

HONG LEONG CAPITAL BERHAD
(Company Number: 213006-U)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014

	Note	The Group		The Company	
		As at 31/03/2014 RM'000	As at 30/06/2013 RM'000	As at 31/03/2014 RM'000	As at 30/06/2013 RM'000
ASSETS					
Cash and short term funds		231,708	665,574	2,581	77,386
Reverse repurchase agreements		160,858	274,388	-	-
Deposits and placements with banks and other financial institutions		264,037	325,561	371	360
Financial assets held-for-trading	11	613,207	660,864	408	414
Financial investments available- for-sale	12	769,410	265,333	77,003	-
Financial investments held-to-maturity	13	471,406	253,911	-	-
Derivative financial assets	19	30,716	28,785	-	-
Loans and advances	14	280,471	174,184	-	-
Clients' and brokers' balances	15	140,673	150,509	-	-
Other assets	16	16,983	12,855	780	14
Statutory deposits with Bank Negara Malaysia		29,500	24,500	-	-
Tax recoverable		1,368	1,464	1,365	1,365
Investment in subsidiary companies		-	-	372,659	372,659
Deferred tax assets		76,983	56,322	-	-
Property and equipment		6,108	6,888	-	-
Goodwill		33,059	33,059	-	-
Intangible assets		799	1,070	-	-
TOTAL ASSETS		3,127,286	2,935,267	455,167	452,198
LIABILITIES					
Deposits from customers	17	386,627	470,169	-	-
Deposits and placements of banks and other financial institutions	18	1,752,808	1,542,975	-	-
Repurchased agreements		189,071	177,033	-	-
Derivative financial liabilities	19	28,779	32,773	14,444	12,156
Clients' and brokers' balances		122,100	140,353	-	-
Other liabilities	20	94,418	89,664	600	1,887
Current tax liabilities		16	735	-	-
Deferred tax liabilities		1	-	1	-
TOTAL LIABILITIES		2,573,820	2,453,702	15,045	14,043

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 2013.

HONG LEONG CAPITAL BERHAD
(Company Number: 213006-U)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014

	Note	The Group		The Company	
		As at	As at	As at	As at
		31/03/2014	30/06/2013	31/03/2014	30/06/2013
		RM'000	RM'000	RM'000	RM'000
EQUITY					
Share capital		246,896	246,896	246,896	246,896
Reserves		314,556	245,175	201,175	200,637
Treasury shares for ESOS scheme		(7,986)	(10,506)	(7,949)	(9,378)
TOTAL EQUITY		553,466	481,565	440,122	438,155
TOTAL LIABILITIES AND EQUITY					
		3,127,286	2,935,267	455,167	452,198
COMMITMENTS AND CONTINGENCIES					
	26	6,170,028	6,178,687	1,429	2,858
Net assets per share attributable to ordinary equity holder of the Company (RM)					
		2.31	2.03		

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 2013.

HONG LEONG CAPITAL BERHAD
(Company Number: 213006-U)
INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014

	Current quarter ended 31/03/2014	Last year's quarter ended 31/03/2013	Current year ended 31/03/2014	Last year's ended 31/03/2013
Note	RM'000	RM'000	RM'000	RM'000
The Group				
Operating revenue	48,291	59,057	171,623	177,956
Interest income	21 25,329	19,661	74,202	59,985
Interest expense	22 (18,035)	(10,963)	(52,052)	(36,197)
Net interest income	7,294	8,698	22,150	23,788
Non-interest income	23 22,962	39,396	97,421	117,971
Net income	30,256	48,094	119,571	141,759
Overhead expenses	24 (16,045)	(28,656)	(69,730)	(95,563)
Operating profit before allowances	14,211	19,438	49,841	46,196
Writeback of/(allowance for) impairment on loans and advances and other losses	25 129	136	(67)	(140)
Profit before taxation	14,340	19,574	49,774	46,056
Taxation	7,992	(6,507)	19,574	(15,898)
Net profit for the period	22,332	13,067	69,348	30,158
Earnings per share (sen)				
- Basic	9.38	5.56	29.20	12.84
- Diluted	9.38	5.56	29.20	12.84

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 2013.

HONG LEONG CAPITAL BERHAD
(Company Number: 213006-U)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014

Note	Current quarter ended 31/03/2014 RM'000	Last year's quarter ended 31/03/2013 RM'000	Current year ended 31/03/2014 RM'000	Last year's ended 31/03/2013 RM'000
The Group				
Net profit for the period	22,332	13,067	69,348	30,158
Other comprehensive income:				
Net fair value changes on financial investments available-for-sale	2,020	(14,120)	(1,611)	(4,348)
Income tax relating to net fair value changes on financial investments available-for-sale	(504)	3,530	402	1,087
Currency translation differences in respect of foreign operation	-	(2)	-	(2)
Other comprehensive income/(expense) for the period, net of tax	<u>1,516</u>	<u>(10,592)</u>	<u>(1,209)</u>	<u>(3,263)</u>
Total comprehensive income for the period, net of tax	<u>23,848</u>	<u>2,475</u>	<u>68,139</u>	<u>26,895</u>

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 2013.

HONG LEONG CAPITAL BERHAD
 (Company Number: 213006-U)
INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014

	Current quarter ended 31/03/2014 RM'000	Last year's quarter ended 31/03/2013 RM'000	Current year ended 31/03/2014 RM'000	Last year's ended 31/03/2013 RM'000
The Company				
Operating revenue	8,506	257	2,045	567
Interest income	21	2	162	562
Interest expense	22	-	-	(5,187)
Net interest income/(expense)	2	(1,490)	162	(4,625)
Non-interest income	23	8,504	1,883	5
Net income/(expense)	24	8,506	2,045	(4,620)
Overhead expenses	24	(382)	(976)	(1,506)
Operating profit/(loss) before allowances	24	8,124	1,069	(6,126)
Allowance for impairment on other losses	25	-	-	-
Profit/(loss) before taxation	25	8,124	1,069	(6,126)
Taxation	25	-	(533)	-
Net profit/(loss) for the period	25	8,124	536	(6,126)
Earnings per share (sen)				
- Basic	3.4	(1.0)	0.2	(2.6)
- Diluted	3.4	(1.0)	0.2	(2.6)

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 2013.

