

HONG LEONG CAPITAL BERHAD
(Company Number: 213006-U)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	The Group		The Company	
		As at 30/06/2015 RM'000	As at 30/06/2014 RM'000	As at 30/06/2015 RM'000	As at 30/06/2014 RM'000
ASSETS					
Cash and short term funds		471,753	782,208	224	2,293
Reverse repurchase agreements		-	280,176	-	-
Deposits and placements with banks and other financial institutions		200,243	331,160	-	-
Financial assets held-for-trading	11	920,885	870,437	-	-
Financial investments available- for-sale	12	958,314	745,288	133,130	59,975
Financial investments held-to-maturity	13	380,255	358,413	-	-
Derivative financial assets	19	43,059	23,541	-	-
Loans and advances	14	325,983	431,414	-	-
Clients' and brokers' balances	15	198,183	287,756	-	-
Other assets	16	24,717	47,007	766	7,807
Statutory deposits with Bank Negara Malaysia		56,180	30,750	-	-
Tax recoverable		381	180	156	173
Investment in subsidiary companies		-	-	270,054	342,720
Deferred tax assets		95,451	98,195	13	-
Property and equipment		5,310	5,765	-	-
Goodwill		33,059	33,059	-	-
Intangible assets		3,641	1,057	-	-
TOTAL ASSETS		3,717,414	4,326,406	404,343	412,968
LIABILITIES					
Deposits from customers	17	841,747	631,566	-	-
Deposits and placements of banks and other financial institutions	18	1,847,391	2,054,960	-	-
Repurchased agreements		-	179,087	-	-
Derivative financial liabilities	19	57,428	24,773	-	-
Clients' and brokers' balances		192,728	337,686	-	-
Other liabilities	20	74,295	495,735	498	523
Current tax liabilities		3	187	-	-
Deferred tax liabilities		-	7	-	4
Subordinated obligations		50,194	-	-	-
TOTAL LIABILITIES		3,063,786	3,724,001	498	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 30 JUNE 2015

	The Group		The Company	
	As at	As at	As at	As at
Note	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
EQUITY				
Share capital	246,896	246,896	246,896	246,896
Reserves	412,763	363,432	162,867	173,468
Treasury shares for ESOS scheme	(6,031)	(7,923)	(5,918)	(7,923)
TOTAL EQUITY	653,628	602,405	403,845	412,441
TOTAL LIABILITIES AND EQUITY				
	3,717,414	4,326,406	404,343	412,968
COMMITMENTS AND CONTINGENCIES				
26	7,412,838	5,466,140	-	-
Net assets per share attributable to ordinary equity holder of the Company (RM)				
	2.71	2.52		

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 YEAR ENDED 30 JUNE 2015

	Current quarter ended 30/06/2015	Last year's quarter ended 30/06/2014	Current year ended 30/06/2015	Last year's ended 30/06/2014
Note	RM'000	RM'000	RM'000	RM'000
The Group				
Interest income	21	32,951	25,647	131,218
Interest expense	22	(23,950)	(17,000)	(88,983)
Net interest income		9,001	8,647	42,235
Non-interest income	23	50,742	62,658	141,089
Net income		59,743	71,305	183,324
Overhead expenses	24	(33,287)	(42,503)	(105,531)
Operating profit before allowances		26,456	28,802	77,793
Write-back of/(allowance for) impairment on loans and advances and other losses	25	1,056	(293)	715
Profit before taxation		27,512	28,509	78,508
Taxation		(2,133)	20,953	(2,173)
Net profit for the year		25,379	49,462	76,335
Earnings per share (sen)				
- Basic		10.5	20.7	31.7
- Diluted		10.5	20.5	31.7

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 YEAR ENDED 30 JUNE 2015

	Current quarter ended 30/06/2015 RM'000	Last year's quarter ended 30/06/2014 RM'000	Current year ended 30/06/2015 RM'000	Last year's ended 30/06/2014 RM'000
The Group				
Net profit for the year	25,379	49,462	76,335	118,810
Other comprehensive income/(expense):				
Items that will be reclassified subsequently to profit or loss				
Net fair value changes on financial investments available-for-sale	(921)	(556)	2,516	(2,167)
Income tax relating to net fair value changes on financial investments available-for-sale	246	140	(613)	542
Currency translation differences in respect of foreign operation	15	-	(4)	-
Other comprehensive (expense)/income for the year, net of tax	(660)	(416)	1,899	(1,625)
Total comprehensive income for the year, net of tax	24,719	49,046	78,234	117,185

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 YEAR ENDED 30 JUNE 2015

	Current quarter ended 30/06/2015	Last year's quarter ended 30/06/2014	Current year ended 30/06/2015	Last year's ended 30/06/2014
Note	RM'000	RM'000	RM'000	RM'000
The Company				
Interest income	21	1	8	21
Interest expense	22	-	-	-
Net interest income	1	8	21	170
Non-interest income	23	1,323	18,604	93,251
Net income	1,324	18,612	93,272	20,657
Overhead expenses	24	(324)	(135)	(1,710)
Operating profit before allowances	1,000	18,477	91,562	19,546
Allowance for impairment on other losses	25	-	(49,939)	(72,666)
Profit before taxation	1,000	(31,462)	18,896	(30,393)
Taxation	(18)	136	(48)	(397)
Net profit for the year	982	(31,326)	18,848	(30,790)
Earnings per share (sen)				
- Basic	0.4	(13.1)	7.8	(12.9)
- Diluted	0.4	(13.0)	7.8	(12.8)

