

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION AS AT 31 MARCH 2013

	31/03/2013	30/06/2012	01/07/2011
	Unaudited	(Restated)	(Restated)
	RM '000	RM '000	RM '000
THE GROUP			
Assets			
Cash and short term funds	20,671,214	21,582,839	32,424,991
Deposits and placements with financial institutions	3,449,598	4,534,620	5,213,395
Securities purchased under resale agreements	1,023,593	590,521	159,770
Financial assets held-for-trading	17,913,351	23,340,140	7,147,980
Financial investments available-for-sale	21,515,338	15,350,975	10,702,056
Financial investments held-to-maturity	4,421,228	4,365,441	8,031,488
Derivative financial assets	710,617	980,880	798,164
Loans, advances and financing	93,487,916	89,503,574	82,494,902
Clients' and brokers' balances	203,968	269,260	236,386
Other receivables	1,545,945	661,131	1,157,553
Statutory deposits with Bank Negara Malaysia	3,447,486	3,350,987	2,220,366
Tax recoverable	14,389	18,330	9,752
Investment in associated companies	2,392,392	2,209,079	1,964,951
Investment in jointly controlled entity	78,677	76,871	75,252
Property and equipment	1,040,241	1,037,885	1,010,913
Goodwill arising on consolidation	2,410,644	2,410,644	2,410,644
Intangible assets	388,955	454,058	382,986
Total Assets	174,715,552	170,737,235	156,441,549
Liabilities			
Deposits from customers	123,468,055	123,216,802	114,748,978
Deposits and placements of banks and other financial institutions	8,926,688	10,879,507	11,445,660
Obligations on securities sold under repurchase agreements	1,070,985	633,797	-
Bills and acceptances payable	478,815	486,091	683,996
Derivatives financial liabilities	780,504	1,137,906	682,098
Clients' and brokers' balances	706,070	590,071	591,595
Payables and other liabilities	4,902,291	3,864,178	3,854,889
Provision for claims	83,762	96,818	63,763
Provision for taxation	328,184	228,967	77,351
Deferred tax liability	291,872	242,212	86,021
Bank loans	405,180	633,383	1,535,859
Subordinated bonds	4,885,749	4,369,385	2,885,028
Senior Bonds	1,860,138	1,907,793	910,810
Non-innovative Tier 1 stapled securities	1,426,282	1,407,283	1,405,706
Innovative Tier 1 capital securities	549,852	574,581	595,720
Capital market borrowing	3,026,827	1,110,955	678,381
Insurance funds	6,882,199	6,068,085	5,344,000
Total Liabilities	160,073,453	157,447,814	145,589,855
Equity			
Share capital	1,052,768	1,052,768	1,052,768
Capital reserves	1,824,852	1,743,186	1,490,500
Retained profits	6,872,999	5,990,166	5,256,856
Fair value reserves	213,116	179,898	148,327
Treasury shares held for ESOS scheme	(65,422)	(62,705)	(72,517)
Total shareholders' equity	9,898,313	8,903,314	7,875,934
Non-controlling interest	4,743,786	4,386,107	2,975,760
Total Equity	14,642,099	13,289,421	10,851,694
Total Liabilities and Equity	174,715,552	170,737,235	156,441,549
Commitment and Contingencies	157,523,611	153,874,343	142,202,689
Net assets per share (net of treasury shares) attributable to ordinary equity holder of the parent (RM)	9.52	8.56	7.60

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 31/03/2013 RM '000	Last year quarter ended 31/03/2012 (Restated) RM '000	Current year to date 31/03/2013 RM '000	Last year to date 31/03/2012 (Restated) RM '000
THE GROUP				
Interest income	1,431,657	1,419,035	4,248,362	4,158,890
Interest expense	(802,047)	(778,929)	(2,392,107)	(2,201,894)
Net interest income	629,610	640,106	1,856,255	1,956,996
Income from Islamic banking business	116,708	122,495	347,612	332,688
Non interest income	337,136	377,055	1,120,946	830,664
Net income	1,083,454	1,139,656	3,324,813	3,120,348
Overhead expenses	(501,790)	(497,717)	(1,487,019)	(1,598,145)
Operating profit before allowances (Allowances for)/writeback of impairment on loans, advances and financing and other losses	581,664	641,939	1,837,794	1,522,203
Writeback of impairment losses	(41,165)	140,232	(13,226)	102,675
	36	1,985	4,895	12,296
	540,535	784,156	1,829,463	1,637,174
Share of results of associated companies	77,106	72,737	233,350	194,731
Share of results of jointly controlled entity	895	670	1,806	801
Profit before taxation and zakat	618,536	857,563	2,064,619	1,832,706
Taxation	(139,684)	(186,383)	(453,436)	(412,134)
Zakat	(50)	(15)	(150)	(56)
Net profit for the financial period	478,802	671,165	1,611,033	1,420,516
Attributable to :				
Owners of the parents	320,036	513,266	1,098,129	977,963
Non-controlling interest	158,766	157,899	512,904	442,553
Net profit for the financial period	478,802	671,165	1,611,033	1,420,516
Basic earnings per ordinary share (sen)	30.8	49.5	105.6	94.3
Diluted earnings per ordinary share (sen)	30.7	49.3	105.3	93.9

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 31/03/2013	Last year quarter ended 31/03/2012 (Restated)	Current year to date 31/03/2013	Last year to date 31/03/2012 (Restated)
	RM '000	RM '000	RM '000	RM '000
THE GROUP				
Net profit for the financial period	478,802	671,165	1,611,033	1,420,516
Other comprehensive income:				
Share of other comprehensive loss of associate company and jointly controlled entity	-	-	(22)	(24)
Net fair value changes on financial investments available-for-sale	(53,787)	28,439	54,568	106,705
Currency translation differences	4,222	(27,264)	(7,286)	(22,360)
Income tax relating to components of other comprehensive expenses/(income)	10,757	(5,688)	(10,914)	(21,341)
Total comprehensive income for the financial period, net of tax	439,994	666,652	1,647,380	1,483,496
Attributable to :				
Owners of the parents	278,310	505,200	1,124,986	1,027,801
Non-controlling interest	161,684	161,452	522,394	455,695
	439,994	666,652	1,647,380	1,483,496

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED COMPANY STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2013

	31/03/2013	30/06/2012	01/07/2011
	Unaudited	(Restated)	(Restated)
THE COMPANY	RM '000	RM '000	RM '000
<u>Assets</u>			
Cash and short term funds	18,258	40,900	114,679
Financial assets held-for-trading	135,893	-	37,814
Derivative financial assets	2,404	196	2,342
Other receivables	92,825	62,851	2,360,033
Tax recoverable	13,243	16,113	8,475
Investment in subsidiaries	15,138,848	15,240,532	13,537,942
Property and equipment	963	1,092	1,577
Intangible assets	9	15	12
Total Assets	15,402,443	15,361,699	16,062,874
<u>Liabilities</u>			
Derivative financial liabilities	13,787	17,545	8,454
Payables and other liabilities	12,925	12,869	5,985
Bank loans	405,180	468,332	1,515,784
Capital market borrowing	1,026,827	1,110,955	678,381
Total Liabilities	1,458,719	1,609,701	2,208,604
<u>Financed by:</u>			
Share capital	1,052,768	1,052,768	1,052,768
Capital reserves	384,298	384,298	385,777
Retained profits	12,557,419	12,362,017	12,471,511
Treasury shares held for ESOS scheme	(50,761)	(47,085)	(55,786)
Total Equity	13,943,724	13,751,998	13,854,270
Total Liabilities and Equity	15,402,443	15,361,699	16,062,874
Commitment and Contingencies	1,105,090	1,165,672	921,000

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED COMPANY STATEMENTS OF INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

	Individual Quarter		Cumulative Quarter	
	Current	Last year	Current year	Last year
	quarter ended	quarter ended	to date	to date
THE COMPANY	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	RM '000	RM '000	RM '000	RM '000
Interest income	1,001	1,041	2,718	31,210
Interest expense	(13,777)	(15,790)	(43,622)	(54,223)
Net interest expense	(12,776)	(14,749)	(40,904)	(23,013)
Non interest income	174,385	157,999	507,765	295,367
Net income	161,609	143,250	466,861	272,354
Overhead expenses	(5,142)	(13,674)	(17,090)	(23,686)
Writeback of impairment losses	1,056	-	1,056	-
Profit before taxation and zakat	157,523	129,576	450,827	248,668
Taxation	(42,654)	(31,845)	(119,870)	(74,742)
Net profit for the financial period	114,869	97,731	330,957	173,926
Basic earnings per ordinary share (sen)	11.0	9.4	31.7	16.7
Diluted earnings per ordinary share (sen)	11.0	9.4	31.7	16.6

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

	Individual Quarter		Cumulative Quarter	
	Current	Last year	Current year	Last year
	quarter ended	quarter ended	to date	to date
THE COMPANY	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	RM '000	RM '000	RM '000	RM '000
Net profit for the financial period	114,869	97,731	330,957	173,926
Other comprehensive income for the financial period	-	-	-	-
Total comprehensive income for the financial period	114,869	97,731	330,957	173,926