HONG LEONG CAPITAL BERHAD
 (Company Number: 213006-U)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014

	Current quarter ended 31/03/2014 RM'000	Last year's quarter ended 31/03/2013 RM'000	Current year ended 31/03/2014 RM'000	Last year's ended 31/03/2013 RM'000
The Company				
Net profit/(loss) for the period	8,124	(2,273)	536	(6,126)
Other comprehensive income				
Net fair value changes on financial investments available-for-sale	31	-	3	-
Income tax relating to net fair value changes on financial investments available-for-sale	(8)	-	(1)	-
Other comprehensive income for the period, net of tax	23	-	2	-
Total comprehensive income/(expense) for the period, net of tax	8,147	(2,273)	538	(6,126)

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 2013.

HONG LEONG CAPITAL BERHAD
 (Company Number: 213006-U)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014

The Group	Non-Distributable Reserves					Distributable Reserves			Total
	Share Capital	Treasury Shares for ESOS Scheme	General Reserves	Statutory Reserves	Share Option Reserves	Fair Value Reserve	Exchange fluctuation Reserve	Retained Profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2013	246,896	(10,506)	543	69,712	965	956	12	172,987	481,565
Net profit for the period	-	-	-	-	-	-	-	69,348	69,348
Other comprehensive expense	-	-	-	-	-	(1,209)	-	-	(1,209)
Total comprehensive income	-	-	-	-	-	(1,209)	-	69,348	68,139
ESOS exercised	-	2,520	-	-	(1,102)	-	-	1,681	3,099
Option charge arising from ESOS granted	-	-	-	-	663	-	-	-	663
At 31 March 2014	246,896	(7,986)	543	69,712	526	(253)	12	244,016	553,466
At 1 July 2012	246,896	(13,203)	543	47,352	884	6,317	14	104,196	392,999
Net profit for the period	-	-	-	-	-	-	-	30,158	30,158
Other comprehensive expense	-	-	-	-	-	(3,263)	-	-	(3,263)
Total comprehensive income	-	-	-	-	-	(3,263)	-	30,158	26,895
ESOS exercised	-	1,354	-	-	(338)	-	-	773	1,789
Option charge arising from ESOS granted	-	-	-	-	435	-	-	-	435
At 31 March 2013	246,896	(11,849)	543	47,352	981	3,054	14	135,127	422,118

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 2013.

HONG LEONG CAPITAL BERHAD
 (Company Number: 213006-U)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014

	<u>Non-Distributable Reserves</u>					<u>Distributable Reserves</u>			<u>Total</u> RM'000
	<u>Share Capital</u> RM'000	<u>Treasury Shares for ESOS Scheme</u> RM'000	<u>General Reserves</u> RM'000	<u>Statutory Reserves</u> RM'000	<u>Share Option Reserves</u> RM'000	<u>Fair Value Reserve</u> RM'000	<u>Exchange fluctuation Reserve</u> RM'000	<u>Retained Profits</u> RM'000	
The Company									
At 1 July 2013	246,896	(9,378)	-	-	-	-	-	200,637	438,155
Net profit for the period	-	-	-	-	-	-	-	536	536
Other comprehensive income	-	-	-	-	-	2	-	-	2
Total comprehensive income	-	-	-	-	-	2	-	536	538
Treasury shares transferred to trustee of subsidiary	-	1,429	-	-	-	-	-	-	1,429
At 31 March 2014	246,896	(7,949)	-	-	-	2	-	201,173	440,122
At 1 July 2012	246,896	(13,203)	-	-	-	-	-	24,016	257,709
Net loss for the period	-	-	-	-	-	-	-	(6,126)	(6,126)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive expense	-	-	-	-	-	-	-	(6,126)	(6,126)
ESOS exercised	-	1,354	-	-	-	-	-	-	1,354
Treasury shares transferred to trustee of subsidiary	-	2,471	-	-	-	-	-	-	2,471
At 31 March 2013	246,896	(9,378)	-	-	-	-	-	17,890	255,408

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 2013.

HONG LEONG CAPITAL BERHAD
(Company Number 213006-U)
UNAUDITED STATEMENTS OF CASH FLOWS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014

	The Group	
	31/03/2014	31/03/2013
	RM'000	RM'000
<u>Cash flows from operating activities</u>		
Profit before tax expense	49,774	46,056
<u>Adjustments for non-cash items:</u>		
- Depreciation of property and equipment	1,542	1,846
- Amortisation of intangible assets	388	524
- Option charge arising from ESOS	663	435
- Gain on liquidation of a subsidiary	(201)	-
- Gain on disposal of property and equipment	(1)	(40)
- Allowance for/(writeback of) impairment for losses on loans and advances	282	(183)
- Writeback of allowance for losses on clients' and brokers' balance	(36)	(320)
- Net unrealised gain on revaluation:		
- Financial assets held-for-trading	(1,980)	(263)
- Derivative financial instruments	(6,053)	(18,706)
- Interest income from:		
- Financial assets held-for-trading	(14,866)	(21,311)
- Financial investments available-for-sale	(12,975)	(3,468)
- Financial investments held-to-maturity	(10,764)	(11,395)
- Derivative financial instruments	(2,133)	(2,309)
- Interest expense on derivative financial instruments	4,970	3,171
- Interest expense on borrowings	-	1,829
- Dividend income from:		
- Financial assets held-for-trading	(821)	(1,776)
- Financial investments available-for-sale	(1,724)	(114)
	(43,709)	(52,080)
Operating profit/(loss) before changes in working capital	6,065	(6,024)

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 2013.

