

HONG LEONG CAPITAL BERHAD
(Company Number: 213006-U)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Note	The Group		The Company	
		As at 31/03/2015 RM'000	As at 30/06/2014 RM'000	As at 31/03/2015 RM'000	As at 30/06/2014 RM'000
ASSETS					
Cash and short term funds		509,597	782,208	425	2,293
Reverse repurchase agreements		46,348	280,176	-	-
Deposits and placements with banks and other financial institutions		265,546	331,160	-	-
Financial assets held-for-trading	11	951,822	870,437	-	-
Financial investments available- for-sale	12	838,923	745,288	132,131	59,975
Financial investments held-to-maturity	13	360,281	358,413	-	-
Derivative financial assets	19	51,463	23,541	-	-
Loans and advances	14	376,485	431,414	-	-
Clients' and brokers' balances	15	319,597	287,756	-	-
Other assets	16	49,694	47,007	555	7,807
Statutory deposits with Bank Negara Malaysia		49,000	30,750	-	-
Tax recoverable		384	180	143	173
Investment in subsidiary companies		-	-	270,054	342,720
Deferred tax assets		97,321	98,195	7	-
Property and equipment		5,812	5,765	-	-
Goodwill		33,059	33,059	-	-
Intangible assets		1,839	1,057	-	-
TOTAL ASSETS		3,957,171	4,326,406	403,315	412,968
LIABILITIES					
Deposits from customers	17	835,619	631,566	-	-
Deposits and placements of banks and other financial institutions	18	1,900,697	2,054,960	-	-
Repurchased agreements		93,148	179,087	-	-
Derivative financial liabilities	19	84,361	24,773	-	-
Clients' and brokers' balances		265,456	337,686	-	-
Other liabilities	20	98,053	495,735	431	523
Current tax liabilities		23	187	-	-
Deferred tax liabilities		-	7	-	4
Subordinated obligations		50,855	-	-	-
TOTAL LIABILITIES		3,328,212	3,724,001	431	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.

HONG LEONG CAPITAL BERHAD
 (Company Number: 213006-U)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2015

	The Group		The Company	
	As at	As at	As at	As at
Note	31/03/2015	30/06/2014	31/03/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
EQUITY				
Share capital	246,896	246,896	246,896	246,896
Reserves	388,094	363,432	161,906	173,468
Treasury shares for ESOS scheme	(6,031)	(7,923)	(5,918)	(7,923)
TOTAL EQUITY	<u>628,959</u>	<u>602,405</u>	<u>402,884</u>	<u>412,441</u>
TOTAL LIABILITIES AND EQUITY				
	<u>3,957,171</u>	<u>4,326,406</u>	<u>403,315</u>	<u>412,968</u>
COMMITMENTS AND CONTINGENCIES				
26	<u>8,257,148</u>	<u>6,115,116</u>	<u>-</u>	<u>-</u>
Net assets per share attributable to ordinary equity holder of the Company (RM)				
	<u>2.61</u>	<u>2.52</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 INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

	Current quarter ended 31/03/2015	Last year's quarter ended 31/03/2014	Current year ended 31/03/2015	Last year's ended 31/03/2014
Note	RM'000	RM'000	RM'000	RM'000
The Group				
Interest income	21	32,660	25,329	98,267
Interest expense	22	(22,154)	(18,035)	(52,052)
Net interest income		10,506	7,294	33,234
Non-interest income	23	29,362	22,962	90,347
Net income		39,868	30,256	123,581
Overhead expenses	24	(22,911)	(16,045)	(72,244)
Operating profit before allowances (Allowance for)/writeback of impairment on loans and advances and other losses	25	16,957	14,211	51,337
		(237)	129	(341)
Profit before taxation		16,720	14,340	50,996
Taxation		97	7,992	(40)
Net profit for the period/year		16,817	22,332	50,956
Earnings per share (sen)				
- Basic		7.0	9.4	21.2
- Diluted		7.0	9.3	21.2

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 31 MARCH 2015

	Current quarter ended 31/03/2015 RM'000	Last year's quarter ended 31/03/2014 RM'000	Current year ended 31/03/2015 RM'000	Last year's ended 31/03/2014 RM'000
The Group				
Net profit for the period/year	16,817	22,332	50,956	69,348
Other comprehensive income/(expense):				
Items that will be reclassified subsequently to profit or loss				
Net fair value changes on financial investments available-for-sale	3,722	2,020	3,437	(1,611)
Income tax relating to net fair value changes on financial investments available-for-sale	(930)	(504)	(859)	402
Currency translation differences in respect of foreign operation	(7)	-	(19)	-
Other comprehensive income/(expense) for the period/year, net of tax	2,785	1,516	2,559	(1,209)
Total comprehensive income for the period/year, net of tax	19,602	23,848	53,515	68,139

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 31 MARCH 2015

	Current quarter ended 31/03/2015	Last year's quarter ended 31/03/2014	Current year ended 31/03/2015	Last year's ended 31/03/2014
Note	RM'000	RM'000	RM'000	RM'000
The Company				
Interest income	21	17	2	20
Interest expense	22	-	-	-
Net interest income		<u>17</u>	<u>2</u>	<u>162</u>
Non-interest income	23	1,176	8,504	91,928
Net income		<u>1,193</u>	<u>8,506</u>	<u>2,045</u>
Overhead expenses	24	(454)	(382)	(1,386)
Operating profit before allowances		<u>739</u>	<u>8,124</u>	<u>90,562</u>
Allowance for impairment on other losses	25	-	-	(72,666)
Profit before taxation		<u>739</u>	<u>8,124</u>	<u>17,896</u>
Taxation		<u>(30)</u>	<u>-</u>	<u>(533)</u>
Net profit for the period/year		<u>709</u>	<u>8,124</u>	<u>17,866</u>
Earnings per share (sen)				
- Basic		<u>0.3</u>	<u>3.4</u>	<u>7.4</u>
- Diluted		<u>0.3</u>	<u>3.4</u>	<u>7.4</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 31 MARCH 2015