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

	Share Capital RM '000	Share Premium RM '000	Treasury Shares 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	Total Shareholders' Equity RM '000	Non- Controlling Interests RM '000	Total Equity RM '000
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013													
At 1 July 2012													
- as previously reported	1,052,768	117,229	(62,705)	1,473,456	133,993	35,445	97,530	6,045	(22,982)	5,562,666	8,393,445	4,153,189	12,546,634
- prior year adjustments (Note 27)	-	-	-	-	-	-	82,368	-	-	427,500	509,868	232,918	742,786
As restated	1,052,768	117,229	(62,705)	1,473,456	133,993	35,445	179,898	6,045	(22,982)	5,990,166	8,903,314	4,386,107	13,289,421
<u>Comprehensive income</u>													
Net profit for the financial period	-	-	-	-	-	-	-	-	-	1,098,129	1,098,129	512,904	1,611,033
Currency translation differences	-	-	-	-	-	-	-	-	(6,361)	-	(6,361)	(925)	(7,286)
Share of other comprehensive income of associates	-	-	-	-	-	-	(15)	-	-	-	(15)	(7)	(22)
Net fair value changes in financial investments available-for-sale, net of tax	-	-	-	-	-	-	33,233	-	-	-	33,233	10,422	43,655
Total comprehensive income/(expense)	-	-	-	-	-	-	33,218	-	(6,361)	1,098,129	1,124,986	522,394	1,647,380
<u>Transaction with owners</u>													
Transfer to statutory reserves/regulatory reserves	-	-	-	83,054	-	-	-	2,462	-	(85,516)	-	-	-
Allocation of other reserves to non-controlling interests	-	-	-	-	-	-	-	-	-	(2,774)	(2,774)	33,515	30,741
Acquisition of additional interest in subsidiary company	-	-	-	-	-	-	-	-	-	499	499	(9,975)	(9,476)
Dividend paid	-	-	-	-	-	-	-	-	-	(135,555)	(135,555)	(188,696)	(324,251)
Exercise of ESOS	-	-	959	-	-	(4,088)	-	-	-	5,517	2,388	-	2,388
Purchase of treasury shares	-	-	(3,676)	-	-	-	-	-	-	-	(3,676)	-	(3,676)
Option charge arising from ESOS	-	-	-	-	-	6,510	-	-	-	-	6,510	-	6,510
Restatement of deferred tax asset	-	-	-	-	-	-	-	-	-	2,622	2,622	441	3,063
Transfer to capital redemption reserve	-	-	-	-	89	-	-	-	-	(89)	-	-	-
AT 31 MARCH 2013	1,052,768	117,229	(65,422)	1,556,510	134,082	37,867	213,116	8,507	(29,343)	6,872,999	9,898,313	4,743,786	14,642,099
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012													
At 1 July 2011													
- as previously reported	1,052,768	117,229	(72,517)	1,241,179	133,258	34,965	88,880	726	(36,857)	4,911,368	7,470,999	2,791,539	10,262,538
- prior year adjustments (Note 27)	-	-	-	-	-	-	59,447	-	-	345,488	404,935	184,221	589,156
As restated	1,052,768	117,229	(72,517)	1,241,179	133,258	34,965	148,327	726	(36,857)	5,256,856	7,875,934	2,975,760	10,851,694
<u>Comprehensive income</u>													
Net profit for the financial period	-	-	-	-	-	-	-	-	-	977,963	977,963	442,553	1,420,516
Currency translation differences	-	-	-	-	-	-	-	-	(17,029)	-	(17,029)	(5,331)	(22,360)
Share of other comprehensive income of associates	-	-	-	-	-	-	(24)	-	-	-	(24)	-	(24)
Net fair value changes in financial investments available-for-sale, net of tax	-	-	-	-	-	-	66,891	-	-	-	66,891	18,473	85,364
Total comprehensive income	-	-	-	-	-	-	66,867	-	(17,029)	977,963	1,027,801	455,695	1,483,496
<u>Transaction with owners</u>													
Allocation of other reserves to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	826,394	826,394
Transfer to statutory reserves/regulatory reserves	-	-	-	125,296	-	-	-	5,143	-	(125,296)	5,143	-	5,143
Dividend paid	-	-	-	-	-	-	-	-	-	(104,049)	(104,049)	(115,541)	(219,590)
Option charge arising from ESOS	-	-	-	-	-	4,659	-	-	-	-	4,659	-	4,659
Exercise of ESOS	-	-	-	-	-	(1,921)	-	-	-	3,066	1,145	-	1,145
Purchase of treasury shares	-	-	(6,060)	-	-	-	-	-	-	-	(6,060)	-	(6,060)
AT 31 MARCH 2012	1,052,768	117,229	(78,577)	1,366,475	133,258	37,703	215,193	5,869	(53,886)	6,008,540	8,804,573	4,142,308	12,946,881

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 PERIOD ENDED 31 MARCH 2013**

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013	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
At 1 July 2012							
- as previously reported	1,052,768	117,229	254,991	12,078	1,217,425	(47,085)	2,607,406
- prior year adjustments (Note 27)	-	-	-	-	11,144,592	-	11,144,592
As restated	1,052,768	117,229	254,991	12,078	12,362,017	(47,085)	13,751,998
Net profit for the financial period	-	-	-	-	330,957	-	330,957
Dividend paid	-	-	-	-	(135,555)	-	(135,555)
Purchase of treasury shares	-	-	-	-	-	(3,676)	(3,676)
AT 31 MARCH 2013	1,052,768	117,229	254,991	12,078	12,557,419	(50,761)	13,943,724

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012	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
At 1 July 2011							
- as previously reported	1,052,768	117,229	254,991	13,557	1,326,919	(55,786)	2,709,678
- prior year adjustments (Note 27)	-	-	-	-	11,144,592	-	11,144,592
As restated	1,052,768	117,229	254,991	13,557	12,471,511	(55,786)	13,854,270
Net profit for the financial period	-	-	-	-	173,926	-	173,926
Dividend paid	-	-	-	-	(104,049)	-	(104,049)
Purchase of treasury shares	-	-	-	-	-	(6,060)	(6,060)
AT 31 MARCH 2012	1,052,768	117,229	254,991	13,557	12,541,388	(61,846)	13,918,087

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
**UNAUDITED CONDENSED STATEMENTS OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013**

	The Group		The Company	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	RM '000	RM '000	RM '000	RM '000
		(Restated)		(Restated)
Profit before taxation and zakat	2,064,619	1,832,706	450,827	248,668
Adjustment for non-cash items and others	(184,281)	(126,489)	(450,019)	(273,690)
Operating profit before working capital changes	1,880,338	1,706,217	808	(25,022)
Income tax (paid)/refund	(269,487)	(230,688)	3,113	4,975
Interest received	2,718	31,210	2,718	31,210
Changes in working capital				
Net changes in operating assets	2,041,668	(20,279,766)	(162,040)	24,440
Net changes in operating liabilities	(375,403)	11,360,893	(3,698)	3,660
Net cash flow generated from/(used in) operating activities	3,279,834	(7,412,134)	(159,099)	39,263
Net cash flow from investing activities:				
Net purchases of financial investments available-for-sale	(6,009,080)	(4,398,838)	-	-
Net (purchases)/proceeds of financial investments held-to-maturity	(47,352)	2,665,585	-	-
Interest received on financial investments available-for-sale and held-to-maturity	325,522	568,201	-	-
Purchase on intangibles assets	(12,319)	(39,483)	(1)	(7)
Purchase of property and equipment	(95,319)	(184,609)	(141)	(74)
Proceeds from sale of property and equipment	1,810	9,520	-	-
Dividends received from other investments	74,168	23,376	535	1,453
Dividends received from subsidiaries	-	-	360,338	223,067
Repayment of bridging loan from subsidiary	-	-	-	2,300,000
Acquisition of additional interest in subsidiary company	(9,477)	-	(9,477)	(1,659,818)
Dividend from associated company	51,344	2,379	-	-
Proceeds/(subscription) of redeemable preference shares	-	-	112,217	(160,895)
Net cash flow (used in)/generated from investing activities	(5,720,703)	(1,353,869)	463,471	703,726
Net cash flow from financing activities:				
Dividends paid by the Company to shareholders	(135,555)	(104,049)	(135,555)	(104,049)
Dividends paid by the Company to non-controlling interests	(188,696)	(115,541)	-	-
Purchase of treasury shares	(3,676)	(6,060)	(3,676)	(6,060)
Proceeds from exercising of ESOS	8,897	1,146	-	-
(Repayment)/drawdown of revolving credit	(165,000)	30,000	-	30,000
Issuance/(redemption) of medium term notes and commercial paper	1,910,000	420,000	(90,000)	420,000
Proceeds from subordinated obligations	500,000	-	-	-
Repayment of term loans	(60,000)	(1,050,000)	(60,000)	(1,050,000)
Interest paid on subordinated obligations	(118,106)	(111,680)	-	-
Interest paid on borrowings	(168,814)	(145,319)	(37,784)	(48,601)
Issuance of rights issue by subsidiary company	-	916,325	-	-
Net cash flow generated from/(used in) financing activities	1,579,050	(165,178)	(327,014)	(758,710)
Changes in cash and cash equivalents	(861,819)	(8,931,181)	(22,642)	(15,721)
Effect of change in foreign exchange rate	(49,806)	(48,487)	-	-
Cash and cash equivalents as at 1 July	21,582,839	32,424,991	40,900	114,679
Cash and cash equivalents as at 31 March	20,671,214	23,445,323	18,258	98,958

**HONG LEONG FINANCIAL GROUP BERHAD (“HLFG” or “the Company”)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013**

1. Basis of preparation

The unaudited condensed financial statements for the financial period ended 31 March 2013 have been prepared under the historical cost convention, except for the following assets and liabilities which are stated at fair values: financial assets held-for-trading, financial investments available-for-sale and derivative financial instruments.

The unaudited condensed financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board (“MASB”) and paragraph 9.22 of the Bursa Malaysia Securities Berhad's Listing Requirements and should be read in conjunction with the audited annual financial statements for the Group and the Company for the financial year ended 30 June 2012. The explanatory notes attached to the unaudited condensed financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Company since the year ended 30 June 2012.

The unaudited condensed financial statements incorporated those activities relating to Islamic banking business which have been undertaken by the Group. Islamic banking business refers generally to the acceptance of deposits and granting of financing under the principles of Shariah.

Since the previous annual audited financial statements as at 30 June 2012 were issued, the Group has adopted the Malaysian Financial Reporting Standards (“MFRS”) framework issued by the MASB with effect from 1 July 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysian existing Financial Reporting Standards (“FRS”) framework with the International Financial Reporting Standard (“IFRS”) framework issued by the International Accounting Standards Board. Whilst all FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the MFRS framework, there are some differences in relation to the transitional provisions and effective dates contained in certain of the FRSs.

The significant accounting policies and methods of computation applied in the unaudited condensed financial statements are consistent with those adopted in the annual audited financial statements for the financial year ended 30 June 2012, except for the adoption of the following relevant accounting standards, amendments to published accounting standards and interpretations to existing accounting standards which are effective from 1 July 2012:

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

The change in accounting policies above have been accounted for retrospectively by re-measuring the relevant financial assets, as appropriate, and recording any adjustments to the previous carrying amounts to the Group's and the Company opening retained profits. As such, comparatives have been restated to conform with current year's presentation. The financial effects of convergence to the MFRS framework and any consequential changes in accounting policies as a result of the convergence are discussed in Note 27.

2. Status of matters giving rise to the auditor’s qualified report in the annual financial statement for the financial year ended 30 June 2012

There was no qualified report issued by the auditors in the annual financial statements for the financial year ended 30 June 2012.

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 31 March 2013 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 MFRS 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 Statement of Financial Position.

The Company has granted the following conditional incentive share options to eligible executives of the Company pursuant to the ESOS of HLFG:

- (i) 12,500,000 share options at an exercise price of RM5.92; and
- (ii) 6,000,000 share options at an exercise price of RM11.77

subject to the achievement of certain performance criteria over an option performance period. The said share options, if vested, will be satisfied by the transfer of existing shares purchased by a trust establish for the ESOS.

During the financial period ended 31 March 2013, the Company purchased 310,000 units of shares for RM3,675,821.

The remaining number of shares held by the appointed trustee for the Company as at 31 March 2013 was 10,032,408 units at an average price of RM5.06 per share and the total consideration paid, including transaction costs was RM50,761,000.

As at 31 March 2013, the insurance subsidiary company held a total of 3,084,692 units of the Company's shares at an average price of RM4.75 per share with total consideration paid, including transaction costs of RM14,660,000 which have been classified as treasury shares held for ESOS at the Group level.