HONG LEONG CAPITAL BERHAD
(Company Number 213006-U)
UNAUDITED STATEMENTS OF CASH FLOWS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014

	The Group	
	31/03/2014	31/03/2013
	RM'000	RM'000
Operating profit/(loss) before changes in working capital (continued)	6,065	(6,024)
Changes in working capital:		
- Reverse repurchase agreements	113,530	-
- Deposits and placements with banks and other financial institutions	61,524	(97,707)
- Financial assets held-for-trading	50,483	(373,409)
- Financial investments available-for-sale	(501,912)	189,377
- Financial investments held-to-maturity	(217,384)	18,105
- Derivative financial instruments	(178)	19
- Loans and advances	(106,569)	38,017
- Clients' and brokers' balances	9,872	48,375
- Other assets	(4,149)	42,400
- Statutory deposits with Bank Negara Malaysia	(5,000)	13,050
Net changes in operating assets	(599,783)	(121,773)
- Deposits from customers	(83,542)	(211,681)
- Deposits and placements of banks and other financial institutions	209,833	682,614
- Repurchased agreements	12,038	(1,992)
- Clients' and brokers' balances	(18,253)	(27,520)
- Other liabilities	4,613	34,570
Net changes in operating liabilities	124,689	475,991
Cash (used in)/generated from operating activities	(469,029)	348,194
- Net income tax paid	(1,145)	(256)
Net cash (used in)/generated from operating activities	(470,174)	347,938

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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 PERIOD ENDED 31 MARCH 2014

The Group
31/03/2014 **31/03/2013**
RM'000 **RM'000**

Cash flows from investing activities

Dividend received from:		
- Financial assets held-for-trading	821	1,751
- Financial investments available-for-sale	1,724	109
Net proceed from liquidation of a subsidiary	201	-
Interest received from financial assets held-for-trading, financial investments available-for-sale, financial investments held-to-maturity and derivative financial instruments	36,014	47,535
Interest expenses paid on derivative financial instruments	(4,673)	(2,845)
Proceeds from disposal of property and equipment	1	75
Purchase of property and equipment	(761)	(897)
Purchase of intangible assets	(118)	(619)
Net cash generated from investing activities	33,209	45,109

Cash flows from financing activities

Interest paid on borrowings	-	(1,880)
Repayment of borrowings	-	(165,000)
Cash received from ESOS exercised	3,099	1,789
Net cash generated from/(used in) financing activities	3,099	(165,091)

Net changes in cash and cash equivalents	(433,866)	227,956
Effect of exchange rate changes	-	(2)
Cash and cash equivalents at beginning of period	665,574	503,776
Cash and cash equivalents at end of period	231,708	731,730

Cash and cash equivalents comprise:

Cash and short term funds	231,708	731,730
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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 PERIOD ENDED 31 MARCH 2014

	The Company	
	31/03/2014	31/03/2013
	RM'000	RM'000
<u>Cash flows from operating activities</u>		
Profit/(loss) before tax expense	1,069	(6,126)
<u>Adjustments for non-cash items:</u>		
- Net unrealised loss/(gain) on financial assets held-for-trading	6	(5)
- Net unrealised loss on derivative financial instruments	2,288	-
- Interest income	(162)	(562)
- Interest expense on borrowings	-	1,829
- Other interest costs	-	3,358
- Gain on liquidation of a subsidiary	(201)	-
- Dividend income from:		
- Financial assets held-for-trading	(52)	-
- Financial investments available-for-sale	(1,499)	-
- Subsidiaries	(2,133)	-
	(1,753)	4,620
Operating loss before changes in working capital	(684)	(1,506)
Increase in deposits and placements with banks and other financial institutions	(11)	-
Increase in financial investments available-for-sale	(77,000)	-
(Increase)/decrease in receivables	(766)	14,695
(Decrease)/increase in payables	(1,287)	186,661
Cash (used in)/generated from operating activities	(79,748)	199,850
- Net income tax refund	-	351
- Interest received	162	562
Net cash (used in)/generated from operating activities	(79,586)	200,763
<u>Cash flows from investing activities</u>		
Dividend received from:		
- Financial assets held-for-trading	52	-
- Financial investments available-for-sale	1,499	-
- Subsidiaries	1,600	-
Net proceed from liquidation of a subsidiary	201	-
Net cash generated from investing activities	3,352	-
<u>Cash flows from financing activities</u>		
Interest paid on borrowings	-	(1,879)
Repayment of borrowings	-	(165,000)
Cash received from ESOS exercised	1,429	1,354
Net cash generated from/(used in) financing activities	1,429	(165,525)
Net changes in cash and cash equivalents	(74,805)	35,238
Cash and cash equivalents at beginning of period	77,386	2,297
Cash and cash equivalents at end of period	2,581	37,535
Cash and cash equivalents comprise:		
Cash and short term funds	2,581	37,535

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 2013.

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 31 MARCH 2014

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 interim financial statements are unaudited and has been prepared in compliance with Malaysian Financial Reporting Standard ("MFRS") 134, 'Interim Financial Reporting' issued by MASB and should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 30 June 2013.

The accounting policies and presentation adopted by the Group and the Company for the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2013, except for the adoption of the following relevant accounting standards, amendments to published accounting standards and interpretations to existing accounting standards which are effective from 1 July 2013:

MFRS 10	Consolidated financial statements
MFRS 12	Disclosures of interests in other entities
MFRS 13	Fair value measurements
MFRS 3	Business combinations (IFRS 3 Business combinations issued by IASB in March 2004)
The Revised MFRS 127	Separate financial statements (as amended by IASB in May 2011)
Amendment to MFRS 7	Disclosures - Offsetting financial assets and financial liabilities
Amendment to MFRS 10 and MFRS 12	Presentation of items of other comprehensive income

The adoption of the above accounting standards, amendments to published accounting standards and interpretations to existing accounting standards does not give rise to any material financial impact to the Group and the Company.

2. Auditors' report on preceding annual financial statements

The auditors' report on the audited financial statements for the financial year ended 30 June 2013 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 31 March 2014.

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 31 March 2014.

HLCB Q3 (31.03.14)

5. Change in estimate

There were no material changes in estimate of amount reported in prior financial year that have a material effect in the financial quarter ended 31 March 2014.

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 2014, 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 7,432,200 (2013: 9,777,200) shares in the Group costing RM7,986,422 (2013: RM10,506,289) inclusive of transaction costs, as at 31 March 2014.

