

ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	2nd Quarter Ended		Cumulative 6 Months Ended	
		30.09.2013	30.09.2012	30.09.2013	30.09.2012
		RM'000	RM'000	RM'000	RM'000
Interest income	C1	396,499	364,729	771,496	713,355
Interest expense	C2	(203,893)	(174,037)	(394,429)	(348,785)
Net interest income		192,606	190,692	377,067	364,570
Net income from Islamic banking business	C3	51,752	61,321	105,609	124,411
		244,358	252,013	482,676	488,981
Other operating income	C4	70,383	86,961	196,242	169,331
Net income		314,741	338,974	678,918	658,312
Other operating expenses	C5	(144,320)	(154,265)	(319,173)	(315,384)
Operating profit before allowance		170,421	184,709	359,745	342,928
Write-back of/(allowance for) losses on loans, advances and financing and other losses	C6	4,840	7,050	(528)	15,836
Write-back of impairment		902	-	902	473
Operating profit after allowance		176,163	191,759	360,119	359,237
Share of results of associate		-	(1,003)	-	(2,113)
Profit before taxation and zakat		176,163	190,756	360,119	357,124
Taxation and zakat	B5	(44,928)	(48,826)	(91,093)	(90,617)
Net profit after taxation and zakat		131,235	141,930	269,026	266,507
Other comprehensive expense:					
Items that may be reclassified subsequently to profit and loss:					
Revaluation reserve on financial investments available-for-sale					
- Net loss from change in fair value		(28,898)	(37,355)	(66,873)	(22,824)
- Transfer from deferred tax		7,224	9,339	16,718	5,706
Other comprehensive expense, net of tax		(21,674)	(28,016)	(50,155)	(17,118)
Total comprehensive income for the period		109,561	113,914	218,871	249,389
Profit attributable to:					
Owners of the parent		131,235	141,946	269,026	266,478
Non-controlling interests		-	(16)	-	29
Net profit after taxation and zakat		131,235	141,930	269,026	266,507
Total comprehensive income attributable to:					
Owners of the parent		109,561	113,930	218,871	249,360
Non-controlling interests		-	(16)	-	29
Total comprehensive income for the period		109,561	113,914	218,871	249,389
Earnings per share attributable to owners of the parent:					
- Basic (sen)	B14(a)	8.6	9.3	17.7	17.5
- Diluted (sen)	B14(b)	8.6	9.3	17.6	17.5

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited Annual Financial Statements of the Group for the financial year ended 31 March 2013)

ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		UNAUDITED	
		AS AT	AS AT
		30.09.2013	31.03.2013
		RM'000	RM'000
ASSETS			
Cash and short-term funds		1,641,956	1,296,681
Deposits and placements with banks and other financial institutions		626,091	153,236
Balances due from clients and brokers	C7	85,703	50,122
Financial assets held-for-trading	C8	107,573	1,519,930
Financial investments available-for-sale	C9	10,642,154	10,362,450
Financial investments held-to-maturity	C10	1,198,101	596,949
Derivative financial assets	B10	59,573	19,792
Loans, advances and financing	C11	29,543,562	27,771,741
Other assets	C12	77,687	76,007
Tax recoverable		2,526	476
Statutory deposits		1,477,977	1,330,972
Investment property		27,748	27,748
Property, plant and equipment		73,434	83,217
Intangible assets		353,421	356,168
Deferred tax assets		11,264	11,361
		45,928,770	43,656,850
Non-current assets and subsidiary held for sale	C13	3,984	35,179
TOTAL ASSETS		45,932,754	43,692,029
LIABILITIES AND EQUITY			
Deposits from customers	B9(a), C14	36,717,772	36,004,315
Deposits and placements of banks and other financial institutions	B9(b), C15	3,353,566	2,009,996
Balances due to clients and brokers	C16	57,299	30,852
Bills and acceptances payable		50,048	73,713
Derivative financial liabilities	B10	60,513	15,870
Amount due to Cagamas Berhad		15,166	16,290
Other liabilities	C17	917,563	823,636
Subordinated obligations	B9(c)	612,533	612,193
Provision for taxation		4,594	26,274
Deferred tax liabilities		15,683	24,430
		41,804,737	39,637,569
Liabilities directly associated with non-current assets and subsidiary held for sale	C13	-	19,291
TOTAL LIABILITIES		41,804,737	39,656,860
Share capital		1,548,106	1,548,106
Reserves		2,663,785	2,558,548
Shares held for Employees' Share Scheme		(83,874)	(76,232)
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT		4,128,017	4,030,422
Non-controlling interests		-	4,747
TOTAL EQUITY		4,128,017	4,035,169
TOTAL LIABILITIES AND EQUITY		45,932,754	43,692,029
COMMITMENTS AND CONTINGENCIES	C19	20,737,822	19,079,207
Net assets per share attributable to owners of the parent (RM)*		2.67	2.60

* The net assets per share attributable to owners of the parent is computed as total equity (excluding non-controlling interests) divided by total number of ordinary shares in circulation.

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited Annual Financial Statements of the Group for the financial year ended 31 March 2013)

ALLIANCE FINANCIAL GROUP BERHAD

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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013

	← Attributable to Owners of the Parent →											
	Share Capital	Share Premium	Statutory Reserve	Capital Reserve	Revaluation Reserve	Employees' Share Scheme ("ESS") Reserve	Profit Equalisation Reserve ("PER")	Shares held for ESS	Retained Profits	Total	Non- controlling Interests	Total Equity
						RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
30 September 2013												
At 1 April 2013	1,548,106	304,289	643,706	7,013	115,397	14,739	1,033	(76,232)	1,472,371	4,030,422	4,747	4,035,169
Net profit after taxation and zakat	-	-	-	-	-	-	-	-	269,026	269,026	-	269,026
Other comprehensive expense	-	-	-	-	(50,155)	-	-	-	-	(50,155)	-	(50,155)
Total comprehensive (expense)/income for the period	-	-	-	-	(50,155)	-	-	-	269,026	218,871	-	218,871
Transfer to statutory reserve	-	-	19,694	-	-	-	-	-	(19,694)	-	-	-
Purchase of shares pursuant to ESS	-	-	-	-	-	-	(14,271)	-	-	(14,271)	-	(14,271)
Share-based payment under ESS	-	-	-	-	-	4,874	-	-	-	4,874	-	4,874
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(114,278)	(114,278)	-	(114,278)
ESS shares grant vested to:												
- employees of subsidiaries	-	-	-	-	-	(3,869)	-	3,869	-	-	-	-
- own employees	-	-	-	-	-	(84)	-	84	-	-	-	-
ESS shares option exercised by:												
- employees of subsidiaries	-	-	-	-	-	(370)	-	370	-	-	-	-
Proceeds from share option exercised	-	-	-	-	-	-	-	2,306	-	2,306	-	2,306
Transfer of ESS shares purchase price difference on shares vested	-	-	-	-	-	(577)	-	-	577	-	-	-
Transfer PER to retained profit	-	-	-	-	-	-	(1,033)	-	1,033	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	93	93	(4,747)	(4,654)
At 30 September 2013	1,548,106	304,289	663,400	7,013	65,242	14,713	-	(83,874)	1,609,128	4,128,017	-	4,128,017
30 September 2012												
At 1 April 2012	1,548,106	304,289	600,129	7,013	132,769	14,001	1,033	(68,194)	1,227,804	3,766,950	4,905	3,771,855
Net profit after taxation and zakat	-	-	-	-	-	-	-	-	266,478	266,478	29	266,507
Other comprehensive expense	-	-	-	-	(17,118)	-	-	-	-	(17,118)	-	(17,118)
Total comprehensive (expense)/income for the period	-	-	-	-	(17,118)	-	-	-	266,478	249,360	29	249,389
Transfer to statutory reserve	-	-	23,481	-	-	-	-	-	(23,481)	-	-	-
Purchase of shares pursuant to ESS	-	-	-	-	-	-	(18,174)	-	-	(18,174)	-	(18,174)
Share-based payment under ESS	-	-	-	-	-	4,159	-	-	-	4,159	-	4,159
Transfer to retained profits on share lapsed:												
- employees of subsidiaries	-	-	-	-	-	(2,545)	-	-	2,545	-	-	-
- own employees	-	-	-	-	-	(52)	-	-	52	-	-	-
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(100,254)	(100,254)	(237)	(100,491)
ESS shares grant vested to:												
- employees of subsidiaries	-	-	-	-	-	(3,680)	-	3,680	-	-	-	-
- own employees	-	-	-	-	-	(65)	-	65	-	-	-	-
ESS shares option exercise by:												
- employees of subsidiaries	-	-	-	-	-	(736)	-	736	-	-	-	-
- own employees	-	-	-	-	-	(4)	-	4	-	-	-	-
Proceeds from share option exercised	-	-	-	-	-	-	-	2,980	-	2,980	-	2,980
Transfer of ESS shares purchase price difference on shares vested	-	-	-	-	-	209	-	-	(209)	-	-	-
At 30 September 2012	1,548,106	304,289	623,610	7,013	115,651	11,287	1,033	(78,903)	1,372,935	3,905,021	4,697	3,909,718

