

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
THE GROUP		
Assets		
Cash and short-term funds	10,184,205	9,890,071
Deposits and placements with banks and other financial institutions	11,454,318	10,196,421
Securities purchased under resale agreements	35,628	35,126
Financial assets at fair value through profit or loss	22,371,428	-
Financial assets held-for-trading	-	10,536,881
Financial investments at fair value through other comprehensive income	28,384,746	-
Financial investments available-for-sale	-	37,732,539
Financial investments at amortised cost	17,103,273	-
Financial investments held-to-maturity	-	15,895,679
Derivative financial instruments	876,614	971,195
Loans, advances and financing	129,249,987	128,851,234
Clients' and brokers' balances	515,946	525,556
Other receivables	1,401,706	952,570
Statutory deposits with Central Banks	4,371,918	4,364,982
Tax recoverable	341	367
Investment in associated companies	4,690,365	4,538,326
Investment in joint ventures	-	179,426
Property and equipment	1,575,949	1,573,829
Investment properties	494,164	494,164
Goodwill	2,410,644	2,410,644
Intangible assets	160,027	168,541
Total Assets	235,281,259	229,317,551
Liabilities		
Deposits from customers	158,424,405	156,882,912
Deposits and placements of banks and other financial institutions	11,584,638	9,296,395
Obligations on securities sold under repurchase agreements	4,752,413	3,931,523
Bills and acceptances payable	1,146,074	544,450
Derivative financial instruments	878,868	1,082,140
Clients' and brokers' balances	312,223	350,730
Payables and other liabilities	11,589,047	11,708,191
Recourse obligations on loans sold to Cagamas Berhad	201,077	202,952
Provision for claims	157,078	150,478
Provision for taxation	166,942	244,162
Deferred tax liabilities	138,748	78,309
Borrowings	1,324,397	1,300,371
Subordinated obligations	2,822,273	2,800,447
Innovative Tier 1 capital securities	454,688	474,612
Multi-currency Additional Tier 1 capital securities	406,667	401,369
Insurance funds	13,644,344	13,188,787
Total Liabilities	208,003,882	202,637,828
Equity		
Share capital	2,267,008	2,267,008
Capital reserves	1,554,134	1,540,421
Retained profits	14,447,306	13,910,419
Fair value reserve	(62,191)	109,284
Treasury shares for ESOS	(22,686)	(22,686)
Total Shareholders' Equity	18,183,571	17,804,446
Non-controlling interests	9,093,806	8,875,277
Total Equity	27,277,377	26,679,723
Total Liabilities and Equity	235,281,259	229,317,551
Commitment and Contingencies	174,805,375	177,098,055
Net assets per share (net of treasury shares) attributable to ordinary equity holders of the parent (RM)	15.88	15.55

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018.

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 30/09/2018 RM '000	Last year quarter ended 30/09/2017 RM '000	Current year to date 30/09/2018 RM '000	Last year to date 30/09/2017 RM '000
THE GROUP				
Interest income	1,712,352	1,609,142	1,712,352	1,609,142
Interest expense	(1,021,455)	(880,599)	(1,021,455)	(880,599)
Net interest income	690,897	728,543	690,897	728,543
Net income from Islamic banking business	171,076	159,810	171,076	159,810
Non-interest income	521,192	390,399	521,192	390,399
Net income	1,383,165	1,278,752	1,383,165	1,278,752
Overhead expenses	(591,513)	(558,246)	(591,513)	(558,246)
Operating profit before allowances	791,652	720,506	791,652	720,506
Allowance for impairment losses on loans, advances and financing and other losses	(19,088)	(43,683)	(19,088)	(43,683)
Allowance for impairment losses on financial investments	(831)	(180)	(831)	(180)
	771,733	676,643	771,733	676,643
Share of results of associated companies	157,373	159,251	157,373	159,251
Share of results of joint ventures	-	4,567	-	4,567
Profit before taxation	929,106	840,461	929,106	840,461
Taxation	(159,499)	(150,374)	(159,499)	(150,374)
Net profit for the financial period	<u>769,607</u>	<u>690,087</u>	<u>769,607</u>	<u>690,087</u>
Attributable to:				
Owners of the parent	505,695	455,252	505,695	455,252
Non-controlling interests	263,912	234,835	263,912	234,835
Net profit for the financial period	<u>769,607</u>	<u>690,087</u>	<u>769,607</u>	<u>690,087</u>
Earnings per share - basic (sen)	<u>44.2</u>	<u>39.8</u>	<u>44.2</u>	<u>39.8</u>

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018.

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 30/09/2018 RM '000	Last year quarter ended 30/09/2017 RM '000	Current year to date 30/09/2018 RM '000	Last year to date 30/09/2017 RM '000
THE GROUP				
Net profit for the financial period	769,607	690,087	769,607	690,087
Other comprehensive loss:				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Share of other comprehensive gain of associated companies	5,397	116	5,397	116
Net fair value changes in financial investments investments at fair value through other comprehensive income	33,822	-	33,822	-
Net fair value changes in financial investments available-for-sale	-	18,169	-	18,169
Net fair value changes in cash flow hedge	(729)	(135)	(729)	(135)
Currency translation differences	(40,427)	(29,824)	(40,427)	(29,824)
Income tax relating to components of other comprehensive income	<u>(12,574)</u>	<u>(3,757)</u>	<u>(12,574)</u>	<u>(3,757)</u>
Other comprehensive loss for the financial period, net of tax	<u>(14,511)</u>	<u>(15,431)</u>	<u>(14,511)</u>	<u>(15,431)</u>
Total comprehensive income for the financial period, net of tax	<u>755,096</u>	<u>674,656</u>	<u>755,096</u>	<u>674,656</u>
Attributable to:				
Owners of the parent	499,518	444,351	499,518	444,351
Non-controlling interests	<u>255,578</u>	<u>230,305</u>	<u>255,578</u>	<u>230,305</u>
	<u>755,096</u>	<u>674,656</u>	<u>755,096</u>	<u>674,656</u>

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018.

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
THE COMPANY		
<u>Assets</u>		
Cash and short-term funds	7,439	25,466
Deposits and placements with banks and other financial institutions	3,360	3,360
Financial assets at fair value through profit or loss	67	-
Other receivables	53,128	4,547
Deferred tax assets	95	75
Investment in subsidiary companies	18,007,375	17,996,078
Property and equipment	5,063	5,332
Intangible assets	2	1
Total Assets	18,076,529	18,034,859
<u>Liabilities</u>		
Derivative financial instruments	279	327
Payables and other liabilities	16,310	13,612
Provision for taxation	500	1,972
Subordinated obligations	505,882	499,599
Multi-currency Additional Tier 1 capital securities	406,085	400,751
Borrowings	1,435,128	1,385,934
Total Liabilities	2,364,184	2,302,195
<u>Financed by:</u>		
Share capital	2,267,008	2,267,008
Capital reserves	262,287	259,160
Retained profits	13,183,053	13,206,499
Treasury shares for ESOS	(3)	(3)
Total Equity	15,712,345	15,732,664
Total Liabilities and Equity	18,076,529	18,034,859
Commitment and Contingencies	100,000	100,000

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018.

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

	Individual Quarter		Cumulative Quarter	
	Current	Last year	Current year	Last year
	quarter ended 30/09/2018	quarter ended 30/09/2017	to date 30/09/2018	to date 30/09/2017
THE COMPANY	RM '000	RM '000	RM '000	RM '000
Interest income	11,646	532	11,646	532
Interest expense	(26,901)	(15,773)	(26,901)	(15,773)
Net interest expense	(15,255)	(15,241)	(15,255)	(15,241)
Non-interest income	2,081	2,799	2,081	2,799
Net expense	(13,174)	(12,442)	(13,174)	(12,442)
Overhead expenses	(10,292)	(5,668)	(10,292)	(5,668)
Loss before taxation	(23,466)	(18,110)	(23,466)	(18,110)
Taxation	20	(201)	20	(201)
Net loss for the financial period	(23,446)	(18,311)	(23,446)	(18,311)
Earnings per share - basic (sen)	(2.0)	(1.6)	(2.0)	(1.6)

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

	Individual Quarter		Cumulative Quarter	
	Current	Last year	Current year	Last year
	quarter ended 30/09/2018	quarter ended 30/09/2017	to date 30/09/2018	to date 30/09/2017
THE COMPANY	RM '000	RM '000	RM '000	RM '000
Net loss for the financial period	(23,446)	(18,311)	(23,446)	(18,311)
Other comprehensive income for the financial period	-	-	-	-
Total comprehensive loss for the financial period, net of tax	(23,446)	(18,311)	(23,446)	(18,311)

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018.

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

	Share capital	Regulatory reserves#	Fair value reserve	Cash flow hedge reserve	Other reserves	Share options reserve	Exchange fluctuation reserve	Retained profits	Treasury shares for ESOS	Total shareholders' equity	Non-controlling interests	Total equity
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
THE GROUP												
At 1 July 2018	2,267,008	755,010	109,284	544	213,314	50,254	521,299	13,910,419	(22,686)	17,804,446	8,875,277	26,679,723
Effect of adopting MFRS 9	-	6,391	(190,495)	-	-	-	-	43,157	-	(140,947)	(75,015)	(215,962)
As restated	2,267,008	761,401	(81,211)	544	213,314	50,254	521,299	13,953,576	(22,686)	17,663,499	8,800,262	26,463,761
<u>Comprehensive income</u>												
Net profit for the financial period	-	-	-	-	-	-	-	505,695	-	505,695	263,912	769,607
Currency translation differences	-	-	-	-	-	-	(24,783)	-	-	(24,783)	(15,644)	(40,427)
Share of other comprehensive income of associated companies	-	-	4,681	-	-	-	-	-	-	4,681	716	5,397
Net fair value changes in financial investments at fair value through other comprehensive income, net of tax	-	-	14,339	-	-	-	-	-	-	14,339	6,811	21,150
Net fair value changes in cash flow hedge, net of tax	-	-	-	(414)	-	-	-	-	-	(414)	(217)	(631)
Total comprehensive income/(loss)	-	-	19,020	(414)	-	-	(24,783)	505,695	-	499,518	255,578	755,096
<u>Transaction with owners</u>												
Transfer to regulatory reserve	-	8,999	-	-	-	-	-	(8,999)	-	-	-	-
Allocation of other reserves to non-controlling interests	-	-	-	-	-	-	-	(2,966)	-	(2,966)	2,966	-
Non-controlling interests subscription of shares	-	-	-	-	-	-	-	-	-	-	35,000	35,000
Option charge arising from ESS granted	-	-	-	-	-	23,520	-	-	-	23,520	-	23,520
At 30 September 2018	2,267,008	770,400	(62,191)	130	213,314	73,774	496,516	14,447,306	(22,686)	18,183,571	9,093,806	27,277,377
At 1 July 2017	2,267,008	680,987	259,635	(703)	134,957	29,429	745,858	12,527,478	(35,712)	16,608,937	8,423,576	25,032,513
<u>Comprehensive income</u>												
Net profit for the financial period	-	-	-	-	-	-	-	455,252	-	455,252	234,835	690,087
Currency translation differences	-	-	-	-	-	-	(20,387)	-	-	(20,387)	(9,437)	(29,824)
Share of other comprehensive loss of associated companies	-	-	(65)	-	-	-	-	-	-	(65)	181	116
Net fair value changes in financial investments available-for-sale, net of tax	-	-	9,619	-	-	-	-	-	-	9,619	4,761	14,380
Net fair value changes in cash flow hedge, net of tax	-	-	-	(68)	-	-	-	-	-	(68)	(35)	(103)
Total comprehensive income/(loss)	-	-	9,554	(68)	-	-	(20,387)	455,252	-	444,351	230,305	674,656
<u>Transaction with owners</u>												
Transfer to retained profits	-	(27,722)	-	-	-	-	-	27,722	-	-	-	-
Allocation of other reserves to non-controlling interests	-	-	-	-	-	-	-	(969)	-	(969)	969	-
Option charge arising from ESS granted	-	-	-	-	-	2,826	-	-	-	2,826	-	2,826
At 30 September 2017	2,267,008	653,265	269,189	(771)	134,957	32,255	725,471	13,009,483	(35,712)	17,055,145	8,654,850	25,709,995

Comprise regulatory reserves maintained by the Group's banking subsidiary companies in Malaysia of RM759,155,000 (30 September 2017: RM642,020,000) in accordance with BNM's Policy Document on Classification and Impairment Provisions for Loans/Financing and the banking subsidiary company in Vietnam with the State Bank of Vietnam of RM11,245,000 (30 September 2017: RM11,245,000).

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018.

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

<u>THE COMPANY</u>	Share capital RM '000	Other capital reserve RM '000	Share options reserve RM '000	Treasury shares for ESOS RM '000	Retained profits RM '000	Total equity RM '000
At 1 July 2018	2,267,008	254,991	4,169	(3)	13,206,499	15,732,664
Net loss for the financial period	-	-	-	-	(23,446)	(23,446)
Option charge arising from ESS granted	-	-	3,127	-	-	3,127
At 30 September 2018	2,267,008	254,991	7,296	(3)	13,183,053	15,712,345
At 1 July 2017	2,267,008	254,991	-	(3)	12,909,636	15,431,632
Net loss for the financial period	-	-	-	-	(18,311)	(18,311)
At 30 September 2017	2,267,008	254,991	-	(3)	12,891,325	15,413,321

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018.