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

Grant date	Expiry date		As at			As at	
			01.07.2013	Granted	Exercised	Lapsed	31.03.2014
19 January 2011	18 April 2014	^	1,330,000	-	1,295,000	-	35,000
19 January 2011	18 April 2015	^	1,330,000	-	-	-	1,330,000
16 January 2013	20 January 2016		1,050,000	-	1,050,000	-	-
			<u>3,710,000</u>	<u>-</u>	<u>2,345,000</u>	<u>-</u>	<u>1,365,000</u>

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

7. Dividends

There was no dividend paid during the financial quarter ended 31 March 2014.

8. Valuations of property, plant and equipment

No valuations of property, plant and equipment were carried out for the financial quarter ended 31 March 2014.

HLCB Q3 (31.03.14)

9. Significant events

Status update on compliance with the required public shareholding spread pursuant to Section 4.3 of Practice Note 19 of the Main Market Listing Requirements

Pursuant to Section 4.3 of Practice Note 19 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), HLCB announced that Bursa Securities had vide its letter dated 2 April 2014:

- (i) granted the Company a further extension of time of 6 months from 1 March 2014 until 31 August 2014 ("Extended Time Frame") to comply with the 25% public shareholding spread requirement pursuant to paragraph 8.02(1) of the Main Market Listing Requirements of Bursa Securities; and
- (ii) in the event the Company fails to comply with the public shareholding spread requirement on or before the Extended Time Frame, Bursa Securities may exercise its discretion to impose trading suspension of HLCB shares and in which case a 5 market days notice shall be given to HLCB and the market.

As stated in the Bursa Letter, the aforesaid decision was made after taking into consideration, amongst others, the following:

- (i) the lack of liquidity coupled with high concentration of HLCB shares held by a small number of shareholders; and
- (ii) the trading activity in HLCB shares, including the unusual market activity queries and market alert issued to date.

The Bursa Letter has further stated that given the possibility of trading suspension, HLCB is required to make a monthly status announcement (within 5 market days after the end of each month) which must include the following information:

- (i) the percentage of public shareholding spread;
- (ii) the status of the steps taken to comply with the public shareholding spread requirement;
- (iii) number of remaining months to the expiry date of the Extended Time Frame; and
- (iv) the consequences of non-compliance with the public shareholding spread requirement upon the Extended Time Frame.

Based on the Company's Record of Depositors as at 30 April 2014, the public shareholding spread of the Company was 10.41%.

The Company has yet to identify a satisfactory plan to address the non-compliance with the 25% public shareholding spread requirement.

10. Subsequent events

There were no material events subsequent to the end of the reporting quarter that require disclosure or adjustment 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 31/03/2014 RM'000	As at 30/06/2013 RM'000	As at 31/03/2014 RM'000	As at 30/06/2013 RM'000
Money market instruments				
Malaysian Government Securities	30,060	20,107	-	-
Negotiable instruments of deposits	101,928	150,372	-	-
Bank Negara Malaysia Bills	236,633	-	-	-
Bankers' acceptances	-	219,476	-	-
	368,621	389,955	-	-
Quoted securities				
In Malaysia:				
Shares	8,242	9,570	-	-
Unit trust investment	2,566	3,666	408	414
	10,808	13,236	408	414
Unquoted securities				
Foreign currency bonds	56,620	63,074	-	-
Private and Islamic debt securities	177,158	194,599	-	-
	233,778	257,673	-	-
	613,207	660,864	408	414

12. Financial investments available-for-sale

	The Group		The Company	
	As at 31/03/2014 RM'000	As at 30/06/2013 RM'000	As at 31/03/2014 RM'000	As at 30/06/2013 RM'000
Money market instruments				
Malaysian Government Securities	30,210	20,205	-	-
Malaysian Government Investment Issues	139,181	59,669	-	-
Cagamas bonds	15,153	5,122	-	-
Quoted securities				
In Malaysia:				
Unit trust investment	105,385	695	77,003	-
Unquoted securities				
Shares	686	686	-	-
Foreign currency bonds	119,039	86,476	-	-
Private and Islamic debt securities	359,756	92,480	-	-
	479,481	179,642	-	-
	769,410	265,333	77,003	-

13. Financial investments held-to-maturity

	The Group	
	As at 31/03/2014 RM'000	As at 30/06/2013 RM'000
Money market instruments		
Malaysian Government Securities	50,874	-
Malaysian Government Investment Issues	25,290	5,107
Cagamas bonds	10,211	10,161
Negotiable instruments of deposits	151,300	-
	<u>237,675</u>	<u>15,268</u>
Unquoted securities		
Foreign currency bonds	198,242	192,912
Private and Islamic debt securities	35,489	45,731
	<u>471,406</u>	<u>253,911</u>

14. Loans and advances

	The Group	
	As at 31/03/2014 RM'000	As at 30/06/2013 RM'000
Term loan financing	101,119	33,533
Share margin financing	179,183	139,049
Revolving credits	-	60
Staff loans	93	458
Other loans	1,348	2,074
Gross loans and advances	<u>281,743</u>	<u>175,174</u>
Allowance for impaired loans and advances:		
- individual assessment allowance	(195)	(252)
- collective assessment allowance	(1,077)	(738)
Net loans and advances	<u>280,471</u>	<u>174,184</u>

14a. By type of customer

Domestic business enterprises		
- Small and medium enterprises	24,927	26,600
- Others	122,242	52,708
Individuals	132,726	95,563
Foreign entities	1,848	303
Gross loans and advances	<u>281,743</u>	<u>175,174</u>

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14. Loans and advances (continued)