Issuance and repayment of of debts

The issuance and repayment of debts of HLFG Group are as of that disclosed in Note 9 of the additional information required by the Bursa Malaysia security.

7. Dividends paid

A single-tier interim dividend of 13.0 sen per share amounting to RM135.6 million was paid on 20 December 2012.

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

8. Segmental reporting (continued)

GROUP	Commercial	Investment				
31 MARCH 2013	Banking	Banking	Insurance	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue for the period ended						
External sales	3,020,370	138,809	127,276	38,358	-	3,324,813
Intersegment sales	11,444	3,084	2,413	493,273	(510,214)	-
	<u>3,031,814</u>	<u>141,893</u>	<u>129,689</u>	<u>531,631</u>	<u>(510,214)</u>	<u>3,324,813</u>
Results for the period ended						
Segment results	1,671,305	44,015	85,191	515,230	(486,278)	1,829,463
Share of results of associated companies						233,350
Share of results of jointly controlled entity						1,806
Profit before taxation and zakat						<u>2,064,619</u>
Taxation and zakat						(453,586)
Net profit for the financial period						<u>1,611,033</u>
Non-controlling interest						(512,904)
Profit attributable to owners of the parents						<u><u>1,098,129</u></u>
Other information						
Segment assets	157,764,793	3,671,006	12,980,287	15,749,283	(15,449,817)	<u><u>174,715,552</u></u>
Segment liabilities	145,129,574	3,245,888	10,849,231	1,632,702	(783,942)	<u><u>160,073,453</u></u>

8. Segmental reporting (continued)

GROUP	Commercial	Investment				
31 MARCH 2012	Banking	Banking	Insurance	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue for the period ended (Restated)						
External sales	2,896,783	114,378	155,648	(46,461)	-	3,120,348
Intersegment sales	7,663	1,018	2,779	305,333	(316,793)	-
	<u>2,904,446</u>	<u>115,396</u>	<u>158,427</u>	<u>258,872</u>	<u>(316,793)</u>	<u>3,120,348</u>
Results for the period ended (Restated)						
Segment results	1,576,262	18,358	95,811	247,119	(300,376)	1,637,174
Share of results of associated company						194,731
Share of results of jointly controlled entity						801
Profit before taxation and zakat						<u>1,832,706</u>
Taxation and zakat						<u>(412,190)</u>
Net profit for the financial period						<u>1,420,516</u>
Non-controlling interest						<u>(442,553)</u>
Profit attributable to owners of the parents						<u>977,963</u>
Other information						
Segment assets	156,356,441	3,807,316	9,003,664	4,895,877	(4,324,591)	<u>169,738,707</u>
Segment liabilities	145,709,768	3,174,481	7,528,939	2,010,510	(823,490)	<u>157,600,208</u>

9. Financial assets held-for-trading

	Group	
	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000 (Restated)
<u>At Fair Value</u>		
Government Treasury Bills	190,063	253,388
Malaysian Government Securities	407,526	240,511
Negotiable instruments of deposit	4,419,735	3,445,966
Bankers' acceptances and Islamic accepted bills	4,719,310	4,204,306
Bank Negara Malaysia bills	5,107,557	11,244,208
Malaysian Government Investment Certificates	401,316	2,177,642
Cagamas bonds	86,577	72,214
	15,332,084	21,638,235
Quoted securities:		
Shares quoted in Malaysia	430,673	363,853
Shares quoted outside Malaysia	251,831	306,697
Unit trust investments	176,113	26,029
Loan stocks in Malaysia	-	500
Warrants quoted in Malaysia	452	486
Unquoted securities :		
Foreign currency bonds	647,983	390,858
Private and Islamic debts securities	1,074,215	613,482
Total financial assets held-for-trading	17,913,351	23,340,140

On 1 July 2012, the Group designated a previously held financial investments available-for-sale to financial assets held-for-trading, as allowed under MFRS 1. The fair value amount of the financial investments at the date of designation is RM273,253,000.

	Company	
	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000
<u>At Fair Value</u>		
Unit Trust	135,893	-

10. Financial investments available-for-sale

	Group	
	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000 (Restated)
<u>At Fair Value</u>		
Government Treasury Bills	349,316	375,160
Malaysian Government Securities	355,821	415,728
Malaysian Government Investment Certificates	3,843,681	1,369,664
Negotiable instruments of deposit	99,017	11,826
Cagamas bonds	636,495	633,775
Other Government securities	621,886	196,949
	5,906,216	3,003,102
Quoted securities:		
Shares quoted in Malaysia	725,586	639,447
Shares quoted outside Malaysia	231,221	267,677
Warrants quoted in Malaysia	151	122
Loan stocks quoted in Malaysia	9,713	6,420
Unit trust investments	2,892,835	217,574
Wholesale fund	1,499,900	999,800

10. Financial investments available-for-sale (continued)

	Group	
	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000 (Restated)
Unquoted securities :		
Shares in Malaysia	312,569	312,108
Shares outside Malaysia	3,378	3,469
Foreign currency bonds in Malaysia	2,649,744	2,228,512
Foreign currency bonds outside Malaysia	985,599	1,511,176
Investment Linked funds	4,988	4,867
Private debt securities	6,293,438	6,156,701
Total financial investments available-for-sale	<u>21,515,338</u>	<u>15,350,975</u>

On 1 July 2012, the Group designated a previously held financial investments available-for-sale to financial assets held-for-trading, as allowed under MFRS 1. The fair value amount of the financial investments at the date of designation is RM273,253,000.

The Group also designated a previously held financial investments held-to-maturity to financial investments available-for-sale, as allowed under MFRS 1. The fair value and the carrying amount of the financial investments at the date of designation is RM230,473,000 and RM222,525,000 respectively for the Group.

11. Financial investments held-to-maturity

	Group	
	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000
<u>At Amortised Cost</u>		
Malaysian Government Securities	1,078,899	1,867,919
Malaysian Government Investment Certificates	1,940,137	1,091,531
Negotiable instruments of deposit	507,712	20,593
Cagamas bonds	87,288	258,341
Other Government securities	17,275	151,958
	<u>3,631,311</u>	<u>3,390,342</u>
Unquoted securities :		
Loan stocks	122	306
Private and Islamic debt securities	735,809	875,567
Unquoted bonds	486	47,226
Investment in preference shares	53,500	52,000
Total financial investments held-to-maturity	<u>4,421,228</u>	<u>4,365,441</u>

The Group designated a previously held financial investments held-to-maturity to financial investments available-for-sale, as allowed under MFRS 1. The fair value and the carrying amount of the financial investments at the date of designation is RM230,473,000 and RM222,525,000 respectively for the Group.

12. Loans, advances and financing

	Group	
	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000 (Restated)
Overdrafts	4,197,729	4,073,003
Term loans :		
- Housing loans/financing	39,963,202	37,066,670
- Syndicated term loan/financing	6,039,185	5,468,161
- Hire purchase receivables	17,541,082	17,373,330
- Lease receivables	104,279	106,391
- Other term loans/financing	9,549,775	10,114,562
Credit/charge card receivables	4,062,513	4,233,382
Bills receivables	934,952	651,240
Trust receipts	320,023	342,745
Claims on customers under acceptance credits	6,949,170	7,251,829
Block discounting	6,420	6,582
Revolving credits	4,603,172	3,770,367
Policy and premium loans	675,757	683,482
Staff loans	208,357	244,089
Other loans/financing	193,725	118,005
	95,349,341	91,503,838
Fair value changes arising from fair value hedges	(6,587)	23,852
Unamortised fair value changes arising from terminated fair value hedges	20,836	21,570
Less: Allowance for impaired loans, advances and financing		
- collective assessment allowance	(1,426,454)	(1,502,452)
- individual assessment allowance	(449,220)	(543,234)
Total net loans, advances and financing	93,487,916	89,503,574

(a) By type of customer

	Group	
	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000
Domestic non-bank financial institutions	279,655	528,174
Domestic business enterprises		
- Small and medium enterprises	13,672,174	12,068,244
- Others	19,016,954	19,938,097
Government and statutory bodies	19,601	26,256
Individuals	58,527,490	56,250,945
Other domestic entities	101,553	29,549
Foreign entities	3,731,914	2,662,573
Gross loans, advances and financing	95,349,341	91,503,838

(b) By interest/profit rate sensitivity

	Group	
	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000
Fixed rate		
- Housing and shop loans/financing	3,159,864	2,997,728
- Hire purchase receivables	17,131,719	16,843,527
- Other fixed rate loan/financing	7,806,113	8,611,813
Variable rate		
- Base lending rate pegged	54,864,956	51,203,453
- Cost plus	12,030,765	11,591,814
- Other variables rates	355,924	255,503
Gross loans, advances and financing	95,349,341	91,503,838

12. Loans, advances and financing (continued)

(c) By economic purpose

	Group	
	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000
Purchase of securities	1,136,947	1,168,474
Purchase of transport vehicles	17,451,718	17,252,312
Purchase of landed properties		
- residential	33,246,589	30,691,075
- non-residential	10,626,752	9,985,329
Purchase of fixed assets (excluding landed properties)	662,525	638,350
Personal use	3,523,595	3,576,501
Credit card	4,062,513	4,233,382
Purchase of consumer durables	69	103
Construction	1,083,725	924,674
Working capital	20,246,563	19,988,086
Mergers and acquisition	451,124	388,832
Others	2,857,221	2,656,720
Gross loans, advances and financing	95,349,341	91,503,838

(d) By geographical distribution

	Group	
	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000
In Malaysia	92,789,345	89,562,987
Outside Malaysia		
- Singapore	2,400,357	1,767,575
- Hong Kong	-	20,488
- Vietnam	159,639	152,788
Gross loans, advances and financing	95,349,341	91,503,838

(e) By residual contractual maturity

	Group	
	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000
Maturing within:		
- one year	26,067,084	26,023,577
- one year to three years	7,199,234	7,140,438
- three years to five years	9,260,921	9,388,281
- over five years	52,822,102	48,951,542
Gross loans, advances and financing	95,349,341	91,503,838

12. Loans, advances and financing (continued)

(f) Impaired loans by purpose

	Group	
	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000
Purchase of securities	7,341	11,197
Purchase of transport vehicles	231,544	216,114
Purchase of landed properties		
- residential	276,501	342,581
- non-residential	61,319	73,388
Purchase of fixed assets (excluding landed properties)	21,945	21,667
Personal use	75,652	86,654
Credit card	57,790	66,949
Purchase of consumer durables	5	7
Construction	12,262	26,388
Working capital	544,723	649,243
Others	39,962	39,082
Gross loans, advances and financing	1,329,044	1,533,270

(g) Impaired loans, advances and financing/non-performing loans by geographical distribution

	Group	
	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000
In Malaysia	1,299,650	1,490,699
Outside Malaysia		
- Singapore	29,394	42,571
	1,329,044	1,533,270

(h) Movements in impaired loans, advances and financing are as follows:

	Group	
	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000
At beginning of the financial period/year		
- as previously stated	1,533,270	1,892,304
- fair value adjustments on completion of business combination accounting	-	32,471
As restated	1,533,270	1,924,775
Impaired during the financial period/year	1,297,815	2,078,588
Reclassified to non-impaired	(737,950)	(1,081,218)
Amount written back in respect of recoveries	(388,339)	(808,389)
Amount written off	(374,260)	(584,256)
Exchange differences	(1,492)	3,770
At the end of the financial period/year	1,329,044	1,533,270
Gross impaired/ non-performing loan as a % of gross loans, advances and financing	1.4%	1.7%

12. Loans, advances and financing (continued)

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

	Group	
	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000 (Restated)
<u>Collective Assessment Allowance</u>		
At beginning of the financial period/year		
- as previously reported	1,885,320	1,576,741
- fair value adjustments on completion of business combination accounting	-	215,217
- effect on change in accounting policy	(382,868)	(254,846)
As restated	1,502,452	1,537,112
Net allowance made during the period/year	713,215	794,400
Amount written back in respect of recoveries	(490,479)	(459,020)
Amount written off	(279,617)	(416,452)
Amount transfer (to)/from individual assessment allowance	(4,800)	55,688
Unwinding income	(14,291)	(8,819)
Exchange differences	(26)	(457)
At the end of the financial period/year	<u>1,426,454</u>	<u>1,502,452</u>
As % of gross loans, advances and financing less loans exempted from individual assessment allowance	<u>1.5%</u>	<u>1.6%</u>
<u>Individual Assessment Allowance</u>		
At beginning of the financial period/year		
- as previously stated	543,234	670,993
- fair value adjustments on completion of business combination accounting	-	126,746
As restated	543,234	797,739
Net allowance made during the period/year	43,955	61,291
Amount transfer from/(to) collective assessment allowance	4,800	(55,688)
Amount transfer to provision for diminution in value	(14,211)	-
Amount written back in respect of recoveries	(65,372)	(139,313)
Amount written off	(52,868)	(116,873)
Unwinding income	(8,881)	(9,716)
Exchange differences	(1,437)	5,794
At the end of the financial period/year	<u>449,220</u>	<u>543,234</u>

13. Other receivables

	Group	
	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000
Investment properties	1,680	1,680
Foreclosed properties	1,112	1,338
Sundry debtors and other prepayments	167,120	189,173
Treasury related receivable	897,277	220,591
Other receivables	478,756	248,349
	<u>1,545,945</u>	<u>661,131</u>

	Company	
	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000
Amount due from subsidiary companies	91,530	60,461
Amount due from related companies	-	3
Sundry debtors and other prepayments	1,027	540
Other receivables	268	1,847
	<u>92,825</u>	<u>62,851</u>

14. Deposits from customers

	Group	
	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000
Fixed deposits	73,392,773	75,220,529
Negotiable instruments of deposit	8,469,806	5,828,928
	<u>81,862,579</u>	<u>81,049,457</u>
Demand deposits	16,760,693	14,644,399
Savings deposits	14,013,757	14,815,602
Short term corporate placement	10,494,465	12,311,878
Others	336,561	395,466
	<u>123,468,055</u>	<u>123,216,802</u>

The maturity structure of fixed deposits and negotiable instruments of deposits:

	Group	
	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000
Due within six months	57,828,852	61,202,332
More than six months to one year	19,440,210	14,405,933
More than one year to five years	4,593,517	5,441,192
	<u>81,862,579</u>	<u>81,049,457</u>

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

	Group	
	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000
Government and statutory bodies	3,342,297	4,479,480
Business enterprises	52,328,798	57,524,534
Individuals	63,459,602	59,427,462
Others	4,337,358	1,785,326
	<u>123,468,055</u>	<u>123,216,802</u>

15. Deposits and placements of banks and other financial institutions

	Group	
	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000
Licensed banks and investment banks	6,515,427	8,555,164
Bank Negara Malaysia	309,522	150,152
Licensed Islamic Bank	333,268	1,556,675
Other financial institutions	1,768,471	617,516
	<u>8,926,688</u>	<u>10,879,507</u>
The maturity structure of deposits and placements of banks and other financial institutions:		
One year or less (short term)	<u>8,926,688</u>	<u>10,879,507</u>

16. Payables and other liabilities

	Group	
	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000
Trade payables	961,378	862,878
Amount due to Cagamas Berhad	174,043	179,719
Loan advance payment	1,569,996	1,444,836
Post employment benefits obligations - defined contribution plan	4,264	4,304
Treasury clearing	421	312
Cheque clearing	64,987	114,253
Treasury related payable	807,604	199,745
Sundry creditors and accruals	466,223	687,942
Provision for bonus and staff related expenses	137,535	161,299
Others	715,840	208,890
	<u>4,902,291</u>	<u>3,864,178</u>

	Company	
	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000
Amount due to subsidiary companies	2,706	14
Sundry creditors and accruals	1,234	1,071
Provision for bonus and staff related expenses	8,932	11,733
Post employment benefits obligations - defined contribution plan	53	51
	<u>12,925</u>	<u>12,869</u>

17. Interest income

	Group		Group	
	Current quarter ended 31/03/2013 RM '000	Last year quarter ended 31/03/2012 RM '000	Current year to date 31/03/2013 RM '000	Last year to date 31/03/2012 RM '000
Loan, advances and financing	1,023,987	994,697	3,016,897	2,982,127
Money at call and deposit placements with financial institutions	81,211	167,871	261,286	455,275
Securities purchased under resale agreements	7,994	4,747	19,968	5,686
Financial assets held-for-trading	212,873	151,146	624,626	371,622
Financial investments available-for-sale	79,269	57,510	237,477	147,439
Financial investments held-to-maturity	25,514	42,257	85,760	165,691
Others	809	807	2,348	31,050
	<u>1,431,657</u>	<u>1,419,035</u>	<u>4,248,362</u>	<u>4,158,890</u>
Of which:				
Interest income earned on impaired loans, advances and financing	<u>6,944</u>	<u>5,718</u>	<u>20,654</u>	<u>12,376</u>

	Company		Company	
	Current quarter ended 31/03/2013 RM '000	Last year quarter ended 31/03/2012 RM '000	Current year to date 31/03/2013 RM '000	Last year to date 31/03/2012 RM '000
Money at call and deposit placements with financial institutions	217	409	653	924
Others	784	632	2,065	30,286
	<u>1,001</u>	<u>1,041</u>	<u>2,718</u>	<u>31,210</u>

18. Interest expense

	Group		Group	
	Current quarter ended 31/03/2013 RM '000	Last year quarter ended 31/03/2012 RM '000	Current year to date 31/03/2013 RM '000	Last year to date 31/03/2012 RM '000
Deposits and placements of banks and other financial institutions	40,017	33,242	119,518	87,313
Deposits from customers	566,016	577,436	1,709,749	1,626,685
Short term corporate placements	84,006	85,151	237,965	207,165
Borrowings	21,011	19,121	57,632	64,479
Subordinated bonds	49,740	29,580	141,276	117,827
Senior bonds	16,610	9,027	50,945	27,581
Non-innovative Tier 1 stapled securities	17,798	18,104	54,252	54,783
Innovative Tier 1 capital securities	6,016	6,304	17,552	13,887
Others	833	964	3,218	2,174
	<u>802,047</u>	<u>778,929</u>	<u>2,392,107</u>	<u>2,201,894</u>
	Company		Company	
	Current quarter ended 31/03/2013 RM '000	Last year quarter ended 31/03/2012 RM '000	Current year to date 31/03/2013 RM '000	Last year to date 31/03/2012 RM '000
Borrowings	<u>13,777</u>	<u>15,790</u>	<u>43,622</u>	<u>54,223</u>

19. Non Interest Income

	Group		Group	
	Current quarter ended 31/03/2013 RM '000	Last year quarter ended 31/03/2012 RM '000 (Restated)	Current year to date 31/03/2013 RM '000	Last year to date 31/03/2012 RM '000 (Restated)
Net income from Insurance Business	18,285	46,780	100,170	138,193
Net brokerage and commissions from investment banking business	18,641	16,036	79,393	46,344
Net unit trust and asset management income	4,649	3,904	14,228	11,676
Fee income:				
Commissions	33,403	25,224	98,256	81,773
Service charges and fees	11,582	10,001	34,455	34,487
Guarantee fees	4,816	4,320	18,502	14,163
Credit card related fees	64,490	60,381	200,298	203,995
Corporate advisory fees	(25)	1,800	1,640	5,237
Commitment fees	8,471	8,185	25,634	24,469
Fee on loans, advances and financing	16,622	14,811	51,359	49,229
Other fee income	748	2,826	1,438	12,752
	140,107	127,548	431,582	426,105
Gains/(losses) arising from sale of financial assets:				
Net gains from financial assets held-for-trading	697	50,116	17,058	46,291
Net gains from sale of financial investments available-for-sale	41,224	15,372	116,802	30,345
Net gains from redemption of financial investments held-to-maturity	35	(352)	8,436	1,699
Net gains from sale of derivatives financial instruments	28,899	18,039	41,955	70,782
	70,855	83,175	184,251	149,117
Gross dividend income from:				
Financial assets held-for-trading	4,509	184	22,065	1,665
Financial investments available-for-sale	18,157	2,609	52,103	20,314
Financial investments held-to-maturity	-	414	-	1,397
	22,666	3,207	74,168	23,376
Net unrealised gains/(losses) on revaluation of:				
Financial assets held-for-trading	8,938	15,419	46,667	(10,988)
Derivatives financial instruments	5,992	21,235	47,153	(104,390)
	14,930	36,654	93,820	(115,378)
Net realised (losses)/gains on fair value changes arising from fair value hedge and amortisation of fair value changes arising from terminated fair value changes	(5,046)	1,926	(15,201)	(14,190)
Net unrealised gains on fair value changes arising from fair value hedges	1,255	15,758	4,835	11,452
Other income:				
Foreign exchange gain	44,925	35,170	132,897	131,781
Rental income	1,357	1,253	4,208	4,229
Gains/(losses) on disposal of property and equipment	47	(17)	907	664
Others	4,465	5,661	15,093	17,295
	50,794	42,067	153,700	153,969
Total non interest income	337,136	377,055	1,120,946	830,664

19. Non Interest Income (continued)

	Company		Company	
	Current	Last year	Current year	Last year
	quarter ended	quarter ended	to date	to date
	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	RM '000	RM '000	RM '000	RM '000
		(Restated)		(Restated)
Fee income:				
Management fees	2,061	1,705	6,258	5,694
Gain arising from sale of securities:				
Net (losses)/gains from sale of financial assets held-for-trading	(8)	-	(8)	122
Net gain/(loss) from unwinding of derivatives	1,312	6,405	10,395	(8,379)
Gross dividend income from:				
Financial assets held-for-trading	134	185	535	1,453
Subsidiary companies	171,590	125,832	480,451	297,422
Unrealised gain/(loss) on revaluation of:				
Financial assets held-for-trading	73	(3)	77	2
Derivatives financial instruments	475	19,957	5,966	(162)
Other income	(1,252)	3,918	4,091	(785)
Total non interest income	<u>174,385</u>	<u>157,999</u>	<u>507,765</u>	<u>295,367</u>

