

**HONG LEONG CAPITAL BERHAD**  
*(Company Number: 213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014**

	Note	The Group		The Company	
		As at 30/09/2014 RM'000	As at 30/06/2014 RM'000	As at 30/09/2014 RM'000	As at 30/06/2014 RM'000
<b>ASSETS</b>					
Cash and short term funds		<b>216,139</b>	782,208	<b>1,581</b>	2,293
Reverse repurchase agreements		<b>327,255</b>	280,176	-	-
Deposits and placements with banks and other financial institutions		<b>361,312</b>	331,160	-	-
Financial assets held-for-trading	11	<b>1,407,359</b>	870,437	-	-
Financial investments available- for-sale	12	<b>830,514</b>	745,288	<b>97,937</b>	59,975
Financial investments held-to-maturity	13	<b>289,863</b>	358,413	-	-
Derivative financial assets	19	<b>26,933</b>	23,541	-	-
Loans and advances	14	<b>383,320</b>	431,414	-	-
Clients' and brokers' balances	15	<b>249,229</b>	287,756	-	-
Other assets	16	<b>24,869</b>	47,007	<b>1,169</b>	7,807
Statutory deposits with Bank Negara Malaysia		<b>33,600</b>	30,750	-	-
Tax recoverable		<b>179</b>	180	<b>173</b>	173
Investment in subsidiary companies		-	-	<b>342,720</b>	342,720
Deferred tax assets		<b>97,298</b>	98,195	<b>6</b>	-
Property and equipment		<b>5,442</b>	5,765	-	-
Goodwill		<b>33,059</b>	33,059	-	-
Intangible assets		<b>1,005</b>	1,057	-	-
<b>TOTAL ASSETS</b>		<b>4,287,376</b>	4,326,406	<b>443,586</b>	412,968
<b>LIABILITIES</b>					
Deposits from customers	17	<b>545,892</b>	631,566	-	-
Deposits and placements of banks and other financial institutions	18	<b>2,499,520</b>	2,054,960	-	-
Repurchased agreements		<b>212,112</b>	179,087	-	-
Derivative financial liabilities	19	<b>27,935</b>	24,773	-	-
Clients' and brokers' balances		<b>214,375</b>	337,686	-	-
Other liabilities	20	<b>161,732</b>	495,735	<b>611</b>	523
Current tax liabilities		<b>113</b>	187	-	-
Deferred tax liabilities		-	7	-	4
<b>TOTAL LIABILITIES</b>		<b>3,661,679</b>	3,724,001	<b>611</b>	527

*The Unaudited Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Company for the year ended 30 June 2014.*

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014**

	Note	The Group		The Company	
		As at 30/09/2014 RM'000	As at 30/06/2014 RM'000	As at 30/09/2014 RM'000	As at 30/06/2014 RM'000
<b>EQUITY</b>					
Share capital		246,896	246,896	246,896	246,896
Reserves		385,333	363,432	202,395	173,468
Treasury shares for ESOS scheme		(6,532)	(7,923)	(6,316)	(7,923)
<b>TOTAL EQUITY</b>		<b>625,697</b>	<b>602,405</b>	<b>442,975</b>	<b>412,441</b>
<b>TOTAL LIABILITIES AND EQUITY</b>					
		<b>4,287,376</b>	4,326,406	<b>443,586</b>	412,968
<b>COMMITMENTS AND CONTINGENCIES</b>					
	27	<b>6,440,829</b>	6,115,116	-	-
<b>Net assets per share attributable to ordinary equity holder of the Company (RM)</b>					
		<b>2.60</b>	2.52		

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**HONG LEONG CAPITAL BERHAD**  
*(Company Number: 213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

		Current quarter ended 30/09/2014	Last year's quarter ended 30/09/2013	Current year ended 30/09/2014	Last year's ended 30/09/2013
	Note	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>					
Interest income	21	31,308	22,688	31,308	22,688
Interest expense	22	<u>(19,681)</u>	<u>(15,001)</u>	<u>(19,681)</u>	<u>(15,001)</u>
Net interest income		11,627	7,687	11,627	7,687
Non-interest income	23	<u>31,633</u>	<u>33,498</u>	<u>31,633</u>	<u>33,498</u>
Net income		43,260	41,185	43,260	41,185
Overhead expenses	24	<u>(24,288)</u>	<u>(22,479)</u>	<u>(24,288)</u>	<u>(22,479)</u>
Operating profit before allowances		18,972	18,706	18,972	18,706
Writeback of/(allowance for) impairment on loans and advances and other losses	25	<u>14</u>	<u>(247)</u>	<u>14</u>	<u>(247)</u>
<b>Profit before taxation</b>		<b>18,986</b>	18,459	<b>18,986</b>	18,459
Taxation		<u>(645)</u>	5,843	<u>(645)</u>	5,843
<b>Net profit for the period/year</b>		<b><u>18,341</u></b>	<u>24,302</u>	<b><u>18,341</u></b>	<u>24,302</u>
<b>Earnings per share (sen)</b>					
- Basic		7.63	10.25	7.63	10.25
- Diluted		<u>7.63</u>	<u>10.09</u>	<u>7.63</u>	<u>10.09</u>

*The Unaudited Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Company for the year ended 30 June 2014.*

**HONG LEONG CAPITAL BERHAD**  
*(Company Number: 213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

	Current quarter ended 30/09/2014 RM'000	Last year's quarter ended 30/09/2013 RM'000	Current year ended 30/09/2014 RM'000	Last year's ended 30/09/2013 RM'000
<b>The Group</b>				
<b>Net profit for the period/year</b>	<b>18,341</b>	24,302	<b>18,341</b>	24,302
<b>Other comprehensive income/(expense):</b>				
Items that will be reclassified subsequently to profit or loss				
Net fair value changes on financial investments available-for-sale	<b>1,311</b>	(639)	<b>1,311</b>	(639)
Income tax relating to net fair value changes on financial investments available-for-sale	<b>(328)</b>	158	<b>(328)</b>	158
Currency translation differences in respect of foreign operation	<b>(12)</b>	-	<b>(12)</b>	-
<b>Other comprehensive income/(expense) for the period/year, net of tax</b>	<b>971</b>	(481)	<b>971</b>	(481)
<b>Total comprehensive income for the period/year, net of tax</b>	<b>19,312</b>	23,821	<b>19,312</b>	23,821

*The Unaudited Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Company for the year ended 30 June 2014.*