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 YEAR ENDED 30 JUNE 2015

	Current quarter ended 30/06/2015 RM'000	Last year's quarter ended 30/06/2014 RM'000	Current year ended 30/06/2015 RM'000	Last year's ended 30/06/2014 RM'000
The Company				
Net profit for the year	982	(31,326)	18,848	(30,790)
Other comprehensive income/(expense):				
Items that will be reclassified subsequently to profit or loss				
Net fair value changes on financial investments available-for-sale	(27)	12	(71)	15
Income tax relating to net fair value changes on financial investments available-for-sale	6	(3)	17	(4)
Other comprehensive (expense)/income for the year, net of tax	(21)	9	(54)	11
Total comprehensive income for the year, net of tax	961	(31,317)	18,794	(30,779)

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 YEAR ENDED 30 JUNE 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	Regulatory 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 year	-	-	-	-	-	-	-	-	76,335	76,335
Other comprehensive income/(expense), net of tax	-	-	-	-	-	-	1,903	(4)	-	1,899
Total comprehensive income/(expense)	-	-	-	-	-	-	1,903	(4)	76,335	78,234
Transfer to statutory reserves	-	-	-	16,388	-	-	-	-	(16,388)	-
Transfer to regulatory reserve	-	-	-	-	3,031	-	-	-	(3,031)	-
ESOS exercised	-	1,316	-	-	-	(588)	-	-	1,012	1,740
Option charge arising from ESOS granted	-	-	-	-	-	38	-	-	-	38
Disposal of treasury shares	-	576	-	-	-	-	-	-	6,810	7,386
Dividend paid	-	-	-	-	-	-	-	-	(36,175)	(36,175)
At 30 June 2015	246,896	(6,031)	543	113,482	3,031	-	1,234	8	294,465	653,628
At 1 July 2013	246,896	(10,506)	543	69,712	-	965	956	12	172,987	481,565
Net profit for the year	-	-	-	-	-	-	-	-	118,810	118,810
Other comprehensive expense, net of tax	-	-	-	-	-	-	(1,625)	-	-	(1,625)
Total comprehensive (expense)/income	-	-	-	-	-	-	(1,625)	-	118,810	117,185
Transfer to statutory reserves	-	-	-	27,382	-	-	-	-	(27,382)	-
ESOS exercised	-	2,557	-	-	-	(574)	-	-	1,166	3,149
Option charge arising from ESOS granted	-	-	-	-	-	159	-	-	-	159
Disposal of treasury shares	-	26	-	-	-	-	-	-	321	347
At 30 June 2014	246,896	(7,923)	543	97,094	-	550	(669)	12	265,902	602,405

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 YEAR ENDED 30 JUNE 2015

	Non-Distributable			Distributable		
	Treasury Share Capital RM'000	Shares for ESOS Scheme RM'000	Call Option Reserves RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	Total RM'000
The Company						
At 1 July 2014	246,896	(7,923)	1,147	11	172,310	412,441
Net profit for the year	-	-	-	-	18,848	18,848
Other comprehensive expense, net of tax	-	-	-	(54)	-	(54)
Total comprehensive (expense)/income	-	-	-	(54)	18,848	18,794
Call options exercised by the subsidiary during the year	-	-	(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 30 June 2015	246,896	(5,918)	-	(43)	162,910	403,845
At 1 July 2013	246,896	(9,378)	-	-	200,637	438,155
Net loss for the year	-	-	-	-	(30,790)	(30,790)
Other comprehensive income, net of tax	-	-	-	11	-	11
Total comprehensive income/(expense)	-	-	-	11	(30,790)	(30,779)
Call options written for subsidiary	-	-	3,289	-	-	3,289
Call options exercised by the subsidiary during the year	-	-	(2,142)	-	2,142	-
Treasury shares transferred to trustee of subsidiary	-	1,429	-	-	-	1,429
Disposal of treasury shares	-	26	-	-	321	347
At 30 June 2014	246,896	(7,923)	1,147	11	172,310	412,441

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 YEAR ENDED 30 JUNE 2015

	The Group	
	30/06/2015	30/06/2014
	RM'000	RM'000
<u>Cash flows from operating activities</u>		
Profit before taxation	78,508	78,283
<u>Adjustments for non-cash items:</u>		
- Depreciation of property and equipment	1,920	2,028
- Amortisation of intangible assets	881	553
- Option charge arising from ESOS granted	38	159
- Gain on liquidation of a subsidiary	(2)	(201)
- (Gain)/loss on disposal of property and equipment	(4)	1
- Property and equipment written off	146	1
- (Write-back of)/allowance for impairment for losses on loans and advances	(498)	511
- Write-back of allowance for losses on clients' and brokers' balances	(1)	(26)
- Net unrealised (gain)/loss on revaluation of:		
- Financial assets held-for-trading	(5,697)	(3,359)
- Derivative financial instruments	12,814	(3,128)
- Interest income from:		
- Financial assets held-for-trading	(39,396)	(19,554)
- Financial investments available-for-sale	(28,042)	(19,127)
- Financial investments held-to-maturity	(11,225)	(13,758)
- Derivative financial instruments	(4,276)	(2,729)
- Interest expense from derivative financial instruments	8,937	6,650
- Interest expense on subordinated obligations	1,698	-
- Dividend income from:		
- Financial assets held-for-trading	(754)	(798)
- Financial investments available-for-sale	(4,484)	(2,472)
	(67,945)	(55,249)
Operating profit before changes in working capital	10,563	23,034
<u>Changes in working capital:</u>		
- Reverse repurchase agreements	280,176	(5,788)
- Deposits and placements with banks and other financial institutions	130,917	(5,599)
- Financial assets held-for-trading	(44,761)	(205,194)
- Derivative financial instruments	(396)	(21)
- Loans and advances	105,929	(257,741)
- Clients' and brokers' balances	89,574	(137,221)
- Other assets	22,374	(34,650)
- Statutory deposits with Bank Negara Malaysia	(25,430)	(6,250)
Net changes in operating assets	558,383	(652,464)
- Deposits from customers	210,181	161,397
- Deposits and placements of banks and other financial institutions	(207,569)	511,985
- Repurchased agreements	(179,087)	2,054
- Clients' and brokers' balances	(144,958)	197,333
- Other liabilities	(421,440)	406,071
Net changes in operating liabilities	(742,873)	1,278,840
Cash (used in)/generated from operating activities	(173,927)	649,410