20. Overhead expenses

	Group		Group	
	Current quarter ended 31/03/2013 RM '000	Last year quarter ended 31/03/2012 RM '000 (Restated)	Current year to date 31/03/2013 RM '000	Last year to date 31/03/2012 RM '000 (Restated)
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	245,575	271,050	733,254	784,027
- Voluntary separation scheme (VSS)*	-	940	-	115,629
- Medical expenses	5,025	9,130	16,459	19,775
- Training and convention expenses	4,275	3,622	18,356	20,034
- Staff welfare	2,984	7,718	10,729	16,005
- Others	9,188	2,155	26,300	12,151
<u>Establishment costs</u>				
- Depreciation of property and equipments	28,473	26,665	82,388	79,209
- Amortisation of intangible assets	23,732	18,039	76,129	53,065
- Rental	20,995	20,013	65,313	59,333
- Information technology expenses	27,954	23,334	80,740	70,080
- Security services	5,977	6,543	20,559	19,710
- Electricity, water and sewerage	6,127	5,548	22,331	18,792
- Hire of plant and machinery	2,977	4,112	9,744	10,966
- Others	10,634	7,351	23,126	18,807
<u>Marketing expenses</u>				
- Advertisement and publicity	15,338	13,557	33,413	19,212
- Credit card related fees	13,700	21,126	45,662	50,156
- Commission	3,653	3,819	11,709	10,920
- Others	4,234	(1,975)	12,594	12,921
<u>Administration and general expenses</u>				
- Teletransmission expenses	4,049	3,631	12,091	12,084
- Stationery & printing	4,784	7,032	13,540	17,471
- Professional fees	36,029	16,849	78,358	61,497
- Insurance fees	5,270	5,167	13,741	16,014
- Travelling and transport expenses	1,982	1,829	5,824	5,653
- Registration and license fees	1,301	1,642	4,306	4,194
- Brokerage and commission	1,247	1,246	3,387	3,571
- Credit card fees	17,342	16,309	50,886	48,590
- Others	(1,055)	1,265	16,080	38,279
	<u>501,790</u>	<u>497,717</u>	<u>1,487,019</u>	<u>1,598,145</u>

* In FY 2012, Hong Leong Bank Group ("HLBG") had implemented a Voluntary Separation Scheme (VSS). This scheme was introduced as part of the HLB's effort to enhance productivity and efficiency within the organization, as well as an opportunity and option for staff who have expressed their desire for a change such as starting up own business, further studies, early retirement, change of work environment and pursue personal interest.

20. Overhead expenses (continued)

	Company		Company	
	Current quarter ended 31/03/2013 RM '000	Last year quarter ended 31/03/2012 RM '000 (Restated)	Current year to date 31/03/2013 RM '000	Last year to date 31/03/2012 RM '000 (Restated)
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	3,526	12,275	13,131	18,519
- Medical expenses	28	24	71	67
- Training and convention expenses	-	50	6	63
- Staff welfare	52	63	145	180
- Others	46	46	118	110
<u>Establishment costs</u>				
- Depreciation of property and equipments	89	123	267	505
- Amortisation of intangible assets	2	2	6	6
- Electricity, water and sewerage	6	6	24	21
- Hire of plant and machinery	7	7	22	20
- Rental	198	172	592	518
- Others	8	11	75	72
<u>Administration and general expenses</u>				
- Teletransmission expenses	10	10	25	28
- Stationery & printing	9	7	33	35
- Travelling and transport expenses	99	139	181	323
- Others	1,062	739	2,394	3,219
	<u>5,142</u>	<u>13,674</u>	<u>17,090</u>	<u>23,686</u>

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

	Group		Group	
	Current quarter ended 31/03/2013 RM '000	Last year quarter ended 31/03/2012 RM '000 (Restated)	Current year to date 31/03/2013 RM '000	Last year to date 31/03/2012 RM '000 (Restated)
Allowance for losses on loans, advances and financing:				
(a) Collective assessment allowance				
- made/(written back) during the financial period	104,677	(68,715)	222,736	177,757
(b) Individual assessment allowance				
- written back during the financial period	(10,275)	(8,073)	(21,417)	(51,251)
Allowance for losses on clients' and brokers' balances				
(a) Individual assessment allowance				
- made/(written back) during the financial period	179	44	643	(3,174)
(b) Collective assessment allowance				
- (written back)/made during the financial period	(21)	2	(133)	27
Impaired loans and financing written off	4,203	1,857	14,317	6,006
Impaired loans and financing recovered	(57,598)	(65,347)	(202,920)	(232,040)
	<u>41,165</u>	<u>(140,232)</u>	<u>13,226</u>	<u>(102,675)</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 31 March 2013 and 30 June 2012 met the minimum requirement.

	Hong Leong Bank Group		Hong Leong Bank Berhad		Hong Leong Investment Bank Berhad [#]	
	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000 (Restated)*	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000 (Restated)*	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000 (Restated)*
Components of Tier - 1 and Tier - 2 Capital						
Tier -1 capital						
Paid up share capital	1,879,909	1,879,909	1,879,909	1,879,909	165,000	75,000
Share premium	2,832,383	2,832,383	2,832,383	2,832,383	87,950	87,950
Retained profit	5,737,128	4,991,981	4,603,124	3,919,897	(71,611)	(71,611)
Other Reserves	2,299,370	2,244,341	2,032,132	2,014,651	86,008	83,385
Less : Treasury Shares	(684,080)	(714,792)	(684,080)	(714,792)	-	-
Less : Goodwill	(1,831,312)	(1,831,312)	(1,771,547)	(1,771,547)	-	-
Less : Deferred Tax	-	-	-	-	(35,469)	(35,469)
Less: Other intangible assets	(381,756)	(446,497)	(374,665)	(437,850)	-	-
Less: Other regulatory adjustments	-	-	-	-	(1,443)	-
Common equity Tier-1 capital	9,851,642	8,956,013	8,517,256	7,722,651	230,435	139,255
Non-innovative Tier-1 stapled securites	1,258,027	1,256,967	1,258,027	1,256,967	-	-
Innovative Tier-1 capital securities	440,773	441,263	440,773	439,943	-	-
Total Tier-1 capital	11,550,442	10,654,243	10,216,056	9,419,561	230,435	139,255
Collective assessment allowance [^]	893,891	932,830	715,774	735,127	654	1,086
Subordinated obligations	3,911,408	3,906,501	3,911,408	3,906,501	-	-
Redeemable preference shares	-	-	-	-	1,631	-
	4,805,299	4,839,331	4,627,182	4,641,628	2,285	1,086
Total capital	16,355,741	15,493,574	14,843,238	14,061,189	232,720	140,341
Less : Investment in associated company	(1,679,527)	(1,540,288)	(946,505)	(946,505)	-	-
Less : Investment in subsidiary companies	-	-	(2,078,046)	(2,081,933)	(1,555)	(220)
Less : Investment in jointly controlled entity	(78,677)	(76,871)	(76,711)	(76,711)	-	-
Total capital base	14,597,537	13,876,415	11,741,976	10,956,040	231,165	140,121
Common equity Tier-1 capital ratio	10.08%	9.29%	9.93%	9.04%	19.80%	147.60%
Tier-1 capital ratio	11.82%	11.05%	11.91%	11.03%	19.80%	147.60%
Total capital ratio	14.93%	14.39%	13.69%	12.83%	19.90%	148.50%

22. Capital adequacy (continued)

Hong Leong Investment Bank Berhad formerly known as MIMB Investment Bank Berhad.

^ Excludes collective assessment allowance attributable to loans, advances and financing classified as impaired but not individually assessed for impairment.

* The above capital adequacy ratios has been adjusted for the effect of the adoption of MFRS 139 and MFRS 1.

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

	Hong Leong Islamic Bank	
	As at	As at
	31/03/2013	30/06/2012
Common equity Tier-1 capital ratio	9.10%	9.29%
Tier-1 capital ratio	9.10%	9.29%
Total capital ratio	<u>12.24%</u>	<u>12.47%</u>

b) Breakdown of gross-risk weighted assets in the various categories of risk-weights:

	Hong Leong Bank Group		Hong Leong Bank Berhad	
	As at	As at	As at	As at
	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	RM '000	RM '000	RM '000	RM '000
		(Restated)		(Restated)
Risk-weighted assets for credit risk	88,346,196	87,484,431	77,320,553	77,367,462
Risk-weighted assets for market risk	3,064,760	3,694,052	3,077,860	3,494,548
Risk-weighted assets for operational risk	6,334,017	5,238,374	5,391,431	4,532,667
Total risk-weighted assets	<u>97,744,973</u>	<u>96,416,857</u>	<u>85,789,844</u>	<u>85,394,677</u>

The Group's regulatory capital is governed by BNM Capital Adequacy Framework guidelines. On 28 November 2012, BNM issued its finalised Basel III capital adequacy guidelines, with a phased implementation timeline commencing 1 January 2013, and full phase-in by 1 January 2019.

With effect from 1 Jan 2013, the Group has adopted the new Basel III capital adequacy guidelines. The comparative for 30 June 2012, has been restated on a pro-forma basis to reflect the BNM's Basel III requirement.

The Group has adopted the Standardised Approach for Credit Risk and Market Risk and Basic Indicator Approach for Operational Risk computation.

23. Events after Balance Sheet date

There are no material events subsequent to the end of the financial period ended 31 March 2013.

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 24 July 2012, HFLG announced that the Company had, on 23 July 2012, incorporated a wholly-owned subsidiary known as HFLG Principal Investments (L) Limited (“HFLGPI”) in the Federal Territory of Labuan with an issued and paid-up share capital of USD100.00 comprising 100 ordinary shares. The intended activity for HFLGPI is investment
- (b) CFB Nominees (Tempatan) Sdn Bhd and Oriental Nominee (Tempatan) Sdn Bhd, the wholly-owned subsidiaries of HLB, were dissolved on 26 September 2012.
- (c) HFLG announced that HLA Holdings Sdn Bhd, a wholly-owned subsidiary of the Company, had on 3 December 2012 incorporated a wholly-owned subsidiary known as HL Assurance Pte. Ltd. in Singapore with an issued and paid-up share capital of SGD2 comprising 2 ordinary shares. The intended activity for HL Assurance Pte. Ltd. is to carry out general insurance business.
- (d) PFB Asa Berhad and Perkasa Nominees (Tempatan) Sdn Bhd, the wholly-owned subsidiaries of HLB, were dissolved on 1 March 2013.
- (e) Following the vesting of the entire assets, liabilities, activities, business and undertakings of Promilia Berhad (formerly known as Hong Leong Investment Bank Berhad) [“Promilia”] to Hong Leong Investment Bank Berhad (formerly known as MIMB Investment Bank Berhad [“HLIB”]) on 29 September 2012, all of the direct subsidiaries of Promilia had become direct subsidiaries of HLIB.
- (f) EFB Berhad, a wholly-owned subsidiary of HLB, was dissolved on 1 May 2013.
- (g) HLB announced that HLB had, on 18 February 2013, incorporated a wholly-owned subsidiary known as Hong Leong Bank (Cambodia) PLC (“HLBCAM”) in Cambodia with a capital of USD37,500,000 which is approximately equivalent to RM116,175,000. The intended activity for HLBCAM is to carry out commercial banking business.