**HONG LEONG CAPITAL BERHAD**  
*(Company Number: 213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

		Current quarter ended 30/09/2014	Last year's quarter ended 30/09/2013	Current year ended 30/09/2014	Last year's ended 30/09/2013
	Note	RM'000	RM'000	RM'000	RM'000
<b>The Company</b>					
Interest income	21	3	59	3	59
Interest expense	22	-	-	-	-
Net interest income		3	59	3	59
Non-interest income	23	27,561	(1,086)	27,561	(1,086)
Net income		27,564	(1,027)	27,564	(1,027)
Overhead expenses	24	(720)	(208)	(720)	(208)
Operating profit/(loss) before allowances Allowance for impairment on other losses	25	26,844	(1,235)	26,844	(1,235)
<b>Profit/(loss) before taxation</b>		26,844	(1,235)	26,844	(1,235)
Taxation		-	-	-	-
<b>Net profit/(loss) for the period/year</b>		26,844	(1,235)	26,844	(1,235)
<b>Earnings per share (sen)</b>					
- Basic		11.2	(0.5)	11.2	(0.5)
- Diluted		11.2	(0.5)	11.2	(0.5)

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**HONG LEONG CAPITAL BERHAD**  
*(Company Number: 213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

	Current quarter ended 30/09/2014 RM'000	Last year's quarter ended 30/09/2013 RM'000	Current year ended 30/09/2014 RM'000	Last year's ended 30/09/2013 RM'000
<b>The Company</b>				
Net profit/(loss) for the period/year	<b>26,844</b>	(1,235)	<b>26,844</b>	(1,235)
<b>Other comprehensive income/(expense):</b>				
Items that will be reclassified subsequently to profit or loss				
Net fair value changes on financial investments available-for-sale	(41)	2	(38)	2
Income tax relating to net fair value changes on financial investments available-for-sale	<b>11</b>	(1)	<b>10</b>	(1)
Other comprehensive (expense)/income for the period/year, net of tax	<b>(30)</b>	1	<b>(28)</b>	1
Total comprehensive income/(expense) for the period/year, net of tax	<b>26,814</b>	(1,234)	<b>26,816</b>	(1,234)

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**HONG LEONG CAPITAL BERHAD**  
*(Company Number: 213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

Attributable to owners of the parent

<b>The Group</b>	<b>Share Capital</b> RM'000	<b>Treasury Shares for ESOS Scheme</b> RM'000	<b>General Reserves</b> RM'000	<b>Statutory Reserves</b> RM'000	<b>Share Option Reserves</b> RM'000	<b>Fair Value Reserve</b> RM'000	<b>Exchange fluctuation Reserve</b> RM'000	<b>Retained Profits</b> RM'000	<b>Total</b> RM'000
At 1 July 2014	246,896	(7,923)	543	97,094	550	(669)	12	265,902	602,405
Net profit for the period	-	-	-	-	-	-	-	18,341	18,341
Other comprehensive income/(expense), net of tax	-	-	-	-	-	983	(12)	-	971
Total comprehensive income/(expense)	-	-	-	-	-	983	(12)	18,341	19,312
ESOS exercised	-	1,213	-	-	(541)	-	-	931	1,603
Option charge arising from ESOS granted	-	-	-	-	88	-	-	-	88
Disposal of treasury shares	-	178	-	-	-	-	-	2,111	2,289
At 30 September 2014	<b>246,896</b>	<b>(6,532)</b>	<b>543</b>	<b>97,094</b>	<b>97</b>	<b>314</b>	<b>-</b>	<b>287,285</b>	<b>625,697</b>
At 1 July 2013	246,896	(10,506)	543	69,712	965	956	12	172,987	481,565
Net profit for the period	-	-	-	-	-	-	-	24,302	24,302
Other comprehensive expense, net of tax	-	-	-	-	-	(481)	-	-	(481)
Total comprehensive (expense)/income	-	-	-	-	-	(481)	-	24,302	23,821
Option charge arising from ESOS granted	-	-	-	-	157	-	-	-	157
At 30 September 2013	246,896	(10,506)	543	69,712	1,122	475	12	197,289	505,543

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**HONG LEONG CAPITAL BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

	Non-Distributable		Distributable			Total RM'000
	Share Capital RM'000	Treasury Shares for ESOS Scheme RM'000	Call Option Reserves RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	
<b>The Company</b>						
At 1 July 2014	246,896	(7,923)	1,147	11	172,310	412,441
Net profit for the period	-	-	-	-	26,844	26,844
Other comprehensive expense, net of tax	-	-	-	(28)	-	(28)
Total comprehensive (expense)/income	-	-	-	(28)	26,844	26,816
Call options exercised by the subsidiary during the period	-	-	(1,147)	-	1,147	-
Treasury shares transferred to trustee of subsidiary	-	1,429	-	-	-	1,429
Disposal of treasury shares	-	178	-	-	2,111	2,289
At 30 September 2014	<b>246,896</b>	<b>(6,316)</b>	<b>-</b>	<b>(17)</b>	<b>202,412</b>	<b>442,975</b>
At 1 July 2013	246,896	(9,378)	-	-	200,637	438,155
Net loss for the period	-	-	-	-	(1,235)	(1,235)
Other comprehensive income, net of tax	-	-	-	1	-	1
Total comprehensive income/(expense)	-	-	-	1	(1,235)	(1,234)
At 30 September 2013	246,896	(9,378)	-	1	199,402	436,921

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**HONG LEONG CAPITAL BERHAD**  
*(Company Number 213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

	<b>The Group</b>	
	<b>30/09/2014</b>	<b>30/09/2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Cash flows from operating activities</u></b>		
Profit before taxation	<b>18,986</b>	18,459
<b><u>Adjustments for non-cash items:</u></b>		
- Depreciation of property and equipment	<b>510</b>	520
- Amortisation of intangible assets	<b>170</b>	130
- Option charge arising from ESOS granted	<b>88</b>	157
- (Writeback of)/allowance for impairment for losses on loans and advances	<b>(43)</b>	391
- Allowance for/(writeback of) losses on clients' and brokers' balance	<b>29</b>	(72)
- Net unrealised loss/(gain) on revaluation of:		
- Financial assets held-for-trading	<b>845</b>	(3,293)
- Derivative financial instruments	<b>184</b>	3,395
- Interest income from:		
- Financial assets held-for-trading	<b>(6,583)</b>	(5,350)
- Financial investments available-for-sale	<b>(6,508)</b>	(3,220)
- Financial investments held-to-maturity	<b>(2,628)</b>	(2,694)
- Derivative financial instruments	<b>(664)</b>	(720)
- Interest expense from derivative financial instruments	<b>1,754</b>	1,371
- Dividend income from:		
- Financial assets held-for-trading	<b>(328)</b>	(322)
- Financial investments available-for-sale	<b>(911)</b>	(395)
	<b>(14,085)</b>	(10,102)
<b>Operating profit before changes in working capital</b>	<b>4,901</b>	8,357
<b>Changes in working capital:</b>		
- Reverse repurchase agreements	<b>(47,079)</b>	(15,844)
- Deposits and placements with banks and other financial institutions	<b>(30,152)</b>	203,959
- Financial assets held-for-trading	<b>(538,207)</b>	(57,829)
- Derivative financial instruments	<b>(605)</b>	22
- Loans and advances	<b>48,137</b>	(97,457)
- Clients' and brokers' balances	<b>38,498</b>	7,205
- Other assets	<b>22,138</b>	(18,931)
- Statutory deposits with Bank Negara Malaysia	<b>(2,850)</b>	10,400
Net changes in operating assets	<b>(510,120)</b>	31,525
- Deposits from customers	<b>(85,674)</b>	(68,407)
- Deposits and placements of banks and other financial institutions	<b>444,560</b>	2,477
- Repurchased agreements	<b>33,025</b>	6,928
- Clients' and brokers' balances	<b>(123,311)</b>	(33,093)
- Other liabilities	<b>(334,005)</b>	29,075
Net changes in operating liabilities	<b>(65,405)</b>	(63,020)
<b>Cash used in operating activities</b>	<b>(570,624)</b>	(23,138)
- Net income tax paid	<b>(154)</b>	(392)
<b>Net cash used in operating activities</b>	<b>(570,778)</b>	(23,530)

