,070,305	476,529	157,168,718
Investments in a joint venture								19,509
Tax recoverable								102,522
Deferred tax assets								11,067
Unallocated assets								1,206,787
Total assets								<u>158,508,603</u>



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A21. Segment Information (continued)

Segment Assets as at 31 December 2011 (Restated)

	Corporate & Investment Banking	Retail Banking	Business Banking	Group Treasury	Islamic Banking Business	Global Financial Banking	Support Center and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	31,575,148	42,881,173	10,873,578	42,740,862	13,753,092	9,045,978	476,934	151,346,765
Investments in a joint venture								24,956
Tax recoverable								232,957
Deferred tax assets								14,630
Unallocated assets								1,008,732
Total assets								<u>152,628,040</u>



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**A22. Valuation of Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

**A23. Material Events Subsequent to the Balance Sheet Date**

There were no material events subsequent to the balance sheet date that have not been reflected in this interim financial statements.

**A24. Changes in Composition of the Group**

There were no significant changes in the composition of the Group for the six months ended 30 June 2012.



**RHB CAPITAL BERHAD (312952 – H)  
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**A25. Changes In Contingent Liabilities Since The Last Annual Balance Sheet Date**

**(a) Commitments and Contingencies**

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. Apart from the allowance for commitments and contingencies already made in the interim financial statements, no material losses are anticipated as a result of these transactions.

The commitments and contingencies comprise the following:

<b>Group</b>	<b>Unaudited As at 30 June 2012</b>			<b>Audited As at 31 Dec 2011</b>		
	<b>Principal amount</b>	<b>Credit equivalent*</b>	<b>Risk weighted amount</b>	<b>Principal amount</b>	<b>Credit equivalent*</b>	<b>Risk weighted amount</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Direct credit substitutes	1,656,552	1,585,632	1,216,726	1,507,861	1,437,755	1,217,657
Transaction-related contingent items	2,104,055	1,026,268	745,347	2,190,162	1,070,872	870,820
Short term self-liquidating trade-related contingencies	1,009,213	199,028	126,583	902,010	178,398	97,424
Obligations under underwriting agreements	183,250	91,625	91,625	329,500	164,750	125,500
Assets sold with recourse	235,705	235,705	179,975	-	-	-
Irrevocable commitments to extend credit						
- maturity not exceeding one year	9,355,326	5,183,898	3,497,861	10,214,616	1,978,589	1,316,754
- maturity exceeding one year	26,571,949	11,985,717	8,498,403	25,028,693	5,197,837	3,604,762
Foreign exchange related contracts						
- less than one year	13,388,708	492,899	234,640	13,558,443	377,570	175,414
- one year to less than five years	1,849,894	680,274	245,849	1,767,969	536,076	296,040
Interest rate related contracts						
- less than one year	6,860,252	29,059	7,902	4,325,536	9,854	2,843
- one year to less than five years	12,512,314	372,388	128,711	13,651,528	356,432	113,262
- more than five years	1,050,936	92,970	33,456	685,000	67,359	17,992
	<b>76,778,154</b>	<b>21,975,463</b>	<b>15,007,078</b>	<b>74,161,318</b>	<b>11,375,492</b>	<b>7,838,468</b>

\* The credit equivalent amount is arrived at using the credit conversion factors as per BNM's guidelines. Foreign exchange and interest rate related contracts are subject to market risk and credit risk.



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**A25. Changes In Contingent Liabilities Since The Last Annual Balance Sheet Date (continued)**

**(a) Commitments and Contingencies (continued)**

The credit equivalent amount ('CE') and risk weighted amount ('RWA') of the Group are an aggregate of CE and RWA of:

- (i) its commercial banking subsidiary, which is computed in accordance with BNM's Guidelines on Risk Weighted Capital Adequacy Framework: Internal Ratings Based ('IRB') Approach for Credit Risk, Standardised Approach for Market Risk and Basic Indicator Approach for Operational Risk (Basel II);
- (ii) its Islamic banking subsidiary, which is computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks ('CAFIB'): Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk (Basel II); and
- (iii) its investment banking subsidiary, which is computed in accordance with BNM's Guidelines on Risk Weighted Capital Adequacy Framework: Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk (Basel II).

RHB Bank has given a continuing guarantee to BNM to meet the liabilities and financial obligations and requirements of its subsidiary, RHB Bank (L) Ltd, arising from its offshore banking business in the Federal Territory of Labuan.

RHB Bank has also given a guarantee to the Ministry of Finance of Negara Brunei Darussalam to undertake any liabilities which may be incurred in respect of its branch in Brunei. In addition, RHB Bank has issued a guarantee to Bank of Thailand to provide support to meet any legal liabilities which may be incurred in respect of its branch in Bangkok.





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**A25. Changes In Contingent Liabilities Since The Last Annual Balance Sheet Date (continued)**

**(b) Guarantees Issued**

As at balance sheet date, the Company has extended unsecured guarantees of RM68,000,000 (31.12.2011: RM68,000,000) for performance guarantees of one of its subsidiary companies.

**(c) Other Contingent Liabilities**

**(i) The Company**

On 19 October 2001, the Company filed a suit against Carta Bintang Sdn Bhd ('CBSB'), the vendor of SJ Securities Sdn Bhd ('SJ Securities'), for the recovery of the deposit of RM32,800,000 ('Deposit') paid by the Company pursuant to the sale and purchase agreement dated 7 November 2000 between CBSB and the Company for the sale and purchase of 60 million shares in SJ Securities. CBSB subsequently filed a counterclaim of RM258,688,153.42 together with interest thereon and costs (refer to Note B10(a) 'Material Litigation' for further details).

The suit is still ongoing, the solicitors for the Company are of the opinion that the chances of successfully recovering the Deposit are good, the prospects of successfully defending the counterclaim filed by CBSB against the Company are good and that the said counterclaim is unlikely to succeed.

In view of the above, the Company has not made any provision in relation to the said counterclaim, in the interim financial statements for the six months ended 30 June 2012.

**A26. Capital Commitments**

	<b>Group</b>	
	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30 June 2012</b>	<b>31 Dec 2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Capital expenditure for property, plant and equipment:		
- authorised and contracted for	47,118	72,783
- authorised but not contracted for	160,292	130,741
	<u>207,410</u>	<u>203,524</u>
Proposed acquisition of PT Bank Mestika Dharma (refer to Note B6(a))	1,050,611	1,050,611
	<u>1,258,021</u>	<u>1,254,135</u>



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**A27. Capital Adequacy Ratio**

BNM guidelines on capital adequacy requires RHB Bank, RHB Investment Bank Berhad ('RHB Investment Bank') and RHB Islamic Bank Berhad ('RHB Islamic Bank') to maintain an adequate level of capital to withstand any losses which may result from credit and other risks associated with financing operations. The capital adequacy ratio is computed based on the eligible capital in relation to the total risk-weighted assets as determined by BNM.

The capital ratios of RHB Bank are computed based on BNM's Guidelines on Risk Weighted Capital Adequacy Framework: IRB Approach for Credit Risk, Standardised Approach for Market Risk and Basic Indicator Approach for Operational Risk (Basel II). The capital ratios of RHB Investment Bank are computed based on BNM's Guidelines on Risk Weighted Capital Adequacy Framework: Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk (Basel II). The capital ratios of RHB Islamic Bank are computed based on BNM's Capital Adequacy Framework for Islamic Banks ('CAFIB'): Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk (Basel II).