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

	The Group		The Company	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017
	RM '000	RM '000	RM '000	RM '000
Profit/(loss) before taxation	929,106	840,461	(23,466)	(18,110)
Adjustment for non-cash items	(78,261)	(210,796)	18,110	15,387
Operating profit/(loss) before working capital changes	850,845	629,665	(5,356)	(2,723)
Income tax paid	(175,426)	(139,263)	(1,472)	-
Interest received	349	532	349	532
Changes in working capital				
Net changes in operating assets	(3,786,746)	(3,550,174)	(48,616)	7,740
Net changes in operating liabilities	5,133,169	1,454,431	2,696	1,713
Net cash generated from/(used in) operating activities	2,022,191	(1,604,809)	(52,399)	7,262
Cash flow from investing activities				
Net purchases of financial investments at fair value through other comprehensive income	(1,749,787)	-	-	-
Net purchases of financial investments available-for-sale	-	(2,802,548)	-	-
Net purchases of financial investments at amortised cost	(787,641)	-	-	-
Net sales of financial investments held-to-maturity	-	183,756	-	-
Interest received on financial investments at fair value through other comprehensive income and financial investments at amortised cost	331,326	-	-	-
Interest received on financial investments available-for-sale and financial investments held-to-maturity	-	288,936	-	-
Purchase of intangible assets	(6,258)	(2,182)	(1)	-
Purchase of property and equipment	(42,837)	(33,349)	(16)	-
Net proceeds from disposal of property and equipment	298	712	-	-
Dividends received from other investments	80,450	77,839	398	-
Dividends received from associated and joint ventures companies	-	3,428	-	-
Proceeds from liquidation	-	-	21	-
Net cash (used in)/generated from investing activities	(2,174,449)	(2,283,408)	402	-
Cash flow from financing activities				
Repayment of revolving credit (Redemption)/issuance of medium term notes and commercial papers	(30,000)	(175,000)	(30,000)	(175,000)
Issuance of senior notes	(320,000)	195,000	(320,000)	195,000
Repayment of innovative Tier 1 stapled securities	375,000	-	400,000	-
Non-controlling interests subscription of shares	(10,000)	-	-	-
Interest paid on subordinated obligations	35,000	-	-	-
Interest paid on borrowings	(13,894)	(6,295)	-	-
Interest paid on innovative Tier 1 capital securities	(16,194)	(17,722)	(16,030)	(17,864)
Interest expense on recourse obligations on loans sold to Cagamas Berhad	(19,291)	(19,447)	-	-
Net cash (used in)/generated from financing activities	(3,791)	(3,788)	-	-
	(3,170)	(27,252)	33,970	2,136
Net increase/(decrease) in cash and cash equivalents	(155,428)	(3,915,469)	(18,027)	9,398
Effects of exchange rate changes	(36,512)	(25,529)	-	-
Cash and cash equivalents at 1 July	15,684,888	12,648,403	25,526	6,821
Cash and cash equivalents at 30 September	15,492,948	8,707,405	7,499	16,219
Analysis of cash and cash equivalents				
Cash and short-term funds	10,184,205	8,539,586	7,439	17,119
Deposits and placements with banks and other financial institutions	11,454,318	9,842,531	3,360	-
	21,638,523	18,382,117	10,799	17,119
Less: deposits and placements with banks and other financial institutions with original maturity of more than three months	(6,145,575)	(9,674,712)	(3,300)	(900)
	15,492,948	8,707,405	7,499	16,219

The unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018.

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

1. Basis of preparation

The unaudited condensed financial statements have been prepared under the historical cost convention, except for the following assets and liabilities which are stated at fair values: financial assets at fair value through profit or loss ("FVTPL"), financial investments at fair value through other comprehensive income ("FVOCI") 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 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 2018. 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 financial year ended 30 June 2018.

The unaudited condensed financial statements incorporate the activities relating to the Islamic banking and Takaful businesses which have been undertaken by its subsidiaries, Hong Leong Islamic Bank Berhad ("HLISB") and Hong Leong MSIG Takaful Berhad ("HLMT") in compliance with Shariah principles.

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 2018 and modified for the adoption of the following accounting standards applicable for financial period beginning on or after 1 July 2018:

- MFRS 9 'Financial Instruments'
- MFRS 15 'Revenue from Contracts with Customers'
- IC Interpretation 22 'Foreign Currency Transactions and Advance Consideration'

With effect from the financial year beginning on/after 1 July 2018, the Group and the Company apply MFRS 9 'Financial Instruments', replacing MFRS 139 'Financial Instruments: Recognition and Measurement', and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. MFRS 9 introduces and expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. The new hedge accounting rules will align the accounting for hedging instruments more closely with The Group's risk management practices. As a general rule, more hedging relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The new standard also introduces expanded disclosure requirements and changes in presentation. Comparatives for 2018 will not be restated. The impact of adoption of MFRS 9 to the Group and the Company are disclosed in Note 34.

The adoption of the above new standards and interpretation are not expected to have impact on the financial results of the Group and the Company, except for the cumulative impact on the adoption of MFRS 9 which is recognised in the retained earnings as at 1 July 2018.

Revised BNM Policy Document on Financial Reporting

On 2 February 2018, BNM issued the revised policy document on Financial Reporting which prescribe the regulatory reserves to be maintained by banking institutions. With effect from 1 January 2018, the Group's domestic banking subsidiary companies must maintain, in aggregate, loss allowance for non-credit impaired exposures and regulatory reserves of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.

The financial effects of the adoption of the revised policy documents are presented in Note 34.

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

2. Status of matters giving rise to the auditor's qualified report in the preceding annual financial statement for the year ended 30 June 2018

There was no qualified report issued by the auditors in the preceding annual financial statements for the year ended 30 June 2018.

3. Seasonality or cyclicity of operations

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

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

4. Exceptional items or unusual events affecting financial statements

There were no exceptional items or unusual events that materially affected the financial statements.

5. Variation from financial estimates reported in preceding financial period

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

6. Issuance and repayment of debt and equity securities

There was no repayment of debt or equity share, share buy-back, share cancellation, shares held as treasury shares nor resale of treasury shares in HLFG for the financial period ended 30 September 2018 other than as mentioned below.

a) Purchase of shares pursuant to Executive Share Scheme ("ESS")

In December 2017, the Group has granted up to 20,450,000 HLFG shares at an exercise price of RM17.12 to eligible executives of HLFG and its subsidiary pursuant to the Company's Executive Share Scheme.

The options granted are subject to the achievement of certain performance criteria by the option holders over two performance periods concluding at the end of the financial years ending 30 June 2019 and 30 June 2021 respectively. The achievement of the performance targets and the numbers of shares (if any) to be vested shall be determined following the end of respective performance periods. The vested options for each performance period are exercisable in three tranches over a period of 2 - 26 months from the respective vesting dates.

As at 30 September 2018, the total number of Treasury Shares for Executive Share Option Scheme ("ESOS") is 500 at an average price of RM6.31 per share and the total consideration paid, including transaction costs was RM3,155.

During the financial period ended 30 September 2018, no shares were exercised pursuant to the Company's ESOS.

The remaining number of shares held by the appointed trustee for the insurance subsidiary company as at 30 September 2018 was 2,517,900 units at an average price of RM9.01 per share with total consideration paid, including transaction costs was RM22,682,753 which have been classified as treasury shares for ESOS at the Group level.

b) Issuance of Senior Notes

On 6 September 2018, the Company issued RM400 million in aggregate principal amount of Senior Notes ("the Notes") out of its multi-currency perpetual notes programme. The Notes were issued for a period of three years with a coupon rate of 4.35% per annum.

7. Dividends paid

There were no dividends paid during the financial period under review.

8. Segmental reporting

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

Inter-segment pricing is based on internally computed cost of funds.

Segment results, assets and liabilities include items directly attributable to the segment as well as those that can be allocated on a reasonable basis.

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

Business segments

The Group comprises the following main business segments:

Commercial banking	Commercial banking business
Investment banking and asset management	Investment banking, futures and stockbroking, fund and unit trust management
Insurance	Life and general insurance and family takaful business
Other operations	Investment holding and provision of management services

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8. Segmental reporting (continued)

The Group 30 September 2018	Commercial banking RM '000	Investment banking RM '000	Insurance RM '000	Other operations RM '000	Eliminations/ consolidation adjustments RM '000	Consolidated RM '000
Revenue for the period ended						
External revenue	1,244,390	51,336	104,425	(16,986)	-	1,383,165
Intersegment revenue	4,635	(546)	466	2,316	(6,871)	-
	<u>1,249,025</u>	<u>50,790</u>	<u>104,891</u>	<u>(14,670)</u>	<u>(6,871)</u>	<u>1,383,165</u>
Results for the period ended						
Segment results	704,264	22,710	71,658	(23,514)	(3,385)	771,733
Share of results of associated companies						157,373
Profit before taxation						<u>929,106</u>
Taxation						<u>(159,499)</u>
Net profit for the financial period						<u>769,607</u>
Non-controlling interests						<u>(263,912)</u>
Profit attributable to owners of the parent						<u><u>505,695</u></u>
Other information						
Segment assets	207,576,833	4,837,862	20,663,439	18,076,618	(15,873,493)	<u>235,281,259</u>
Segment liabilities	183,220,276	4,044,854	17,691,127	2,365,791	681,834	<u>208,003,882</u>

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8. Segmental reporting (continued)

The Group	Commercial	Investment		Other	Eliminations/	Consolidated
30 September 2017	banking	banking	Insurance	operations	consolidation	
	RM '000	RM '000	RM '000	RM '000	adjustments	RM '000
					RM '000	RM '000
Revenue for the period ended						
External revenue	1,175,216	40,625	77,351	(14,440)	-	1,278,752
Intersegment revenue	3,415	3,854	980	3,165	(11,414)	-
	<u>1,178,631</u>	<u>44,479</u>	<u>78,331</u>	<u>(11,275)</u>	<u>(11,414)</u>	<u>1,278,752</u>
Results for the period ended						
Segment results	628,073	18,354	49,133	(18,128)	(789)	676,643
Share of results of associated companies						159,251
Share of results of joint ventures						4,567
Profit before taxation						<u>840,461</u>
Taxation						<u>(150,374)</u>
Net profit for the financial period						690,087
Non-controlling interests						<u>(234,835)</u>
Profit attributable to owners of the parent						<u>455,252</u>
Other information						
Segment assets	196,990,210	4,608,611	18,816,023	17,178,678	(16,142,125)	221,451,397
Segment liabilities	173,674,381	3,842,730	16,138,833	1,557,853	527,605	<u>195,741,402</u>

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9. Financial assets at fair value through profit or loss

	The Group	
	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
Money market instruments:		
Government treasury bills	23	-
Malaysian Government securities	3,835,398	-
Malaysian Government investment certificates	1,058,446	-
Bank Negara Malaysia bills	199,856	-
Negotiable instruments of deposit	1,062,559	-
Cagamas bonds	415,096	-
Other Government securities	4,419,609	-
	<u>10,990,987</u>	<u>-</u>
Quoted securities:		
Shares in Malaysia	2,369,633	-
Shares outside Malaysia	189,588	-
Wholesale fund/unit trust investments	1,181,794	-
Foreign currency bonds in Malaysia	1,933	-
Foreign currency bonds outside Malaysia	55,797	-
Investment-linked funds	275	-
Warrants quoted in Malaysia	1,996	-
	<u>3,801,016</u>	<u>-</u>
Unquoted securities:		
Shares in Malaysia	272,263	-
Shares outside Malaysia	181,032	-
Foreign currency bonds outside Malaysia	365,791	-
Corporate bonds and sukuk	6,729,473	-
Redeemable preference shares	30,866	-
	<u>7,579,425</u>	<u>-</u>
Total financial assets at fair value through profit or loss	<u>22,371,428</u>	<u>-</u>

	The Company	
	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
Quoted securities:		
Unit trust investments	67	-

10. Financial assets held-for-trading

	The Group	
	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
Money market instruments:		
Malaysian Government securities	-	2,591,793
Malaysian Government investment certificates	-	867,698
Bankers' acceptances and Islamic accepted bills	-	55,084
Negotiable instruments of deposit	-	3,983,804
Other Government securities	-	655,493
	<u>-</u>	<u>8,153,872</u>
Quoted securities:		
Shares in Malaysia	-	612,759
Shares outside Malaysia	-	108,132
Unit trust investments	-	435,834
Foreign currency bonds in Malaysia	-	40,093
Foreign currency bonds outside Malaysia	-	68,847
	<u>-</u>	<u>1,265,665</u>
Unquoted securities:		
Foreign currency bonds outside Malaysia	-	52,465
Corporate bonds and sukuk	-	1,064,879
	<u>-</u>	<u>1,117,344</u>
Total financial assets held-for-trading	<u>-</u>	<u>10,536,881</u>

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
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11. Financial investments at fair value through other comprehensive income