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**HONG LEONG CAPITAL BERHAD**  
*(formerly known as HLG Capital Berhad)*  
**(Company Number 213006-U)**  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

	<b>The Group</b>	
	<b>30/09/2014</b>	<b>30/09/2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Cash flows from investing activities</u></b>		
Net (purchase)/disposal of:		
- Financial investments available-for-sale	<b>(83,024)</b>	(242,527)
- Financial investments held-to-maturity	<b>67,937</b>	(106,696)
Dividend received from:		
- Financial assets held-for-trading	<b>328</b>	322
- Financial investments available-for-sale	<b>911</b>	395
Interest received from financial assets held-for-trading, financial investments available-for-sale, financial investments held-to-maturity and derivative financial instruments	<b>16,495</b>	10,099
Interest expenses paid on derivative financial instruments	<b>(1,513)</b>	(1,063)
Purchase of property and equipment	<b>(187)</b>	(336)
Purchase of intangible assets	<b>(118)</b>	(37)
<b>Net cash generated from/(used in) investing activities</b>	<b>829</b>	(339,843)
<b><u>Cash flows from financing activities</u></b>		
Cash received from ESOS exercised	<b>1,603</b>	-
Cash received from disposal of treasury shares	<b>2,289</b>	-
<b>Net cash generated from financing activities</b>	<b>3,892</b>	-
<b>Net changes in cash and cash equivalents</b>	<b>(566,057)</b>	(363,373)
<b>Effect of exchange rate changes</b>	<b>(12)</b>	-
<b>Cash and cash equivalents at beginning of period</b>	<b>782,208</b>	665,574
<b>Cash and cash equivalents at end of period</b>	<b>216,139</b>	302,201
<b>Cash and cash equivalents comprise:</b>		
Cash and short term funds	<b>216,139</b>	302,201

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**HONG LEONG CAPITAL BERHAD**  
*(formerly known as HLG Capital Berhad)*  
**(Company Number 213006-U)**  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

	<b>The Company</b>	
	<b>30/09/2014</b>	<b>30/09/2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Cash flows from operating activities</u></b>		
Profit/(loss) before taxation	26,844	(1,235)
<b><u>Adjustments for non-cash items:</u></b>		
- Net unrealised loss on financial assets held-for-trading	-	3
- Net unrealised loss on derivative financial instruments	-	1,583
- Interest income	(3)	(59)
- Dividend income from:		
- Financial investments available-for-sale	(583)	(388)
- Subsidiaries	(26,784)	-
	<u>(27,370)</u>	<u>1,139</u>
<b>Operating loss before changes in working capital</b>	<b>(526)</b>	<b>(96)</b>
Increase in deposits and placements with banks and other financial institutions	-	(11)
Decrease/(increase) in other assets	6,638	(294)
Increase/(decrease) in other liabilities	88	(901)
<b>Cash generated from/(used in) operating activities</b>	<b>6,200</b>	<b>(1,302)</b>
- Interest received	3	59
<b>Net cash generated from/(used in) operating activities</b>	<b>6,203</b>	<b>(1,243)</b>
<b><u>Cash flows from investing activities</u></b>		
Increase in financial investments available-for-sale	(38,000)	(73,512)
Dividend received from:		
- Financial investments available-for-sale	583	-
- Subsidiaries	26,784	-
<b>Net cash used in investing activities</b>	<b>(10,633)</b>	<b>(73,512)</b>
<b><u>Cash flows from financing activities</u></b>		
Cash received from treasury shares transferred to trustee of subsidiary	1,429	-
Cash received from disposal of treasury shares	2,289	-
<b>Net cash generated from financing activities</b>	<b>3,718</b>	<b>-</b>
<b>Net changes in cash and cash equivalents</b>	<b>(712)</b>	<b>(74,755)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>2,293</b>	<b>77,386</b>
<b>Cash and cash equivalents at end of period</b>	<b>1,581</b>	<b>2,631</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and short term funds	<u>1,581</u>	<u>2,631</u>

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**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 SEPTEMBER 2014**

**Explanatory Notes pursuant to the Financial Reporting Standard 134 ("FRS 134") and Guidelines on Financial Reporting issued by Bank Negara Malaysia ("BNM")**

**1. Basis of preparation**

The condensed financial statements are unaudited and has been prepared in compliance with Malaysian Financial Reporting Standard ("MFRS") 134, 'Interim Financial Reporting' issued by MASB and paragraph 9.22 of Bursa Malaysia Securities Berhad's Listing Requirements, and should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 30 June 2014.

The unaudited condensed financial statements for the financial period ended 30 September 2014 have been prepared under the historical cost convention, as modified by the revaluation of financial investments available-for-sale, and financial assets and liabilities (including derivative financial instruments) at fair value through profit or loss.

The accounting policies and presentation adopted by the Group and the Company for the unaudited condensed financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2014, 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 2014:

- Amendment to MFRS 132 "Financial instruments: Presentation"
- Amendments to MFRS 10, MFRS 12 and MFRS 127 "Investment entities"
- IC Interpretation 21 "Levies"

The adoption of the new standards, amendments to published standards and interpretations are not expected to have material financial impact on the financial results of 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 2014 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 September 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 30 September 2014.

**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 30 September 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 30 September 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”).

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.

In accordance to MFRS 132 "Financial instruments: Presentation and Disclosure", 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.

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

Grant date	Expiry date	As at			As at	
		01.07.2014	Granted	Exercised	Lapsed	30.09.2014
19 January 2011	18 April 2015	^ 1,330,000	-	1,128,750	105,000	96,250

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

- (b) During the financial quarter ended 30 September 2014, the Company sold 165,800 units treasury shares to the open market.
- (c) Total shares held by ESOS Trust comprise 6,078,550 (2014: 7,373,100) shares in the Group costing RM6,531,830 (2013: RM7,922,915) inclusive of transaction costs, as at 30 September 2014.

**7. Dividends paid**

There was no dividend paid during the financial quarter ended 30 September 2014.

