

HONG LEONG CAPITAL BERHAD
(Company Number 213006-U)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	The Group			The Company		
		As at 30/06/2013 RM'000	As at 30/06/2012 RM'000	As at 01/07/2011 RM'000	As at 30/06/2013 RM'000	As at 30/06/2012 RM'000	As at 01/07/2011 RM'000
ASSETS							
Cash and short term funds		665,574	503,776	473,704	77,386	2,297	10,157
Reverse repurchase agreements		274,388	-	159,684	-	-	-
Deposits and placements with banks and other financial institutions		325,561	92,167	60,125	360	-	-
Financial assets held-for-trading	11	660,864	705,692	430,746	414	409	477
Financial investments available- for-sale	12	265,333	348,185	135,081	-	-	-
Financial investments held-to-maturity	13	253,911	272,855	52,077	-	-	-
Derivative financial assets	19	28,785	25,666	5,574	-	-	-
Loans and advances	14	174,184	256,578	108,996	-	-	-
Clients' and brokers' balances	15	150,509	175,875	169,726	-	-	-
Other assets	16	12,855	78,311	66,374	14	19,046	110
Statutory deposits with Bank Negara Malaysia		24,500	19,550	17,800	-	-	-
Tax recoverable		1,464	928	605	1,365	893	1,306
Investment in subsidiary companies		-	-	-	372,659	402,474	268,189
Deferred tax assets		56,322	35,226	42,151	-	-	-
Property and equipment		6,888	8,106	8,354	-	-	-
Goodwill		33,059	33,059	33,059	-	-	-
Intangible assets		1,070	1,135	1,094	-	-	-
TOTAL ASSETS		2,935,267	2,557,109	1,765,150	452,198	425,119	280,239
LIABILITIES							
Deposits from customers	17	470,169	633,625	395,243	-	-	-
Deposits and placements of banks and other financial institutions	18	1,542,975	973,644	747,999	-	-	-
Repurchased agreements		177,033	115,167	-	-	-	-
Derivative financial liabilities	19	32,773	49,229	5,345	12,156	-	-
Clients' and brokers' balances		140,353	138,491	177,768	-	-	-
Other liabilities	20	89,664	84,966	77,505	1,887	2,359	601
Current tax liabilities		735	994	417	-	-	-
Deferred tax liabilities		-	2,943	-	-	-	-
Borrowings		-	165,051	20,075	-	165,051	20,075
TOTAL LIABILITIES		2,453,702	2,164,110	1,424,352	14,043	167,410	20,676

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Company for the year ended 30 June 2012.

HONG LEONG CAPITAL BERHAD
(Company Number 213006-U)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	The Group			The Company		
		As at 30/06/2013 RM'000	As at 30/06/2012 RM'000	As at 01/07/2011 RM'000	As at 30/06/2013 RM'000	As at 30/06/2012 RM'000	As at 01/07/2011 RM'000
EQUITY							
Share capital		246,896	246,896	246,896	246,896	246,896	
Reserves		245,175	159,306	107,105	200,637	25,870	
Treasury shares for ESOS scheme		(10,506)	(13,203)	(13,203)	(9,378)	(13,203)	
TOTAL EQUITY		481,565	392,999	340,798	438,155	259,563	
TOTAL LIABILITIES AND EQUITY							
		2,935,267	2,557,109	1,765,150	452,198	280,239	
COMMITMENTS AND CONTINGENCIES							
	27	6,178,687	6,793,260	4,359,314	2,858	-	
Net assets per share attributable to ordinary equity holder of the Company (RM)							
		2.03	1.68	1.45			

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Company for the year ended 30 June 2012.

HONG LEONG CAPITAL BERHAD
(Company Number 213006-U)
INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Current quarter ended 30/06/2013	Last year's quarter ended 30/06/2012	Current year ended 30/06/2013	Last year's ended 30/06/2012
Note	RM'000	RM'000	RM'000	RM'000
The Group				
Operating revenue	62,112	52,459	240,068	188,780
Interest income	21 19,791	19,226	79,776	71,422
Interest expense	22 (13,204)	(13,734)	(49,401)	(51,836)
Net interest income	6,587	5,492	30,375	19,586
Non-interest income	23 42,321	33,233	160,292	117,358
Net income	48,908	38,725	190,667	136,944
Overhead expenses	24 (25,167)	(24,375)	(120,730)	(90,101)
Operating profit before allowances (Allowance for)/write-back of impairment on loans and advances and other losses	23,741	14,350	69,937	46,843
Allowance for impairment of securities	25 (105)	2,255	(245)	5,056
Profit before taxation	26 (1,759)	-	(1,759)	-
Taxation	21,877	16,605	67,933	51,899
Net profit for the period	38,186	(4,628)	22,288	(13,122)
	60,063	11,977	90,221	38,777
Earnings per share (sen)				
- Basic	25.45	5.11	38.37	16.53

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Company for the year ended 30 June 2012.

HONG LEONG CAPITAL BERHAD
(Company Number 213006-U)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

Note	Current quarter ended 30/06/2013 RM'000	Last year's quarter ended 30/06/2012 RM'000	Current year ended 30/06/2013 RM'000	Last year's ended 30/06/2012 RM'000
The Group				
Net profit for the period	60,063	11,977	90,221	38,777
Other comprehensive income:				
Net fair value changes on financial investments available-for-sale	(2,800)	586	(7,148)	8,720
Income tax relating to net fair value changes on financial investments available-for-sale	702	(147)	1,787	(2,181)
Currency translation differences in respect of foreign operation	(2)	24	(2)	14
Other comprehensive income/expense for the period, net of tax	(2,100)	463	(5,363)	6,553
Total comprehensive income for the period, net of tax	57,963	12,440	84,858	45,330

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Company for the year ended 30 June 2012.

HONG LEONG CAPITAL BERHAD
(Company Number 213006-U)
INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

		Current quarter ended 30/06/2013	Last year's quarter ended 30/06/2012	Current year ended 30/06/2013	Last year's ended 30/06/2012
	Note	RM'000	RM'000	RM'000	RM'000
The Company					
Operating revenue		193,501	2,521	194,068	2,772
Interest income	21	501	102	1,063	356
Interest expense	22	-	(721)	(5,187)	(1,351)
Net interest income/(expense)		501	(619)	(4,124)	(995)
Non-interest income	23	193,000	2,419	193,005	2,416
Net income		193,501	1,800	188,881	1,421
Overhead expenses	24	(346)	(2,276)	(1,852)	(3,220)
Operating profit before allowances		193,155	(476)	187,029	(1,799)
Allowance for impairment on other losses	25	(40)	-	(40)	-
Profit/(loss) before taxation		193,115	(476)	186,989	(1,799)
Taxation		(10,368)	(55)	(10,368)	(55)
Net profit/(loss) for the period		182,747	(531)	176,621	(1,854)
Earnings per share (sen)					
- Basic		77.2	(0.2)	75.1	(0.8)
- Diluted		77.2	(0.2)	75.1	(0.8)

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Company for the year ended 30 June 2012.

HONG LEONG CAPITAL BERHAD
(Company Number 213006-U)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Current quarter ended 30/06/2013	Last year's quarter ended 30/06/2012	Current year ended 30/06/2013	Last year's ended 30/06/2012
Note	RM'000	RM'000	RM'000	RM'000
The Company				
Net profit/(loss) for the period	182,747	(531)	176,621	(1,854)
Other comprehensive income				
Net fair value changes on financial investments available-for-sale	-	-	-	-
Income tax relating to net fair value changes on financial investments available-for-sale	-	-	-	-
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income/(expense) for the period, net of tax	182,747	(531)	176,621	(1,854)

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Company for the year ended 30 June 2012.