	The Group	
	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
Money market instruments:		
Malaysian Government securities	1,372,197	-
Malaysian Government investment certificates	7,143,811	-
Negotiable instruments of deposit	1,919,944	-
Other Government securities	685,811	-
Khazanah bonds	398,471	-
Cagamas bonds	1,061,519	-
	<u>12,581,753</u>	<u>-</u>
Quoted securities:		
Foreign currency bonds in Malaysia	2,551,082	-
Foreign currency bonds outside Malaysia	2,073,932	-
	<u>4,625,014</u>	<u>-</u>
Unquoted securities:		
Shares in Malaysia	32,534	-
Malaysian Government sukuk	1,072,550	-
Corporate bonds and sukuk	8,031,064	-
Foreign currency bonds in Malaysia	1,045,508	-
Foreign currency bonds outside Malaysia	996,323	-
	<u>11,177,979</u>	<u>-</u>
Total financial investments at fair value through other comprehensive income	<u>28,384,746</u>	<u>-</u>

Movements in the allowances for impairment which reflect the expected credit loss ("ECL") model on impairment are as follows:

	The Group As at 30/09/2018 RM '000
12 months ECL Stage 1	
As at beginning of the financial period	
- as previously stated	-
- effect of adopting MFRS 9	7,086
As restated	<u>7,086</u>
New financial assets originated or purchased	767
Financial assets derecognised	(282)
Changes due to change in credit risk	(446)
Exchange differences	50
As at end of the financial period	<u>7,175</u>

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12. Financial investments available-for-sale

	The Group	
	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
Money market instruments:		
Malaysian Government securities	-	1,357,655
Malaysian Government investment certificates	-	4,523,680
Other Government securities	-	4,268,647
Khazanah bonds	-	673,444
Cagamas bonds	-	1,490,348
	<u>-</u>	<u>12,313,774</u>
Quoted securities:		
Shares in Malaysia	-	1,520,961
Shares outside Malaysia	-	111,481
Foreign currency bonds in Malaysia	-	2,996,117
Foreign currency bonds outside Malaysia	-	1,660,272
Investment-linked funds	-	300
Unit trust investments	-	558,205
	<u>-</u>	<u>6,847,336</u>
Unquoted securities:		
Shares in Malaysia	-	469,905
Malaysian Government sukuk	-	2,385,470
Corporate bonds and sukuk	-	13,650,762
Foreign currency bonds in Malaysia	-	1,048,287
Foreign currency bonds outside Malaysia	-	1,017,005
	<u>-</u>	<u>18,571,429</u>
Total financial investments available-for-sale	<u>-</u>	<u>37,732,539</u>

13. Financial investments at amortised cost

	The Group	
	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
Money market instruments:		
Government treasury bills	54,545	-
Malaysian Government securities	917,041	-
Malaysian Government investment certificates	9,368,892	-
Khazanah bonds	295,772	-
Other Government securities	391,791	-
	<u>11,028,041</u>	<u>-</u>
Quoted securities:		
Foreign currency bonds in Malaysia	782,720	-
Unquoted securities:		
Malaysian Government sukuk	3,026,780	-
Corporate bonds and sukuk	2,062,508	-
Foreign currency bonds outside Malaysia	203,224	-
Total financial investments at amortised cost	<u>17,103,273</u>	<u>-</u>

Movements in the allowances for impairment which reflect the ECL model on impairment are as follows:

	The Group As at 30/09/2018 RM '000
12 months ECL Stage 1	
As at beginning of the financial period	-
- as previously stated	-
- effect of adopting MFRS 9	854
As restated	<u>854</u>
New financial assets originated or purchased	267
Changes due to change in credit risk	<u>(1)</u>
As at end of the financial period	<u>1,120</u>

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14. Financial investments held-to-maturity

	The Group	
	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
Money market instruments:		
Government treasury bills	-	52,950
Malaysian Government securities	-	1,574,180
Malaysian Government investment certificates	-	11,432,594
Other Government securities	-	383,739
	<u>-</u>	<u>13,443,463</u>
Unquoted securities:		
Malaysian Government sukuk	-	1,548,339
Corporate bonds and sukuk	-	748,201
Foreign currency bonds outside Malaysia	-	124,810
Redeemable preference shares	-	30,866
	<u>-</u>	<u>2,452,216</u>
Total financial investments held-to-maturity	<u>-</u>	<u>15,895,679</u>

15. Loans, advances and financing

	The Group	
	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
Overdrafts	3,602,673	3,794,584
Term loans/financing:		
- Housing and shop loans/financing	71,528,152	70,332,643
- Syndicated term loan/financing	10,395,732	9,953,665
- Hire purchase receivables	17,693,811	17,229,742
- Other term loans/financing	7,396,033	7,700,340
Credit/charge card receivables	3,693,299	3,899,183
Bills receivables	963,283	996,560
Trust receipts	386,862	328,628
Policy and premium loans	559,702	564,369
Claims on customers under acceptance credits	7,544,944	7,839,208
Revolving credits	6,260,867	6,627,619
Staff loans/financing	142,559	146,088
Other loans/financing	435,491	448,850
Gross loans, advances and financing	<u>130,603,408</u>	<u>129,861,479</u>
Fair value changes arising from fair value hedges	(2,123)	(2,540)
Unamortised fair value changes arising from terminated fair value hedges	(11)	(13)
Allowance for impaired loans, advances and financing:		
- 12 months ECL (Stage 1)	(422,836)	-
- Lifetime ECL not credit impaired (Stage 2)	(494,835)	-
- Lifetime ECL credit impaired (Stage 3)	(433,616)	-
- Collective assessment allowance	-	(805,397)
- Individual assessment allowance	-	(202,295)
Total net loans, advances and financing	<u>129,249,987</u>	<u>128,851,234</u>

Included in loans, advances and financing are housing loans sold to Cagamas with recourse to the Group amounting to RM174,974,000 (2018: RM177,874,000).

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15. Loans, advances and financing (continued)

(a) By type of customer

	The Group	
	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
Domestic non-bank financial institutions	337,876	597,185
Domestic business enterprises:		
- small and medium enterprises	19,981,983	20,480,196
- others	16,472,676	16,489,255
Government and statutory bodies	13,533	19,374
Individuals	86,518,010	85,095,493
Other domestic entities	349,257	269,937
Foreign entities	6,930,073	6,910,039
Gross loans, advances and financing	130,603,408	129,861,479

(b) By interest/profit rate sensitivity

	The Group	
	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
Fixed rate		
- Housing and shop loans/financing	2,102,767	2,583,136
- Hire purchase receivables	17,410,292	16,916,260
- Other fixed rate loan/financing	7,031,117	7,241,647
Variable rate		
- Base rate/base lending rate plus	86,964,536	86,079,824
- Cost plus	16,593,247	16,635,549
- Other variables rates	501,449	405,063
Gross loans, advances and financing	130,603,408	129,861,479

(c) By economic purpose

	The Group	
	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
Purchase of securities	619,409	604,109
Purchase of transport vehicles	17,337,335	16,893,711
Purchase of landed properties		
- residential	62,633,665	61,370,803
- non-residential	15,591,828	15,553,253
Purchase of fixed assets (excluding landed properties)	714,191	546,924
Personal use	3,377,529	3,248,454
Credit card	3,693,299	3,899,183
Construction	1,542,315	1,552,918
Mergers and acquisition	357,241	362,600
Working capital	22,815,206	23,857,255
Other purpose	1,921,390	1,972,269
Gross loans, advances and financing	130,603,408	129,861,479

(d) By geographical distribution

	The Group	
	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
Malaysia	123,768,446	123,335,851
Singapore	5,248,726	5,097,771
Vietnam	501,449	405,063
Cambodia	1,084,787	1,022,794
Gross loans, advances and financing	130,603,408	129,861,479

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15. Loans, advances and financing (continued)

(e) By residual contractual maturity

	The Group	
	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
Within one year	26,031,401	27,426,888
One year to less than three years	6,094,463	6,027,852
Three years to less than five years	9,431,749	9,069,429
Five years and more	89,045,795	87,337,310
Gross loans, advances and financing	<u>130,603,408</u>	<u>129,861,479</u>

(f) Credit impaired/impaird loans, advances and financing by economic purpose

	The Group	
	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
Purchase of securities	1,080	1,256
Purchase of transport vehicles	136,545	134,141
Purchase of landed properties		
- residential	337,953	353,270
- non-residential	171,836	170,961
Purchase of fixed assets (excluding landed properties)	2,447	3,465
Personal use	40,653	46,682
Credit card	37,641	39,562
Construction	5,042	3,530
Working capital	317,488	376,386
Other purpose	6,264	3,134
Gross credit impaired/impaird loans, advances and financing	<u>1,056,949</u>	<u>1,132,387</u>

(g) Credit impaired/impaird loans, advances and financing by geographical distribution

	The Group	
	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
Malaysia	1,049,065	1,119,695
Singapore	1,467	1,394
Vietnam	3,633	3,937
Cambodia	2,784	7,361
Gross credit impaired/impaird loans, advances and financing	<u>1,056,949</u>	<u>1,132,387</u>

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

	The Group	
	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
As at beginning of the financial period/year		
- as previously stated	1,132,387	1,215,017
- effect of adopting MFRS 9	(11)	-
As restated	<u>1,132,376</u>	<u>1,215,017</u>
Classified as impaired during the financial period/year	392,648	1,663,481
Reclassified as non-impaired during the financial period/year	(222,932)	(889,043)
Amount written back in respect of recoveries	(168,953)	(392,039)
Amount written off	(77,581)	(460,834)
Exchange differences	1,391	(4,195)
As at end of the financial period/year	<u>1,056,949</u>	<u>1,132,387</u>
Gross credit impaired/impaird loans as a % of gross loans, advances and financing	<u>0.8%</u>	<u>0.9%</u>

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15. Loans, advances and financing (continued)

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

The Group	12 months ECL Stage 1 RM '000	Lifetime ECL not credit impaired Stage 2 RM '000	Lifetime ECL credit impaired Stage 3 RM '000	Total ECL RM '000
As at 30/09/2018				
As at beginning of the financial period				
- as previously stated				1,007,692
- effect of adopting MFRS 9				367,548
As restated	420,527	492,612	462,101	1,375,240
Changes in ECL due to transfer within stages	(26,459)	(36,047)	62,506	-
- transfer to 12 months ECL (Stage 1)	5,501	(5,462)	(39)	-
- transfer to Lifetime ECL not credit impaired (Stage 2)	(31,949)	56,724	(24,775)	-
- transfer to Lifetime ECL credit impaired (Stage 3)	(11)	(87,309)	87,320	-
New financial assets originated	16,391	858	38	17,287
Financial assets derecognised	(9,118)	(9,252)	(12,237)	(30,607)
Changes due to change in credit risk	21,139	46,462	19,547	87,148
Modifications to contractual cash flows of financial assets	-	-	1,825	1,825
Amount written off	-	-	(69,890)	(69,890)
Exchange differences	356	203	1,445	2,004
Other movements	-	(1)	(31,719)	(31,720)
As at end of the financial period	<u>422,836</u>	<u>494,835</u>	<u>433,616</u>	<u>1,351,287</u>

The Group	
As at 30/09/2018 RM '000	As at 30/06/2018 RM '000

Collective assessment allowance

As at beginning of the financial period/year		
- as previously stated	805,397	830,407
- effect of adopting MFRS 9	(805,397)	-
As restated	-	830,407
Net allowance made during the financial period/year	-	300,218
Amount written off	-	(310,061)
Unwinding income	-	(14,475)
Exchange differences	-	(692)
As at end of the financial period/year	<u>-</u>	<u>805,397</u>

Collective assessment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing less individual impairment allowance

1.2%

Individual assessment allowance

As at beginning of the financial period/year		
- as previously stated	202,295	325,536
- effect of adopting MFRS 9	(202,295)	-
As restated	-	325,536
Net allowance made during the financial period/year	-	63,406
Amount written back in respect of recoveries	-	(55,505)
Amount written off	-	(119,266)
Unwinding income	-	(7,959)
Exchange differences	-	(3,917)
As at end of the financial period/year	<u>-</u>	<u>202,295</u>

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16. Other receivables

	The Group	
	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
Foreclosed properties	10,870	46
Sundry debtors and other prepayments	253,191	293,418
Treasury related receivables	641,579	65,547
Fee income receivable	1,750	2,842
Cash collateral pledged for derivative transactions	346,485	314,855
Other receivables	147,831	275,862
	1,401,706	952,570

	The Company	
	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
Amount due from subsidiary companies	52,752	4,137
Sundry debtors and other prepayments	147	178
Interest receivables	-	2
Other receivables	229	230
	53,128	4,547

17. Investment in associated companies

	The Group	
	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
<u>Retained portion</u>		
Quoted shares outside Malaysia, at cost	938,311	938,311
Unquoted shares in Malaysia, at cost	618,666	618,666
Unquoted shares outside Malaysia, at cost	24,657	-
Cumulative share of results, net of dividends received	2,681,083	2,498,670
Cumulative share of changes in other comprehensive income	655	(4,743)
Exchange fluctuation reserve	426,993	487,422
	4,690,365	4,538,326

On 25 October 2007, Hong Leong Bank Berhad ("HLB") entered into a Share Subscription Agreement with BOCD to subscribe for new shares representing 19.99% equity interest of the Enlarged Capital in BOCD. BOCD is a leading commercial bank in Western and Central China with its base in Chengdu, the capital of Sichuan Province. The subscription enables HLB to enter into a strategic alliance with BOCD to tap into the promising and growing financial services sector of China. It will strengthen and diversify the earnings base of HLB.