	Current quarter ended 31/03/2015 RM'000	Last year's quarter ended 31/03/2014 RM'000	Current year ended 31/03/2015 RM'000	Last year's ended 31/03/2014 RM'000
The Company				
Net profit for the period/year	709	8,124	17,866	536
Other comprehensive income/(expense):				
Items that will be reclassified subsequently to profit or loss				
Net fair value changes on financial investments available-for-sale	(11)	31	(44)	3
Income tax relating to net fair value changes on financial investments available-for-sale	3	(8)	11	(1)
Other comprehensive (expense)/income for the period/year, net of tax	(8)	23	(33)	2
Total comprehensive income for the period/year, net of tax	701	8,147	17,833	538

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 CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

Attributable to owners of the parent

The Group	Share Capital RM'000	Treasury Shares for ESOS Scheme RM'000	General Reserves RM'000	Statutory Reserves RM'000	Share Option Reserves RM'000	Fair Value Reserve RM'000	Exchange fluctuation Reserve RM'000	Retained Profits RM'000	Total 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	-	-	-	-	-	-	-	50,956	50,956
Other comprehensive income/(expense), net of tax	-	-	-	-	-	2,578	(19)	-	2,559
Total comprehensive income/(expense)	-	-	-	-	-	2,578	(19)	50,956	53,515
ESOS exercised	-	1,316	-	-	(588)	-	-	1,012	1,740
Option charge arising from ESOS granted	-	-	-	-	88	-	-	-	88
Disposal of treasury shares	-	576	-	-	-	-	-	6,810	7,386
Dividend paid	-	-	-	-	-	-	-	(36,175)	(36,175)
At 31 March 2015	246,896	(6,031)	543	97,094	50	1,909	(7)	288,505	628,959
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, net of tax	-	-	-	-	-	(1,209)	-	-	(1,209)
Total comprehensive (expense)/income	-	-	-	-	-	(1,209)	-	69,348	68,139
ESOS exercised	-	54	-	-	(6)	-	-	12	60
Option charge arising from ESOS granted	-	-	-	-	663	-	-	-	663
At 31 March 2014	246,896	(10,452)	543	69,712	1,622	(253)	12	242,347	550,427

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 CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

	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	
The Company						
At 1 July 2014	246,896	(7,923)	1,147	11	172,310	412,441
Net profit for the period	-	-	-	-	17,866	17,866
Other comprehensive expense, net of tax	-	-	-	(33)	-	(33)
Total comprehensive (expense)/income	-	-	-	(33)	17,866	17,833
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	-	576	-	-	6,810	7,386
Dividend paid	-	-	-	-	(36,205)	(36,205)
At 31 March 2015	246,896	(5,918)	-	(22)	161,928	402,884
At 1 July 2013	246,896	(9,378)	-	-	200,637	438,155
Net profit for the period	-	-	-	-	536	536
Other comprehensive income, net of tax	-	-	-	2	-	2
Total comprehensive income	-	-	-	2	536	538
At 31 March 2014	246,896	(9,378)	-	2	201,173	438,693

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 CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

	The Group	
	31/03/2015	31/03/2014
	RM'000	RM'000
<u>Cash flows from operating activities</u>		
Profit before taxation	50,996	49,774
<u>Adjustments for non-cash items:</u>		
- Depreciation of property and equipment	1,459	1,542
- Amortisation of intangible assets	586	388
- Option charge arising from ESOS granted	88	663
- Gain on liquidation of a subsidiary	(2)	(201)
- Loss/(gain) on disposal of property and equipment	6	(1)
- Allowance for impairment for losses on loans and advances	244	282
- Allowance for/(writeback of) losses on clients' and brokers' balance	192	(36)
- Net unrealised (gain)/loss on revaluation of:		
- Financial assets held-for-trading	(2,992)	(1,980)
- Derivative financial instruments	31,730	(6,053)
- Interest income from:		
- Financial assets held-for-trading	(27,221)	(14,866)
- Financial investments available-for-sale	(21,800)	(12,975)
- Financial investments held-to-maturity	(8,418)	(10,764)
- Derivative financial instruments	(2,928)	(2,133)
- Interest expense from derivative financial instruments	5,606	4,970
- Interest expense on subordinated obligations	1,045	-
- Dividend income from:		
- Financial assets held-for-trading	(705)	(821)
- Financial investments available-for-sale	(3,094)	(1,724)
	(26,204)	(43,709)
Operating profit before changes in working capital	24,792	6,065
Changes in working capital:		
- Reverse repurchase agreements	233,828	113,530
- Deposits and placements with banks and other financial institutions	65,614	61,524
- Financial assets held-for-trading	(75,470)	50,483
- Derivative financial instruments	(391)	(178)
- Loans and advances	54,685	(106,569)
- Clients' and brokers' balances	(32,033)	9,872
- Other assets	(2,687)	(4,149)
- Statutory deposits with Bank Negara Malaysia	(18,250)	(5,000)
Net changes in operating assets	225,296	119,513
- Deposits from customers	204,053	(83,542)
- Deposits and placements of banks and other financial institutions	(154,263)	209,833
- Repurchased agreements	(85,939)	12,038
- Clients' and brokers' balances	(72,230)	(18,253)
- Other liabilities	(397,683)	4,613
Net changes in operating liabilities	(506,062)	124,689
Cash (used in)/generated from operating activities	(255,974)	250,267
- Net income tax paid	(399)	(1,145)
Net cash (used in)/generated from operating activities	(256,373)	249,122

The Unaudited Condensed 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 2014.