HONG LEONG CAPITAL BERHAD
(Company Number 213006-U)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

The Group	Note	Non-Distributable Reserves					Distributable Reserves			Total RM'000
		Share Capital RM'000	Treasury Shares for ESOS Scheme RM'000	General Reserves RM'000	Statutory Reserves RM'000	Share Option Reserves RM'000	Fair Value Reserve RM'000	Exchange fluctuation Reserve RM'000	Retained Profits RM'000	
At 1 July 2012										
- as previously reported		246,896	(13,203)	543	47,352	884	356	14	101,608	384,450
- effects of adopting MFRS 1 and full adoption of MFRS 139	35	-	-	-	-	-	5,961	-	2,588	8,549
At 1 July 2012, as restated		246,896	(13,203)	543	47,352	884	6,317	14	104,196	392,999
Net profit for the period		-	-	-	-	-	-	-	90,221	90,221
Other comprehensive income		-	-	-	-	-	(5,361)	(2)	-	(5,363)
Total comprehensive income for the year		-	-	-	-	-	(5,361)	(2)	90,221	84,858
ESOS exercised		-	2,697	-	-	(338)	-	-	930	3,289
Option charge arising from ESOS granted		-	-	-	-	419	-	-	-	419
Transfer to statutory reserve		-	-	-	22,360	-	-	-	(22,360)	-
At 30 June 2013		246,896	(10,506)	543	69,712	965	956	12	172,987	481,565
At 1 July 2011										
- as previously reported		246,896	(13,203)	543	28,222	288	56	-	77,513	340,315
- effects of adopting MFRS 1 and full adoption of MFRS 139	35	-	-	-	-	-	(278)	-	761	483
At 1 July 2011, as restated		246,896	(13,203)	543	28,222	288	(222)	-	78,274	340,798
Net profit for the period		-	-	-	-	-	-	-	38,777	38,777
Other comprehensive expense		-	-	-	-	-	6,539	14	-	6,553
Total comprehensive income for the period		-	-	-	-	-	6,539	14	38,777	45,330
Option charge arising from ESOS granted		-	-	-	-	596	-	-	-	596
Transfer to statutory reserve		-	-	-	19,130	-	-	-	(19,130)	-
Acquisition of a subsidiary:										
- Effect of predecessor accounting		-	-	-	-	-	-	-	(16,604)	(16,604)
- Merger surplus adjusted against retained profits		-	-	-	-	-	-	-	22,879	22,879
At 30 June 2012		246,896	(13,203)	543	47,352	884	6,317	14	104,196	392,999

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Company for the year ended 30 June 2012.

HONG LEONG CAPITAL BERHAD
 (Company Number 213006-U)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	<u>Non-Distributable Reserves</u>					<u>Distributable Reserves</u>			Total RM'000
	Share Capital RM'000	Treasury Shares for ESOS Scheme RM'000	General Reserves RM'000	Statutory Reserves RM'000	Share Option Reserves RM'000	Fair Value Reserve RM'000	Exchange fluctuation Reserve RM'000	Retained Profits RM'000	
The Company									
At 1 July 2012	246,896	(13,203)	-	-	-	-	-	24,016	257,709
Net profit for the period	-	-	-	-	-	-	-	176,621	176,621
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	176,621	176,621
ESOS exercised	-	1,354	-	-	-	-	-	-	1,354
Transferred of treasury shares to subsidiary for ESOS	-	2,471	-	-	-	-	-	-	2,471
At 30 June 2013	246,896	(9,378)	-	-	-	-	-	200,637	438,155
At 1 July 2011	246,896	(13,203)	-	-	-	-	-	25,870	259,563
Net loss for the period	-	-	-	-	-	-	-	(1,854)	(1,854)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	-	(1,854)	(1,854)
At 30 June 2012	246,896	(13,203)	-	-	-	-	-	24,016	257,709

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Company for the year ended 30 June 2012.

HONG LEONG CAPITAL BERHAD
 (Company Number 213006-U)
UNAUDITED STATEMENTS OF CASH FLOWS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	The Group	
	30/06/2013	30/06/2012
	RM'000	RM'000
<u>Cash flows from operating activities</u>		
Profit before tax expense	67,933	51,899
<u>Adjustments for non-cash items:</u>		
- Depreciation of property and equipment	2,322	2,506
- Amortisation of intangible assets	665	796
- Option charge arising from ESOS	419	596
- Gain on disposal of subsidiary	-	(571)
- Impairment on securities	1,759	-
- Gain on disposal of property and equipment	(55)	(356)
- Property and equipment written off	209	-
- Intangible assets written off	37	-
- Allowance/(write-back of) impairment for losses on loans and advances	153	(4,295)
- Writeback of allowance for losses on clients' and brokers' balance	(399)	(643)
- Net unrealised loss/(gain) on revaluation:		
- Financial assets held-for-trading	3,221	(881)
- Derivative financial instruments	(19,718)	23,590
- Interest income from:		
- Financial assets held-for-trading	(28,301)	(23,597)
- Financial investments available-for-sale	(5,246)	(4,643)
- Financial investments held-to-maturity	(13,415)	(15,696)
- Derivative financial instruments	(3,092)	(1,812)
- Interest expense on derivative financial instruments	4,307	2,503
- Interest expense on borrowings	1,829	1,334
- Dividend income from:		
- Financial assets held-for-trading	(2,048)	(1,402)
- Financial investments available-for-sale	(118)	(220)
	(57,471)	(22,791)
Operating profit before changes in working capital	10,462	29,108

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and of the Company for the year ended 30 June 2012.

HONG LEONG CAPITAL BERHAD
 (Company Number 213006-U)
UNAUDITED STATEMENTS OF CASH FLOWS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	The Group	
	30/06/2013	30/06/2012
	RM'000	RM'000
Operating profit before changes in working capital (continued)	10,462	29,108
Changes in working capital:		
- Reverse repurchase agreements	(274,388)	159,684
- Deposits and placements with banks and other financial institutions	(233,394)	38,397
- Financial assets held-for-trading	37,244	(270,329)
- Financial investments available-for-sale	73,955	(204,173)
- Financial investments held-to-maturity	14,065	(219,067)
- Derivative financial instruments	66	24
- Loans and advances	82,241	(71,934)
- Clients' and brokers' balances	25,765	5,752
- Other assets	65,350	248
- Statutory deposits with Bank Negara Malaysia	(4,950)	(1,750)
Net changes in operating assets	(214,046)	(563,148)
- Deposits from customers	(163,456)	238,382
- Deposits and placements of banks and other financial institutions	569,331	225,645
- Repurchased agreements	61,866	115,167
- Clients' and brokers' balances	1,862	(72,720)
- Other liabilities	4,878	(17,834)
Net changes in operating liabilities	474,481	488,640
Cash generated from/(used in) operating activities	270,897	(45,400)
- Net income tax (paid)/refund	(803)	432
Net cash generated from/(used in) operating activities	270,094	(44,968)

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HONG LEONG CAPITAL BERHAD
 (Company Number 213006-U)
UNAUDITED STATEMENTS OF CASH FLOWS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	The Group	
	30/06/2013	30/06/2012
	RM'000	RM'000
<u>Cash flows from investing activities</u>		
Dividend received from:		
- Financial assets held-for-trading	2,023	1,358
- Financial investments available-for-sale	113	165
Interest received from financial assets held-for-trading, financial investments available-for-sale, financial investments held-to-maturity and derivative financial instruments	59,221	39,939
Interest expenses paid on derivative financial instruments	(4,165)	(2,174)
Proceeds from disposal of a subsidiary	-	81
Proceeds from disposal of property and equipment	59	553
Purchase of property and equipment	(1,317)	(1,433)
Purchase of intangible assets	(637)	(813)
Net cash flows arising from acquisition of MIMB	-	(106,292)
Net cash generated from/(used in) investing activities	55,297	(68,616)
<u>Cash flows from financing activities</u>		
Interest paid on borrowings	(1,880)	(1,358)
(Repayment)/drawdown of borrowings	(165,000)	145,000
Cash received from ESOS exercised	3,289	-
Net cash (used in)/generated from financing activities	(163,591)	143,642
Net changes in cash and cash equivalents	161,800	30,058
Effect of exchange rate changes	(2)	14
Cash and cash equivalents at beginning of year	503,776	473,704
Cash and cash equivalents at end of year	665,574	503,776
Cash and cash equivalents comprise:		
Cash and short term funds	665,574	503,776

