

Condensed Financial Statements
Hong Leong Bank Berhad
Audited Balance Sheet As At 30 June 2006

		The Group		The Bank	
	Note	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000
ASSETS					
Cash and short-term funds		13,565,015	11,124,578	12,294,079	11,125,551
Deposits and placements with financial institutions		1,484,812	3,537,614	1,844,812	3,537,614
Securities purchased under resale agreements		4,496,814	9,928,492	4,496,814	9,928,492
Securities held at fair value through profit and loss	8	3,881,514	2,660,197	3,752,487	2,660,197
Securities available-for-sale	9	5,824,132	2,348,500	5,645,608	2,348,500
Securities held-to-maturity	10	1,029,789	1,003,385	440,452	1,003,385
Loans, advances and financing	11	28,618,868	25,582,735	24,671,107	25,578,044
Other assets	12	388,481	325,442	363,844	323,096
Statutory deposits with Bank Negara Malaysia		881,524	839,600	718,100	839,600
Investment in subsidiary companies		-	-	522,041	72,041
Property, plant and equipment		252,000	244,392	235,513	229,835
Deferred tax assets		173,301	114,778	154,238	114,778
Total Assets		60,596,250	57,709,713	55,139,095	57,761,133
LIABILITIES AND SHAREHOLDERS' FUNDS					
Deposits from customers	13	44,276,122	39,916,490	39,058,948	39,990,690
Deposits and placements of banks and other financial institutions	14	2,796,260	2,066,162	2,661,259	2,066,162
Obligations on securities sold under repurchase agreements		6,872,399	9,521,596	6,872,399	9,521,596
Bills and acceptance payable		546,209	568,895	541,557	564,897
Floating rate certificate of deposits.		-	417,916	-	417,916
Other liabilities	15	934,706	780,138	935,051	797,906
Subordinated Bonds		704,049	-	704,049	-
Provision for taxation		85,596	36,520	30,504	-
Total Liabilities		56,215,341	53,307,717	50,803,767	53,359,167
Share Capital		1,580,107	1,580,107	1,580,107	1,580,107
Reserves		3,291,827	3,096,264	3,246,246	3,096,234
Less: Treasury Shares		(491,025)	(274,375)	(491,025)	(274,375)
Total Shareholders' Funds		4,380,909	4,401,996	4,335,328	4,401,966
Total Liabilities and Shareholders' Funds		60,596,250	57,709,713	55,139,095	57,761,133
COMMITMENTS AND CONTINGENCIES					
	26	48,083,936	38,380,331	47,656,567	38,376,333
CAPITAL ADEQUACY					
Before deducting proposed dividends					
Core capital ratio	21	13.76%	15.84%	15.78%	15.85%
Risk-weighted capital ratio	21	17.52%	17.37%	17.96%	17.11%
After deducting proposed dividends					
Core capital ratio	21	13.24%	15.21%	15.18%	15.22%
Risk-weighted capital ratio	21	17.00%	16.74%	17.37%	16.48%
Net asset per share attributable to ordinary equity holders of the parent (RM) *		2.95	2.88	2.92	2.88

* The Net assets per share attributable to ordinary equity holders of the parent (RM) is computed as Total Shareholders' Funds (excluding Minority Interest) divided by total number of ordinary shares in circulation

Hong Leong Bank Berhad

**Condensed Financial Statements
Audited Income Statement
For The Financial Quarter Ended 30 June 2006**

The Group

	Note	Current Quarter Ended 30/06/2006 RM'000	Corresponding Quarter Ended 30/06/2005 RM'000	Current Year Ended 30/06/2006 RM'000	Corresponding Year Ended 30/06/2005 RM'000
Interest income	16	640,117	557,343	2,387,996	2,135,614
Interest expense	17	(360,702)	(316,923)	(1,374,457)	(1,162,244)
Net interest income		279,415	240,420	1,013,539	973,370
Net income from Islamic Banking business		42,369	53,134	166,711	151,058
Other operating income	18	128,856	63,838	450,483	330,808
Net Income		450,640	357,392	1,630,733	1,455,236
Other operating expenses	19	(148,694)	(151,921)	(607,684)	(575,695)
Operating profit before provision Allowance for losses on loans, advances and financing	20	301,946	205,471	1,023,049	879,541
Impairment loss - securities		(6,670)	-	(9,709)	-
Profit before taxation (and zakat)		201,263	155,150	764,241	713,435
Taxation		(56,329)	(42,777)	(214,272)	(199,951)
Zakat		(9)	(15)	(49)	(45)
Profit after taxation		144,925	112,358	549,920	513,439
Profit attributable to shareholders		144,925	112,358	549,920	513,439
Earnings per share - basic (sen)		9.6	7.2	36.4	32.8
Earnings per share - fully diluted (sen)		9.6	7.2	36.4	32.8

Hong Leong Bank Berhad
Condensed Financial Statements
Audited Income Statement
For The Financial Quarter Ended 30 June 2006

The Bank

	Note	Current Quarter Ended 30/06/2006 RM'000	Corresponding Quarter Ended 30/06/2005 RM'000	Current Year Ended 30/06/2006 RM'000	Corresponding Year Ended 30/06/2005 RM'000
Interest income	16	644,120	556,971	2,411,860	2,080,936
Interest expense	17	(364,947)	(317,250)	(1,399,487)	(1,137,121)
Net interest income		279,173	239,721	1,012,373	943,815
Net income from Islamic Banking business		-	53,134	-	147,334
Other operating income	18	129,076	91,792	450,059	1,165,684
Net Income		408,249	384,647	1,462,432	2,256,833
Other operating expenses	19	(129,955)	(152,023)	(527,390)	(570,085)
Operating profit before provision Allowances for losses on loans and financing	20	278,294 (86,973)	232,624 (48,245)	935,042 (228,214)	1,686,748 (165,434)
Impairment loss - securities		(6,670)	-	(9,709)	-
Profit before taxation (and zakat)		184,651	184,379	697,119	1,521,314
Taxation		(49,888)	(43,739)	(194,563)	(421,769)
Zakat		-	(15)	-	(45)
Profit after taxation		134,763	140,625	502,556	1,099,500
Profit attributable to shareholders		134,763	140,625	502,556	1,099,500
Earnings per share - basic (sen)		8.9	9.0	33.2	70.3
Earnings per share - fully diluted (sen)		8.9	9.0	33.2	70.3

Condensed Financial Statements
Hong Leong Bank Berhad
Statement of Changes in Equity For The Financial Year Ended 30 June 2006

The Group	← Non-distributable →					Distributable		Total RM'000	
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Fair Value Reserve RM'000	Exchange Fluctuation Reserve RM'000	Merger Deficit RM'000	Retained Profit RM'000		Treasury Shares RM'000
As at 1 July 2005									
As previously stated	1,580,107	539,664	1,479,216	-	36,153	-	1,040,133	(274,375)	4,400,898
Prior Year Adjustment	-	-	-	5,279	-	-	(4,181)	-	1,098
As at 1 July 2005, as restated	1,580,107	539,664	1,479,216	5,279	36,153	-	1,035,952	(274,375)	4,401,996
<i>Currency translation differences</i>	-	-	-	-	(790)	-	-	-	(790)
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	-	(790)	-	-	-	(790)
Net profit for the period	-	-	-	-	-	-	549,920	-	549,920
Transfer to statutory reserve	-	-	147,187	-	-	-	(147,187)	-	-
Dividend paid	-	-	-	-	-	-	(268,680)	-	(268,680)
Purchase of treasury shares	-	-	-	-	-	-	-	(216,650)	(216,650)
Net fair value changes in available for sale securities	-	-	-	(84,887)	-	-	-	-	(84,887)
Closing Balance @ 30 June 2006	1,580,107	539,664	1,626,403	(79,608)	35,363	-	1,170,005	(491,025)	4,380,909
As at 1 July 2004									
As previously stated	1,580,107	539,664	1,716,919	-	34,303	(73,800)	628,305	-	4,425,498
Prior Year Adjustment	-	-	-	1,726	-	-	2,114	-	3,840
As at 1 July 2004, as restated	1,580,107	539,664	1,716,919	1,726	34,303	(73,800)	630,419	-	4,429,338
<i>Currency translation differences</i>	-	-	-	-	1,850	-	-	-	1,850
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	-	1,850	-	-	-	1,850
Net profit for the period	-	-	-	-	-	-	513,439	-	513,439
Transfer to statutory reserve	-	-	(237,703)	-	-	-	237,703	-	-
Dividend paid	-	-	-	-	-	-	(271,809)	-	(271,809)
Realisation of Merger Deficit	-	-	-	-	-	73,800	(73,800)	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	(274,375)	(274,375)
Net fair value changes in available for sale securities	-	-	-	3,553	-	-	-	-	3,553
Closing Balance @ 30 June 2005	1,580,107	539,664	1,479,216	5,279	36,153	-	1,035,952	(274,375)	4,401,996