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
(Company Number 213006-U)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	The Group	
	30/06/2015	30/06/2014
	RM'000	RM'000
Cash (used in)/generated from operating activities	(173,927)	649,410
- Net income tax (paid)/refund	(433)	437
Net cash (used in)/generated from operating activities	(174,360)	649,847
<u>Cash flows from investing activities</u>		
Net purchase of:		
- Financial investments available-for-sale	(209,293)	(479,484)
- Financial investments held-to-maturity	(22,865)	(104,174)
Dividend received from:		
- Financial assets held-for-trading	754	798
- Financial investments available-for-sale	4,394	2,472
Net proceed from liquidation of a subsidiary	7	201
Interest received from financial assets held-for-trading, financial investments available-for-sale, financial investments held-to-maturity and derivative financial instruments	82,586	48,453
Interest expenses paid on derivative financial instruments	(8,049)	(3,528)
Proceeds from disposal of property and equipment	7	-
Purchase of property and equipment	(1,614)	(907)
Purchase of intangible assets	(3,465)	(540)
Net cash used in investing activities	(157,538)	(536,709)
<u>Cash flows from financing activities</u>		
Interest paid on subordinated obligations	(1,314)	-
Proceeds from subordinated obligations	49,810	-
Dividend paid	(36,175)	-
Cash received from ESOS exercised	1,740	3,149
Cash received from disposal of treasury shares	7,386	347
Net cash generated from financing activities	21,447	3,496
Net changes in cash and cash equivalents during the financial year	(310,451)	116,634
Effect of exchange rate changes	(4)	-
Cash and cash equivalents at beginning of the financial year	782,208	665,574
Cash and cash equivalents at end of the financial year	471,753	782,208
Cash and cash equivalents comprise:		
Cash and short term funds	471,753	782,208

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HONG LEONG CAPITAL BERHAD
(Company Number 213006-U)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	The Company	
	30/06/2015	30/06/2014
	RM'000	RM'000
<u>Cash flows from operating activities</u>		
Profit/(loss) before taxation	18,896	(30,393)
<u>Adjustments for non-cash items:</u>		
- Net unrealised loss on financial assets held-for-trading	-	8
- Net unrealised gain on derivative financial instruments	-	(8,867)
- Interest income	(21)	(170)
- Gain on liquidation of a subsidiary	-	(201)
- Dividend income from:		
- Financial assets held-for-trading	-	(77)
- Financial investments available-for-sale	(3,784)	(1,947)
- Subsidiary companies	(89,079)	(9,133)
- Allowance for impairment on subsidiary	72,666	49,939
	<u>(20,218)</u>	<u>29,552</u>
Operating loss before changes in working capital	(1,322)	(841)
Decrease in deposits and placements with banks and other financial institutions	-	360
Decrease in financial investments held-for-trading	-	406
Decrease/(increase) in other assets	131	(798)
Decrease in other liabilities	(25)	(1,364)
Cash used in operating activities	(1,216)	(2,237)
- Net income tax (paid)/refund	(31)	1,333
- Interest received	21	170
Net cash used in operating activities	(1,226)	(734)
<u>Cash flows from investing activities</u>		
Increase in financial investments available-for-sale	(73,226)	(59,960)
Dividend received from:		
- Financial assets held-for-trading	-	77
- Financial investments available-for-sale	3,694	1,947
- Subsidiaries	96,079	1,600
Investment in subsidiary company	-	(20,000)
Net proceed from liquidation of a subsidiary	-	201
Net cash generated from/(used in) investing activities	26,547	(76,135)
<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	347
Dividend paid	(36,205)	-
Net cash (used in)/generated from financing activities	(27,390)	1,776

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
(Company Number 213006-U)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	The Company	
	30/06/2015	30/06/2014
	RM'000	RM'000
Net changes in cash and cash equivalents during the financial year	(2,069)	(75,093)
Cash and cash equivalents at beginning of the financial year	2,293	77,386
Cash and cash equivalents at end of the financial year	224	2,293
Cash and cash equivalents comprise:		
Cash and short term funds	224	2,293

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 YEAR ENDED 30 JUNE 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 30 June 2015 have been prepared under the historical cost convention, as modified by the revaluation of financial investments available-for-sale, and financial assets/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:

- Amendments to MFRS 132 "Offsetting Financial Assets and Financial Liabilities"
- Amendments to MFRS 136 "Recoverable Amount Disclosures for Non-Financial Assets"
- Amendments to MFRS 139 "Novation of Derivatives and Continuation of Hedge Accounting"
- Amendments to MFRS 10, MFRS 12 and MFRS 127 "Investment entities"
- Amendments to MFRS 119 "Employee benefits"
- IC Interpretation 21 "Levies"
- Annual Improvement 2010 - 2012
- Annual Improvement 2011 - 2013

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 June 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 30 June 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 30 June 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 30 June 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	30.06.2015
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 year ended 30 June 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 30 June 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.