On 31 January 2018, BOCD was officially listed on the Shanghai Stock Exchange after completing its initial public offering ("IPO") of 361 million shares and raised 2.53 billion yuan. Arising from the IPO, the Group's equity interest of the enlarged capital in BOCD is now reduced to 18% from 20%.

Included in the investment in associated companies are the reclassification of the retained interest of 12% from investment in joint venture under the Group of RM57,345,000.

On 1 October 2010, HLA Holdings Sdn Bhd ("HLAH") entered into a Strategic Partnership with Mitsui Sumitomo Insurance Company, Limited ("MSIJ") to transfer the Non-Life Business of Hong Leong Assurance Berhad ("HLA") to MSIG Insurance (Malaysia) Bhd ("MSIM"), a subsidiary of MSIJ and one of the largest general insurance in Malaysia, satisfied via the issuance of new shares 30% of the ordinary issued and paid-up capital of MSIM.

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18. Investment in joint venture

	The Group	
	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
<u>Retained portion</u>		
Unquoted shares outside Malaysia, at cost	-	24,657
Cumulative share of results, net of dividends received	-	26,342
Exchange fluctuation reserve	-	6,674
	<u>-</u>	<u>57,673</u>
Equity interest held for sale	-	121,753
	<u>-</u>	<u>179,426</u>

On 1 March 2010, HLB together with Bank of Chengdu Co., Ltd. ("BOCD"), obtained operation approval from China Banking Regulatory Commission ("CBRC") for Sichuan Jincheng Consumer Finance Limited Company ("JV Co"), a joint venture company that is part of the first batch of approved companies, to start consumer finance operations in Central and Western China. This JV Co focuses primarily in the consumer financing business with HLB having a 49% equity interest and BOCD having a 51% equity interest in the JV Co. This strategic alliance between HLB and BOCD to tap into the promising and growing financial services sector in China further cements HLB's strategic partnership in BOCD and affirms HLB's vision and belief in the huge potential of China.

In March 2017, HLB's Board of Directors has approved the divestment of 37% of HLB's stake through non-subscription of the issuance of new share capital by JV Co and selling down the original share capital held by HLB to new strategic investors through an exercise via Southwest United Equity Exchange. The sale was completed upon obtaining approval from CBRC vide its letter dated 3 September 2018.

Post completion of the divestment exercise, the retained interest of 12% under the Group of RM57,345,000 are derecognised from its investment in joint venture and classified as investment in associated companies.

19. Deposits from customers

(a) By type of deposits

	The Group	
	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
At amortised cost		
Fixed deposits	89,102,266	88,068,740
Negotiable instruments of deposits	7,823,322	6,892,073
Short-term placements	17,577,230	16,624,892
	<u>114,502,818</u>	<u>111,585,705</u>
Demand deposits	22,393,099	23,586,919
Savings deposits	17,235,680	17,563,850
Others	944,152	979,288
Gross deposits from customers	<u>155,075,749</u>	<u>153,715,762</u>
At fair value through profit or loss		
Structured deposits linked to interest rate derivatives	3,489,205	3,334,428
Fair value changes arising from designation at fair value through profit or loss*	(140,549)	(167,278)
	<u>3,348,656</u>	<u>3,167,150</u>
	<u>158,424,405</u>	<u>156,882,912</u>

*Note:

The Group has issued structured deposits which are linked to interest rate derivatives and designated them at fair value through profit or loss. This designation is permitted under MFRS 9 as it significantly reduces accounting mismatch. These instruments are managed by the Group on the basis of fair value and includes terms that have substantive derivative characteristics.

The fair value changes of the structured deposits which are linked to interest rate derivatives that are attributable to the changes in own credit risk are not significant.

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19. Deposits from customers (continued)

(b) By type of customers

	The Group	
	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
Government and statutory bodies	6,632,247	4,818,613
Business enterprises	63,479,319	61,345,942
Individuals	85,751,525	88,185,501
Others	2,561,314	2,532,856
	<u>158,424,405</u>	<u>156,882,912</u>

(c) The maturity structure of fixed deposits, negotiable instruments of deposits and short-term placements are as follows:

	The Group	
	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
Due within six months	89,748,840	83,100,530
More than six months to one year	22,682,957	26,160,206
More than one year to five years	2,071,021	2,324,969
	<u>114,502,818</u>	<u>111,585,705</u>

20. Deposits and placements of banks and other financial institutions

	The Group	
	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
Licensed banks	9,299,804	7,134,830
Licensed investment banks	219,788	309,597
Other financial institutions	2,065,046	1,851,968
	<u>11,584,638</u>	<u>9,296,395</u>
The maturity structure of deposits and placements of banks and other financial institutions:		
- One year or less (short-term)	<u>11,584,638</u>	<u>9,296,395</u>

21. Payables and other liabilities

	The Group	
	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
Trade payables	2,817,156	2,731,351
Post employment benefits obligation - defined contribution plan	1,864	1,855
Loan advance payment	3,268,666	3,229,766
Treasury and cheque clearing	144,362	50,106
Treasury related payables	122,620	231,223
Sundry creditors and accruals	326,548	554,916
Provision for bonus and staff related expenses	283,721	226,546
Financial liabilities due to third party investors*	3,862,850	3,859,209
Others	761,260	823,219
	<u>11,589,047</u>	<u>11,708,191</u>

* Financial liabilities due to third party investors relate to the net asset value of units held by the third party investors of unit trust funds deemed as subsidiary company pursuant to MFRS 10 "Consolidated Financial Statements".

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21. Payables and other liabilities (continued)

	The Company	
	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
Post employment benefits obligation - defined contribution plan	45	45
Sundry creditors and accruals	1,882	2,093
Provision for bonus and staff related expenses	14,383	11,474
	<u>16,310</u>	<u>13,612</u>

22. Interest income

	The Group		The Group	
	Current quarter ended 30/09/2018 RM '000	Last year quarter ended 30/09/2017 RM '000	Current year to date 30/09/2018 RM '000	Last year to date 30/09/2017 RM '000
Loans, advances and financing	1,203,971	1,164,046	1,203,971	1,164,046
Money at call and deposit placements with financial institutions	61,602	43,273	61,602	43,273
Securities purchased under resale agreements	503	948	503	948
Financial assets at fair value through profit or loss	109,343	-	109,343	-
Financial assets held-for-trading	-	104,692	-	104,692
Financial investments at fair value through other comprehensive income	214,046	-	214,046	-
Financial investments available-for-sale	-	184,804	-	184,804
Financial investments at amortised cost	117,280	-	117,280	-
Financial investments held-to-maturity	-	104,132	-	104,132
Others	5,607	7,247	5,607	7,247
	<u>1,712,352</u>	<u>1,609,142</u>	<u>1,712,352</u>	<u>1,609,142</u>
Of which:				
Interest income earned on impaired loans, advances and financing	5,492	14,058	5,492	14,058

	The Company		The Company	
	Current quarter ended 30/09/2018 RM '000	Last year quarter ended 30/09/2017 RM '000	Current year to date 30/09/2018 RM '000	Last year to date 30/09/2017 RM '000
Money at call and deposit placements with financial institutions	204	172	204	172
Subordinated obligations	6,125	-	6,125	-
Multi-currency Additional Tier 1 capital securities	5,172	-	5,172	-
Other interest income	145	360	145	360
	<u>11,646</u>	<u>532</u>	<u>11,646</u>	<u>532</u>

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23. Interest expense

	The Group		The Group	
	Current quarter ended 30/09/2018 RM '000	Last year quarter ended 30/09/2017 RM '000	Current year to date 30/09/2018 RM '000	Last year to date 30/09/2017 RM '000
Deposits and placements of banks and other financial institutions	77,982	40,581	77,982	40,581
Deposits from customers	764,199	690,200	764,199	690,200
Short-term placements	109,450	88,557	109,450	88,557
Borrowings	15,219	15,631	15,219	15,631
Subordinated obligations	35,720	29,568	35,720	29,568
Recourse obligation on loans sold to Cagamas	1,916	1,916	1,916	1,916
Innovative Tier 1 capital securities	10,152	9,439	10,152	9,439
Multi-currency Additional Tier 1 capital securities	5,258	-	5,258	-
Others	1,559	4,707	1,559	4,707
	<u>1,021,455</u>	<u>880,599</u>	<u>1,021,455</u>	<u>880,599</u>

	The Company		The Company	
	Current quarter ended 30/09/2018 RM '000	Last year quarter ended 30/09/2017 RM '000	Current year to date 30/09/2018 RM '000	Last year to date 30/09/2017 RM '000
Borrowings	15,224	15,631	15,224	15,631
Subordinated obligations	6,253	-	6,253	-
Multi-currency Additional Tier 1 capital securities	5,334	-	5,334	-
Others	90	142	90	142
	<u>26,901</u>	<u>15,773</u>	<u>26,901</u>	<u>15,773</u>

24. Net income from Islamic banking business

	The Group		The Group	
	Current quarter ended 30/09/2018 RM '000	Last year quarter ended 30/09/2017 RM '000	Current year to date 30/09/2018 RM '000	Last year to date 30/09/2017 RM '000
Income derived from investment of depositors' funds and others	354,294	306,150	354,294	306,150
of which Finance income	348,500	300,563	348,500	300,563
of which other operating income	5,794	5,587	5,794	5,587
Income derived from investment of shareholders' funds	41,507	35,171	41,507	35,171
of which Finance income	30,303	26,136	30,303	26,136
of which other operating income	11,204	9,035	11,204	9,035
Income attributable to depositors	<u>(224,725)</u>	<u>(181,511)</u>	<u>(224,725)</u>	<u>(181,511)</u>
	<u>171,076</u>	<u>159,810</u>	<u>171,076</u>	<u>159,810</u>

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25. Non-interest income

	The Group		The Group	
	Current quarter ended 30/09/2018 RM '000	Last year quarter ended 30/09/2017 RM '000	Current year to date 30/09/2018 RM '000	Last year to date 30/09/2017 RM '000
Net income from insurance business	72,556	58,335	72,556	58,335
Net brokerage and commissions from stockbroking business	14,420	14,638	14,420	14,638
Net unit trust and asset management income	11,339	7,281	11,339	7,281
Fee income:				
Commissions	40,632	41,492	40,632	41,492
Service charges and fees	10,689	12,597	10,689	12,597
Guarantee fees	3,114	2,818	3,114	2,818
Credit card related fees	55,155	55,429	55,155	55,429
Corporate advisory fees	778	1,172	778	1,172
Commitment fees	8,148	8,588	8,148	8,588
Fee on loans, advances and financing	9,181	8,982	9,181	8,982
Placement fees	239	50	239	50
Arranger fees	425	2,083	425	2,083
Other fee income	20,321	24,228	20,321	24,228
	148,682	157,439	148,682	157,439
Net realised gain/(loss) arising from sale/redemption of financial assets:				
Net gain from sale of financial assets at fair value through profit or loss	35,661	-	35,661	-
Net gain from sale of financial assets held-for-trading	-	14,777	-	14,777
Net gain from sale of financial investments at fair value through other comprehensive income	16,494	-	16,494	-
Net gain from sale of financial investments available-for-sale	-	42,090	-	42,090
Net loss from sale of derivative financial instruments	(6,908)	(12,405)	(6,908)	(12,405)
	45,247	44,462	45,247	44,462
Gross dividend income from:				
Financial assets at fair value through profit or loss	80,247	-	80,247	-
Financial assets held-for-trading	-	2,414	-	2,414
Financial investments at fair value through other comprehensive income	203	-	203	-
Financial investments available-for-sale	-	75,425	-	75,425
	80,450	77,839	80,450	77,839
Net unrealised gain/(loss) on revaluation of:				
Financial assets at fair value through profit or loss	26,309	-	26,309	-
Financial assets held-for-trading	-	(4,204)	-	(4,204)
Derivative financial instruments	3,353	8,460	3,353	8,460
	29,662	4,256	29,662	4,256
Amortisation of fair value changes arising from terminated fair value hedges	(92)	(174)	(92)	(174)
Net loss on fair value changes arising from fair value hedges	(38)	(1)	(38)	(1)
Other income:				
Foreign exchange gain	36,655	19,793	36,655	19,793
Rental income	2,569	1,986	2,569	1,986
Net gain on disposal of property and equipment	177	455	177	455
Net gain on divestment of joint venture	72,242	-	72,242	-
Other non-operating income	7,323	4,090	7,323	4,090
	118,966	26,324	118,966	26,324
Total non-interest income	521,192	390,399	521,192	390,399

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25. Non-interest income (continued)

	The Company		The Company	
	Current quarter ended 30/09/2018 RM '000	Last year quarter ended 30/09/2017 RM '000	Current year to date 30/09/2018 RM '000	Last year to date 30/09/2017 RM '000
Fee income:				
Management fees	1,606	2,782	1,606	2,782
Gross dividend income from:				
Financial assets at fair value through profit or loss	398	-	398	-
Net unrealised gain on revaluation of:				
Derivative financial instruments	48	17	48	17
Other income:				
Gain from distribution on liquidation of subsidiary	21	-	21	-
Other non-operating income	8	-	8	-
Total non-interest income	2,081	2,799	2,081	2,799

