

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION AS AT 30 JUNE 2011

	As at 30/06/2011 RM '000	As at 30/06/2010 RM '000
THE GROUP		
<u>Assets</u>		
Cash and short term funds	32,424,991	17,330,158
Deposits and placements with financial institutions	5,213,395	7,726,566
Securities purchased under resale agreements	159,770	-
Financial assets held for trading	6,974,724	9,653,588
Financial investments available-for-sale	10,745,477	8,096,680
Financial investments held-to-maturity	8,141,334	6,866,864
Derivative financial assets	798,164	1,041,013
Loans, advances and financing	82,735,477	38,522,242
Clients' and brokers' balances	236,393	155,623
Other receivables	1,141,112	1,133,482
Non-current assets held for sale	-	577,544
Statutory deposits with Bank Negara Malaysia	2,220,366	398,666
Tax recoverable	9,752	6,119
Investment in associated companies	1,964,951	1,172,175
Investment in jointly controlled company	75,252	76,023
Deferred taxation	577,884	176,138
Property and equipment	960,252	658,919
Intangible assets	1,806,273	628,823
Total Assets	156,185,567	94,220,623
<u>Liabilities</u>		
Deposits from customers	114,748,978	69,480,896
Deposits and placements of banks and other financial institutions	11,445,660	4,477,393
Bills and acceptances payable	683,996	304,140
Derivatives financial liabilities	682,098	1,058,951
Clients' and brokers' balances	591,595	262,415
Payables and other liabilities	3,785,776	3,828,987
Liabilities directly associated with non-current assets held for sale	-	550,707
Provision for claims	63,763	52,727
Provision for taxation	217,734	118,856
Bank loans	1,535,859	522,751
Subordinated obligations	2,837,943	650,454
Senior Bonds	910,810	-
Non-innovative Tier 1 stapled securities	1,405,706	-
Innovative Tier 1 capital securities	503,069	-
Capital market borrowing	678,381	219,507
Insurance funds	5,834,179	5,175,709
Total Liabilities	145,925,547	86,703,493
<u>Equity</u>		
Share capital	1,052,768	1,052,768
Capital reserves	1,490,500	1,464,230
Retained profits	4,909,703	2,762,263
Fair value reserves	88,880	17,854
Treasury shares held for ESOS scheme	(72,517)	(78,171)
Total shareholders' equity	7,469,334	5,218,944
Non-controlling interest	2,790,686	2,298,186
Total Equity	10,260,020	7,517,130
Total Liabilities and Equity	156,185,567	94,220,623
Commitment and Contingencies	142,202,689	102,891,118
Net assets per share (net of treasury shares) attributable to ordinary equity holder of the parent (RM)	7.20	5.03

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	Individual Quarter		Cumulative Quarter	
	Current	Last year	Current year	Last year
	quarter ended 30/06/2011 RM '000	quarter ended 30/06/2010 RM '000	ended 30/06/2011 RM '000	ended 30/06/2010 RM '000
THE GROUP				
Interest income	1,117,323	664,953	3,340,436	2,587,017
Interest expense	(599,851)	(297,377)	(1,678,360)	(1,192,973)
Net interest income	517,472	367,576	1,662,076	1,394,044
Income from Islamic banking business	82,816	46,804	227,090	184,837
Non interest income	343,648	385,020	1,767,085	879,727
Net income	943,936	799,400	3,656,251	2,458,608
Overhead expenses	(489,665)	(262,446)	(1,336,344)	(1,050,137)
Operating profit before allowances	454,271	536,954	2,319,907	1,408,471
Allowances for impairment on loans, advances and financing and other losses	(18,840)	(4,320)	(136,521)	(107,967)
Write-off of goodwill	(12,707)	-	(12,707)	-
Impairment loss	1,724	858	(1,434)	7,447
	424,448	533,492	2,169,245	1,307,951
Share of results of associated company	88,163	58,851	250,854	143,575
Share of results of joint venture company	157	(688)	(771)	(688)
Profit before taxation and zakat	512,768	591,655	2,419,328	1,450,838
Taxation	(108,912)	(82,891)	(349,851)	(243,919)
Zakat	(75)	(92)	(128)	(498)
Net profit for the financial year	403,781	508,672	2,069,349	1,206,421
Attributable to :				
Owners of the parents	295,064	414,946	1,671,914	860,847
Non-controlling interest	108,717	93,726	397,435	345,574
Net profit for the financial year	403,781	508,672	2,069,349	1,206,421
Basic earnings per ordinary share (sen)	28.5	40.1	161.2	83.1
Diluted earnings per ordinary share (sen)	28.4	40.1	160.7	83.1

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 30/06/2011 RM '000	Last year quarter ended 30/06/2010 RM '000	Current year ended 30/06/2011 RM '000	Last year ended 30/06/2010 RM '000
THE GROUP				
Net profit for the financial year	403,781	508,672	2,069,349	1,206,421
Other comprehensive income:				
Net fair value changes on financial investments available-for-sale, net of tax	27,763	10,211	25,727	52,106
Currency translation differences	13,562	(13,583)	(46,990)	(31,967)
Total comprehensive income for the period, net of tax	<u>445,106</u>	<u>505,300</u>	<u>2,048,086</u>	<u>1,226,560</u>
Attributable to :				
Owners of the parents	324,701	405,131	1,656,953	874,543
Non-controlling interest	120,405	100,169	391,133	352,017
	<u>445,106</u>	<u>505,300</u>	<u>2,048,086</u>	<u>1,226,560</u>

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)**CONDENSED FINANCIAL STATEMENTS****UNAUDITED COMPANY STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2011**

	As at 30/06/2011 RM '000	As at 30/06/2010 RM '000
THE COMPANY		
<u>Assets</u>		
Cash and short term funds	114,679	12,041
Financial assets held for trading	37,814	23,014
Derivative financial assets	2,342	4,123
Other receivables	2,360,033	284,390
Tax recoverable	8,475	4,700
Investment in subsidiaries	2,393,350	2,278,996
Property and equipment	1,577	1,954
Intangible assets	12	124
Total Assets	4,918,282	2,609,342
<u>Liabilities</u>		
Derivative financial liabilities	8,454	-
Payables and other liabilities	5,985	5,252
Bank loans	1,515,784	500,751
Capital market borrowing	678,381	219,507
Total Liabilities	2,208,604	725,510
<u>Financed by:</u>		
Share capital	1,052,768	1,052,768
Capital reserves	385,777	383,047
Retained profits	1,326,919	513,767
Treasury shares held for ESOS scheme	(55,786)	(65,750)
Total Equity	2,709,678	1,883,832
Total Liabilities and Equity	4,918,282	2,609,342
Commitment and Contingencies	921,000	368,030

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED COMPANY INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 30/06/2011 RM '000	Last year quarter ended 30/06/2010 RM '000	Current year ended 30/06/2011 RM '000	Last year ended 30/06/2010 RM '000
THE COMPANY				
Interest income	14,998	(780)	17,299	1,275
Interest expense	(15,312)	(1,923)	(30,406)	(14,567)
Net interest expense	(314)	(2,703)	(13,107)	(13,292)
Non interest income	3,429	(238,824)	1,182,739	229,591
Net income	3,115	(241,527)	1,169,632	216,299
Overhead expenses	(6,240)	(2,170)	(33,142)	(14,773)
Writeback of/(allowance for) impairment losses	309	(1,365)	309	(1,365)
Profit before taxation and zakat	(2,816)	(245,062)	1,136,799	200,161
Taxation	3,500	4,700	(53,348)	(50,404)
Net profit for the year	684	(240,362)	1,083,451	149,757
Basic earnings per ordinary share (sen)	0.1	(23.1)	104.1	14.4
Diluted earnings per ordinary share (sen)	0.1	(23.1)	103.8	14.4

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	Share Capital RM '000	Share Premium RM '000	Statutory Reserves RM '000	Other Capital Reserves & General Reserves RM '000	Share Options Reserves RM '000	Fair Value Reserves RM '000	Regulatory Reserve# RM '000	Exchange Fluctuation Reserves RM '000	Retained Profits RM '000	Treasury Shares RM '000	Total Shareholders' Equity RM '000	Non- Controlling Interests RM '000	Total Equity RM '000
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011													
Opening balance as at 1 July 2010	1,052,768	117,229	1,190,262	133,258	26,655	17,854	-	(3,174)	2,703,870	(78,171)	5,160,551	2,268,279	7,428,830
- Changes in accounting policies (Note 28)	-	-	-	-	-	52,304	-	-	28,860	-	81,164	4,186	85,350
- Prior year adjustment	-	-	-	-	-	-	-	-	58,393	-	58,393	29,907	88,300
Restated opening balance as at 1 July 2010	1,052,768	117,229	1,190,262	133,258	26,655	70,158	-	(3,174)	2,791,123	(78,171)	5,300,108	2,302,372	7,602,480
Net profit for the financial year	-	-	-	-	-	-	-	-	1,671,914	-	1,671,914	397,435	2,069,349
Currency translation differences	-	-	-	-	-	-	-	(33,142)	-	-	(33,142)	(13,299)	(46,441)
Share of other comprehensive income of associates	-	-	-	-	-	-	-	(541)	-	-	(541)	(8)	(549)
Net fair value changes in financial investments available-for-sale, net of tax	-	-	-	-	-	18,722	-	-	-	-	18,722	7,005	25,727
Total comprehensive income/(expense)	-	-	-	-	-	18,722	-	(33,683)	1,671,914	-	1,656,953	391,133	2,048,086
Allocation of other reserves to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	97,181	97,181
Transfer to statutory reserves	-	-	50,917	-	-	-	726	-	(50,917)	-	726	-	726
Gain on partial disposal of subsidiary	-	-	-	-	-	-	-	-	766,465	-	766,465	-	766,465
Dividend paid													
- 1st interim dividend	-	-	-	-	-	-	-	-	(87,601)	-	(87,601)	-	(87,601)
- 2nd interim dividend	-	-	-	-	-	-	-	-	(187,290)	-	(187,290)	-	(187,290)
Option charge arising from ESOS	-	-	-	-	10,623	-	-	-	-	-	10,623	-	10,623
Exercise of ESOS	-	-	-	-	(2,313)	-	-	-	6,009	5,654	9,350	-	9,350
AT 30 JUNE 2011	1,052,768	117,229	1,241,179	133,258	34,965	88,880	726	(36,857)	4,909,703	(72,517)	7,469,334	2,790,686	10,260,020
	Share Capital RM '000	Share Premium RM '000	Statutory Reserves RM '000	Other Capital Reserves & General Reserves RM '000	Share Options Reserves RM '000	Fair Value Reserves RM '000	Regulatory Reserve# RM '000	Exchange Fluctuation Reserves RM '000	Retained Profits RM '000	Treasury Shares RM '000	Total Shareholders' Equity RM '000	Non- Controlling Interests RM '000	Total Equity RM '000
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010													
Opening balance as at 1 July 2009	1,052,768	117,229	1,141,486	133,258	23,229	(19,429)	-	20,413	2,098,265	(78,171)	4,489,048	2,256,905	6,745,953
Effect of changes in accounting policies	-	-	-	-	-	-	-	-	44,394	-	44,394	22,794	67,188
Restated opening balance as at 1 July 2009	1,052,768	117,229	1,141,486	133,258	23,229	(19,429)	-	20,413	2,142,659	(78,171)	4,533,442	2,279,699	6,813,141
Net profit for the financial year	-	-	-	-	-	-	-	-	860,847	-	860,847	345,574	1,206,421
Currency translation differences	-	-	-	-	-	-	-	(23,585)	-	-	(23,585)	(8,378)	(31,964)
Share of other comprehensive income of associates	-	-	-	-	-	-	-	(2)	-	-	(2)	(1)	(3)
Net fair value changes in financial investments available-for-sale, net of tax	-	-	-	-	-	37,283	-	-	-	-	37,283	14,823	52,106
Total other comprehensive income/(loss)	-	-	-	-	-	37,283	-	(23,587)	860,847	-	874,543	352,017	1,226,560
Transfer to statutory reserves	-	-	48,776	-	-	-	-	-	(48,776)	-	-	-	-
Allocation of other reserves to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(333,530)	(333,530)
Dividend paid													
- 1st interim dividend	-	-	-	-	-	-	-	-	(70,086)	-	(70,086)	-	(70,086)
- 2nd interim dividend	-	-	-	-	-	-	-	-	(124,597)	-	(124,597)	-	(124,597)
Options charge arising from ESOS	-	-	-	-	5,068	-	-	-	-	-	5,068	-	5,068
Exercise of ESOS	-	-	-	-	(1,642)	-	-	-	2,716	-	1,074	-	1,074
Expenses on rights issue	-	-	-	-	-	-	-	-	(500)	-	(500)	-	(500)
AT 30 JUNE 2010	1,052,768	117,229	1,190,262	133,258	26,655	17,854	-	(3,174)	2,762,263	(78,171)	5,218,944	2,298,187	7,517,130

The regulatory reserves are maintained by the Group's banking subsidiary company in Vietnam in line with the requirements of the State Bank of Vietnam.