(a) The capital adequacy ratios of RHB Bank, RHB Investment Bank and RHB Islamic Bank are as follows:

	RHB Bank <sup>®</sup>		RHB Investment Bank		RHB Islamic Bank	
	Unaudited	Audited <sup>+</sup>	Unaudited	Audited <sup>+</sup>	Unaudited	Audited <sup>+</sup>
	30 June 2012	31 Dec 2011	30 June 2012	31 Dec 2011	30 June 2012	31 Dec 2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Tier I capital</b>						
Paid-up ordinary share capital	3,318,085	3,318,085	263,646	263,646	773,424	773,424
Hybrid Tier-I Capital Securities	597,606	597,475	-	-	-	-
Share premium	8,563	8,563	-	-	-	-
Retained profits	3,797,832	3,338,769	23,933	53,198	315,493	271,298
Other reserves (exclude AFS reserves)	3,270,925	3,042,860	278,549	278,549	315,700	280,411
Less: Deferred tax assets	(10,535)	(62,951)	(3,365)	(3,365)	(511)	(9,105)
Goodwill	(905,519)	(905,519)	(159,280)	(159,280)	-	-
Total Tier I capital	<u>10,076,957</u>	<u>9,337,282</u>	<u>403,483</u>	<u>432,748</u>	<u>1,404,106</u>	<u>1,316,028</u>
<b>Tier II capital</b>						
Subordinated obligations	3,997,842	3,250,000	201,742	216,374	-	-
Collective impairment allowance <sup>^</sup>	<u>291,277</u>	<u>376,254</u>	<u>24</u>	<u>893</u>	<u>105,365</u>	<u>135,113</u>
Total Tier II capital	<u>4,289,119</u>	<u>3,626,254</u>	<u>201,766</u>	<u>217,267</u>	<u>105,365</u>	<u>135,113</u>

<sup>®</sup> The capital adequacy ratios of RHB Bank consist of capital base and risk-weighted assets derived from RHB Bank and its wholly-owned offshore banking subsidiary, RHB Bank (L) Ltd.

<sup>^</sup> Excludes collective impairment allowance attributable to loans, advances and financing classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on 'Classification and Impairment Provisions for Loans/Financing' issued on 8 January 2010 and subsequently updated on 26 January 2010 and 17 December 2010.

<sup>+</sup> The above capital adequacy ratios has not been adjusted for the effect of the adoption of MFRS 139.



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**A27. Capital Adequacy Ratio (continued)**

(a) The capital adequacy ratios of RHB Bank, RHB Investment Bank and RHB Islamic Bank are as follows: (continued)

	RHB Bank <sup>®</sup>		RHB Investment Bank		RHB Islamic Bank	
	Unaudited	Audited <sup>+</sup>	Unaudited	Audited <sup>+</sup>	Unaudited	Audited <sup>+</sup>
	30 June 2012	31 Dec 2011	30 June 2012	31 Dec 2011	30 June 2012	31 Dec 2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Less:</b>						
Investments in subsidiaries	(872,656)	(872,656)	(84,970)	(84,970)	-	-
Investments in a joint venture	-	-	(21,463)	(21,463)	-	-
Securitisation exposures subject to deductions <sup>#</sup>	-	-	(7,423)	(7,781)	-	-
Excess of total expected loss over total eligible provision under the IRB approach	(241,530)	(178,986)	-	-	-	-
Other deductions*	(3,142)	(3,787)	(365)	(440)	(45)	(24)
Eligible Tier II Capital	<u>3,171,791</u>	<u>2,570,825</u>	<u>87,545</u>	<u>102,613</u>	<u>105,320</u>	<u>135,089</u>
<b>Total capital base</b>	<b><u>13,248,748</u></b>	<b><u>11,908,107</u></b>	<b><u>491,028</u></b>	<b><u>535,361</u></b>	<b><u>1,509,426</u></b>	<b><u>1,451,117</u></b>
<u>Before deducting proposed dividends</u>						
Core capital ratio	12.31%	12.76%	26.59%	36.43%	12.26%	12.65%
Risk-weighted capital adequacy ratio	16.19%	16.27%	32.36%	45.07%	13.18%	13.95%
<u>After deducting proposed dividends</u>						
Core capital ratio	12.11%	12.28%	26.59%	33.97%	12.26%	12.65%
Risk-weighted capital adequacy ratio	15.98%	15.79%	32.36%	41.37%	13.18%	13.95%

<sup>®</sup> The capital adequacy ratios of RHB Bank consist of capital base and risk-weighted assets derived from RHB Bank and its wholly-owned offshore banking subsidiary, RHB Bank (L) Ltd.

<sup>#</sup> Pursuant to Risk-Weighted Capital Adequacy Framework (Basel II - Risk Weighted Assets Computation), banking institutions that retain their own-originated securitisation positions rated below investment grade must deduct all of such exposures from its regulatory capital.

<sup>\*</sup> Pursuant to the Basel II Market Risk para 5.19 & 5.20 - Valuation Adjustments/Reserves, the Risk-Weighted Capital Ratio ('RWCR') computation shall account for the ageing, liquidity and holding back adjustments/reserves on its trading portfolio.

<sup>+</sup> The above capital adequacy ratios has not been adjusted for the effect of the adoption of MFRS 139.



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**A27. Capital Adequacy Ratio (continued)**

(b) The breakdown of risk-weighted assets in the various categories of risk-weights are as follows:

	<b>RHB Bank<sup>®</sup></b>		<b>RHB Investment Bank</b>		<b>RHB Islamic Bank</b>	
	<b>Unaudited</b>	<b>Audited<sup>+</sup></b>	<b>Unaudited</b>	<b>Audited<sup>+</sup></b>	<b>Unaudited</b>	<b>Audited<sup>+</sup></b>
	<b>30 June 2012</b>	<b>31 Dec 2011</b>	<b>30 June 2012</b>	<b>31 Dec 2011</b>	<b>30 June 2012</b>	<b>31 Dec 2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Credit risk	<b>72,822,190</b>	64,345,943	<b>981,298</b>	658,111	<b>10,674,644</b>	9,226,699
Market risk	<b>1,875,014</b>	1,884,914	<b>141,166</b>	126,884	<b>124,472</b>	565,103
Operational risk	<b>7,136,506</b>	6,939,645	<b>394,714</b>	402,937	<b>651,718</b>	608,028
Total risk-weighted assets	<b><u>81,833,710</u></b>	<u>73,170,502</u>	<b><u>1,517,178</u></b>	<u>1,187,932</u>	<b><u>11,450,834</u></b>	<u>10,399,830</u>

<sup>®</sup> The capital adequacy ratios of RHB Bank consist of capital base and risk-weighted assets derived from RHB Bank and its wholly-owned offshore banking subsidiary, RHB Bank (L) Ltd.

<sup>+</sup> The above capital adequacy ratios has not been adjusted for the effect of the adoption of MFRS 139.



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	<b>Unaudited As at 30 June 2012 RM'000</b>	<b>Group Restated As at 31 Dec 2011 RM'000</b>	<b>Restated As at 1 Jan 2011 RM'000</b>
<b>A28. Operations of Islamic Banking</b>			
<b>(a) Statement of Financial Position as at 30 June 2012</b>			
<b>ASSETS</b>			
Cash and short-term funds	5,187,228	5,613,844	1,076,367
Deposits and placements with banks and other financial institutions	260,722	70,077	40,062
Financial assets held-for-trading	319,138	433,531	218,928
Financial investments AFS	2,080,410	1,673,683	1,787,265
Financial investments held-to-maturity	1,730,581	1,398,138	1,073,159
Financing and advances	14,385,662	12,732,595	8,652,397
Other assets	57,161	87,194	41,538
Statutory deposits	643,755	606,455	105,140
Deferred tax assets	-	3,769	46,195
Tax recoverable	-	13,232	-
Property, plant and equipment	19,045	21,241	21,547
<b>Total assets</b>	<b>24,683,702</b>	<b>22,653,759</b>	<b>13,062,598</b>
<b>LIABILITIES AND ISLAMIC BANKING FUNDS</b>			
Deposits from customers	19,237,426	17,038,324	9,946,582
Deposits and placements of banks and other financial institutions	2,085,108	2,325,231	1,538,052
Bills and acceptances payable	23,545	13,773	12,124
Recourse obligations financing sold to Cagamas	241,585	-	-
Other liabilities	45,601	60,704	52,715
Taxation liabilities	7,891	-	170
Deferred tax liabilities	4,225	-	-
<b>Total liabilities</b>	<b>21,645,381</b>	<b>19,438,032</b>	<b>11,549,643</b>
Islamic Banking Funds	3,038,321	3,215,727	1,512,955
<b>Total liabilities and Islamic Banking Funds</b>	<b>24,683,702</b>	<b>22,653,759</b>	<b>13,062,598</b>
Commitments and contingencies	5,218,475	4,683,588	3,519,220