Condensed Financial Statements
Hong Leong Bank Berhad
Statement of Changes in Equity For The Financial Year Ended 30 June 2006

	← Non-distributable →					Distributable		Total RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Fair value reserve RM'000	Exchange Fluctuation Reserve RM'000	Retained Profit RM'000	Treasury Shares RM'000	
The Bank								
As at 1 July 2005								
As previously stated	1,580,107	539,664	1,479,216	-	36,153	1,040,103	(274,375)	4,400,868
Prior Year Adjustment	-	-	-	5,279	-	(4,181)	-	1,098
As at 1 July 2005, as restated	1,580,107	539,664	1,479,216	5,279	36,153	1,035,922	(274,375)	4,401,966
<i>Currency translation differences</i>	-	-	-	-	(790)	-	-	(790)
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	-	(790)	-	-	(790)
Net profit for the period	-	-	-	-	-	502,556	-	502,556
Transfer to statutory reserve	-	-	125,639	-	-	(125,639)	-	-
Dividend paid	-	-	-	-	-	(268,680)	-	(268,680)
Purchase of treasury shares	-	-	-	-	-	-	(216,650)	(216,650)
Net fair value changes in available for sale securities	-	-	-	(83,074)	-	-	-	(83,074)
Closing Balance @ 30 June 2006	1,580,107	539,664	1,604,855	(77,795)	35,363	1,144,159	(491,025)	4,335,328
As at 1 July 2004								
As previously stated	1,580,107	539,664	1,202,767	-	34,303	482,566	-	3,839,407
Prior Year Adjustment	-	-	-	1,726	-	2,114	-	3,840
As at 1 July 2004, as restated	1,580,107	539,664	1,202,767	1,726	34,303	484,680	-	3,843,247
<i>Currency translation differences</i>	-	-	-	-	1,850	-	-	1,850
Net gain/(loss) not recognised in the profit and loss accounts	-	-	-	-	1,850	-	-	1,850
Net profit for the period	-	-	-	-	-	1,099,500	-	1,099,500
Transfer to statutory reserve	-	-	276,449	-	-	(276,449)	-	-
Dividend paid	-	-	-	-	-	(271,809)	-	(271,809)
Purchase of treasury shares	-	-	-	-	-	-	(274,375)	(274,375)
Net fair value changes in available for sale securities	-	-	-	3,553	-	-	-	3,553
Closing Balance @ 30 June 2005	1,580,107	539,664	1,479,216	5,279	36,153	1,035,922	(274,375)	4,401,966

Hong Leong Bank Berhad
Condensed Financial Statements
Audited Condensed Cash Flow Statement
For The Financial Year Ended 30 June 2006

	The Group		The Bank	
	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000
Operating activities				
Profit before taxation	764,241	713,435	697,119	1,521,314
Adjustments for non-cash items	135,399	121,924	113,972	(716,983)
Operating profit before working capital changes	899,640	835,359	811,091	804,331
Income taxes and zakat paid	(186,715)	(183,026)	(186,114)	(170,196)
Net changes in working capital	5,016,354	(4,228,937)	4,881,274	(886,323)
Net cash flow from operating activities	5,729,279	(3,576,604)	5,506,251	(252,188)
Net cash flow from investing activities	(3,471,543)	1,310,225	(3,072,070)	1,583,736
Net cash flow from financing activities	184,847	(546,184)	184,847	(546,184)
Changes in cash and cash equivalents	2,442,583	(2,812,563)	2,619,028	785,364
Currency translation differences	(2,146)	1,495	(2,078)	1,495
Cash and cash equivalents at the beginning of year	11,124,578	13,935,646	11,125,551	10,166,102
Effect of cash transferred from Gensource Berhad (formerly known as Hong Leong Finance Berhad)	-	-	-	172,590
Effect of cash transferred to Hong Leong Islamic Bank Berhad	-	-	(1,448,422)	-
Cash and cash equivalents at the end of period	13,565,015	11,124,578	12,294,079	11,125,551

HONG LEONG BANK BERHAD ("HLB" or "Bank")

NOTES TO THE AUDITED CONDENSED FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 30 JUNE 2006

1 Basis of preparation

The condensed financial statements of the Group and of the Bank have been prepared in accordance with Financial Reporting Standard ("FRS") 134: Interim Financial Reporting (previously known as MASB 26) issued by the Malaysian Accounting Standard Board ("MASB") and Chapter 9, Part K of the Listing Requirements of the Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's audited annual financial statements for the year ended 30 June 2005.

The accounting policies and methods of computation applied in the audited condensed interim financial statements are consistent with those adopted in the previous audited annual financial statements except for the adoption of the revised guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) issued by Bank Negara Malaysia which became effective for the current financial year. The adoption of the revised BNM/GP8 have resulted in changes in the accounting policies of the Group and the Bank which have been applied retrospectively in this condensed interim financial statements and the details are disclosed in Note 30.

However, the group has been given indulgence by BNM from complying with the requirements on impairment of loans under the revised BNM/GP8 until 1 July 2006. Therefore, the allowance for losses on loans and financing are computed based on the requirements of BNM/GP3 which is consistent with the adoption made in the previous audited annual financial statements.

The adoption of the revised BNM/GP8 has resulted in changes in the accounting policies of the group, which have been applied retrospectively in this audited financial statements.

2 Status of matters giving rise to the auditor's qualified report in the preceding annual financial statements for the year ended 30 June 2005.

There was no qualified report issued by the auditors in the preceding annual financial statements for the year ended 30 June 2005.

3 Seasonality or cyclicity of operations

The business operations of the Group and the Bank have not been affected by any material seasonal and cyclical factors.

4 Exceptional items or unusual events affecting financial statements

There were no exceptional items or unusual events that materially affected the financial statements.

5 Variation from financial estimates reported in preceding financial period/year

There were no changes in estimates of amounts reported in the prior financial year that may have a material effect in the current period.

6 Issuance and repayment of debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial year ended 30 June 2006 other than as mentioned below:-

a) Share Buy-back

During the financial year ended 30 June 2006, the Bank purchased a total of 11,999,800 of its issued share capital from the open market. The shares purchased are being held as treasury shares in accordance with the provision of Section 67A of the Companies Act, 1965.

Details of the shares bought back for the financial year ended 30 June 2006 are as follows:

Month	No of shares bought back	Lowest Price paid RM	Highest price paid RM	Average Price Paid RM	Total Consideration (including transaction cost) RM
July-05	610,000	5.20	5.20	5.20	3,179,862
Aug-05	-	-	-	-	-
Sep-05	-	-	-	-	-
Oct-05	30,000	5.20	5.30	5.25	158,075
Nov-05	2,825,600	4.94	5.15	5.02	14,228,489
Dec-05	3,212,700	4.98	5.10	5.03	16,209,413
Jan-06	-	-	-	-	-
Feb-06	2,502,400	5.10	5.20	5.17	12,966,039
Mar-06	2,819,100	5.10	5.15	5.13	14,492,855
Apr-06	-	-	-	-	-
May-06	-	-	-	-	-
June-06	-	-	-	-	-
For the Period	11,999,800	4.94	5.30	5.09	61,234,733

The total number of shares bought back, all of which were held as treasury shares as at 30 June 2006 amounted to 63,542,500 shares, at an average price per share of RM5.28. None of the treasury shares were resold or canceled to date.