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
UNAUDITED COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011	Share Capital RM '000	Share Premium RM '000	Other Capital Reserves & General Reserves RM '000	Share Options Reserves RM '000	Retained Profits RM '000	Treasury Shares RM '000	Total Equity RM '000
Opening balance as at 1 July 2010	1,052,768	117,229	254,991	10,827	513,767	(65,750)	1,883,832
Net profit for the financial year	-	-	-	-	1,083,451	-	1,083,451
Total recognised income/(expense) for the period	-	-	-	-	1,083,451	-	1,083,451
Dividend paid/payable							
- 1st interim dividend	-	-	-	-	(87,538)	-	(87,538)
- 2nd interim dividend	-	-	-	-	(187,353)	-	(187,353)
Option reserves arising from ESOS	-	-	-	2,730	-	-	2,730
Exercise of ESOS	-	-	-	-	1,976	5,654	7,630
Transfer of ESOS shares to HLIA	-	-	-	-	2,616	4,310	6,926
AT 30 JUNE 2011	<u>1,052,768</u>	<u>117,229</u>	<u>254,991</u>	<u>13,557</u>	<u>1,326,919</u>	<u>(55,786)</u>	<u>2,709,678</u>

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010	Share Capital RM '000	Share Premium RM '000	Other Capital Reserves & General Reserves RM '000	Share Options Reserves RM '000	Retained Profits RM '000	Treasury Shares RM '000	Total Equity RM '000
Opening balance as at 1 July 2009	1,052,768	117,229	18,484	10,208	558,693	(65,750)	1,691,632
Net profit for the financial year	-	-	-	-	149,757	-	149,757
Total recognised income/(expense) for the period	-	-	-	-	149,757	-	149,757
Disposal of subsidiary	-	-	236,507	-	-	-	236,507
Dividend paid							
- 1st interim dividend	-	-	-	-	(70,086)	-	(70,086)
- 2nd interim dividend	-	-	-	-	(124,597)	-	(124,597)
Option reserves arising from ESOS	-	-	-	619	-	-	619
AT 30 JUNE 2010	<u>1,052,768</u>	<u>117,229</u>	<u>254,991</u>	<u>10,827</u>	<u>513,767</u>	<u>(65,750)</u>	<u>1,883,832</u>

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	The Group		The Company	
	30/06/2011	30/06/2010	30/06/2011	30/06/2010
	RM '000	RM '000	RM '000	RM '000
Profit before taxation and zakat	2,419,328	1,422,688	1,136,799	200,161
Adjustment for non-cash items and others	(1,616,554)	130,213	(1,146,511)	(445,462)
Operating profit before working capital changes	802,774	1,552,901	(9,712)	(245,301)
Income tax paid	(287,861)	(238,738)	-	-
Interest received	2,658	960	2,658	1,275
Net changes in working capital	5,444,542	(2,229,106)	619,908	1,288
Net cash flow from operating activities	5,962,113	(913,983)	612,854	(242,738)
Net cash flow from investing activities	4,831,039	(978,752)	(1,678,826)	176,641
Net cash flow from financing activities	4,330,514	(175,798)	1,168,610	75,347
Changes in cash and cash equivalents	15,123,666	(2,068,533)	102,638	9,250
Effect of change in foreign exchange rate	(28,833)	(101,485)	-	-
Cash and cash equivalents as at 1 July	17,330,158	19,500,176	12,041	2,791
Cash and cash equivalents as at 30 June	32,424,991	17,330,158	114,679	12,041

**HONG LEONG FINANCIAL GROUP BERHAD (“HLFG” or “the Company”)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

1. Basis of preparation

The condensed financial statements of the Group have been prepared in accordance with Financial Reporting Standard (“FRS”) 134: Interim Financial Reporting (previously known as MASB 26) issued by the Malaysian Accounting Standard Board (“MASB”), Chapter 9, Part K of the Listing Requirements of the Bursa Malaysia Securities Berhad and revised guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) issued by Bank Negara Malaysia (“BNM”) and should be read in conjunction with the Group’s audited annual financial statements for the year ended 30 June 2010.

The accounting policies and presentation adopted by the Group for the interim financial statements are consistent with those adopted in the financial statements for the financial year ended 30 June 2010 except for the first time adoption of the following standards, amendments to published standards and interpretations to existing standards:

FRS 3 (revised)	Business Combinations
FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 101 (revised)	Presentation of Financial Statements
FRS 127 (revised)	Consolidated and Separate Financial Statements
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendment to FRS 117	Leases
Amendment to FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 138	Intangible Assets
Amendments to FRS 2	Share-based Payment
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
IC Interpretation 9	Reassessment of Embedded Derivatives and the related amendments
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
TR i-3 "Presentation of Financial Statements of Islamic Financial Institutions"	
Improvements to FRSs (2009 and 2010)	

The adoption of the above do not give rise to any material effects to the Group, other than the effects and change in accounting policies arising from adoption of FRS 139 as disclosed in Note 28.

2. Status of matters giving rise to the auditor's qualified report in the annual financial statement for the financial year ended 30 June 2010 of HLFG

There was no qualified report issued by the auditors in the annual financial statements for the financial year ended 30 June 2010.

3. Seasonality or cyclicity of operations

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

4. Exceptional items / unusual events affecting financial statements

There were no exceptional items or unusual events affecting the assets, liabilities, equity, net income or cash flows of the Group during the financial period.

5. Variation from financial estimates reported in preceding financial year

There were no material changes in estimates of amounts reported in the preceding financial year that have a material effect in the current financial period.

6. Issuance and repayment of debt and equity securities

There was no repayment of debt or equity share, share buy-back, share cancellation, shares held as treasury shares nor resale of treasury shares in HLFG for the financial period ended 30 June 2011 other than as mentioned below.

Purchase of shares pursuant to ESOS

A trust has been set up for the ESOS of HLFG and is administered by an appointed trustee. The trustee will be entitled from time to time to accept financial assistance from the Company upon such terms and conditions as the Company and the trustee may agree to purchase the Company's shares from the open market for the purposes of this trust. In accordance to FRS 132: Financial Statements: Presentation and Disclosure, the shares purchased for the benefit of the ESOS holders are recorded as "Treasury Shares held for ESOS" in the Shareholders' Equity on the Balance Sheet.

The Company had previously granted 10,200,000 conditional incentive share options to eligible executives of the Company pursuant to the ESOS of HLFG subject to the achievement of certain performance criteria over an option performance period.

During the financial period ended 30 June 2011, a total of 751,000 units was transferred to an insurance subsidiary company.

A total of 1,440,000 ordinary shares of RM1 each were exercised pursuant to the Company's ESOS at the granted exercise price of RM5.92.

The remaining number of shares held by the appointed trustee for the Company as at 30 June 2011 was 12,270,408 units at an average price of RM4.55 per share and the total consideration paid, including transaction costs was RM55,786,307.

As at 30 June 2011, the insurance subsidiary company held a total of 3,519,992 units of the Company's shares at an average price of RM4.75 per share with total consideration paid, including transaction costs of RM16,730,842 which have been classified as treasury shares held for ESOS at the Group level.

Issuance and repayment of debts

The issuance and repayment of debts of HLFG Group are as of that disclosed in Note 10.

7. Dividends paid

An interim dividend of 10 sen per share (6.3 sen less income tax of 25% and 3.7 sen combination of tax exempt & single tier) was paid on 16 December 2010.

8. Segmental reporting

Segmental information is presented in respect of the Group's business segments. The primary format by business segments is based on the Group's management and internal reporting structure.

No analysis by geographical segments is presented as the Group's operations are substantially carried out in Malaysia.

Inter-segment pricing is determined based on arms length basis. These transactions are eliminated on consolidation. Segment results, assets and liabilities include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. Unallocated item mainly comprise tax recoverable, tax payable and other corporate assets and other corporate liabilities. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used during more than one period.

Business segments

The Group comprises the following main business segments:

Commercial banking	Commercial banking business
Investment banking	Investment banking and fund and unit trust management
Insurance	Life and general insurance business
Other operations	Investment holding and provision of management services

GROUP	Commercial	Investment				
30 JUNE 2011	Banking	Banking	Insurance	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue for the year ended						
External sales	2,520,650	125,072	985,317	25,212	-	3,656,251
Intersegment sales	18,435	5,437	6,615	9,294	(39,781)	-
	<u>2,539,085</u>	<u>130,509</u>	<u>991,932</u>	<u>34,506</u>	<u>(39,781)</u>	<u>3,656,251</u>
Results for the year ended						
Segment results	1,203,005	49,141	928,633	(11,534)	-	2,169,245
Share of results of associated company						250,854
Share of results of joint venture company						(771)
Profit before taxation and zakat						<u>2,419,328</u>
Taxation and zakat						<u>(349,979)</u>
Net profit for the financial year						<u>2,069,349</u>
Non-controlling interest						<u>(397,435)</u>
Profit attributable to owners of the parents						<u>1,671,914</u>
Other information						
Segment assets	134,901,981	2,668,539	7,672,974	2,725,052	(2,836,266)	145,132,280
Other corporate assets						<u>11,053,287</u>
Total consolidated assets						<u>156,185,567</u>
Segment liabilities	137,685,776	2,113,205	6,832,606	227,932	(3,128,137)	143,731,382
Other corporate liabilities						<u>2,194,165</u>
Total consolidated liabilities						<u>145,925,547</u>
Capital expenditure	122,260	4,491	8,376	388	-	135,515
Depreciation of property and equipments	59,999	2,539	2,508	755	-	65,801
Amortisation of intangible assets	19,963	881	971	115	-	21,930
Loan loss and other allowances	137,101	(574)	(6)	-	-	136,521
Impairment losses	<u>(2,094)</u>	<u>-</u>	<u>3,528</u>	<u>-</u>	<u>-</u>	<u>1,434</u>