HLCB Q4 (30.06.15)

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 30 June 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.

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	
	As at 30/06/2015 RM'000	As at 30/06/2014 RM'000
Money market instruments		
Malaysian Government Securities	30,772	-
Negotiable instruments of deposits	-	403,428
Bankers' acceptances	426,775	316,639
	457,547	720,067
Quoted securities		
In Malaysia:		
Shares	21,597	8,360
Unit trust investment	-	2,173
	21,597	10,533
Unquoted securities		
Foreign currency bonds	62,718	33,777
Private and Islamic debt securities	379,023	106,060
	441,741	139,837
	920,885	870,437

12. Financial investments available-for-sale

	The Group		The Company	
	As at 30/06/2015 RM'000	As at 30/06/2014 RM'000	As at 30/06/2015 RM'000	As at 30/06/2014 RM'000
Money market instruments				
Malaysian Government Securities	102,399	30,512	-	-
Malaysian Government Investment Issues	80,368	139,398	-	-
Cagamas bonds	15,051	15,063	-	-
	197,818	184,973	-	-
Quoted securities				
In Malaysia:				
Shares	15,000	-	-	-
Unit trust investment	144,118	108,703	133,130	59,975
	159,118	108,703	133,130	59,975
Unquoted securities				
Shares	245	245	-	-
Foreign currency bonds	199,674	72,619	-	-
Private and Islamic debt securities	401,459	378,748	-	-
	601,378	451,612	-	-
	958,314	745,288	133,130	59,975

13. Financial investments held-to-maturity

	The Group	
	As at 30/06/2015 RM'000	As at 30/06/2014 RM'000
Money market instruments		
Malaysian Government Securities	51,097	51,316
Malaysian Government Investment Issues	20,397	25,517
Negotiable instruments of deposits	-	51,499
	71,494	128,332
Unquoted securities		
Foreign currency bonds	248,387	194,666
Private and Islamic debt securities	60,374	35,415
	308,761	230,081
	380,255	358,413

14. Loans and advances

	The Group	
	As at 30/06/2015 RM'000	As at 30/06/2014 RM'000
Term loan financing	143,066	140,112
Share margin financing	183,183	291,384
Staff loans	78	100
Other loans	659	1,319
Gross loans and advances	326,986	432,915
Allowance for impaired loans and advances:		
- individual assessment allowance	(111)	(194)
- collective assessment allowance	(892)	(1,307)
Net loans and advances	325,983	431,414

14a. By type of customer

Domestic business enterprises		
- Small and medium enterprises	45,111	72,653
- Others	158,948	115,866
Individuals	122,927	244,144
Foreign entities	-	252
Gross loans and advances	326,986	432,915

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14. Loans and advances (continued)

	The Group	
	As at 30/06/2015 RM'000	As at 30/06/2014 RM'000
14b. <u>By interest rate sensitivity</u>		
Fixed rate		
- Staff housing loans	78	83
- Other fixed rate loan	659	47,353
Variable rate		
- Cost plus	326,249	385,479
Gross loans and advances	326,986	432,915
14c. <u>By residual contractual maturity</u>		
Maturity within one year	276,377	365,350
More than one year to three years	30,703	3
More than three years to five years	19,829	67,479
More than five years	77	83
Gross loans and advances	326,986	432,915
14d. <u>By geographical distribution</u>		
Malaysia	326,986	432,915
14e. <u>By economic purpose</u>		
Purchase of securities	222,890	291,384
Working capital	103,359	140,112
Purchase of transport vehicles	112	157
Purchase of landed properties	625	1,256
Others	-	6
Gross loans and advances	326,986	432,915
14f. Movements in impaired loans and advances ("impaired loans") are as follows:		
At 1 July	853	1,123
Impaired during the year	3	156
Amount written-back during the year	(233)	(426)
At 30 June	623	853
% of impaired loans to total loans and advances, net of individual assessment allowance	0.2%	0.2%
14g. <u>Impaired loans and advances by geographical distribution</u>		
Malaysia	623	853
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	623	853

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14. Loans and advances (continued)

	The Group	
	As at 30/06/2015 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 year	-	2
Allowance written-back during the year	(83)	(60)
At 30 June	<u>111</u>	<u>194</u>
<u>Collective assessment allowance</u>		
At 1 July	1,307	738
Allowance (written-back)/made during the year	(415)	569
At 30 June	<u>892</u>	<u>1,307</u>

15. Clients' and brokers' balances

	The Group	
	As at 30/06/2015 RM'000	As at 30/06/2014 RM'000
Performing accounts	197,035	287,185
Impaired accounts	1,532	956
	<u>198,567</u>	<u>288,141</u>
Less: Individual assessment allowance	(361)	(370)
Collective assessment allowance	(23)	(15)
	<u>198,183</u>	<u>287,756</u>