26. Overhead expenses

	The Group		The Group	
	Current quarter ended 30/09/2018 RM '000	Last year quarter ended 30/09/2017 RM '000	Current year to date 30/09/2018 RM '000	Last year to date 30/09/2017 RM '000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	299,618	280,083	299,618	280,083
- Medical expenses	4,752	7,615	4,752	7,615
- Training and convention expenses	6,971	5,723	6,971	5,723
- Staff welfare	2,483	1,978	2,483	1,978
- Others	22,134	12,399	22,134	12,399
	335,957	307,798	335,957	307,798
<u>Establishment costs</u>				
- Depreciation of property and equipment	34,283	28,333	34,283	28,333
- Amortisation of intangible assets	15,246	20,772	15,246	20,772
- Rental of premises	17,434	21,741	17,434	21,741
- Information technology expenses	43,359	42,723	43,359	42,723
- Security services	7,175	8,023	7,175	8,023
- Electricity, water and sewerage	6,292	7,019	6,292	7,019
- Hire of plant and machinery	3,050	3,215	3,050	3,215
- Others	10,926	9,318	10,926	9,318
	137,765	141,144	137,765	141,144
<u>Marketing expenses</u>				
- Advertisement and publicity	6,195	10,316	6,195	10,316
- Credit card related fees	31,810	25,317	31,810	25,317
- Others	10,201	5,850	10,201	5,850
	48,206	41,483	48,206	41,483
<u>Administration and general expenses</u>				
- Teletransmission expenses	4,502	4,531	4,502	4,531
- Stationery and printing expenses	3,697	3,396	3,697	3,396
- Professional fees	21,871	22,561	21,871	22,561
- Insurance fees	10,137	10,034	10,137	10,034
- Stamp, postage and courier	3,290	4,442	3,290	4,442
- Credit card fees	10,617	9,635	10,617	9,635
- Travelling and transport expenses	1,174	960	1,174	960
- Registration and license fees	2,474	2,562	2,474	2,562
- Brokerage and commission	1,886	1,464	1,886	1,464
- Others	9,937	8,236	9,937	8,236
	69,585	67,821	69,585	67,821
	591,513	558,246	591,513	558,246

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26. Overhead expenses (continued)

	The Company		The Company	
	Current quarter ended 30/09/2018 RM '000	Last year quarter ended 30/09/2017 RM '000	Current year to date 30/09/2018 RM '000	Last year to date 30/09/2017 RM '000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	5,492	3,946	5,492	3,946
- Medical expenses	28	27	28	27
- Training and convention expenses	12	2	12	2
- Staff welfare	137	130	137	130
- Others	3,327	176	3,327	176
	<u>8,996</u>	<u>4,281</u>	<u>8,996</u>	<u>4,281</u>
<u>Establishment costs</u>				
- Depreciation of property and equipment	285	152	285	152
- Amortisation of intangible assets	-	11	-	11
- Rental of premises	230	190	230	190
- Information technology expenses	39	26	39	26
- Electricity, water and sewerage	12	17	12	17
- Hire of machinery	-	4	-	4
- Others	36	24	36	24
	<u>602</u>	<u>424</u>	<u>602</u>	<u>424</u>
<u>Administration and general expenses</u>				
- Teletransmission expenses	9	8	9	8
- Stationery and printing expenses	12	8	12	8
- Professional fees	220	183	220	183
- Management fees	346	563	346	563
- Travelling and transport expenses	12	18	12	18
- Others	95	183	95	183
	<u>694</u>	<u>963</u>	<u>694</u>	<u>963</u>
	<u>10,292</u>	<u>5,668</u>	<u>10,292</u>	<u>5,668</u>

27. Allowance for impairment losses on loans, advances and financing and other losses

	The Group		The Group	
	Current quarter ended 30/09/2018 RM '000	Last year quarter ended 30/09/2017 RM '000	Current year to date 30/09/2018 RM '000	Last year to date 30/09/2017 RM '000
Allowance for impairment losses on loans, advances and financing:				
- Stage 1 - 12 months ECL	1,952	-	1,952	-
- Stage 2 - Lifetime ECL not credit impaired	2,023	-	2,023	-
- Stage 3 - Lifetime ECL credit impaired	71,679	-	71,679	-
- Collective assessment allowance	-	93,267	-	93,267
- Individual assessment allowance	-	1,524	-	1,524
(Writeback of)/allowance for impairment losses on client's and brokers' balances:				
- Stage 1 - 12 months ECL	(11)	-	(11)	-
- Stage 3 - Lifetime ECL credit impaired	18	-	18	-
- Collective assessment allowance	-	1	-	1
- Individual assessment allowance	-	24	-	24
Allowance for/(writeback of) impairment losses on other assets:				
- Stage 1 - 12 months ECL	347	-	347	-
- Stage 3 - Lifetime ECL credit impaired	(64)	-	(64)	-
- Individual assessment allowance	-	(76)	-	(76)
Credit impaired/impaired loans, advances and financing:				
- written off	4,430	5,291	4,430	5,291
- recovered from bad debt written off	(61,286)	(56,348)	(61,286)	(56,348)
	<u>19,088</u>	<u>43,683</u>	<u>19,088</u>	<u>43,683</u>

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28. Capital adequacy

The banking subsidiaries' regulatory capital is governed by BNM's Capital Adequacy Framework guidelines. The capital adequacy ratios of the banking subsidiaries are computed in accordance with BNM's Capital Adequacy Framework (Capital Component) (the "Framework"). The Framework sets out the approach for computing the regulatory capital adequacy ratios, the minimum levels of the ratios at which banking institutions are required to operate as well as requirement on Capital Conservation Buffer ("CCB") and Counter Cyclical Buffer ("CCyB"). The Group is also required to maintain CCB of up to 2.500% of total risk weighted assets ("RWA"), which is phased in starting with 0.625% in year 2016, 1.250% in year 2017, 1.875% in year 2018 and 2.500% in year 2019. The CCyB which ranges from 0% up to 2.500% is determined as the weighted average of prevailing CCyB rates applied in the jurisdictions in which a financial institution has credit exposures. The minimum capital adequacy including CCB for Common Equity Tier 1 (CET 1) capital ratio, Tier 1 capital ratio and Total capital ratio for year 2018 are 6.375%, 7.875% and 9.875% respectively.

The risk-weighted assets ("RWA") of the banking subsidiaries have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk computation.

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

	Hong Leong Bank Group		Hong Leong Bank Berhad		Hong Leong Investment Bank Berhad	
	30/09/2018	30/06/2018	30/09/2018	30/06/2018	30/09/2018	30/06/2018
Before deducting proposed dividends						
CET 1 capital ratio	12.934%	13.113%	12.464%	12.545%	24.246%	33.073%
Tier 1 capital ratio	13.613%	13.797%	12.913%	12.997%	24.246%	33.073%
Total capital ratio	16.644%	16.752%	16.299%	16.301%	28.019%	37.619%
After deducting proposed dividends						
CET 1 capital ratio	12.439%	12.614%	11.873%	11.949%	21.268%	29.115%
Tier 1 capital ratio	13.118%	13.298%	12.322%	12.401%	21.268%	29.115%
Total capital ratio	16.149%	16.253%	15.708%	15.706%	25.040%	33.661%

(b) The component of CET 1, Tier 1 and Tier 2 capital under the revised Capital Components Framework are as follows:

	Hong Leong Bank Group		Hong Leong Bank Berhad		Hong Leong Investment Bank Berhad	
	30/09/2018	30/06/2018	30/09/2018	30/06/2018	30/09/2018	30/06/2018
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
CET 1 capital						
Paid up share capital	7,739,063	7,739,063	7,739,063	7,739,063	252,950	252,950
Retained profit	15,244,247	15,184,533	11,307,855	11,212,525	237,945	250,085
Other reserves	652,624	868,134	154,921	298,837	465	(3,355)
Less: Treasury shares	(732,267)	(732,267)	(732,267)	(732,267)	-	-
Less: Other intangible assets	(145,420)	(152,541)	(129,513)	(137,166)	-	-
Less: Goodwill	(1,831,312)	(1,831,312)	(1,771,547)	(1,771,547)	(31,611)	(31,672)
Less: Deferred tax assets	(28,547)	(53,067)	(27,660)	(47,908)	(89,181)	(87,582)
Less: Investment in subsidiary companies/associated company/joint venture	(3,789,313)	(3,830,517)	(2,727,139)	(2,778,569)	(200)	(200)
Total CET 1 capital	17,109,075	17,192,026	13,813,713	13,782,968	370,368	380,226
Additional Tier 1 capital						
Multi-currency Additional Tier 1 capital securities	399,425	399,393	399,425	399,393	-	-
Innovative Tier 1 capital securities	498,103	497,562	498,103	497,562	-	-
Additional Tier 1 capital before regulatory adjustments	897,528	896,955	897,528	896,955	-	-
Less: Investment in Additional Tier 1 perpetual subordinated sukuk wakalah	-	-	(400,000)	(400,000)	-	-
Additional Tier 1 capital after regulatory adjustments	897,528	896,955	497,528	496,955	-	-
Total Tier 1 capital	18,006,603	18,088,981	14,311,241	14,279,923	370,368	380,226

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28. Capital adequacy (continued)

(b) The component of CET 1, Tier 1 and Tier 2 capital under the revised Capital Components Framework are as follows: (continued)

	Hong Leong Bank Group		Hong Leong Bank Berhad		Hong Leong Investment Bank Berhad	
	30/09/2018	30/06/2018	30/09/2018	30/06/2018	30/09/2018	30/06/2018
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Tier 2 capital						
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves #	1,509,358	-	1,252,858	-	-	-
Collective assessment allowance ^ and regulatory reserves #	-	1,375,082	-	1,130,670	-	2,266
General provisions *	-	-	-	-	7,632	-
Subordinated obligations	2,499,873	2,499,820	2,499,873	2,499,820	50,000	50,000
Total Tier 2 capital	<u>4,009,231</u>	<u>3,874,902</u>	<u>3,752,731</u>	<u>3,630,490</u>	<u>57,632</u>	<u>52,266</u>
Total capital	<u>22,015,834</u>	<u>21,963,883</u>	<u>18,063,972</u>	<u>17,910,413</u>	<u>428,000</u>	<u>432,492</u>

Includes the qualifying regulatory reserves for non-impaired loans of Hong Leong Bank Group of RM745,773,000 (2018: RM741,694,000), Hong Leong Bank Berhad of RM615,812,000 (2018: RM637,098,000) and Hong Leong Investment Bank Berhad of RM Nil (2018: RM2,071,000) respectively.

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

* Pursuant to BNM's policy document on Financial Reporting, general provision refers to loss allowance, measured at an amount equal to 12-month and lifetime expected credit losses and regulatory reserve, to the extent they are ascribed to non-credit impaired exposures, determined under Standardised Approach for credit risk.

(c) The breakdown of RWA by each major risk category is as follows:

	Hong Leong Bank Group		Hong Leong Bank Berhad		Hong Leong Investment Bank Berhad	
	30/09/2018	30/06/2018	30/09/2018	30/06/2018	30/09/2018	30/06/2018
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Credit risk	120,748,661	118,853,998	100,228,636	98,504,099	610,606	407,598
Market risk	3,057,145	3,850,444	3,350,682	4,140,291	630,597	457,231
Operational risk	8,470,166	8,403,939	7,252,474	7,226,134	286,329	284,840
Total RWA	<u>132,275,972</u>	<u>131,108,381</u>	<u>110,831,792</u>	<u>109,870,524</u>	<u>1,527,532</u>	<u>1,149,669</u>

(d) The capital adequacy ratios of Hong Leong Bank Group's subsidiary company are as follows:

	Hong Leong Islamic Bank Berhad	
	30/09/2018	30/06/2018
Before deducting proposed dividends		
CET 1 capital ratio	10.335%	10.461%
Tier 1 capital ratio	12.268%	12.404%
Total capital ratio	<u>15.346%</u>	<u>15.477%</u>
After deducting proposed dividends		
CET 1 capital ratio	10.335%	10.461%
Tier 1 capital ratio	12.268%	12.404%
Total capital ratio	<u>15.346%</u>	<u>15.477%</u>

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29. Events after Balance Sheet date

There are no material events subsequent to the end of the financial period ended 30 September 2018.

30. Changes in composition of the Group

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

31. 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.

32. 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 also not secured over the assets of the Group.

The notional/principal amount of the commitments and contingencies constitute the following:

	The Group	
	30/09/2018	30/06/2018
	RM '000	RM '000
Direct credit substitutes	103,021	109,341
Certain transaction related contingent items	1,314,341	1,286,782
Short-term self liquidating trade related contingencies	980,525	836,785
Irrevocable commitments to extend credit:		
- less than one year	17,472,130	16,074,689
- more than one year	15,333,072	14,301,856
Any commitments that are unconditionally cancellable at any time by the Group without prior notice:		
- less than one year	701,488	662,442
Foreign exchange related contracts:		
- less than one year	45,209,175	45,991,115
- one year to less than five years	3,330,050	2,640,932
- five years and above	508,889	517,407
Interest rate related contracts:		
- less than one year	35,523,760	29,754,327
- one year to less than five years	40,565,047	50,035,129
- five years and above	5,824,772	7,161,925
Equity related contracts:		
- less than one year	275,451	306,258
- one year to less than five years	484,231	510,502
Unutilised credit card lines	7,179,423	6,908,565
Total	174,805,375	177,098,055

	The Company	
	30/09/2018	30/06/2018
	RM '000	RM '000
Interest rate swaps:		
- one year to less than five years	100,000	100,000

(b) Hong Leong Asset Management Bhd, a wholly-owned subsidiary company of Hong Leong Capital Berhad ("HLCB"), is the Manager of Hong Leong Consumer Products Sector Fund ("Funds"). HLCB provided a guarantee to Deutsche Trustees Malaysia Berhad, the trustee of the Funds, that if the fund falls below the minimum fund size of RM1 million, HLCB would invest cash, equivalent to the shortfall, into the relevant fund.