(b) Purchase of shares pursuant to ESOS

A trust has been set up for the ESOS of the Bank and is administered by an appointed trustee. The trustee will be entitled from time to time to accept financial assistance from the Bank upon such terms and conditions as the Bank and the trustee may agree to purchase the Bank's shares from the open market for the purposes of this trust. In accordance to FRS 132: Financial Statements: Presentation and Disclosure, the shares purchased for the benefit of the ESOS holders are recorded as "Treasury Shares", in addition to the Treasury Shares for share buy-back, in the Shareholders' Funds on the Balance Sheet.

(b) Purchase of shares pursuant to ESOS (Continued)

During the financial year, the Bank transferred the remaining 307,400 shares from its previous ESOS scheme at the carrying value of RM5.06 per share to the trust. In addition, the trust bought 30,172,600 shares at an average price of RM5.11 per share. Total consideration paid, including transaction costs was RM154,198,582. As at 30 June 2006, the total number of Treasury Shares for ESOS was 30,480,000 at an average carrying value of RM5.10 per share. There were no ESOS granted during the financial year.

c) Subordinated Bonds

On 3 August 2005, the Bank issued USD200 million in aggregate principal amount of Subordinated Bonds ("the Bonds") due 2015 callable with step-up in 2010. The Bonds bear interest at the rate of 5.25% per annum from, and including 3 August 2005 to, but excluding 3 August 2010 and, thereafter, at a rate per annum equal to the 5 Year US Treasury Rate plus 2.717%. The interest is payable semi-annually in arrears on 3 February and 3 August in each year, commencing on 3 February 2006. The Bonds were issued at a price of 99.848 per cent of the principal amount of the Bonds. The Bonds will, subject to the prior written approval of Bank Negara Malaysia, if required, be redeemable in whole but not in part, at the option of the Bank on 3 August 2010 or in the event of certain changes affecting taxation in Malaysia or any other jurisdiction where the Bank has to pay tax in relation to the Bonds, at their principal amount plus accrued interest.

The Bonds constitute unsecured liabilities of the Bank, and are subordinated in right of payment to the deposit liabilities and all other liabilities of the Bank in accordance with the terms and conditions of the issue and qualify as Tier 2 capital for the purpose of determining the capital adequacy ratio of the Group and the Bank.

7 Dividends Paid

A final dividend of 15.5 sen per share less income tax at 28% in respect of financial year ended 30 June 2005 amounting to RM170.4 million was paid on 30 November 2005. An interim dividend of 9.0 sen per share less income tax at 28% in respect of half- year ended 31 December 2005 amounting to RM98.3 million was paid on 28 March 2006.

8 Securities held at fair value through profit or loss

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000
At Fair Value				
Held- for-trading				
Malaysian Government Treasury Bills	24,652	9,745	16,702	9,745
Malaysian Government Securities	246,604	15,570	246,604	15,570
Other Government Securities	-	98,140	-	98,140
Bank Negara Malaysia (BNM) Bills	69,158	1,427	49,263	1,427
Cagamas bonds	742,369	206,653	742,369	206,653
Bankers' acceptance and Islamic Accepted bills	15,312	538,530	15,312	538,530
Negotiable instruments of deposit	2,592,938	1,670,100	2,491,756	1,670,100
Foreign currency bonds	53,098	-	53,098	-
	<u>3,744,131</u>	<u>2,540,165</u>	<u>3,615,104</u>	<u>2,540,165</u>
Quoted securities :				
Shares in Malaysia	38,802	9,078	38,802	9,078
Unquoted securities :				
Private debt securities	82,826	84,696	82,826	84,696
Designated at fair value				
Loan stocks quoted in Malaysia	15,755	26,258	15,755	26,258
	<u>3,881,514</u>	<u>2,660,197</u>	<u>3,752,487</u>	<u>2,660,197</u>

9 Securities available-for-sale

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000
At Fair Value				
Malaysian Government Investment Certificates	24,615	-	-	-
HK Government Exchange Fund	23,562	23,917	23,562	23,917
Government Treasury Bills	224,115	205,515	224,115	205,515
Malaysian Government Securities	2,764,685	25,293	2,764,685	25,293
Cagamas bonds	1,422,395	1,181,961	1,324,036	1,181,961
Foreign currency bonds	1,003,278	826,974	1,003,278	826,974
	<u>5,462,650</u>	<u>2,263,660</u>	<u>5,339,676</u>	<u>2,263,660</u>
Quoted Securities:				
Shares and convertible loan				
Stocks	99,367	26,333	99,367	26,333
Shares outside Malaysia	-	314	-	314
Unquoted securities :				
Private debt securities	262,115	58,193	206,565	58,193
Total securities available-for-sale	<u><u>5,824,132</u></u>	<u><u>2,348,500</u></u>	<u><u>5,645,608</u></u>	<u><u>2,348,500</u></u>

10 Securities held-to-maturity

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000
At Amortised Cost				
Money market instruments :				
Malaysian Government Securities	239,789	247,191	239,789	247,191
Malaysian Government Investment certificates	155,866	253,797	32,658	253,797
Cagamas bonds	440,359	165,323	-	165,323
Foreign currency bonds	11,039	11,486	11,039	11,486
Foreign currency NCD	-	6,094	-	6,094
Khazanah bonds	4,875	9,027	-	9,027
	<u>851,928</u>	<u>692,918</u>	<u>283,486</u>	<u>692,918</u>
Unquoted securities :				
Shares	27,160	27,161	26,585	27,161
Private debt securities	128,199	235,774	107,879	235,774
Loan stocks	22,502	47,532	22,502	47,532
	<u>177,861</u>	<u>310,467</u>	<u>156,966</u>	<u>310,467</u>
Total securities held-to-maturity	<u><u>1,029,789</u></u>	<u><u>1,003,385</u></u>	<u><u>440,452</u></u>	<u><u>1,003,385</u></u>

11 Loans, Advances and Financing

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000
Overdrafts	2,959,945	3,107,337	2,952,054	3,110,324
Term loans :				
- Housing loans/financing	13,687,545	11,047,892	12,646,072	11,047,892
- Syndicated term loan/financing	1,270,824	1,743,830	1,270,574	1,742,530
- Hire purchase receivables	6,166,419	6,423,928	2,823,033	6,423,928
- Lease receivables	19,450	8,015	-	-
- Other term loans/financing	1,601,129	1,133,781	1,049,224	1,133,781
Credit/charge card receivables	1,204,604	943,832	1,204,604	943,832
Bills receivables	479,948	354,378	479,948	354,378
Trust receipts	153,710	192,550	153,710	192,550
Claims on customers under acceptance credits	2,478,691	2,002,016	2,372,172	1,998,018
Block discounting	19,540	37,137	16,640	37,137
Revolving credits	635,503	580,792	635,503	580,792
Staff loans :				
Directors	-	-	-	-
Staffs other than Directors	117,073	129,145	116,950	129,145
Other loans/financing	61,966	80,222	60,575	80,222
	<u>30,856,347</u>	<u>27,784,855</u>	<u>25,781,059</u>	<u>27,774,529</u>
Unearned interest and income	<u>(1,327,429)</u>	<u>(1,323,989)</u>	<u>(289,477)</u>	<u>(1,323,989)</u>
Gross loans, advances and financing	29,528,918	26,460,866	25,491,582	26,450,540
Allowance for bad and doubtful debts and financing :				
- general	(436,233)	(412,877)	(376,043)	(412,817)
- specific	<u>(473,817)</u>	<u>(465,254)</u>	<u>(444,432)</u>	<u>(459,679)</u>
Net loans, advances and financing	<u>28,618,868</u>	<u>25,582,735</u>	<u>24,671,107</u>	<u>25,578,044</u>