**8. Valuations of property, plant and equipment**

No valuations of property, plant and equipment were carried out for the financial quarter ended 30 September 2014.

**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 via its letter dated 3 September 2014 granted the Company a further extension of time of 3 months until 30 November 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.

The public shareholding spread of the Company as at 5 November 2014 was 18.67%.

The Company has not identified 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.

## 11. Financial assets held-for-trading

	The Group		The Company	
	As at 30/09/2014 RM'000	As at 30/06/2014 RM'000	As at 30/09/2014 RM'000	As at 30/06/2014 RM'000
<b>Money market instruments</b>				
Negotiable instruments of deposits	480,601	403,428	-	-
Bankers' acceptances	654,637	316,639	-	-
	<b>1,135,238</b>	<b>720,067</b>	<b>-</b>	<b>-</b>
<b>Quoted securities</b>				
In Malaysia:				
Shares	7,830	8,360	-	-
Unit trust investment	-	2,173	-	-
	<b>7,830</b>	<b>10,533</b>	<b>-</b>	<b>-</b>
<b>Unquoted securities</b>				
Foreign currency bonds	96,030	33,777	-	-
Private and Islamic debt securities	168,261	106,060	-	-
	<b>264,291</b>	<b>139,837</b>	<b>-</b>	<b>-</b>
	<b>1,407,359</b>	<b>870,437</b>	<b>-</b>	<b>-</b>

## 12. Financial investments available-for-sale

	The Group		The Company	
	As at 30/09/2014 RM'000	As at 30/06/2014 RM'000	As at 30/09/2014 RM'000	As at 30/06/2014 RM'000
<b>Money market instruments</b>				
Malaysian Government Securities	30,284	30,512	-	-
Malaysian Government Investment Issues	129,466	139,398	-	-
Cagamas bonds	15,137	15,063	-	-
	<b>174,887</b>	<b>184,973</b>	<b>-</b>	<b>-</b>
<b>Quoted securities</b>				
In Malaysia:				
Shares	6,450	-	-	-
Unit trust investment	115,811	108,703	97,937	59,975
	<b>122,261</b>	<b>108,703</b>	<b>97,937</b>	<b>59,975</b>
<b>Unquoted securities</b>				
Shares	245	245	-	-
Foreign currency bonds	139,222	72,619	-	-
Private and Islamic debt securities	393,899	378,748	-	-
	<b>533,366</b>	<b>451,612</b>	<b>-</b>	<b>-</b>
	<b>830,514</b>	<b>745,288</b>	<b>97,937</b>	<b>59,975</b>

**13. Financial investments held-to-maturity**

	<b>The Group</b>	
	<b>As at 30/09/2014 RM'000</b>	<b>As at 30/06/2014 RM'000</b>
<b>Money market instruments</b>		
Malaysian Government Securities	50,763	51,316
Malaysian Government Investment Issues	20,233	25,517
Negotiable instruments of deposits	-	51,499
	<b>70,996</b>	<b>128,332</b>
<b>Unquoted securities</b>		
Foreign currency bonds	198,519	194,666
Private and Islamic debt securities	20,348	35,415
	<b>218,867</b>	<b>230,081</b>
	<b>289,863</b>	<b>358,413</b>

**14. Loans and advances**

	<b>The Group</b>	
	<b>As at 30/09/2014 RM'000</b>	<b>As at 30/06/2014 RM'000</b>
Term loan financing	137,974	140,112
Share margin financing	245,641	291,384
Staff loans	84	100
Other loans	1,079	1,319
Gross loans and advances	<b>384,778</b>	<b>432,915</b>
Allowance for impaired loans and advances:		
- individual assessment allowance	(115)	(194)
- collective assessment allowance	(1,343)	(1,307)
Net loans and advances	<b>383,320</b>	<b>431,414</b>

**14a. By type of customer**

Domestic business enterprises		
- Small and medium enterprises	92,024	72,653
- Others	76,921	115,866
Individuals	215,751	244,144
Foreign entities	82	252
Gross loans and advances	<b>384,778</b>	<b>432,915</b>



## HLCB Q1 (30.09.14)

### 14. Loans and advances (continued)

	The Group	
	As at 30/09/2014 RM'000	As at 30/06/2014 RM'000
<b>14b. <u>By interest rate sensitivity</u></b>		
Fixed rate		
- Staff housing loans	84	83
- Other fixed rate loan	1,079	47,353
Variable rate		
- Cost plus	383,615	385,479
Gross loans and advances	<u>384,778</u>	<u>432,915</u>
<b>14c. <u>By residual contractual maturity</u></b>		
Maturity within one year	320,731	365,350
More than one year to three years	2	3
More than three years to five years	62,985	67,479
More than five years	1,060	83
Gross loans and advances	<u>384,778</u>	<u>432,915</u>
<b>14d. <u>By geographical distribution</u></b>		
Malaysia	<u>384,778</u>	<u>432,915</u>
<b>14e. <u>By economic purpose</u></b>		
Purchase of securities	283,174	291,384
Working capital	100,441	140,112
Purchase of transport vehicles	155	157
Purchase of landed properties	1,008	1,256
Others	-	6
Gross loans and advances	<u>384,778</u>	<u>432,915</u>
<b>14f. Movements in impaired loans and advances ("impaired loans") are as follows:</b>		
At 1 July	853	1,123
Impaired during the period/year	-	156
Amount written back during the period/year	(79)	(426)
At 30 September/30 June	<u>774</u>	<u>853</u>
 % of impaired loans to total loans and advances, net of individual assessment allowance	 <u>0.2%</u>	 <u>0.2%</u>
<b>14g. <u>Impaired loans and advances by geographical distribution</u></b>		
Malaysia	<u>774</u>	<u>853</u>
<b>14h. <u>Impaired loans and advances by economic purpose</u></b>		
Purchase of transport vehicles	115	115
Purchase of landed properties	659	738
Gross impaired loans and advances	<u>774</u>	<u>853</u>

**HLCB Q1 (30.09.14)**

**14. Loans and advances (continued)**

	<b>The Group</b>	
	<b>As at 30/09/2014 RM'000</b>	<b>As at 30/06/2014 RM'000</b>
<b>14i. Movement in the allowance for loss on loans and advances are as follows:</b>		
<u>Individual assessment allowance</u>		
At 1 July	194	252
Allowance made during the period/year	23	2
Amount written back during the period/year	(102)	(60)
At 30 September/30 June	<u>115</u>	<u>194</u>
<u>Collective assessment allowance</u>		
At 1 July	1,307	738
Allowance made during the period/year	36	569
At 30 September/30 June	<u>1,343</u>	<u>1,307</u>

**15. Clients' and brokers' balances**

	<b>The Group</b>	
	<b>As at 30/09/2014 RM'000</b>	<b>As at 30/06/2014 RM'000</b>
Performing accounts	247,744	287,185
Impaired accounts	1,900	956
	<u>249,644</u>	<u>288,141</u>
Less: Individual assessment allowance	(392)	(370)
Collective assessment allowance	(23)	(15)
	<u>249,229</u>	<u>287,756</u>