	The Group	
	As at 31/03/2014 RM'000	As at 30/06/2013 RM'000
14b. <u>By interest rate sensitivity</u>		
Fixed rate		
- Staff housing loans	93	388
- Other fixed rate loan	45,903	51,237
Variable rate		
- Cost plus	235,747	123,482
Non-interest bearing	-	67
Gross loans and advances	281,743	175,174
14c. <u>By residual contractual maturity</u>		
Maturity within 1 year	217,305	172,658
More than one year to three years	11,654	149
More than three years to five years	51,454	119
More than five years	1,330	2,248
Gross loans and advances	281,743	175,174
14d. <u>By geographical distribution</u>		
Malaysia	281,743	175,174
14e. <u>By economic purpose</u>		
Purchase of securities	179,184	139,049
Working capital	101,119	33,592
Purchase of transport vehicles	115	235
Purchase of residential property	1,322	2,298
Others	3	-
Gross loans and advances	281,743	175,174
14f. Movements in impaired loans and advances ("impaired loans") are as follows:		
Impaired loans and advances		
At 1 July	1,123	1,256
Impaired during the year	5	1,123
Amount written back during the period/year	(426)	-
Amount written off during the period/year	-	(1,256)
At 31 March/30 June	702	1,123
% of impaired loans to total loans and advances net of individual assessment allowance	0.2%	0.6%
14g. <u>Impaired loans and advances by geographical distribution</u>		
Malaysia	702	1,123
14h. <u>Impaired loans and advances by economic purpose</u>		
Purchase of transport vehicles	114	156
Purchase of residential property	588	967
Gross impaired loans and advances	702	1,123

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14. Loans and advances (continued)

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

	The Group	
	As at 31/03/2014 RM'000	As at 30/06/2013 RM'000
<u>Collective assessment allowance</u>		
At 1 July	738	837
Allowance made/(written back) during the period/year	339	(99)
At 31 March/30 June	<u>1,077</u>	<u>738</u>
<u>Individual assessment allowance</u>		
At 1 July	252	1,256
Allowance made during the period/year	2	252
Amount written back during the period/year	(59)	-
Amount written off during the period/year	-	(1,256)
At 31 March/30 June	<u>195</u>	<u>252</u>

15. Clients' and brokers' balances

	The Group	
	As at 31/03/2014 RM'000	As at 30/06/2013 RM'000
Performing accounts	140,152	150,115
Impaired accounts	896	805
	<u>141,048</u>	<u>150,920</u>
Less: Individual assessment allowance	(346)	(378)
Collective assessment allowance	(29)	(33)
	<u>140,673</u>	<u>150,509</u>

16. Other assets

	The Group		The Company	
	As at 31/03/2014 RM'000	As at 30/06/2013 RM'000	As at 31/03/2014 RM'000	As at 30/06/2013 RM'000
Amount due from subsidiary companies	-	-	774	3
Amount due from a related company	-	171	-	-
Deposits and prepayments	5,812	4,764	6	11
Other receivables	10,871	7,761	-	-
Manager's stocks and consumables	300	159	-	-
	<u>16,983</u>	<u>12,855</u>	<u>780</u>	<u>14</u>

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17. Deposits from customers

	The Group	
	As at 31/03/2014 RM'000	As at 30/06/2013 RM'000
Fixed deposits	386,627	470,169
17a. <u>By type of deposit</u>		
Fixed deposits	386,627	470,169
17b. <u>By type of customer</u>		
Government and statutory bodies	352,518	429,322
Business enterprises	33,107	40,847
Individuals	1,002	-
	386,627	470,169
17c. The maturity structure of fixed deposits are as follows:		
Due within six months	386,627	470,169

18. Deposits and placements of banks and other financial institutions

	The Group	
	As at 31/03/2014 RM'000	As at 30/06/2013 RM'000
Bank Negara Malaysia	-	316,207
Licensed banks	572,409	128,060
Licensed investment banks	50,119	105,866
Other financial institutions	1,130,280	992,842
	1,752,808	1,542,975

19. Derivative financial instruments

	Contract or underlying principal amount RM'000	The Group	
		Positive fair value RM'000	Negative fair value RM'000
The Group			
31/03/2014			
Interest rate related contracts:			
- Interest rate swaps	2,361,000	10,242	(19,835)
- Futures	714,411	1,300	(275)
- Cross currency swaps	135,150	165	(35)
Foreign exchange related contracts:			
- Foreign currency swaps	1,525,444	14,769	(8,580)
- Foreign currency forwards	58,111	245	(49)
- Foreign currency spot	32,645	17	(5)
Equity related contracts:			
- Call option	11,500	3,978	-
	4,838,261	30,716	(28,779)

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19. Derivative financial instruments (continued)

	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
The Company			
31/03/2014			
Equity related contracts:			
- Put option	<u>1,429</u>	<u>-</u>	<u>(14,444)</u>
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	<u>2,858</u>	<u>-</u>	<u>(12,156)</u>

20. Other liabilities

	The Group		The Company	
	As at 31/03/2014 RM'000	As at 30/06/2013 RM'000	As at 31/03/2014 RM'000	As at 30/06/2013 RM'000
Amount due to holding company	-	2	-	2
Amount due to subsidiary companies	-	-	-	1,001
Amount due to related companies	159	142	7	-
Remisiers' trust deposits	13,551	15,482	-	-
Other payables and accrued liabilities	80,409	73,742	593	884
Post employment benefits obligation				
- defined contribution plan	299	296	-	-
	<u>94,418</u>	<u>89,664</u>	<u>600</u>	<u>1,887</u>

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21. Interest income

	Current quarter ended 31/03/2014 RM'000	Last year's quarter ended 31/03/2013 RM'000	Current year ended 31/03/2014 RM'000	Last year's ended 31/03/2013 RM'000
The Group				
Loan and advances	4,294	3,671	12,168	12,138
Money at call and deposits placements with banks and other financial institutions	7,122	3,331	20,474	8,578
Financial assets held-for-trading	3,999	7,633	14,866	21,311
Financial investments available-for-sale	5,379	1,578	12,975	3,468
Financial investments held-to-maturity	3,598	2,310	10,764	11,395
Derivative financial instruments	673	828	2,133	2,309
Others	264	310	822	786
Total interest income	25,329	19,661	74,202	59,985
The Company				
Money at call and deposits placements with banks and other financial institutions	2	242	162	562
Others	-	-	-	-
Total interest income	2	242	162	562