11 Loans, Advances and Financing (continued)

11a By type of customer

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000
Domestic banking institutions	148	153	148	153
Domestic non-bank financial institutions	123,561	65,748	78,340	68,732
Domestic business enterprises				
- Small and medium enterprises	3,746,882	4,577,643	3,437,602	4,569,628
- Others	5,776,117	4,429,596	5,100,581	4,429,596
Government and statutory bodies	114,638	116,132	114,638	116,132
Individuals	18,809,221	16,257,935	15,823,765	16,257,935
Other domestic entities	29,113	49,385	28,060	48,085
Foreign entities	929,238	964,274	908,448	960,279
Gross loans, advances and financing	<u>29,528,918</u>	<u>26,460,866</u>	<u>25,491,582</u>	<u>26,450,540</u>

11 Loans, Advances and Financing (continued)

11b By interest/profit rate sensitivity

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000
Fixed rate				
- Housing loans/financing	3,665,259	3,504,081	3,157,071	3,504,081
- Hire purchase receivables	5,476,042	5,721,525	2,541,057	5,721,525
- Other fixed rate loan/financing	1,871,034	1,449,153	1,489,868	1,439,838
Variable rate				
- Base lending rate plus	15,195,330	14,741,708	15,092,088	14,744,695
- Cost plus	3,223,618	1,037,721	3,117,091	1,037,721
- Other variables rates	97,635	6,678	94,407	2,680
Gross loans, advances and financing	<u>29,528,918</u>	<u>26,460,866</u>	<u>25,491,582</u>	<u>26,450,540</u>

11 Loans, Advances and Financing (continued)

11c By economic sector

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000
Agriculture	310,643	245,910	229,981	245,349
Mining and quarrying	37,146	36,513	33,565	36,480
Manufacturing	2,531,467	2,326,718	2,359,264	2,318,586
Electricity, gas and water	22,640	33,408	14,289	33,408
Construction	643,895	826,888	565,368	826,222
Real Estate	387,432	298,259	347,096	298,259
Purchase of landed properties (of which : - residential	10,448,532	8,445,304	9,965,150	8,445,304
- non-residential)	3,354,428	2,460,381	3,252,766	2,460,381
General commerce	2,108,620	1,862,706	1,935,744	1,862,310
Transport, storage and communication	307,911	273,484	234,414	273,484
Finance, insurance and business services	669,818	559,196	483,486	560,554
Purchase of securities	703,516	838,974	699,941	837,674
Purchase of transport vehicles	4,703,448	4,861,113	2,136,029	4,861,113
Consumption credit	2,548,124	2,119,050	2,530,734	2,119,050
Others	751,298	1,272,962	703,755	1,272,366
Gross loans, advances and financing	<u>29,528,918</u>	<u>26,460,866</u>	<u>25,491,582</u>	<u>26,450,540</u>

11 Loans, Advances and Financing (continued)

11d Non-performing loans by sector

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000
Agriculture	4,405	4,253	4,319	3,880
Mining and quarrying	4,294	2,965	4,294	2,965
Manufacturing	178,329	279,311	175,393	276,940
Electricity, gas and water	280	685	162	685
Construction	107,267	265,392	106,729	264,969
Real estate	93,646	34,291	92,961	34,290
Purchase of landed properties (of which :- residential	337,276	352,820	312,551	352,820
- non-residential)	160,412	126,539	147,368	126,539
General commerce	96,046	121,484	94,206	121,391
Transport, storage and communication	26,788	48,071	26,507	47,904
Finance, insurance and business services	123,336	140,662	122,374	139,610
Purchase of securities	33,461	29,163	31,119	27,863
Purchase of transport vehicles	107,102	132,400	77,355	132,400
Consumption credit	71,278	77,785	70,717	77,785
Others	38,063	41,862	37,909	41,729
	<u>1,381,983</u>	<u>1,657,683</u>	<u>1,303,964</u>	<u>1,651,770</u>

11 Loans, Advances and Financing (continued)

11e Movements in non-performing loans, advances and financing (“NPL”) are as follows :

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000
At beginning	1,657,683	2,148,297	1,651,770	1,143,538
Non-performing during the period/year	3,251,908	2,634,676	3,011,306	2,594,192
Reclassified as performing Amount written back in respect of recoveries	(2,757,428)	(1,971,777)	(2,561,509)	(1,939,560)
Amount written off	(481,956)	(549,610)	(447,873)	(541,864)
Amount vested (to)/from HLIB/ HLF*	(289,745)	(605,675)	(280,814)	(547,204)
	-	-	(70,437)	940,896
Exchange differences	1,521	1,772	1,521	1,772
Closing balance	1,381,983	1,657,683	1,303,964	1,651,770
Specific allowance	(473,817)	(465,254)	(444,432)	(459,679)
Net non-performing loans, advances and financing	908,166	1,192,429	859,532	1,192,091
Net NPL as a % of gross loans, advances and financing less specific allowance	3.1%	4.6%	3.4%	4.6%

* Note : HLIB - Hong Leong Islamic Bank Berhad
HLF - Gensource Berhad (formerly known as Hong Leong Finance Berhad)

11 Loans, Advances and Financing (continued)

11f Movements in allowance for bad and doubtful debts (and financing) accounts are as follows :

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000
<u>General Allowance</u>				
At beginning	412,877	366,955	412,817	248,162
Net provisions made during the year	23,057	45,697	17,936	47,311
Amount vested (to)/from HLIB/HLF*		-	(55,009)	117,119
Exchange differences	299	225	299	225
Closing balance	<u>436,233</u>	<u>412,877</u>	<u>376,043</u>	<u>412,817</u>
As % of gross loans, advances and financing less specific allowance	<u>1.5%</u>	<u>1.6%</u>	<u>1.5%</u>	<u>1.6%</u>
<u>Specific Allowance</u>				
At beginning	465,254	868,043	459,679	516,854
Allowance made during the period/year	386,511	304,207	359,349	292,367
Amount written back in respect of recoveries	(89,250)	(101,309)	(81,767)	(89,323)
Amount written off	(289,746)	(605,675)	(280,814)	(547,204)
Amount transferred to provision for diminution in value	-	(904)	-	(904)
Amount vested (to)/from HLIB/HLF*	-	-	(13,063)	286,997
Exchange differences	1,048	892	1,048	892
Closing balance	<u>473,817</u>	<u>465,254</u>	<u>444,432</u>	<u>459,679</u>

* Note : HLIB - Hong Leong Islamic Bank Berhad
HLF - Gensource Berhad (formerly known as Hong Leong Finance Berhad)

12 Other Assets

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000
Interest/Income receivable	179,322	149,079	167,026	149,079
Other debtors, deposits and prepayments	206,150	170,325	193,809	167,979
Foreclosed properties	3,009	3,159	3,009	3,159
Tax Recoverable	-	2,879	-	2,879
	<u>388,481</u>	<u>325,442</u>	<u>363,844</u>	<u>323,096</u>

13 Deposits from Customers

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000
<u>By type of customer</u>				
Government and statutory bodies	650,612	318,002	215,657	318,002
Business enterprises	14,670,010	13,134,041	11,582,262	13,208,241
Individuals	27,055,017	25,241,952	26,129,670	25,241,952
Others	1,900,483	1,222,495	1,131,359	1,222,495
	<u>44,276,122</u>	<u>39,916,490</u>	<u>39,058,948</u>	<u>39,990,690</u>

14 Deposits and Placements of Banks and Other Financial Institutions

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000
Licensed banks	2,494,760	2,064,412	2,359,759	2,064,412
Other financial institutions	301,500	1,750	301,500	1,750
	<u>2,796,260</u>	<u>2,066,162</u>	<u>2,661,259</u>	<u>2,066,162</u>

15 Other Liabilities

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000
Interest/Profit payable	311,173	301,060	278,153	301,060
Zakat	44	27	-	27
Post employment benefits obligation				
- defined contribution plan	3,443	3,609	3,443	3,609
Loan advance payment	190,450	88,763	187,943	88,763
Amount due to subsidiary companies	-	-	49,725	34,347
Others	429,596	386,679	415,787	370,100
	<u>934,706</u>	<u>780,138</u>	<u>935,051</u>	<u>797,906</u>