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited Annual Financial Statements of the Group for the financial year ended 31 March 2013)

ALLIANCE FINANCIAL GROUP BERHAD

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013

	Unaudited 6 Months Ended 30.09.2013	Unaudited 6 Months Ended 30.09.2012
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	360,119	357,124
Adjustments for:		
Accretion of discount less amortisation of premium of financial investments	(46,002)	(71,052)
Depreciation of property, plant and equipment	11,153	13,825
Dividends from financial investments available-for-sale	(4,276)	(2,642)
(Gain)/loss on disposal of property, plant and equipment	(3)	136
Gain on disposal of a subsidiary	(1,169)	-
Gain on disposal of assets held for sale	-	(7,556)
Net gain from redemption of financial investments held-to-maturity	(3,175)	(2,399)
Net loss from sale of financial assets held-for-trading	863	134
Net gain from sale of financial investments available-for-sale	(16,497)	(31,547)
Unrealised loss on revaluation of financial assets held-for-trading	112	70
Unrealised gain on revaluation of derivative instruments	(359)	(12,453)
Interest expense on subordinated obligations	14,760	14,747
Interest income from financial investments held-to-maturity	(6,931)	(9,055)
Interest income from financial investments available-for-sale	(139,429)	(117,517)
Interest income from financial investments held-for-trading	(1,979)	(2,168)
Allowance for/(write-back of) loans, advances and financing (net of recoveries)	9,651	9,656
Allowance for other assets	1,513	2,907
Write-back of commitments and contingencies	-	(105)
Net write-back of financial investments available-for-sale	(902)	(473)
Amortisation of computer software	10,399	9,736
Share options/grants under ESS	4,874	4,159
Property, plant and equipment written off	117	-
Computer software written off	265	-
Share of results of associate	-	2,113
Operating profit before working capital changes	193,104	157,640
Changes in working capital:		
Deposits from customers	713,457	(65,574)
Deposits and placements of banks and other financial institutions	870,715	705,542
Bills and acceptances payable	(23,665)	(68)
Balance due from clients and brokers	(9,134)	21,251
Other liabilities	93,935	76,096
Financial assets held-for-trading	1,418,132	164,905
Loans, advances and financing	(1,781,472)	(1,641,243)
Other assets	2,315	(26,569)
Statutory deposits with Bank Negara Malaysia	(147,005)	(136,883)
Amount due to Cagamas Berhad	(1,124)	(3,058)
Cash generated from/(used in) operations	1,329,258	(747,961)
Taxes and zakat paid	(106,669)	(43,311)
Net cash generated from/(used in) operating activities	1,222,589	(791,272)

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013 (contd.)

	Unaudited 6 Months Ended 30.09.2013	Unaudited 6 Months Ended 30.09.2012
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from financial investments available-for-sale	4,185	2,638
Interest received from financial investments held-to-maturity	6,931	9,055
Interest received from financial investments available-for-sale	139,429	117,517
Interest received from financial investments held-for-trading	1,979	2,168
Purchase of property, plant and equipment	(5,742)	(14,398)
Purchase of computer software	(7,957)	(11,307)
Purchase of shares held for ESS	(14,271)	(18,174)
Proceeds from disposal of property, plant and equipment	256	579
Proceeds from disposal of assets held for sale	-	11,370
Proceeds from disposal of a subsidiary	12,250	-
Proceeds from share option exercised by own employees	2,306	2,980
Purchase of financial investments held-to-maturity, net of proceeds for redemption and maturity	(569,899)	218,268
Proceeds from disposal of financial investments available-for-sale, (net of purchase)	(318,083)	(337,436)
Net cash used in investing activities	<u>(748,616)</u>	<u>(16,740)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid on subordinated obligations	(14,420)	(14,420)
Dividends paid to non-controlling interest	-	(237)
Dividends paid to shareholders of the Company	(114,278)	(100,254)
Net cash used in financing activities	<u>(128,698)</u>	<u>(114,911)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	345,275	(922,923)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,296,681	1,876,073
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>1,641,956</u>	<u>953,150</u>
Cash and cash equivalents comprise the following:		
Cash and short-term funds	1,641,956	940,664
Cash and short-term funds reclassified to non-current assets held for sale (Note C13)	-	12,486
	<u>1,641,956</u>	<u>953,150</u>

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited Annual Financial Statements of the Group for the financial year ended 31 March 2013)

[A] Explanatory Notes Pursuant To Malaysian Financial Reporting Standard 134 ("MFRS 134") : Interim Financial Reporting

A1. Basis Of Preparation

The unaudited condensed interim financial statements for the second financial quarter ended 30 September 2013 have been prepared under the historical cost convention, as modified by the available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and Appendix 9B of the Bursa Malaysia Securities Berhad's ("Bursa Securities") Listing Requirements.

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 March 2013. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2013.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2013, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2013:

- MFRS 10 "Consolidated financial statements" (effective 1 January 2013)
- MFRS 11 "Joint arrangements" (effective 1 January 2013)
- MFRS 12 "Disclosures of interests in other entities" (effective 1 January 2013)
- MFRS 13 "Fair value measurement" (effective 1 January 2013)
- MFRS 127 (revised) "Separate financial statements" (effective 1 January 2013)
- MFRS 128 (revised) "Investments in associates and joint ventures" (effective 1 January 2013)
- Amendment to MFRS 7 "Financial instruments: Disclosures" (effective 1 January 2013)
- Amendment to MFRS 101 "Presentation of items of other comprehensive income" (effective 1 July 2012)
- Amendment to MFRS 119 "Employee benefits" (effective 1 January 2013)
- Amendment to MFRS 134 "Interim financial reporting" (effective 1 January 2013)
- Amendments to MFRS 10, MFRS 11 and MFRS 12 "Consolidated financial statements, Joint arrangements and Disclosure of interests in other entities: Transition Guidance" (effective 1 January 2013)
- Annual Improvements 2009 - 2011 cycle (effective 1 January 2013)

The adoption of the above MFRSs and amendments to MFRSs did not have any financial impact to the Group and the Company.

The following MFRSs have been issued by the MASB and are effective for annual periods commencing on or after 1 April 2014, and have yet to be adopted by the Group:

- MFRS 9 "Financial instruments - Classifications and measurement of financial assets and financial liabilities" (effective 1 January 2015)
- Amendment to MFRS 132 "Offsetting Financial Assets and Financial Liabilities" (effective 1 January 2014)
- Amendment to MFRS 10, 12 & 127 "Investment entities" (effective 1 January 2014)

A1. Basis Of Preparation (contd.)

The preparation of unaudited condensed interim financial statements in conformity with the Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed interim financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of current events and actions, actual results may differ.

A2. Declaration Of Audit Confirmation

The auditors' report on the annual financial statements for the financial year ended 31 March 2013 was not subject to any qualification.

A3. Seasonal And Cyclical Factors

The operations of the Group were not materially affected by any seasonal or cyclical fluctuations in the second financial quarter ended 30 September 2013.

A4. Nature And Amount Of Items Affecting Assets, Liabilities, Equity, Net Income Or Cash Flows That Are Unusual Because Of Their Nature, Size Or Incidence

The assets, liabilities, equity, net income and cash flows of the Group in the second financial quarter ended 30 September 2013 were not substantially affected by any item of a material and unusual nature.

A5. Changes In Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the second financial quarter ended 30 September 2013.

A6. Changes In Debt And Equity Securities

There were no issuance or repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the second financial quarter ended 30 September 2013.

A7. Dividends Paid

A first interim dividend of 7.5 sen per share, tax exempt under the single tier tax system in respect of the financial year ending 31 March 2014, on 1,548,105,929 ordinary shares amounting to RM116,107,957 was paid on 16 August 2013.

Dividends paid on the shares held in Trust pursuant to the Company's ESS which are classified as shares held for ESS are not accounted for in the total equity. An amount of RM1,829,689 being dividend paid for those shares were added back to the appropriation of retained profits in respect of the first interim dividend.

A8. Segment Information

The following segment information has been prepared in accordance with MFRS 8 Operating Segments, which defines the requirements for the disclosure of financial information of an entity's operating segments. The operating segments results are prepared based on the Group's internal management reporting reflective of the organisation's management reporting structure.

The Group is organised into the following key operating segments:

(i) **Consumer Banking**

Consumer Banking provides a wide range of personal banking solutions covering mortgages, term loans, personal loans, hire purchase facilities, credit cards, wealth management (cash management, investment services, share trading, bancassurance and will writing). Consumer banking customers are serviced via branch network, call centre, electronic/internet banking channels, and direct sales channels.

(ii) **Business Banking**

Business Banking segment covers Small and Medium Enterprise ("SME") and Wholesale Banking. SME Banking customers comprise self-employed, small and medium scale enterprises. Wholesale Banking serves public-listed and large corporate business customers including family-owned businesses. Business Banking provides a wide range of products and services including loans, trade finance, cash management, treasury and structured solutions.