16. Other assets

	The Group		The Company	
	As at 30/06/2015 RM'000	As at 30/06/2014 RM'000	As at 30/06/2015 RM'000	As at 30/06/2014 RM'000
Amount due from subsidiary companies	-	-	620	7,400
Amount due from related companies	-	49	-	49
Deposits and prepayments	5,508	5,567	56	13
Fee income receivable	7,123	33,943	-	-
Collaterals pledged for derivative transactions	8,965	4,672	-	-
Other receivables	3,093	2,489	90	345
Manager's stocks and consumables	28	287	-	-
	<u>24,717</u>	<u>47,007</u>	<u>766</u>	<u>7,807</u>

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17. Deposits from customers

	The Group	
	As at	As at
	30/06/2015	30/06/2014
	RM'000	RM'000
Deposits from customers	841,747	631,566
17a. <u>By type of deposits</u>		
Fixed deposits	841,747	631,566
17b. <u>By type of customer</u>		
Government and statutory bodies	561,996	534,103
Business enterprises	265,602	96,453
Individuals	14,149	1,010
	841,747	631,566

17c. The maturity structure of fixed deposits are as follows:

Due within six months	841,747	631,566
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18. Deposits and placements of banks and other financial institutions

	The Group	
	As at	As at
	30/06/2015	30/06/2014
	RM'000	RM'000
Bank Negara Malaysia	-	96,343
Licensed banks	459,790	553,736
Licensed investment banks	34,384	52,804
Other financial institutions	1,353,217	1,352,077
	1,847,391	2,054,960

19. Derivative financial assets/liabilities

	Contract or		
	underlying	Positive	Negative
	principal	fair	fair
	amount	value	value
	RM'000	RM'000	RM'000
The Group			
30/06/2015			
Interest rate related contracts:			
- Interest rate swaps	4,169,500	6,968	(18,976)
- Futures	301,872	625	(265)
- Cross currency swaps	226,395	2,999	(6,016)
Foreign exchange related contracts:			
- Foreign currency swaps	1,908,226	28,910	(32,165)
- Foreign currency forwards	61,802	457	(6)
- Foreign currency spot	1,166	3	-
Equity related contracts:			
- Call option	8,500	3,097	-
	6,677,461	43,059	(57,428)

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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 30/06/2015 RM'000	As at 30/06/2014 RM'000	As at 30/06/2015 RM'000	As at 30/06/2014 RM'000
Amount due to related companies	125	177	-	7
Remisiers' trust deposits	13,544	13,777	-	-
Advance payments received for corporate exercise	-	416,545	-	-
Other payables and accrued liabilities	60,482	64,935	498	516
Post employment benefits obligation				
- defined contribution plan	144	301	-	-
	<u>74,295</u>	<u>495,735</u>	<u>498</u>	<u>523</u>

21. Interest income

	Current quarter ended 30/06/2015 RM'000	Last year's quarter ended 30/06/2014 RM'000	Current year ended 30/06/2015 RM'000	Last year's ended 30/06/2014 RM'000
The Group				
Loan and advances	6,419	4,459	24,739	16,627
Money at call and deposits placements with banks and other financial institutions	2,025	5,351	15,058	25,825
Financial assets held-for-trading	12,175	4,688	39,396	19,554
Financial investments available-for-sale	6,242	6,152	28,042	19,127
Financial investments held-to-maturity	2,807	2,994	11,225	13,758
Derivative financial instruments	1,348	596	4,276	2,729
Others	1,935	1,407	8,482	4,866
Total interest income	32,951	25,647	131,218	102,486
The Company				
Money at call and deposits placements with banks and other financial institutions	1	8	21	170

22. Interest expense

	Current quarter ended 30/06/2015 RM'000	Last year's quarter ended 30/06/2014 RM'000	Current year ended 30/06/2015 RM'000	Last year's ended 30/06/2014 RM'000
The Group				
Deposits and placements of banks and other financial institutions	3,637	3,289	16,784	15,979
Deposits from customers	16,205	11,855	61,045	45,946
Derivative financial instruments	3,331	1,680	8,937	6,650
Subordinated notes	653	-	1,698	-
Others	124	176	519	477
Total interest expense	23,950	17,000	88,983	69,052

23. Non-interest income

	Current quarter ended 30/06/2015 RM'000	Last year's quarter ended 30/06/2014 RM'000	Current year ended 30/06/2015 RM'000	Last year's ended 30/06/2014 RM'000
The Group				
(a) Fee income:				
Fee on loans and advances	124	241	1,242	1,284
Arranger fees	2,866	3,736	8,849	15,295
Placement fee	2,445	23,446	8,544	24,521
Guarantee fees	32	532	249	1,314
Corporate advisory fees	2,342	2,810	11,811	8,058
Underwriting Commission	886	1,660	886	2,274
Brokerage commissions	14,480	17,888	58,387	60,576
Commission from futures contracts	195	307	841	1,090
Unit trust fee income	4,388	5,071	16,299	19,437
Other fee income	6,988	3,464	14,066	15,372
	34,746	59,155	121,174	149,221
(b) Net realised gain/(loss) arising from sale/redemption of:				
- Financial assets held-for-trading	3,863	(161)	6,452	(5,116)
- Financial investments available-for-sale	1,238	1,157	3,196	4,480
- Financial investments held-to-maturity	-	-	-	12
- Derivative financial instruments	(2,998)	5,573	(3,391)	9,624
	2,103	6,569	6,257	9,000
(c) Net unrealised gain/(loss) on revaluation of:				
- Financial assets held-for-trading	2,705	1,379	5,697	3,359
- Derivative financial instruments	18,916	(2,925)	(12,814)	3,128
	21,621	(1,546)	(7,117)	6,487
(d) Dividend income from:				
- Financial assets held-for-trading	49	(23)	754	798
- Financial investments available-for-sale	1,390	748	4,484	2,472
	1,439	725	5,238	3,270
(e) Gain/(loss) on disposal of property and equipment	10	(2)	4	(1)
(e) Gain on liquidation of a subsidiary	-	-	2	201
(f) Foreign exchange (loss)/gain	(9,060)	(2,359)	15,335	(11,571)
(g) Other (expense)/income	(117)	116	196	835
Total non-interest income	50,742	62,658	141,089	157,442