16 Interest Income

	4th Quarter Ended		Financial Year Ended	
	30/06/2006	30/06/2005	30/06/2006	30/06/2005
	RM'000	RM'000	RM'000	RM'000
Group				
Loan, advances and financing				
- Interest income other than recoveries from NPLs	317,102	316,269	1,196,132	1,182,603
- Recoveries from NPLs	47,905	42,314	184,550	206,350
Money at call and deposit placements with financial institutions	139,736	87,281	455,495	343,587
Securities purchased under resale agreement	43,994	57,197	215,115	120,816
Securities held-for-trading	40,938	29,734	136,338	122,976
Securities available-for-sale	61,040	22,990	205,827	111,990
Securities held-to-maturity	6,402	8,006	28,589	49,123
Others	(2,397)	11,989	5,573	33,363
	654,720	575,780	2,427,619	2,170,808
Amortisation of premium less accretion of discount	(13,255)	(2,924)	(31,737)	(14,566)
Interest suspended	(1,348)	(15,513)	(7,886)	(20,628)
	640,117	557,343	2,387,996	2,135,614

16 Interest Income (continued)

	4th Quarter Ended		Financial Year Ended	
	30/06/2006 RM'000	30/06/2005 RM'000	30/06/2006 RM'000	30/06/2005 RM'000
Bank				
Loan, advances and financing				
- Interest income other than recoveries from NPLs	306,546	306,546	1,195,222	1,129,414
- Recoveries from NPLs	43,938	43,938	184,550	206,350
Money at call and deposit placements with financial institutions	87,281	87,281	480,116	335,259
Securities purchased under resale agreements	57,197	57,197	215,115	120,816
Securities held-for-trading	29,734	29,734	136,338	122,976
Securities available-for-sale	22,990	(17,338)	205,827	111,990
Securities held-to-maturity	8,006	48,334	28,589	48,334
Others	11,989	11,989	5,573	33,234
	<u>567,681</u>	<u>567,681</u>	<u>2,451,330</u>	<u>2,108,373</u>
Amortisation of premium less accretion of discount	(2,924)	(2,924)	(31,738)	(14,536)
Interest suspended	<u>(7,786)</u>	<u>(7,786)</u>	<u>(7,732)</u>	<u>(12,901)</u>
	<u>556,971</u>	<u>556,971</u>	<u>2,411,860</u>	<u>2,080,936</u>

17 Interest Expense

	4th Quarter Ended		Financial Year Ended	
	30/06/2006	30/06/2005	30/06/2006	30/06/2005
	RM'000	RM'000	RM'000	RM'000
Group				
Deposits and placements of banks and other financial institutions	86,219	76,638	316,963	225,554
Deposits from customers	264,627	238,814	1,021,239	934,382
Subordinated bonds	9,508	-	35,089	-
Others	348	1,471	1,166	2,308
	<u>360,702</u>	<u>316,923</u>	<u>1,374,457</u>	<u>1,162,244</u>

	4th Quarter Ended		Financial Year Ended	
	30/06/2006	30/06/2005	30/06/2006	30/06/2005
	RM'000	RM'000	RM'000	RM'000
Bank				
Deposits and placements of banks and other financial institutions	90,382	77,835	341,663	225,203
Deposits from customers	264,709	239,141	1,021,569	910,807
Subordinated bonds	9,508	-	35,089	-
Others	348	274	1,166	1,111
	<u>364,947</u>	<u>317,250</u>	<u>1,399,487</u>	<u>1,137,121</u>

18 Other Operating Income

	4th Quarter Ended		Financial Year Ended	
	30/06/2006 RM'000	30/06/2005 RM'000	30/06/2006 RM'000	30/06/2005 RM'000
Group				
(a) Fee income :				
Commissions	25,113	21,515	78,966	78,837
Service charges and fees	15,404	6,943	42,450	29,822
Guarantee fees	1,431	1,508	5,656	5,796
Other fee income	46,107	31,320	160,159	131,453
	<u>88,055</u>	<u>61,286</u>	<u>287,231</u>	<u>245,908</u>
(b) Gain/loss arising from sale of securities :				
Net gain from sale of securities held-for-trading	(574)	(3,807)	11,307	8,392
Net gain from sale of securities available-for-sale	(20,660)	1,087	11,154	50,205
Net gain from redemption of securities held-to-maturity	-	1,278	4,277	2,263
	<u>(21,234)</u>	<u>(1,442)</u>	<u>26,738</u>	<u>60,860</u>
(c) Gross dividend income from:				
Subsidiary companies	-	-	-	-
Securities held-for-trading	249	365	813	920
Securities available-for-sale	1,264	132	2,506	953
Securities held to maturity	1,093	1,370	1,834	1,695
	<u>2,606</u>	<u>1,867</u>	<u>5,153</u>	<u>3,568</u>

18 Other Operating Income (continued)

	4th Quarter Ended		Financial Year Ended	
	30/06/2006 RM'000	30/06/2005 RM'000	30/06/2006 RM'000	30/06/2005 RM'000
(d) <u>Unrealised losses on revaluation of securities held-for-trading and derivatives</u>	48,968	(8,143)	57,455	(24,103)
(e) <u>Other income :</u>				
Foreign exchange gain	7,897	8,186	62,444	35,147
Rental income	57	(517)	343	103
Gain on disposal of property and equipment (net)	95	661	634	2,361
Others	2,412	1,940	10,485	6,964
	10,461	10,270	73,906	44,575
Total other operating income	128,856	63,838	450,483	330,808

18 Other Operating Income

	4th Quarter Ended		Financial Year Ended	
	30/06/2006 RM'000	30/06/2005 RM'000	30/06/2006 RM'000	30/06/2005 RM'000
Bank				
(a) Fee income :				
Commissions	25,112	21,515	78,965	78,660
Service charges and fees	15,404	6,943	42,450	28,937
Guarantee fees	1,431	1,508	5,656	5,796
Other fee income	46,121	31,331	160,212	131,423
	<u>88,068</u>	<u>61,297</u>	<u>287,283</u>	<u>244,816</u>
(b) Gain/loss arising from sale of securities :				
Net gain from sale of securities held-for-trading	(574)	(3,807)	11,307	8,392
Net gain from sale of securities available-for-sale	(20,660)	1,087	11,154	48,617
Net gain from redemption of securities held-to-maturity	-	1,278	4,277	1,278
	<u>(21,234)</u>	<u>(1,442)</u>	<u>26,738</u>	<u>58,287</u>
(c) Gross dividend income from:				
Subsidiary companies	-	2,215	-	813,415
Securities held-for-trading	249	365	813	920
Securities available-for-sale	1,264	132	2,506	953
Securities held-to-maturity	1,093	1,370	1,834	1,695
	<u>2,606</u>	<u>4,082</u>	<u>5,153</u>	<u>816,983</u>

18 **Other Operating Income** (continued)

	Financial Year Ended			
	30/06/2006	30/06/2005	30/06/2006	30/06/2005
	RM'000	RM'000	RM'000	RM'000
(d) <u>Unrealised losses on revaluation of securities held-for-trading and derivatives</u>	48,968	(8,143)	57,455	(24,103)
(e) <u>Other income :</u>				
Foreign exchange gain	7,897	8,186	62,444	35,147
Rental income	56	(518)	343	100
Gain on disposal of property and equipment (net)	95	661	634	2,361
Others	2,620	27,669	10,009	32,093
	<u>10,668</u>	<u>35,998</u>	<u>73,430</u>	<u>69,701</u>
Total other operating income	<u><u>129,076</u></u>	<u><u>91,792</u></u>	<u><u>450,059</u></u>	<u><u>1,165,684</u></u>