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(Company Number 213006-U)
UNAUDITED STATEMENTS OF CASH FLOWS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	The Company	
	30/06/2013	30/06/2012
	RM'000	RM'000
<u>Cash flows from operating activities</u>		
Profit/(loss) before tax expense	186,989	(1,799)
<u>Adjustments for non-cash items:</u>		
- Net unrealised (gain)/loss on financial assets held-for-trading	(6)	138
- Net unrealised loss on derivative financial instruments	8,867	-
- Interest income	(1,063)	(356)
- Interest expense on borrowings	1,829	1,334
- Gain on capital reduction of a subsidiary	(155,063)	-
- Dividend income from subsidiary companies	(46,800)	(2,400)
	(192,236)	(1,284)
Operating loss before changes in working capital	(5,247)	(3,083)
Increase in deposits and placements with banks and other financial institutions	(360)	-
Decrease/(increase) in financial assets held-for-trading	1	(70)
Decrease/(increase) in receivables	19,032	(18,936)
(Decrease)/increase in payables	(89,344)	1,758
Cash used in operating activities	(75,918)	(20,331)
- Net income tax refund	860	958
- Interest received	1,063	356
Net cash used in operating activities	(73,995)	(19,017)
<u>Cash flows from investing activities</u>		
Dividend received from subsidiary companies	35,100	1,800
Net purchase consideration for acquisition of MIMB	-	(139,285)
Capital reduction of a subsidiary	278,167	5,000
Net cash generated from/(used in) investing activities	313,267	(132,485)
<u>Cash flows from financing activities</u>		
Interest paid on borrowings	(1,880)	(1,358)
(Repayment)/drawdown of borrowings	(165,000)	145,000
Cash received from ESOS exercised	2,697	-
Net cash (used in)/generated from financing activities	(164,183)	143,642
Net changes in cash and cash equivalents	75,089	(7,860)
Cash and cash equivalents at beginning of year	2,297	10,157
Cash and cash equivalents at end of year	77,386	2,297
Cash and cash equivalents comprise:		
Cash and short term funds	77,386	2,297

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and of the Company for the year ended 30 June 2012.

HONG LEONG CAPITAL BERHAD ("HLCB" or "Company")
(formerly known as HLG Capital Berhad)
(Company Number 213006-U)

NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013

Explanatory Notes pursuant to the Financial Reporting Standard 134 ("FRS 134") and Revised Guidelines on Financial Reporting for Licensed Institutions ("BNM/GP8") issued by Bank Negara Malaysia ("BNM")

1. Basis of preparation

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

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965.

The financial statements of the Group and the Company for the financial year ended 30 June 2013 are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1 "First-time Adoption of MFRS".

Subject to certain transition elections disclosed in Note 35 to the interim financial statements, the Group and the Company have consistently applied the same accounting policies in its opening MFRS statement of financial position at 1 July 2011 (transition date) and throughout all years presented, as if these policies had always been in effect. Comparative figures for 2012 in these financial statements have been restated to give effect to these changes. Note 35 discloses the impact of the transition to MFRS on the Group's and the Company's reported financial position, financial performance and cash flows.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale securities and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with 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 financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires directors to exercise their judgement in the process of applying the Group's 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 from those estimates.

2. Auditors' report on preceding annual financial statements

The auditors' report on the audited financial statements for the financial year ended 30 June 2012 was not qualified.

3. Comments about seasonal or cyclical factors

The operations of the Group and the Company were not materially affected by any seasonal or cyclical factors during the financial quarter ended 30 June 2013.

4. Unusual items due to their nature, size or incidence

There were no unusual items affecting the assets, liabilities, equities, net income or cash flows of the Group and the Company during the financial quarter ended 30 June 2013.

5. Change in estimate

The were no material changes in estimate of amount reported in prior financial year that have a material effect in the financial quarter ended 30 June 2013.

6. Debt and Equity Securities

There were no new issuance and repayment of debt and equity securities, share-buy-back, share cancellations, shares held as treasury shares and resale of treasury shares during the financial quarter ended 31 March 2013, other than as mentioned below.

- (a) The Company had, on 8 November 2005, announced that the shareholders of the Company had approved the establishment of an Executive Share Option Scheme (“Scheme”) of up to 15% of the issued and paid-up ordinary share capital of the Company.

Approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the new ordinary shares of the Company to be issued pursuant to the exercise of options under the Scheme was obtained on 17 January 2006. The scheme was established on 23 January 2006 under a trust for employee (“ESOS Trust”).

- (b) The ESOS Trust is administered by an appointed trustee. The trustee will be entitled from time to time to accept financial assistance from the Company upon such terms and conditions as the Company and the trustee may agree to purchase shares in the Company from the open market for the purpose of this trust.

- (c) The shares purchased for the benefit of the ESOS holders are recorded as “Shares held by ESOS Trust” in the Group’s statement of financial position as deduction in arriving at the shareholders’ equity. Total shares held by ESOS Trust comprise 9,777,200 (2012: 12,287,200) shares in the Company costing RM10,506,289 (2012: RM13,203,461) inclusive of transaction costs, as at 30 June 2013.

The ordinary share options of the Group granted under the ESOS are as follows:

Grant date	Expiry date		As at			As at	
			1.07.2012	Granted	Exercised	Lapsed	30.06.2013
19 January 2011	18 July 2013	*	1,260,000	-	1,260,000	-	-
19 January 2011	18 April 2014	^	1,470,000	-	-	140,000	1,330,000
19 January 2011	18 April 2015	^	1,470,000	-	-	140,000	1,330,000
16 January 2013	16 April 2015	~	-	1,150,000	1,150,000	-	-
16 January 2013	20 January 2016		-	1,150,000	100,000	-	1,050,000
			<u>4,200,000</u>	<u>2,300,000</u>	<u>2,510,000</u>	<u>280,000</u>	<u>3,710,000</u>

* The exercise period is up to 6 months from the date of notification of entitlement (“Vesting Date”).

^ The exercise period is up to 3 months from the Vesting Date.

~ The exercise period is up to 3 months after the second anniversary of grant date.

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7. Dividends

There was no dividend paid during the financial quarter ended 30 June 2013.

8. Valuations of property, plant and equipment

No valuations of property, plant and equipment were carried out for the financial quarter ended 30 June 2013.

9. Significant events

- (a) On 28 May 2013, Promilia had cancelled its issued and paid-up preference share capital of RM1,630,765 comprising 163,076,524 RPS and returning RM1,630,765 arising from the said cancellation, to the holder of the RPS ("RPS Holder") via crediting the amount owing by the RPS Holder.

On 28 May 2013, Promilia had reduced its issued and paid-up capital from RM278,167,071 divided into 278,167,071 ordinary shares of RM1.00 each to RM2.00 divided into 2 ordinary shares of RM1.00 each by cancelling 278,167,069 ordinary shares of RM1.00 each and returning the RM278,167,069 to its ordinary shareholder via crediting the amount owing by its ordinary shareholder.

- (b) On 26 June 2013, HLIB, a wholly-owned subsidiary of HLCB, had placed the following wholly-owned subsidiaries of HLIB under member's voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965:

1. RC Research Sdn Bhd
2. RC Nominees (Asing) Sdn Bhd
3. RC Nominees (Tempatan) Sdn Bhd
4. MIMB Nominees (Asing) Sendirian Berhad
5. MIMB Nominees (Tempatan) Sendirian Berhad

10. Subsequent events

There were no material events subsequent to the end of the reporting period that require disclosure or adjustments to the unaudited interim financial statements.