GROUP	Commercial	Investment				
30 JUNE 2010	Banking	Banking	Insurance	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue for the year ended						
External sales	2,066,801	82,456	334,685	(25,334)	-	2,458,608
Intersegment sales	18,278	2,651	3,328	8,132	(32,389)	-
	<u>2,085,079</u>	<u>85,107</u>	<u>338,013</u>	<u>(17,202)</u>	<u>(32,389)</u>	<u>2,458,608</u>
Results for the year ended						
Segment results	1,070,521	20,446	249,107	(32,123)	-	1,307,951
Share of results of associated company						143,575
Share of results of joint venture company						(688)
Profit before taxation and zakat						<u>1,450,838</u>
Taxation and zakat						<u>(244,417)</u>
Net profit for the financial year						1,206,421
Non-controlling interest						<u>(345,574)</u>
Profit attributable to owners of the parents						<u>860,847</u>
Other information						
Segment assets	84,565,436	1,448,185	7,870,492	326,067	(205,310)	94,004,870
Other corporate assets						215,753
Total consolidated assets						<u>94,220,623</u>
Segment liabilities	78,281,550	1,230,616	7,080,699	49,749	(659,378)	85,983,236
Other corporate liabilities						720,257
Total consolidated liabilities						<u>86,703,493</u>
Capital expenditure	116,859	4,116	62,301	65	-	183,341
Depreciation of property and equipments	48,715	1,875	3,957	756	-	55,303
Amortisation of intangible assets	14,068	678	3,189	123	-	18,058
Amortisation of prepaid lease payment	561	1	42	-	-	604
Loan loss and other allowances	105,030	1,041	1,896	-	-	107,967

9. Financial assets held for trading

	Group	
	As at	As at
	30/06/2011	30/06/2010
	RM '000	RM '000
<u>At Fair Value</u>		
Malaysian Government Treasury Bills	49,185	251,599
Malaysian Government Securities	118,769	1,109,944
Negotiable instruments of deposit	479,071	784,708
Bankers' acceptances and Islamic accepted bills	3,944,863	2,771,744
Bank Negara Malaysia bills	767,821	2,606,431
Malaysian Government Investment Certificates	388,068	1,116,703
Other Government securities	-	5,659
Cagamas bonds	-	254,998
Private debts securities	232,168	190,544
	<u>5,979,945</u>	<u>9,092,330</u>
Quoted securities :		
Shares/Loan stocks/Unit Trust	486,746	311,966
Foreign currency bonds	383,748	118,292
Unquoted securities :		
Private debt securities	124,285	131,000
Total securities held at fair value through profit and loss	<u>6,974,724</u>	<u>9,653,588</u>

	Company	
	As at	As at
	30/06/2011	30/06/2010
	RM '000	RM '000
<u>At Fair Value</u>		
Unit Trust	37,814	23,014
	<u>37,814</u>	<u>23,014</u>

10. Financial investments available-for-sale

	Group	
	As at 30/06/2011 RM '000	As at 30/06/2010 RM '000
<u>At Fair Value</u>		
Government Treasury Bills	364,156	533,551
Bank Negara Malaysia Bills	248,165	-
Malaysian Government Securities	1,047,502	1,571,027
Malaysian Government Investment Certificates	1,911,745	2,123,648
Negotiable instruments of deposit	522,051	-
Islamic negotiable instrument debt securities	28,833	-
Cagamas bonds	141,231	129,476
Bankers acceptance	44,853	-
Other Government securities	49,857	51,910
	4,358,393	4,409,612
Quoted securities :		
Shares/Loan stocks/Unit Trust	1,253,229	632,254
Foreign Currency Bonds	838,280	513,672
Private debt securities/shares/reits	19,404	-
Unquoted securities :		
Foreign Currency Bonds	178,585	12,347
Private debt securities/shares/reits	4,097,586	2,528,795
Total securities available-for-sale	10,745,477	8,096,680

11. Financial investments held-to-maturity

	Group	
	As at 30/06/2011 RM '000	As at 30/06/2010 RM '000
<u>At Amortised Cost</u>		
Malaysian Government Securities	3,577,908	4,144,712
Malaysian Government Investment Certificates	1,128,464	1,312,548
Negotiable instruments of deposit	2,677,278	690,588
Cagamas bonds	170,942	279,872
	7,554,592	6,427,720
Quoted securities :		
Other Government securities	14,043	3,374
Unquoted securities :		
Private debt securities/shares/loan stocks	743,319	450,656
	8,311,954	6,881,750
Accumulated impairment losses	(170,620)	(14,886)
Total securities held-to-maturity	8,141,334	6,866,864

12. Loans, advances and financing

	Group	
	As at 30/06/2011 RM '000	As at 30/06/2010 RM '000
Overdrafts	4,185,914	2,036,810
Term loans :		
- Housing loans/financing	31,796,741	22,534,948
- Syndicated term loan/financing	4,669,705	2,270,838
- Hire purchase receivables	17,315,908	5,650,823
- Lease receivables	4,486	11,866
- Other term loans/financing	10,478,950	2,263,522
Credit/charge card receivables	4,262,859	2,210,438
Bills receivables	354,250	268,725
Trust receipts	302,959	98,419
Claims on customers under acceptance credits	6,621,138	3,619,054
Block discounting	8,391	8,244
Revolving credits	3,771,610	1,393,605
Policy and premium loans	676,745	655,246
Staff loans	305,901	99,531
Other loans/financing	210,477	87,416
	<u>84,966,034</u>	<u>43,209,485</u>
Unearned interest and income	-	(3,876,159)
	<u>84,966,034</u>	<u>39,333,326</u>
Unamortised fair value changes arising from terminated fair value hedges	17,177	46,725
Allowance for bad and doubtful debts and financing :		
- general	-	(579,618)
- specific	-	(278,191)
- collective assessment	(1,576,741)	-
- individual assessment	(670,993)	-
Net loans, advances and financing	<u><u>82,735,477</u></u>	<u><u>38,522,242</u></u>

12. Loans, advances and financing (continued)

(a) By type of customer

	Group	
	As at 30/06/2011 RM '000	As at 30/06/2010 RM '000
Domestic non-bank financial institutions	718,374	178,501
Domestic business enterprises		
- Small and medium enterprises	12,199,078	3,349,519
- Others	15,871,647	8,347,349
Government and statutory bodies	28,900	278
Individuals	53,368,646	26,220,188
Other domestic entities	30,675	14,395
Foreign entities	2,748,714	1,223,096
Gross loans, advances and financing	84,966,034	39,333,326

(b) By interest/profit rate sensitivity

	Group	
	As at 30/06/2011 RM '000	As at 30/06/2010 RM '000
Fixed rate		
- Housing loans/financing	3,545,531	530,012
- Hire purchase receivables	17,263,403	4,924,898
- Other fixed rate loan/financing	8,501,825	3,981,846
Variable rate		
- Base lending rate plus	43,520,900	25,141,613
- Cost plus	11,634,807	4,682,310
- Other variables rates	499,568	72,647
Gross loans, advances and financing	84,966,034	39,333,326

(c) By economic purpose

	Group	
	As at 30/06/2011 RM '000	As at 30/06/2010 RM '000
Purchase of securities	1,240,345	476,082
Purchase of transport vehicles	17,373,379	4,834,160
Purchase of landed properties		
- residential	27,698,836	14,930,332
- non-residential	9,050,882	4,436,355
Personal use	3,572,467	2,994,401
Credit card	4,262,859	2,210,438
Purchase of consumer durables	199	62
Construction	835,551	298,512
Working capital	17,856,415	8,449,753
Others	3,075,101	703,231
Gross loans, advances and financing	84,966,034	39,333,326

12. Loans, advances and financing (continued)

(d) Non-performing loans by purpose

	Group	
	As at 30/06/2011 RM '000	As at 30/06/2010 RM '000
Purchase of securities	9,948	12,952
Purchase of transport vehicles	185,001	40,252
Purchase of landed properties		
- residential	458,242	201,359
- non-residential	79,403	55,633
Purchase of fixed assets (excluding landed properties)	21,067	-
Personal use	93,742	53,792
Credit card	58,100	27,859
Purchase of consumer durables	17	-
Construction	31,075	15,907
Working capital	924,549	321,669
Others	31,160	-
Gross loans, advances and financing	<u>1,892,304</u>	<u>729,423</u>

(e) Movements in non-performing loans, advances and financing ("NPL") are as follows:

	Group	
	As at 30/06/2011 RM '000	As at 30/06/2010 RM '000
At beginning		
- as previously stated	729,423	802,444
- effect of adopting FRS 139	213,479	-
As restated	<u>942,902</u>	<u>802,444</u>
Non-performing during the period/year	883,759	2,910,248
Reclassified as performing	(493,248)	(2,482,001)
Amount written back in respect of recoveries	(461,787)	(287,549)
Amount written off	(278,682)	(211,708)
Acquisition of assets and liabilities of ECB	1,294,351	-
Exchange differences	5,009	(2,011)
Closing balance	1,892,304	729,423
Specific allowance	<u>-</u>	<u>(278,191)</u>
Net non-performing loans, advances and financing	<u>1,892,304</u>	<u>451,232</u>
Net NPL as a % of gross loans, advances and financing less specific allowance	<u>2.2%</u>	<u>1.2%</u>

12. Loans, advances and financing (continued)

(f) Movements in allowance for bad and doubtful debts (and financing) accounts are as follows:

	Group	
	As at 30/06/2011 RM '000	As at 30/06/2010 RM '000
<u>Collective Assessment Allowance</u>		
At beginning		
- as previously reported	-	-
- effect of adopting FRS 139	771,288	-
As restated	771,288	-
Net allowance made during the period/year	390,985	-
Amount written back in respect of recoveries	(101,290)	-
Amount written off	(217,424)	-
Unwinding income	(11,018)	-
Acquisition of assets and liabilities of ECB	742,983	-
Exchange differences	1,217	-
Closing balance	<u>1,576,741</u>	<u>-</u>
As % of gross loans, advances and financing less loans exempted from individual assessment allowance	<u>2.0%</u>	<u>-</u>
<u>Individual Assessment Allowance</u>		
At beginning		
- as previously stated	-	-
- effect of adopting FRS 139	234,265	-
As restated	234,265	-
Net allowance made during the period/year	72,384	-
Amount written back in respect of recoveries	(83,718)	-
Amount written off	(45,286)	-
Unwinding income	(14,974)	-
Acquisition of assets and liabilities of ECB	505,525	-
Exchange differences	2,797	-
Closing balance	<u>670,993</u>	<u>-</u>
<u>General Allowance</u>		
At beginning		
- as previously stated	579,618	546,080
- effect of adopting FRS 139	(579,618)	-
As restated	-	546,080
Net allowance made during the period/year	-	34,135
Exchange differences	-	(597)
Closing balance	<u>-</u>	<u>579,618</u>
As % of gross loans, advances and financing less specific allowance	<u>-</u>	<u>1.5%</u>
<u>Specific Allowance</u>		
At beginning		
- as previously stated	278,191	330,119
- effect of adopting FRS 139	(278,191)	-
As restated	-	330,119
Allowance made during the period/year	-	289,510
Amount written back in respect of recoveries	-	(128,463)
Amount written off	-	(211,708)
Exchange differences	-	(1,267)
Closing balance	<u>-</u>	<u>278,191</u>

13. Other receivables

	Group	
	As at	As at
	30/06/2011	30/06/2010
	RM '000	RM '000
Interest/Income receivable	-	215,058
Investment properties	1,680	1,680
Other debtors, deposits and prepayments	1,137,974	915,467
Foreclosed properties	1,458	1,277
	<u>1,141,112</u>	<u>1,133,482</u>

	Company	
	As at	As at
	30/06/2011	30/06/2010
	RM '000	RM '000
Amount due from subsidiary companies	2,357,479 #	282,038
Amount due from related companies	3	10
Other debtors, deposits and prepayments	2,551	2,342
	<u>2,360,033</u>	<u>284,390</u>

On 6 May 2011, the Company has provided HLB a Tier 2 Capital Cumulative Subordinated Loan Facility for RM2.3 billion pending the completion of a proposed rights issue exercise to be undertaken by HLB.