**16. Other assets**

	<b>The Group</b>		<b>The Company</b>	
	<b>As at 30/09/2014 RM'000</b>	<b>As at 30/06/2014 RM'000</b>	<b>As at 30/09/2014 RM'000</b>	<b>As at 30/06/2014 RM'000</b>
Amount due from subsidiary companies	-	-	469	7,400
Amount due from related companies	-	49	-	49
Deposits and prepayments	6,056	5,567	10	13
Other receivables	18,780	41,104	690	345
Manager's stocks and consumables	33	287	-	-
	<u>24,869</u>	<u>47,007</u>	<u>1,169</u>	<u>7,807</u>

## HLCB Q1 (30.09.14)

### 17. Deposits from customers

	The Group	
	As at 30/09/2014 RM'000	As at 30/06/2014 RM'000
Deposits from customers	<b>545,892</b>	631,566
<b>17a. <u>By type of deposits</u></b>		
Fixed deposits	<b>545,892</b>	631,566
<b>17b. <u>By type of customer</u></b>		
Government and statutory bodies	322,608	534,103
Business enterprises	222,265	96,453
Individuals	<b>1,019</b>	1,010
	<b>545,892</b>	631,566
<b>17c. The maturity structure of fixed deposits are as follows:</b>		
Due within six months	<b>545,892</b>	631,566

### 18. Deposits and placements of banks and other financial institutions

	The Group	
	As at 30/09/2014 RM'000	As at 30/06/2014 RM'000
Bank Negara Malaysia	98,471	96,343
Licensed banks	1,090,927	553,736
Licensed investment banks	-	52,804
Other financial institutions	<b>1,310,122</b>	1,352,077
	<b>2,499,520</b>	2,054,960

### 19. Derivative financial assets/liabilities

The Group 30/09/2014	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
	Interest rate related contracts:		
- Interest rate swaps	2,664,500	9,027	(16,925)
- Futures	448,301	972	-
- Cross currency swaps	65,610	160	(56)
Foreign exchange related contracts:			
- Foreign currency swaps	1,676,747	12,310	(10,688)
- Foreign currency forwards	46,172	264	(237)
- Foreign currency spot	85,753	71	(29)
Equity related contracts:			
- Call option	11,500	4,129	-
	<b>4,998,583</b>	<b>26,933</b>	<b>(27,935)</b>

HLCB Q1 (30.09.14)

19. Derivative financial assets/liabilities (continued)

	<b>Contract or underlying principal amount RM'000</b>	<b>Positive fair value RM'000</b>	<b>Negative fair value RM'000</b>
<b>The Group</b>			
<b>30/06/2014</b>			
Interest rate related contracts:			
- Interest rate swaps	2,411,000	9,769	(18,537)
- Futures	494,816	489	-
- Cross Currency Swaps	64,220	195	(36)
Foreign exchange related contracts:			
- Foreign currency swaps	1,432,090	9,204	(5,969)
- Foreign currency forwards	57,314	14	(207)
- Foreign currency spot	48,165	19	(24)
Equity related contracts:			
- Call option	11,500	3,851	-
	<u>4,519,105</u>	<u>23,541</u>	<u>(24,773)</u>

20. Other liabilities

	<b>The Group</b>		<b>The Company</b>	
	<b>As at 30/09/2014 RM'000</b>	<b>As at 30/06/2014 RM'000</b>	<b>As at 30/09/2014 RM'000</b>	<b>As at 30/06/2014 RM'000</b>
Amount due to related companies	125	177	9	7
Remisiers' trust deposits	14,314	13,777	-	-
Other payables and accrued liabilities	146,992	481,480	602	516
Post employment benefits obligation				
- defined contribution plan	301	301	-	-
	<u>161,732</u>	<u>495,735</u>	<u>611</u>	<u>523</u>

**HLCB Q1 (30.09.14)****21. Interest income**

	<b>Current quarter ended 30/09/2014 RM'000</b>	<b>Last year's quarter ended 30/09/2013 RM'000</b>	<b>Current year ended 30/09/2014 RM'000</b>	<b>Last year's ended 30/09/2013 RM'000</b>
<b>The Group</b>				
Loan and advances	6,169	3,225	6,169	3,225
Money at call and deposits placements with banks and other financial institutions	6,928	7,192	6,928	7,192
Financial assets held-for-trading	6,583	5,350	6,583	5,350
Financial investments available-for-sale	6,508	3,220	6,508	3,220
Financial investments held-to-maturity	2,628	2,694	2,628	2,694
Derivative financial instruments	664	720	664	720
Others	1,828	287	1,828	287
Total interest income	<b>31,308</b>	22,688	<b>31,308</b>	22,688
<b>The Company</b>				
Money at call and deposits placements with banks and other financial institutions	<b>3</b>	59	<b>3</b>	59

**22. Interest expense**

	<b>Current quarter ended 30/09/2014 RM'000</b>	<b>Last year's quarter ended 30/09/2013 RM'000</b>	<b>Current year ended 30/09/2014 RM'000</b>	<b>Last year's ended 30/09/2013 RM'000</b>
<b>The Group</b>				
Deposits and placements of banks and other financial institutions	3,187	3,090	3,187	3,090
Deposits from customers	14,611	10,416	14,611	10,416
Derivative financial instruments	1,754	1,371	1,754	1,371
Others	129	124	129	124
Total interest expense	<b>19,681</b>	15,001	<b>19,681</b>	15,001

## 23. Non-interest income

	Current quarter ended 30/09/2014 RM'000	Last year's quarter ended 30/09/2013 RM'000	Current year ended 30/09/2014 RM'000	Last year's ended 30/09/2013 RM'000
<b>The Group</b>				
(a) Fee income:				
Fee on loans and advances	559	342	559	342
Arranger fees	885	7,159	885	7,159
Placement fee	2,878	79	2,878	79
Guarantee fees	101	216	101	216
Corporate advisory fees	2,905	1,780	2,905	1,780
Underwriting Commission	-	614	-	614
Brokerage commissions	16,165	13,816	16,165	13,816
Commission from futures contracts	213	265	213	265
Unit trust fee income	3,899	5,498	3,899	5,498
Other fee income	992	6,756	992	6,756
	<b>28,597</b>	<b>36,525</b>	<b>28,597</b>	<b>36,525</b>
(b) Net realised gain/(loss) arising from sale of:				
- Financial assets held-for-trading	(98)	(3,531)	(98)	(3,531)
- Financial investments available-for-sale	426	1,590	426	1,590
- Derivative financial instruments	(5,802)	3,952	(5,802)	3,952
	<b>(5,474)</b>	<b>2,011</b>	<b>(5,474)</b>	<b>2,011</b>
(c) Net unrealised gain/(loss) on revaluation of:				
- Financial assets held-for-trading	(845)	3,293	(845)	3,293
- Derivative financial instruments	(184)	(3,395)	(184)	(3,395)
	<b>(1,029)</b>	<b>(102)</b>	<b>(1,029)</b>	<b>(102)</b>
(d) Dividend income from:				
- Financial assets held-for-trading	328	322	328	322
- Financial investments available-for-sale	911	395	911	395
	<b>1,239</b>	<b>717</b>	<b>1,239</b>	<b>717</b>
(e) Foreign exchange gain/(loss)	8,094	(5,774)	8,094	(5,774)
(f) Other income	206	121	206	121
Total non-interest income	<b>31,633</b>	<b>33,498</b>	<b>31,633</b>	<b>33,498</b>