Financial Reporting for Licensed Institutions ("BNM/GP8")**11. Financial assets at fair value through profit or loss**

	The Group		The Company	
	As at 30/06/2013 RM'000	As at 30/06/2012 RM'000	As at 30/06/2013 RM'000	As at 30/06/2012 RM'000
Money market instruments				
Malaysian Government Securities	20,107	-	-	-
Negotiable instruments of deposits	150,372	375,719	-	-
Bank Negara Malaysia Bills	-	199,683	-	-
Bankers' acceptances	219,476	-	-	-
	389,955	575,402	-	-
Quoted securities				
In Malaysia:				
Shares	9,570	8,433	-	-
Unit trust investment	3,666	14,797	414	409
Outside Malaysia:				
Foreign currency bonds	63,074	8,684	-	-
	76,310	31,914	414	409
Unquoted securities				
Private and Islamic debt securities	194,599	98,376	-	-
	660,864	705,692	414	409

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12. Financial investments available-for-sale

	The Group	
	As at	As at
	30/06/2013	30/06/2012
	RM'000	RM'000
Money market instruments		
Malaysian Government Securities	20,205	-
Malaysian Government Investment Issues	59,669	-
Cagamas bonds	5,122	5,150
Quoted securities		
In Malaysia:		
Unit trust investment	695	
Outside Malaysia:		
Foreign currency bonds	86,476	253,099
Unquoted securities		
Shares	686	2,445
Private and Islamic debt securities	92,480	87,491
	<u>93,166</u>	<u>89,936</u>
	<u>265,333</u>	<u>348,185</u>

13. Financial investments held-to-maturity

	The Group	
	As at	As at
	30/06/2013	30/06/2012
	RM'000	RM'000
Money market instruments		
Malaysian Government Investment Issues	5,107	5,131
Cagamas bonds	10,161	10,240
	<u>15,268</u>	<u>15,371</u>
Quoted securities		
Outside Malaysia:		
Foreign currency bonds	192,912	211,542
Unquoted securities		
Private and Islamic debt securities	45,731	45,942
	<u>253,911</u>	<u>272,855</u>

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14. Loans and advances

	The Group	
	As at 30/06/2013 RM'000	As at 30/06/2012 RM'000
Term loan financing	33,533	107,891
Share margin financing	139,049	147,228
Revolving credits	60	963
Staff loans	2,532	2,589
Gross loans and advances	<u>175,174</u>	<u>258,671</u>
Allowance for impaired loans and advances:		
- individual assessment allowance	(252)	(1,256)
- collective assessment allowance	(738)	(837)
Net loans and advances	<u>174,184</u>	<u>256,578</u>
14a. <u>By type of customer</u>		
Domestic business enterprises		
- Small and medium enterprises	26,600	18,703
- Others	52,708	133,754
Individuals	95,563	102,669
Foreign entities	303	3,545
Gross loans and advances	<u>175,174</u>	<u>258,671</u>
14b. <u>By interest rate sensitivity</u>		
Fixed rate		
- Staff housing loans	2,466	1,957
- Other fixed rate loan	49,159	44,070
Variable rate		
- Cost plus	123,482	212,012
Non-interest bearing	67	632
Gross loans and advances	<u>175,174</u>	<u>258,671</u>
14c. <u>By residual contractual maturity</u>		
Maturity within 1 year	172,658	256,062
More than one year to three years	149	398
More than three years to five years	119	52
More than five years	2,248	2,159
Gross loans and advances	<u>175,174</u>	<u>258,671</u>
14d. <u>By geographical distribution</u>		
Malaysia	<u>175,174</u>	<u>258,671</u>

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14. Loans and advances (continued)

	The Group	
	As at 30/06/2013 RM'000	As at 30/06/2012 RM'000
14e. <u>By economic purpose</u>		
Purchase of securities	139,049	175,484
Working capital	33,592	80,598
Purchase of transport vehicles	235	633
Purchase of residential property	2,298	1,956
Gross loans and advances	<u>175,174</u>	<u>258,671</u>
14f. Movements in impaired loans and advances ("impaired loans") are as follows:		
Impaired loans and advances		
At 1 July	1,256	9,374
Impaired during the year	1,123	136
Amount written back during the year	-	(8,254)
Amount written off during the year	(1,256)	-
At 30 June	<u>1,123</u>	<u>1,256</u>
% of impaired loans to total loans and advances net of individual assessment allowance	<u>0.6%</u>	<u>0.5%</u>
14g. <u>Impaired loans and advances by geographical distribution</u>		
Malaysia	<u>1,123</u>	<u>1,256</u>
14h. <u>Impaired loans and advances by economic purpose</u>		
Purchase of transport vehicles	156	-
Purchase of residential property	967	-
Purchase of securities	-	1,256
Gross impaired loans and advances	<u>1,123</u>	<u>1,256</u>
14i. Movement in the allowance for loss on loans and advances are as follows:		
<u>Collective assessment allowance</u>		
At 1 July		
- as previously reported	3,901	1,644
- effects of adopting MFRS	(3,064)	(1,021)
At 1 July, restated	<u>837</u>	<u>623</u>
Arising from acquisition of MIMB	-	1,086
Written back during the year	(99)	(872)
At 30 June	<u>738</u>	<u>837</u>

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14. Loans and advances (continued)

14i. Movement in the allowance for loss on loans and advances are as follows: (continued)

	The Group	
	As at	As at
	30/06/2013	30/06/2012
	RM'000	RM'000
<u>Individual assessment allowance</u>		
At 1 July	1,256	4,679
Allowance made during the year	252	136
Amount written back during the year	-	(3,559)
Amount written off during the year	(1,256)	-
At 30 June	<u>252</u>	<u>1,256</u>

15. Clients' and brokers' balances

	The Group	
	As at	As at
	30/06/2013	30/06/2012
	RM'000	RM'000
Performing accounts	150,115	175,368
Impaired accounts	805	1,403
	<u>150,920</u>	<u>176,771</u>
Less: Individual assessment allowance	(378)	(752)
Collective assessment allowance	(33)	(144)
	<u>150,509</u>	<u>175,875</u>

16. Other assets

	The Group		The Company	
	As at	As at	As at	As at
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	RM'000	RM'000	RM'000
Amount due from subsidiary companies	-	-	3	424
Amount due from a related company	171	21,399	-	18,615
Deposits and prepayments	4,764	5,033	11	7
Other receivables	7,761	51,458	-	-
Manager's stocks and consumables	159	421	-	-
	<u>12,855</u>	<u>78,311</u>	<u>14</u>	<u>19,046</u>

HLCB Q4 (30.06.13)**17. Deposits from customers**

	The Group	
	As at 30/06/2013 RM'000	As at 30/06/2012 RM'000
Fixed deposits	470,169	633,625
17a. <u>By type of deposit</u>		
Fixed deposits	470,169	633,625
17b. <u>By type of customer</u>		
Government and statutory bodies	429,322	617,832
Business enterprises	40,847	15,793
	470,169	633,625
17c. The maturity structure of fixed deposits are as follows:		
Due within six months	470,169	633,625

18. Deposits and placements of banks and other financial institutions

	The Group	
	As at 30/06/2013 RM'000	As at 30/06/2012 RM'000
Bank Negara Malaysia	316,207	-
Licensed banks	128,060	406,153
Licensed investment banks	105,866	-
Other financial institutions	992,842	567,491
	1,542,975	973,644

19. Derivative financial instruments

	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
The Group			
30/06/2013			
Interest rate related contracts:			
- Interest rate swaps	1,888,500	6,615	(11,778)
- Futures	894,809	2,239	(942)
- Cross currency swaps	94,809	222	(278)
Foreign exchange related contracts:			
- Foreign currency swaps	2,064,470	14,835	(19,645)
- Foreign currency forwards	19,011	-	(128)
- Foreign currency spot	12,641	12	(2)
Equity related contracts:			
- Call option	10,000	4,862	-
	<u>4,984,240</u>	<u>28,785</u>	<u>(32,773)</u>
The Company			
30/06/2013			
Equity related contracts:			
- Put option	2,858	-	(12,156)
	<u>2,858</u>	<u>-</u>	<u>(12,156)</u>
The Group			
30/06/2012			
Interest rate related contracts:			
- Interest rate swaps	1,408,500	7,240	(14,673)
- Futures	2,157,121	881	(3,426)
- Cross Currency Swaps	31,772	56	(6)
Foreign exchange related contracts:			
- Foreign currency swaps	2,231,056	15,228	(31,121)
- Foreign currency forwards	585	11	(3)
Equity related contracts:			
- Call option	10,000	2,250	-
	<u>5,839,034</u>	<u>25,666</u>	<u>(49,229)</u>

HLCB Q4 (30.06.13)**20. Other liabilities**

	The Group		The Company	
	As at 30/06/2013 RM'000	As at 30/06/2012 RM'000	As at 30/06/2013 RM'000	As at 30/06/2012 RM'000
Amount due to holding company	2	2	2	2
Amount due to subsidiary companies	-	-	1,001	-
Amount due to related companies	142	125	-	24
Remisiers' trust deposits	15,482	16,420	-	-
Other payables and accrued liabilities	73,742	59,039	884	2,333
Provision for commitments and contingencies	-	9,039	-	-
Post employment benefits obligation				
- defined contribution plan	296	286	-	-
- defined benefit plan	-	55	-	-
	89,664	84,966	1,887	2,359