**RHB CAPITAL BERHAD (312952 – H)**  
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	2nd quarter ended		Six months ended	
	30 June 2012	Restated 30 June 2011	30 June 2012	Restated 30 June 2011
	RM'000	RM'000	RM'000	RM'000
<b>A28. Operations of Islamic Banking (continued)</b>				
<b>(b) Income Statement for the six months ended 30 June 2012</b>				
<b>Group</b>				
Income derived from investment of depositors' funds	251,976	161,671	491,654	305,616
Income derived from investment of shareholder's funds	16,321	9,988	35,579	27,917
Allowance for impairment on financing and advances	(61,118)	16,743	(47,662)	412
Profit equalisation reserve	-	(10,947)	7,252	(15,387)
Total distributable income	207,178	177,456	486,823	318,559
Income attributable to depositors	(155,599)	(77,164)	(310,715)	(145,344)
Total net income	51,579	100,291	176,107	173,214
Personnel expenses	(18,054)	(15,784)	(33,944)	(31,563)
Other overheads and expenditures	(29,052)	(20,884)	(53,079)	(42,258)
<b>Profit before taxation</b>	<b>4,473</b>	<b>63,624</b>	<b>89,085</b>	<b>99,394</b>
Taxation	1,107	(14,757)	(23,580)	(23,708)
<b>Net profit for the financial period</b>	<b>5,580</b>	<b>48,867</b>	<b>65,505</b>	<b>75,686</b>



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2nd quarter ended		Six months ended	
30 June	Restated	30 June	Restated
2012	30 June	2012	30 June
2011	2011	2011	2011
RM'000	RM'000	RM'000	RM'000

**A28. Operations of Islamic Banking (continued)**

**(c) Statement of Comprehensive Income for the six months ended 30 June 2012**

**Group**

Net profit for the financial period	<b>5,580</b>	48,867	<b>65,505</b>	75,686
Other comprehensive income/(loss):				
Financial investments AFS				
- Unrealised net gain on revaluation	<b>10,691</b>	6,383	<b>16,826</b>	1,810
- Net transfer to income statement on disposal or impairment	<b>(2,374)</b>	(2,863)	<b>(7,351)</b>	(3,838)
Income tax relating to components of other comprehensive (income)/loss	<b>(2,080)</b>	(880)	<b>(2,369)</b>	472
Other comprehensive income/(loss), net of tax, for the financial period	<b>6,238</b>	2,640	<b>7,107</b>	(1,556)
Total comprehensive income for the financial period	<b>11,817</b>	51,507	<b>72,611</b>	74,130



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	<b>Group</b>	
	<b>Unaudited As at 30 June 2012</b>	<b>Restated As at 31 Dec 2011</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A28. Operations of Islamic Banking (continued)</b>		
<b>(d) Financing and Advances</b>		
<b>At amortised cost</b>		
Cashline	133,319	120,228
Term financing		
- housing financing	3,097,231	2,752,867
- syndicated term financing	533,659	337,578
- hire purchase receivables	3,921,458	3,548,299
- other term financing	5,127,935	5,347,288
Bills receivable	760,284	524,048
Trust receipts	20,149	19,708
Staff financing	9,208	10,067
Credit/charge cards receivables	91,295	47,904
Revolving financing	1,050,957	351,768
Gross financing and advances	<u>14,745,495</u>	<u>13,059,755</u>
Fair value arising from fair value hedges	9,705	-
	<u>14,755,200</u>	<u>13,059,755</u>
Less: Allowance for impaired financing and advances		
- individual impairment allowance	(173,065)	(130,724)
- collective impairment allowance	(196,473)	(196,436)
Net financing and advances	<u><u>14,385,662</u></u>	<u><u>12,732,595</u></u>





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	<b>Group</b>	
	<b>Unaudited As at 30 June 2012</b>	<b>Restated As at 31 Dec 2011</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A28. Operations of Islamic Banking (continued)</b>		
<b>(d) Financing and Advances (continued)</b>		
<b>(i) Movements in impaired financing and advances</b>		
Balance as at the beginning of the financial period/year		
- As previously reported	<b>543,076</b>	628,251
- Effect of full adoption of MFRS 139	<b>17,541</b>	30,502
- As restated	<b>560,617</b>	658,753
Classified as impaired	<b>207,084</b>	280,102
Reclassified as non-impaired	<b>(148,564)</b>	(238,614)
Amount recovered	<b>(84,612)</b>	(81,975)
Amount written off	<b>(7,718)</b>	(57,649)
Balance as at the end of the financial period/year	<b>526,807</b>	560,617
<b>(ii) Movements in allowance for impaired financing and advances</b>		
<u>Individual impairment allowance</u>		
Balance as at the beginning of the financial period/year	<b>130,724</b>	163,440
Net allowance made	<b>45,200</b>	10,226
Amount written off	-	(42,942)
Transfer to collective impairment allowance	<b>(2,859)</b>	-
Balance as at the end of the financial period/year	<b>173,065</b>	130,724
<u>Collective impairment allowance</u>		
Balance as at the beginning of the financial period/year		
- As previously reported	<b>190,768</b>	158,828
- Effect of full adoption of MFRS 139	<b>5,668</b>	91,864
- As restated	<b>196,436</b>	250,692
Net allowance made/(written back)	<b>2,092</b>	(26,471)
Amount written off	<b>(4,914)</b>	(27,785)
Transfer to individual assessment allowance	<b>2,859</b>	-
Balance as at the end of the financial period/year	<b>196,473</b>	196,436



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	<b>Group</b>	
	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30 June 2012</b>	<b>31 Dec 2011</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A28. Operations of Islamic Banking (continued)</b>		
<b>(e) Other Assets</b>		
Deposits and prepayments	1,444	945
Sundry deposits debtors	1,240	1,240
Other debtors	54,477	85,009
	<b>57,161</b>	<b>87,194</b>
<b>(f) Deposits from Customers</b>		
<u>Non-Mudharabah Funds</u>		
Demand deposits	1,704,846	1,635,227
Savings deposits	728,208	638,101
Commodity Murabahah	3,684,200	3,105,452
Wakalah money market deposits	166,092	-
Negotiable Islamic debts certificates	148,879	-
	<b>6,432,226</b>	<b>5,378,780</b>
<u>Mudharabah Funds</u>		
Demand deposits	424,071	405,040
Savings deposits	28,538	12,712
General investment deposits accounts	740,563	682,066
Special investment deposits accounts	11,612,029	10,559,726
	<b>19,237,426</b>	<b>17,038,324</b>



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**A29. Changes in Accounting Policies**

**(a) Impacts on the Group's Statements of Financial Position**

	<b>As previously reported</b>	<b>Effects of full adoption of MFRS 139</b>	<b>As restated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>As at 1 January 2011</b>			
<b>Assets</b>			
Loans, advances and financing	81,228,093	(14,456)	<b>81,213,637</b>
- Gross loans, advances and financing	83,710,244	176,364	<b>83,886,608</b>
- Collective impairment allowances	(1,626,369)	(190,820)	<b>(1,817,189)</b>
Clients' and brokers' balances	421,127	1,810	<b>422,937</b>
Deferred tax assets	261,105	4,540	<b>265,645</b>
<b>Liabilities</b>			
Other liabilities	1,527,724	662	<b>1,528,386</b>
Deferred tax liabilities	4,514	643	<b>5,157</b>
Equity attributable to equity holders of the Company	9,962,157	(9,411)	<b>9,952,746</b>
Translation reserves	(76,854)	(31)	<b>(76,885)</b>
Retained profits	2,747,792	(9,380)	<b>2,738,412</b>
Loans, advances and financing of which:			
- Impaired loans, advances and financing	3,672,175	176,364	<b>3,848,539</b>
<b>As at 31 December 2011</b>			
<b>Assets</b>			
Loans, advances and financing	94,823,514	235,156	<b>95,058,670</b>
- Gross loans, advances and financing	97,295,063	142,845	<b>97,437,908</b>
- Collective impairment allowances	(1,658,463)	92,311	<b>(1,566,152)</b>
Clients' and brokers' balances	232,676	2,158	<b>234,834</b>
Deferred tax assets	17,598	(2,968)	<b>14,630</b>
<b>Liabilities</b>			
Other liabilities	1,582,693	823	<b>1,583,516</b>
Deferred tax liabilities	6,598	56,510	<b>63,108</b>
Equity attributable to equity holders of the Company	11,438,385	177,013	<b>11,615,398</b>
Translation reserves	(58,832)	19	<b>(58,813)</b>
Retained profits	3,359,866	176,994	<b>3,536,860</b>
Loans, advances and financing of which:			
- Impaired loans, advances and financing	3,351,106	142,845	<b>3,493,951</b>