**HLCB Q1 (30.09.14)**

**23. Non-interest income (continued)**

	Current quarter ended 30/09/2014 RM'000	Last year's quarter ended 30/09/2013 RM'000	Current year ended 30/09/2014 RM'000	Last year's ended 30/09/2013 RM'000
<b>The Company</b>				
(a) Net realised gain arising from sale of:				
- Financial assets held-for-trading	179	-	179	-
(b) Net unrealised loss on revaluation of:				
- Financial assets held-for-trading	-	(3)	-	(3)
- Derivative financial instruments	-	(1,583)	-	(1,583)
(c) Dividend income from:				
- Financial investments available-for sale	583	388	583	388
- Subsidiaries	26,784	-	26,784	-
(d) Other income	15	112	15	112
	<b>27,561</b>	<b>(1,086)</b>	<b>27,561</b>	<b>(1,086)</b>

**24. Overhead expenses**

	Current quarter ended 30/09/2014 RM'000	Last year's quarter ended 30/09/2013 RM'000	Current year ended 30/09/2014 RM'000	Last year's ended 30/09/2013 RM'000
<b>The Group</b>				
Personnel costs				
- Salaries, bonuses and allowances	11,402	10,083	11,402	10,083
- Option charge arising from ESOS	88	157	88	157
- Others	2,929	2,335	2,929	2,335
	<b>14,419</b>	<b>12,575</b>	<b>14,419</b>	<b>12,575</b>
Establishment costs				
- Depreciation of property and equipment	510	520	510	520
- Amortisation of intangible assets	170	130	170	130
- Rental of premises	1,518	1,596	1,518	1,596
- Information technology expenses	1,420	1,458	1,420	1,458
- Others	995	884	995	884
	<b>4,613</b>	<b>4,588</b>	<b>4,613</b>	<b>4,588</b>

**HLCB Q1 (30.09.14)**
**24. Overhead expenses (continued)**

	Current quarter ended 30/09/2014 RM'000	Last year's quarter ended 30/09/2013 RM'000	Current year ended 30/09/2014 RM'000	Last year's ended 30/09/2013 RM'000
<b>The Group (continued)</b>				
Marketing expenses				
- Advertisement and publicity	93	249	93	249
- Entertainment and business improvement	528	484	528	484
- Others	79	178	79	178
	<b>700</b>	911	<b>700</b>	911
Administration and general expenses				
- Management fees	1,055	959	1,055	959
- Communication expenses	399	414	399	414
- Auditors' remuneration				
- Statutory audit	97	108	97	108
- Other fees	20	3	20	3
- Legal and professional fees	1,234	1,320	1,234	1,320
- Others	1,751	1,601	1,751	1,601
	<b>4,556</b>	4,405	<b>4,556</b>	4,405
	<b>24,288</b>	22,479	<b>24,288</b>	22,479
<b>The Company</b>				
Personnel costs				
- Salaries, bonuses and allowances	34	10	34	10
- Others	71	51	71	51
	<b>105</b>	61	<b>105</b>	61
Establishment costs				
- Rental	-	3	-	3
- Information technology expenses	9	4	9	4
- Others	16	12	16	12
	<b>25</b>	19	<b>25</b>	19
Administration and general expenses				
- Management fees	108	-	108	-
- Communication expenses	1	1	1	1
- Auditors' remuneration				
- Statutory audit	16	15	16	15
- Other fees	3	3	3	3
- Legal and professional fees	366	-	366	-
- Others	96	109	96	109
	<b>590</b>	128	<b>590</b>	128
	<b>720</b>	208	<b>720</b>	208



**HLCB Q1 (30.09.14)**

**25. (Write-back of)/allowance for impairment on loans and advances and other losses**

	<b>Current quarter ended 30/09/2014 RM'000</b>	<b>Last year's quarter ended 30/09/2013 RM'000</b>	<b>Current year ended 30/09/2014 RM'000</b>	<b>Last year's ended 30/09/2013 RM'000</b>
<b>The Group</b>				
Allowance for/(write-back of) losses on impaired loans and advances:				
Individual assessment allowance				
- made during the period/year	<b>23</b>	-	<b>23</b>	-
- written back during the period/year	<b>(102)</b>	-	<b>(102)</b>	-
Collective assessment allowance made during the period/year	<b>36</b>	391	<b>36</b>	391
Bad debts on clients' and brokers' balances				
- recovered	-	(7)	-	(7)
Allowance for losses on clients' and brokers' balances:				
Individual assessment allowance				
- made during the period/year	<b>116</b>	52	<b>116</b>	52
- written back during the period/year	<b>(95)</b>	(109)	<b>(95)</b>	(109)
Collective assessment allowance made/(written back)/during the period/year	<b>8</b>	(15)	<b>8</b>	(15)
Allowance for losses on other debtors:				
Individual assessment allowance				
- written-back during the period/year	-	(65)	-	(65)
	<b>(14)</b>	247	<b>(14)</b>	247

**HLCB Q1 (30.09.14)****26. Commitments and contingencies**

	<b>As at 30/09/2014 Principal Amount RM'000</b>	<b>As at 30/06/2014 Principal Amount RM'000</b>
<b>The Group</b>		
<b>Commitments and contingent liabilities</b>		
Direct Credit Substitutes	20,625	20,625
Obligations under underwriting agreement	-	299,154
Other commitments, such as formal standby facilities and credit lines		
- maturity less than one year	-	23
Any commitments that are unconditionally cancelled at any time by the bank without prior notice		
- maturity less than one year	734,787	627,233
Others		
- monies held in trust for stockborking clients	686,834	648,976
	<u>1,442,246</u>	<u>1,596,011</u>
<b>Derivative financial instruments</b>		
Interest rate related contracts:		
- One year or less	883,911	724,036
- Over one year to five years	2,294,500	2,246,000
Foreign exchange related contracts		
- One year or less	1,808,672	1,537,569
Equity related contracts		
- Over one year to five years	11,500	11,500
	<u>4,998,583</u>	<u>4,519,105</u>
	<u>6,440,829</u>	<u>6,115,116</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). This category includes unquoted shares held for socio economic reasons. Fair values for shares held for socio economic reasons are based on the net tangible assets of the affected companies. The Group's exposure to financial instruments classified as Level 3 comprised a small number of financial instruments which constitute an insignificant component of the Group's portfolio of financial instruments. Hence, changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