(iii) **Financial Markets**

Financial Markets provide foreign exchange, money market, hedging and investment (capital market instruments) solutions for banking customers. It also manages the assets and liabilities, liquidity and statutory reserve requirements of the banking entities in the Group.

(iv) **Investment Banking**

Investment Banking covers stockbroking activities and corporate advisory which includes initial public offering, equity fund raising, debt fund raising, mergers and acquisitions and corporate restructuring.

(v) **Others**

Others refer to mainly other business operations such as alternative distribution channels, trustee services and holding company operations.

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013

A8. Segment Information (contd.)

GROUP 2nd Financial Quarter Ended 30 September 2013	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Investment Banking RM'000	Others RM'000	Total Operations RM'000	Inter- segment Elimination RM'000	Total RM'000
Net interest income								
- external income	80,018	71,039	42,145	1,753	933	195,888	(3,282)	192,606
- inter-segment	(33)	7,513	(6,460)	(1,020)	-	-	-	-
	79,985	78,552	35,685	733	933	195,888	(3,282)	192,606
Net income from Islamic banking business	21,601	15,382	7,441	-	-	44,424	7,328	51,752
Other operating income	25,505	34,870	5,182	4,929	228,764	299,250	(228,867)	70,383
Net income	127,091	128,804	48,308	5,662	229,697	539,562	(224,821)	314,741
Other operating expenses	(65,979)	(49,357)	(9,852)	(7,189)	(4,686)	(137,063)	3,179	(133,884)
Depreciation and amortisation	(5,312)	(3,469)	(1,514)	(129)	(12)	(10,436)	-	(10,436)
Operating profit/(loss)	55,800	75,978	36,942	(1,656)	224,999	392,063	(221,642)	170,421
(Allowance for)/write-back of losses on loans, advances and financing and other losses	(2,564)	7,761	(285)	(80)	8	4,840	-	4,840
Write-back of impairment	-	622	280	-	472	1,374	(472)	902
Segment result	53,236	84,361	36,937	(1,736)	225,479	398,277	(222,114)	176,163
Taxation and zakat								(44,928)
Net profit after taxation and zakat								<u>131,235</u>
Segment assets	17,734,697	11,545,751	17,700,275	201,968	1,892,496	49,075,187	(3,583,078)	45,492,109
Reconciliation of segment assets to consolidated assets:								
Property, plant and equipment								73,434
Unallocated assets								13,790
Intangible assets								353,421
Total assets								<u>45,932,754</u>
Segment liabilities	17,321,875	14,269,651	11,072,309	87,325	45,989	42,797,149	(1,012,689)	41,784,460
Unallocated liabilities								20,277
Total liabilities								<u>41,804,737</u>

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013

A8. Segment Information (contd.)

GROUP Six months ended 30 September 2013	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Investment Banking RM'000	Others RM'000	Total Operations RM'000	Inter- segment Elimination RM'000	Total RM'000
Net interest income								
- external income	146,813	145,720	85,945	3,314	1,227	383,019	(5,952)	377,067
- inter-segment	5,995	12,973	(16,833)	(2,135)	-	-	-	-
	152,808	158,693	69,112	1,179	1,227	383,019	(5,952)	377,067
Net income from Islamic banking business	44,566	31,220	14,989	-	-	90,775	14,834	105,609
Other operating income	84,062	69,911	31,733	13,182	233,499	432,387	(236,145)	196,242
Net income	281,436	259,824	115,834	14,361	234,726*	906,181	(227,263)	678,918
Other operating expenses	(130,172)	(100,302)	(21,576)	(13,631)	(37,515)*	(303,196)	5,575	(297,621)
Depreciation and amortisation	(10,954)	(7,186)	(3,107)	(280)	(25)	(21,552)	-	(21,552)
Operating profit/(loss)	140,310	152,336	91,151	450	197,186	581,433	(221,688)	359,745
(Allowance for)/write-back of losses on loans, advances and financing and other losses	(10,810)	9,932	(240)	(64)	654	(528)	-	(528)
Write-back of impairment	-	622	280	-	472	1,374	(472)	902
Segment result	129,500	162,890	91,191	386	198,312	582,279	(222,160)	360,119
Taxation and zakat								(91,093)
Net profit after taxation and zakat								<u>269,026</u>
Segment assets	17,734,697	11,545,751	17,700,275	201,968	1,892,496	49,075,187	(3,583,078)	45,492,109
Reconciliation of segment assets to consolidated assets:								
Property, plant and equipment								73,434
Unallocated assets								13,790
Intangible assets								353,421
Total assets								<u>45,932,754</u>
Segment liabilities	17,321,875	14,269,651	11,072,309	87,325	45,989	42,797,149	(1,012,689)	41,784,460
Unallocated liabilities								20,277
Total liabilities								<u>41,804,737</u>

* Includes one-off rationalisation cost of RM22,328,000.

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SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013

A8. Segment Information (contd.)

GROUP 2nd Financial Quarter Ended 30 September 2012	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Investment Banking RM'000	Others RM'000	Total Operations RM'000	Inter- segment Elimination RM'000	Total RM'000
Net interest income/(expense)								
- external income/(expense)	49,662	90,819	51,016	1,691	(2,412)	190,776	(84)	190,692
- inter-segment	20,989	(3,924)	(15,751)	(1,314)	-	-	-	-
	70,651	86,895	35,265	377	(2,412)	190,776	(84)	190,692
Net income from Islamic banking business	26,746	15,744	11,126	-	-	53,616	7,705	61,321
Other operating income	21,539	34,249	23,834	5,425	182,439	267,486	(180,525)	86,961
Net income	118,936	136,888	70,225	5,802	180,027	511,878	(172,904)	338,974
Other operating expenses	(65,763)	(51,704)	(10,237)	(10,028)	(7,533)	(145,265)	2,264	(143,001)
Depreciation and amortisation	(5,438)	(4,070)	(1,423)	(309)	(24)	(11,264)	-	(11,264)
Operating profit/(loss)	47,735	81,114	58,565	(4,535)	172,470	355,349	(170,640)	184,709
(Allowance for)/write-back of losses on loans, advances and financing and other losses	(17,305)	24,233	324	39	(241)	7,050	-	7,050
Segment result	30,430	105,347	58,889	(4,496)	172,229	362,399	(170,640)	191,759
Share of results in an associate								(1,003)
Taxation and zakat								(48,826)
Net profit after taxation and zakat								141,930
Segment assets	15,033,210	11,119,405	15,465,600	221,146	1,920,218	43,759,579	(3,639,712)	40,119,867
Reconciliation of segment assets to consolidated assets:								
Investment in an associate								24,439
Property, plant and equipment								90,115
Unallocated assets								12,935
Intangible assets								354,283
Total assets								40,601,639
Segment liabilities	16,234,606	10,871,580	10,420,796	41,681	92,377	37,661,040	(1,055,384)	36,605,656
Unallocated liabilities								86,265
Total liabilities								36,691,921

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013

A8. Segment Information (contd.)

GROUP Six months ended 30 September 2012	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Investment Banking RM'000	Others RM'000	Total Operations RM'000	Inter- segment Elimination RM'000	Total RM'000
Net interest income/(expense)								
- external income/(expense)	91,773	163,483	110,393	3,196	(3,757)	365,088	(518)	364,570
- inter-segment	44,311	(2,749)	(39,174)	(2,388)	-	-	-	-
	136,084	160,734	71,219	808	(3,757)	365,088	(518)	364,570
Net income from Islamic banking business	55,334	31,021	22,891	-	-	109,246	15,165	124,411
Other operating income	45,815	67,485	41,900	10,228	192,155	357,583	(188,252)	169,331
Net income	237,233	259,240	136,010	11,036	188,398	831,917	(173,605)	658,312
Other operating expenses	(134,988)	(107,375)	(21,949)	(17,298)	(14,946)	(296,556)	4,733	(291,823)
Depreciation and amortisation	(11,218)	(8,598)	(3,305)	(389)	(51)	(23,561)	-	(23,561)
Operating profit/(loss)	91,027	143,267	110,756	(6,651)	173,401	511,800	(168,872)	342,928
(Allowance for)/write-back of losses on loans, advances and financing and other losses	(21,331)	37,259	160	(11)	(241)	15,836	-	15,836
Write-back of impairment	-	-	473	-	-	473	-	473
Segment result	69,696	180,526	111,389	(6,662)	173,160	528,109	(168,872)	359,237
Share of results in an associate								(2,113)
Taxation and zakat								(90,617)
Net profit after taxation and zakat								<u>266,507</u>
Segment assets	15,033,210	11,119,405	15,465,600	221,146	1,920,218	43,759,579	(3,639,712)	40,119,867
Reconciliation of segment assets to consolidated assets:								
Investment in an associate								24,439
Property, plant and equipment								90,115
Unallocated assets								12,935
Intangible assets								354,283
Total assets								<u>40,601,639</u>
Segment liabilities	16,234,606	10,871,580	10,420,796	41,681	92,377	37,661,040	(1,055,384)	36,605,656
Unallocated liabilities								86,265
Total liabilities								<u>36,691,921</u>

A9. Material Event During The Financial Reporting Period

(a) Employees' Share Scheme ("ESS")

On 16 August 2013, the Company offered/awarded the following share options and share grants to Directors and employees of the Company and its subsidiaries who have met the criteria of eligibility for the participation in the ESS:

- (i) 14,921,500 share options under the Share Option Plan at an option price of RM5.36 per share which will be vested subject to the achievement of performance conditions.
- (ii) 1,290,300 share grants under the Share Grant Plan. The first 33.3% of the share grants are to be vested at the end of the first year, the second 33.3% are to be vested at the end of the second year and the remaining 33.4% of the share grants are to be vested at the end of the third year from the date on which an award is made.