14. Deposits from customers

	Group	
	As at	As at
	30/06/2011	30/06/2010
	RM '000	RM '000
Fixed deposits	68,788,096	38,528,523
Negotiable instruments of deposit	5,584,465	2,580,634
Demand deposits	14,893,230	7,964,808
Savings deposits	12,515,496	8,392,327
Short term corporate placement	12,561,243	11,759,585
Others	406,448	255,019
	<u>114,748,978</u>	<u>69,480,896</u>

The maturity structure of fixed deposits and negotiable instruments :

	Group	
	As at	As at
	30/06/2011	30/06/2010
	RM '000	RM '000
One year or less (short term)	70,150,424	40,011,949
More than one year (medium/long term)	4,222,137	1,097,208
	<u>74,372,561</u>	<u>41,109,157</u>

The deposits from customer are sourced from the following types of customers:

	Group	
	As at	As at
	30/06/2011	30/06/2010
	RM '000	RM '000
Government and statutory bodies	5,777,465	856,715
Business enterprises	49,354,634	34,229,890
Individuals	51,479,665	33,353,132
Others	8,137,214	1,041,159
	<u>114,748,978</u>	<u>69,480,896</u>

15. Deposits and placements of banks and other financial institutions

	Group	
	As at 30/06/2011 RM '000	As at 30/06/2010 RM '000
Licensed banks and investment banks	7,673,057	3,644,826
Bank Negara Malaysia	581,968	-
Licensed Islamic Bank	1,897,375	-
Other financial institutions	1,293,260	832,567
	<u>11,445,660</u>	<u>4,477,393</u>
The maturity structure :		
One year or less (short term)	11,445,660	4,477,393
More than one year (medium/long term)	-	-
	<u>11,445,660</u>	<u>4,477,393</u>

16. Payables and other liabilities

	Group	
	As at 30/06/2011 RM '000	As at 30/06/2010 RM '000
Trade payables	672,751	521,257
Amount due to related companies	1,327	3,940
Other payables and accrued liabilities	1,984,359	1,937,905
Loan advance payment	1,122,560	982,043
Interest payable	-	378,423
Post employment benefits obligations - defined contribution plan	4,779	5,419
	<u>3,785,776</u>	<u>3,828,987</u>

	Company	
	As at 30/06/2011 RM '000	As at 30/06/2010 RM '000
Amount due to subsidiary companies	443	22
Other payables and accrued liabilities	5,525	4,645
Interest payable	-	570
Post employment benefits obligations - defined contribution plan	17	15
	<u>5,985</u>	<u>5,252</u>

17. Interest income

	Group		Group	
	Current	Last year	Current year	Last year
	quarter ended 30/06/2011 RM '000	quarter ended 30/06/2010 RM '000	ended 30/06/2011 RM '000	ended 30/06/2010 RM '000
Loan, advances and financing				
- Interest income other than recoveries from NPLs	777,252	393,921	2,129,290	1,536,778
- recoveries from NPLs	-	30,207	-	111,695
Money at call and deposit placements with financial institutions	169,181	105,912	544,107	361,026
Securities purchased under resale agreements	264	-	2,011	166
Financial assets held for trading	17,987	15,548	86,619	61,242
Financial investments available-for-sale	32,054	27,575	113,917	146,978
Financial investments held-to-maturity	106,322	55,265	447,036	223,945
Others	14,367	5,651	17,527	8,237
	<u>1,117,427</u>	<u>634,079</u>	<u>3,340,507</u>	<u>2,450,067</u>
Amortisation of premium less accretion of discount	(104)	38,402	(71)	153,614
Interest suspended	-	(7,528)	-	(16,664)
	<u>1,117,323</u>	<u>664,953</u>	<u>3,340,436</u>	<u>2,587,017</u>

	Company		Company	
	Current	Last year	Current year	Last year
	quarter ended 30/06/2011 RM '000	quarter ended 30/06/2010 RM '000	to date 30/06/2011 RM '000	to date 30/06/2010 RM '000
Money at call and deposit placements with financial institutions	557	44	1,048	179
Others	14,441	(824)	16,251	1,096
	<u>14,998</u>	<u>(780)</u>	<u>17,299</u>	<u>1,275</u>

18. Interest expense

	Group		Group	
	Current	Last year	Current year	Last year
	quarter ended 30/06/2011 RM '000	quarter ended 30/06/2010 RM '000	ended 30/06/2011 RM '000	ended 30/06/2010 RM '000
Deposits and placements of banks and other financial institutions	36,074	11,574	89,191	34,296
Deposits from customers	436,161	208,409	1,225,485	878,756
Borrowings	34,937	4,665	48,440	17,855
Subordinated bonds	40,302	8,389	66,708	35,089
Short term corporate placements	42,979	65,092	235,634	225,145
Others	9,398	(752)	12,902	1,832
	<u>599,851</u>	<u>297,377</u>	<u>1,678,360</u>	<u>1,192,973</u>

	Company		Company	
	Current	Last year	Current year	Last year
	quarter ended 30/06/2011 RM '000	quarter ended 30/06/2010 RM '000	to date 30/06/2011 RM '000	to date 30/06/2010 RM '000
Borrowings	15,309	3,424	29,788	14,564
Others	3	(1,501)	618	3
	<u>15,312</u>	<u>1,923</u>	<u>30,406</u>	<u>14,567</u>

19. Non Interest Income

	Group		Group	
	Current quarter ended 30/06/2011 RM '000	Last year quarter ended 30/06/2010 RM '000	Current year ended 30/06/2011 RM '000	Last year ended 30/06/2010 RM '000
Net income from Insurance Business	73,515	194,995	295,705	261,014
Net brokerage and commissions from Stockbroking Business	23,345	12,437	83,518	51,431
Net unit trust and asset management income	2,905	6,098	22,035	19,478
Fee income:				
Commissions	19,141	17,056	69,601	70,364
Service charges and fees	11,546	4,258	25,516	17,119
Guarantee fees	3,352	1,317	7,739	6,171
Other fee income	74,392	44,351	264,242	191,961
	108,431	66,982	367,098	285,615
Gain/(loss) arising from sale of securities:				
Net gain from financial assets held for trading and derivatives	(11,578)	(9,556)	50,551	29,850
Net gain from sale of financial investments available-for-sale	31,978	6,063	43,150	13,242
Net gain/(loss) from redemption of financial investments held-to-maturity	1,173	7	2,109	1,318
Net gain/(loss) from unwinding of derivatives	8,905	-	8,905	-
	30,478	(3,486)	104,715	44,410
Gross dividend income from:				
Financial assets held for trading	(2,548)	183	7,571	596
Financial investments available-for-sale	11,466	12,503	31,978	17,730
Financial investments held-to-maturity	25,759	999	26,002	7,113
	34,677	13,685	65,551	25,439
Net unrealised gains/(losses) on revaluation of financial assets held for trading and derivatives	30,836	2,852	63,970	(10,130)
Net realised gains/(losses) on fair value changes arising from fair value hedge	1,491	13,100	(30,352)	513
Net unrealised gains/(losses) on fair value changes arising from fair value hedges	(8,686)	(18,031)	27,805	3,472
Other income:				
Foreign exchange gain/(loss)	36,844	49,166	112,231	133,616
Rental income	559	481	1,740	1,149
Gain/(loss) on disposal of property and equipment	869	35,067	477	36,005
Gain/(loss) on liquidation	(132)	3,847	-	1,171
Profit from Takaful investments	-	-	-	1,758
Others	8,516	7,827	652,592	24,786
	46,656	96,388	767,040	198,485
Total non interest income	343,648	385,020	1,767,085	879,727

19. Non Interest Income (continued)

	Company		Company	
	Current quarter ended 30/06/2011 RM '000	Last year quarter ended 30/06/2010 RM '000	Current year ended 30/06/2011 RM '000	Last year ended 30/06/2010 RM '000
Fee income:				
Management fees	1,847	1,759	7,388	7,036
Gain/(loss) arising from sale of securities:				
Net gain from sale of financial asset held for trading and derivatives	(5,585)	(1,849)	(78)	(1,841)
Net gain/(loss) from unwinding of derivatives	8,905	-	8,905	-
Gross dividend income from:				
Financial assets held for trading	3,754	89	7,208	419
Subsidiary companies	-	-	228,491	228,378
Unrealised gain/(loss) on revaluation of financial assets held for trading and derivatives	(5,482)	(1,115)	(10,205)	(2,230)
Other income:				
Gain on disposal of subsidiary company	-	(236,068)	-	(1,188)
Others	(10)	(1,640)	941,030	(983)
Total non interest income	<u>3,429</u>	<u>(238,824)</u>	<u>1,182,739</u>	<u>229,591</u>

20. Overhead expenses

	Group		Group	
	Current quarter ended 30/06/2011 RM '000	Last year quarter ended 30/06/2010 RM '000	Current year ended 30/06/2011 RM '000	Last year ended 30/06/2010 RM '000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	234,356	129,666	645,437	502,435
- Others	1,016	5,335	41,164	46,269
<u>Establishment costs</u>				
- Depreciation of property and equipments	21,288	11,844	65,801	55,303
- Amortisation of intangible assets	8,335	7,771	21,930	18,058
- Rental	15,951	13,297	56,039	52,866
- Information technology expenses	33,969	11,887	80,944	53,995
- Others	20,565	16,442	61,907	54,960
<u>Marketing expenses</u>				
- Advertisement and publicity	17,529	17,304	37,328	67,773
- Handling fees	-	943	-	1,861
- Others	19,688	14,663	69,669	56,497
<u>Administration and general expenses</u>				
- Teletransmission expenses	2,722	3,911	8,482	10,027
- Stationery & printing	5,360	3,661	14,093	11,287
- Others	108,886 #	25,722	233,550	118,806
	<u>489,665</u>	<u>262,446</u>	<u>1,336,344</u>	<u>1,050,137</u>

including merger related cost charge of RM78 million resulted from EON acquisition by HLB

20. Overhead expenses (continued)

	Company		Company	
	Current quarter ended 30/06/2011 RM '000	Last year quarter ended 30/06/2010 RM '000	Current year ended 30/06/2011 RM '000	Last year ended 30/06/2010 RM '000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	3,542	2,242	11,708	9,535
- Others	1,036	(1,246)	3,486	929
<u>Establishment costs</u>				
- Depreciation of property and equipments	193	185	755	756
- Amortisation of intangible assets	21	31	115	123
- Rental	166	160	680	680
- Others	69	(24)	216	219
<u>Administration and general expenses</u>				
- Teletransmission expenses	9	6	33	34
- Stationery & printing	9	9	49	56
- Others	1,195	807	16,101	2,441
	<u>6,240</u>	<u>2,170</u>	<u>33,142</u>	<u>14,773</u>

21. Allowance for losses on loans, advances and financing and other losses

	Group		Group	
	Current quarter ended 30/06/2011 RM '000	Last year quarter ended 30/06/2010 RM '000	Current year ended 30/06/2011 RM '000	Last year ended 30/06/2010 RM '000
Allowance for losses on loans, advances and financing:				
(a) Specific allowance				
- made during the financial year	-	59,853	-	289,510
- written back	-	(51,394)	-	(128,463)
(b) General allowance				
- made during the financial year	-	18,179	-	34,135
(c) Collective assessment allowance				
- made during the financial year	116,736	-	289,794	-
- written back	(98)	-	(98)	-
(d) Individual assessment allowance				
- made during the financial year	(17,564)	-	(10,745)	-
- written back	(589)	-	(589)	-
Allowance for losses on clients' and brokers' balances				
(a) Specific allowance				
- made during the financial year	6	831	-	831
- written back	(6)	(669)	(6)	(417)
(b) General allowance				
- made during the financial year	124	1,885	(9)	1,855
(c) Individual assessment allowance				
- written back	339	-	120	-
Bad debts and financing written off	3,740	3,200	10,576	8,799
Bad debts and financing recovered	(83,848)	(27,565)	(152,522)	(98,283)
	<u>18,840</u>	<u>4,320</u>	<u>136,521</u>	<u>107,967</u>

22. Capital adequacy

BNM guidelines require the Banking subsidiaries to maintain a certain minimum level of capital funds against the "risk-weighted" value of the assets and certain commitments and contingencies. The capital funds of the Banking subsidiaries as at 30 June 2011 and 30 June 2010 met the minimum requirement.