The size of the fund was above the minimum of RM1 million as at 30 September 2018 (2018: RM1 million).

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33. Fair value of financial instruments

Financial instruments comprise financial assets and financial liabilities. Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the estimates of fair values as at the statements of financial position date.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

Determination of fair value and fair value hierarchy

The Group and the Company measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities and actively exchange-traded derivatives.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instrument are generally classified as Level 2.

In cases where quoted prices are generally not available, the Group then determines fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques.

The table below analyses financial instruments carried at fair value analysed by level within the fair value hierarchy:

The Group 30 September 2018	Fair value			Total RM '000
	Level 1 RM '000	Level 2 RM '000	Level 3 RM '000	
<i>Recurring fair value measurements</i>				
<u>Financial assets</u>				
Financial assets at fair value through profit or loss				
- Money market instruments	-	10,990,987	-	10,990,987
- Quoted securities	3,801,016	-	-	3,801,016
- Unquoted securities	-	7,126,130	453,295	7,579,425
Financial investments at fair value through other comprehensive income				
- Money market instruments	-	12,581,753	-	12,581,753
- Quoted securities	4,625,014	-	-	4,625,014
- Unquoted securities	-	11,145,445	32,534	11,177,979
Derivative financial instruments	2,644	863,126	10,844	876,614
	<u>8,428,674</u>	<u>42,707,441</u>	<u>496,673</u>	<u>51,632,788</u>

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33. Fair value of financial instruments (continued)

Determination of fair value and fair value hierarchy (continued)

The table below analyses financial instruments carried at fair value analysed by level within the fair value hierarchy:
(continued)

The Group 30 September 2018	Fair value			Total RM '000
	Level 1 RM '000	Level 2 RM '000	Level 3 RM '000	
Recurring fair value measurements				
Financial liabilities				
Derivative financial instruments	675	867,349	10,844	878,868
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	3,348,656	-	3,348,656
	<u>675</u>	<u>4,216,005</u>	<u>10,844</u>	<u>4,227,524</u>
30 June 2018				
Recurring fair value measurements				
Financial assets				
Financial assets held-for-trading				
- Money market instruments	-	8,153,872	-	8,153,872
- Quoted securities	1,265,665	-	-	1,265,665
- Unquoted securities	-	1,117,344	-	1,117,344
Financial investments available-for-sale				
- Money market instruments	-	12,313,774	-	12,313,774
- Quoted securities	6,847,336	-	-	6,847,336
- Unquoted securities	-	18,101,525	469,904	18,571,429
Derivative financial instruments	1,221	956,098	13,876	971,195
	<u>8,114,222</u>	<u>40,642,613</u>	<u>483,780</u>	<u>49,240,615</u>
Financial liabilities				
Derivative financial instruments	4,913	1,063,351	13,876	1,082,140
Financial liabilities designated at fair value				
- Structured deposits linked to interest rate derivatives	-	3,167,150	-	3,167,150
	<u>4,913</u>	<u>4,230,501</u>	<u>13,876</u>	<u>4,249,290</u>

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial period (2018: RM Nil).

The Company 30 September 2018	Fair value			Total RM '000
	Level 1 RM '000	Level 2 RM '000	Level 3 RM '000	
Recurring fair value measurements				
Financial assets				
Financial assets at fair value through profit or loss				
- Quoted securities	67	-	-	67
	<u>67</u>	<u>-</u>	<u>-</u>	<u>67</u>
Financial liabilities				
Derivative financial instruments	-	279	-	279
	<u>-</u>	<u>279</u>	<u>-</u>	<u>279</u>
30 June 2018				
Recurring fair value measurements				
Financial liabilities				
Derivative financial instruments	-	327	-	327
	<u>-</u>	<u>327</u>	<u>-</u>	<u>327</u>

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33. Fair value of financial instruments (continued)

Determination of fair value and fair value hierarchy (continued)

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy:

	Financial assets				Financial liability
	Financial assets at fair value through profit or loss RM '000	Financial investments at fair value through other comprehensive income RM '000	Financial investments available-for-sale RM '000	Derivative financial instruments RM '000	Derivative financial instruments RM '000
The Group					
30 September 2018					
As at beginning of the financial period					
- as previously stated	-	-	469,904	13,876	13,876
- effect of adopting MFRS 9	453,295	33,477	(469,904)	-	-
As restated	453,295	33,477	-	13,876	13,876
Fair value changes recognised in statements of income	-	-	-	(2,554)	(2,554)
Net fair value changes recognised in other comprehensive income	-	(943)	-	-	-
Purchases	-	-	-	1,377	1,377
Settlements	-	-	-	(1,855)	(1,855)
As at end of the financial period	<u>453,295</u>	<u>32,534</u>	<u>-</u>	<u>10,844</u>	<u>10,844</u>
Fair value changes recognised in statements of income relating to assets/liability held on 30 September 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,554)</u>	<u>(2,554)</u>
Total loss recognised in other comprehensive income relating to assets held on 30 September 2018	<u>-</u>	<u>(943)</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Financial assets			Financial liability
	Financial investments available-for-sale RM '000	Derivative financial instruments RM '000	Derivative financial instruments RM '000	Derivative financial instruments RM '000
The Group				
30 June 2018				
As at beginning of the financial year	457,152	8,568	8,568	
Fair value changes recognised in statements of income	-	4,672	4,672	
Net fair value changes recognised in other comprehensive income	162,113	-	-	
Purchases	-	6,672	6,672	
Disposal	(149,361)	-	-	
Settlements	-	(6,036)	(6,036)	
As at end of the financial year	<u>469,904</u>	<u>13,876</u>	<u>13,876</u>	
Fair value changes recognised in statements of income relating to assets/liability held on 30 June 2018	<u>-</u>	<u>4,672</u>	<u>4,672</u>	
Total gain recognised in other comprehensive income relating to assets held on 30 June 2018	<u>162,113</u>	<u>-</u>	<u>-</u>	

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34. Change in accounting policies

With effect from financial year beginning on/after 1 July 2018, the Group and the Company apply MFRS 9 "Financial Instruments", replacing MFRS 139 "Financial Instruments: Recognition and Measurement", and include requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge

The following table analyses the impact of transition on the Statements of Financial Position of the Group from MFRS 139 to MFRS 9 as at 1 July 2018:

Impact of adopting MFRS 9 as at 1 July 2018

	The Group RM '000
Cash and short-term funds	
Closing balance under MFRS 139 as at 30 June 2018	9,890,071
- recognition of expected credit losses under MFRS 9	(463)
Opening balance under MFRS 9 as at 1 July 2018	<u>9,889,608</u>
Deposits and placements with banks and other financial institutions	
Closing balance under MFRS 139 as at 30 June 2018	10,196,421
- recognition of expected credit losses under MFRS 9	(303)
Opening balance under MFRS 9 as at 1 July 2018	<u>10,196,118</u>
Securities purchased under resale agreements	
Closing balance under MFRS 139 as at 30 June 2018	35,126
- recognition of expected credit losses under MFRS 9	(2)
Opening balance under MFRS 9 as at 1 July 2018	<u>35,124</u>
Financial assets at fair value through profit or loss	
Closing balance under MFRS 139 as at 30 June 2018	-
- redesignation from financial assets held-for-trading	1,134,571
- redesignation from financial investments available-for-sale	19,579,248
- redesignation from financial investments held-to-maturity	641,941
- unrealised gain on unquoted equity instruments	15,707
- unrealised gain on redesignation from financial investments available-for-sale	1,135
- unrealised gain on redesignation from financial investments held-to-maturity	9,530
Opening balance under MFRS 9 as at 1 July 2018	<u>21,382,132</u>
Financial assets held-for-trading	
Closing balance under MFRS 139 as at 30 June 2018	10,536,881
- redesignation to financial assets at fair value through profit or loss	(7,982,521)
- redesignation to financial investments at fair value through other comprehensive income	(2,554,360)
Opening balance under MFRS 9 as at 1 July 2018	<u>-</u>
Financial investments at fair value through other comprehensive income	
Closing balance under MFRS 139 as at 30 June 2018	-
- redesignation from financial investments available-for-sale	20,807,950
- redesignation from financial assets held-for-trading	2,554,360
- redesignation from financial investments held-to-maturity	3,169,316
- unrealised gain on financial investments	10,914
- unrealised gain on redesignation from financial investments held-to-maturity	1,909
- recognition of expected credit losses under MFRS 9	(3,380)
Opening balance under MFRS 9 as at 1 July 2018	<u>26,541,069</u>
Financial investments available-for-sale	
Closing balance under MFRS 139 as at 30 June 2018	37,732,539
- redesignation to financial investments at fair value through other comprehensive income	(13,960,001)
- redesignation to financial investments at amortised cost	(4,193,288)
- redesignation to financial assets at fair value through profit or loss	(19,579,250)
Opening balance under MFRS 9 as at 1 July 2018	<u>-</u>

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34. Change in accounting policies (continued)

The following table analyses the impact of transition on the Statements of Financial Position of the Group from MFRS 139 to MFRS 9 as at 1 July 2018: (continued)

Impact of adopting MFRS 9 as at 1 July 2018 (continued)

	The Group RM '000
Financial investments at amortised cost	
Closing balance under MFRS 139 as at 30 June 2018	-
- redesignation from financial investments held-to-maturity	12,084,422
- redesignation from financial investments available-for-sale	4,193,288
- remeasurement of debt instruments at amortised cost	38,776
- recognition of expected credit losses under MFRS 9	(854)
Opening balance under MFRS 9 as at 1 July 2018	<u>16,315,632</u>
Financial investments held-to-maturity	
Closing balance under MFRS 139 as at 30 June 2018	15,895,679
- redesignation to financial assets at fair value through profit or loss	(641,941)
- redesignation to financial investments at fair value through other comprehensive income	(3,169,316)
- redesignation to financial investments at amortised cost	(12,084,422)
Opening balance under MFRS 9 as at 1 July 2018	<u>-</u>
Loans, advances and financing	
Closing balance under MFRS 139 as at 30 June 2018	128,851,234
- recognition of expected credit losses under MFRS 9	(338,584)
- other classification and measurement	(11)
Opening balance under MFRS 9 as at 1 July 2018	<u>128,512,639</u>
Other receivables	
Closing balance under MFRS 139 as at 30 June 2018	952,570
- recognition of expected credit losses under MFRS 9	(7,600)
Opening balance under MFRS 9 as at 1 July 2018	<u>944,970</u>
Provision for taxation	
Closing balance under MFRS 139 as at 30 June 2018	244,162
- recognition of expected credit losses under MFRS 9	(80,534)
Opening balance under MFRS 9 as at 1 July 2018	<u>163,628</u>
Deferred tax liabilities	
Closing balance under MFRS 139 as at 30 June 2018	78,309
- in respect of unrealised gain/loss on financial investments at fair value through other comprehensive income reserves	14,080
- unrealised gain on redesignation from financial assets at fair value through profit or loss	272
- unrealised gain on redesignation from financial investments at fair value through other comprehensive income	5,020
- recognition of expected credit losses under MFRS 9	(1,422)
- other classification and measurement	(2)
Opening balance under MFRS 9 as at 1 July 2018	<u>96,257</u>
Insurance funds	
Closing balance under MFRS 139 as at 30 June 2018	13,188,787
- unrealised gain on redesignation from financial assets at fair value through profit or loss	9,167
- recognition of expected credit losses under MFRS 9	(3,233)
- deferred tax on unrealised gain on redesignation from financial assets at fair value through profit or loss	(615)
Opening balance under MFRS 9 as at 1 July 2018	<u>13,194,106</u>

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34. Change in accounting policies (continued)

The following table analyses the impact of transition on the Statements of Financial Position of the Group from MFRS 139 to MFRS 9 as at 1 July 2018: (continued)

Impact of adopting MFRS 9 as at 1 July 2018 (continued)