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 31 MARCH 2015

	The Group	
	31/03/2015	31/03/2014
	RM'000	RM'000
<u>Cash flows from investing activities</u>		
Net purchase of:		
- Financial investments available-for-sale	(87,687)	(501,912)
- Financial investments held-to-maturity	(2,469)	(217,384)
Dividend received from:		
- Financial assets held-for-trading	705	821
- Financial investments available-for-sale	3,094	1,724
Net proceed from liquidation of a subsidiary	2	201
Interest received from financial assets held-for-trading, financial investments available-for-sale, financial investments held-to-maturity and derivative financial instruments	55,226	36,014
Interest expenses paid on derivative financial instruments	(4,971)	(4,673)
Proceeds from disposal of property and equipment	4	1
Purchase of property and equipment	(1,516)	(761)
Purchase of intangible assets	(1,368)	(118)
Net cash used in investing activities	(38,980)	(686,087)
<u>Cash flows from financing activities</u>		
Proceeds from subordinated obligations	49,810	-
Dividend paid	(36,175)	-
Cash received from ESOS exercised	1,740	3,099
Cash received from disposal of treasury shares	7,386	-
Net cash generated from financing activities	22,761	3,099
Net changes in cash and cash equivalents	(272,592)	(433,866)
Effect of exchange rate changes	(19)	-
Cash and cash equivalents at beginning of period	782,208	665,574
Cash and cash equivalents at end of period	509,597	231,708
Cash and cash equivalents comprise:		
Cash and short term funds	509,597	231,708

The Unaudited Condensed 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 2014.

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 31 MARCH 2015

	The Company	
	31/03/2015	31/03/2014
	RM'000	RM'000
<u>Cash flows from operating activities</u>		
Profit before taxation	17,896	1,069
<u>Adjustments for non-cash items:</u>		
- Net unrealised loss on financial assets held-for-trading	-	6
- Net unrealised loss on derivative financial instruments	-	2,288
- Interest income	(20)	(162)
- Gain on liquidation of a subsidiary	-	(201)
- Dividend income from:		
- Financial assets held-for-trading	-	(52)
- Financial investments available-for-sale	(2,557)	(1,499)
- Subsidiaries	(89,079)	(2,133)
- Allowance for impairment on subsidiary	72,666	-
	<u>(18,990)</u>	<u>(1,753)</u>
Operating loss before changes in working capital	(1,094)	(684)
Increase in deposits and placements with banks and other financial institutions	-	(11)
Decrease/(increase) in other assets	7,252	(766)
Decrease in other liabilities	(92)	(1,287)
Cash generated from/(used in) operating activities	6,066	(2,748)
- Interest received	20	162
Net cash generated from/(used in) operating activities	6,086	(2,586)
<u>Cash flows from investing activities</u>		
Increase in financial investments available-for-sale	(72,200)	(77,000)
Dividend received from:		
- Financial assets held-for-trading	-	52
- Financial investments available-for-sale	2,557	1,499
- Subsidiaries	89,079	1,600
Net proceed from liquidation of a subsidiary	-	201
Net cash generated from/(used in) investing activities	19,436	(73,648)
<u>Cash flows from financing activities</u>		
Cash received from treasury shares transferred to trustee of subsidiary	1,429	1,429
Cash received from disposal of treasury shares	7,386	-
Dividend paid	(36,205)	-
Net cash (used in)/generated from financing activities	(27,390)	1,429
Net changes in cash and cash equivalents	(1,868)	(74,805)
Cash and cash equivalents at beginning of period	2,293	77,386
Cash and cash equivalents at end of period	425	2,581
Cash and cash equivalents comprise:		
Cash and short term funds	425	2,581

The Unaudited Condensed 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 2014.

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 2015

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 31 March 2015 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 31 March 2015.

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 2015.

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 2015.

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 period ended 31 March 2015, other than as mentioned below.

(a) Purchase of shares pursuant to ESOS

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		01.07.2014	Granted	Exercised	Lapsed	31.03.2015
19 January 2011	18 April 2015	^	1,330,000	-	1,225,000	105,000	-

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

During the financial period ended 31 March 2015, the Company sold 535,400 units treasury shares to the open market.

Total shares held by ESOS Trust comprise 5,612,700 (2014: 7,373,100) shares in the Group costing RM6,031,241 (2013: RM7,922,915) inclusive of transaction costs, as at 31 March 2015.

(b) Issuance of Tier 2 Subordinated Notes

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

7. Dividends paid

A single-tier final dividend of 15.0 sen per share amounting to RM36.2 million was paid on 19 November 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 2015.

9. Significant events

Public shareholding spread

On 23 February 2015, HLCB announced that the Company had on even date written to Bursa Securities to appeal against Bursa Securities' decision to impose a suspension on the trading of HLCB's securities.

HLCB had on 18 March 2015 announced that Bursa Securities had vide its letter dated 18 March 2015 informed the Company that the Appeals Committee of Bursa Securities had decided to dismiss the appeal and uphold the decision of the Listing Committee of Bursa Securities (as communicated to the Company vide Bursa Securities' letter dated 12 February 2015) that a suspension be imposed on the trading of HLCB's shares for breach of Paragraph 8.02(1) of the Listing Requirements.