21. Interest income

	Current quarter ended 30/06/2013 RM'000	Last year's quarter ended 30/06/2012 RM'000	Current year ended 30/06/2013 RM'000	Last year's ended 30/06/2012 RM'000
The Group				
Loan and advances	3,357	3,538	15,495	9,545
Money at call and deposits placements with banks and other financial institutions	4,435	3,746	13,013	15,554
Financial assets held-for-trading	6,990	5,150	28,301	23,597
Financial investments available-for-sale	1,778	1,440	5,246	4,643
Financial investments held-to-maturity	2,020	4,607	13,415	15,696
Derivative financial instruments	783	568	3,092	1,812
Others	428	177	1,214	575
Total interest income	19,791	19,226	79,776	71,422
Of which:				
Interest income earned on impaired loans and advances	-	758	-	972
The Company				
Money at call and deposits placements with banks and other financial institutions	359	102	921	356
Others	142	-	142	-
Total interest income	501	102	1,063	356

22. Interest expense

	Current quarter ended 30/06/2013 RM'000	Last year's quarter ended 30/06/2012 RM'000	Current year ended 30/06/2013 RM'000	Last year's ended 30/06/2012 RM'000
The Group				
Deposits and placements of banks and other financial institutions	2,650	2,188	10,221	10,980
Deposits from customers	9,774	9,860	33,280	36,875
Derivative financial liabilities	1,136	890	4,307	2,503
Borrowings	-	704	1,829	1,334
Other finance cost	(356)	92	(236)	144
Total interest expense	13,204	13,734	49,401	51,836
The Company				
Borrowings	-	704	1,829	1,334
Other finance cost	-	17	3,358	17
Total interest expense	-	721	5,187	1,351

23. Non-interest income

	Current quarter ended 30/06/2013 RM'000	Last year's quarter ended 30/06/2012 RM'000	Current year ended 30/06/2013 RM'000	Last year's ended 30/06/2012 RM'000
The Group				
(a) Fee income:				
Fee on loans and advances	258	790	1,459	1,828
Arranger fees	314	4,897	11,667	12,511
Placement fee	9,188	504	30,861	1,122
Guarantee fees	216	700	880	700
Corporate advisory fees	2,630	2,503	7,455	7,808
Underwriting Commission	369	396	1,420	1,286
Brokerage commissions	15,046	9,432	43,511	40,918
Net commission from futures business	386	229	1,052	882
Net unit trust and asset management income	5,306	4,975	19,534	16,651
Other fee income	7,302	2,551	18,144	17,114
	41,015	26,977	135,983	100,820
(b) Net realised (loss)/gain arising from sale of:				
- Financial assets held-for-trading	(1,495)	1,584	15	4,580
- Financial investments available-for-sale	-	234	16,048	444
- Derivative financial instruments	(7,889)	(6,111)	(25,996)	4,309
	(9,384)	(4,293)	(9,933)	9,333
(c) Dividend income from:				
- Financial assets held-for-trading	272	(21)	2,048	1,402
- Financial investments available-for-sale	4	48	118	220
	276	27	2,166	1,622
(d) Net unrealised gain/(loss) on revaluation of:				
- Financial assets held-for-trading	(3,484)	(1,308)	(3,221)	881
- Derivative financial instruments	1,012	(15,206)	19,718	(23,590)
	(2,472)	(16,514)	16,497	(22,709)
(e) Gain on disposal of property and equipment	15	354	55	356
(f) Gain on disposal of a subsidiary	-	571	-	571
(g) Foreign exchange gain	12,815	24,339	15,172	25,658
(h) Other income	56	1,772	352	1,707
Total non-interest income	42,321	33,233	160,292	117,358

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23. Non-interest income (continued)

	Current quarter ended 30/06/2013 RM'000	Last year's quarter ended 30/06/2012 RM'000	Current year ended 30/06/2013 RM'000	Last year's ended 30/06/2012 RM'000
The Company				
(a) Net realised gain arising from sale of financial assets held-for-trading	-	-	-	144
(b) Net unrealised gain/(loss) on revaluation of:				
- Financial assets held-for-trading	1	9	6	(138)
- Derivative financial instruments	(8,867)	-	(8,867)	-
	<u>(8,866)</u>	<u>9</u>	<u>(8,861)</u>	<u>(138)</u>
(c) Dividend income from:				
- Subsidiaries	46,800	2,400	46,800	2,400
(d) Gain on capital reduction of a subsidiary	155,063	-	155,063	-
(e) Other income	3	10	3	10
	<u>193,000</u>	<u>2,419</u>	<u>193,005</u>	<u>2,416</u>

24. Overhead expenses

	Current quarter ended 30/06/2013 RM'000	Last year's quarter ended 30/06/2012 RM'000	Current year ended 30/06/2013 RM'000	Last year's ended 30/06/2012 RM'000
The Group				
Personnel costs				
- Salaries, bonuses and allowances	13,272	9,704	64,523	42,913
- Option charge arising from ESOS	(16)	112	419	596
- Others	3,735	2,669	10,807	9,044
	<u>16,991</u>	<u>12,485</u>	<u>75,749</u>	<u>52,553</u>
Establishment costs				
- Depreciation of property and equipment	476	608	2,322	2,506
- Amortisation of intangible assets	141	184	665	796
- Rental of premises	1,518	1,472	6,293	5,427
- Information technology expenses	1,960	1,650	6,162	5,175
- Others	345	565	3,645	2,216
	<u>4,440</u>	<u>4,479</u>	<u>19,087</u>	<u>16,120</u>
Marketing expenses				
- Advertisement and publicity	166	67	650	449
- Entertainment and business improvement	252	(426)	1,245	496
- Others	198	933	442	1,310
	<u>616</u>	<u>574</u>	<u>2,337</u>	<u>2,255</u>

24. Overhead expenses (continued)

	Current quarter ended 30/06/2013 RM'000	Last year's quarter ended 30/06/2012 RM'000	Current year ended 30/06/2013 RM'000	Last year's ended 30/06/2012 RM'000
The Group (continued)				
Administration and general expenses				
- Management fees	566	1,167	3,584	3,054
- Communication expenses	443	(160)	1,976	1,149
- Property and equipment written off	209	-	209	-
- Intangible assets written off	37	-	37	-
- Auditors' remuneration				
- Statutory audit	218	230	438	544
- Tax compliance fee	40	6	40	20
- Other fees	15	205	46	274
- Legal and professional fees	(141)	1,868	9,953	6,658
- Others	1,733	3,521	7,274	7,474
	<u>3,120</u>	<u>6,837</u>	<u>23,557</u>	<u>19,173</u>
	<u>25,167</u>	<u>24,375</u>	<u>120,730</u>	<u>90,101</u>
The Company				
Personnel costs				
- Salaries, bonuses and allowances	40	58	149	199
- Others	126	12	193	78
	<u>166</u>	<u>70</u>	<u>342</u>	<u>277</u>
Establishment costs				
- Rental	-	-	-	-
- Information technology expenses	24	140	24	140
- Others	25	(11)	54	23
	<u>49</u>	<u>129</u>	<u>78</u>	<u>163</u>
Marketing expenses				
- Advertisement and publicity	-	-	35	5
- Others	3	4	5	11
	<u>3</u>	<u>4</u>	<u>40</u>	<u>16</u>
Administration and general expenses				
- Communication expenses	1	-	8	3
- Auditors' remuneration				
- Statutory audit	13	22	63	60
- Tax compliance fee	4	8	4	8
- Other fees	-	199	10	199
- Legal and professional fees	19	47	476	172
- Others	91	1,797	831	2,322
	<u>128</u>	<u>2,073</u>	<u>1,392</u>	<u>2,764</u>
	<u>346</u>	<u>2,276</u>	<u>1,852</u>	<u>3,220</u>

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25. Allowance for/(write-back) of impairment on loans and advances and other losses