19 Other Operating Expenses

	4th Quarter Ended		Financial Year Ended	
	30/06/2006 RM'000	30/06/2005 RM'000	30/06/2006 RM'000	30/06/2005 RM'000
Group				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	60,595	66,228	266,447	268,502
- Others	8,506	5,561	23,345	23,121
<u>Establishment costs</u>				
- Depreciation	13,794	14,155	55,576	51,582
- Rental	9,133	12,176	35,305	35,938
- Information technology expenses	11,278	7,515	34,717	24,724
- Others	8,030	4,822	31,705	26,371
<u>Marketing expenses</u>				
- Advertisement and publicity	(7,861)	8,643	16,067	28,910
- Handling fees	2,436	4,321	16,549	14,089
- Others	8,095	5,143	25,281	20,343
<u>Administration and general expenses</u>				
- Teletransmission expenses	2,634	1,145	8,859	5,262
- Stationery & printing	5,866	5,783	17,734	19,978
- Others	26,188	16,429	76,099	56,875
	<u>148,694</u>	<u>151,921</u>	<u>607,684</u>	<u>575,695</u>

19 Other Operating Expenses (continued)

	4th Quarter Ended		Financial Year Ended	
	30/06/2006 RM'000	30/06/2005 RM'000	30/06/2006 RM'000	30/06/2005 RM'000
Bank				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	51,664	66,228	231,662	265,762
- Others	7,353	5,561	20,042	23,121
<u>Establishment costs</u>				
- Depreciation	13,480	14,025	55,051	50,588
- Rental	8,092	11,279	31,455	35,730
- Information technology expenses	9,942	7,515	30,872	24,429
- Others	5,669	6,132	21,897	27,665
<u>Marketing expenses</u>				
- Advertisement and publicity	(5,040)	8,643	13,632	28,910
- Handling fees	688	4,314	6,081	12,756
- Others	7,786	5,150	24,418	20,256
<u>Administration and general expenses</u>				
- Teletransmission expenses	2,267	1,145	7,689	5,091
- Stationery & printing	5,366	5,783	16,215	19,934
- Others	22,688	16,248	68,376	55,843
	<u>129,955</u>	<u>152,023</u>	<u>527,390</u>	<u>570,085</u>

The overhead expenses of the Bank are net of shared service costs charged to HLIB

20 Allowance for Losses on Loans, Advances and Financing

	4th Quarter Ended		Financial Year Ended	
	30/06/2006	30/06/2005	30/06/2006	30/06/2005
	RM'000	RM'000	RM'000	RM'000
Group				
Allowance for bad and doubtful debts and financing :				
- general allowance (net)	21,390	12,020	23,057	45,697
- specific allowance	115,264	100,117	386,511	304,207
- specific allowance written back	(22,378)	(47,624)	(89,250)	(101,309)
Bad debts and financing written off	1,814	4,612	7,640	9,008
Bad debts and financing recovered	(22,077)	(18,804)	(78,859)	(91,497)
	<u>94,013</u>	<u>50,321</u>	<u>249,099</u>	<u>166,106</u>

	4 th Quarter Ended		Financial Year Ended	
	30/06/2006	30/06/2005	30/06/2006	30/06/2005
	RM'000	RM'000	RM'000	RM'000
Bank				
Allowance for bad and doubtful debts and financing :				
- general allowance (net)	19,939	11,972	17,936	47,311
- specific allowance	106,336	93,568	359,349	292,367
- specific allowance written back	(20,100)	(40,641)	(81,767)	(89,323)
Bad debts and financing written off	1,811	2,150	6,980	5,618
Bad debts and financing recovered	(21,013)	(18,804)	(74,284)	(90,539)
	<u>86,973</u>	<u>48,245</u>	<u>228,214</u>	<u>165,434</u>

21 Capital Adequacy

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000
<u>Components of Tier - 1 and Tier - 2 Capital</u>				
Tier -1 capital				
Paid up share capital	1,580,107	1,580,107	1,580,107	1,580,107
Share premium	539,664	539,664	539,664	539,664
Retained profit, as restated	1,170,005	1,035,952	1,144,159	1,035,922
As previously stated	-	1,040,133	-	1,040,103
Prior year adjustments	-	(4,181)	-	(4,181)
Other Reserves	1,661,766	1,515,369	1,640,218	1,515,369
Less :Treasury Shares	(491,025)	(274,375)	(491,025)	(274,375)
Less : Deferred Tax	(173,301)	(114,778)	(154,238)	(114,778)
As previously stated	-	(115,204)	-	(115,204)
Prior year adjustments	-	426	-	426
Total tier 1 capital	4,287,216	4,281,939	4,258,885	4,281,909
Tier - 2 capital				
General provision	436,233	412,877	376,043	412,817
Subordinated bonds	734,900	-	734,900	-
Total tier 2 capital	1,171,133	412,877	1,110,943	412,817
Total capital	5,458,349	4,694,816	5,369,828	4,694,726
Less: Investment in subsidiary Companies	-	-	(522,041)	(72,041)
Total capital base	5,458,349	4,694,816	4,847,787	4,622,685
<u>Before deducting proposed dividends</u>				
Core Capital Ratio	13.76%	15.84%	15.78%	15.85%
Risk-weighted Capital Ratio	17.52%	17.37%	17.96%	17.11%
<u>After deducting proposed dividends</u>				
Core Capital Ratio	13.24%	15.21%	15.18%	15.22%
Risk-weighted Capital Ratio	17.00%	16.74%	17.37%	16.48%

22 Group segmental reporting on revenue, profit and assets

Current Quarter ended 30/06/2006

<u>By Business Segment</u>	Personal Financial Services RM'000	Business Banking RM'000	Treasury RM'000	Total RM'000
External revenue	185,457	99,578	165,605	450,640
Inter-segment revenue	119,839	(11,469)	(108,370)	-
Segment revenue	<u>305,296</u>	<u>88,109</u>	<u>57,235</u>	<u>450,640</u>
Segment profit before taxation	135,907	30,263	35,093	201,263
Taxation and zakat				<u>(56,338)</u>
Profit after taxation				<u>144,925</u>

Financial Year Ended 30/06/2006

<u>By Business Segment</u>	Personal Financial Services RM'000	Business Banking RM'000	Treasury RM'000	Total RM'000
External revenue	529,454	395,981	705,298	1,630,733
Inter-segment revenue	536,913	(60,914)	(475,999)	-
Segment revenue	<u>1,066,367</u>	<u>335,067</u>	<u>229,299</u>	<u>1,630,733</u>
Segment profit before taxation	434,352	167,211	162,678	764,241
Taxation and zakat				<u>(214,321)</u>
Profit after taxation				<u>549,920</u>
Segment assets	21,364,429	7,439,191	29,737,227	58,540,847
Unallocated assets				<u>2,055,403</u>
Total assets				<u>60,596,250</u>

23 Group segmental reporting on revenue, profit and assets

Current Quarter ended 30/06/2005

<u>By Business Segment</u>	Personal Financial Services RM'000	Business Banking RM'000	Treasury RM'000	Total RM'000
External revenue	151,889	52,550	152,953	357,392
Inter-segment revenue	143,660	(26,652)	(117,008)	-
Segment revenue	<u>295,549</u>	<u>25,898</u>	<u>35,945</u>	<u>357,392</u>
Segment profit before taxation	136,122	(7,576)	26,604	155,150
Taxation and zakat				<u>(42,792)</u>
Profit after taxation				<u>112,358</u>

Financial Year Ended 30/06/2005

<u>By Business Segment</u>	Personal Financial Services RM'000	Business Banking RM'000	Treasury RM'000	Total RM'000
External revenue	478,683	330,465	646,088	1,455,236
Inter-segment revenue	561,369	(93,014)	(468,355)	-
Segment revenue	<u>1,040,052</u>	<u>237,451</u>	<u>177,733</u>	<u>1,455,236</u>
Segment profit before taxation	444,781	150,352	118,302	713,435
Taxation and zakat				<u>(199,996)</u>
Profit after taxation				<u>513,439</u>
Segment assets	19,276,787	6,509,949	30,353,769	56,140,505
Unallocated assets				<u>1,569,208</u>
Total assets				<u>57,709,713</u>

24 Property, plant and equipment

The valuations of land and building had been brought forward without amendment from the previous audited annual financial statements.

25(a) Material events subsequent to the end of the reporting period

There were no material events subsequent to the end of the financial year ended 30 June 2006 to be disclosed.