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**A29. Changes in Accounting Policies (continued)**

**(b) Impacts on the Group's Income Statements/Statements of Comprehensive Income**  
**For the Six Months Ended 30 June 2011**

	As previously reported	Effects of full adoption of MFRS 139	As restated
	RM'000	RM'000	RM'000
Interest income	2,667,492	35,345	2,702,837
Income from Islamic Banking business	174,084	(1,282)	172,802
Allowance for impairment on loans, financing and other losses	(202,723)	47,639	(155,084)
Profit before taxation	1,039,747	81,702	1,121,449
Taxation	(261,515)	(19,296)	(280,811)
Net profit for the financial period	778,232	62,406	840,638
Earnings per share (sen) - basic	35.9	2.9	38.8

**(c) Impacts on the operations of Islamic Banking's Statements of Financial Position**

	As previously reported	Effects of full adoption of MFRS 139	As restated
	RM'000	RM'000	RM'000
<b>As at 1 January 2011</b>			
<b>Assets</b>			
Financing and advances			
- Gross financing and advances	9,036,029	30,502	9,066,531
- Collective impairment allowances	(158,828)	(91,864)	(250,692)
Deferred tax assets	30,854	15,341	46,195
Islamic Banking Funds	1,558,978	(46,023)	1,512,955
Financing and advances if which:			
- Impaired financing and advances	628,251	30,502	658,753
<b>As at 31 December 2011</b>			
<b>Assets</b>			
Financing and advances			
- Gross financing and advances	13,042,214	17,541	13,059,755
- Collective impairment allowances	(190,768)	(5,668)	(196,436)
Deferred tax assets	6,737	(2,968)	3,769
Islamic Banking Funds	3,206,822	8,905	3,215,727
Financing and advances if which:			
- Impaired financing and advances	543,076	17,541	560,617



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**A29. Changes in Accounting Policies (continued)**

**(d) Impacts on the operations of Islamic Banking's Income Statements/Statements of Comprehensive Income  
For the Six Months Ended 30 June 2011**

	<u>As previously reported</u> RM'000	<u>Effects of full adoption of MFRS 139</u> RM'000	<u>As restated</u> RM'000
Income derived from investment of depositors' funds	301,076	4,540	<b>305,616</b>
Income derived from investment of shareholder's funds	33,739	(5,822)	<b>27,917</b>
Allowance for impairment on financing and advances	(24,071)	24,483	<b>412</b>
Profit before taxation	76,193	23,201	<b>99,394</b>
Taxation	(17,908)	(5,800)	<b>(23,708)</b>
Net profit for the financial period	58,285	17,401	<b>75,686</b>



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**B1. Review of Group Results**

**(a) Current Financial Year vs Previous Financial Year**

For the six months ended 30 June 2012, the Group recorded a 6% increase in pre-tax profit and net profit to RM1,184.0 million and RM889.4 million respectively. The Group's revenue registered an increase of 6.6% to RM2.3 billion from a year ago. Earnings per share rose to 40.3 sen as compared to 38.8 sen recorded in the corresponding period last year. Annualised return on equity and return on assets was at 14.8% and 1.1% respectively.

Interest income rose by 9.4% to RM2,956.7 million on the back of a 13.6% increase in gross loans year-on-year. Interest expense was higher by 18.1%, attributed mainly to a higher deposit base and diversification of funding mix with the issuance of RM750 million sub-notes under the Multi-Currency Medium Term Note Programme and USD300 million senior notes under the Euro Medium Term Note Programme during the second quarter.

Other operating income increased by 12.1% to RM653.4 million from 2011, underpinned by higher net gains from trading and investment securities, higher fee income and improvement in fair value on derivatives, partially offset by lower foreign exchange gain.

Income from the Islamic Banking business increased to RM223.8 million, up 29.5% compared to the previous year's corresponding period, driven by a higher net profit income and net gains on disposal of trading and investment securities.

Other operating expenses was higher by 15.7% as a result of ongoing investment into people, products and platform.

Allowance for impairment on loans and financing for the first half of 2012 decreased by RM72.9 million or 47.0% against the previous year corresponding period, mainly due to a one-off major bad debt recovery during the period and lower collective allowances, partially offset by higher individual allowances.

Gross loans grew by 6.7% for the first six months of the year to reach RM104.0 billion, with domestic market share stood at 9.3% as at 30 June 2012. The loans growth was broad based, primarily from corporate as well as purchase of securities and residential properties.

Customers deposits advanced by 2.0% to reach RM118.2 billion as at 30 June 2012. Liquidity position remained healthy with loans to deposits ratio stood at 88.0% as at 30 June 2012. The Group continued to diversify its funding mix with an issuance of RM750 million sub-notes and USD300 million senior notes at RHB Bank during the period under review.

The Group's gross impaired loans remained stable at RM3.5 billion as at 30 June 2012. Impaired loans ratio improved to 3.33% from 3.59% as at 31 December 2011.

Performance by Operating Segment

Corporate and Investment Banking

Segment profit improved significantly to RM342.5 million. The higher profit was mainly attributable to higher write back on allowances on loans impairment, higher fee income and higher interest income. This was partially offset by lower impairment write back on other assets.

Retail Banking

Retail banking segment profit was lower by 1.4% to RM496.2 million, mainly due to higher overhead costs, lower credit card income and lower underwriting surplus. This was partially offset by higher net interest income and lower allowances for impairment on loans.

Business Banking

Segment profit was lower by 15.3% to RM143.4 million. The lower profit was mainly attributable to higher overhead costs and higher allowances for impairment on loans. This was partially offset by higher fee income.

Group Treasury

Segment profit was higher by 9.4% to RM294.4 million, mainly attributable to higher net gains from disposal of trading and investment securities portfolio and higher fee income. This was partially offset by lower net foreign exchange gains and higher overhead costs.



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**B1. Review of Group Results (continued)**

**(a) Current Financial Year vs Previous Financial Year (continued)**

Performance by Operating Segment (continued)

Islamic Banking business

Segment profit was lower by 30.1% to RM47.2 million, mainly attributable to higher allowances for impairment on financing and higher overhead costs. This was partially offset by higher trading income, fee income and net interest income.

Global Financial Banking

Segment profit was lower by 7.4% at RM34.0 million, mainly attributable to higher overhead costs. This was partially offset by higher net foreign exchange gains, higher fee income and higher net interest income.

**B2. Current Quarter vs Previous Quarter**

For the second quarter ended 30 June 2012, the Group recorded a pre-tax profit of RM603.2 million, 3.9% higher as compared to RM580.7 million recorded in the preceding quarter ended 31 March 2012. The higher profit was mainly due to higher net interest income by RM23.0 million, lower loan loss provisioning by RM8.6 million, higher impairment write back on other assets by RM6.8 million and higher income from Islamic Banking business by RM1.6 million, partially offset by higher other operating expenses by RM10.2 million and lower other operating income by RM7.3 million.

**B3. Prospects for 2012**

The Malaysian economy continued to perform although the external economic environment remains challenging. The Economic Transformation Programme is envisaged to further strengthen and support this positive outlook. The Group expects that the Malaysian economy will grow at 4% to 5% in 2012.

The Group will continue to strengthen leadership position in targeted markets and product segments, building strong customer relationships as well as leveraging on the Group's infrastructure and multiple distribution network.

The Group's key focus is to complete the proposed acquisitions of OSK Investment Bank Group and PT Bank Mestika Dharma. This will enhance the Group's geographical footprint and product offerings. In the second half of the year, the Group foresees a challenging operating environment and pressure on margins apart from the demanding global economic scenario. However, the Group expects to continue the growth momentum in 2012.

**B4. Variance of Actual Profit from Forecast Profit and Profit Guarantee**

There were no profit forecast or profit guarantee issued by the Group and the Company.



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**B5. Taxation**

	2nd quarter ended		Six months ended	
	30 June 2012	Restated 30 June 2011	30 June 2012	Restated 30 June 2011
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Income tax based on profit for the financial period				
- Malaysian income tax	147,505	152,236	309,266	293,061
- Overseas tax	1,011	122	1,107	185
Deferred tax	7,227	(29,009)	413	(17,695)
	<u>155,743</u>	<u>123,349</u>	<u>310,786</u>	<u>275,551</u>
Under/(over) provision in respect of prior years				
- Taxation	611	5,292	(19,510)	5,260
- Deferred tax	(7,306)	-	1,999	-
	<u>149,048</u>	<u>128,641</u>	<u>293,275</u>	<u>280,811</u>

The effective tax rate of the Group for the second quarter and six months ended 30 June 2012 was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes.