In arriving at the aforesaid decision, the Appeals Committee affirmed similar factors taken into consideration by the Listing Committee including the following:

- (a) Bursa Securities has a statutory duty to ensure an orderly and fair market in the securities that are traded through its facilities. In this regard, the objective of the public shareholding spread requirement under the Listing Requirements is to ensure there is sufficient market liquidity to facilitate the buying and selling of the shares in an orderly manner and thereby, facilitating genuine price discovery;
- (b) There was significant lack of trading liquidity in HLCB shares during the period of non-compliance which rendered HLCB shares susceptible to substantial share price movement arising from trading by a small group of investors;
- (c) Bursa Securities had in the past issued 2 Unusual Market Activity queries as well as a Market Alert advising investors to exercise caution and to make informed decisions in the trading of HLCB shares; and
- (d) HLCB does not have a plan to rectify the shortfall in the public shareholding spread despite numerous extensions of time granted by Bursa Securities.

The trading of HLCB's shares was suspended with effect from 26 March 2015. The suspension will only be uplifted upon full compliance of the public shareholding spread in accordance with Paragraph 8.02(1) of the Listing Requirements.

The Company is required to announce the status of its efforts to comply with the public shareholding spread simultaneously with its quarterly results and in any event, not later than 2 months after the end of each quarter of its financial year.

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 31/03/2015 RM'000	As at 30/06/2014 RM'000	As at 31/03/2015 RM'000	As at 30/06/2014 RM'000
Money market instruments				
Malaysian Government Investment Issues	152,578	-	-	-
Negotiable instruments of deposits	80,143	403,428	-	-
Bankers' acceptances	193,540	316,639	-	-
	426,261	720,067	-	-
Quoted securities				
In Malaysia:				
Shares	12,785	8,360	-	-
Unit trust investment	-	2,173	-	-
	12,785	10,533	-	-
Unquoted securities				
Foreign currency bonds	19,924	33,777	-	-
Private and Islamic debt securities	492,852	106,060	-	-
	512,776	139,837	-	-
	951,822	870,437	-	-

12. Financial investments available-for-sale

	The Group		The Company	
	As at 31/03/2015 RM'000	As at 30/06/2014 RM'000	As at 31/03/2015 RM'000	As at 30/06/2014 RM'000
Money market instruments				
Malaysian Government Securities	30,388	30,512	-	-
Malaysian Government Investment Issues	60,323	139,398	-	-
Cagamas bonds	15,107	15,063	-	-
	105,818	184,973	-	-
Quoted securities				
In Malaysia:				
Shares	15,410	-	-	-
Unit trust investment	141,162	108,703	132,131	59,975
	156,572	108,703	132,131	59,975
Unquoted securities				
Shares	245	245	-	-
Foreign currency bonds	170,802	72,619	-	-
Private and Islamic debt securities	405,486	378,748	-	-
	576,533	451,612	-	-
	838,923	745,288	132,131	59,975

13. Financial investments held-to-maturity

	The Group	
	As at 31/03/2015 RM'000	As at 30/06/2014 RM'000
Money market instruments		
Malaysian Government Securities	50,657	51,316
Malaysian Government Investment Issues	20,213	25,517
Negotiable instruments of deposits	-	51,499
	70,870	128,332
Unquoted securities		
Foreign currency bonds	223,321	194,666
Private and Islamic debt securities	66,090	35,415
	289,411	230,081
	360,281	358,413

14. Loans and advances

	The Group	
	As at 31/03/2015 RM'000	As at 30/06/2014 RM'000
Term loan financing	193,402	140,112
Share margin financing	184,068	291,384
Staff loans	80	100
Other loans	680	1,319
Gross loans and advances	378,230	432,915
Allowance for impaired loans and advances:		
- individual assessment allowance	(111)	(194)
- collective assessment allowance	(1,634)	(1,307)
Net loans and advances	376,485	431,414

14a. By type of customer

Domestic business enterprises		
- Small and medium enterprises	89,225	72,653
- Others	129,679	115,866
Individuals	159,326	244,144
Foreign entities	-	252
Gross loans and advances	378,230	432,915

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14. Loans and advances (continued)

	The Group	
	As at 31/03/2015 RM'000	As at 30/06/2014 RM'000
14b. <u>By interest rate sensitivity</u>		
Fixed rate		
- Staff housing loans	80	83
- Other fixed rate loan	680	47,353
Variable rate		
- Cost plus	377,470	385,479
Gross loans and advances	<u>378,230</u>	<u>432,915</u>
14c. <u>By residual contractual maturity</u>		
Maturity within one year	286,891	365,350
More than one year to three years	30,260	3
More than three years to five years	60,380	67,479
More than five years	699	83
Gross loans and advances	<u>378,230</u>	<u>432,915</u>
14d. <u>By geographical distribution</u>		
Malaysia	<u>378,230</u>	<u>432,915</u>
14e. <u>By economic purpose</u>		
Purchase of securities	251,966	291,384
Working capital	125,505	140,112
Purchase of transport vehicles	112	157
Purchase of landed properties	647	1,256
Others	-	6
Gross loans and advances	<u>378,230</u>	<u>432,915</u>
14f. Movements in impaired loans and advances ("impaired loans") are as follows:		
At 1 July	853	1,123
Impaired during the period/year	3	156
Amount written back during the period/year	(233)	(426)
At 31 March/30 June	<u>623</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>
14g. <u>Impaired loans and advances by geographical distribution</u>		
Malaysia	<u>623</u>	<u>853</u>
14h. <u>Impaired loans and advances by economic purpose</u>		
Purchase of transport vehicles	111	115
Purchase of landed properties	512	738
Gross impaired loans and advances	<u>623</u>	<u>853</u>

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14. Loans and advances (continued)