Save for the Group Chief Executive Officer of Alliance Bank Malaysia Berhad, none of the other Directors of the Company were offered/awarded any share options/share grants.

The Company operates an equity-settled, share-based compensation plan pursuant to the ESS. Under the MFRS 2 Share-based payment, the compensation expense relating to the share scheme is recognised in profit or loss over the vesting periods of the grants with a corresponding increase in equity.

(b) Shares Purchased pursuant to ESS

During the first half financial year ended 30 September 2013, the Trustee of the ESS had purchased 2,849,000 ordinary shares of RM1.00 each fully paid in the Company from the open market at an average price of RM5.00 per share. The total consideration paid for the purchase including transaction costs was RM14,271,341. The shares purchased are being held in trust by the Trustee of the ESS in accordance with the Trust Deed dated 3 December 2007.

In the first half financial year ended 30 September 2013, 2,163,800 shares have been vested and transferred from the Trustee to the eligible employees of the Company and its subsidiaries in accordance with the terms under the Share Grant Plan and Share Option Plan of the ESS. As at 30 September 2013, the Trustee of the ESS held 26,380,800 ordinary shares representing 1.70% of the issued and paid-up capital of the Company.

A10. Material Events Subsequent To The End Of The Financial Reporting Period

There was no material event subsequent to the end of the financial reporting period that require disclosure or adjustment to the unaudited condensed interim financial statements.

A11. Changes In The Composition Of The Group

There was no change in the composition of the Group during the second financial quarter ended 30 September 2013.

A12. Changes In Contingent Liabilities Since The Last Annual Financial Reporting Date

Please refer to Note C19.

[B] Explanatory Notes Pursuant To Appendix 9B Of Bursa Securities' Listing Requirements

B1. Review Of Performance

(a) Current Year-to-Date vs. Previous Year-to-Date

For the six months period ended 30 September 2013, the Group recorded profit before taxation and zakat of RM360.1 million, an increase of RM3.0 million or 0.8% over the corresponding period ended 30 September 2012.

Net interest income grew by RM12.5 million or 3.4% while other operating income (non-interest income) increased by RM26.9 million or 15.9%. However, these were partly offset by a decline of RM18.8 million or 15.1% in Islamic Banking income and reduced bad debt recoveries by RM16.4 million.

Operating expenses were well contained, increasing by 1.2% despite incurring staff rationalisation cost of RM22.3 million.

The Group's gross loans grew by RM1.7 billion or 6.2% during the first half of the financial year to touch RM30.0 billion, led by an expansion in residential property loans, purchase of securities and hire purchase loans.

Customer deposits grew by RM713.5 million or 2.0% during the first half of the financial year to RM36.7 billion as at 30 September 2013, with loans-to-deposit ratio at 81.6% and CASA ratio of 33.4%.

Asset quality registered further improvement, with the gross impaired loans ratio declining to 1.7% as at 30 September 2013, from 2.1% as at 31 March 2013.

The Group's total capital ratio remained strong at 14.8%, with Common Equity Tier 1 ratio at 10.8%.

Performance by business segment

The Group's businesses are presented in the following business segments: Consumer Banking, Business Banking, Financial Markets and Investment Banking.

Consumer Banking's profit before taxation of RM129.5 million for the six months ended 30 September 2013 was RM59.8 million higher compared to the corresponding period last year. The increase was due to combination of higher fee income and net interest income, as well as lower loan loss allowance. This was partly offset by lower net income from Islamic banking. Loans grew 20.0% year-on-year, while segment assets stood at RM17.7 billion as at 30 September 2013.

Business Banking's profit before taxation of RM162.9 million for the six months ended 30 September 2013 was 9.8% lower compared to the corresponding period last year, mainly due to lower write-back of net bad debts. Operating profit before allowance improved by RM9.1 million or 6.3% to RM152.3 million on reduced operating expenses. Segment assets stood at RM11.5 billion as at September 2013.

Financial Markets' profit before taxation of RM91.2 million for the six months ended 30 September 2013 was 18.1% lower compared to the corresponding period last year due to lower gain from sales and redemption of financial assets.

Investment Banking's profit before taxation was RM386,000 for the six months ended 30 September 2013, compared to loss of RM6.7 million in the corresponding period last year, due to lower operating expenses and improvements in brokerage and fee income.

B1. Review Of Performance (contd.)

(b) Current Quarter vs. Previous Year Corresponding Quarter

The Group's profit before taxation and zakat of RM176.2 million for the quarter ended 30 September 2013 was RM14.6 million or 7.7% lower than the corresponding quarter ended 30 September 2012 as Islamic banking income and non-interest income both declined. This was partly offset by lower operating expenses.

B2. Comparison With Immediate Preceding Quarter

The Group's profit before taxation and zakat of RM176.2 million for the second quarter ended 30 September 2013 was 4.2% lower than the preceding quarter ended 30 June 2013. The decline in profit was due to lower fee and investment income, which was mitigated by improvements in net interest income and loan loss write-back, and lower operating expenses.

B3. Current Year Prospect

With the Malaysian economy expected to register a gross domestic product ("GDP") growth of between 4.5% to 5.0% in 2013, the Group will continue to capitalise on its strengths to generate sustainable revenue from Consumer Banking and Business Banking, while expanding the opportunities in Wealth Management, Transaction Banking, Treasury and Investment Banking.

For FY2014, the Group expects sustainable loans growth in Consumer Banking, driven mainly by mortgage lending, hire purchase, personal loans, credit cards and share margin financing. In addition to balance sheet growth, Consumer Banking will also focus on growing its non-interest income through its holistic wealth management solutions.

For FY2014, the lending activities of Business Banking are expected to grow moderately, in tandem with the continuing demand for credit by businesses, arising from the implementation of projects under the Economic Transformation Programme and Iskandar Malaysia development region.

Business Banking will also continue to focus on cross-selling efforts to grow non-interest income in transaction banking, foreign exchange, investment banking, wealth management products, and business platinum card by capitalising on technology advancements.

Financial Markets will continue to focus on the trading of fixed income securities, primarily Government securities and private debt securities, foreign exchange as well as treasury sales.

Investment Banking will continue to focus on effective cost management, improving efficiency and productivity, and improving market share of the trading activity on Bursa Malaysia.

Conclusion

Barring any unforeseen circumstances, the Group expects to deliver a satisfactory performance for the financial year ending 31 March 2014.

B4. Profit Forecast

There was no profit forecast issued by the Group.

B5. Taxation And Zakat

<u>GROUP</u>	2nd Quarter Ended		Cumulative 6 Months Ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM'000	RM'000	RM'000	RM'000
Taxation				
- Income tax	37,159	52,592	82,206	86,385
- Deferred tax	7,675	(4,248)	8,793	3,853
	44,834	48,344	90,999	90,238
- Under provision in prior year	94	463	94	360
Zakat	-	19	-	19
	44,928	48,826	91,093	90,617

The Group's effective tax rate for the financial period ended 30 September 2013 was higher than the current statutory tax rate mainly due to non-deductibility of certain expenses.

B6. Profit/(Loss) On Sale Of Unquoted Investments Or Properties

There was no material profit/(loss) on sale of unquoted investments or properties for the second financial quarter ended 30 September 2013 other than in the ordinary course of business.

B7. Purchase And Disposal Of Quoted Securities

There was no purchase or disposal of quoted securities for the second financial quarter ended 30 September 2013 other than investments held by the Group whose activities are regulated by law relating to banking companies and are subject to supervision by BNM.

B8. Status Of Corporate Proposals

There were no corporate proposals announced but not completed as at the financial reporting date.