	Hong Leong Bank Group		Hong Leong Bank Berhad		Hong Leong Investment Bank Berhad	
	As at	As at	As at	As at	As at	As at
	30/06/2011	30/06/2010	30/06/2011	30/06/2010	30/06/2011	30/06/2010
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<u>Components of Tier - 1 and Tier - 2 Capital</u>						
Tier -1 capital						
Paid up share capital	1,580,107	1,580,107	1,580,107	1,580,107	265,535	265,535
Share premium	539,664	539,664	539,664	539,664	-	-
Retained profit	3,983,356	3,132,343	3,212,562	2,661,341	25,192	10,644
Other Reserves	1,931,653	1,931,057	1,798,885	1,792,970	28,222	11,044
Non-innovative Tier-1 stapled securities	1,394,665	-	1,394,665	-	-	-
Innovative Tier-1 capital securities	490,273	-	-	-	-	-
Less : Treasury Shares	(671,744)	(687,908)	(671,744)	(687,908)	-	-
Less : Goodwill	(1,360,174)	-	-	-	(30,236)	(30,236)
Less : Deferred Tax	(325,935)	(140,137)	(102,281)	(122,544)	(41,716)	(52,597)
Add : Minority interest	-	-	-	-	-	-
Total tier 1 capital	7,561,865	6,355,126	7,751,858	5,763,630	246,997	204,390
Tier - 2 capital						
General provision	-	577,822	-	511,615	-	1,805
Collective assessment allowance	1,298,856	-	587,106	-	1,574	-
Subordinated obligations	2,833,327	647,500	1,693,352	647,500	-	-
Redeemable preference shares	-	-	-	-	1,631	1,631
Capital cumulative subordinated loan	2,300,000	-	2,300,000	-	-	-
Total tier 2 capital	6,432,183	1,225,322	4,580,458	1,159,115	3,205	3,436
Total eligible tier-2 capital	6,432,183	1,225,322	4,580,458	1,159,115	3,205	3,436
Total capital	13,994,048	7,580,448	12,332,316	6,922,745	250,202	207,826
Less : Investment in associated company	(1,325,707)	(1,172,175)	(946,505)	(946,505)	-	-
Less : Investment in subsidiary companies	-	-	(6,088,873)	(714,092)	(588)	(588)
Less : Investment in jointly controlled company	(75,252)	(76,023)	(76,711)	(76,711)	-	-
Total capital base	12,593,089	6,332,250	5,220,227	5,185,437	249,614	207,238
<u>Before deducting proposed dividends</u>						
Core Capital Ratio	8.43%	15.72% *	11.56% *	13.57% *	38.20%	33.06%
Risk-weighted Capital Ratio	14.05%	15.72% *	11.56% *	13.57% *	38.60%	33.52%
<u>After deducting proposed dividends</u>						
Core Capital Ratio	8.25%	15.30% *	11.19% *	13.13% *	35.70%	33.06%
Risk-weighted Capital Ratio	13.86%	15.30% *	11.19% *	13.13% *	36.10%	33.52%

22. Capital adequacy (continued)

* As stipulated under Bank Negara Malaysia ("BNM") Guidelines, the Bank's Core Capital Ratio is equal to the Risk-weighted Capital Ratio as the deduction from Total Capital is more than Eligible Tier 2 Capital.

a) The capital adequacy ratios of the HLB Group subsidiary companies are as follows:

	Hong Leong Islamic Bank Berhad (1)	EON Bank Berhad (2)	EONCAP Islamic Bank Berhad (3)	MIMB Investment Bank Berhad (4)
As at 30 June 2011				
<u>Before deducting proposed dividends:</u>				
Core capital ratio	16.06%	11.51%	11.18%	62.20%
Risk-weighted capital ratio	<u>17.65%</u>	<u>13.34%</u>	<u>17.59%</u>	<u>62.79%</u>
<u>After deducting proposed dividends:</u>				
Core capital ratio	15.41%	11.51%	11.18%	62.20%
Risk-weighted capital ratio	<u>16.99%</u>	<u>13.34%</u>	<u>17.59%</u>	<u>62.79%</u>
As at 30 June 2010				
<u>Before deducting proposed dividends:</u>				
Core capital ratio	19.74%			
Risk-weighted capital ratio	<u>21.37%</u>			
<u>After deducting proposed dividends:</u>				
Core capital ratio	19.15%			
Risk-weighted capital ratio	<u>20.78%</u>			

- 1 The capital adequacy ratios of Hong Leong Islamic Bank Berhad is computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (CAFIB), which are based on the Basel II capital accord. Hong Leong Islamic Bank Berhad has adopted the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk.
- 2 The capital adequacy ratios of EON Bank Berhad are computed in accordance with BNM's revised Risk-Weighted Capital Adequacy Framework ("RWCAF")–Basel II. EBB has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk computation.
- 3 The capital adequacy ratios of EONCAP Islamic Bank Berhad are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks ("CAFIB"), which is based on the Basel II capital accord. EIBB has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk computation.

The Financing facility granted by the EBB to EIBB qualified for inclusion as part of EIBB's Tier II capital funds for purposes of computation of EIBB's capital adequacy ratios.

- 4 The capital adequacy ratios of MIMB are computed in accordance with BNM's revised RWCAF– Basel II. MIMB has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk computation.

23. Events after Balance Sheet date

There are no materials events subsequent to the end of the financial period ended 30 June 2011 except for the following :

- (a) On 17 June 2011, Hong Leong Bank Berhad ("HLB"), a subsidiary of HLF, announced that the High Court have granted a Vesting Order transferring the entire business including all assets and liabilities of EON Bank Berhad ("EBB") to HLB with effect from 1 July 2011. On 1 July 2011, HLB announced that the whole of the business including all assets and liabilities of EBB have been vested to HLB effective 1 July 2011 ("Vesting").

Following the Vesting, EBB has surrendered its banking licence to Bank Negara Malaysia ("BNM") on 1 July 2011 and has ceased operations.

On 15 July 2011, EBB changed its name to Promino Berhad and subsequently was converted into a private limited company on 18 July 2011 and is now known as Promino Sdn Bhd.

- (b) Pursuant to an internal reorganisation exercise, HLB had, on 1 July 2011, entered into a share sale agreement ("SSA") with HLB Principal Investments (L) Limited ("HLBPI"), a wholly-owned subsidiary of HLB, for the transfer by HLB of its entire equity interest in EBB to HLBPI.

The SSA was completed on 1 July 2011 immediately following the vesting of business from EBB to HLB and the surrender of EBB's banking licence to BNM.

- (c) On 4 August 2011, HLF announced that the Securities Commission had, vide its letter dated 29 July 2011 approved a proposed master debt issuance programme of up to RM1,800 million in nominal value (the "Master Debt Programme").

The Master Debt Programme comprises the following:

- (i) a commercial papers ("CPs") programme of up to RM1,800 million in nominal value (the "CP Programme"); and
- (ii) a medium term notes ("MTNs") programme of up to RM1,800 million in nominal value (the "MTN Programme").

The CP Programme shall have a tenure of seven (7) years from the date of first issuance of the CPs. The MTN Programme shall have a tenure of twenty (20) years from the date of first issuance of the MTNs.

Proceeds raised from the Master Debt Programme will be utilised to repay borrowings, for general investments and/or working capital purposes.

HLB is the Principal Adviser and Lead Arranger of the Master Debt Programme.

24. Changes in composition of the Group

There were no changes in the composition of the Group for the current financial period and up to the date of this report except for the following:

- (a) On 2 July 2010, HLB announced that it had acquired 2 ordinary shares of RM1.00 each fully paid, representing the entire equity interest in Prominic Sdn Bhd ("Prominic"), for a total cash consideration of RM2.00.

Prominic was incorporated on 25 March 2010 in Malaysia. The authorised capital of Prominic is RM100,000 divided into 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up.

The business activity of Prominic is to issue Subordinated Notes under a Stapled Securities structure and to on-lend the proceeds from the issuance to HLB, the issuer of the Capital Securities.

Prominic was converted into a public company on 12 July 2010 and is now known as Prominic Berhad.

- (b) HLA Holdings Sdn Bhd ("HLAH"), which is a wholly-owned subsidiary of HLFPG and Hong Leong Assurance Bhd ("HLA"), which is a wholly-owned subsidiary of HLAH, had on 18 June 2010 entered into various agreements with Mitsui Sumitomo Insurance Company, Limited ("MSIJ") and its subsidiary, MSIG Insurance (Malaysia) Bhd ("MSIM"), in relation to the insurance businesses of HLA and MSIM ("Strategic Partnership").

The Strategic Partnership involved the following:

- (i) Merger of both Non-Life Businesses of HLA and MSIM via a transfer of the Non-Life Business of HLA (except for certain excluded assets and liabilities) to MSIM for a consideration of RM618,646,291 to be satisfied via the issuance of such number of new shares as shall represent 30% of the ordinary issued and paid-up capital of MSIM, in accordance with the terms of the conditional business transfer agreement dated 18 June 2010 ("Non-Life Business Merger"); and
- (ii) Upon completion of the Non-Life Business Merger, HLAH would dispose of 60,000,000 ordinary shares of RM1.00 each (representing a 30% equity interest) in HLA to MSIJ for a cash consideration of RM940 million in accordance with the terms of the conditional sale and purchase agreement dated 18 June 2010 ("Disposal").

The Non-Life Business Merger and Disposal were completed on 1 October 2010, and on even date, the equity interest of HLAH in HLA was reduced from 100% to 70%. At the same time, HLA transferred its 30% stake in MSIM to HLAH whereupon MSIM became an associated company of HLAH.

- (c) On 26 April 2011, HLFPG announced that the liquidator of Allstate Health Benefits Sdn Bhd ("Allstate"), a wholly-owned subsidiary of HLA which is in turn a subsidiary of HLFPG through HLAH, had convened a Final Meeting on 25 April 2011 to conclude the member's voluntary liquidation of Allstate and a Return by the Liquidator Relating to the Final Meeting was lodged on 25 April 2011 with the Companies Commission of Malaysia and the Official Receiver. On the expiration of 3 months after the said lodgement date, Allstate will be dissolved. Hence, Allstate was dissolved on 25 July 2011.
- (d) On 8 March 2011, Hong Leong Capital Berhad ("HLCB"), a subsidiary of HLFPG, announced that its wholly-owned subsidiary, HLG Asset Management Sdn Bhd was placed under member's voluntary winding-up pursuant to Section 254(1) of the Companies Act, 1965. The liquidation is pending completion.
- (e) On 6 May 2011, the acquisition by HLB of the assets and liabilities of EON Capital Berhad for RM5.06 billion was completed and EBB and its subsidiaries including EONCAP Islamic Bank Bhd ("EIBB"), and MIMB Investment Bank Bhd ("MIMB") and its subsidiaries became part of HLB Group.
- (f) On 21 June 2011, Hong Leong Asset Management Berhad ("HLAM"), the subsidiary of HLCB incorporated a wholly-owned subsidiary in Singapore known as HL Asset Management Pte. Ltd. ("HLAMPL") with paid-up capital of SGD2.00. As at 30 June 2011, HLAMPL has not commenced operation and remained dormant.
- (g) On 1 July 2011, following the Vesting as set out in item (a) of Note 23, all of the direct subsidiaries of EBB which including EIBB and MIMB became direct subsidiaries of HLB.
- (h) On 1 July 2011, pursuant to an internal reorganisation exercise as set out in Note 23(b), EBB became a wholly-owned subsidiary of HLBPI, which is in turn a wholly-owned subsidiary of HLB.