22. Interest expense

	Current quarter ended 31/03/2014 RM'000	Last year's quarter ended 31/03/2013 RM'000	Current year ended 31/03/2014 RM'000	Last year's ended 31/03/2013 RM'000
The Group				
Deposits and placements of banks and other financial institutions	4,233	2,039	12,690	7,571
Deposits from customers	11,973	7,986	34,091	23,506
Derivative financial liabilities	1,751	1,060	4,970	3,171
Borrowings	-	1	-	1,829
Other finance cost	78	(123)	301	120
Total interest expense	18,035	10,963	52,052	36,197
The Company				
Borrowings	-	1	-	1,829
Other finance cost	-	1,731	-	3,358
Total interest expense	-	1,732	-	5,187

23. Non-interest income

	Current quarter ended 31/03/2014 RM'000	Last year's quarter ended 31/03/2013 RM'000	Current year ended 31/03/2014 RM'000	Last year's ended 31/03/2013 RM'000
The Group				
(a) Fee income:				
Fee on loans and advances	401	378	1,043	1,201
Arranger fees	975	5,395	11,559	11,353
Placement fee	994	730	1,075	21,673
Guarantee fees	317	215	782	664
Corporate advisory fees	671	1,604	5,248	4,825
Underwriting Commission	-	356	614	1,051
Brokerage commissions	14,969	8,714	42,688	28,465
Commission from futures contracts	203	243	783	666
Net unit trust and asset management income	3,818	4,649	14,366	14,228
Other fee income	1,803	1,469	14,545	10,842
	24,151	23,753	92,703	94,968
(b) Net realised (loss)/gain arising from sale/redemption of:				
- Financial assets held-for-trading	(1,334)	691	(4,955)	1,510
- Financial investments available-for-sale	555	15,724	3,323	16,048
- Financial investments held-to-maturity	12	-	12	-
- Derivative financial instruments	1,578	(5,486)	4,051	(18,107)
	811	10,929	2,431	(549)
(c) Dividend income from:				
- Financial assets held-for-trading	351	693	821	1,776
- Financial investments available-for-sale	677	93	1,724	114
	1,028	786	2,545	1,890
(d) Net unrealised gain/(loss) on revaluation of:				
- Financial assets held-for-trading	(620)	(742)	1,980	263
- Derivative financial instruments	1,244	448	6,053	18,706
	624	(294)	8,033	18,969
(e) Gain/(loss) on disposal of property and equipment	1	(1)	1	40
(f) Gain on liquidation of a subsidiary	-	-	201	-
(g) Foreign exchange (loss)/gain	(4,096)	4,131	(9,212)	2,357
(h) Other income	443	92	719	296
Total non-interest income	22,962	39,396	97,421	117,971

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23. Non-interest income (continued)

	Current quarter ended 31/03/2014 RM'000	Last year's quarter ended 31/03/2013 RM'000	Current year ended 31/03/2014 RM'000	Last year's ended 31/03/2013 RM'000
The Company				
(a) Net unrealised gain/(loss) on revaluation of:				
- Financial assets held-for-trading	1	15	(6)	5
- Derivative financial instruments	7,820	-	(2,288)	-
	<u>7,821</u>	<u>15</u>	<u>(2,294)</u>	<u>5</u>
(b) Dividend income from:				
- Financial assets held-for-trading	1	-	52	-
- Financial investments available-for sale	530	-	1,499	-
- Subsidiaries	-	-	2,133	-
(c) Gain on liquidation of a subsidiary	-	-	201	-
(d) Other income	152	-	292	-
	<u>8,504</u>	<u>15</u>	<u>1,883</u>	<u>5</u>

24. Overhead expenses

	Current quarter ended 31/03/2014 RM'000	Last year's quarter ended 31/03/2013 RM'000	Current year ended 31/03/2014 RM'000	Last year's ended 31/03/2013 RM'000
The Group				
Personnel costs				
- Salaries, bonuses and allowances	4,527	19,251	31,666	51,251
- Option charge arising from ESOS	356	129	663	435
- Others	1,467	687	7,756	7,072
	<u>6,350</u>	<u>20,067</u>	<u>40,085</u>	<u>58,758</u>
Establishment costs				
- Depreciation of property and equipment	498	497	1,542	1,846
- Amortisation of intangible assets	131	154	388	524
- Rental of premises	1,665	1,492	4,955	4,775
- Information technology expenses	1,494	997	4,565	4,202
- Others	884	410	2,698	3,300
	<u>4,672</u>	<u>3,550</u>	<u>14,148</u>	<u>14,647</u>

24. Overhead expenses (continued)

	Current quarter ended 31/03/2014 RM'000	Last year's quarter ended 31/03/2013 RM'000	Current year ended 31/03/2014 RM'000	Last year's ended 31/03/2013 RM'000
The Group (continued)				
Marketing expenses				
- Advertisement and publicity	513	268	800	484
- Entertainment and business improvement	290	360	1,411	993
- Others	284	67	552	244
	1,087	695	2,763	1,721
Administration and general expenses				
- Management fees	799	789	2,777	3,018
- Communication expenses	381	393	1,185	1,533
- Auditors' remuneration				
- Statutory audit	101	122	314	220
- Other fees	3	4	33	31
- Legal and professional fees	839	1,602	2,845	10,094
- Others	1,813	1,434	5,580	5,541
	3,936	4,344	12,734	20,437
	16,045	28,656	69,730	95,563
The Company				
Personnel costs				
- Salaries, bonuses and allowances	42	64	71	109
- Others	61	25	182	67
	103	89	253	176
Establishment costs				
- Information technology expenses	4	-	11	-
- Others	12	7	50	29
	16	7	61	29
Marketing expenses				
- Advertisement and publicity	-	35	3	35
- Others	-	1	1	2
	-	36	4	37
Administration and general expenses				
- Communication expenses	2	4	8	7
- Auditors' remuneration				
- Statutory audit	16	17	46	50
- Other fees	3	3	11	10
- Legal and professional fees	-	386	3	457
- Others	242	256	590	740
	263	666	658	1,264
	382	798	976	1,506