B9. Group Borrowings, Deposits From Customers, Deposits And Placements Of Banks And Other Financial Institutions And Debts Securities

	GROUP	
	30.09.2013	31.03.2013
	RM'000	RM'000
(a) Deposits from customers		
Fixed deposits, negotiable instruments of deposits and money market deposits:		
- One year or less (short term)	24,168,653	23,631,656
- More than one year (medium/long term)	78,099	128,902
	24,246,752	23,760,558
Others	12,471,020	12,243,757
	36,717,772	36,004,315
(b) Deposits and placements of banks and other financial institutions		
- One year or less (short term)	2,954,098	1,567,026
- More than one year (medium/long term)	399,468	442,970
	3,353,566	2,009,996
(c) Subordinated obligations		
Unsecured and more than one year (medium/long term)		
- Tier II Subordinated Medium Term Notes	612,533	612,193

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B10. Derivative Financial Assets/(Liabilities)

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

	As at 30 September 2013			As at 31 March 2013		
	Principal RM'000	Fair value		Principal RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives						
Foreign exchange and commodity contracts:						
Currency forwards						
- one year or less	832,294	20,410	(3,031)	766,579	2,571	(4,572)
Currency swaps						
- one year or less	3,454,104	29,892	(44,286)	2,972,174	11,465	(5,918)
Currency spots						
- less than one year	144,968	142	(163)	119,254	162	(152)
Currency options						
- one year or less	42,339	190	(146)	80,105	209	(105)
DCI Gold						
- one year or less	7,947	3,590	(3,590)	-	-	-
	4,481,652	54,224	(51,216)	3,938,112	14,407	(10,747)
Interest rate derivatives:						
Interest rate swap						
- one year or less	2,495,000	4,967	(2,015)	2,045,000	5,094	(3,084)
- one year to three years	650,000	313	(227)	1,060,000	640	(753)
- over three years	1,635,000	2,760	(504)	775,000	2,521	(892)
	210,000	1,894	(1,284)	210,000	1,933	(1,439)
Equity related derivatives:						
- one year or less	6,764	39	(39)	54,032	291	(291)
- one year to three years	54,032	343	(343)	-	-	-
Hedging derivatives						
Interest rate swap						
- over three years	342,436	-	(6,900)	211,608	-	(1,748)
Total derivatives assets/(liabilities)	7,379,884	59,573	(60,513)	6,248,752	19,792	(15,870)

The credit risk, market risk and liquidity risk associated with the derivatives and the policies in place for mitigating or controlling the risk with these derivatives are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2013.

Forwards

Forwards are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market.

B10. Derivative Financial Assets/(Liabilities) (contd.)

Swaps

Swaps are contractual agreements between two parties to exchange exposures in foreign currency or interest rates.

Spots

Spots refer to the buying and selling of the currency where the settlement date is two business days.

Options

Options are contractual agreements under which the seller grants the purchaser the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date during a set period, a specific amount of an underlying asset at a predetermined price. The seller receives a premium from the purchaser in consideration of risk. Options may be either exchange-traded or negotiated between the purchaser and the seller in the over-the-counter market.

Related accounting policies

Derivative financial instruments are initially recognised at fair value, which is normally zero or negligible at inception except for options and subsequently re-measured at their fair value. The fair value of options at inception is normally equivalent to the premium received (for options written) or paid (for options purchased). All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value are recognised in the statement of comprehensive income.

Interest income and expenses associated with interest rate swaps are recognised over the life of the swap agreement as a component of interest income or interest expense.

B11. Material Litigation

A corporate borrower had issued a Writ of Summons in 2005 against an agent bank for a syndicate of lenders comprising three banks of which ABMB is one of them, claiming for general, special and exemplary damages alleging a breach of duty and contract. The credit facilities consist of a bridging loan of RM58.5 million and a revolving credit facility of RM4.0 million which were granted by the syndicate lenders of which ABMB's participation was RM18.5 million. In 2002, the credit facilities were restructured to a loan of RM30.0 million, of which ABMB's participation was RM8.31 million, payable over seven years. The syndicated lenders had also filed a suit against the corporate borrower for the recovery of the abovementioned loan.

The two suits were then consolidated and heard together. On 6 May 2009, judgment was delivered against the agent bank for special damages amounting to RM115.5 million (of which ABMB's exposure will be approximately RM32.0 million) together with interest at the rate of 6% per annum from date of disbursement to date of realisation with general damages to be assessed by the Court. The agent bank's solicitors has filed an appeal against the said decision. The High Court on 24 June 2009 granted the agent bank a stay of execution of the judgment pending disposal of its appeal at the Court of Appeal.

Prior to the hearing at the Court of Appeal, the advice from the agent bank's solicitors is that there is a better than even chance of succeeding in the said appeal.

On 23 January 2013, after hearing all parties the Court of Appeal have reserved its decision to a date to be notified by the Court.

The Court of Appeal has fixed the agent bank's appeal for decision on 27 September 2013. On 27 September 2013, the Court of Appeal had allowed the agent bank's appeal with costs of RM120,000.

B12. Dividend Declared

No dividend has been proposed or declared for the 2nd financial quarter ended 30 September 2013.

B13. Related Party Transactions

All related party transactions within the Group have been entered into in the normal course of business and were carried out on normal commercial terms.

B14. Earnings Per Share (EPS)

(a) **Basic**

The calculation of the basic earnings per share is based on the net profit attributable to owners of the parent divided by the weighted average number of ordinary shares of RM1.00 each in issue during the period excluding the weighted average shares held for ESS.

	2nd Quarter Ended		Cumulative 6 Months Ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
Net profit attributable to owners of the parent (RM'000)	131,235	141,946	269,026	266,478
Weighted average number of ordinary shares in issue ('000)	1,548,106	1,548,106	1,548,106	1,548,106
Effect of shares bought back for ESS ('000)	(26,381)	(26,594)	(26,381)	(26,594)
	1,521,725	1,521,512	1,521,725	1,521,512
Basic earnings per share (sen)	8.6	9.3	17.7	17.5

(b) **Diluted**

The calculation of the diluted earnings per share is based on the net profit attributable to owners of the parent divided by the weighted average number of ordinary shares of RM1.00 each in issue during the period, excluding the weighted average shares held for ESS and taken into account the assumed Share Grants to employees under ESS were vested to the employees as at 30 September 2013.

	2nd Quarter Ended		Cumulative 6 Months Ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
Net profit attributable to owners of the parent (RM'000)	131,235	141,946	269,026	266,478
Weighted average number of ordinary shares in issue ('000)	1,548,106	1,548,106	1,548,106	1,548,106
Effect of shares bought back for ESS ('000)	(26,381)	(26,594)	(26,381)	(26,594)
Effect of Share Grants under ESS ('000)	3,648	4,131	3,648	4,131
	1,525,373	1,525,643	1,525,373	1,525,643
Diluted earnings per share (sen)	8.6	9.3	17.6	17.5

B15. Realised And Unrealised Unappropriated Profits Disclosure

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 25 March 2010, is as follows:

	Year Ended	
	30.09.2013	31.03.2013
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	1,829,410	1,724,099
- Unrealised	<u>61,630</u>	<u>28,843</u>
	<u>1,891,040</u>	<u>1,752,942</u>
Less: Consolidation adjustments	<u>(281,912)</u>	<u>(280,571)</u>
Total group retained profits as per consolidated accounts	<u>1,609,128</u>	<u>1,472,371</u>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

Accordingly, the unrealised retained profits of the Group as disclosed above excludes translation gains and losses on monetary items denominated in a currency other than the functional currency and foreign exchange contracts, as these gains and losses are incurred in the ordinary course of business of the Group, and are hence deemed as realised.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

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C. Explanatory Notes Pursuant To Appendix C Of Revised BNM/GP8

C1. Interest Income

Group	2nd Quarter Ended		Cumulative 6 Months Ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	291,071	262,286	570,450	506,009
Money at call and deposit placements with financial institutions	2,376	2,390	5,873	6,777
Financial assets held-for-trading	1,142	888	1,979	2,168
Financial investments available-for-sale	78,140	58,029	139,429	117,517
Financial investments held-to-maturity	5,272	6,122	6,931	9,055
Others	602	402	832	777
	378,603	330,117	725,494	642,303
Accretion of discount less amortisation of premium	17,896	34,612	46,002	71,052
	396,499	364,729	771,496	713,355

C2. Interest Expense

Group	2nd Quarter Ended		Cumulative 6 Months Ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	16,308	14,321	26,212	27,393
Deposits from customers	177,797	151,309	350,037	304,706
Subordinated obligations	7,458	7,451	14,760	14,747
Others	2,330	956	3,420	1,939
	203,893	174,037	394,429	348,785

C3. Net Income From Islamic Banking Business

Group	2nd Quarter Ended		Cumulative 6 Months Ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	74,458	83,217	149,328	166,509
Income derived from investment of Islamic Banking funds	7,878	8,262	15,904	17,056
Income attributable to depositors and financial institutions	(37,912)	(37,864)	(74,457)	(74,320)
	44,424	53,615	90,775	109,245
Add: Income due to head office eliminated at Group level	7,328	7,706	14,834	15,166
	51,752	61,321	105,609	124,411