25. Commitments and contingencies

- a. In the normal course of business, the Group make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. These commitments and contingencies are not secured against the assets of the Group.

The commitments and contingencies constitute the following:

	Group	
	Principal Amount 30/06/2011 RM'000	Principal Amount 30/06/2010 RM'000
Direct credit substitutes	559,290	175,141
Transaction-related contingent items	1,394,682	257,429
Short-term self liquidating trade-related contingencies	616,404	533,384
Underwriting obligation	92,238	-
Irrevocable commitments to extend credit:		
-maturity more than 1 year	12,488,631	4,947,481
-maturity less than 1 year	17,617,166	16,200,325
Any commitments that are unconditionally cancellable at any time by the bank without prior notice	302,249	267,940
Foreign exchange related contracts	38,485,280	38,854,571
Interest rate related contracts	61,124,760	41,466,597
Equity related contracts	225,221	188,250
Unutilised credit card lines	9,296,768	-
Total	<u>142,202,689</u>	<u>102,891,118</u>

- b. HLAM, a wholly-owned subsidiary company of the stockbroking division, HLCB, is the Manager of Hong Leong Sectoral Funds ("Funds"), which comprises five sector funds. HLCB has provided a guarantee to Universal Trustee (Malaysia) Berhad, the trustee of the Funds, that if any of the five sector funds fall below the minimum fund size of RM1 million, HLCB would invest cash, equivalent to the shortfall, into the relevant fund.

The size of each of the five funds was above the minimum of RM1 million as at 30 June 2011

26. Related party transactions

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

27. Operations of Islamic Banking

(a) Unaudited Balance Sheets as at 30 June 2011

	Group	
	As at 30/06/2011 RM'000	As at 30/06/2010 RM'000
ASSETS		
Cash and short-term funds	3,322,429	2,096,269
Deposits and placements with banks and other financial institutions	222,188	469,178
Financial assets held for trading	1,470,553	2,133,529
Financial investments available-for-sale	1,278,986	569,403
Financial investments held-for-maturity	250,540	461,739
Financing, advances and other financing	5,377,000	4,138,867
Derivative assets	45	-
Other receivables	31,244	26,791
Statutory deposits with Bank Negara Malaysia	200,000	47,000
Property, plant and equipment	3,268	1,977
Deferred tax assets	22,364	17,593
Total Assets	<u>12,178,617</u>	<u>9,962,346</u>
LIABILITIES AND SHAREHOLDERS' FUNDS		
Deposits from customers	9,225,765	7,731,615
Deposits and placements of banks and other financial institutions	1,676,615	865,979
Bills and acceptance payable	41,058	18,774
Derivative liabilities	748	-
Payables and other liabilities	363,316	521,766
Provision for taxation	5,411	5,402
Total Liabilities	<u>11,312,913</u>	<u>9,143,536</u>
Equity	500,000	500,000
Reserves	365,704	318,810
Islamic Banking Funds	<u>865,704</u>	<u>818,810</u>
Total Liabilities and Islamic Banking Funds	<u>12,178,617</u>	<u>9,962,346</u>
Commitments and Contingencies	<u>3,168,468</u>	<u>1,468,416</u>

(b) Unaudited Income Statements for the 4th Quarter Ended 30 June 2011

	Current quarter ended 30/06/2011 RM '000	Last year quarter ended 30/06/2010 RM '000	Current year ended 30/06/2011 RM '000	Last year ended 30/06/2010 RM '000
Group				
Income derived from investment of deposits' funds and others	105,508	90,729	379,498	309,105
Income derived from investment of shareholders' funds	7,344	7,174	38,971	36,464
Allowance for losses on financing	(4,062)	(4,912)	(24,618)	(610)
Profit equalisation reserve	(516)	(3,051)	2,938	(544)
Total distributable income	108,274	89,940	396,789	344,415
Income attributable to deposits	(65,422)	(48,048)	(230,220)	(160,189)
Total net income	42,852	41,892	166,569	184,226
Other operating expenses	(19,483)	(18,668)	(76,510)	(72,803)
Profit before taxation and zakat	23,369	23,224	90,059	111,423
Zakat	(18)	(40)	(66)	(77)
Taxation	(5,842)	(5,073)	(22,515)	(27,158)
Profit after taxation and zakat	17,509	18,111	67,478	84,188
Profit attributable to shareholders	17,509	18,111	67,478	84,188
Earnings per share - basic (sen)	3.50	3.63	13.50	16.84
Earnings per share - fully diluted (sen)	3.50	3.63	13.50	16.84
Profit after taxation and zakat	17,509	18,111	67,478	84,188
Other comprehensive income/(loss):				
Net fair value changes on financial investments available-for-sale	3,348	444	(3,031)	(1,112)
Income tax relating to components of other comprehensive income	(837)	(111)	758	278
Other comprehensive gain/(loss) for the financial period	2,511	333	(2,273)	(834)
Total comprehensive income for the financial period, net of tax	20,020	18,444	65,205	83,354

(c) **Financing, advances and other financing**

(i) **By type**

	Group	
	As at 30/06/2011 RM'000	As at 30/06/2010 RM'000
Cash line	908	3,613
Term financing		
- House financing	2,449,252	4,334,789
- Hire purchase receivables	2,265,297	2,466,921
- Lease receivables	4,436	11,806
- Other term financing	578,815	560,441
Trust receipts	2,509	-
Claims on customers under acceptance credits	96,098	103,135
Staff financing	-	3
Revolving credit	82,162	-
Others	168	467
	<u>5,479,645</u>	<u>7,481,175</u>
Less: Unearned income	-	(3,253,426)
	<u>5,479,645</u>	<u>4,227,749</u>
Less: Allowance for bad and doubtful financing		
- Collective assessment	(100,179)	-
- Individual assessment	(2,466)	-
- General	-	(66,175)
- Specific	-	(22,707)
Total net financing, advances and other financing	<u>5,377,000</u>	<u>4,138,867</u>

(ii) **By contract**

	Group	
	As at 30/06/2011 RM'000	As at 30/06/2010 RM'000
Bai' Bithaman Ajil (deferred payment sale)	3,028,703	1,941,026
Ijarah (lease)	4,436	11,687
Ijarah Muntahia Bittamlik/AITAB (lease ended with ownership)	2,265,296	2,171,901
Murabahah (cost-plus)	181,210	103,135
	<u>5,479,645</u>	<u>4,227,749</u>

Non-performing financing

(a) **Movements in non-performing financing, advances and other financing**

	Group	
	As at 30/06/2011 RM'000	As at 30/06/2010 RM'000
At beginning		
- as previously stated	36,324	46,260
- effect of adopting FRS 139	6,432	-
As restated	<u>42,756</u>	<u>46,260</u>
Non-performing during the period/year	67,436	235,161
Reclassified as performing	(36,888)	(211,205)
Amount written back in respect of recoveries	(21,715)	(24,167)
Amount written off	(11,349)	(9,725)
Closing balance	<u>40,240</u>	<u>36,324</u>
Ratio of gross non-performing financing, advances and other financing to total gross financing, advances and other financing	<u>0.7%</u>	<u>0.9%</u>

(d) Movements in allowance for bad and doubtful financing

	Group	
	As at 30/06/2011 RM'000	As at 30/06/2010 RM'000
Collective assessment allowance		
At beginning		
- as previously stated	-	-
- effect of adopting FRS 139	84,875	-
As restated	84,875	-
Allowance made during the year	44,340	-
Allowance written back in respect of recoveries	(17,259)	-
Amount written off	(10,823)	-
Unwinding income	(954)	-
Closing balance	100,179	-
Individual assessment allowance		
At beginning		
- as previously stated	-	-
- effect of adopting FRS 139	1,294	-
As restated	1,294	-
Allowance made during the year	3,265	-
Allowance written back in respect of recoveries	(1,953)	-
Amount written off	(2)	-
Unwinding income	(138)	-
Closing balance	2,466	-
General allowance		
At beginning		
- as previously stated	66,175	73,486
- effect of adopting FRS 139	(66,175)	-
As restated	-	73,486
Net allowance made/(written back) during the year	-	(7,311)
Closing balance	-	66,175
As % of gross financing, advances and other financing less specific allowance	0.0%	1.6%
Specific allowance		
At beginning		
- as previously stated	22,707	21,027
- effect of adopting FRS 139	(22,707)	-
As restated	-	21,027
Allowance made during the period/year	-	19,831
Amount written back in respect of recoveries	-	(8,426)
Amount written off	-	(9,725)
Closing balance	-	22,707

(e) Deposits from customer

By type of deposit

	Group	
	As at 30/06/2011 RM'000	As at 30/06/2010 RM'000
Non-Mudharabah		
Demand deposits	599,730	453,133
Savings deposits	684,590	631,211
Negotiable instruments of deposit	2,228,456	1,254,754
	3,512,776	2,339,098
Mudharabah		
Saving deposits	723,078	636,172
General investment deposits	2,255,514	2,287,927
Specific investment deposits	2,734,397	2,468,418
	5,712,989	5,392,517
	9,225,765	7,731,615

A) Changes in accounting policies

During the current reporting period, the Group adopted the following significant standards and amendments to standards:

- i) FRS 139 Financial Instruments : Recognition and Measurement
- ii) IC Interpretation 9 Reassessment of Embedded Derivatives
- iii) FRS7 Financial Instruments : Disclosures
- iv) Amendment to FRS 139 "Financial Instruments : Recognition and Measurement", FRS 7 "Financial Instruments : disclosures" and IC Interpretation 9 "Reassessment of Embedded Derivatives"

FRS 139 establishes the principles for recognition, derecognition and measurement of an entity's financial instruments and for hedge accounting. BNM's Revised Guidelines on Financial Reporting for Licensed Institutions ('BNM/GP8') which was effective since 1 January 2005 had addressed a significant portion of the requirements under FRS 139. Therefore, the adoption of FRS 139 on 1 July 2010 has resulted in some additional requirements implemented by the Group as follows:

1) Impairment of Loans, Advances and Financing

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

Under FRS 139, the Group assess at each reporting date whether there is any objective evidence that a loan or a group of loans is impaired. The loan or group of loans is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the loan (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the loan or group of loans that can be reliably estimated.

The Group first assess whether objective evidence of impairment exists individually for loans which are individually significant, and individually or collectively for loans which are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed loan, the loan is included in a group of loans with similar credit risk characteristics and collectively assessed for impairment.

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

In the Amendments to FRS 139 listed above, MASB has included an additional transitional arrangement for entities in the financial sector, whereby BNM may prescribe an alternative basis for collective assessment of impairment by banking institutions. This transitional arrangement is prescribed in BNM's guidelines on Classification and Impairment Provisions for Loans/Financing issued on 26 January 2010, whereby banking institutions are required to maintain collective assessment impairment allowances of at least 1.5% of total outstanding loans/financing, net of individual impairment allowance. Subject to the written approval by BNM, banking institutions are allowed to maintain a lower collective assessment impairment allowance. The collective assessment impairment allowance of the Group as at the reporting date have been arrived at based on this transitional arrangement issued by BNM.

2) Recognition of Interest Income

Prior to 1 July 2010, interest on loans, advances and financing was recognised in the income statement at contracted interest rates. FRS 139 requires interest income to be recognised on an EIR basis. The EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the loan or, when appropriate, a shorter period to the net carrying amount of the loan. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not the future credit losses.

Prior to the adoption of FRS 139, where a loan becomes non-performing, interest accrued and recognised as income prior to the date the loans are classified as non-performing are reversed out of the income statement and set off against the accrued interest receivable account in the balance sheet. Subsequently, the interest earned on the non-performing loans shall be recognised as income on cash basis. Upon adoption of FRS 139, once a loan has been written down due to impairment loss, interest income is recognised based on the interest rate used to discount the future cash flows for the purpose of measuring the impairment loss.