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

	Current quarter ended 31/03/2014 RM'000	Last year's quarter ended 31/03/2013 RM'000	Current year ended 31/03/2014 RM'000	Last year's ended 31/03/2013 RM'000
The Group				
Allowance for/(write-back of) losses on impaired loans and advances:				
Individual assessment allowance				
- made during the period	(1)	-	2	-
- written back during the period	(9)	-	(59)	-
Collective assessment allowance made during the period	(45)	(105)	339	(183)
Bad debts on loans and advances				
- written off	-	-	-	2
Bad debts on clients' and brokers' balances				
- written off	-	377	-	393
- recovered	-	(205)	(26)	(205)
Allowance for losses on clients' and brokers' balances:				
Collective assessment allowance (written back)/made during the period				
	10	(21)	(4)	(133)
Individual assessment allowance				
- made during the period	(48)	(507)	99	426
- written back during the period	4	(128)	(131)	(613)
Allowance for losses on other debtors:				
Individual assessment allowance				
- made during the period	-	453	-	453
- written-back during the period	(40)	-	(153)	-
	(129)	(136)	67	140

26. Commitments and contingencies

	As at 31/03/2014 Principal Amount RM'000	As at 30/06/2013 Principal Amount RM'000
The Group		
Commitments and contingent liabilities		
Direct Credit Substitutes	73,750	50,750
Other commitments, such as formal standby facilities and credit lines		
- maturity less than one year	2,000	-
- maturity over one year	23	69
Any commitments that are unconditionally cancelled at any time by the bank without prior notice		
- maturity less than one year	614,264	507,022
Others	641,730	636,606
	<u>1,331,767</u>	<u>1,194,447</u>
Derivative Financial Instruments		
Interest rate related contracts:		
- One year or less	837,056	716,412
- Over one year to five years	2,373,505	2,161,706
Foreign exchange related contracts		
- One year or less	1,616,200	2,096,122
Equity related contracts		
- Over one year to five years	11,500	10,000
	<u>4,838,261</u>	<u>4,984,240</u>
	<u>6,170,028</u>	<u>6,178,687</u>
The Company		
Derivative Financial Instruments		
Equity related contracts		
- One year or less	1,429	1,429
- Over one year to five years	-	1,429
	<u>1,429</u>	<u>2,858</u>

27. Fair value of financial instruments

Determination of fair value and fair value hierarchy

The Group and the Company measures 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 market 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, unit trust investments 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 instruments are generally classified as Level 2.

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

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 Group	Level 1	Level 2	Level 3	Total
31.03.2014	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets held-for-trading	10,808	602,399	-	613,207
Financial investments available-for-sale	105,385	663,339	686	769,410
Derivative financial assets	-	30,716	-	30,716
	116,193	1,296,454	686	1,413,333
Financial liability				
Derivative financial liabilities	-	28,779	-	28,779
30.06.2013				
Financial assets				
Financial assets held-for-trading	13,236	647,628	-	660,864
Financial investments available-for-sale	695	263,952	686	265,333
Derivative financial assets	-	28,785	-	28,785
	13,931	940,365	686	954,982

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27. Fair value of financial instruments (continued)

Determination of fair value and fair value hierarchy (continued)

The Group 30.06.2013	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial liability				
Derivative financial liabilities	-	32,773	-	32,773
The Company 31.03.2014				
Financial asset				
Financial assets held-for-trading	408	-	-	408
Financial liability				
Derivative financial liabilities	-	14,444	-	14,444
30.06.2013				
Financial asset				
Financial assets held-for-trading	414	-	-	414
Financial liability				
Derivative financial liabilities	-	12,156	-	12,156

Reconciliation of fair value measurement in Level 3 of the fair value hierarchy are as follows:

The Group	Financial investments available-for-sale	
	31.03.2014 RM'000	30.06.2013 RM'000
As at 1 July	686	2,445
Impaired during the period/year	-	(1,759)
As at 31 March/30 June	686	686

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28. Capital adequacy

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

	HLIB 31/03/2014	HLIB 30/06/2013
Before deducting proposed dividends:		
Common equity tier 1 ("CET1") capital ratio	23.315%	33.194%
Tier 1 capital ratio	23.315%	33.194%
Total capital ratio	<u>23.479%</u>	<u>33.288%</u>
After deducting proposed dividends:		
CET1 capital ratio	23.315%	30.099%
Tier 1 capital ratio	23.315%	30.099%
Total capital ratio	<u>23.479%</u>	<u>30.193%</u>

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

	HLIB 31/03/2014 RM'000	HLIB 30/06/2013 RM'000
CET1 capital		
Paid-up ordinary share capital	165,000	165,000
Share premium	87,950	87,950
Other reserves	<u>109,716</u>	<u>138,810</u>
	362,666	391,760
Regulatory adjustments:		
- Goodwill	(28,986)	(28,986)
- Deferred tax assets	(61,978)	(61,978)
- Other regulatory adjustments	<u>(186)</u>	<u>(525)</u>
Total CET1 capital	<u>271,516</u>	<u>300,271</u>
Tier-1 capital	271,516	300,271
Tier-2 capital		
Redeemable preference shares	1,631	1,631
Collective assessment allowance for losses on loans and advances ⁽¹⁾	1,020	678
Regulatory adjustments:		
- Investment in subsidiaries	<u>(743)</u>	<u>(1,455)</u>
Total Tier 2 capital	<u>1,908</u>	<u>854</u>
Total capital	<u>273,424</u>	<u>301,125</u>

Note:

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

HLCB Q3 (31.03.14)**28. Capital adequacy (continued)**

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

	HLIB 31/03/2014 RM'000	HLIB 30/06/2013 RM'000
Credit risk	631,939	464,961
Market risk	357,024	321,448
Operational risk	175,591	118,189
	<u>1,164,554</u>	<u>904,598</u>

29. Segmental reporting

(a) Segment information by activities for the financial period ended 31 March 2014:

	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
31 March 2014					
REVENUE & EXPENSES					
Revenue					
Net Interest income	21,533	422	195	-	22,150
Non interest income	79,213	14,367	28,258	(24,417)	97,421
Results					
Profit/(loss) from operations	41,505	2,526	27,300	(21,557)	49,774
Taxation					19,574
Profit after taxation					69,348
31 March 2013					
REVENUE & EXPENSES					
Revenue					
Net Interest income	24,452	580	(1,244)	-	23,788
Non interest income	107,011	14,226	19,482	(22,748)	117,971
Results					
Profit/(loss) from operations	50,811	(1,928)	16,027	(18,854)	46,056
Taxation					(15,898)
Profit after taxation					30,158

(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 2013.