	2nd quarter ended		Six months ended	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	RM'000	RM'000	RM'000	RM'000
<b>Company</b>				
Income tax based on profit for the financial period				
- Malaysian income tax	111,300	88,576	111,300	88,656
Deferred tax	9,910	4,303	(390)	-
	<u>121,210</u>	<u>92,879</u>	<u>110,910</u>	<u>88,656</u>
Under provision in respect of prior years	-	2,767	-	2,767
	<u>121,210</u>	<u>95,646</u>	<u>110,910</u>	<u>91,423</u>

The effective tax rate of the Company for the second quarter and six months ended 30 June 2012 was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes.





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**B6. Status of Corporate Proposals**

**(a) Proposed acquisition of 80% of the issued and paid-up share capital in PT Bank Mestika Dharma ('Bank Mestika')**

On 19 October 2009, RHB Investment Bank had, on behalf of the Company, announced that the Company will undertake the following proposals subject to relevant regulatory authorities' approval:

- (i) proposed acquisition of 80% of the issued and paid up share capital in Bank Mestika for a total cash consideration of Indonesian Rupiah ('RP') 3,118,300 million (or equivalent to approximately RM1,163 million) ('Proposed Acquisition');
- (ii) proposed put and call option for 9% of the issued and paid-up share capital in Bank Mestika ('Proposed Options');
- (iii) proposed renounceable rights issue of new ordinary shares of RM1.00 each in RHB Capital ('Shares') to raise gross proceeds of approximately RM1.3 billion ('Proposed Rights Issue'); and
- (iv) proposed increase in the authorised share capital of the Company from RM2,500,000,000 comprising 2,500,000,000 RHB Capital shares to RM5,000,000,000 comprising 5,000,000,000 RHB Capital shares ('Proposed Increase In Authorised Share Capital').

In the same announcement, the Company also announced that RHB Venture Capital Sdn Bhd ('RHBVC'), a wholly-owned subsidiary of the Company, had been identified as the entity to hold the investment in Bank Mestika on behalf of the Company pursuant to the Proposed Acquisition and Proposed Options. Accordingly, on 23 October 2009, the Company had assigned all of its rights, title, interest, benefit and entitlement and novated all of its obligations and liabilities as follows to RHBVC:

- (i) the conditional sale and purchase agreement dated 19 October 2009 with PT Mestika Benua Mas ('Vendor') ('CSPA') in relation to the Proposed Acquisition;
- (ii) the escrow agreement dated 19 October 2009 with the Vendor and The Hongkong and Shanghai Banking Corporation Limited (Jakarta Office), acting as the escrow agent, to facilitate the deposit of an amount equal to 10% of the purchase consideration for the Proposed Acquisition by the Company; and
- (iii) the agreement dated 19 October 2009 with the Vendor in relation to the Proposed Options.

BNM had, on 4 January 2010, granted its approval for the Company to acquire up to 89% of the issued and paid-up capital of Bank Mestika, subject to the following conditions:

- (i) the Company is to obtain written confirmation from its auditors on the compliance with Financial Reporting Standards in arriving at the impairment methodology adopted and in respect of any change in equity interest in Bank Mestika; and
- (ii) the sources of funding and funding cost for the additional capital required by Bank Mestika post-acquisition should not exert pressure on the Company and its subsidiaries' capital and financial soundness.

Subsequently, on 9 April 2010, RHB Investment Bank, on behalf of the Company, had announced on the proposed revision to the utilisation of proceeds arising from the Proposed Rights Issue to, among others, repay the borrowings to finance the Proposed Acquisition in view of the Proposed Acquisition is likely to be completed prior to the completion of the Proposed Rights Issue.

As announced on 22 April 2010, Bursa Malaysia Securities Bhd ('Bursa Securities') had, vide its letter dated 20 April 2010, approved the listing and quotation of new ordinary shares of RM1.00 each in the Company, up to the gross proceeds of approximately RM1.3 billion, to be issued pursuant to the Proposed Rights Issue subject to the condition as stated therein. Bursa Securities had further, on 9 May 2011, granted the Company an extension of time until 19 October 2011 to complete the implementation of the Proposed Rights Issue. Bursa Securities had on 21 October 2011, granted the Company a further extension of time of six (6) months from 20 October 2011 until 19 April 2012 to complete the implementation of the Proposed Rights Issue. As at 19 April 2012, the necessary regulatory approvals for the Proposed Acquisition are still pending and hence, given that the Proposed Rights Issue is conditional upon the Proposed Acquisition, the Company has not been able to implement the Proposed Rights Issue. Bursa Securities' approval for the extension of time of up to 19 April 2012 to complete the implementation of the Proposed Rights Issue thus lapsed on the same day. The Company will, amongst others, resubmit an application to Bursa Securities for the implementation of the Proposed Rights Issue upon obtaining the necessary regulatory approvals for the Proposed Acquisition.



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**B6. Status of Corporate Proposals (continued)**

**(a) Proposed acquisition of 80% of the issued and paid-up share capital in PT Bank Mestika Dharma (continued)**

The shareholders of the Company had also, at the Extraordinary General Meeting of the Company held on 19 May 2010, approved the Proposed Rights Issue and the Proposed Increase In Authorised Share Capital.

RHBVC had further, on 17 December 2010, assigned and novated the same to RHB Bank, which becomes the new acquirer for the Proposed Acquisition.

As announced on 19 April 2011, RHB Bank and the Vendor had, subsequently on 18 April 2011, by way of an exchange of letter, mutually agreed to further extend the period to satisfy or waive the condition precedent based on the terms of the CSPA to 31 December 2011. The extension of the CSPA is conditional upon, inter-alia, permission and approval from RHB Bank for Bank Mestika to distribute dividend to the Vendor no later than 19 May 2011, pending which, the CSPA will only be extended until 19 May 2011 ('Initial Extension Period'). In the event the Initial Extension Period lapses, the CSPA will be deemed automatically terminated.

RHB Bank has subsequently agreed to give its permission and approval for Bank Mestika to distribute dividend out of the retained earnings accumulated subsequent to the financial year ended 31 December 2008 to the Vendor and the dividend distribution will not have any impact on the purchase consideration for the Proposed Acquisition or the price-to-book ratio represented by the purchase consideration for the Proposed Acquisition.

On 21 December 2011, RHB Investment Bank, on behalf of the Company, announced that RHB Bank and the Vendor had on 16 December 2011, by way of exchange of letters, mutually agreed to further extend the period to satisfy or waive the conditions precedent of the CSPA for the Proposed Acquisition to 29 February 2012. On 24 February 2012, RHB Bank and the Vendor had mutually agreed to further extend such period to 30 June 2012. Both parties had subsequently, on 29 June 2012, mutually agreed to further extend such period to 30 November 2012.

None of the Directors, major shareholders and/or persons connected with them have any interest, direct or indirect, in the Proposals save for their respective entitlements as shareholders under the Proposed Rights Issue and their rights to apply for excess Rights Shares which are also available to all other shareholders of the Company.

The Proposed Acquisition, Proposed Rights Issue and Proposed Options did not have any material effect on the earnings of the Group for the six months ended 30 June 2012. The Proposed Acquisition is expected to contribute positively to the future revenue and earnings of the Group.



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**B6. Status of Corporate Proposals (continued)**

**(b) Member's Voluntary Winding-Up of Indirect Wholly-Owned Subsidiaries**

The Company had, on 29 February 2011 and 28 March 2012, respectively, announced that the following indirect wholly-owned subsidiaries ('subsidiaries') of the Company, had commenced member's voluntary winding-up pursuant to Section 254(1) of the Companies Act, 1965:

<u>Commencement Date of Member's Voluntary Winding-Up</u>	<u>Name of Subsidiaries</u>
(i) 16 February 2011	(1) Utama Gilang Sdn Bhd (2) RHB Delta Sdn Bhd (3) RHB Marketing Services Sdn Bhd
(ii) 28 March 2012	(1) KYB Sdn Bhd (2) KYF Sdn Bhd (3) SSSB Services (Melaka) Sdn Bhd (4) RHB Unit Trust Management Sdn Bhd (5) RHB Progression Sdn Bhd (6) RHB Excel Sdn Bhd

The above subsidiaries were incorporated in Malaysia and are presently dormant.