(b) Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial year ended 30 June 2006 except for the following:-

- The Bank had, on 28 June 2005, announced that Minister of Finance had granted an Islamic banking licence to Hong Leong Islamic Bank Berhad (“HLIB”) and a Vesting Order had also been obtained from the High Court of Malaya for the transfer and vesting of the Islamic banking business of HLB to HLIB. Effective 1 July 2005, the Bank has conducted its Islamic Banking business through HLIB.
- On 16 June 2005, the Bank announced that it had entered into a Sale and Purchase Agreement with HLCM Capital Sdn Bhd (“HLCM Capital”) to dispose of its 100% equity interest in Credit Corporation (Malaysia) Sdn Bhd comprising two (2) ordinary shares of RM1.00 each to HLCM Capital for cash consideration of RM5,000.00 (“Proposed Disposal”). The approval of the Foreign Investment Committee for the Proposed Disposal has been obtained and the Proposed Disposal was completed on 25 August 2005.
- The Bank had, on 28 March 2006, announced that it had entered into a joint venture agreement with Hong Leong Assurance Berhad (“HLA”) and Tokio Marine & Nichido Fire Insurance Co., Ltd (“Tokio Marine”) to form a joint venture company to be known as Hong Leong Tokio Marine Takaful Berhad (“HLT”) to operate as a registered takaful operator (“JV”). The equity participation of the JV company is HLB (55%), HLA (10%) and Tokio Marine (35%). On 20 June 2006, the Bank announced that HLT was incorporated on 19 June 2006.

BNM had, vide its letter dated 2 March 2006, approved an application by the JV parties for a takaful licence under the Takaful Act 1984. The JV represented a strategic alliance between the parties to undertake Takaful business in Malaysia and a vehicle for future overseas expansion in the Takaful business.

- On 29 June 2006, the Bank announced that HLB Ventures Sdn Bhd, Chew Geok Lin Nominees (Tempatan) Sdn Bhd, Chew Geok Lin Nominees (Asing) Sdn Bhd and Wah Tat Properties Sdn Bhd were placed under Member’s Voluntary Winding-up pursuant to Section 254(1) of the Companies Act, 1965.

26 Commitments and contingencies

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

The commitments and contingencies constitute the following:

	Financial Year Ended 30/06/2006			Financial Year Ended 30/06/2005		
	Principal Amount RM'000	Credit Equivalent RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent RM'000	Risk Weighted Amount RM'000
The Group						
Direct credit substitutes	190,074	190,074	190,074	161,538	161,538	161,538
Transaction-related contingent items	242,907	121,454	121,454	308,963	154,482	154,482
Short-term self liquidating trade-related contingencies	633,426	126,685	126,685	469,936	93,987	93,188
Other assets sold with recourse and commitment	31,987	31,987	31,987			
Irrevocable commitments to extend credit :						
-maturity more than 1 year	4,257,875	2,128,938	2,128,938	4,122,753	2,061,377	2,061,377
-maturity less than 1 year	10,943,047	-	-	9,181,257	-	-
Foreign exchange related contracts	8,666,574	259,954	129,978	7,639,221	158,934	79,467
Interest rate related contracts	23,109,339	277,279	138,641	16,389,047	74,294	37,148
Equity related contracts	8,288	415	208	106,922	1,604	802
Miscellaneous	419	-	-	694	-	-
Total	48,083,936	3,136,786	2,867,965	38,380,331	2,706,216	2,588,002

26 **Commitments and contingencies (continued)**

	Financial Year Ended 30/06/2006			Financial Year Ended 30/06/2005		
	Principal Amount RM'000	Credit Equivalent RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent RM'000	Risk Weighted Amount RM'000
The Bank						
Direct credit substitutes	190,074	190,074	190,074	161,538	161,538	161,538
Transaction-related contingent items	242,669	121,335	121,335	308,963	154,482	154,482
Short-term self liquidating trade-related contingencies	627,656	125,531	125,531	465,938	93,188	93,188
Irrevocable commitments to extend credit :						
-maturity more than 1 year	3,883,289	1,941,645	1,941,645	4,122,753	2,061,377	2,061,377
-maturity less than 1 year	10,929,166	-	-	9,181,257	-	-
Foreign exchange related contracts	8,665,667	259,954	129,978	7,639,221	158,934	79,467
Interest rate related contracts	23,109,339	277,279	138,641	16,389,047	74,294	37,148
Equity related contracts	8,288	415	208	106,922	1,604	802
Miscellaneous	419	-	-	694	-	-
Total	47,656,567	2,916,233	2,647,412	38,376,333	2,705,417	2,588,002

27 **Related party transactions**

All related party transactions within the Group had been entered into in the normal course of business and were carried out on normal commercial terms.

28 a) Interest/Profit Rate Risk

Group As at 30 June 2006	Non-trading Book						Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
Assets									
Cash and short term funds	12,690,102	-	-	-	-	874,913	-	13,565,015	3.7
Deposits & placement with banks & other financial institutions	-	1,045,823	365,454	73,535	-	-	-	1,484,812	3.9
Securities purchased resale agreements	2,860,972	1,635,842	-	-	-	-	-	4,496,814	3.8
Securities held at fair value through profit and loss	-	-	-	-	-	-	3,881,514	3,881,514	3.8
Securities available-for-sale	23,301	233,894	596,237	4,316,851	547,089	106,760	-	5,824,132	4.3
Securities held-to-maturity	10,001	174,958	149,313	631,090	15,344	49,083	-	1,029,789	3.8
Loans, advances and financing									
- performing	15,968,924	1,200,943	1,035,402	4,260,683	5,295,129	(379,879)	-	27,381,202	6.5
- non-performing	-	-	-	-	-	1,237,666	-	1,237,666	-
Other assets	-	-	-	-	-	388,481	-	388,481	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	881,524	-	881,524	-
Investment in subsidiary companies	-	-	-	-	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-	252,000	-	252,000	-
Deferred tax assets	-	-	-	-	-	173,301	-	173,301	-
Total assets	31,553,300	4,291,460	2,146,406	9,282,159	5,857,562	3,583,849	3,881,514	60,596,250	
Liabilities									
Deposits from customers	20,824,731	7,579,329	11,191,947	636,102	-	4,044,013	-	44,276,122	2.8
Deposits & placement of banks & other financial institutions	2,304,100	455,175	36,768	-	-	217	-	2,796,260	4.1
Obligations on securities sold under repurchase agreements	6,842,399	30,000	-	-	-	-	-	6,872,399	3.3
Bills and acceptance payable	13,045	13,775	7,785	45	-	511,559	-	546,209	3.8
Floating rate certificate of deposits	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	934,706	-	934,706	-
Subordinated Bonds	-	-	-	-	704,049	-	-	704,049	5.3
Provision for tax	-	-	-	-	-	85,596	-	85,596	-
Total liabilities	29,984,275	8,078,279	11,236,500	636,147	704,049	5,576,091	-	56,215,341	
Shareholders' funds						4,380,909		4,380,909	
Total liabilities and shareholders' funds	29,984,275	8,078,279	11,236,500	636,147	704,049	9,957,000	-	60,596,250	
On-balance sheet profit sensitivity gap	1,569,025	(3,786,819)	(9,090,094)	8,646,012	5,153,513	(6,373,151)	3,881,514	-	
Off-balance sheet profit sensitivity gap	(665,000)	(2,925,193)	(4,289,000)	(4,364,107)	(340,700)	-	-	-	
Total profit sensitivity gap	904,025	(6,712,012)	(13,379,094)	4,281,905	4,812,813	(6,373,151)	3,881,514	-	