	The Group RM '000
Capital reserves	
Closing balance under MFRS 139 as at 30 June 2018	1,540,421
- transfer from retained profits	6,391
Opening balance under MFRS 9 as at 1 July 2018	<u>1,546,812</u>
Retained profits	
Closing balance under MFRS 139 as at 30 June 2018	13,910,419
- transfer to regulatory reserves	(6,392)
- transfer from fair value reserves	19,725
- unrealised gain on financial assets at fair value through profit or loss	218,214
- recognition of effective interest rate using contractual maturity	28,966
- recognition of expected credit losses under MFRS 9	(282,050)
- deferred tax adjustment on unrealised gain/loss on financial investments at fair value through other comprehensive income	(14,080)
- deferred tax on unrealised gain on redesignation from financial assets at fair value through profit or loss	(2,299)
- tax effect arising from the recognition of expected credit losses under MFRS 9	81,084
- other classification and measurement	(11)
Opening balance under MFRS 9 as at 1 July 2018	<u>13,953,576</u>
Fair value reserve	
Closing balance under MFRS 139 as at 30 June 2018	109,284
- transfer to retained profits	(19,725)
- reversal of unrealised loss on financial investments at fair value through other comprehensive income	5,970
- unrealised gain on redesignation to financial investments at fair value through other comprehensive income	10,914
- day 1 remeasurement of debts at amortised cost	38,776
- unrealised gain on financial assets at fair value through profit or loss transfer to retained profits	(225,875)
- deferred tax in respect of unrealised gain on financial investments at fair value through other comprehensive income	(555)
Opening balance under MFRS 9 as at 1 July 2018	<u>(81,211)</u>
Non-controlling interests	
Closing balance under MFRS 139 as at 30 June 2018	8,875,277
- non-controlling interests share of impact arising from:	
- classification and measurement	19,687
- expected credit loss	(97,264)
- unrealised gain on financial assets at fair value through profit or loss	4,820
- recognition of expected credit losses under MFRS 9	(1,310)
- deferred tax on unrealised gain on redesignation from financial assets at fair value through profit or loss	(1,184)
- tax effect arising from the recognition of expected credit losses under MFRS 9	236
Opening balance under MFRS 9 as at 1 July 2018	<u>8,800,262</u>

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34. Change in accounting policies (continued)

The following table analyses the impact of transition on the Statements of Financial Position of the Group from MFRS 139 to MFRS 9 as at 1 July 2018: (continued)

The Group	30 June 2018 RM '000	Classification and measurement RM '000	Expected credit losses RM '000	1 July 2018 RM '000
Assets				
Cash and short-term funds	9,890,071	-	(463)	9,889,608
Deposits and placements with banks and other financial institutions	10,196,421	-	(303)	10,196,118
Securities purchased under resale agreements	35,126	-	(2)	35,124
Financial assets at fair value through profit or loss	-	21,382,132	-	21,382,132
Financial assets held-for-trading	10,536,881	(10,536,881)	-	-
Financial investments at fair value through other comprehensive income	-	26,544,449	(3,380)	26,541,069
Financial investments available-for-sale	37,732,539	(37,732,539)	-	-
Financial investments at amortised cost	-	16,316,486	(854)	16,315,632
Financial investments held-to-maturity	15,895,679	(15,895,679)	-	-
Derivative financial instruments	971,195	-	-	971,195
Loans, advances and financing	128,851,234	(11)	(338,584)	128,512,639
Clients' and brokers' balances	525,556	-	-	525,556
Other receivables	952,570	-	(7,600)	944,970
Statutory deposits with Central Banks	4,364,982	-	-	4,364,982
Tax recoverable	367	-	-	367
Investment in associated companies	4,538,326	-	-	4,538,326
Investment in joint ventures	179,426	-	-	179,426
Property and equipment	1,573,829	-	-	1,573,829
Investment properties	494,164	-	-	494,164
Goodwill	2,410,644	-	-	2,410,644
Intangible assets	168,541	-	-	168,541
Total Assets	229,317,551	77,957	(351,186)	229,044,322
Liabilities				
Deposits from customers	156,882,912	-	-	156,882,912
Deposits and placements of banks and other financial institutions	9,296,395	-	-	9,296,395
Obligations on securities sold under repurchase agreements	3,931,523	-	-	3,931,523
Bills and acceptances payable	544,450	-	-	544,450
Derivative financial instruments	1,082,140	-	-	1,082,140
Clients' and brokers' balances	350,730	-	-	350,730
Payables and other liabilities	11,708,191	-	-	11,708,191
Recourse obligations on loans sold to Cagamas Berhad	202,952	-	-	202,952
Provision for claims	150,478	-	-	150,478
Provision for taxation	244,162	6,952	(87,486)	163,628
Deferred tax liabilities	78,309	19,370	(1,422)	96,257
Borrowings	1,300,371	-	-	1,300,371
Subordinated obligations	2,800,447	-	-	2,800,447
Innovative Tier 1 capital securities	474,612	-	-	474,612
Multi-currency Additional Tier 1 capital securities	401,369	-	-	401,369
Insurance funds	13,188,787	8,552	(3,233)	13,194,106
Total Liabilities	202,637,828	34,874	(92,141)	202,580,561
Equity				
Share capital	2,267,008	-	-	2,267,008
Capital reserves	1,540,421	10,671	(4,280)	1,546,812
Retained profits	13,910,419	232,255	(189,098)	13,953,576
Fair value reserve	109,284	(190,495)	-	(81,211)
Treasury shares for ESOS	(22,686)	-	-	(22,686)
Total Shareholders' Equity	17,804,446	52,431	(193,378)	17,663,499
Non-controlling interests	8,875,277	23,323	(98,338)	8,800,262
Total Equity	26,679,723	75,754	(291,716)	26,463,761
Total Liabilities and Equity	229,317,551	110,628	(383,857)	229,044,322

**HONG LEONG FINANCIAL GROUP BERHAD (“HLFG”)
ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES
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Review of performance

1. Current quarter against previous corresponding quarter

HLFG Group recorded a profit before tax of RM929.1 million for the current quarter ended 30 September 2018 as compared to RM840.5 million in the previous corresponding quarter, an increase of RM88.6 million or 10.5%. The increase was due to higher contribution across all the operating divisions.

Hong Leong Bank Group recorded a profit before tax of RM851.1 million for the current quarter ended 30 September 2018 as compared to RM780.4 million in the previous corresponding quarter, an increase of RM70.7 million or 9.1%. The increase was mainly due to higher revenue of RM70.4 million and lower allowance for impairment losses on loans, advances and financing of RM24.6 million. This is however offset by higher operating expenses of RM18.0 million, lower share of profit from the Bank of Chengdu and Sichuan Jincheng Consumer Finance Joint Venture of RM5.5 million and higher allowance for impairment losses on securities of RM0.8 million.

HLA Holdings Group recorded a profit before tax of RM82.2 million for the current quarter ended 30 September 2018 as compared to RM60.6 million in the previous corresponding quarter, an increase of RM21.6 million or 35.6%. The increase was mainly due to higher life fund surplus of RM15.1 million, lower allowance for impairment losses on securities of RM0.2 million and higher revenue of RM11.5 million. This is however offset by higher operating expenses of RM4.2 million and lower share of profit from associated company of RM1.0 million.

Hong Leong Capital Group recorded a profit before tax of RM22.7 million for the current quarter ended 30 September 2018 as compared to RM18.4 million in the previous corresponding quarter, an increase of RM4.3 million or 23.4%. The increase was mainly due to higher contribution from the investment banking, stockbroking divisions and assets management.

HLFG's consolidated Common Equity Tier 1 capital ratio, Tier 1 capital ratio and Total capital ratio as at 30 September 2018 is 9.888%, 10.696% and 12.878% respectively. The ratios are computed in full compliance with the Capital Adequacy Framework (Capital Components) issued by Bank Negara Malaysia on 4 August 2017.

2. Current quarter against preceding quarter

HLFG Group recorded a profit before taxation of RM929.1 million for the current quarter ended 30 September 2018 as compared to RM870.6 million in the preceding quarter, an increase of RM58.5 million or 6.7%. The increase was mainly due to higher contribution from the commercial banking.

Hong Leong Bank Group recorded a profit before tax of RM851.1 million for the current quarter ended 30 September 2018 as compared to RM777.6 million in the preceding quarter, an increase of RM73.5 million or 9.5%. The increase was mainly due to higher revenue of RM72.7 million, higher share of profit from the Bank of Chengdu of RM35.2 million. This was however offset by higher operating expenses of RM14.3 million, higher allowance for impairment losses on loans, advances and financing of RM9.0 million, higher allowance for impairment losses on securities of RM5.5 million and lower share of profit from Sichuan Jincheng Consumer Finance Joint Venture of RM5.6 million.

HLA Holdings Group recorded a profit before tax of RM82.2 million for the current quarter ended 30 September 2018 as compared to RM100.1 million in the preceding quarter, a decrease of RM17.9 million or 17.9%. The decrease was mainly due to lower revenue of RM1.5 million, higher operating expenses of RM5.3 million, lower life fund surplus of RM10.2 million and lower share of profit from associated company of RM6.8 million. This was however offset by lower allowance for impairment losses on securities of RM5.9 million.

Hong Leong Capital Group recorded a profit before tax of RM22.7 million for the current quarter ended 30 September 2018 as compared to RM20.6 million in the previous corresponding period, an increase of RM2.1 million or 10.2%. This was mainly due to higher contribution from assets management division.

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3. Prospects for the current financial year

Barring unforeseen circumstances, the Group is expected to maintain its performance in line with market conditions for the current financial year.

4. Variance of actual profit from forecasted profit

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

5. Taxation

	The Group		The Group	
	Current quarter ended 30/09/2018 RM '000	Last year quarter ended 30/09/2017 RM '000	Current year to date 30/09/2018 RM '000	Last year to date 30/09/2017 RM '000
Income tax	146,805	146,827	146,805	146,827
Transfer from deferred tax	12,705	3,547	12,705	3,547
	<u>159,510</u>	<u>150,374</u>	<u>159,510</u>	<u>150,374</u>
Prior year over provision	(11)	-	(11)	-
	<u>159,499</u>	<u>150,374</u>	<u>159,499</u>	<u>150,374</u>

	The Company		The Company	
	Current quarter ended 30/09/2018 RM '000	Last year quarter ended 30/09/2017 RM '000	Current year to date 30/09/2018 RM '000	Last year to date 30/09/2017 RM '000
Income tax	-	213	-	213
Transfer to deferred tax	(20)	(12)	(20)	(12)
	<u>(20)</u>	<u>201</u>	<u>(20)</u>	<u>201</u>

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

6. Sale of properties/unquoted investments

There were no material gains or losses on disposal of unquoted investments (other than in the ordinary course of business) and/or properties for the financial period under review.

7. Purchase/sale of quoted securities of the Group

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

8. Status of corporate proposals

There were no corporate proposals announced but not completed at the latest practicable date which was not earlier than 7 days from the issue of this report.

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9. Borrowings

	Note	The Group		The Company	
		As at 30/09/2018 RM '000	As at 30/06/2018 RM '000	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
Term loans	(i)	350,108	350,108	350,108	350,108
Revolving credit	(ii)	180,157	210,222	180,157	210,222
Medium term notes	(iii)	418,062	570,431	503,938	655,994
Commercial papers	(iii)	-	169,610	-	169,610
Senior notes	(iv)	376,070	-	400,925	-
		<u>1,324,397</u>	<u>1,300,371</u>	<u>1,435,128</u>	<u>1,385,934</u>
Repayment of term loans					
- less than one year		350,108	350,108	350,108	350,108
Repayment of revolving credit					
- less than one year		180,157	210,222	180,157	210,222
Repayment of medium term notes					
- less than one year		198,202	377,355	254,022	402,703
- one to three years		219,860	193,076	249,916	253,291
Repayment of commercial papers					
- less than one year		-	169,610	-	169,610
Repayment of senior notes					
- one to three years		376,070	-	400,925	-
		<u>1,324,397</u>	<u>1,300,371</u>	<u>1,435,128</u>	<u>1,385,934</u>

- (i) The Company has an unsecured short-term loan facility of RM350 million maturing on 29 October 2018. The term loan with one month interest period bears an interest rate of 3.70% (2018: 3.51% to 3.76%) per annum.
- (ii) The unsecured revolving credit facilities carried an interest rate ranging from 3.70% to 3.91% (2018: 3.45% to 4.38%) per annum and repayable within 12 months.
- (iii) The CPs are issued at a discount and the issue price is calculated in accordance with the Rules on Fully Automated System for Issuing/Tendering ("FAST") issued by Bank Negara Malaysia at the tenure of one (1), two (2), three (3), six (6), nine (9) or twelve (12) months as the Company may select. The CPs carry interest rate ranging from 3.75% to 3.78% (2018: 3.66% to 3.81%).

The MTNs are issued at par and the issue price is calculated in accordance with the FAST Rules, at the tenure which shall be more than one (1) year as the Company may select. The MTNs carry interest rates ranging from 4.50% to 4.80% (2018: 4.50% to 4.80%) per annum.

The CP/MTNs are unsecured and the Company is required to maintain a debt to equity ratio for these facilities.

- (iv) The Group and the Company has the following senior notes:

	The Group		The Company	
	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
RM400 million senior notes, at par	375,000	-	400,000	-
Add: Interest payable	1,070	-	1,144	-
	<u>376,070</u>	<u>-</u>	<u>401,144</u>	<u>-</u>
Less: Unamortised discounts	-	-	(219)	-
	<u>376,070</u>	<u>-</u>	<u>400,925</u>	<u>-</u>

On 6 September 2018, the Company issued RM400 million in aggregate principal amount of Senior Notes ("the Notes") out of its multi-currency perpetual notes programme. The Notes were issued for a period of three years with a coupon rate of 4.35% per annum.