23. Non-interest income (continued)

	Current quarter ended 30/06/2015 RM'000	Last year's quarter ended 30/06/2014 RM'000	Current year ended 30/06/2015 RM'000	Last year's ended 30/06/2014 RM'000
The Company				
(a) Net realised gain/(loss) arising from sale of:				
- Financial assets held-for-trading	-	109	179	109
- Financial investments available-for-sale	26	(33)	39	(33)
(b) Net unrealised (loss)/gain on revaluation of:				
- Financial assets held-for-trading	-	(2)	-	(8)
- Derivative financial instruments	-	11,155	-	8,867
(c) Dividend income from:				
- Financial assets held-for-trading	-	25	-	77
- Financial investments available-for sale	1,227	448	3,784	1,947
- Subsidiary companies	-	7,000	89,079	9,133
(d) Gain on liquidation of a subsidiary	-	-	-	201
(e) Other income/(expense)	70	(98)	170	194
	1,323	18,604	93,251	20,487

24. Overhead expenses

	Current quarter ended 30/06/2015 RM'000	Last year's quarter ended 30/06/2014 RM'000	Current year ended 30/06/2015 RM'000	Last year's ended 30/06/2014 RM'000
The Group				
Personnel costs				
- Salaries, bonuses and allowances	21,289	31,998	55,308	63,664
- Option charge arising from ESOS	(50)	(504)	38	159
- Others	1,884	723	10,851	8,479
	23,123	32,217	66,197	72,302
Establishment costs				
- Depreciation of property and equipment	461	486	1,920	2,028
- Amortisation of intangible assets	295	165	881	553
- Rental of premises	1,517	1,543	6,251	6,498
- Information technology expenses	1,563	1,894	5,526	6,459
- Others	638	731	3,392	3,429
	4,474	4,819	17,970	18,967

24. Overhead expenses (continued)

	Current quarter ended 30/06/2015 RM'000	Last year's quarter ended 30/06/2014 RM'000	Current year ended 30/06/2015 RM'000	Last year's ended 30/06/2014 RM'000
The Group (continued)				
Marketing expenses				
- Advertisement and publicity	25	268	365	1,068
- Entertainment and business improvement	450	530	2,546	1,941
- Others	90	106	300	658
	565	904	3,211	3,667
Administration and general expenses				
- Management fees	1,247	1,121	4,113	3,898
- Communication expenses	406	424	1,653	1,609
- Property and equipment written off	146	1	146	1
- Auditors' remuneration				
- Statutory audit	82	69	385	383
- Regulatory related fee	33	16	50	49
- Tax compliance fee	17	13	17	13
- Other fees	175	200	175	200
- Legal and professional fees	1,107	1,170	4,180	4,015
- Others	1,912	1,549	7,434	7,129
	5,125	4,563	18,153	17,297
	33,287	42,503	105,531	112,233
The Company				
Personnel costs				
- Salaries, bonuses and allowances	(5)	19	154	90
- Others	80	63	267	245
	75	82	421	335
Establishment costs				
- Information technology expenses	1	17	10	28
- Others	20	24	56	74
	21	41	66	102
Marketing expenses				
- Advertisement and publicity	-	2	4	5
- Others	1	5	5	6
	1	7	9	11
Administration and general expenses				
- Management fees	56	76	289	267
- Communication expenses	4	1	7	9
- Auditors' remuneration				
- Statutory audit	26	18	61	64
- Regulatory related fee	8	-	11	11
- Tax compliance fee	4	4	4	4
- Other fees	-	1	-	1
- Legal and professional fees	1	5	369	8
- Others	128	(100)	473	299
	227	5	1,214	663
	324	135	1,710	1,111

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

	Current quarter ended 30/06/2015 RM'000	Last year's quarter ended 30/06/2014 RM'000	Current year ended 30/06/2015 RM'000	Last year's ended 30/06/2014 RM'000
The Group				
Write-back of/(allowance for) losses on impaired loans and advances:				
Individual assessment allowance				
- made during the year	-	-	-	(2)
- written-back during the year	-	1	83	60
Collective assessment allowance written-back/ (made) during the year	742	(230)	415	(569)
Bad debts on clients' and brokers' balances				
- recovered	110	31	110	57
Write-back of/(allowance for) losses on clients' and brokers' balances:				
Individual assessment allowance				
- made during the year	122	(20)	(97)	(119)
- written-back during the year	81	(4)	106	127
Collective assessment allowance (made)/ written back/during the year	(10)	14	(8)	18
Write-back of/(allowance for) losses on fee income receivables:				
Individual assessment allowance				
- made during the year	-	(85)	-	(85)
- written-back during the year	11	-	106	153
	1,056	(293)	715	(360)
The Company				
Allowance for impairment on subsidiary	-	(49,939)	(72,666)	(49,939)