3) Recognition of Embedded Derivatives

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

4) Fair Valuation of Unquoted Equity Securities

Upon adoption of FRS 139, all unquoted equity securities are now required to be excluded from financial investments held-to-maturity and to be fair valued. These securities have been reclassified to financial investments available-for-sale, with changes in fair value recognised directly to AFS reserves.

Under FRS 4, the Group reduces the carrying amount of the insurance receivable balance and recognises an impairment loss in the statement of income and expenditure if there is objective evidence that the insurance receivable is impaired.

B) Prior year adjustments

During the financial year, HLB has adjusted differences in respect of revaluation of foreign currency balances that HLB noted, arising from a previous major enhancement to the general ledger system from a single currency to a multi currency general ledger in FY2009/2010. The said adjusted differences were a credit of RM47,649,939 (2010: debit of RM72,627,499). HLB has also corrected the accounting for certain derivative financial instruments resulting in a credit of RM40,650,000.

The changes in accounting policies described above have resulted in adjustments to opening reserves of the Group are as follows:

	As previously reported RM'000	Group Effects from changes in accounting policies RM'000	Prior year adjustments RM'000	As restated RM'000
As at 1 July 2010				
Statement of financial position				
Cash and short term funds	17,282,508	-	47,650	17,330,158
Payables and other liabilities	3,883,187	-	(54,200)	3,828,987
Provision for taxation	105,306	-	13,550	118,856
Statement of changes in equity				
Retained profit	2,703,870	28,860	58,393	2,791,123
Fair value reserves	17,854	52,304	-	70,158
Non-controlling interest	2,268,279	4,186	29,907	2,302,372

**HONG LEONG FINANCIAL GROUP BERHAD (“HLFG”)
ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES
BERHAD LISTING REQUIREMENTS**

1 Review of performance

Current quarter against preceding year's corresponding quarter

The Group recorded a profit before tax of RM 512.8 million for the current quarter ended 30 June 2011 as compared to RM591.7 million in the preceding year's corresponding quarter, a decrease of RM78.9 million. The lower profit is mainly due to the surplus transfer of RM175 million in June 2010. Normalising this surplus transfer to RM60 million, the Group recorded an increase in profit as compared to the preceding year's corresponding quarter by RM36.1 million.

The Hong Leong Bank Group recorded a higher profit before tax of RM380.5 million for the current quarter ended 30 June 2011 as compared to RM373.3 million in the preceding year's corresponding quarter, an increase of RM7.2 million. The increase is mainly attributed by higher net interest income coupled with higher share of results from our equity stake in Bank of Chengdu Co., Ltd.

The Hong Leong Capital Group recorded a profit before tax of RM7.9 million for the current quarter ended 30 June 2011 as compared to RM3.9 million in the preceding year's corresponding quarter. This is mainly due to higher contributions coming from the investment banking arm.

The HLA Holdings Group recorded a profit before tax of RM108.3 million as compared to RM220.9 million in the preceding year's corresponding quarter. This is mainly due to a surplus transfer of Life reserve of RM66 million in the current period as compared to RM175 million in the preceding year's corresponding quarter.

2 Financial year-to-date against preceding financial year-to-date

The Group recorded a profit before tax of RM2,419.3 million for the financial year ended 30 June 2011 as compared to RM1,450.8 million in the previous corresponding year. The higher profit is mainly due to a surplus transfer from HLA Life division of RM175 million and a RM619 million one-time gain on transfer of HLA General's business to MSIG Malaysia. Backing off a number of one-time gains and one-time surplus transfer from Life, the Group 'normalised' profit before tax is RM1,632.3 million, 25.4% higher than the previous corresponding year's 'normalised' profit of RM1,301.8 million. This came from strong business performance across all divisions of the Group.

The Hong Leong Bank Group recorded a profit before tax of RM1,411.9 million for the year ended 30 June 2011 against RM1,213.4 million in the previous corresponding year, an increase of RM198.5 million. The increase is mainly attributed to higher net interest income and higher share of results from our equity stake in Bank of Chengdu.

The Hong Leong Capital Group recorded a profit before tax of RM50.5 million for the year ending 30 June 2011 as compared to RM20.4 million in the previous corresponding year, an increase of RM30.1 million. This is mainly due to higher contributions from the investment banking arm.

The HLA Holdings Group recorded a profit before tax of RM968.5 million for the year ended 30 June 2011 as compared to RM249.1 million in the previous corresponding year. Backing off one-time gains and a one-time surplus transfer from Life, the Insurance division recorded a 'normalised' profit before tax of RM165.5 million vs 'normalised' profit of RM100.1 million in the preceding financial year. The higher profit is mainly due to the share of profit from our 30% equity stake in MSIG Malaysia.

3 Current quarter against preceding financial quarter

The Group recorded a profit before tax of RM512.8 million for the current quarter ended 30 June 2011 as compared to RM388.9 million in the previous preceding financial quarter. The higher profit is mainly due to a Life surplus transfer of RM66 million during the current quarter as well as higher contribution from the Commercial banking division.

3. Current quarter against preceding financial quarter (Continued)

The Hong Leong Bank Group recorded a profit before tax of RM380.5 million for the current quarter ended 30 June 2011 as compared to RM354.3 million in the preceding financial quarter. The increase is mainly due to higher net interest income as well as higher share of results from our equity stake in Bank of Chengdu Co., Ltd.

The Hong Leong Capital Group recorded a profit before tax of RM7.9 million for the current quarter ended 30 June 2011 as compared to RM14.3 million in the previous preceding financial quarter. The decrease in profit was due lower fee and trading income from the investment banking arm during the financial quarter.

The HLA Holdings Group recorded a profit before tax of RM108.3 million as compared to RM19.9 million in the previous preceding financial quarter. The higher profit is mainly due to a surplus transfer of Life reserve of RM66 million during the current quarter.

4 Prospects for the next financial year

Barring unforeseen circumstances and an economic recession, the Group is expected to perform satisfactorily for the next financial year.

5 Variance of actual profit from forecasted profit

There was no profit forecast or profit guarantee issued by the Group.

6 Taxation

Provision based on profits for the financial period 30 June 2011

	Group		Group	
	Current quarter ended 30/06/2011	Last year quarter ended 30/06/2010	Current year ended 30/06/2011	Last year ended 30/06/2010
	RM '000	RM '000	RM '000	RM '000
Tax expense				
Malaysian – current	(32,138)	(121,881)	(335,863)	(281,649)
Overseas – current	(241)	-	(241)	-
Transfer (from) / to deferred tax	(14,814)	(462)	(9,506)	(2,880)
	<u>(47,193)</u>	<u>(122,343)</u>	<u>(345,610)</u>	<u>(284,529)</u>
Prior year over/(under) provision				
- Malaysian	(61,719)	39,452	(4,241)	40,610
	<u>(108,912)</u>	<u>(82,891)</u>	<u>(349,851)</u>	<u>(243,919)</u>

The effective tax rate for the Group for the financial period is lower than the statutory rate of taxation as certain income was not subjected to tax.

	Company		Company	
	Current quarter ended 30/06/2011	30/06/2010	Current year ended 30/06/2011	30/06/2010
	RM '000	RM '000	RM '000	RM '000
Tax expenses				
Malaysian – current	3,500	2,710	(53,348)	(52,394)
Transfer (from) / to deferred tax	-	-	-	-
	<u>3,500</u>	<u>2,710</u>	<u>(53,348)</u>	<u>(52,394)</u>
Prior year over/(under) provision				
- Malaysian	-	1,990	-	1,990
	<u>3,500</u>	<u>4,700</u>	<u>(53,348)</u>	<u>(50,404)</u>

7 Sale of properties/unquoted investments

There was no sale of properties and / or unquoted investments during the period under review other than that disclosed in Note 23.

8 Purchase / sale of quoted securities of the Group

There was no other purchase or disposal of quoted securities for the period under review other than those purchased or disposed in the ordinary course of business.

9 Status of corporate proposals

There were no corporate proposals announced but not completed at the latest practicable date which was not earlier than 7 days from the issue of this report other than that disclosed in Note 23 and below:

- (a) On 10 May 2011, CIMB Investment Bank Berhad ("CIMB"), on behalf of HLB announced that HLB proposes to increase the size of the renounceable rights issue by RM1,000 million from up to RM1,600 million (as approved by HLB's shareholders at the extraordinary general meeting ("EGM") on 4 October 2010) to up to RM2,600 million ("Proposed Enlarged Rights Issue").

The Proposed Enlarged Rights Issue will allow HLB to raise an aggregate gross proceeds of up to RM2,600 million. The entitlement basis for the Proposed Enlarged Rights Issue and the issue price for the new ordinary shares of RM1.00 each in HLB to be issued under the Proposed Enlarged Rights Issue ("Rights Shares") have not been fixed at this juncture to provide flexibility to the Board of Directors of HLB in respect of the pricing of the Rights Shares and the number of Rights Shares to be issued.

The Proposed Enlarged Rights Issue is to further strengthen the capital base of the HLB group and for working capital purposes. With the stronger capital base, HLB will be in a better position to take advantage of growth and market opportunities to extend its market share and profitability.

The Proposed Enlarged Rights Issue is subject to the following approvals being obtained for the additional RM1,000 million rights issue:

- (i) BNM / Minister of Finance;
- (ii) shareholders of HLB at an EGM to be convened;
- (iii) Bursa Malaysia Securities Berhad for the listing of and quotation for the Rights Shares to be issued;
- (iv) any other relevant authorities and/or parties, where required.

On 28 June 2011, CIMB announced on behalf of HLB that Bursa Malaysia Securities Berhad ("Bursa Malaysia") had, via its letter dated 27 June 2011, granted its approval for the listing of and quotation for such number of Rights Shares to be issued under the Proposed Enlarged Rights Issue on the Main Market of Bursa Malaysia.

In addition, CIMB had announced on behalf of HLB that Bursa Malaysia had, via its letter dated 15 June 2011, granted its approval for the extension of time to complete the Original Rights Issue by 6 months, from 26 May 2011 to 26 November 2011.

On 4 July 2011, CIMB, on behalf of HLB announced that BNM had, through its letter dated 27 June 2011, granted its approval for the Proposed Enlarged Rights Issue.

On 21 July 2011, CIMB, on behalf of HLB announced that the shareholders of HLB had, at the EGM held on 21 July 2011, approved the Proposed Enlarged Rights Issue.

10 Group borrowings

The Group borrowings include:

	As at 30/06/2011 RM '000	As at 30/06/2010 RM '000
Bank loans	1,535,859	522,751
Capital market borrowing	678,381	219,507
Subordinated obligations	2,837,943	650,454
Senior Bonds	910,810	-
Non-innovative Tier 1 stapled securities	1,405,706	-
Innovative Tier 1 capital securities	503,069	-
	<u>7,871,768</u>	<u>1,392,712</u>

Subordinated bonds

On 10 August 2010, HLB had completed the first issuance of RM700 million nominal value of Tier 2 Subordinated Debt ("Sub Debt") out of its RM1.7 billion Tier 2 Subordinated Notes Programme. The RM700 million Sub Debt will mature in 2020 and is callable at the end of year 5 and on each subsequent coupon payment dates thereafter subject to approval of BNM. The Sub Debt which bears interest of 4.85% per annum is payable semi-annually in arrears.

On 5 May 2011, HLB issued the remaining RM1.0 billion nominal value of Sub Debt which will mature in 2021 and is callable at the end of year 5 and on each subsequent coupon payment dates thereafter subject to approval of BNM. The second issuance of Sub Debt bears interest at the rate of 4.35% per annum and is payable semi-annually in arrears.

The Sub Debt constitute unsecured liabilities of HLB, and is subordinated in right of payment to the deposit liabilities and all other liabilities of HLB in accordance with the terms and conditions of the issue and qualify as Tier 2 capital for the purpose of determining the capital adequacy ratio of HLB.