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C4. Other Operating Income

Group	2nd Quarter Ended		Cumulative 6 Months Ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM'000	RM'000	RM'000	RM'000
(a) <u>Fee income:</u>				
Commissions	20,711	17,514	42,546	35,342
Service charges and fees	6,723	5,922	15,065	15,206
Portfolio management fees	10	1,626	17	3,404
Corporate advisory fees	195	1,364	1,255	3,257
Brokerage fees	4,043	2,726	8,398	5,409
Guarantee fees	2,522	2,130	5,214	4,208
Processing fees	2,227	1,115	7,796	1,961
Commitment fees	3,708	3,747	7,302	7,380
Underwriting commissions	169	674	402	692
Other fee income	3,171	4,781	36,555	7,045
	43,479	41,599	124,550	83,904
(b) <u>Investment income:</u>				
(Loss)/gain arising from sale/redemption of:				
- Financial assets held-for-trading	(22)	(832)	(863)	(134)
- Financial investments available-for-sale	61	16,360	16,497	31,547
- Financial investments held-to-maturity	2,173	2,379	3,175	2,399
Marked-to-market revaluation of:				
- Financial assets held-for-trading	27	(215)	(112)	(70)
- Derivative financial instruments	(2,806)	(1,442)	359	12,453
Realised gain on revaluation of derivative instruments	13,855	6,589	16,368	14,022
Gross dividend income from:				
- Financial investments available-for-sale	396	20	4,276	2,642
	13,684	22,859	39,700	62,859
(c) <u>Other income:</u>				
Foreign exchange gain	8,476	12,371	21,779	5,575
Gain/(loss) on disposal of property, plant and equipment	8	(56)	3	(136)
Gain on disposal of non-current assets held for sale	-	5,898	-	7,556
Gain from disposal of subsidiary	-	-	1,169	-
Others	4,736	4,290	9,041	9,573
	13,220	22,503	31,992	22,568
Total other operating income	70,383	86,961	196,242	169,331

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C5. Other Operating Expenses

Group	2nd Quarter Ended		Cumulative 6 Months Ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM'000	RM'000	RM'000	RM'000
Personnel costs:				
Salaries, allowances and bonuses	69,779	78,499	143,994	162,869
Contribution to EPF	11,780	12,686	24,528	26,130
Share options/grants under ESS	2,646	2,131	4,874	4,159
Others	4,542	7,313	35,841	13,989
	88,747	100,629	209,237	207,147
Establishment costs:				
Depreciation of property, plant and equipment	5,359	6,495	11,153	13,825
Amortisation of computer software	5,077	4,769	10,399	9,736
Rental of premises	6,996	7,324	14,145	14,430
Water and electricity	1,827	1,493	3,668	2,945
Repairs and maintenance	2,308	2,891	5,483	5,241
Information technology expenses	11,887	11,571	21,721	21,912
Others	3,313	2,565	6,701	5,090
	36,767	37,108	73,270	73,179
Marketing expenses:				
Promotion and advertisement	1,483	1,869	2,892	4,860
Branding and publicity	2,131	1,436	2,822	2,262
Others	1,398	1,307	2,543	2,635
	5,012	4,612	8,257	9,757
Administration and general expenses:				
Communication expenses	2,874	2,894	5,753	6,307
Printing and stationery	719	959	2,037	1,919
Insurance	2,160	2,046	4,218	4,043
Professional fees	4,877	3,002	10,580	6,140
Others	3,164	3,015	5,821	6,892
	13,794	11,916	28,409	25,301
Total other operating expenses	144,320	154,265	319,173	315,384

C6. Allowance for/(write-back of) Losses On Loans, Advances And Financing And Other Losses

Group	2nd Quarter Ended		Cumulative 6 Months Ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM'000	RM'000	RM'000	RM'000
Write-back of impaired loans and financing:				
(a) Individual assessment allowance - (Write-back)/made during the period (net)	(3,551)	13,121	3,069	9,497
(b) Collective assessment allowance - made during the period (net)	1,541	398	6,582	159
(c) Bad debts on loans and financing - Recovered	(13,755)	(28,983)	(25,490)	(39,897)
- Written off	9,682	7,099	14,854	11,603
	(6,083)	(8,365)	(985)	(18,638)
Write-back of commitments and contingencies	-	(105)	-	(105)
Allowance for other assets	1,243	1,420	1,513	2,907
	(4,840)	(7,050)	528	(15,836)

C7. Balances Due From Clients And Brokers

	Group	
	30.09.2013	31.03.2013
	RM'000	RM'000
Due from clients	86,889	34,205
Due from brokers	-	17,132
	86,889	51,337
Less: Allowance for other losses	(1,186)	(1,215)
	85,703	50,122

These represent amounts receivable by Alliance Investment Bank Berhad ("AIBB") from non-margin clients and outstanding contracts entered into on behalf of clients where settlement via the Bursa Malaysia Securities Clearing Sdn. Bhd. has yet to be made.

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

Included in the balances due from clients and brokers are impaired accounts, as follows:

	Group	
	30.09.2013	31.03.2013
	RM'000	RM'000
Classified as doubtful	65	58
Classified as bad	1,244	1,290
	1,309	1,348

The movements in allowance for other losses are as follows:

	Group	
	30.09.2013	31.03.2013
	RM'000	RM'000
At beginning of year	1,215	1,196
(Write-back)/allowance made during the period/year (net)	(29)	19
At end of period/year	1,186	1,215

C8. Financial Assets Held-for-trading

	Group	
	30.09.2013	31.03.2013
	RM'000	RM'000
At fair value		
<u>Money market instruments:</u>		
Bank Negara Malaysia bills	19,826	1,519,930
Negotiable instruments of deposits	87,747	-
	<u>107,573</u>	<u>1,519,930</u>
Total financial assets held-for-trading		

C9. Financial Investments Available-for-sale

	Group	
	30.09.2013	31.03.2013
	RM'000	RM'000
At fair value		
<u>Money market instruments:</u>		
Malaysian Government securities	2,603,144	1,265,606
Malaysian Government investment certificates	2,688,893	2,336,784
Negotiable instruments of deposits	1,314,382	1,676,828
Bankers' acceptances	681,754	2,113,749
Khazanah bonds	185,847	-
<u>Quoted securities in Malaysia:</u>		
Shares	10	9
<u>Unquoted securities:</u>		
Shares	151,481	137,383
Debt securities and medium term notes	3,016,643	2,832,091
	<u>10,642,154</u>	<u>10,362,450</u>
Total financial investments available-for-sale		

C10. Financial Investments Held-to-maturity

	Group	
	30.09.2013	31.03.2013
	RM'000	RM'000
At amortised cost		
<u>Money market instruments:</u>		
Malaysian Government securities	582,979	152,497
Malaysian Government investment certificates	434,960	438,766
Khazanah bonds	174,397	-
<u>Unquoted securities:</u>		
Debt securities	42,598	46,217
	<u>1,234,934</u>	<u>637,480</u>
Accumulated impairment	(36,833)	(40,531)
Total financial investments held-to-maturity	<u>1,198,101</u>	<u>596,949</u>

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C11. Loans, Advances And Financing

	Group	
	30.09.2013	31.03.2013
	RM'000	RM'000
Overdrafts	1,878,783	1,902,717
Term loans/financing		
- Housing loans/financing	11,712,921	10,980,836
- Syndicated term loans/financing	482,195	454,866
- Hire purchase receivables	1,036,996	820,934
- Other term loans/financing	8,962,076	8,511,897
Bills receivables	315,296	263,450
Trust receipts	158,100	176,776
Claims on customers under acceptance credits	2,250,556	2,262,586
Staff loans [including loans to Directors of a banking subsidiary of RM203,000 (31.03.13: RM219,000)]	43,652	50,120
Credit/charge card receivables	595,290	581,335
Revolving credits	1,153,426	1,197,953
Other loans	1,381,354	1,022,010
Gross loans, advances and financing	29,970,645	28,225,480
Add: Sales commissions and handling fees	26,401	23,935
Less: Allowance for impairment on loans, advances and financing		
- Individual assessment allowance	(122,271)	(128,471)
- Collective assessment allowance	(331,213)	(349,203)
Total net loans, advances and financing	29,543,562	27,771,741

(a) By type of customer:

	Group	
	30.09.2013	31.03.2013
	RM'000	RM'000
Domestic non-bank financial institutions		
- Others	462,669	473,745
Domestic business enterprises		
- Small and medium enterprises	6,113,628	5,848,657
- Others	5,286,505	5,169,563
Government and statutory bodies	10,272	10,905
Individuals	17,075,039	15,714,244
Other domestic entities	240,722	248,380
Foreign entities	781,810	759,986
Gross loans, advances and financing	29,970,645	28,225,480

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C11. Loans, Advances And Financing (contd.)