HLCB Q4 (30.06.15)**26. Commitments and contingencies**

	As at 30/06/2015 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	1,781	23
- maturity over one year	2,719	-
Any commitments that are unconditionally cancelled at any time by the bank without prior notice		
- maturity less than one year	722,877	627,233
	735,377	947,035
Derivative financial instruments		
Interest rate related contracts:		
- One year or less	1,555,070	724,036
- Over one year to five years	2,617,697	2,246,000
- Over five years	525,000	-
Foreign exchange related contracts		
- One year or less	1,971,194	1,537,569
Equity related contracts		
- Over one year to five years	8,500	11,500
	6,677,461	4,519,105
	7,412,838	5,466,140

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
30.06.2015	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets held-for-trading	21,597	899,288	-	920,885
- Money market instruments	-	457,547	-	457,547
- Quoted securities	21,597	-	-	21,597
- Unquoted securities	-	441,741	-	441,741
Financial investments available-for-sale	159,118	798,951	245	958,314
- Money market instruments	-	197,818	-	197,818
- Quoted securities	159,118	-	-	159,118
- Unquoted securities	-	601,133	245	601,378
Derivative financial assets	-	43,059	-	43,059
	180,715	1,741,298	245	1,922,258

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27. Fair value of financial instruments (continued)

Determination of fair value and fair value hierarchy (continued)

The Group 30.06.2015	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial liability				
Derivative financial liabilities	-	57,428	-	57,428
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 30.06.2015				
Financial asset				
Financial investments available-for-sale				
- Quoted securities	133,130	-	-	133,130
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	
	30.06.2015 RM'000	30.06.2014 RM'000
As at 1 July	245	686
Redeemed during the year	-	(441)
As at 30 June	245	245

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28. Capital adequacy

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

	HLIB 30/06/2015	HLIB 30/06/2014
Before deducting proposed dividends:		
Common equity tier 1 ("CET1") capital ratio	23.683%	20.108%
Tier 1 capital ratio	23.683%	20.108%
Total capital ratio	27.355%	20.259%
After deducting proposed dividends: ⁽¹⁾		
CET1 capital ratio	20.832%	16.401%
Tier 1 capital ratio	20.832%	16.401%
Total capital ratio	24.504%	16.552%

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

	HLIB 30/06/2015 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
Retained profits	22,742	38,903
Other reserves	198,645	179,789
Less: goodwill and intangibles	(32,535)	(29,978)
Less: deferred tax assets	(95,002)	(103,671)
Less: investment in subsidiary companies	(154)	(77)
Less: 55% of cumulative gains of financial instruments available-for-sale	(978)	-
Total CET1 capital	345,668	337,916
Tier-1 capital		
	345,668	337,916
Tier-2 capital		
Redeemable preference shares	-	1,631
Collective assessment allowance ⁽²⁾ and regulatory reserve ⁽³⁾	3,825	1,204
Subordinated obligations	50,000	-
Regulatory adjustments:		
- Investment in subsidiary companies	(230)	(306)
Total Tier 2 capital	53,595	2,529
Total capital	399,263	340,445

Note:

(1) Proposed dividends of RM41,600,000 (2014: RM62,295,000).

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

(3) Includes the qualifying regulatory reserve for non-impaired loans and advances of RM3,031,000 (2014: RM Nil).

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28. Capital adequacy (continued)

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

	HLIB 30/06/2015 RM'000	HLIB 30/06/2014 RM'000
Credit risk	678,033	896,087
Market risk	483,713	571,557
Operational risk	297,840	212,853
	<u>1,459,586</u>	<u>1,680,497</u>

29. Segmental reporting

(a) Segment information by activities for the financial period ended 30 June 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
<u>30 June 2015</u>					
REVENUE & EXPENSES					
Revenue					
Net Interest income	41,910	304	21	-	42,235
Non interest income	116,315	16,316	156,383	(147,925)	141,089
Results					
Profit/(loss) from operations	73,431	(279)	154,449	(149,093)	78,508
Taxation					(2,173)
Profit after taxation					76,335
<u>30 June 2014</u>					
REVENUE & EXPENSES					
Revenue					
Net Interest income	32,675	551	208	-	33,434
Non interest income	160,406	19,440	49,153	(71,557)	157,442
Results					
Profit/(loss) from operations	68,381	3,084	47,996	(41,178)	78,283
Taxation					40,527
Profit after taxation					118,810

(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.

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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, a wholly-owned subsidiary of Hong Leong Investment Bank Berhad ("HLIB"), which in turn a wholly-owned subsidiary of HLCB was dissolved on 1 July 2014.
- (b) HL Asset Management Pte. Ltd., a wholly-owned subsidiary of Hong Leong Asset Management Bhd, which in turn a wholly-owned subsidiary of HLCB was struck off from the Register by the Registrar of Companies with effect from 20 November 2014.
- (c) RC Nominees (Asing) Sdn Bhd, a wholly-owned subsidiary of HLIB which in turn a wholly-owned subsidiary of HLCB, was dissolved on 5 June 2015.

32. Capital commitments

Capital commitments for the purchase of property and equipment as at 30 June 2015 is RM7.7 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 June 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.

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

1. Performance review

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

The group recorded a lower profit before tax ("PBT") of RM27.5 million for the 4th quarter June 2015 as compared to RM28.5 million in the previous year corresponding quarter. This is mainly due to lower contribution from its fund management and unit trust management segment and investment banking and stockbroking segment.