	Current quarter ended 30/06/2013 RM'000	Last year's quarter ended 30/06/2012 RM'000	Current year ended 30/06/2013 RM'000	Last year's ended 30/06/2012 RM'000
The Group				
Allowance for/(write-back of) losses on impaired loans and advances:				
Individual assessment allowance				
- made during the period	252	36	252	136
- written back during the period	-	(3,559)	-	(3,559)
Collective assessment allowance (written back)/made during the period	84	(1,143)	(99)	(872)
Bad debts on loans and advances				
- written off	-	-	2	-
- recovered	-	(118)	-	(118)
Bad debts on clients' and brokers' balances				
- recovered	(104)	59	(309)	-
Allowance for losses on clients' and brokers' balances:				
Collective assessment allowance (written back)/made during the period				
	22	110	(111)	137
Individual assessment allowance				
- made during the period	(74)	(14)	352	107
- written back during the period	(27)	2,374	(640)	(887)
Allowance for losses on other debtors:				
Individual assessment allowance				
- made during the period	(38)	-	415	-
- written-back during the period	(70)	-	(70)	-
Bad debts on other assets				
- written off	60	-	453	-
	105	(2,255)	245	(5,056)
The Company				
Bad debts on other assets				
- written off	40	-	40	-

26. Impairment losses on securities

	Current quarter ended 30/06/2013 RM'000	Last year's quarter ended 30/06/2012 RM'000	Current year ended 30/06/2013 RM'000	Last year's ended 30/06/2013 RM'000
Financial investments available-for-sale	1,759	-	1,759	-

HLCB Q4 (30.06.13)**27. Commitments and contingencies**

	30 June 2013	30 June 2012
	Principal	Principal
	Amount	Amount
	RM'000	RM'000
The Group		
Commitments and contingent liabilities		
Direct Credit Substitutes	50,750	50,750
Other commitments, such as formal standby facilities and credit lines		
- maturity less than one year	-	15,266
- maturity over one year	69	641
Any commitments that are unconditionally cancelled at any time by the bank without prior notice		
- maturity less than one year	507,022	426,568
Others	636,606	461,001
	<u>1,194,447</u>	<u>954,226</u>
Derivative Financial Instruments		
Interest rate related contracts:		
- One year or less	716,412	960,241
- Over one year to five years	2,161,706	2,579,963
- Over five years	-	57,189
Foreign exchange related contracts		
- One year or less	2,096,122	2,231,641
Equity related contracts		
- Over one year to five years	10,000	10,000
	<u>4,984,240</u>	<u>5,839,034</u>
	<u>6,178,687</u>	<u>6,793,260</u>
The Company		
Derivative Financial Instruments		
Equity related contracts		
- One year or less	1,429	-
- Over one year to five years	1,429	-
	<u>2,858</u>	<u>-</u>

28. Capital adequacy

30 June 2013 - Basel III

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

	HLIB 30/06/2013
Before deducting proposed dividends:	
Common equity tier 1 ("CET1") capital ratio	33.194%
Tier 1 capital ratio	33.194%
Total capital ratio	<u>33.288%</u>
After deducting proposed dividends:	
CET1 capital ratio	30.099%
Tier 1 capital ratio	30.099%
Total capital ratio	<u>30.193%</u>

(ii) The components of CET1, Tier 1 and total capital of the banking subsidiaries are as follows:

	HLIB 30/06/2013 RM'000
CET1 capital	
Paid-up ordinary share capital	165,000
Share premium	87,950
Other reserves	<u>138,810</u>
	391,760
Regulatory adjustments:	
- Goodwill	(28,986)
- Deferred tax assets	(61,978)
- Other regulatory adjustments	<u>(525)</u>
Total CET1 capital	<u>300,271</u>
Tier-1 capital	300,271
Tier-2 capital	
Redeemable preference shares	1,631
Collective assessment allowance for losses on loans and advances ⁽¹⁾	678
Regulatory adjustments:	
- Investment in subsidiaries	<u>(1,455)</u>
Total Tier 2 capital	<u>854</u>
Total capital	<u><u>301,125</u></u>

Note:

⁽¹⁾ Excludes collective assessment allowance attributable to loans and advances classified as impaired.

HLCB Q4 (30.06.13)**28. Capital adequacy (continued)****30 June 2013 - Basel III** (continued)

(iii) Breakdown of risk-weighted assets of the banking subsidiary company in the various risk weights:

	HLIB 30/06/2013 RM'000
Credit risk	464,961
Market risk	321,448
Operational risk	118,189
	<u>904,598</u>

Restated 30 June 2012 - Basel II

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

	HLIB	Promilia
Before deducting proposed dividends:		
Core capital ratio	145.5%	26.9%
Risk-weighted capital ratio	<u>145.4%</u>	<u>27.1%</u>
After deducting proposed dividends:		
Core capital ratio	145.5%	25.1%
Risk-weighted capital ratio	<u>145.4%</u>	<u>25.3%</u>

(ii) The components of Tier 1 and Tier 2 capital of the banking subsidiaries are as follows:

	HLIB RM'000	Promilia RM'000
Tier 1 capital		
Paid-up ordinary share capital	75,000	265,535
Share premium	87,950	-
Other reserves ⁽¹⁾	<u>12,369</u>	<u>18,063</u>
	175,319	283,598
Less:		
- Goodwill	-	-
- Deferred tax assets	<u>(35,271)</u>	<u>-</u>
Total Tier 1 capital	<u>140,048</u>	<u>283,598</u>
Tier 2 capital		
Redeemable preference shares	-	1,631
Collective assessment allowance for losses on loans and advances ⁽²⁾	<u>160</u>	<u>677</u>
Total Tier 2 capital	<u>160</u>	<u>2,308</u>

HLCB Q4 (30.06.13)**28. Capital adequacy (continued)****Restated 30 June 2012 - Basel II** (continued)

(ii) The components of Tier 1 and Tier 2 capital of the banking subsidiaries are as follows: (continued)

	HLIB RM'000	Promilia RM'000
Total capital	140,208	285,906
Less: Investment in subsidiaries	(220)	(588)
Total capital base	<u>139,988</u>	<u>285,318</u>

Note:

- (1) Fair value reserve has been excluded from the capital base.
(2) Excludes collective assessment allowance attributable to loans and advances classified as impaired.

(iii) Breakdown of risk-weighted assets of the banking subsidiary company in the various risk weightes:

	HLIB RM'000	Promilia RM'000
Credit risk	36,496	669,073
Market risk	-	204,798
Operational risk	59,760	180,741
	<u>96,256</u>	<u>1,054,612</u>

HLCB Q4 (30.06.13)**29. Segmental reporting**

(a) Segment information by activities for the financial period ended 30 June 2013:

	Investment banking and stockbroking	Fund management and unit trust management	Investment holding and others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
30 June 2013					
REVENUE & EXPENSES					
Revenue					
Net Interest income	30,400	729	(754)	-	30,375
Non interest income	151,794	19,531	51,377	(62,410)	160,292
Results					
Profit/(loss) from operations	73,045	1,489	48,333	(54,934)	67,933
Taxation					22,288
Profit after taxation					90,221
30 June 2012					
REVENUE & EXPENSES					
Revenue					
Net Interest income	19,376	1,181	(971)	-	19,586
Non interest income	99,586	16,699	20,031	(18,958)	117,358
Results					
Profit/(loss) from operations	53,830	1,883	15,841	(19,655)	51,899
Taxation					(13,122)
Profit after taxation					38,777

(b) Segment information by geographical areas has not been disclosed as the Group operates principally in Malaysia.

30. Property and equipment

The valuations of property and equipment have been brought forward without amendment from the financial statements for the financial year ended 30 June 2012.

31. Changes in composition of the Group

There were no changes in composition of the Group since last financial quarter.

32. Capital commitments

Capital commitments for the purchase of property and equipment as at 30 June 2013 is RM4.7 million.

33. Changes in contingent liabilities

Details of contingent liabilities since the last audited reporting period are as follows:

Hong Leong Asset Management Berhad, a wholly-owned subsidiary of the Company, is the Manager of HLG Sectoral Fund ("Funds") which comprises one sector fund. The Company provided a guarantee to Universal Trustee (Malaysia) Berhad, the trustee of the Funds, that if the fund falls below the minimum fund size of RM1 million, the Company 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 June 2013.

34. Related party transactions

All related party transactions had been entered into in the ordinary course of business that had been undertaken at arms' length basis on normal commercial terms. These transactions are within the ambit of the approval granted under the Shareholders' Mandate for recurrent related party transactions obtained at a general meeting.