The winding-up of the above subsidiaries will not have any material effect on the Group's performance for the financial year ending 31 December 2012.

**(c) Dividend Reinvestment Plan of RHB Capital Berhad**

On 1 March 2011, RHB Investment Bank, on behalf of the Company, announced that as part of the Company's capital management plan and to enhance the Company's shareholders' value, the Company has proposed to undertake a dividend reinvestment plan that provides the shareholders the option to elect to reinvest their cash dividend declared by the Company (whether interim, final, special or any other cash dividend) ('Dividend') into new ordinary shares of RM1.00 each in the Company ('RHB Capital Shares') (hereinafter referred to as 'Dividend Reinvestment Plan'). Approval from shareholders for the Dividend Reinvestment Plan ('DRP') and the issuance of New Shares arising from the DRP was obtained at the Extraordinary General Meeting held on 6 April 2011.

The DRP further provides that whenever a cash dividend (either an interim, final, special or other dividend) ('Dividend') is proposed, the Board may, in its absolute discretion, determine that the DRP to be applied to the whole or a portion of the cash Dividend and where applicable, any remaining portion of the Dividend will be paid in cash.

On 28 February 2012, the Board of Directors of the Company had proposed a final dividend in respect of the financial year ended 31 December 2011 comprising gross dividend of 11.82 sen less 25% tax and single-tier dividend of 5.59 sen per RHB Capital share amounting to RM318.827 million ('Final Dividend') and had determined that the existing DRP as mentioned above shall apply to the said Final Dividend, subject to shareholders' approval.

The shareholders had, on 10 April 2012, approved the Final Dividend and the renewal of the authority to allot and issue such number of new RHB Capital shares from time to time as may be required to be allotted and issued pursuant to the DRP until the conclusion of the next Annual General Meeting.

On 25 April 2012, RHB Investment Bank, on behalf of the Company, announced that Bursa Securities approved the listing and quotation of up to 55,641,710 new RHB Capital Shares to be issued pursuant to the DRP ('Proposal') on the Main Market of Bursa Securities ('Listing Application').

The approval by Bursa Securities for the Listing Application is subject to the following conditions:

- (i) RHB Capital and its adviser must fully comply with the relevant provisions under the Main Market Listing Requirements pertaining to the implementation of the Proposal;
- (ii) RHB Capital and its adviser to inform Bursa Securities upon the completion of the Proposal; and
- (iii) RHB Capital to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposal is completed.



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**B6. Status of Corporate Proposals (continued)**

**(c) Dividend Reinvestment Plan of RHB Capital Berhad (continued)**

On 26 April 2012, the issue price of new RHB Capital Shares to be issued pursuant to the DRP has been fixed at RM6.52 per RHB Capital share and the book closure date pursuant to the Final Dividend and DRP was fixed for 14 May 2012. The new RHB Capital Shares arising from DRP was listed on the Main Market of Bursa Securities on 12 June 2012.

On 5 June 2012, RHB Investment Bank, on behalf of the Company, announced that RHB Capital would be issuing 30,944,571 new RHB Capital shares representing 63.29% of the total number of 48,893,585 new RHB Capital shares that would have been issued pursuant to the DRP, had all the entitled shareholders elect to reinvest their electable portions of the Final Dividend into new RHB Capital shares.

On 11 June 2012, RHB Investment Bank, on behalf of the Company, announced that the DRP would be completed with the listing of and quotation for 30,944,571 new RHB Capital shares on the Main Market of Bursa Securities on 12 June 2012.

With the listing of RHB Capital shares, the enlarged issued and paid-up share capital of RHB Capital is 2,235,763,288 RHB Capital Shares.

**(d) Proposed Multi-Currency Euro Medium Term Note Programme of up to USD500 Million Nominal Value (or its Equivalent in Other Currencies) for RHB Bank ('EMTN Programme')**

As announced by the Company on 11 May 2011, the Securities Commission ('SC') had on 9 May 2011, approved RHB Bank's application for the EMTN Programme, under which RHB Bank may issue up to USD500 million in nominal value (or its equivalent in other currencies) of senior medium term notes, pursuant to the deemed approval under Section 212(5) of the Capital Markets & Services Act 2007.

The proceeds raised from the EMTN Programme will be utilised by RHB Bank and its subsidiaries for general working capital and other corporate purposes, including but not limited to the provision of advances of such proceeds or part thereof by RHB Bank to any of its subsidiaries, and repayment of borrowings (if applicable).

On 15 May 2012, the Company announced that RHB Bank had, on 11 May 2012, completed its inaugural US Dollar senior unsecured notes issuance of USD 300 million under its EMTN Programme.

**(e) Proposed Senior Notes and/or Subordinated Notes under a Multi-Currency Medium Term Note Programme of up to RM3.0 Billion in Nominal Value (or its Equivalent in Other Currencies) ('MCMTN Programme') by RHB Bank**

The Company announced on 7 July 2011 that RHB Bank has obtained approval from the SC on 5 July 2011 for the establishment of MCMTN Programme and the issue of senior notes and/or subordinated notes ('Subordinated Notes').

In addition, the approval from BNM for the issuance of Subordinated Notes has also been obtained on 27 May 2011 (upon terms and conditions therein contained). The Subordinated Notes issued under the MCMTN Programme will qualify as Tier 2 capital of RHB Bank subject to compliance with the requirements as specified in the Risk Weighted Capital Adequacy Framework and Capital Adequacy Framework for Islamic Banks (General Requirements and Capital Component) by BNM.

The Company announced on 2 November 2011 that its wholly-owned subsidiary, RHB Bank had, on 31 October 2011, issued RM250.0 million of Subordinated Notes under the MCMTN Programme. The Subordinated Notes, rated AA3 by RAM Rating Services Berhad, are issued for a tenure of 10 non-callable 5 years, due on 29 October 2021, with a fixed coupon of 4.25% per annum, payable semi-annually throughout the entire tenure.

On 8 May 2012, the Company announced that RHB Bank had, on 7 May 2012, issued RM750.0 million of Subordinated Notes under the MCMTN Programme.



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**B6. Status of Corporate Proposals (continued)**

**(f) Proposal to Commence Negotiations for a Merger of Businesses ('Proposed Merger')**

On 29 September 2011, RHB Investment Bank, on behalf of the Company, announced that the Company has submitted an application to BNM for approval to commence negotiations with OSK Investment Bank Berhad ('OSKIB'), OSK Holdings Berhad ('OSKH') and the major shareholders of OSKH for a possible merger of businesses ('Proposed Merger Negotiations').

As announced on 14 October 2011 by RHB Investment Bank, on behalf of the Company, BNM has, vide its letter dated 13 October 2011, stated that it has no objection in principle for the Company to commence the Proposed Merger Negotiations for three (3) months from the date of BNM's letter.

On 11 January 2012, RHB Investment Bank, on behalf of the Company, announced that the Company has submitted an application to BNM on 11 January 2012 for approval of BNM and the Minister Of Finance (through BNM) for the proposed merger of the businesses of the RHB Banking Group and the OSK Investment Bank Group.

On 27 April 2012, RHB Investment Bank, on behalf of the Company, announced that BNM had notified that the Minister of Finance has granted approval for the Proposed Merger under the Banking and Financial Institutions Act, 1989. The terms and conditions of the Proposed Merger will be announced subject to the execution of the conditional share purchase agreement for the Proposed Merger.

On 28 May 2012, RHB Investment Bank, on behalf of the Company, announced that the Company had entered into the conditional share purchase agreements with OSK Holdings Berhad and OSK Venture Equities Sdn Bhd, respectively, for the Proposed Merger.

The Company had, on 9 August 2012, announced that an Extraordinary General Meeting will be held on Thursday, 30 August 2012 in relation to the proposed issuance of 245,000,000 new RHB Capital Shares at an issue price of RM7.36 per share (which, together with RM147.5 million in cash, constitute the settlement of the purchase consideration of RM1,950.7 million pursuant to the proposed acquisition by RHB Capital from OSKH of 100% equity interest in OSKIB). The circular to shareholders thereof has been despatched to all the shareholders on 10 August 2012.