	The Group	
	As at 31/03/2015 RM'000	As at 30/06/2014 RM'000
14i. Movement in the allowance for loss on loans and advances are as follows:		
<u>Individual assessment allowance</u>		
At 1 July	194	252
Allowance made during the period/year	-	2
Amount written back during the period/year	(83)	(60)
At 31 March/30 June	<u>111</u>	<u>194</u>
<u>Collective assessment allowance</u>		
At 1 July	1,307	738
Allowance made during the period/year	327	569
At 31 March/30 June	<u>1,634</u>	<u>1,307</u>

15. Clients' and brokers' balances

	The Group	
	As at 31/03/2015 RM'000	As at 30/06/2014 RM'000
Performing accounts	318,771	287,185
Impaired accounts	1,403	956
	<u>320,174</u>	<u>288,141</u>
Less: Individual assessment allowance	(564)	(370)
Collective assessment allowance	(13)	(15)
	<u>319,597</u>	<u>287,756</u>

16. Other assets

	The Group		The Company	
	As at 31/03/2015 RM'000	As at 30/06/2014 RM'000	As at 31/03/2015 RM'000	As at 30/06/2014 RM'000
Amount due from subsidiary companies	-	-	550	7,400
Amount due from related companies	-	49	-	49
Deposits and prepayments	5,863	5,567	5	13
Fee income receivable	12,481	33,943	-	-
Other receivables	31,330	7,161	-	345
Manager's stocks and consumables	20	287	-	-
	<u>49,694</u>	<u>47,007</u>	<u>555</u>	<u>7,807</u>

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17. Deposits from customers

	The Group	
	As at 31/03/2015 RM'000	As at 30/06/2014 RM'000
Deposits from customers	835,619	631,566
17a. <u>By type of deposits</u>		
Fixed deposits	835,619	631,566
17b. <u>By type of customer</u>		
Government and statutory bodies	393,421	534,103
Business enterprises	426,138	96,453
Individuals	16,060	1,010
	835,619	631,566
17c. The maturity structure of fixed deposits are as follows:		
Due within six months	835,619	631,566

18. Deposits and placements of banks and other financial institutions

	The Group	
	As at 31/03/2015 RM'000	As at 30/06/2014 RM'000
Bank Negara Malaysia	-	96,343
Licensed banks	562,702	553,736
Licensed investment banks	-	52,804
Other financial institutions	1,337,995	1,352,077
	1,900,697	2,054,960

19. Derivative financial assets/liabilities

	Contract or underlying principal amount RM'000	Positive	Negative
		fair value RM'000	fair value RM'000
The Group			
31/03/2015			
Interest rate related contracts:			
- Interest rate swaps	4,059,500	5,397	(20,732)
- Futures	419,989	288	(1,103)
- Cross currency swaps	259,245	6,070	(4,817)
Foreign exchange related contracts:			
- Foreign currency swaps	1,946,650	34,206	(57,582)
- Foreign currency forwards	22,996	103	(101)
- Foreign currency spot	62,960	49	(26)
Equity related contracts:			
- Futures	5,108	-	-
- Call option	11,500	5,350	-
	6,787,948	51,463	(84,361)

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19. Derivative financial assets/liabilities (continued)

	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
The Group			
30/06/2014			
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:			
- Futures		-	-
- Call option	11,500	3,851	-
	<u>4,519,105</u>	<u>23,541</u>	<u>(24,773)</u>

20. Other liabilities

	The Group		The Company	
	As at 31/03/2015 RM'000	As at 30/06/2014 RM'000	As at 31/03/2015 RM'000	As at 30/06/2014 RM'000
Amount due to related companies	26	177	10	7
Remisiers' trust deposits	13,298	13,777	-	-
Advance payments received for corporate exercise	-	416,545	-	-
Other payables and accrued liabilities	84,428	64,935	421	516
Post employment benefits obligation				
- defined contribution plan	301	301	-	-
	<u>98,053</u>	<u>495,735</u>	<u>431</u>	<u>523</u>

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21. Interest income

	Current quarter ended 31/03/2015 RM'000	Last year's quarter ended 31/03/2014 RM'000	Current year ended 31/03/2015 RM'000	Last year's ended 31/03/2014 RM'000
The Group				
Loan and advances	6,187	4,294	18,320	12,168
Money at call and deposits placements with banks and other financial institutions	1,931	7,122	13,033	20,474
Financial assets held-for-trading	9,681	3,999	27,221	14,866
Financial investments available-for-sale	7,908	5,379	21,800	12,975
Financial investments held-to-maturity	2,967	3,598	8,418	10,764
Derivative financial instruments	1,470	673	2,928	2,133
Others	2,516	264	6,547	822
Total interest income	32,660	25,329	98,267	74,202
The Company				
Money at call and deposits placements with banks and other financial institutions	17	2	20	162

22. Interest expense

	Current quarter ended 31/03/2015 RM'000	Last year's quarter ended 31/03/2014 RM'000	Current year ended 31/03/2015 RM'000	Last year's ended 31/03/2014 RM'000
The Group				
Deposits and placements of banks and other financial institutions	4,816	4,233	13,147	12,690
Deposits from customers	14,403	11,973	44,840	34,091
Derivative financial instruments	2,152	1,751	5,606	4,970
Subordinated notes	649	-	1,045	-
Others	134	78	395	301
Total interest expense	22,154	18,035	65,033	52,052