31. 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 except for the following:

- (a) Following the completion of the disposal of Promilia Berhad ("Promilia") by HLCB to Hong Leong Bank Berhad on 11 October 2013, Promilia had, on the even day, ceased to be a wholly-owned subsidiary of HLCB.
- (b) HLG Asset Management Sdn Bhd, a wholly-owned subsidiary of HLCB, was dissolved on 30 January 2014.
- (c) On 1 April 2014, HLCB announced that the liquidator of RC Nominees (Tempatan) Sdn Bhd ("RC Nominees"), a wholly-owned subsidiary of Hong Leong Investment Bank Berhad ("HLIB") which in turn a wholly-owned subsidiary of HLCB, had convened the final meeting for RC Nominees to conclude the member's voluntary winding-up of RC Nominees. The Return by Liquidator Relating to Final Meeting of RC Nominees was lodged on 1 April 2014 with the Companies Commission of Malaysia and the Official Receiver, and on the expiration of 3 months after the said lodgement date, RC Nominees will be dissolved.
- (d) On 23 April 2014, HLIB placed its wholly-owned subsidiaries, HLG Nominee (Tempatan) Sdn Bhd and HLG Nominee (Asing) Sdn Bhd, under member's voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965.
- (e) MIMB Nominees (Tempatan) Sendirian Berhad and MIMB Nominees (Asing) Sendirian Berhad, both wholly-owned subsidiaries of HLIB, were dissolved on 19 May 2014.

32. Capital commitments

Capital commitments for the purchase of property and equipment as at 31 March 2014 is RM5.0 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 31 March 2014.

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.

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

1. Performance review

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

The group recorded a lower profit before tax ("PBT") of RM14.3 million for the 3rd quarter March 2014 as compared to RM19.6 million in the previous year corresponding quarter. This is mainly due to lower contribution from its investment banking and stockbroking segment.

Investment banking and stockbroking

The investment banking and stockbroking segment recorded a lower PBT of RM8.6 million for the 3rd quarter March 2014 as compared to previous year corresponding quarter of RM17.5 million mainly due to lower contribution from its Treasury & Markets division.

Fund management and unit trust management

Fund management and unit trust management recorded a lower PBT of RM91 thousand for the 3rd quarter March 2014 as compared to RM1.7 million in previous year corresponding quarter, mainly due to lower net contribution from management fee income in this quarter.

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

The group recorded a higher PBT of RM49.8 million for the financial period ended March 2014 as compared to RM46.1 million in the previous financial period, higher by 8.1%. This is mainly due to higher contribution from its fund management and unit trust management.

Investment banking and stockbroking

The investment banking and stockbroking segment recorded a decrease in PBT by 18.3% as compared to previous year corresponding period of RM50.8 million mainly due to lower contribution from its Investment Banking division. However, the decrease in PBT was partially set off by the higher contribution from its Stockbroking division.

Fund management and unit trust management

Fund management and unit trust management recorded a higher PBT of RM2.5 million for the financial period ended March 2014 as compared to a loss before tax ("LBT") of RM1.9 million in previous year corresponding period, mainly due to lower overheads incurred.

HLCB Q3 (31.03.14)

1. Performance review (continued)

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

For the financial quarter ended 31 March 2014, the Group reported a lower PBT of RM14.3 million compared to the PBT of RM17.0 million in the preceding financial quarter. This was mainly due to lower contribution from its investment banking and stockbroking segment.

Investment banking and stockbroking

The investment banking and stock broking segment recorded a lower PBT of RM8.6 million for the 3rd quarter March 2014 as compared to preceding financial quarter of RM17.3 million mainly due to lower trading income from its Treasury & Markets division.

Fund management and unit trust management

The fund management and unit trust management segment recorded a lower PBT of RM91 thousand for 3rd quarter March 2014 as compared to RM0.6 million in preceding financial quarter. This is mainly due to lower net contribution from management fee income 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	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	RM'000	RM'000	RM'000	RM'000
Tax expense on Malaysian tax				
- Current	62	1,101	693	2,349
Deferred tax	(8,054)	5,406	(20,267)	13,549
	(7,992)	6,507	(19,574)	15,898

5. Status of corporate proposals

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

HLCB Q3 (31.03.14)

6. Group borrowings

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

7. Off-balance sheet financial instruments

Details of financial instruments with off-balance sheet risk as at 31 March 2014:

The Group	Principal amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
Interest rate related contracts			
(i) Less than 1 year	837,056	1,205	(337)
(ii) 1 year to 3 years	1,187,505	2,735	(3,058)
(iii) More than 3 years	1,186,000	7,767	(16,750)
Foreign exchange related contracts			
(i) Less than 1 year	1,616,200	15,031	(8,634)
Equity related contractes			
(i) 1 year to 3 years	10,000	2,840	-
(ii) More than 3 years	1,500	1,138	-
	4,838,261	30,716	(28,779)
The Company			
Equity related contractes			
(i) Less than 1 year	1,429	-	(14,444)
	1,429	-	(14,444)

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.

HLCB Q3 (31.03.14)

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 31 March 2014.

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	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
Net profit attributable to shareholders of the Company (RM'000):	22,332	13,067	69,348	30,158
Weighted average number of Ordinary Shares in issue ('000):	238,100	235,191	237,454	234,800
Basic earnings per share (sen)	9.4	5.6	29.2	12.8

(b) Fully diluted earnings per share

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

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 31/03/2014 RM'000	As at 30/06/2013 RM'000
The Group		
Total retained profit		
- Realised	236,724	174,154
- Unrealised		
- in respect of deferred tax recognised in the profit or loss	76,982	56,322
- in respect of other items of income and expense	32,357	36,337
	346,063	266,813
Less : Consolidation adjustment	(102,047)	(93,826)
	244,016	172,987
The Company		
Total retained profit		
- Realised	201,165	200,623
- Unrealised		
- in respect of other items of income and expense	8	14
	201,173	200,637

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 21 May 2014.