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10. Subordinated obligations

	Note	The Group		The Company	
		As at 30/09/2018 RM '000	As at 30/06/2018 RM '000	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
RM1.5 billion Tier 2 subordinated debt, at par	(a)	861,000	861,000	-	-
Add: Interest payable		10,609	964	-	-
		<u>871,609</u>	<u>861,964</u>	-	-
Less: Unamortised discounts		(64)	(91)	-	-
		<u>871,545</u>	<u>861,873</u>	-	-
RM500 million Tier 2 subordinated debt, at par	(b)	500,000	500,000	-	-
Add: Interest payable		3,329	8,815	-	-
		<u>503,329</u>	<u>508,815</u>	-	-
Less: Unamortised discounts		(1,222)	(1,266)	-	-
		<u>502,107</u>	<u>507,549</u>	-	-
RM400 million Tier 2 subordinated Sukuk Ijarah, at par	(c)	379,500	379,500	-	-
Add: Profit payable		5,237	646	-	-
		<u>384,737</u>	<u>380,146</u>	-	-
Less: Unamortised discounts		(43)	(54)	-	-
		<u>384,694</u>	<u>380,092</u>	-	-
RM500 million Tier 2 subordinated notes, at par	(d)	500,000	500,000	-	-
Add: Interest payable		6,444	395	-	-
		<u>506,444</u>	<u>500,395</u>	-	-
Less: Unamortised discounts		(62)	(89)	-	-
		<u>506,382</u>	<u>500,306</u>	-	-
RM50 million Tier 2 subordinated notes, at par	(e)	50,000	50,000	-	-
Add: Interest payable		1,067	399	-	-
		<u>51,067</u>	<u>50,399</u>	-	-
Less: Unamortised discounts		(104)	(109)	-	-
		<u>50,963</u>	<u>50,290</u>	-	-
RM500 million Tier 2 subordinated notes, at par	(f)	500,000	500,000	500,000	500,000
Add: Interest payable		6,619	405	6,619	405
		<u>506,619</u>	<u>500,405</u>	<u>506,619</u>	<u>500,405</u>
Less: Unamortised discounts		(37)	(68)	(737)	(806)
		<u>506,582</u>	<u>500,337</u>	<u>505,882</u>	<u>499,599</u>
		<u>2,822,273</u>	<u>2,800,447</u>	<u>505,882</u>	<u>499,599</u>

(a) 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.

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10. Subordinated obligations (continued)

- (b) On 19 September 2012, Hong Leong Assurance Berhad ("HLA") has created and issued 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, 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.

- (c) On 17 June 2014, Hong Leong Islamic Bank Berhad ("HLISB"), a wholly-owned subsidiary of HLB, had completed the first issuance of RM400 million nominal value of Tier 2 Subordinated Sukuk Ijarah ("Subordinated Sukuk Ijarah") out of its RM1.0 billion Tier 2 Subordinated Sukuk Ijarah Programme. The RM400 million Subordinated Sukuk Ijarah will mature in 2024 and is callable at end of year 5 and on each subsequent coupon payment dates thereafter subject to approval of BNM. The Subordinated Sukuk Ijarah which bears profit rate of 4.80% per annum is payable semi-annually in arrears.

The Subordinated Sukuk Ijarah constitute direct, unconditional, subordinated and unsecured obligations of HLISB and subordinated in right and priority of payment, to the extent and in the manner provided in the Subordinated Sukuk Ijarah, ranking pari passu among themselves. The Subordinated Sukuk Ijarah is subordinated in right of payment to all deposit liabilities and other liabilities of HLISB, except to those liabilities, which by their terms, rank equally in right of payment with or are subordinated to the Subordinated Sukuk Ijarah. The Subordinated Sukuk Ijarah qualifies as Tier 2 capital for the purpose of determining the capital adequacy ratio of HLISB.

- (d) On 23 June 2014, HLB had completed the first issuance of RM500 million nominal value of Tier 2 Subordinated Notes ("Sub-Notes") out of its RM10.0 billion Multi-Currency Sub-Notes Programme. The RM500 million Sub-Notes will mature in 2024 and is callable on any coupon payment date falling on or after the 5th anniversary of the issue date. The Sub-Notes which bears interest rate of 4.80% per annum is payable semi-annually in arrears. The exercise of the call option on the Sub-Notes shall be subject to the approval of BNM.

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, except to those liabilities, which by their terms, rank equally in right of payment with or are subordinated to the Sub-Notes. The Sub-Notes may be written off, either fully or partially, at the discretion of BNM at the point of non-viability as determined by BNM or Perbadanan Insurans Deposit Malaysia. The Sub-Notes qualify as Tier 2 capital for the purpose of determining the capital adequacy ratio of HLB.

- (e) On 6 November 2014, Hong Leong Investment Bank Berhad ("HLIB"), a wholly-owned subsidiary of Hong Leong Capital Berhad and also an indirect subsidiary of HLFG, had completed the first issuance of RM50 million nominal value of Tier 2 Subordinated Notes ("Sub-Notes") out of its RM1.0 billion Multi-Currency Sub-Notes Programme. The RM50 million Sub-Notes will mature in 2024 and is callable on any coupon payment date falling on or after the 5th anniversary of the issue date. The Sub-Notes which bears interest rate of 5.30% per annum is payable semi-annually in arrears. The exercise of the call option on the Sub-Notes shall be subject to the approval of BNM.

The Sub-Notes constitute unsecured liabilities of HLIB, and is subordinated in right of payment to the deposit liabilities and all other liabilities of HLIB in accordance with the terms and conditions of the issue, except to those liabilities, which by their terms, rank equally in right of payment with or are subordinated to the Sub-Notes. The Sub-Notes qualify as Tier 2 capital for the purpose of determining the capital adequacy ratio of HLIB.

- (f) On 25 June 2018, the Company had issued RM500 million nominal value of Tier 2 subordinated notes ("Sub-Notes") out of its multi-currency perpetual notes programme. The Sub-Notes, which qualified as Tier 2 capital for the Company, carry a distribution rate of 4.93% per annum. The Sub-Notes has a tenure of 10 years non-callable 5 years. The proceeds from the issuance of Sub-Notes were used to subscribe for RM500 million Tier 2 subordinated notes issued by HLB, a subsidiary of the Company.

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11. Innovative Tier 1 capital securities

	The Group	
	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
RM500 million Innovative Tier 1 capital securities, at par	453,200	463,200
Add: Interest payable	1,925	11,605
	<u>455,125</u>	<u>474,805</u>
Less: Unamortised discounts	(1,897)	(2,439)
Fair value adjustments on completion of business combination accounting	1,460	2,246
	<u><u>454,688</u></u>	<u><u>474,612</u></u>

On 10 September 2009, Promino Sdn Bhd ("Promino"), an indirect subsidiary of the Company, 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-1 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.

12. Multi-currency Additional Tier 1 capital securities

	The Group		The Company	
	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000	As at 30/09/2018 RM '000	As at 30/06/2018 RM '000
RM400 million Multi-currency Additional Tier 1 capital securities, at par	400,000	400,000	400,000	400,000
Add: Interest payable	7,107	1,834	7,107	1,834
	<u>407,107</u>	<u>401,834</u>	<u>407,107</u>	<u>401,834</u>
Less: Unamortised discounts	(440)	(465)	(1,022)	(1,083)
	<u><u>406,667</u></u>	<u><u>401,369</u></u>	<u><u>406,085</u></u>	<u><u>400,751</u></u>

On 30 November 2017, the Company issued RM400 million nominal value of Multi-currency Additional Tier 1 capital securities ("Capital Securities") out of its multi-currency perpetual notes programme. The Capital Securities, which qualify as Additional Tier 1 capital for the Company, carry a distribution rate of 5.23% per annum. The Capital Securities are perpetual with an Issuer's call option to redeem at the end of year 5. The proceeds from the issuance was used to subscribe for RM400 million Additional Tier 1 capital securities issued by HLB, a subsidiary of the Company.

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13. Off-balance sheet financial instruments

Details of financial instruments with off-balance sheet risk as at 30 September 2018

The Group

Items	Principal amount RM '000	Fair value	
		Assets RM '000	Liabilities RM '000
Foreign exchange related contracts			
- Forwards			
(i) Less than 1 year	32,671,246	433,690	(188,101)
(ii) 1 year to 3 years	86,867	-	(4,208)
- Swaps			
(i) Less than 1 year	9,923,236	67,161	(243,642)
(ii) 1 year to 3 years	2,043,881	18,452	(38,477)
(iii) More than 3 years	1,708,191	71,676	(24,446)
- Options			
(i) Less than 1 year	2,614,639	17,835	(12,161)
- Spots			
(i) Less than 1 year	54	-	-
Interest rate related contracts			
- Futures			
(i) Less than 1 year	17,545,483	3,702	(675)
- Swaps			
(i) Less than 1 year	17,978,277	40,156	(29,251)
(ii) 1 year to 3 years	26,364,158	112,014	(117,586)
(iii) More than 3 years	19,724,216	80,142	(192,573)
- Cross currency swaps			
(i) More than 3 years	301,445	20,908	(16,904)
Equity related contracts			
(i) Less than 1 year	275,451	1,660	(1,637)
(ii) 1 year to 3 years	456,253	5,293	(5,282)
(iii) More than 3 years	27,978	3,925	(3,925)
Total	131,721,375	876,614	(878,868)

The Company

Items	Principal amount RM '000	Fair value	
		Assets RM '000	Liabilities RM '000
Interest rate related contracts			
- Swaps			
(i) 1 year to 3 years	100,000	-	(279)
Total	100,000	-	(279)

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13. Off-balance sheet financial instruments (continued)

Details of financial instruments with off-balance sheet risk as at 30 June 2018

The Group

Items	Principal amount RM '000	Fair value	
		Assets RM '000	Liabilities RM '000
Foreign exchange related contracts			
- Forwards			
(i) Less than 1 year	33,252,323	396,925	(300,709)
(ii) 1 year to 3 years	109,039	-	(7,832)
- Swaps			
(i) Less than 1 year	10,400,940	167,597	(307,060)
(ii) 1 year to 3 years	1,340,534	45,187	(27,542)
(iii) More than 3 years	1,708,766	82,045	(29,159)
- Options			
(i) Less than 1 year	2,337,852	15,975	(12,834)
Interest rate related contracts			
- Futures			
(i) Less than 1 year	17,298,574	1,185	(4,048)
(ii) 1 year to 3 years	6,865,450	404	(871)
- Swaps			
(i) Less than 1 year	12,455,753	7,626	(13,201)
(ii) 1 year to 3 years	29,368,386	96,715	(97,945)
(iii) More than 3 years	20,663,773	115,091	(251,216)
- Cross currency swaps			
(i) 1 year to 3 years	80,750	5,031	-
(ii) More than 3 years	218,695	23,518	(15,846)
Equity related contracts			
(i) Less than 1 year	306,258	3,928	(3,927)
(ii) 1 year to 3 years	483,187	6,756	(6,738)
(iii) More than 3 years	27,315	3,212	(3,212)
Total	136,917,595	971,195	(1,082,140)

The Company

Items	Principal amount RM '000	Fair value	
		Assets RM '000	Liabilities RM '000
Interest rate related contracts			
- Swaps			
(i) 1 year to 3 years	100,000	-	(327)
Total	100,000	-	(327)

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13. Off-balance sheet financial instruments (continued)

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 RM452,834,000 (2018: RM57,213,000) and RM80,016,279,000 (2018: RM86,167,241,000) 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 period, the amount of credit risk, measured in terms of the cost to replace the profitable contracts was RM918,879,000 (2018: RM1,049,517,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

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.

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13. Off-balance sheet financial instruments (continued)

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 statements of income unless they are part of a hedging relationship which qualifies for hedge accounting where the gain or loss is recognised as follows:

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 statements of income. 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 statements of income.

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 statements of income. The deferred gains and losses are then released to the statements of income in the years when the hedged items affects the statements of income.

14. 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.

15. Dividend

A single-tier interim dividend of 13 sen per share has been proposed by the Company for the current quarter.

- (i) Amount per share : 13 sen per share
- (ii) Previous corresponding period : 13 sen per share
- (iii) Entitlement date : 13 December 2018
- (iv) Payment date : 27 December 2018

16. Earnings per share

- (a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares (excluding treasury shares) in issue during the financial period.

	The Group		The Group	
	Current quarter ended 30/09/2018 RM '000	Last year quarter ended 30/09/2017 RM '000	Current year to date 30/09/2018 RM '000	Last year to date 30/09/2017 RM '000
Net profit attributable to equity holders	505,695	455,252	505,695	455,252
Weighted average number of ordinary shares ('000)	1,144,998	1,143,552	1,144,998	1,143,552
Basic earnings per share (sen)	44.2	39.8	44.2	39.8

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16. Earnings per share (continued)

(a) Basic earnings per share (continued)

	The Company		The Company	
	Current quarter ended 30/09/2018 RM '000	Last year quarter ended 30/09/2017 RM '000	Current year to date 30/09/2018 RM '000	Last year to date 30/09/2017 RM '000
Net loss attributable to equity holders	(23,446)	(18,311)	(23,446)	(18,311)
Weighted average number of ordinary shares ('000)	1,147,516	1,147,516	1,147,516	1,147,516
Basic earnings per share (sen)	(2.0)	(1.6)	(2.0)	(1.6)

(b) Diluted earnings per share

The Group has no dilution in its earnings per ordinary share in the current and previous financial period as there are no dilutive potential ordinary shares.

Dated this 28 November 2018