35. Adoption of MFRS 1 and changes in accounting policies

(a) Adoption of MFRS 1

(i) MFRS 1 mandatory exceptions

Estimates

MFRS estimates as at transition date are consistent with the estimates as at the same date made in conformity with FRS.

(ii) MFRS 1 exemption options

Designation of previously recognised financial instruments

MFRS 1 permits a previously recognised financial instrument to be designated as available-for-sale on the transition date provided the criteria in MFRS 139 "Financial instruments: Recognition and measurement" are met. The Group has designated previously recognised financial investments held-to-maturity with carrying amount of RM60,570,000 and fair value of RM60,199,000 to financial investments available-for-sale at transition date.

(iii) Explanation of transition from FRSs to MFRSs

MFRS 1 requires an entity to reconcile equity, total comprehensive income and cash flows for prior years. The following tables represent the reconciliations from FRSs to MFRSs for the respective years noted for total equity, total comprehensive income and statements of cash flows.

35. Adoption of MFRS 1 and changes in accounting policies (continued)

(a) Adoption of MFRS 1 (continued)

(iii) Explanation of transition from FRSs to MFRSs (continued)

(a) Reconciliation of equity

	01.07.2011	
	(Date of	
	transition)	30.06.2012
The Group	RM'000	RM'000
Total equity as reported under FRS	340,315	384,450
Add/(Less): Transitioning adjustments:		
Designation of previously recognised financial instruments		
- Revaluation reserve-financial investments available-for-sale	(371)	7,948
- Income tax effects	93	(1,987)
Effect of full adoption of MFRS 139		
- Collective impairment allowances written back	1,014	2,920
- Income tax effects	(253)	(332)
Total equity on transition to MFRS	<u>340,798</u>	<u>392,999</u>

(b) Reconciliation of other total comprehensive income

	30.06.2012
The Group	RM'000
Total comprehensive income as reported under FRS	37,264
Add/(Less): Transitioning adjustments:	
- Designation of previously recognised financial instruments	8,319
- Income tax effects	(2,080)
Effect of full adoption of MFRS 139	
- Collective impairment allowances written back	1,906
- Income tax effects	(79)
Total comprehensive income upon transition to MFRS	<u>45,330</u>

(c) Reconciliation of statements of cash flows

The transition from FRS to MFRS had no significant effect on the reported cash flows generated by the Group.

35. Adoption of MFRS 1 and changes in accounting policies (continued)

(b) Change in accounting policies

Financial Reporting Standards Implementation Committee (“FRSIC”) Consensus 18

According to FRSIC 18, although a participating organisation is required by Capital Markets and Services Act (CMSA), 2007 and Bursa Securities Rules to maintain the trust account, it does not have any contractual or statutory obligation to its clients on the money deposited in the trust account that would result in an outflow of resources embodying economic benefits from the participating organisation. In addition, a participating organisation is prohibited under the provisions contained in Section 113 of CMSA 2007 to utilise the monies either for its own economic benefits or settlement of its own liability. The monies are also not available for distribution in the event the participating organisation is liquidated. As such, a participating organisation does not have any control over the trust monies to obtain the future economic benefits embodied in the trust monies. Accordingly, the trust monies should not be recognised as part of the participating organisation’s asset with a corresponding liability.

Previously, monies held in trust forms part of the assets in the financial statements with a corresponding liability. Upon adoption of FRSIC 18, the monies held in trust are no longer included in the assets with corresponding liabilities in the financial statements of the Group.

MFRS 139 "Financial Instruments: Recognition and Measurement"

(i) Write-back of collective assessment arising from removal of transitional provision

Previously, the Group applied the Amendment to FRS 139 “Financial Instruments: Recognition and Measurement”, which included an additional transitional arrangement for financial sectors, whereby BNM prescribed the use of an alternative basis for collective assessment of impairments on loans, advances and financing. This transitional arrangement is prescribed in BNM's Guidelines on Classification and Impairment Provisions for Loans/Financing, whereby banking institutions are required to maintain collective allowances of at least 1.5% of total outstanding loans/financing, net of individual impairment allowances under the transitional provisions in the guidelines.

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

(ii) Designation of previously recognised financial instruments

Upon the adoption of MFRS 139 under the MFRS framework, the Bank has assessed and designated previously recognised financial investments HTM as financial investments AFS on the basis of the facts and circumstances that exist as at acquisition date. As at 30 June 2012, the aggregate carrying amount of financial investments HTM amounting to RM158,780,000 were designated to available-for-sale with fair value of RM164,732,000.

35. Adoption of MFRS 1 and changes in accounting policies (continued)

(c) Impacts on the Statements of Financial Position

The effects of the changes in accounting policy described above on the financial positions of the Group as at 30 June 2012 and 1 July 2011 are as follows:

As at 1 July 2011	As previously reported RM'000	Adoption of FRSIC Consensus 18 RM'000	Adoption of MFRS 1 RM'000	Adoption of MFRS 139 RM'000	As restated RM'000
<u>Assets</u>					
Cash and short term funds	887,262	(413,558)	-	-	473,704
Financial investments available-for-sale	74,882	-	60,199	-	135,081
Financial investments held-to-maturity	112,647	-	(60,570)	-	52,077
Loans and advances					
- Net loans and advances	107,975	-	-	1,021	108,996
- Collective impairment allowances	(1,644)	-	-	1,021	(623)
Clients' and brokers' balances					
- Net clients' and brokers' balances	169,733	-	-	(7)	169,726
- Collective impairment allowances	-	-	-	(7)	(7)
Other assets	66,643	(269)	-	-	66,374
Deferred tax assets	42,311	-	93	(253)	42,151
<u>Liabilities</u>					
Clients' and brokers' balances	591,595	(413,827)	-	-	177,768
<u>Equity</u>					
Fair value reserve	56	-	(278)	-	(222)
Retained profits	77,513	-	-	761	78,274
Total equity	340,315	-	(278)	761	340,798
As at 30 June 2012					
<u>Assets</u>					
Cash and short term funds	965,576	(461,800)	-	-	503,776
Financial investments available-for-sale	117,712	-	65,741	164,732	348,185
Financial investments held-to-maturity	495,380	-	(63,745)	(158,780)	272,855
Loans and advances					
- Net loans and advances	244,133	9,381	-	3,064	256,578
- Collective impairment allowances	(3,901)	-	-	3,064	(837)
Clients' and brokers' balances					
- Net clients' and brokers' balances	176,019	-	-	(144)	175,875
- Collective impairment allowances	-	-	-	(144)	(144)
Other assets	77,512	799	-	-	78,311
Deferred tax assets	35,558	-	-	(332)	35,226

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35. Adoption of MFRS 1 and changes in accounting policies (continued)

(c) Impacts on the Statements of Financial Position (continued)

The effects of the changes in accounting policy described above on the financial positions of the Group as at 30 June 2012 and 1 July 2011 are as follows: (continued)

	As previously reported RM'000	Adoption of FRSIC Consensus 18 RM'000	Adoption of MFRS 1 RM'000	Adoption of MFRS 139 RM'000	As restated RM'000
As at 30 June 2012 (continued)					
<u>Liabilities</u>					
Clients' and brokers' balances	590,111	(451,620)	-	-	138,491
Deferred tax liabilities	956	-	499	1,488	2,943
<u>Equity</u>					
Fair value reserve	356	-	1,497	4,464	6,317
Retained profits	101,608	-	-	2,588	104,196
Total equity	384,450	-	1,497	7,052	392,999

(d) Impacts on the Group's Income Statements for the 12 months ended 30 June 2012

	As previously reported RM'000	Adoption of MFRS 139 RM'000	As restated RM'000
Write-back of allowance for impairment on loans, advances and other losses	3,150	1,906	5,056
Profit before taxation	49,993	1,906	51,899
Taxation	(13,043)	(79)	(13,122)
Net profit for the financial period	36,950	1,827	38,777
Earnings per share (sen) - basic	15.7	0.8	16.5

35. Adoption of MFRS 1 and changes in accounting policies (continued)

(e) Impacts on the Group's Statements of Comprehensive Income for the 12 months ended 30 June 2012

The Group	As previously reported RM'000	Adoption of MFRS 1 RM'000	Adoption of MFRS 139 RM'000	As restated RM'000
Net profit for the financial year	36,950	0	1,827	38,777
Other comprehensive income/(expenses):				
Net fair value changes on financial investments available-for-sale	401	2,376	5,943	8,720
Income tax relating to net fair value changes on financial investments available-for-sale	(101)	(594)	(1,486)	(2,181)
Other comprehensive income for the financial year, net of tax	314	1,782	4,457	6,553
Total comprehensive income for the financial year	37,264	1,782	6,284	45,330

Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

1. Performance review

(a) Current financial quarter under review against previous corresponding financial quarter

The group recorded a higher profit before tax ("PBT") of RM21.9 million for the 4th quarter June 2013 as compared to RM16.6 million in the previous year corresponding quarter. This is mainly due to higher contribution from its major operating segments, ie. investment banking and stockbroking segment.