On 3 August 2010, HLB had fully redeemed its US\$200 million Subordinated Callable Bonds Due 2015 ("Bonds"). The Bonds has been delisted from the Official Listing of the Singapore Exchange Securities Trading Limited following the redemption.

On 27 February 2009, EBB, a wholly-owned subsidiary of HLB, has successfully issued the first tranche of RM410.0 million nominal value of the 10 non-callable 5 years Subordinated Medium Term Notes ("MTN") callable on 27 February 2014 (and thereafter) and due on 27 February 2019 under the RM2.0 billion Subordinated MTN Programme. The coupon rate of the Subordinated MTN is 5.75% per annum, which is payable semi-annually in arrears from the date of the issue. Should EBB decide not to exercise its call option on the fifth (5) year from the issue date, the coupon rate will be revised to be equivalent to 7.75% or the then prevailing 5 years RM swap rate plus 3.70% per annum, whichever is higher, from the beginning of the sixth (6) year to the final maturity date.

Subsequently, on 2 December 2009, EBB issued a second tranche of RM250.0 million nominal value of the 10 non-callable 5 years Subordinated MTN callable on 2 December 2014 (and thereafter) and due on 2 December 2019 under the RM2.0 billion Subordinated MTN Programme. The coupon rate of this second tranche of the Subordinated MTN is 5.75% per annum, which is payable semi-annually in arrears from the date of the issue. Should EBB decide not to exercise its call option on the fifth (5) year from the issue date, the coupon rate of this second tranche will be revised to be equivalent to 7.75% or the then prevailing 5 years RM swap rate plus 3.70% per annum, whichever is higher, from the beginning of the sixth (6) year to the final maturity date; similar to the step-up rates in the first tranche.

10 Group borrowings (continued)

Subsequently, on 30 December 2010, EBB issued a third tranche of RM500.0 million nominal value of the 10 non-callable 5 years Subordinated MTN callable on 30 December 2015 (and at each anniversary date thereafter) and due on 30 December 2020 under the RM2.0 billion Subordinated MTN Programme. The coupon rate of this third tranche of the Subordinated MTN is 4.75% per annum, which is payable semi-annually in arrears from the date of the issue. Should EBB decide not to exercise its call option on the fifth (5) year from the issue date, or at each anniversary date thereafter, the coupon rate of this third tranche will remain at 4.75% per annum, from the beginning of the sixth (6) year to the final maturity date.

The above tranches of Subordinated MTNs constitute unsecured liabilities of EBB and are subordinated to all deposit liabilities and all other liabilities except those liabilities, which by their terms, rank equally in rights of payment with the Subordinated MTNs. The Subordinated MTNs qualify as Tier II capital for the purpose of determining the capital adequacy ratio of HLB and EBB.

Senior Bonds

On 17 March 2011, HLB issued USD300 million in aggregate principal amount of Senior Bonds ("the Bonds"), which will mature in 2016. The Bonds bear interest at the rate of 3.75% is payable semi-annually. The Bonds were issued at a price of 99.761 per cent of the principal amount of the Bonds.

Non-innovative Tier 1 stapled securities

On 5 May 2011, HLB had completed its issuance of Non-Innovative Tier 1 Stapled Securities ("NIT-1 Stapled Securities") of RM1.4 billion.

NIT-1 Stapled Securities, which is perpetual in nature and callable at the end of year 5 and on each coupon payment date subject to approval of BNM, pays a semi annual coupon of 5.05% per annum.

Innovative Tier 1 capital securities

On 10 September 2009, EBB issued the first tranche of Innovative Tier 1 Capital Securities ("IT-1 Capital Securities") amounting to RM500 million in nominal value, from its RM1.0 billion IT-1 Capital Securities Programme. The IT-1 Capital Securities is structured in accordance with the Risk-Weighted Capital Adequacy Framework (General Requirements and Capital Components) issued by BNM.

The RM500 million IT-1 Capital Securities has a tenor of 30 years and EBB has the option to redeem the RM500 million IT-1 Capital Securities at the 10th anniversary, subject to BNM approval. The RM500 million IT-1 Capital Securities has a coupon rate of 8.25% per annum, payable semi-annually. In the event the IT-1 Capital Securities is not redeemed at the 10th anniversary (the First Optional Redemption Date), the coupon rate will be revised to 9.25% per annum from the 11th year to the final maturity.

The IT-1 Capital Securities constitute unsecured and subordinated obligations of EBB and are subordinated to all deposit liabilities and all other liabilities except those liabilities which rank equally in, and/or junior to, the rights of payment of the IT-1 Capital Securities. The IT-1 Capital Securities qualify as Tier 1 capital for the purpose of computing the capital adequacy ratio of HLB Group.

11 Off-Balance Sheet financial instruments

Details of financial instruments with off-balance sheet risk as at 30 June 2011

Items	Principal amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
- Forwards			
(i) Less than 1 year	24,044,901	85,600	(158,738)
(ii) 1 year to 3 years	33,242	30	(232)
- Swaps			
(i) Less than 1 year	9,164,513	224,605	(125,018)
(ii) 1 year to 3 years	1,468,298	91,587	(43,347)
(iii) More than 3 years	357,608	25,558	(31,192)
- Options			
(i) Less than 1 year	3,163,564	10,351	(11,317)
(ii) 1 year to 3 years	135,124	2,650	(2,650)
Interest rate related contracts			
- Futures			
(i) Less than 1 year	1,793,098	308	(2,205)
(ii) 1 year to 3 years	2,188,264	102	(786)
(iii) More than 3 years	1,077,916	959	(2,117)
- Swaps			
(i) Less than 1 year	12,000,701	19,512	(31,918)
(ii) 1 year to 3 years	18,266,786	118,023	(99,793)
(iii) More than 3 years	25,916,036	212,468	(164,515)
Equity related contracts			
(i) Less than 1 year	163,946	1,434	(1,434)
(ii) 1 year to 3 years	51,275	-	(67)
(iii) More than 3 years	10,000	3,000	-
Total	99,835,272	796,187	(675,329)

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at the end of the financial year, the amount of contracts which were not hedged and hence, exposed to foreign exchange and interest rate market risk were RM607,463,001 (FYE June 2010: RM569,392,174) and RM50,272,681,745 (FYE June 2010: RM33,587,897,090) respectively.

Credit risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group has a gain position. As at the end of the financial year, the amount of credit risk, measured in terms of the cost to replace the profitable contracts, was RM760,163,989 (FYE June 2010: 1,339,766,178). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Related accounting policies

The accounting policies applied for recognising the financial instruments concerned are the same as those applied for the audited annual financial statements.

12 Material litigation

- (a) The Company was served with a Writ of Summons dated 21 March 2002 filed by Borneo Securities Holdings Sdn Bhd (“BSH”) in relation to the termination of the Sale and Purchase Agreement (“SPA”) dated 31 October 2000 between HLG Securities Sdn Bhd (“HLG Sec”) and BSH for the proposed acquisition of 100% equity interest in Borneo Securities Sdn Bhd (“BS”) for a total purchase consideration of RM88 million comprising RM31 million cash and the balance RM57 million to be satisfied through the issue of new HLG shares to BSH (“Proposed Acquisition”). In conjunction with the Proposed Acquisition, BSH issued a letter to HLF G undertaking to give HLF G a first right of refusal to purchase any or all of the new HLG shares that BSH may, from time to time, wish to sell (“Undertaking”).

In view of the Undertaking, HLF G was deemed interested in the Proposed Acquisition and in compliance with the rules on related party transactions of the Bursa Malaysia Securities Berhad, HLF G had to abstain from voting at the extraordinary general meeting (“EGM”) of HLG convened to consider the Proposed Acquisition. BSH alleged that HLF G ought not to have abstained from voting at the EGM and in so doing, had caused the SPA to be terminated. The Company is of the view that the claim is baseless and had appointed lawyers to defend the suit.

On 18 November 2010, the High Court dismissed BSH's claim against the Company. On 9 December 2010, BSH filed a notice of appeal against the High Court decision. To date, no hearing date has been fixed for the appeal.

Other than the above, there is no pending material litigation.

13 HLF G Dividends

For the financial year ended 30 June 2011, a total dividend of 28 sen per share (6.3 sen less income tax of 25% and 21.7 sen combination of tax exempt & single tier) was declared (30 June 2010 : 17 sen per share less income tax of 25% and 6 sen per share tax exempt).

14 Earnings per share

- (a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit after taxation and minority interest by the weighted average number of ordinary shares in issue during the financial year.

	Group		Group	
	Current quarter ended	Last year quarter ended	Current year ended	Last year ended
Weighted Average Number Of Ordinary Shares	30/06/2011 RM '000	30/06/2010 RM '000	30/06/2011 RM '000	30/06/2010 RM '000
Weighted average number of ordinary shares	1,036,978	1,035,538	1,036,978	1,035,538
Net profit attributable to shareholders of the company	295,064	414,946	1,671,914	860,847
Basic earnings per share (Sen)	28.5	40.1	161.2	83.1

14 Earnings per share (Continued)

	Company		Company	
	Current quarter ended 30/06/2011 RM '000	Last year quarter ended 30/06/2010 RM '000	Current year ended 30/06/2011 RM '000	Last year ended 30/06/2010 RM '000
Weighted Average Number Of Ordinary Shares				
Weighted average number of ordinary shares	1,040,498	1,038,307	1,040,498	1,038,307
Net profit attributable to shareholders of the company	684	(240,362)	1,083,451	149,757
Basic earnings per share (Sen)	0.1	(23.1)	104.1	14.4

(b) Fully diluted earnings per share

Basic earnings per share is calculated by dividing the profit after taxation and minority interest by the weighted average number of ordinary shares (diluted) during the financial year.

	Group		Group	
	Current quarter ended 30/06/2011 RM '000	Last year quarter ended 30/06/2010 RM '000	Current year ended 30/06/2011 RM '000	Last year ended 30/06/2010 RM '000
Fully Diluted Weighted Average Number Of Ordinary Shares				
Weighted average number of ordinary shares				
- during the period	1,036,978	1,035,538	1,036,978	1,035,538
- adjustment for ESOS	3,249	152	3,249	152
Net profit attributable to shareholders of the company	295,064	414,946	1,671,914	860,847
Fully diluted earnings per share (Sen)	28.4	40.1	160.7	83.1

	Company		Company	
	Current quarter ended 30/06/2011 RM '000	Last year quarter ended 30/06/2010 RM '000	Current year ended 30/06/2011 RM '000	Last year ended 30/06/2010 RM '000
Fully Diluted Weighted Average Number Of Ordinary Shares				
Weighted average number of ordinary shares				
- during the period	1,040,498	1,038,307	1,040,498	1,038,307
- adjustment for ESOS	3,249	152	3,249	152
Net profit attributable to shareholders of the company	684	(240,362)	1,083,451	149,757
Fully diluted earnings per share (Sen)	0.1	(23.1)	103.8	14.4

15 Realised and unrealised profit

On 25 March 2010, Bursa Malaysia issued a directive that requires all listed issuer to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period into realised and unrealised profits or losses.

The breakdown of realised and unrealised profit is derived based on the Guidance on Special Note No.1 *Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirement*, issued by the Malaysian Institute of Accountants on 20 December 2010.

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

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

	Group As at 30/06/2011 RM '000
Total retained profits of the Group and its subsidiaries	
- Realised	4,767,949
- Unrealised	1,051,802
Total share of retained profits from associated companies	
- Realised	474,627
- Unrealised	-
Total share of retained profits from jointly controlled entity	
- Realised	(1,459)
- Unrealised	-
	<hr/> 6,292,919
Less : Consolidated adjustment	(1,383,216)
Total Group retained profits as per consolidated accounts	<hr/> <hr/> 4,909,703

Dated this 26 August 2011