<b>The Group 30.09.2014</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<b>Financial assets</b>				
Financial assets held-for-trading	7,830	1,399,529	-	1,407,359
- Money market instruments	-	1,135,238	-	1,135,238
- Quoted securities	7,830	-	-	7,830
- Unquoted securities	-	264,291	-	264,291
Financial investments available-for-sale	122,261	708,008	245	830,514
- Money market instruments	-	174,887	-	174,887
- Quoted securities	122,261	-	-	122,261
- Unquoted securities	-	533,121	245	533,366
Derivative financial assets	-	26,933	-	26,933
	<b>130,091</b>	<b>2,134,470</b>	<b>245</b>	<b>2,264,806</b>

**HLCB Q1 (30.09.14)**

**27. Fair value of financial instruments (continued)**

Determination of fair value and fair value hierarchy (continued)

<b>The Group</b> <b>30.09.2014</b>	<b>Level 1</b> <b>RM'000</b>	<b>Level 2</b> <b>RM'000</b>	<b>Level 3</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>Financial liability</b>				
Derivative financial liabilities	-	27,935	-	27,935
<b>30.06.2014</b>				
<b>Financial assets</b>				
Financial assets held-for-trading	10,533	859,904	-	870,437
- Money market instruments	-	720,067	-	720,067
- Quoted securities	10,533	-	-	10,533
- Unquoted securities	-	139,837	-	139,837
Financial investments available-for-sale	108,703	636,340	245	745,288
- Money market instruments	-	184,973	-	184,973
- Quoted securities	108,703	-	-	108,703
- Unquoted securities	-	451,367	245	451,612
Derivative financial assets	-	23,541	-	23,541
	119,236	1,519,785	245	1,639,266
<b>Financial liability</b>				
Derivative financial liabilities	-	24,773	-	24,773
<b>The Company</b> <b>30.09.2014</b>				
<b>Financial asset</b>				
Financial investments available-for-sale				
- Quoted securities	97,937	-	-	97,937
<b>30.06.2014</b>				
<b>Financial asset</b>				
Financial investments available-for-sale				
- Quoted securities	59,975	-	-	59,975

There were no transfers between Level 1 and 2 during the year.

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

<b>The Group</b>	<b>Financial investments available-for-sale</b>	
	<b>30.09.2014</b>	<b>30.06.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
As at 1 July	245	686
Redeemed during the period/year	-	(441)
As at 30 September/30 June	245	245

## HLCB Q1 (30.09.14)

### 28. Capital adequacy

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

	<b>HLIB</b> <b>30/09/2014</b>	<b>HLIB</b> <b>30/06/2014</b>
<b>Before deducting proposed dividends:</b>		
Common equity tier 1 ("CET1") capital ratio	<b>26.574%</b>	20.108%
Tier 1 capital ratio	<b>26.574%</b>	20.108%
Total capital ratio	<b>26.775%</b>	20.259%
<b>After deducting proposed dividends:</b>		
CET1 capital ratio	<b>21.688%</b>	16.401%
Tier 1 capital ratio	<b>21.688%</b>	16.401%
Total capital ratio	<b>21.890%</b>	16.552%

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

	<b>HLIB</b> <b>30/09/2014</b> <b>RM'000</b>	<b>HLIB</b> <b>30/06/2014</b> <b>RM'000</b>
<b>CET1 capital</b>		
Paid-up ordinary share capital	<b>165,000</b>	165,000
Share premium	<b>87,950</b>	87,950
Other reserves	<b>219,847</b>	218,692
	<b>472,797</b>	471,642
Regulatory adjustments:		
- Goodwill and intangibles	<b>(29,933)</b>	(29,978)
- Deferred tax assets	<b>(103,671)</b>	(103,671)
- Other regulatory adjustments	<b>(333)</b>	(77)
Total CET1 capital	<b>338,860</b>	337,916
<b>Tier-1 capital</b>		
	<b>338,860</b>	337,916
<b>Tier-2 capital</b>		
Redeemable preference shares	<b>1,631</b>	1,631
Collective assessment allowance for losses on loans and advances <sup>(1)</sup>	<b>1,240</b>	1,204
Regulatory adjustments:		
- Investment in subsidiaries	<b>(306)</b>	(306)
Total Tier 2 capital	<b>2,565</b>	2,529
<b>Total capital</b>		
	<b>341,425</b>	340,445

Note:

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

**HLCB Q1 (30.09.14)**

**28. Capital adequacy (continued)**

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

	<b>HLIB</b>	<b>HLIB</b>
	<b>30/09/2014</b>	<b>30/06/2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit risk	<b>668,124</b>	896,087
Market risk	<b>377,306</b>	571,557
Operational risk	<b>229,741</b>	212,853
	<b><u>1,275,171</u></b>	<u>1,680,497</u>

29. Segmental reporting

(a) Segment information by activities for the financial period ended 30 September 2014:

	<b>Fund management Investment banking and stockbroking</b>	<b>and unit trust management</b>	<b>Investment holding and others</b>	<b>Elimination</b>	<b>Consolidated</b>
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>30 September 2014</b>					
<b>REVENUE &amp; EXPENSES</b>					
<b>Revenue</b>					
Net Interest income	11,531	86	10	-	11,627
Non interest income	24,495	3,912	27,962	(24,736)	31,633
<b>Results</b>					
Profit/(loss) from operations	16,043	241	27,205	(24,503)	18,986
Taxation					(645)
Profit after taxation					18,341
<b>30 September 2013</b>					
<b>REVENUE &amp; EXPENSES</b>					
<b>Revenue</b>					
Net Interest income	7,466	152	69	-	7,687
Non interest income	30,333	5,498	(1,084)	(1,249)	33,498
<b>Results</b>					
Profit/(loss) from operations	15,599	1,805	(1,288)	2,343	18,459
Taxation					5,843
Profit after taxation					24,302

(b) Segmental analysis by geographical location has not been prepared as the Group's operations are predominantly conducted 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 2014.

## **HLCB Q1 (30.09.14)**

### **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) RC Nominees (Tempatan) Sdn Bhd was dissolved on 1 July 2014.
- (b) HL Asset Management Pte. Ltd., a wholly-owned subsidiary of Hong Leong Asset Management Bhd, will be struck off the register upon the expiration of the three months from the publication of the Notice dated 20 August 2014 in the Government Gazette, pursuant to Section 344(2) of the Companies Act of Singapore.

### **32. Capital commitments**

Capital commitments for the purchase of property and equipment as at 30 September 2014 is RM13.0 million.