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 notional/principal amount of the commitments and contingencies constitute as follows:

	Group	
	Principal Amount 31/03/2013 RM'000	Principal Amount 30/06/2012 RM'000
Direct credit substitutes	557,691	494,801
Certain transaction related contingent items	1,528,747	1,410,727
Short-term self liquidating trade related contingencies	828,832	1,557,667
Forward asset purchases	85,512	71,513
Irrevocable commitments to extend credit:		
-maturity more than 1 year	14,027,446	12,720,869
-maturity less than 1 year	17,849,622	17,750,840
Any commitments that are unconditionally cancellable at any time by the Group without prior notice	458,966	304,099
Foreign exchange related contracts		
- less than one year	35,531,890	38,678,198
- one year to less than five years	2,490,449	1,292,411
- five years and above	1,389,861	686,519
Interest rate related contracts		
- less than one year	16,838,800	14,376,287
- one year to less than five years	42,290,646	44,441,902
- five years and above	15,157,562	10,798,842
Equity related contracts		
- less than one year	93,011	69,293
- one year to less than five years	10,000	19,748
Unutilised credit card lines	8,384,576	9,200,627
Total	<u>157,523,611</u>	<u>153,874,343</u>

The Company's commitments and contingencies

	Company	
	Principal Amount 31/03/2013 RM'000	Principal Amount 30/06/2012 RM'000
Forward foreign exchange	187,060	247,642
Interest rate swaps	800,000	800,000
Cross currency swaps	118,030	118,030
	<u>1,105,090</u>	<u>1,165,672</u>

- b. Hong Leong Asset Management Bhd ("HLAM"), a wholly-owned subsidiary company of the stockbroking division, Hong Leong Capital Berhad ("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 31 March 2013.

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. Change in accounting policies and restatement of comparatives

(a) During the financial period, the Group and the Company changed the following accounting policy upon adoption of Malaysian Financial Reporting Standards ("MFRS")

(i) MFRS 1 "First-time Adoption of Malaysian Financial Reporting Standards" ("MFRS 1")

MFRS 1 allows entity to designate a previously recognised financial asset or financial liability at fair value through profit or loss or a financial asset available-for-sale. Consequently, the Group and the Company have designate a previously financial assets available-for-sale to held-for-trading in accordance with adoption of MFRS 1.

(ii) Investments in subsidiaries

MFRS 1 allows the first-time adopter (a parent entity or investor) to measure its subsidiaries, in its separate financial statements at one of the following amounts on date of transition:

- a) cost, in accordance with MFRS 127 Consolidated and Separate Financial Statements; or
- b) deemed cost.

The deemed cost of such an investment shall be either:

- i) fair value at the entity's date of transition to MFRS in its separate financial statements; or
- ii) the previous GAAP carrying amount at that date.

The Group and the Company have elected to measure all its investments in subsidiaries in its separate financial statements at their FRS carrying amounts at 1 July 2011 (i.e. the transition date to MFRS).

(iii) MFRS 139 "Financial Instruments: Recognition and Measurement" ("MFRS 139") - Accounting Policy on Collective Assessment Allowance for Loans, Advances and Financing

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

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

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

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

The change in accounting policies mentioned above have been accounted for retrospectively by re-measuring the relevant financial assets, as appropriate, and recording any adjustments to the previous carrying amounts to the Group's opening retained profits. As such, comparatives have been restated to conform with current year's presentation.

27. Change in accounting policies and restatement of comparatives (continued)

(a) During the financial period, the Group and the Company changed the following accounting policy upon adoption of Malaysian Financial Reporting Standards ("MFRS") (continued)

- (iv) Unallocated surplus and AFS reserves on non-participating funds of insurance subsidiary, Hong Leong Assurance Berhad ("HLA")

Prior to 1 July 2012, HLA recognised unallocated surplus and AFS reserves of non-participating funds as part of actuarial insurance contract liabilities as required under Guideline BNM_GL_003-28 Guidelines on Financial Reporting for Insurers issued by Bank Negara Malaysia ("BNM") on 22 July 2010.

On 21 February 2012, BNM issued a revised Guideline BNM_GL_003-28, which is effective for financial period commencing 1 January 2012. Under this new guideline, only life insurance contract liabilities with discretionary participating features (including actuarial liabilities, unallocated surplus and fair value/revaluation reserves, if any, of the life fund) shall be presented as a liability in the statement of financial position. Accordingly, HLA changed its accounting policy to classify the unallocated surplus and AFS reserves of non-participating funds from insurance contract liabilities to equity. This change in accounting policy is adopted retrospectively.

(b) During the financial period, the Group and the Company have restated certain comparatives

- (i) MFRS 3 "Business Combinations"

The Group had finalised the fair value exercise and purchase price allocation in respect of the acquisition of the assets and liabilities of EON Capital Berhad in the last quarter of financial year ended 30 June 2012 as allowed by previous FRS 3 or MFRS 3 "Business Combinations". Arising from this, certain comparatives for the first quarter of previous financial year end have been restated.

	Group			As restated RM'000
	As previously reported RM'000	Effect of adopting MFRS 1 RM'000	MFRS 139 RM'000	
As at 30 June 2012				
Statement of financial position				
Financial assets held-for-trading	23,066,887	273,253	-	23,340,140
Financial investments available-for-sale	15,393,755	(42,780)	-	15,350,975
Financial investments held-to-maturity	4,587,966	(222,525)	-	4,365,441
Loans, advances and financing	89,120,706	-	382,868	89,503,574
Clients' and brokers' balances	269,404	-	(144)	269,260
Provision for taxation	164,331	(2,958)	67,594	228,967
Deferred tax liability	106,196	108,853	27,163	242,212
Insurance funds	6,620,850	(552,765)	-	6,068,085
Retained profits	5,562,666	236,790	190,710	5,990,166
Fair value reserves	97,530	82,368	-	179,898
Statement of changes in equity				
Fair value reserves	97,530	82,368	-	179,898
Retained profits	5,562,666	236,790	190,710	5,990,166
Non-controlling interest	4,153,189	135,659	97,259	4,386,107

27. Change in accounting policies and restatement of comparatives (continued)

	Group			As restated RM'000
	As previously reported RM'000	Effect of adopting MFRS 1 MFRS 139 RM'000 RM'000		
As at 1 July 2011				
Statement of financial position				
Financial assets held-for-trading	6,974,724	173,256	-	7,147,980
Financial investments available-for-sale	10,798,973	(96,917)	-	10,702,056
Financial investments held-to-maturity	8,108,198	(76,710)	-	8,031,488
Loans, advances and financing	82,240,056	-	254,846	82,494,902
Clients' and brokers' balances	236,393	-	(7)	236,386
Provision for taxation	80,575	(3,277)	53	77,351
Deferred tax (asset)/liability	(72,694)	95,059	63,656	86,021
Insurance funds	5,834,179	(490,179)	-	5,344,000
Retained profits	4,911,368	219,135	126,353	5,256,856
Fair value reserves	88,880	59,447	-	148,327
Statement of changes in equity				
Fair value reserves	88,880	59,447	-	148,327
Retained profits	4,911,368	219,135	126,353	5,256,856
Non-controlling interest	2,791,539	119,444	64,777	2,975,760

	Group				As restated RM'000
	As previously reported RM'000	MFRS 1 RM'000	MFRS 3 RM'000	MFRS 139 RM'000	
For the financial period ended 31 March 2012					
Statement of changes in equity					
Fair value reserves	104,251	110,942	-	-	215,193
Retained profits	5,566,160	256,998	(12,862)	198,244	6,008,540
Non-controlling interest	3,889,767	157,753	(6,555)	101,343	4,142,308
Statement of income					
Non interest income	753,880	76,784	-	-	830,664
Overhead expenses	(1,572,256)	-	(25,889)	-	(1,598,145)
(Allowances for)/writeback of impairment on loans, advances and financing	(41,938)	-	-	144,613	102,675
Profit before taxation and zakat	1,637,198	76,784	(25,889)	144,613	1,832,706
Taxation	(365,542)	(16,908)	6,472	(36,156)	(412,134)
Net profit for the financial period	1,271,600	59,876	(19,417)	108,457	1,420,516
Attributable to:					
Owners of the parents	881,071	37,863	(12,862)	71,891	977,963
Non-controlling interest	390,529	22,013	(6,555)	36,566	442,553
Earnings per share for profit attributable to ordinary equity holders of the Group (sen)					
- basic	85.0	3.6	(1.2)	6.9	94.3
- fully diluted	84.6	3.6	(1.2)	6.9	93.9

27. Change in accounting policies and restatement of comparatives (continued)

	Group				
	As previously reported RM'000	Effect of adopting		As restated RM'000	
	MFRS 1 RM'000	MFRS 3 RM'000	MFRS 139 RM'000		
For the financial quarter ended 31 March 2012					
Statement of income					
Non interest income	317,295	59,760	-	-	377,055
Overhead expenses	(489,088)	-	(8,629)	-	(497,717)
(Allowances for)/writeback of impairment on loans, advances and financing	(24,815)	-	-	165,047	140,232
Profit before taxation and zakat	641,385	59,760	(8,629)	165,047	857,563
Taxation	(138,674)	(8,602)	2,157	(41,264)	(186,383)
Net profit for the financial period	502,696	51,158	(6,472)	123,783	671,165
Attributable to:					
Owners of the parents	394,769	40,776	(4,287)	82,008	513,266
Non-controlling interest	107,927	10,382	(2,185)	41,775	157,899
Earnings per share for profit attributable to ordinary equity holders of the Group (sen)					
- basic	38.1	3.9	(0.4)	7.9	49.5
- fully diluted	37.9	3.9	(0.4)	7.9	49.3
Company					
	As previously reported RM'000	Effect of adopting		As restated RM'000	
	MFRS 1 RM'000	MFRS 139 RM'000			
As at 30 June 2012					
Statement of financial position					
Investment in subsidiary companies	4,095,940	11,144,592	-	15,240,532	
Retained profits	1,217,425	11,144,592	-	12,362,017	
Statement of changes in equity					
Retained profits	1,217,425	11,144,592	-	12,362,017	
As at 1 July 2011					
Statement of financial position					
Investment in subsidiary companies	2,393,350	11,144,592	-	13,537,942	
Retained profits	1,326,919	11,144,592	-	12,471,511	
Statement of changes in equity					
Retained profits	1,326,919	11,144,592	-	12,471,511	
For the financial period ended 31 March 2012					
Statement of changes in equity					
Retained profits	1,396,796	11,144,592	-	12,541,388	

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

1 Review of performance

Current quarter against previous corresponding quarter

With effect from 1 July 2012, the Group and the Company had adopted Malaysian accounting standards which is the convergence of International accounting standards. The adoption of MFRSs set out below has resulted in the restatement of previous corresponding quarter financial results for an apple-to-apple comparison.