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23. Non-interest income

	Current quarter ended 31/03/2015 RM'000	Last year's quarter ended 31/03/2014 RM'000	Current year ended 31/03/2015 RM'000	Last year's ended 31/03/2014 RM'000
The Group				
(a) Fee income:				
Fee on loans and advances	99	401	1,118	1,043
Arranger fees	2,558	975	5,983	11,559
Placement fee	1,849	994	6,099	1,075
Guarantee fees	31	317	217	782
Corporate advisory fees	1,986	671	9,469	5,248
Underwriting Commission	-	-	-	614
Brokerage commissions	14,215	14,969	43,907	42,688
Commission from futures contracts	281	203	646	783
Unit trust fee income	3,786	3,818	11,911	14,366
Other fee income	5,367	1,803	7,078	14,545
	30,172	24,151	86,428	92,703
(b) Net realised gain/(loss) arising from sale of:				
- Financial assets held-for-trading	3,315	(1,334)	2,589	(4,955)
- Financial investments available-for-sale	1,510	555	1,958	3,323
- Financial investments held-to-maturity	-	12	-	12
- Derivative financial instruments	5,540	1,578	(393)	4,051
	10,365	811	4,154	2,431
(c) Net unrealised (loss)/gain on revaluation of:				
- Financial assets held-for-trading	5,068	(620)	2,992	1,980
- Derivative financial instruments	(29,591)	1,244	(31,730)	6,053
	(24,523)	624	(28,738)	8,033
(d) Dividend income from:				
- Financial assets held-for-trading	279	351	705	821
- Financial investments available-for-sale	1,192	677	3,094	1,724
	1,471	1,028	3,799	2,545
(e) (Loss)/gain on disposal of property and equipment	(5)	1	(6)	1
(e) Gain on liquidation of a subsidiary	2	-	2	201
(f) Foreign exchange gain/(loss)	11,843	(4,096)	24,395	(9,212)
(g) Other income	37	443	313	719
Total non-interest income	29,362	22,962	90,347	97,421

HLCB Q3 (31.03.15)
23. Non-interest income (continued)

	Current quarter ended 31/03/2015 RM'000	Last year's quarter ended 31/03/2014 RM'000	Current year ended 31/03/2015 RM'000	Last year's ended 31/03/2014 RM'000
The Company				
(a) Net realised gain arising from sale of:				
- Financial assets held-for-trading	-	-	179	-
- Financial investments available-for-sale	-	-	13	-
(b) Net unrealised loss on revaluation of:				
- Financial assets held-for-trading	-	1	-	(6)
- Derivative financial instruments	-	7,820	-	(2,288)
(c) Dividend income from:				
- Financial assets held-for-trading	-	1	-	52
- Financial investments available-for sale	1,115	530	2,557	1,499
- Subsidiaries	-	-	89,079	2,133
(d) Gain on liquidation of a subsidiary	-	-	-	201
(e) Other income	61	152	100	292
	1,176	8,504	91,928	1,883

24. Overhead expenses

	Current quarter ended 31/03/2015 RM'000	Last year's quarter ended 31/03/2014 RM'000	Current year ended 31/03/2015 RM'000	Last year's ended 31/03/2014 RM'000
The Group				
Personnel costs				
- Salaries, bonuses and allowances	10,633	4,527	34,019	31,666
- Option charge arising from ESOS	-	356	88	663
- Others	2,975	1,467	8,967	7,756
	13,608	6,350	43,074	40,085
Establishment costs				
- Depreciation of property and equipment	482	498	1,459	1,542
- Amortisation of intangible assets	233	131	586	388
- Rental of premises	1,532	1,665	4,734	4,955
- Information technology expenses	1,273	1,494	3,963	4,565
- Others	801	884	2,754	2,698
	4,321	4,672	13,496	14,148

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24. Overhead expenses (continued)

	Current quarter ended 31/03/2015 RM'000	Last year's quarter ended 31/03/2014 RM'000	Current year ended 31/03/2015 RM'000	Last year's ended 31/03/2014 RM'000
The Group (continued)				
Marketing expenses				
- Advertisement and publicity	83	513	340	800
- Entertainment and business improvement	625	290	2,096	1,411
- Others	36	284	210	552
	744	1,087	2,646	2,763
Administration and general expenses				
- Management fees	910	799	2,866	2,777
- Communication expenses	404	381	1,247	1,185
- Auditors' remuneration				
- Statutory audit	96	101	303	314
- Other fees	3	3	17	33
- Legal and professional fees	964	839	3,073	2,845
- Others	1,861	1,813	5,522	5,580
	4,238	3,936	13,028	12,734
	22,911	16,045	72,244	69,730
The Company				
Personnel costs				
- Salaries, bonuses and allowances	108	42	159	71
- Others	67	61	187	182
	175	103	346	253
Establishment costs				
- Rental	-	-	-	-
- Information technology expenses	(3)	4	9	11
- Others	10	12	36	50
	7	16	45	61
Marketing expenses				
- Advertisement and publicity	-	-	4	3
- Others	1	-	4	1
	1	-	8	4
Administration and general expenses				
- Management fees	125	63	233	191
- Communication expenses	-	2	3	8
- Auditors' remuneration				
- Statutory audit	-	16	35	46
- Other fees	-	3	3	11
- Legal and professional fees	-	-	368	3
- Others	146	179	345	399
	271	263	987	658
	454	382	1,386	976

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

	Current quarter ended 31/03/2015 RM'000	Last year's quarter ended 31/03/2014 RM'000	Current year ended 31/03/2015 RM'000	Last year's ended 31/03/2014 RM'000
The Group				
Allowance for losses on impaired loans and advances:				
Individual assessment allowance				
- made during the period/year	-	(1)	-	2
- written back during the period/year	1	(9)	(83)	(59)
Collective assessment allowance made/ (written back) during the period/year	112	(45)	327	339
Bad debts on clients' and brokers' balances				
- recovered	-	-	-	(26)
Allowance for losses on clients' and brokers' balances:				
Individual assessment allowance				
- made during the period/year	78	(48)	219	99
- written back during the period/year	61	4	(25)	(131)
Collective assessment allowance (written back)/ made/during the period/year	(15)	10	(2)	(4)
Allowance for losses on other debtors:				
Individual assessment allowance				
- written-back during the period/year	-	(40)	(95)	(153)
	237	(129)	341	67
The Company				
Allowance for impairment on subsidiary	-	-	72,666	-