### **33. Changes in contingent liabilities**

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

Hong Leong Asset Management Bhd, a wholly owned subsidiary of the Company, is the Manager of Hong Leong Consumer Products Sector Fund (“Funds”). The Company provided a guarantee to Deutsche Trustees Malaysia Berhad, the trustee of the Funds, that if the funds falls below the minimum fund size of RM1,000,000, the Company would invest cash, equivalent to the shortfall, into the relevant fund.

The size of the fund was above the minimum of RM1.0 million as at 30 September 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/period under review against previous corresponding financial quarter/period**

The group recorded a higher profit before tax ("PBT") of RM19.0 million for the 1st quarter September 2014 as compared to RM18.5 million in the previous year corresponding quarter. This is mainly due to higher contribution from its investment banking and stockbroking segment.

Investment banking and stockbroking

The investment banking and stockbroking segment recorded a higher PBT of RM16.0 million for the 1st quarter September 2014 as compared to previous year corresponding quarter of RM15.6 million mainly due to higher contribution from its Stockbroking division.

Fund management and unit trust management

Fund management and unit trust management recorded a lower PBT of RM0.2 million for the 1st quarter September 2014 as compared to RM1.8 million in previous year corresponding quarter, mainly due to lower net contribution from management fee income in this quarter.

**(b) Current financial quarter under review against preceding financial quarter**

For the financial quarter ended 30 September 2014, the Group reported a lower PBT of RM19.0 million compared to RM28.5 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 RM16.0 million for the 4th quarter September 2014 as compared to preceding financial quarter of RM26.9 million mainly due to lower contribution from its Equity Markets division.

Fund management and unit trust management

The fund management and unit trust management segment recorded a lower PBT of RM0.2 million for 1st quarter September 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 2015 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**

<b>The Group</b>	<b>Financial quarter ended</b>		<b>Financial year ended</b>	
	<b>30/09/2014</b>	<b>30/09/2013</b>	<b>30/09/2014</b>	<b>30/09/2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysian income tax:				
- Current	<b>4,764</b>	4,372	<b>4,764</b>	4,372
- Under provision in prior years	<b>21</b>	-	<b>21</b>	-
Deferred taxation	<b>(4,140)</b>	(10,215)	<b>(4,140)</b>	(10,215)
	<b>645</b>	(5,843)	<b>645</b>	(5,843)

**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.

**6. Group borrowings**

The Group has no borrowings as at 30 September 2014.

**7. Off-balance sheet financial instruments**

Details of financial instruments with off-balance sheet risk as at 30 September 2014:

<b>The Group</b>	<b>Principal amount</b>	<b>Fair Value</b>	
		<b>Assets</b>	<b>Liabilities</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest rate related contracts			
(i) Less than 1 year	<b>883,911</b>	<b>1,411</b>	<b>(135)</b>
(ii) 1 year to 3 years	<b>1,677,500</b>	<b>6,546</b>	<b>(12,572)</b>
(iii) More than 3 years	<b>617,000</b>	<b>2,202</b>	<b>(4,274)</b>
Foreign exchange related contracts			
(i) Less than 1 year	<b>1,808,672</b>	<b>12,645</b>	<b>(10,954)</b>
Equity related contractes			
(i) 1 year to 3 years	<b>10,000</b>	<b>2,825</b>	<b>-</b>
(ii) More than 3 years	<b>1,500</b>	<b>1,304</b>	<b>-</b>
	<b>4,998,583</b>	<b>26,933</b>	<b>(27,935)</b>

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

## HLCB Q1 (30.09.14)

### 7. Off-balance sheet financial instruments (continued)

#### 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.

### 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 September 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	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
<b>The Group</b>				
Net profit attributable to equity holders of the Company (RM'000):	<b>18,341</b>	24,302	<b>18,341</b>	24,302
Weighted average number of ordinary shares in issue ('000):	<b>240,321</b>	237,119	<b>240,321</b>	237,119
Basic earnings per share (sen)	<b>7.6</b>	10.2	<b>7.6</b>	10.2

## HLCB Q1 (30.09.14)

### 10. Earnings per share ("EPS") (continued)

(a) Basic earnings per share (continued)

	Financial quarter ended		Financial period ended	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
<b>The Company</b>				
Net profit attributable to equity holders of the Company (RM'000):	<b>26,844</b>	(1,235)	<b>26,844</b>	(1,235)
Weighted average number of ordinary shares in issue ('000):	<b>240,640</b>	238,169	<b>240,640</b>	238,169
Basic earnings per share (sen)	<b>11.2</b>	(0.5)	<b>11.2</b>	(0.5)

(b) Fully diluted earnings per share

The diluted earnings per share has been calculated by dividing the net profit for the financial year of the Group by the number of shares in issue including the dilutive potential ordinary shares held in respect of ESOS shares for eligible executives.

	Financial quarter ended		Financial period ended	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
<b>The Group</b>				
Basic weighted average number of shares in issue ('000)	<b>240,321</b>	237,119	<b>240,321</b>	237,119
Number of potential ordinary shares ('000)	<b>96</b>	3,710	<b>96</b>	3,710
Diluted weighted average number of shares ('000)	<b>240,417</b>	240,829	<b>240,417</b>	240,829
Net profit attributable to shareholders of the Company (RM'000):	<b>18,341</b>	24,302	<b>18,341</b>	24,302
Diluted weighted average number of shares ('000)	<b>240,417</b>	240,829	<b>240,417</b>	240,829
Diluted earnings per share (sen)	<b>7.6</b>	10.1	<b>7.6</b>	10.1
<b>The Company</b>				
Basic weighted average number of shares in issue ('000)	<b>240,640</b>	238,169	<b>240,640</b>	238,169
Number of potential ordinary shares ('000)	<b>-</b>	2,660	<b>-</b>	2,660
Diluted weighted average number of shares ('000)	<b>240,640</b>	240,829	<b>240,640</b>	240,829
Net profit attributable to shareholders of the Company (RM'000):	<b>26,844</b>	(1,235)	<b>26,844</b>	(1,235)
Diluted weighted average number of shares ('000)	<b>240,640</b>	240,829	<b>240,640</b>	240,829
Diluted earnings per share (sen)	<b>11.2</b>	(0.5)	<b>11.2</b>	(0.5)

## HLCB Q1 (30.09.14)

### 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 30/09/2014 RM'000	As at 30/06/2014 RM'000
<b>The Group</b>		
Total retained profit		
- Realised	300,318	232,928
- Unrealised		
- in respect of deferred tax recognised in the profit or loss	97,298	98,188
- in respect of other items of income and expense	27,998	25,752
	<u>425,614</u>	<u>356,868</u>
Less : Consolidation adjustment	(138,329)	(90,966)
	<u>287,285</u>	<u>265,902</u>
<b>The Company</b>		
Total retained profit		
- Realised	202,406	172,314
- Unrealised		
- in respect of deferred tax recognised in the profit or loss	6	(4)
- in respect of other items of income and expense	-	-
	<u>202,412</u>	<u>172,310</u>

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 25 November 2014.