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**B7. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings, Subordinated Obligations and Hybrid Tier-1 Capital Securities**

	Group	
	Unaudited As at 30 June 2012 RM'000	Audited As at 31 Dec 2011 RM'000
<b>(a) Deposits from customers and placements of banks and other financial institutions</b>		
Deposits from customers		
- one year or less	117,650,614	114,376,234
- more than one year	509,219	1,484,350
	<u>118,159,833</u>	<u>115,860,584</u>
Deposits and placements of banks and other financial institutions		
- one year or less	9,968,057	9,623,953
- more than one year	495,325	407,622
	<u>10,463,382</u>	<u>10,031,575</u>

	Group		Company	
	Unaudited As at 30 June 2012 RM'000	Audited As at 31 Dec 2011 RM'000	Unaudited As at 30 June 2012 RM'000	Audited As at 31 Dec 2011 RM'000
<b>(b) Borrowings</b>				
Unsecured:				
Revolving credits	751,041	706,225	781,617	747,067
Overdrafts	48	18	48	18
Term loans - RM	800,829	800,780	1,065,528	1,062,725
Term loan - USD	709,014	759,020	-	-
RM350 million				
Fixed Rate Bonds	356,822	355,908	356,822	355,908
RM1.1 billion 7 years				
Commercial Papers/Medium				
Term Notes	786,348	981,383	786,348	981,383
	<u>3,404,102</u>	<u>3,603,334</u>	<u>2,990,363</u>	<u>3,147,101</u>
Schedule repayment of borrowings:				
Within one year	1,619,757	1,768,521	1,809,363	1,966,101
One year to three years	1,037,408	1,037,050	831,000	831,000
Three years to five years	556,407	556,050	350,000	350,000
Over five years	190,530	241,713	-	-
	<u>3,404,102</u>	<u>3,603,334</u>	<u>2,990,363</u>	<u>3,147,101</u>



**RHB CAPITAL BERHAD (312952 – H)**  
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**B7. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings, Subordinated Obligations and Hybrid Tier-1 Capital Securities (continued)**

	Group	
	Unaudited As at 30 June 2012 RM'000	Audited As at 31 Dec 2011 RM'000
<b>(c) Subordinated obligations</b>		
5.0% RM1,300 million Tier II subordinated notes 2007/2017	1,305,699	1,305,699
5.5% RM700 million Tier II subordinated notes 2007/2022	703,375	703,375
5.3% RM200 million Tier II subordinated notes 2007/2017	200,581	200,581
5.5% RM45 million Tier II subordinated notes 2008/2018	45,468	45,488
5.0% RM700 million Tier II subordinated notes 2010/2020	705,945	705,945
5.6% RM300 million Tier II subordinated notes 2010/2025	302,854	302,854
4.25% RM250 million Tier II subordinated notes 2011/2021	250,613	251,805
4.30% RM750 million Tier II subordinated notes 2012/2022	753,893	-
	<u>4,268,428</u>	<u>3,515,747</u>

The subordinated obligations constitute unsecured liabilities of the commercial bank and investment bank subsidiaries and are subordinated to the senior indebtedness in accordance with their respective terms and conditions of issuance and qualify as Tier II capital for the purpose of determining the capital adequacy ratios of the respective subsidiaries.

**(d) Hybrid Tier-1 Capital Securities**

	Group	
	Unaudited As at 30 June 2012 RM'000	Audited As at 31 Dec 2011 RM'000
RM370 million 8.00% Hybrid Tier-1 Capital Securities due in 2039, callable with step-up coupon rate at 9.00% in 2019	375,148	377,542
RM230 million 6.75% Hybrid Tier-1 Capital Securities due in 2039, callable with step-up coupon rate at 7.75% in 2019	225,541	223,016
	<u>600,689</u>	<u>600,558</u>

**(e) Senior Debt Securities**

	Group	
	Unaudited As at 30 June 2012 RM'000	Audited As at 31 Dec 2011 RM'000
USD300 million 3.25% Senior Debt Securities due in 2017	949,847	-
	<u>949,847</u>	<u>-</u>



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**B8. Derivative Financial Instruments**

Details of derivative financial instruments outstanding are as follows:

- i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts

<b>Group</b>	<b>Unaudited</b>			<b>Audited</b>		
	<b>As at 30 June 2012</b>			<b>As at 31 Dec 2011</b>		
	<b>Contract/ Notional Amount</b>	<b>Fair Value</b>		<b>Contract/ Notional Amount</b>	<b>Fair Value</b>	
<b>RM'000</b>	<b>Assets</b>	<b>Liabilities</b>	<b>RM'000</b>	<b>Assets</b>	<b>Liabilities</b>	
<b>By type</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- forwards	6,409,164	82,197	33,602	6,110,511	56,146	27,922
- swaps	4,866,519	37,582	30,274	5,942,497	29,632	35,596
- options	107,806	186	112	123,118	276	229
- spots	1,777,030	2,494	2,669	1,710,426	2,135	1,823
- cross-currency	2,078,083	12,701	16,831	1,439,860	19,078	16,518
Subtotal	15,238,602	135,160	83,487	15,326,412	107,267	82,088
Interest rate related contracts						
- swaps	18,563,502	130,363	153,173	18,662,064	130,391	166,100
Subtotal	18,563,502	130,363	153,173	18,662,064	130,391	166,100
<u>Hedging Derivatives:</u>						
Interest rate related contracts						
- swaps	1,860,000	-	16,746	-	-	-
Subtotal	1,860,000	-	16,746	-	-	-
<b>Total</b>	<b>35,662,104</b>	<b>265,524</b>	<b>253,406</b>	<b>33,988,476</b>	<b>237,658</b>	<b>248,188</b>





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**B8. Derivative Financial Instruments (continued)**

Details of derivative financial instruments outstanding are as follows: (continued)

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts

<b>Group</b>	<b>Unaudited</b>			<b>Audited</b>		
	<b>As at 30 June 2012</b>			<b>As at 31 Dec 2011</b>		
	<b>Contract/ Notional Amount</b>	<b>Fair Value</b>		<b>Contract/ Notional Amount</b>	<b>Fair Value</b>	
<b>RM'000</b>	<b>Assets</b>	<b>Liabilities</b>	<b>RM'000</b>	<b>Assets</b>	<b>Liabilities</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>By remaining period to maturity/next re-pricing date</b>						
<u>Trading Derivatives:</u>						
Foreign exchange related contracts						
- Less than 1 year	13,388,708	119,758	64,344	13,558,443	81,771	63,097
- 1 year to 3 years	1,094,064	5,259	3,599	1,213,395	12,980	2,934
- More than 3 years	755,830	10,143	15,544	554,574	12,516	16,057
Subtotal	15,238,602	135,160	83,487	15,326,412	107,267	82,088
Interest rate related contracts						
- Less than 1 year	6,260,252	12,323	14,301	4,325,536	9,317	11,513
- 1 year to 3 years	6,009,616	49,558	43,714	9,045,878	50,768	59,223
- More than 3 years	6,293,634	68,482	95,158	5,290,650	70,306	95,364
Subtotal	18,563,502	130,363	153,173	18,662,064	130,391	166,100
<u>Hedging Derivatives:</u>						
Interest rate related contracts						
- Less than 1 year	600,000	-	2,104	-	-	-
- 1 year to 3 years	800,000	-	6,622	-	-	-
- More than 3 years	460,000	-	8,020	-	-	-
Subtotal	1,860,000	-	16,746	-	-	-
Total	35,662,104	265,524	253,406	33,988,476	237,658	248,188



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**B8. Derivative Financial Instruments (continued)**

ii) Related accounting policies

Derivative financial instruments and hedge accounting

Derivative financial instruments are initially recognised at fair values on the date on which derivative contracts are entered into and are subsequently remeasured at their fair values. All derivatives are carried as assets when fair values are positive and as liabilities when fair values are negative.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge); or (2) hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge).

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain and loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item will affect profit and loss (for example, when the forecast sale that is hedged takes place).

(c) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the profit and loss.