- i. MFRS 1 - First Time Adoption of MFRS
- ii. MFRS 139 - Financial Instruments: Recognition and Measurement - Accounting Policy on Collective Assessment Allowance for Loans, Advances and Financing

The Group had also finalised the fair value exercise and purchase price allocation in respect of the acquisition of assets and liabilities of EON Capital Berhad as allowed by MFRS 3 "Business Combinations". Arising from this, certain comparatives have also been restated in the previous corresponding period. It should also be noted that during the financial period, the Group has also adopted the revised Bank Negara Malaysia ("BNM") Guidelines on Financial Reporting for Insurers.

The impact on adoption of the above accounting standards and changes to the Group and the Company is disclosed in Note 27 of the Condensed Financial Statement.

HLFG Group recorded a profit before tax of RM618.5 million for the current quarter ended 31 March 2013 as compared to RM857.6 million in the previous corresponding quarter with a decrease of RM239.1 million or -27.9%.

Hong Leong Bank Group recorded a higher profit before tax of RM587.9 million for the current quarter ended 31 March 2013 as compared to RM764.1 million in the previous corresponding quarter, a decrease of RM176.2 million or -23.1%. The decrease was mainly due to higher allowance for impaired loans of RM181.8 million. This was offset by higher net income of RM7.9 million.

Hong Leong Capital Group recorded a profit before tax of RM17.5 million for the current quarter ended 31 March 2013 as compared to RM12.5 million in the previous corresponding quarter, an increase of RM5.0 million or 40.0%. This was mainly due to higher contribution from investment banking division.

HLA Holdings Group registered a profit before tax of RM23.7 million for the current quarter ended 31 March 2013 as compared to RM54.0 million in the previous corresponding quarter, a decrease of RM30.3 million or -56.1%. The decrease was mainly due to lower non interest income of RM27.9 million and lower net interest income of RM6.2 million. This was offset by higher share of profit from associated company by RM4.2 million.

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

HLFG Group recorded a profit before tax of RM2,064.6 million for the period ended 31 March 2013 as compared to RM1,832.7 million in the previous corresponding period with an increase of RM231.9 million or 12.7%. This was a good performance contributed mainly by Hong Leong Bank Group.

Hong Leong Bank Group recorded a higher profit before tax of RM1,863.7 million for the period ended 31 March 2013 as compared to RM1,718.0 million in the previous corresponding period, an increase of RM145.7 million or 8.5%. The increase was due to lower other operating expenses of RM122.3 million, higher net income by RM109.9 million and higher share of profit from Bank of Chengdu and joint venture totalling RM33.8 million. This was however offset with a higher increase in loan loss provisions of RM113.0 million coupled with lower write-back of impairment losses of RM7.3 million.

Hong Leong Capital Group recorded a profit before tax of RM44.0 million for the period ended 31 March 2013 as compared to RM35.3 million in the previous corresponding period, an increase of RM8.7 million or 24.6%. This was mainly due to higher contribution from investment banking division offset against higher overheads and provisions from the asset

HLA Holdings Group registered a profit before tax of RM128.1 million for the period ended 31 March 2013 as compared to RM132.7 million in the previous corresponding period, a decrease of RM4.6 million or -3.5%. The decrease was mainly due to lower non interest income of RM22.3 million and lower net interest income of RM6.4 million offset with lower overhead expenses of RM18.4 million and higher share of profit from associated company by RM5.9 million.

3 Current quarter against preceding quarter

HFLG Group recorded a profit before taxation of RM618.5 million for the current quarter ended 31 March 2013 as compared to RM757.4 million for the preceding quarter, a decrease of RM138.9 million or -18.3%. The overall decrease in profit before tax was mainly coming from the Group's banking and insurance division.

The Hong Leong Bank Group recorded a profit before tax of RM587.9 million for the current quarter ended 31 March 2013 as compared to RM638.3 million in the preceding quarter, a decrease of RM50.4 million arising from higher allowance for impaired loans of RM54.8 million, higher operating expenses of RM6.4 million, lower share of profit from Bank of Chengdu of RM7.1 million coupled with lower write-back of impairment losses of RM2.7 million. This is offset by higher net income of RM20.5 million.

The Hong Leong Capital Group recorded a profit before tax of RM17.5 million for the current quarter ended 31 March 2013 as compared to RM14.8 million in the preceding quarter, an increase of RM2.7 million or 18.2%. This was mainly due to higher contribution from investment banking division.

The HLA Holdings Group recorded a profit before tax of RM23.7 million for the current quarter ended 31 March 2013 as compared to RM60.4 million in the preceding quarter, a decrease of RM36.7 million or -60.8%. The decrease was mainly due to a lower non interest income of RM30.4 million and lower net interest income of RM5.8 million.

4 Prospects for the current year

Barring unforeseen circumstances, the Group is expected to perform satisfactorily for the current 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 31 March 2013

	Group		Group	
	Current	Last year	Current year	Last year
	quarter ended	quarter ended	to date	to date
	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	RM '000	RM '000	RM '000	RM '000
		(Restated)		(Restated)
Tax expense				
Malaysian – current	(135,531)	(179,221)	(424,357)	(382,838)
Overseas – current	-	-	-	-
Transfer from deferred tax	(5,416)	(7,162)	(25,861)	(29,296)
	<u>(140,947)</u>	<u>(186,383)</u>	<u>(450,218)</u>	<u>(412,134)</u>
Prior year (over)/under provision				
- Malaysian	1,263	-	(3,218)	-
	<u>(139,684)</u>	<u>(186,383)</u>	<u>(453,436)</u>	<u>(412,134)</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.

7 Sale of properties/unquoted investments

There was no sale of properties and / or unquoted investments during the period under review.

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 Group borrowings

The Group borrowings include:

	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000
Bank loans	405,180	633,383
Capital market borrowing	3,026,827	1,110,955
Subordinated obligations	4,885,749	4,369,385
Senior Bonds	1,860,138	1,907,793
Non-innovative Tier 1 stapled securities	1,426,282	1,407,283
Innovative Tier 1 capital securities	549,852	574,581
	<u>12,154,028</u>	<u>10,003,380</u>

Capital market borrowings

- (i) SC has on 2 August 2011 approved the Company's 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 aggregate outstanding balance of the CPs and MTNs shall not exceed RM1,800 million. 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.

As at 31 March 2013, the Company has issued RM470 million of CPs and RM550 million MTNs.

- (ii) On 1 December 2009, HLAH appointed CIMB to create and issue up to RM2.0 billion in nominal value of medium term notes ("MTN") under a proposed MTN Programme to raise funds for investment purpose.

On 23 April 2010, the Securities Commission has approved the application subject to certain operational terms and conditions being fulfilled.

On 14 August 2012, HLAH completed its RM2.0 billion MTN issuance. The MTN has a maturity of 5 years and has a call option to redeem the MTN at anytime.

Subordinated bonds

	Note	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000
RM700 million Tier 2 subordinated debt, at par	(a)	680,000	680,000
Add: Interest payable		3,925	12,734
		<u>683,925</u>	<u>692,734</u>
Less: Unamortised discounts		(926)	(1,603)
		<u>682,999</u>	<u>691,131</u>
RM1.0 billion Tier 2 subordinated debt, at par	(b)	1,000,000	1,000,000
Add: Interest payable		17,519	6,555
		<u>1,017,519</u>	<u>1,006,555</u>
Less: Unamortised discounts		(1,584)	(2,436)
		<u>1,015,935</u>	<u>1,004,119</u>
Subordinated medium term notes, at par	(c)	1,160,000	1,160,000
Add: Interest payable		12,739	9,267
		<u>1,172,739</u>	<u>1,169,267</u>
Less: Unamortised discounts		(9,016)	(14,214)
Add: Fair value adjustments on completion of business combination accounting		6,321	18,000
		<u>1,170,044</u>	<u>1,173,053</u>

9 Group borrowings (continued)

Subordinated bonds (continued)

	Note	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000
RM1.5 billion Tier 2 subordinated debt, at par	(d)	1,500,000	1,500,000
Add: Interest payable		18,123	1,664
		<u>1,518,123</u>	<u>1,501,664</u>
Less: Unamortised discounts		(2,463)	(582)
		<u>1,515,660</u>	<u>1,501,082</u>
RM500 million Tier 2 subordinated debt, at par	(e)	500,000	-
Add: Interest payable		3,205	-
		<u>503,205</u>	<u>-</u>
Less: Unamortised discounts		(2,094)	-
		<u>501,111</u>	<u>-</u>
		<u>4,885,749</u>	<u>4,369,385</u>

- (a) 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.

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.

- (b) 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.

- (c) On 27 February 2009, Promino Sdn Bhd ("Promino") (formerly known as EON Bank Berhad), 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 Promino 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, Promino 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 Promino 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.

Subsequently, on 30 December 2010, Promino 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 Promino 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 be remain at 4.75% per annum, from the beginning of the sixth (6) year to the final maturity date.

9 Group borrowings (continued)

Subordinated obligations (continued)

- (c) On 1 July 2011, the above Subordinated MTN was vested to HLB. The above tranches of Subordinated MTNs constitute unsecured liabilities of HLB 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 2 capital for the purpose of determining the capital adequacy ratio of HLB.
- (d) On 22 June 2012, HLB had completed the issuance of RM1.5 billion nominal value of Tier 2 Subordinated Notes ("Sub Notes"). The RM1.5 billion Sub Notes will mature in 2024 and are callable on any interest payment date falling on or after the 7th anniversary of the issue date subject to approval of BNM. The Sub Notes which bears interest of 4.50% per annum is payable semi-annually in arrears.

The Sub Notes 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.

- (e) On 19 September 2012, Hong Leong Assurance Berhad ("HLA") appointed Hong Leong Investment Bank Berhad to create and issue up to RM500 million in nominal value of Subordinated Notes ("Sub-Notes") under a proposed Subordinated Notes Programme to raise funds for general working capital and/or business operations purpose.

On 20 March 2013, the Securities Commission approved the application subject to certain operational terms and conditions being fulfilled.

On 7 February 2013, the HLA completed its RM500 million Sub-Notes issuance. The Sub-Notes were issued for a period of 12 years on a 12 non-callable 7 basis with a coupon rate of 4.5% per annum.

The Sub-Notes are classified as tier 2 capital under Risk-Based Capital Framework for Insurers.