(b) By interest/profit rate sensitivity:

	Group	
	30.09.2013	31.03.2013
	RM'000	RM'000
Fixed rate		
- Housing loans/financing	76,954	83,318
- Hire purchase receivables	1,036,996	820,934
- Other fixed rate loans/financing	2,079,510	1,843,089
Variable rate		
- Base lending rate plus	20,815,622	19,556,732
- Cost plus	5,659,381	5,668,573
- Other variable rates	302,182	252,834
Gross loans, advances and financing	29,970,645	28,225,480

(c) By economic purposes:

	Group	
	30.09.2013	31.03.2013
	RM'000	RM'000
Purchase of securities	1,426,567	1,076,433
Purchase of transport vehicles	942,680	737,908
Purchase of landed property	16,544,013	15,335,694
of which: - Residential	12,413,561	11,609,873
- Non-residential	4,130,452	3,725,821
Purchase of fixed assets excluding land and buildings	145,886	130,994
Personal use	1,943,609	1,952,851
Credit card	595,290	581,335
Construction	315,030	296,431
Merger and acquisition	369,201	369,164
Working capital	6,173,067	6,266,473
Others	1,515,302	1,478,197
Gross loans, advances and financing	29,970,645	28,225,480

(d) By geographical distribution:

	Group	
	30.09.2013	31.03.2013
	RM'000	RM'000
Northern region	1,934,580	1,884,397
Central region	22,787,327	21,463,279
Southern region	2,795,354	2,492,437
Sabah region	2,081,904	2,011,188
Sarawak region	371,480	374,179
Gross loans, advances and financing	29,970,645	28,225,480

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C11. Loans, Advances And Financing (contd.)

(e) By residual contractual maturity:

	Group	
	30.09.2013	31.03.2013
	RM'000	RM'000
Within one year	8,180,598	7,839,679
One year to three years	795,000	776,896
Three years to five years	1,722,705	1,318,636
Over five years	19,272,342	18,290,269
Gross loans, advances and financing	<u>29,970,645</u>	<u>28,225,480</u>

(f) Movements in impaired loans, advances and financing ("impaired loans")

	Group	
	30.09.2013	31.03.2013
	RM'000	RM'000
At beginning of year	579,233	629,236
Impaired during the period/year	272,601	524,030
Reclassified as non-impaired during the period/year	(164,704)	(315,366)
Recoveries	(130,031)	(156,795)
Amount written off	(33,841)	(101,872)
At end of period/year	<u>523,258</u>	<u>579,233</u>
Individual allowance for impairment	(123,789)	(128,471)
Collective allowance for impairment (impaired portion)	(117,477)	(128,050)
Net impaired loans, advances and financing	<u>281,992</u>	<u>322,712</u>
Gross impaired loans as a percentage of gross loans, advances and financing	1.7%	2.1%

(g) Impaired loans by economic purposes:

	Group	
	30.09.2013	31.03.2013
	RM'000	RM'000
Purchase of securities	5,000	5,092
Purchase of transport vehicles	6,592	5,611
Purchase of landed property	299,499	282,371
of which: - Residential	<u>236,395</u>	<u>213,718</u>
- Non-residential	<u>63,104</u>	<u>68,653</u>
Purchase of fixed assets excluding land & buildings	207	204
Personal use	29,127	32,089
Credit card	7,927	9,107
Construction	8,813	11,330
Working capital	128,586	197,330
Others	37,507	36,099
Gross impaired loans	<u>523,258</u>	<u>579,233</u>

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C11. Loans, Advances And Financing (contd.)

(h) Impaired loans by geographical distribution:

	Group	
	30.09.2013	31.03.2013
	RM'000	RM'000
Northern region	80,795	112,029
Central region	374,845	379,755
Southern region	35,114	40,911
Sabah region	28,510	43,154
Sarawak region	3,994	3,384
Gross impaired loans	<u>523,258</u>	<u>579,233</u>

(i) Movements in the allowance for impairment on loans, advances and financing are as follows:

	Group	
	30.09.2013	31.03.2013
	RM'000	RM'000
Individual assessment allowance		
At beginning of year	128,471	157,966
Allowance made during the period/year (net)	3,069	19,674
Amount written off	(7,745)	(47,649)
Transfers to collective assessment allowance	(1,524)	(1,520)
At end of period/year	<u>122,271</u>	<u>128,471</u>

	Group	
	30.09.2013	31.03.2013
	RM'000	RM'000
Collective assessment allowance		
At beginning of year	349,203	393,872
Allowance made during the period/year (net)	6,582	8,034
Amount written-off	(26,096)	(54,223)
Transfers from individual assessment allowance	1,524	1,520
At end of period/year	<u>331,213</u>	<u>349,203</u>

C12. Other Assets

	Group	
	30.09.2013	31.03.2013
	RM'000	RM'000
Other receivables, deposits and prepayments	104,282	103,601
Trade receivables	46	46
	<u>104,328</u>	<u>103,647</u>
Less: Allowance for other losses	(26,641)	(27,640)
	<u>77,687</u>	<u>76,007</u>

C13. Non-current Assets/Liabilities Directly Associated with Non-current Assets and Subsidiary Held for Sale

(a) Property, plant and equipment

	Group	
	30.09.2013	31.03.2013
	RM'000	RM'000
Buildings	<u>3,984</u>	<u>-</u>

Property, plant and equipment where deposits have been received from buyers of the properties and where a definitive buyer have been identified will classified as non-current assets held for sale. The disposals are expected to be completed in this financial year end.

(b) Subsidiary held for sale

	Group	
	30.09.2013	31.03.2013
	RM'000	RM'000
ASSETS		
Cash and short-term funds	-	12,486
Deposits and placements with banks and other financial institutions	-	7,069
Other assets	-	12,802
Tax recoverable	-	338
Property, plant and equipment	-	8
Deferred tax assets	-	301
Computer software	-	68
	<u>-</u>	<u>33,072</u>
Goodwill	-	2,107
Total assets of subsidiary held for sale	<u>-</u>	<u>35,179</u>
LIABILITIES		
Other liabilities	-	19,291
Total liabilities of subsidiary held for sale	<u>-</u>	<u>19,291</u>

The disposal of the 70% equity interest in AIMB by the ABMB, a wholly-owned subsidiary of AFG, had been completed. AIMB ceased to be a subsidiary of ABMB with effect from 15 April 2013.

C14. Deposits From Customers

	Group	
	30.09.2013	31.03.2013
	RM'000	RM'000
<u>By type of deposits:</u>		
Demand deposits	10,549,902	10,386,420
Savings deposits	1,728,250	1,712,779
Fixed/investment deposits	17,728,115	17,111,582
Money market deposits	4,197,457	4,675,375
Negotiable instruments of deposits	2,321,180	1,973,601
Structured deposits [Note]	192,868	144,558
	36,717,772	36,004,315

Note:

(a) Structured deposits represent foreign currency time deposits with embedded foreign exchange, gold commodity linked options and interest rate index linked placements.

(b) The Group has undertaken a fair value hedge on the interest rate risk of the structured deposits amounting to RM171,218,000 (31.03.13: RM105,804,000) using interest rate swaps.

	Group	
	30.09.2013	31.03.2013
	RM'000	RM'000
Structured deposits	171,218	105,804
Fair value changes arising from fair value hedges	(6,900)	(1,748)
	164,318	104,056

The fair value loss of the interest rate swap in this hedge transaction as at financial year ended 30 September 2013 is RM6,900,000 (31.03.13: RM1,748,000).

	Group	
	30.09.2013	31.03.2013
	RM'000	RM'000
(i) <u>By type of customers:</u>		
Domestic financial institutions	2,322,534	2,402,307
Government and statutory bodies	2,160,457	1,474,286
Business enterprises	12,645,880	12,914,181
Individuals	16,317,669	16,205,037
Others	3,271,232	3,008,504
	36,717,772	36,004,315

(ii) The maturity structure of fixed deposits, money market deposits and negotiable instruments of deposit are as follows:

	Group	
	30.09.2013	31.03.2013
	RM'000	RM'000
Due within six months	19,919,797	19,162,880
Six months to one year	4,248,856	4,468,776
One year to three years	64,833	112,328
Three years to five years	13,266	16,574
	24,246,752	23,760,558

C15. Deposits And Placements Of Banks And Other Financial Institutions

	Group	
	30.09.2013	31.03.2013
	RM'000	RM'000
Licensed banks	2,397,216	790,228
Licensed investment banks	184,777	425,940
Licensed Islamic banks	80,183	150,342
Bank Negara Malaysia	541,390	643,486
Other financial institutions	150,000	-
	3,353,566	2,009,996

C16. Balances Due To Clients And Brokers

	Group	
	30.09.2013	31.03.2013
	RM'000	RM'000
Due to clients	34,120	30,852
Due to brokers	23,179	-
	57,299	30,852

These mainly relate to amounts payable to non-margin clients and outstanding contracts entered into on behalf of clients where settlement via the Bursa Malaysia Securities Clearing Sdn. Bhd. has yet to be made.

The Group's normal trade credit terms for non-margin client is three (3) market days according to the Bursa's FDSS trading rules.

Following the issuance of FRSIC Consensus 18, the Group no longer recognises trust monies balances in the statement of financial position, as the Group does not have any control over the trust monies to obtain the future economic benefits embodied in the trust monies. The trust monies maintained by the Group amounting to RM63,066,000 (31.03.13: RM63,290,000) have been excluded accordingly.