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26. Commitments and contingencies

	As at 31/03/2015 Principal Amount RM'000	As at 30/06/2014 Principal Amount RM'000
The Group		
Commitments and contingent liabilities		
Direct Credit Substitutes	8,000	20,625
Obligations under underwriting agreement	-	299,154
Other commitments, such as formal standby facilities and credit lines		
- maturity less than one year	-	23
- maturity over one year	5,077	-
Any commitments that are unconditionally cancelled at any time by the bank without prior notice		
- maturity less than one year	721,352	627,233
Others		
- monies held in trust for stockborking clients	734,771	648,976
	<u>1,469,200</u>	<u>1,596,011</u>
Derivative financial instruments		
Interest rate related contracts:		
- One year or less	1,821,278	724,036
- Over one year to five years	2,380,605	2,246,000
- Over five years	536,851	-
Foreign exchange related contracts		
- One year or less	2,032,606	1,537,569
Equity related contracts		
- One year or less	15,108	-
- Over one year to five years	1,500	11,500
	<u>6,787,948</u>	<u>4,519,105</u>
	<u>8,257,148</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.

The Group	Level 1	Level 2	Level 3	Total
31.03.2015	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets held-for-trading	12,785	939,037	-	951,822
- Money market instruments	-	426,261	-	426,261
- Quoted securities	12,785	-	-	12,785
- Unquoted securities	-	512,776	-	512,776
Financial investments available-for-sale	156,572	682,106	245	838,923
- Money market instruments	-	105,818	-	105,818
- Quoted securities	156,572	-	-	156,572
- Unquoted securities	-	576,288	245	576,533
Derivative financial assets	-	51,463	-	51,463
	169,357	1,672,606	245	1,842,208

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27. Fair value of financial instruments (continued)

Determination of fair value and fair value hierarchy (continued)

The Group 31.03.2015	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial liability				
Derivative financial liabilities	-	84,361	-	84,361
30.06.2014				
Financial assets				
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
Financial liability				
Derivative financial liabilities	-	24,773	-	24,773
The Company 31.03.2015				
Financial asset				
Financial investments available-for-sale				
- Quoted securities	132,131	-	-	132,131
30.06.2014				
Financial asset				
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:

The Group	Financial investments available-for-sale	
	31.03.2015 RM'000	30.06.2014 RM'000
As at 1 July	245	686
Redeemed during the period/year	-	(441)
As at 31 March/30 June	245	245

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28. Capital adequacy

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

	HLIB 31/03/2015	HLIB 30/06/2014
Before deducting proposed dividends:		
Common equity tier 1 ("CET1") capital ratio	18.707%	20.108%
Tier 1 capital ratio	18.707%	20.108%
Total capital ratio	22.289%	20.259%
After deducting proposed dividends:		
CET1 capital ratio	18.707%	16.401%
Tier 1 capital ratio	18.707%	16.401%
Total capital ratio	22.289%	16.552%

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

	HLIB 31/03/2015 RM'000	HLIB 30/06/2014 RM'000
CET1 capital		
Paid-up ordinary share capital	165,000	165,000
Share premium	87,950	87,950
Other reserves	159,205	218,692
	412,155	471,642
Regulatory adjustments:		
- Goodwill and intangibles	(30,722)	(29,978)
- Deferred tax assets	(103,671)	(103,671)
- Other regulatory adjustments	(1,318)	(77)
Total CET1 capital	276,444	337,916
Tier-1 capital		
	276,444	337,916
Tier-2 capital		
Redeemable preference shares	1,631	1,631
Collective assessment allowance for losses on loans and advances ⁽¹⁾	1,531	1,204
Subordinated obligations	50,000	-
Regulatory adjustments:		
- Investment in subsidiaries	(230)	(306)
Total Tier 2 capital	52,932	2,529
Total capital		
	329,376	340,445

Note:

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

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28. Capital adequacy (continued)

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

	HLIB	HLIB
	31/03/2015	30/06/2014
	RM'000	RM'000
Credit risk	787,275	896,087
Market risk	423,094	571,557
Operational risk	267,359	212,853
	<u>1,477,728</u>	<u>1,680,497</u>

29. Segmental reporting

(a) Segment information by activities for the financial period ended 31 March 2015:

	Fund management Investment banking and stockbroking	and unit trust management	Investment holding and others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
31 March 2015					
REVENUE & EXPENSES					
Revenue					
Net Interest income	32,972	241	21	-	33,234
Non interest income	72,598	11,661	154,918	(148,830)	90,347
Results					
Profit/(loss) from operations	46,916	(193)	153,398	(149,125)	50,996
Taxation					(40)
Profit after taxation					50,956
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

(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.

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:

The liquidator of RC Nominees (Asing) Sdn Bhd (“RC Nominees”), a wholly-owned subsidiary of Hong Leong Investment Bank Berhad which in turn is 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 5 March 2015 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.

32. Capital commitments

Capital commitments for the purchase of property and equipment as at 31 March 2015 is RM9.2 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 31 March 2015.

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.

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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 RM16.7 million for the 3rd quarter March 2015 as compared to RM14.3 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 RM16.4 million for the 3rd quarter March 2015 as compared to previous year corresponding quarter of RM8.6 million mainly due to higher contribution from its Debt Markets and Equity Markets divisions.