Senior Bonds

	Note	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000
USD 300 million senior bonds, at par	(a)	916,350	916,350
USD 300 million senior bonds, at par	(b)	919,200	919,200
Foreign exchange translations		20,550	69,750
		<u>1,856,100</u>	<u>1,905,300</u>
Add: Interest payable		14,404	16,274
		<u>1,870,504</u>	<u>1,921,574</u>
Less: Unamortised discounts		(10,366)	(13,781)
		<u>1,860,138</u>	<u>1,907,793</u>

- (a) 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.

The Bonds will constitute direct, general, unsubordinated and (subject to the provisions of Negative Pledge Condition) unsecured obligations of HLB which will at all times rank parri passu among themselves and at least parri passu with all other present and future unsecured obligations of HLB.

- (b) On 20 April, 2012, HLB completed its inaugural US dollar senior unsecured notes issuance of USD300 million (the "Senior Notes") under its Euro Medium Term Note Programme of up to USD1.5 billion (or its equivalent in other currencies) in nominal value (the "Programme") which was established on 9 April 2012.

The Senior Notes will have a tenor of five years, maturing on 19 April 2017. The Senior Notes will pay a coupon of 3.125% per annum which is equivalent to a yield to investors of 3.269%.

9 Group borrowings (continued)

Non-innovative Tier 1 stapled securities

	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000
RM1.4 billion Non-Innovative Tier 1 stapled securities, at par	1,400,000	1,400,000
Add: Interest payable	28,474	10,653
	<u>1,428,474</u>	<u>1,410,653</u>
Less: Unamortised discounts	(2,192)	(3,370)
	<u>1,426,282</u>	<u>1,407,283</u>

On 5 May 2011, HLB had completed its issuance of Non-innovative Tier 1 stapled securities ("NIT-1 stapled securities") of RM1.4 billion. The NIT-1 Stapled Securities which is perpetual in nature and callable at the end of year 5 and on each coupon payment date, pays a semi annual coupon of 5.05% per annum. The call option shall be subject to the approval of BNM.

The NIT-1 stapled securities 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 1 capital for the purpose of determining the capital adequacy ratio of HLB.

Innovative Tier 1 capital securities

	As at 31/03/2013 RM '000	As at 30/06/2012 RM '000
RM500 million Innovative Tier 1 capital securities, at par	500,000	500,000
Add: Interest payable	2,373	12,545
	<u>502,373</u>	<u>512,545</u>
Less: Unamortised discounts	(10,252)	(9,708)
Add: Fair value adjustments on completion of business combination accounting	57,731	71,744
	<u>549,852</u>	<u>574,581</u>

On 10 September 2009, Promino 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 Promino 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.

On 1 July 2011, the above IT-capital securities was vested to HLB. The IT-1 capital securities constitute unsecured and subordinated obligations of HLB 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.

10 Off-Balance Sheet financial instruments

Details of financial instruments with off-balance sheet risk as at 31 March 2013

Items	Principal amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
- Forwards			
(i) Less than 1 year	24,219,462	78,373	(89,120)
(ii) 1 year to 3 years	9,281	-	(16)
- Swaps			
(i) Less than 1 year	7,663,136	57,217	(45,671)
(ii) 1 year to 3 years	832,629	7,097	(8,711)
(iii) More than 3 years	2,825,557	50,318	(53,397)
- Options			
(i) Less than 1 year	3,596,697	13,274	(15,733)
(ii) 1 year to 3 years	212,844	3,380	(3,380)
- Spots			
(i) Less than 1 year	52,594	36	(15)
(ii) 1 year to 3 years	-	-	-
Interest rate related contracts			
- Futures			
(i) Less than 1 year	3,100,416	166	(1,666)
(ii) 1 year to 3 years	790,000	406	(1,368)
(iii) More than 3 years	89,851	1	(4)
- Swaps			
(i) Less than 1 year	14,363,384	25,335	(30,894)
(ii) 1 year to 3 years	23,371,924	67,158	(105,487)
(iii) More than 3 years	32,571,433	404,718	(424,460)
Equity related contracts			
(i) Less than 1 year	93,011	582	(582)
(ii) 1 year to 3 years	10,000	2,556	-
Total	113,802,219	710,617	(780,504)

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 period, the amount of contracts which were not hedged effectively and hence, exposed to foreign exchange and interest rate market risk were RM522,639,709 (FYE June 2012: RM681,275,001) and RM62,832,520,264 (FYE June 2012: RM57,680,193,113) respectively.

Derivatives

Market risk arises from the impact on trading positions of changes in foreign exchange rates and interest rates. It also includes the impact from changes in the correlations and volatilities of other risk factors. The Group manages trading market risk in the course of market-making, structuring and packaging products for investors and other clients, as well as to benefit from market opportunities. The Group's market risk framework identifies the types of the market risk to be covered, the risk metrics and methodologies to be used to capture such risk and the standards governing the management of market risk within the Group including limit setting and independent model validation, monitoring and valuation. Management of derivatives risks is continually reviewed and enhanced to ensure that the complexities of the business are appropriately controlled.

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 RM738,093,460 (FYE June 2012: RM987,969,092). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

10 Off-Balance Sheet financial instruments (continued)

Credit risk (continued)

Derivatives

The amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Group (ie, assets where their fair value is positive), which in relation to derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Group requires margin deposits from counterparties.

The Group uses the following derivative instruments for both hedging and non-hedging purposes:-

Currency forwards represent commitments to purchase foreign and domestic currency, including undelivered spot transactions. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in currency rates or interest rates, or to buy or sell foreign currency or a financial instrument on a future date at a specified price, established in an organised financial market. The credit risk of futures contracts is negligible, as futures contracts are collateralised by cash or marketable securities, and changes in the futures' contract value are settled daily with the exchange.

Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates (for example, fixed rate for floating rate) or a combination of all these (ie, cross-currency interest rate swaps). No exchange of principal takes place, except for certain currency swaps. The Group's credit risk represents the potential cost to replace the swap contracts if counterparties fail to fulfil their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Group assesses counterparties using the same techniques as for its lending activities.

Foreign currency and interest rate options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of a foreign currency or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of foreign exchange or interest rate risk. Options may be either exchange-traded or negotiated between the Group and a customer (OTC). The Group is exposed to credit risk on purchased options only, and only to the extent of their carrying amount, which is their fair value.

The notional amounts of certain types of financial instrument provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time.

Liquidity risk

Derivatives

Liquidity risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the Group's market transactions on any single day.

Related accounting policies

Derivative financial instruments are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from a change in the fair value of the derivatives is recognised in the income statements unless they are part of a hedging relationship which qualifies for hedge accounting where the gain or loss is recognised as follows:

10 Off-Balance Sheet financial instruments (continued)

Fair value hedge

Where a derivative financial instrument hedges the changes in fair value of a recognised asset or liability, any gain or loss on the hedging instrument is recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

Cash flow hedge

Gains and losses on the hedging instrument, to the extent that the hedge is effective, are deferred in the separate component of equity. The ineffective part of any gain or loss is recognised in the income statement. The deferred gains and losses are then released to the income statement in the periods when the hedged items affects the income statement.

11 Material litigation

The Group does not have any material litigation which, in the opinion of the Directors, would have a material adverse impact on the financial results of the Group.

12 HLFG Dividends

A second interim single tier dividend of 23.0 sen per share had been proposed by the Company during the current financial quarter.

- (i) Amount per share : 23 sen per share (single tier)
- (ii) Previous corresponding period : 15 sen per share (single tier)
- (iii) Entitlement date : 13 June 2013
- (iv) Payment date : 27 June 2013

For the financial period ended 31 March 2013, a total dividend of 36 sen per share (single tier) was declared (2012 : 25 sen per share).

13 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.

Weighted Average Number Of Ordinary Shares	Group		Group	
	Current quarter ended 31/03/2013 RM '000	Last year quarter ended 31/03/2012 RM '000 (Restated)	Current year to date 31/03/2013 RM '000	Last year to date 31/03/2012 RM '000 (Restated)
Weighted average number of ordinary shares	1,039,651	1,036,978	1,039,651	1,036,978
Net profit attributable to shareholders of the company	320,036	513,266	1,098,129	977,963
Basic earnings per share (Sen)	30.8	49.5	105.6	94.3

Weighted Average Number Of Ordinary Shares	Company		Company	
	Current quarter ended 31/03/2013 RM '000	Last year quarter ended 31/03/2012 RM '000 (Restated)	Current year to date 31/03/2013 RM '000	Last year to date 31/03/2012 RM '000 (Restated)
Weighted average number of ordinary shares	1,042,736	1,040,498	1,042,736	1,040,498
Net profit attributable to shareholders of the company	114,869	97,731	330,957	173,926
Basic earnings per share (Sen)	11.0	9.4	31.7	16.7

13 Earnings per share (Continued)

(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 31/03/2013 RM '000	Last year quarter ended 31/03/2012 RM '000 (Restated)	Current year to date 31/03/2013 RM '000	Last year to date 31/03/2012 RM '000 (Restated)
Fully Diluted Weighted Average Number Of Ordinary Shares				
Weighted average number of ordinary shares				
- during the period	1,039,651	1,036,978	1,039,651	1,036,978
- adjustment for ESOS	3,160	4,844	3,160	4,844
	<u>1,042,811</u>	<u>1,041,822</u>	<u>1,042,811</u>	<u>1,041,822</u>
Net profit attributable to shareholders of the company	320,036	513,266	1,098,129	977,963
Fully diluted earnings per share (Sen)	<u>30.7</u>	<u>49.3</u>	<u>105.3</u>	<u>93.9</u>

	Company		Company	
	Current quarter ended 31/03/2013 RM '000	Last year quarter ended 31/03/2012 RM '000 (Restated)	Current year to date 31/03/2013 RM '000	Last year to date 31/03/2012 RM '000 (Restated)
Fully Diluted Weighted Average Number Of Ordinary Shares				
Weighted average number of ordinary shares				
- during the period	1,042,736	1,040,498	1,042,736	1,040,498
- adjustment for ESOS	2,775	4,387	2,775	4,387
	<u>1,045,511</u>	<u>1,044,885</u>	<u>1,045,511</u>	<u>1,044,885</u>
Net profit attributable to shareholders of the company	114,869	97,731	330,957	173,926
Fully diluted earnings per share (Sen)	<u>11.0</u>	<u>9.4</u>	<u>31.7</u>	<u>16.6</u>

14 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 31/03/2013 RM '000	Group As at 30/06/2012 RM '000 (Restated)
Total retained profits of the Group and its subsidiaries		
- Realised	18,096,847	17,303,032
- Unrealised	1,221,188	1,053,780
Total share of retained profits from associated companies		
- Realised	955,215	721,025
- Unrealised	576	109
Total share of retained profits from jointly controlled entity		
- Realised	1,966	160
- Unrealised	-	-
	<u>20,275,792</u>	<u>19,078,106</u>
Less : Consolidated adjustment	(13,402,793)	(13,087,940)
Total Group retained profits as per consolidated accounts	<u><u>6,872,999</u></u>	<u><u>5,990,166</u></u>

Dated this 9 May 2013