C17. Other Liabilities

	Group	
	30.09.2013	31.03.2013
	RM'000	RM'000
Other payable and accruals	896,493	802,528
Remisiers' accounts	21,070	21,108
	917,563	823,636

C18. Capital Adequacy

The capital adequacy ratios of the Banking Group are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework issued on 28 November 2012. The Framework sets out the approach for computing regulatory capital adequacy ratios, as well as the levels of those ratios at which banking institutions are required to operate. The framework is to strengthen capital adequacy standards, in line with the requirements set forth under Basel III. The risk-weighted assets of the Group are computed using the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk.

The capital adequacy ratios of the Banking Group are as follows:

	30.09.2013	31.03.2013
<u>Before deducting proposed dividends</u>		
CET I capital ratio	11.276%	11.221%
Tier I capital ratio	12.681%	12.657%
Total capital ratio	15.303%	15.369%
<u>After deducting proposed dividends</u>		
CET I capital ratio	10.763%	10.620%
Tier I capital ratio	12.167%	12.056%
Total capital ratio	14.790%	14.769%

(a) Components of Common Equity Tier I ("CET I"), Tier I and Tier II capital are as follows:

	30.09.2013	31.03.2013
	RM'000	RM'000
<u>CET I Capital</u>		
Paid-up share capital	596,517	596,517
Share premium	201,517	201,517
Retained profits	1,832,609	1,749,256
Statutory reserves	905,438	885,744
Revaluation reserves	65,242	115,397
Other reserves	10,018	10,018
	3,611,341	3,558,449
Less: Regulatory adjustment		
- Goodwill and other intangibles	(353,421)	(358,275)
- Deferred tax assets	(11,070)	(11,040)
- 55% of revaluation reserve	(35,883)	(63,468)
Total CET I Capital	3,210,967	3,125,666
<u>Tier I Capital</u>		
ICPS	4,000	4,000
Share premium	396,000	396,000
Total additional Tier I Capital	400,000	400,000
Total Tier I Capital	3,610,967	3,525,666
<u>Tier II Capital</u>		
Subordinated obligations	538,729	538,495
Collective assessment allowance	212,218	221,153
Less: Regulatory adjustment		
- Investment in subsidiaries and associates	(4,123)	(4,117)
Total Tier II Capital	746,824	755,531
Total Capital	4,357,791	4,281,197

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C18. Capital Adequacy (contd.)

(b) The capital adequacy ratios of the banking subsidiaries are as follows:

	Alliance Bank Malaysia Berhad	Alliance Islamic Bank Berhad	Alliance Investment Bank Berhad
30 September 2013			
<u>Before deducting proposed dividends</u>			
CET I capital ratio	12.115%	14.069%	87.585%
Tier I capital ratio	13.472%	14.069%	87.585%
Total capital ratio	<u>13.472%</u>	<u>14.823%</u>	<u>87.621%</u>
<u>After deducting proposed dividends</u>			
CET I capital ratio	11.504%	13.777%	86.431%
Tier I capital ratio	12.861%	13.777%	86.431%
Total capital ratio	<u>12.861%</u>	<u>14.531%</u>	<u>86.467%</u>
31 March 2013			
<u>Before deducting proposed dividends</u>			
CET I capital ratio	12.235%	12.927%	96.235%
Tier I capital ratio	13.617%	12.927%	96.235%
Total capital ratio	<u>13.617%</u>	<u>13.718%</u>	<u>96.398%</u>
<u>After deducting proposed dividends</u>			
CET I capital ratio	11.514%	12.927%	94.956%
Tier I capital ratio	12.896%	12.927%	94.956%
Total capital ratio	<u>12.896%</u>	<u>13.718%</u>	<u>95.119%</u>

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

	30.09.2013 RM'000	31.03.2013 RM'000
Credit risk	25,732,785	25,175,746
Market risk	89,300	76,045
Operational risk	2,654,111	2,603,941
Total RWA and capital requirements	<u>28,476,196</u>	<u>27,855,732</u>

C19. Commitments And Contingencies

The off-balance sheet exposures and their related counterparty credit risk of the Group are as follows:

Group	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
As at 30 September 2013				
<u>Credit-related exposures</u>				
Direct credit substitutes	378,823	-	378,823	378,823
Transaction-related contingent items	569,625	-	284,812	284,812
Short-term self-liquidating trade-related contingencies	154,710	-	30,942	30,942
Irrevocable commitments to extend credit:				
- maturity exceeding one year	5,162,245	-	2,581,122	2,049,233
- maturity not exceeding one year	5,752,173	-	1,150,435	995,385
Unutilised credit card lines	1,340,362	-	268,072	211,016
	<u>13,357,938</u>	<u>-</u>	<u>4,694,206</u>	<u>3,950,211</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- less than one year	4,481,652	54,224	115,446	61,327
Interest rate related contracts:				
- one year or less	650,000	313	1,263	253
- over one year to three years	1,635,000	2,760	22,109	4,422
- over three years	552,436	1,894	25,323	13,884
Equity related contracts:				
- one year or less	6,764	39	441	277
- over one year to three years	54,032	343	4,740	3,002
	<u>7,379,884</u>	<u>59,573</u>	<u>169,322</u>	<u>83,165</u>
	<u>20,737,822</u>	<u>59,573</u>	<u>4,863,528</u>	<u>4,033,376</u>
As at 31 March 2013				
<u>Credit-related exposures</u>				
Direct credit substitutes	387,122	-	387,122	387,122
Transaction-related contingent items	585,435	-	292,717	292,717
Short-term self-liquidating trade-related contingencies	140,311	-	28,062	28,062
Irrevocable commitments to extend credit:				
- maturity exceeding one year	5,027,371	-	2,513,685	2,010,313
- maturity not exceeding one year	5,301,405	-	1,060,281	909,385
Unutilised credit card lines	1,388,811	-	277,762	217,673
	<u>12,830,455</u>	<u>-</u>	<u>4,559,629</u>	<u>3,845,272</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- less than one year	3,938,112	14,407	58,978	28,489
Interest rate related contracts:				
- one year or less	1,060,000	640	2,374	475
- over one year to three years	775,000	2,521	15,521	3,104
- over three years	421,608	1,933	20,560	9,719
Equity related contracts:				
- over one year to three years	54,032	291	4,817	2,697
	<u>6,248,752</u>	<u>19,792</u>	<u>102,250</u>	<u>44,484</u>
	<u>19,079,207</u>	<u>19,792</u>	<u>4,661,879</u>	<u>3,889,756</u>

C20. Fair Value Of Financial Assets And Liabilities

Determination of fair value and fair value hierarchy

MFRS 7 Financial Instruments: Disclosure require disclosure of financial instruments measured at fair value according to a hierarchy of valuation techniques, whether the inputs used are observable or unobservable. The following level of hierarchy are used for determining and disclosing the fair value of the financial instruments:

- (i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following tables show the Group's financial instruments which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy:

<u>GROUP</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
As at 30 September 2013	RM'000	RM'000	RM'000	RM'000

Assets

Financial assets held-for-trading	-	107,573	-	107,573
Financial investments available-for-sale	-	10,490,663	151,491	10,642,154
Derivative financial assets	-	59,573	-	59,573

Liabilities

Derivative financial liabilities	-	60,513	-	60,513
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<u>GROUP</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 March 2013	RM'000	RM'000	RM'000	RM'000

Assets

Financial assets held-for-trading	-	1,519,930	-	1,519,930
Financial investments available-for-sale	-	10,225,058	137,392	10,362,450
Derivative financial assets	-	19,792	-	19,792

Liabilities

Derivative financial liabilities	-	15,870	-	15,870
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C20. Fair Value Of Financial Assets And Liabilities (contd.)

Determination of fair value and fair value hierarchy (contd.)

Financial instruments that are valued using quoted prices in active market are classified as Level 1 of the valuation hierarchy. This includes listed equities and corporate debt securities which are actively traded.

Where fair value is determined using quoted prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include government securities, corporate private debt securities, corporate notes, repurchase agreements and most of the Group's derivatives.

The Group classifies financial instruments as Level 3 when there is reliance on unobservable inputs to the valuation model attributing to a significant contribution to the instrument value. Valuation reserves or pricing adjustments where applicable will be used to converge to fair value.

The valuation techniques and inputs used generally depend on the contractual terms and the risks inherent in the instrument as well as the availability of pricing information in the market. Principal techniques used include discounted cash flows, and other appropriate valuation models.

Reconciliation of movements in level 3 financial instruments:

	Group	
	30.09.2013	31.03.2013
	RM'000	RM'000
At beginning of year	137,392	140,669
Total gains recognised in:		
- Other comprehensive income	14,099	1,491
Disposal/redemption	-	(4,768)
At end of year	<u>151,491</u>	<u>137,392</u>

By Order of the Board

LEE WEI YEN (MAICSA 7001798)

Group Company Secretary

Kuala Lumpur

29 November 2013