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**B9. Supplementary Information Disclosed Pursuant to Bursa Malaysia Securities Berhad Listing Requirements**

The following analysis of realised and unrealised profits or losses of the Group and the Company is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

The breakdown of retained profits of the Group is as follows:

	As at 30 June 2012		
	Realised Profits/ (Losses) RM'000	Unrealised Profits RM'000	Total RM'000
<b>Group</b>			
Operating subsidiaries	5,233,688	307,005	5,540,693
Dormant subsidiaries*	(7,927,934)	-	(7,927,934)
	(2,694,246)	307,005	(2,387,241)
Share of retained profits from a joint venture	1,969	-	1,969
	(2,692,277)	307,005	(2,385,272)
Less: Consolidation adjustments			6,251,681
Total Group retained profits			<u>3,866,409</u>

	Restated As at 31 Dec 2011		
	Realised Profits/ (Losses) RM'000	Unrealised Profits RM'000	Total RM'000
<b>Group</b>			
Operating subsidiaries	4,882,912	329,303	5,212,215
Dormant subsidiaries*	(7,929,473)	-	(7,929,473)
	(3,046,561)	329,303	(2,717,258)
Share of retained profits from a joint venture	1,576	-	1,576
	(3,044,985)	329,303	(2,715,682)
Less: Consolidation adjustments			6,252,542
Total Group retained profits			<u>3,536,860</u>

\* The realised losses relate mainly to dormant subsidiaries which are currently in the process of being liquidated.



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**B9. Supplementary Information Disclosed Pursuant to Bursa Malaysia Securities Berhad Listing Requirements (continued)**

The breakdown of retained profits of the Company is as follows:

<u>Company</u>	<b>Unaudited As at 30 June 2012 RM'000</b>	<b>Audited As at 31 Dec 2011 RM'000</b>
Total retained profits of the Company:		
- Realised profits	<b>947,313</b>	945,227
- Unrealised profits/(losses)	<b>345</b>	(45)
	<b>947,658</b>	945,182

The disclosure of realised and unrealised profits/(losses) above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purpose.

On 20 December 2010, the Malaysian Institute of Accountants issued Guidance on Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements. Accordingly, the Group views translation gains or losses on monetary items as realised as it is incurred in the ordinary course of business.

The disclosure above does not affect or alter the existing divisible profit rule in Malaysia. Likewise, this shall not be applied to address or interpret any legal matters regarding the availability of profit for distribution to shareholders. Listed corporations are required to observe the existing requirements in the Malaysia legal framework in dealing with matters related to distribution of profits to shareholders.



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**B10. Material Litigation**

**(a) Carta Bintang Sdn Bhd**

On 19 October 2001, the Company filed a Writ of Summons at the High Court of Malaya in Kuala Lumpur ('High Court') against CBSB, the vendor of SJ Securities, for the recovery of the deposit of RM32,800,000 ('Deposit') paid by the Company pursuant to the sale of shares agreement dated 7 November 2000 in respect of 60 million shares in SJ Securities ('Sale Shares').

On 26 November 2001, CBSB's solicitors served the Defence and Counterclaim on the Company's solicitors. The overall amount claimed by CBSB in the Counterclaim is RM258,688,153.42 together with interest thereon and costs. The Company filed its reply to the Defence and a Defence to the Counterclaim on 19 December 2001.

On 22 November 2002, the Deputy Registrar of the High Court granted a summary judgment in favour of the Company for CBSB to return the Deposit to the Company and a summary judgment in favour of CBSB for the Company to return the share certificates and transfer forms in respect of the Sale Shares to CBSB. However, CBSB's claim for damages was dismissed.

Both parties had subsequently filed their respective appeals against the decision of the Deputy Registrar and on 7 August 2003, the Learned High Court Judge dismissed the respective appeals of the Company and CBSB and affirmed the Deputy Registrar's decision.

Thereafter, both parties have filed their respective appeals to the Court of Appeal against the decision of the Learned High Court Judge (refer to Note A25(c)(i) 'Other Contingent Liabilities' for the Company's solicitors' opinion on the above suit and counterclaim). On 22 May 2009, the Court of Appeal had dismissed CBSB's appeal against the High Court decision in respect of the return of the Deposit and claim for damages. The Court of Appeal had also dismissed the Company's appeal in respect of the return of share certificates and transfer forms.

Both CBSB and the Company had filed their respective applications for leave to appeal to the Federal Court. The Federal Court had on 12 May 2010 allowed the applications for leave to appeal filed by both parties. During the hearing of the appeals at the Federal Court on 18 January 2011, the Federal Court had directed that the CBSB's appeal against the High Court decision dismissing the summary judgment application on the claim for damages and the Company's appeal against the High Court decision on the return of share certificates and transfer forms be re-heard by the Court of Appeal and further directed that CBSB's appeal to the Federal Court against the Court of Appeal decision on the return of the Deposit to be kept in abeyance until then.

On 22 June 2011, the Court of Appeal recorded the agreement of both the Company and CBSB that the High Court order in respect of the dismissal of CBSB's summary judgment application for their counterclaim and the High Court order on the return of share certificates and transfer forms are set aside. The Court of Appeal also directed that CBSB's counterclaim be referred to the High Court for trial.

On 15 December 2011, the Federal Court had allowed CBSB's appeal against the Court of Appeal's decision on the return of the Deposit. The matter was remitted to the High Court for trial.

On 6 July 2012, the High Court had after full trial allowed the Company's claim for the return of the Deposit with interests and costs of RM100,000.00 ('Judgment Sum') and dismissed CBSB's counterclaim. The High Court had also ordered Messrs Kadir Andri & Partners, being the stakeholder, to return the sum of RM6,688,153.42 (on the account of the Judgment Sum) to the Company and upon receipt of the same, the Company to return the share certificates and transfer forms in respect of the 60 million shares in SJ Securities to CBSB. The stakeholder sum has since been returned to the Company. CBSB has also filed an appeal to the Court of Appeal against the High Court decision. No hearing date has been fixed for the appeal yet. (refer to Note A25(c)(i) 'Other Contingent Liabilities' for the Company's solicitors' opinion on the above suit and counterclaim.)

The above material litigation is not expected to have any material adverse effect on the financial results of the Group.



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**B11. Dividends**

A proposed interim dividend of 6.0% has been declared by the directors.

- (i) Amount per share: single-tier dividend of 6.0%.
- (ii) Previous corresponding period: 8.0 % per share less 25% income tax.
- (iii) Entitlement date: To be determined later
- (iv) Payment date: To be determined later

Subject to the necessary approvals being obtained, the Board of Directors have determined that the Dividend Reinvestment Plan (as detailed in note B6(c)) will apply to the proposed interim dividend of 6.0%, in which the shareholders individually would determine the proportion of the electable portion they wish to reinvest into the Company's new shares. The book closure date will be announced by the Company at a later date.

**B12. Earnings per Share**

	2nd quarter ended		Six months ended	
	30 June 2012	Restated 30 June 2011	30 June 2012	Restated 30 June 2011
<b>Basic/diluted earnings per share</b>				
Profit attributable to equity holders of the Company (RM'000)	<u>453,845</u>	<u>381,398</u>	<u>889,396</u>	<u>839,149</u>
Weighted average number of ordinary shares in issue ('000)	<u>2,211,280</u>	<u>2,171,217</u>	<u>2,208,049</u>	<u>2,162,395</u>
Basic/diluted earnings per share (sen)	<u>20.5</u>	<u>17.6</u>	<u>40.3</u>	<u>38.8</u>

The diluted Earning Per Share (EPS) of the Group is calculated by dividing the net profit attributable to equity holders of the Company for the quarter and the financial period ended 30 June 2012 by the weighted average number of ordinary shares in issue and adjusted for the number of shares that could have been issued under the DRP for the interim dividend as detailed in Note B11.

In the diluted EPS calculation, it has been assumed that 100% of the electable portion of the proposed final dividend payment under the DRP will be exercised into new ordinary shares of RM1.00 each in the Company. The new Company's shares will be issued at an assumed price which is equivalent to the 5-day volume weighted average price of the Company's shares as at 30 June 2012 after applying a discount of not more than 10%. These calculations serve to determine the number of dilutive shares to be added to the weighted average ordinary shares in issue for the purpose of computing the dilution. No adjustment has been made to the net profit attributable to the equity holders of the Company for the quarter and six months ended 30 June 2012.

The dilution effect on the basic EPS arising from the DRP is estimated to be immaterial. As a result, the diluted EPS is equal to the basic EPS for the quarter and six months ended 30 June 2012.

Other than the above, there were no other dilutive potential ordinary shares outstanding as at 30 June 2012.

**BY ORDER OF THE BOARD**

**AZMAN SHAH MD YAMAN**  
(License No. LS0006901)

Company Secretary  
27 August 2012