Investment banking and stockbroking

The investment banking and stockbroking segment recorded a PBT of RM22.3 million for the 4th quarter June 2013 as compared to previous year corresponding quarter of RM17.3 million mainly due to higher contribution from its Stockbroking division and Equity Markets division. The higher revenue from Stockbroking in the 4th quarter mainly arising from the surge in market volume right after the general election results.

Fund management and unit trust management

Fund management and unit trust management recorded a profit before tax of RM3.4 million for the 4th quarter June 2013 as compared to RM1.7 million in previous year corresponding quarter, mainly due to lower overheads incurred.

(b) Current financial period under review against previous corresponding financial period

The group recorded a higher profit before tax ("PBT") of RM67.9 million for the financial period ended June 2013 as compared to RM51.9 million in the previous financial period, higher by 30.9%. This is mainly due to higher contribution from its major operating segments, ie. investment banking and stockbroking segment.

Investment banking and stockbroking

The investment banking and stockbroking segment recorded an increase in PBT by 35.7% as compared to previous year corresponding period of RM53.9 million mainly due to higher contribution from its Equity Markets division and Treasury & Markets division.

Fund management and unit trust management

Fund management and unit trust management recorded a lower PBT of RM1.5 million for the financial period ended June 2013 as compared to RM1.9 million in previous year corresponding period, mainly due to higher overheads incurred offset against higher net contribution from management fee income.

(c) Current financial quarter under review against preceding financial quarter

For the financial quarter ended 30 June 2013, the Group reported a higher PBT of RM21.9 million compared to the PBT of RM19.6 million in the preceding financial quarter. This was mainly due to higher contribution from its investment banking and stockbroking division and lower overhead incurred from its fund management and unit trust management segment.

Investment banking and stockbroking

The investment banking and stock broking segment recorded a lower PBT of RM22.3 million for the 4th quarter June 2013 as compared to preceding financial quarter of RM17.7 million mainly due to higher fee income from its Equity Markets division offset against lower trading income from its Treasury & Markets division.

Fund management and unit trust management

The fund management and unit trust management segment recorded a PBT of RM3.4 million for 4th quarter June 2013 as compared to RM1.7 million in preceding financial quarter. This is mainly due to lower overheads recorded as compared to preceding financial quarter.

2. Prospects for the next financial year

The Group is expected to show satisfactory performance in the financial year ending 30 June 2014 with improving profitability via diversification of income source from more extensive investment banking activities.

3. Variance in profit forecast and shortfall in profit guarantee

The Group had not entered into any scheme that requires it to present forecast results or guarantee any profits.

4. Taxation

The Group	Financial quarter ended		Financial year ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	RM'000	RM'000	RM'000
Tax expense on Malaysian tax				
- Current	14,071	(211)	19,483	138
- Under/(over) provision in prior years	444	(38)	444	(978)
Deferred tax	(52,701)	4,877	(42,215)	13,962
	(38,186)	4,628	(22,288)	13,122

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5. Status of corporate proposals

OSK Investment Bank Berhad on behalf of Hong Leong Financial Group Berhad ("HLFG") had issued to HLCB a Notice of Conditional Voluntary Take-Over Offer on 14 January 2013 to acquire all the remaining ordinary shares of RM1.00 each in HLCB not already held by HLFG for a cash consideration of RM1.71 per Offer Share.

The offer price represents a premium of the volume-weighted average prices ("VWAP") of HLCB shares up to and including 10 January 2013, being the last full trading day prior to the date of Notice.

The Offer is not conditional upon the level of acceptances.

The Offer is conditional upon approvals being obtained from the following parties:-

- (a) the Securities Commission ("SC"), consenting to the issuance of the Offer Document;
- (b) the Equity Compliance Unit of the SC ("ECU"), approving the Offer under the equity requirement for public companies listed on Bursa Malaysia Securities Berhad ("Bursa Securities");
- (c) Bank Negara Malaysia ("BNM"), if required; and
- (d) any other relevant regulatory authority or parties, if required;

failing which the Offer shall lapse and all acceptances shall be returned to the Holders who have accepted the Offer.

On 18 February 2013, HLFG has received BNM's approval in relation to the Offer. As such, the Offer has become unconditional.

HLFG does not intend to maintain the listing status of HLCB on the Official List. Pursuant thereto, HLFG does not have any intention to undertake any steps to address the shortfall in the public shareholding spread requirement of HLCB. HLFG will procure HLCB to take the necessary procedures to withdraw its listing status from the Official List in accordance with the Listing Requirements. Following such de-listing, HLCB Shares will no longer be traded on the Main Market of Bursa Securities.

6. Group borrowings

The short term borrowings of the Group are unsecured and denominated in Ringgit Malaysia.

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7. Off-balance sheet financial instruments

Details of financial instruments with off-balance sheet risk as at 30 June 2013:

The Group	Principal amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
Interest rate related contracts			
(i) Less than 1 year	716,412	1,939	(410)
(ii) 1 year to 3 years	1,088,206	3,075	(5,125)
(iii) More than 3 years	1,073,500	4,062	(7,463)
Foreign exchange related contracts			
(i) Less than 1 year	2,096,122	14,847	(19,775)
Equity related contractes			
(i) More than 3 years	10,000	4,862	-
	<u>4,984,240</u>	<u>28,785</u>	<u>(32,773)</u>
The Company			
Equity related contractes			
(i) Less than 1 year			
(ii) 1 year to 3 years	1,429	-	(6,051)
	<u>1,429</u>	<u>-</u>	<u>(6,105)</u>
	<u>2,858</u>	<u>-</u>	<u>(12,156)</u>

The above contracts are subject to credit risk and market risk.

Credit risk

Credit risk arises when counterparties to derivatives contracts are not able to or willing to fulfil their obligation to pay the Bank the positive fair value or receivable resulting from the execution of contract terms. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to credit risk.

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.

Related accounting policies

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

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8. Material litigation

The Group and the Company do not have any material litigation which would materially and adversely affect the financial position of the Group and the Company.

9. Dividends

The Board of Directors does not recommend any dividend to be paid for the financial quarter ended 30 June 2013.

10. Earnings per share ("EPS")

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the financial period.

	Financial quarter ended		Financial period ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
Net profit attributable to shareholders of the Company (RM'000):	60,063	11,977	90,221	38,777
Weighted average number of Ordinary Shares in issue ('000):	236,020	234,609	235,104	234,609
Basic earnings per share (sen)	25.4	5.1	38.4	16.5

(b) Fully diluted earnings per share

There were no dilutive elements to the share capital and hence EPS (fully diluted) was the same.

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11. Realised and unrealised profits/losses

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

	As at 30 June 2013 RM'000	As at 30 June 2012 RM'000
The Group		
Total retained profit		
- Realised	174,154	101,810
- Unrealised		
- in respect of deferred tax recognised in the profit or loss	56,322	35,226
- in respect of other items of income and expense	<u>36,337</u>	<u>25,684</u>
	266,813	162,720
Less : Consolidation adjustment	<u>(93,826)</u>	<u>(58,524)</u>
	<u>172,987</u>	<u>104,196</u>
The Company		
Total retained profit		
- Realised	200,623	24,007
- Unrealised		
- in respect of other items of income and expense	14	9
	<u>200,637</u>	<u>24,016</u>

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

The Group views translation gains or losses on monetary items as realised as it is incurred in the ordinary course of business.

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

Dated this 29 August 2013.