Investment banking and stockbroking

The investment banking and stockbroking segment recorded a lower PBT of RM26.5 million for the 4th quarter June 2015 as compared to previous year corresponding quarter of RM26.9 million mainly due to lower contribution from its Equity Markets and Stocking divisions, offset by higher contribution from its Treasury and Markets and Debt Markets division.

Fund management and unit trust management

Fund management and unit trust management recorded loss before tax ("LBT") of RM86 thousand for the 4th quarter June 2015 as compared to a PBT of RM0.5 million in previous year corresponding quarter, mainly due to lower net contribution from management fee income in this quarter.

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

The group recorded a marginal higher PBT of RM78.5 million for the financial period ended June 2015 as compared to RM78.3 million in the previous financial period, higher by 0.3%. 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 7.4% as compared to previous year corresponding period of RM68.4 million mainly due to higher contribution from its Investment Banking and Stockbroking division.

Fund management and unit trust management

Fund management and unit trust management recorded a LBT of RM0.3 million for the financial period ended June 2015 as compared to a PBT of RM3.1 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 30 June 2015, the Group reported a higher PBT of RM27.5 million compared to RM16.7 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 RM26.5 million for the 4th quarter June 2015 as compared to preceding financial quarter of RM16.4 million mainly due to higher contribution from its Treasury and Markets division.

Fund management and unit trust management

The fund management and unit trust management segment recorded a LBT of RM86 thousand for 4th quarter June 2015 as compared to RM0.5 million in preceding financial quarter. Lower LBT in current quarter mainly due to higher 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 2016 with improving profitability via diversification of income source from more extensive investment banking activities.

3. Variance in profit forecast and shortfall in profit guarantee

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

4. Taxation

The Group	Financial quarter ended		Financial year ended	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
- Current	79	46	90	730
- (Over)/under provision in prior years	(62)	67	(41)	67
Deferred taxation	<u>2,116</u>	<u>(21,066)</u>	<u>2,124</u>	<u>(41,324)</u>
	<u>2,133</u>	<u>(20,953)</u>	<u>2,173</u>	<u>(40,527)</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 30 June 2015.

HLCB Q4 (30.06.15)**7. Subordinated obligations**

	The Group	
	As at 30/06/2015	As at 30/06/2014
RM50.0 million Tier 2 subordinated notes, at par	50,000	-
Add: Interest payable	407	-
	50,407	-
Less: Unamortised discounts	(213)	-
	50,194	-

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 30 June 2015:

The Group	Principal amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
Interest rate related contracts			
(i) Less than 1 year	1,555,070	3,115	(1,103)
(ii) 1 year to 3 years	1,766,697	4,379	(11,478)
(iii) More than 3 years	1,376,000	3,098	(12,676)
Foreign exchange related contracts			
(i) Less than 1 year	1,971,194	29,370	(32,171)
Equity related contracts			
(iii) More than 3 years	8,500	3,097	-
	6,677,461	43,059	(57,428)

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

A final single-tier dividend of 8.5 sen per share has been proposed for the current quarter.

Amount per share:	8.5 sen.
Previous corresponding quarter:	15.0 sen.
Payment date:	To be announced later.
Entitlement date:	To be announced later.

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	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
The Group				
Net profit attributable to equity holders of the Company (RM'000):	25,379	49,462	76,335	118,810
Weighted average number of ordinary shares in issue ('000):	241,283	239,493	240,994	237,963
Basic earnings per share (sen)	10.5	20.7	31.7	49.9

HLCB Q4 (30.06.15)**11. Earnings per share ("EPS") (continued)****(a) Basic earnings per share (continued)**

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

	Financial quarter ended		Financial period ended	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
The Company				
Net profit attributable to equity holders of the Company (RM'000):	982	(31,326)	18,848	(30,790)
Weighted average number of ordinary shares in issue ('000):	241,388	239,500	241,185	238,760
Basic earnings per share (sen)	0.4	(13.1)	7.8	(12.9)

(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	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
The Group				
Basic weighted average number of shares in issue ('000)	241,283	239,493	240,994	237,963
Number of potential ordinary shares ('000)	-	1,330	-	1,330
Diluted weighted average number of shares ('000)	241,283	240,823	240,994	239,293
Net profit attributable to shareholders of the Company (RM'000):	25,379	49,462	76,335	118,810
Diluted weighted average number of shares ('000)	241,283	240,823	240,994	239,293
Diluted earnings per share (sen)	10.5	20.5	31.7	49.7
The Company				
Basic weighted average number of shares in issue ('000)	241,388	239,500	241,185	238,760
Number of potential ordinary shares ('000)	-	1,330	-	1,330
Diluted weighted average number of shares ('000)	241,388	240,830	241,185	240,090
Net profit attributable to shareholders of the Company (RM'000):	982	(31,326)	18,848	(30,790)
Diluted weighted average number of shares ('000)	241,388	240,830	241,185	240,090
Diluted earnings per share (sen)	0.4	(13.0)	7.8	(12.8)

HLCB Q4 (30.06.15)**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 30/06/2015 RM'000	As at 30/06/2014 RM'000
The Group		
Total retained profit		
- Realised	364,340	232,928
- Unrealised		
- in respect of deferred tax recognised in the profit or loss	95,451	98,188
- in respect of other items of income and expense	51,519	25,752
	511,310	356,868
Less : Consolidation adjustment	(216,845)	(90,966)
	294,465	265,902
The Company		
Total retained profit		
- Realised	162,897	172,310
- Unrealised		
- in respect of deferred tax recognised in the profit or loss	13	-
	162,910	172,310

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 August 2015.