Fund management and unit trust management

Fund management and unit trust management recorded loss before tax ("LBT") of RM0.5 million for the 3rd quarter March 2015 as compared to a PBT of RM91 thousand 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 RM51.0 million for the financial period ended March 2015 as compared to RM49.8 million in the previous financial period, higher by 2.5%. This is mainly due to higher contribution from its investment banking and stockbroking segment, offset by lower contribution from its fund management and unit trust management segment.

Investment banking and stockbroking

The investment banking and stockbroking segment recorded a increase in PBT by 13.0% as compared to previous year corresponding period of RM41.5 million mainly due to higher contribution from its Stockbroking division.

Fund management and unit trust management

Fund management and unit trust management recorded a LBT of RM0.2 million for the financial period ended March 2015 as compared to a PBT of RM2.5 million in previous year corresponding period, mainly due to lower net contribution from management fee income.

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1. Performance review (continued)

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

For the financial quarter ended 31 March 2015, the Group reported a higher PBT of RM16.7 million compared to RM15.3 million in the preceding financial quarter. This was mainly due to higher contribution from its investment banking and stockbroking segment.

Investment banking and stockbroking

The investment banking and stock broking segment recorded a higher PBT of RM16.4 million for the 3rd quarter March 2015 as compared to preceding financial quarter of RM14.5 million mainly due to higher contribution from its Stockbroking division.

Fund management and unit trust management

The fund management and unit trust management segment recorded a LBT of RM0.5 million for 3rd quarter March 2015 as compared to a PBT of RM55 thousand 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

	Financial quarter ended		Financial year ended	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014
The Group	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
- Current	4,040	2,223	12,436	11,071
- Under provision in prior years	-	-	21	-
Deferred taxation	(4,137)	(10,215)	(12,417)	(30,645)
	<u>(97)</u>	<u>(7,992)</u>	<u>40</u>	<u>(19,574)</u>

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 31 March 2015.

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7. Subordinated obligations

	The Group	
	As at 31/03/2015	As at 30/06/2014
RM1.0 billion Tier 2 subordinated notes, at par	50,000	-
Add: Interest payable	1,060	-
	<u>51,060</u>	<u>-</u>
Less: Unamortised discounts	(205)	-
	<u>50,855</u>	<u>-</u>

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

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

8. Off-balance sheet financial instruments

Details of financial instruments with off-balance sheet risk as at 31 March 2015:

The Group	Principal amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
Interest rate related contracts			
(i) Less than 1 year	1,791,278	6,843	(1,792)
(ii) 1 year to 3 years	1,814,605	3,756	(11,775)
(iii) More than 3 years	1,132,851	1,156	(13,085)
Foreign exchange related contracts			
(i) Less than 1 year	2,032,606	34,358	(57,709)
Equity related contractes			
(i) Less than 1 year	5,108	-	-
(ii) 1 year to 3 years	10,000	4,521	-
(iii) More than 3 years	1,500	829	-
	<u>6,787,948</u>	<u>51,463</u>	<u>(84,361)</u>

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

Credit risk

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

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8. Off-balance sheet financial instruments (continued)

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk.

Related accounting policies

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

9. 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.

10. Dividends

The Board of Directors does not recommend any dividend to be paid for the financial quarter ended 31 March 2015.

11. 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	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014
The Group				
Net profit attributable to equity holders of the Company (RM'000):	16,817	22,332	50,956	69,348
Weighted average number of ordinary shares in issue ('000):	241,242	238,100	240,896	237,454
Basic earnings per share (sen)	7.0	9.4	21.2	29.2
The Company				
Net profit attributable to equity holders of the Company (RM'000):	709	8,124	17,866	536
Weighted average number of ordinary shares in issue ('000):	241,386	239,218	241,118	238,513
Basic earnings per share (sen)	0.3	3.4	7.4	0.2

HLCB Q3 (31.03.15)**11. Earnings per share ("EPS") (continued)**

(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	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014
The Group				
Basic weighted average number of shares in issue ('000)	241,242	238,100	240,896	237,454
Number of potential ordinary shares ('000)	-	1,365	-	1,365
Diluted weighted average number of shares ('000)	241,242	239,465	240,896	238,819
Net profit attributable to shareholders of the Company (RM'000):	16,817	22,332	50,956	69,348
Diluted weighted average number of shares ('000)	241,242	239,465	240,896	238,819
Diluted earnings per share (sen)	7.0	9.3	21.2	29.0
The Company				
Basic weighted average number of shares in issue ('000)	241,386	239,218	241,118	238,513
Number of potential ordinary shares ('000)	-	1,330	-	1,330
Diluted weighted average number of shares ('000)	241,386	240,548	241,118	239,843
Net profit attributable to shareholders of the Company (RM'000):	709	8,124	17,866	536
Diluted weighted average number of shares ('000)	241,386	240,548	241,118	239,843
Diluted earnings per share (sen)	0.3	3.4	7.4	0.2

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12. 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 31/03/2015 RM'000	As at 30/06/2014 RM'000
The Group		
Total retained profit		
- Realised	346,067	232,928
- Unrealised		
- in respect of deferred tax recognised in the profit or loss	97,321	98,188
- in respect of other items of income and expense	56,192	25,752
	<u>499,580</u>	<u>356,868</u>
Less : Consolidation adjustment	(211,075)	(90,966)
	<u>288,505</u>	<u>265,902</u>
The Company		
Total retained profit		
- Realised	161,921	172,310
- Unrealised		
- in respect of deferred tax recognised in the profit or loss	7	-
- in respect of other items of income and expense	-	-
	<u>161,928</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 26 May 2015.