28 b) Interest/Profit Rate Risk

Group As at 30 June 2005	Non-trading Book						Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000			
Assets									
Cash and short term funds	10,627,664	-	-	-	-	496,914	-	11,124,578	2.8
Deposits & placement with banks & other financial institutions	-	3,510,327	27,287	-	-	-	-	3,537,614	2.8
Securities purchased resale agreements	3,015,891	4,381,237	2,531,364	-	-	-	-	9,928,492	2.8
Securities held-for-trading	-	-	-	-	-	-	2,660,197	2,660,197	3.1
Securities available-for-sale	70,182	212,181	171,798	1,880,564	2,804	10,971	-	2,348,500	4.3
Securities held-to-maturity	7,302	40,944	91,142	849,815	11,890	2,292	-	1,003,385	6.1
Loans, advances and financing									
- performing	13,315,639	1,474,976	2,225,146	4,820,504	2,981,738	-	-	24,818,003	6.5
- non-performing	-	-	-	-	-	764,732	-	764,732	-
Other assets	-	-	-	-	-	325,442	-	325,442	-
Statutory deposits with Bank Negara	-	-	-	-	-	839,600	-	839,600	-
Property, plant and equipment	-	-	-	-	-	244,392	-	244,392	-
Deferred tax assets	-	-	-	-	-	114,778	-	114,778	-
Total assets	27,036,678	9,619,665	5,046,737	7,550,883	2,996,432	2,799,121	2,660,197	57,709,713	
Liabilities									
Deposits from customers	17,494,050	6,478,737	11,628,514	73,853	-	4,241,336	-	39,916,490	2.7
Deposits & placement of banks & other financial institutions	1,788,789	100,000	177,000	-	-	373	-	2,066,162	2.6
Obligations on securities sold under repurchase agreements	8,961,131	560,465	-	-	-	-	-	9,521,596	2.6
Bills and acceptance payable	68,133	87,127	88,399	-	-	325,236	-	568,895	3.1
Floating rate certificate of deposits	-	-	417,916	-	-	-	-	417,916	3.5
Other liabilities	-	-	-	-	-	780,138	-	780,138	-
Provision for tax	-	-	-	-	-	36,520	-	36,520	-
Total liabilities	28,312,103	7,226,329	12,311,829	73,853	-	5,383,603	-	53,307,717	
Shareholders' funds						4,401,996		4,401,996	
Total liabilities and shareholders' funds	28,312,103	7,226,329	12,311,829	73,853	-	9,785,599	-	57,709,713	
On-balance sheet profit sensitivity gap	(1,275,425)	2,393,336	(7,265,092)	7,477,030	2,996,432	(6,986,478)	2,660,197	-	
Off-balance sheet profit sensitivity gap	240,000	(1,920,645)	(3,476,507)	(7,551,250)	17,402	-	-	-	
Total profit sensitivity gap	(1,035,425)	472,691	(10,741,599)	(74,220)	3,013,834	(6,986,478)	2,660,197	-	

28 c) Interest/Profit Rate Risk

Bank As at 30 June 2006	Non-trading Book						Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000			
Assets									
Cash and short term funds	11,423,741	-	-	-	-	870,338	-	12,294,079	3.8
Deposits & placement with banks & other financial institutions	-	1,405,823	365,454	73,535	-	-	-	1,844,812	3.7
Securities purchased resale agreements	2,860,972	1,635,842	-	-	-	-	-	4,496,814	3.8
Securities held-for-trading	-	-	-	-	-	-	3,752,487	3,752,487	3.8
Securities available-for-sale	23,301	233,893	586,202	4,182,670	512,782	106,760	-	5,645,608	4.3
Securities held-to-maturity	10,001	9,917	144,438	212,244	15,344	48,508	-	440,452	4.4
Loans, advances and financing									
- performing	15,935,699	1,197,569	749,182	2,028,287	3,891,156	(320,852)	-	23,481,041	6.6
- non-performing	-	-	-	-	-	1,190,066	-	1,190,066	-
Other assets	-	-	-	-	-	363,844	-	363,844	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	718,100	-	718,100	-
Investment in subsidiary companies	-	-	-	-	-	522,041	-	522,041	-
Property, plant and equipment	-	-	-	-	-	235,513	-	235,513	-
Deferred tax assets	-	-	-	-	-	154,238	-	154,238	-
Total assets	30,253,714	4,483,044	1,845,276	6,496,736	4,419,282	3,888,556	3,752,487	55,139,095	
Liabilities									
Deposits from customers	18,232,211	5,469,574	10,698,920	603,745	-	4,054,498	-	39,058,948	2.8
Deposits & placement of banks & other financial institutions	2,229,099	395,175	36,768	-	-	217	-	2,661,259	4.2
Obligations on securities sold under repurchase agreements	6,842,399	30,000	-	-	-	-	-	6,872,399	3.3
Bills and acceptance payable	9,594	13,046	7,705	45	-	511,167	-	541,557	3.8
Floating rate certificate of deposits	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	935,051	-	935,051	-
Subordinated Bonds	-	-	-	-	704,049	-	-	704,049	5.3
Provision for tax	-	-	-	-	-	30,504	-	30,504	-
Total liabilities	27,313,303	5,907,795	10,743,393	603,790	704,049	5,531,437	-	50,803,767	
Shareholders' funds						4,335,328		4,335,328	
Total liabilities and shareholders' funds	27,313,303	5,907,795	10,743,393	603,790	704,049	9,866,765	-	55,139,095	
On-balance sheet profit sensitivity gap	2,940,411	(1,424,751)	(8,898,117)	5,892,946	3,715,233	(5,978,209)	3,752,487	-	
Off-balance sheet profit sensitivity gap	(665,000)	(2,925,193)	(4,289,000)	(4,364,107)	(340,700)	-	-	-	
Total profit sensitivity gap	2,275,411	(4,349,944)	(13,187,117)	1,528,839	3,374,533	(5,978,209)	3,752,487	-	

28 d) Interest/Profit Rate Risk

Bank As at 30 June 2005	← Non-trading Book →						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000					
Assets										
Cash and short term funds	10,627,664	-	-	-	-	497,887	-	11,125,551	2.8	
Deposits & placement with banks & other financial institutions	-	3,510,327	27,287	-	-	-	-	3,537,614	2.8	
Securities purchased resale agreements	3,015,891	4,381,237	2,531,364	-	-	-	-	9,928,492	2.8	
Securities held-for-trading	-	-	-	-	-	-	2,660,197	2,660,197	3.1	
Securities available-for-sale	70,182	212,181	171,798	1,880,564	2,804	10,971	-	2,348,500	4.3	
Securities held-to-maturity	7,302	40,944	91,142	849,815	11,890	2,292	-	1,003,385	6.1	
Loans, advances and financing										
- performing	13,297,659	1,473,723	2,225,146	4,820,504	2,981,738	-	-	24,798,770	6.5	
- non-performing	-	-	-	-	-	779,274	-	779,274	-	
Other assets	-	-	-	-	-	323,096	-	323,096	-	
Statutory deposits with Bank Negara	-	-	-	-	-	839,600	-	839,600	-	
Investment in subsidiary companies	-	-	-	-	-	72,041	-	72,041	-	
Property, plant and equipment	-	-	-	-	-	229,835	-	229,835	-	
Deferred tax assets	-	-	-	-	-	114,778	-	114,778	-	
Total assets	27,018,698	9,618,412	5,046,737	7,550,883	2,996,432	2,869,774	2,660,197	57,761,133		
Liabilities										
Deposits from customers	17,556,443	6,478,737	11,628,514	73,853	-	4,253,143	-	39,990,690	2.7	
Deposits & placement of banks & other financial institutions	1,788,789	100,000	177,000	-	-	373	-	2,066,162	2.6	
Obligations on securities sold under repurchase agreements	8,961,131	560,465	-	-	-	-	-	9,521,596	2.6	
Bills and acceptance payable	64,135	87,127	88,399	-	-	325,236	-	564,897	3.1	
Floating rate certificate of deposits	-	-	417,916	-	-	-	-	417,916	3.5	
Other liabilities	-	-	-	-	-	797,906	-	797,906	-	
Total liabilities	28,370,498	7,226,329	12,311,829	73,853	-	5,376,658	-	53,359,167		
Shareholders' funds						4,401,966		4,401,966		
Total liabilities and shareholders' funds	28,370,498	7,226,329	12,311,829	73,853	-	9,778,624	-	57,761,133		
On-balance sheet profit sensitivity gap	(1,351,800)	2,392,083	(7,265,092)	7,477,030	2,996,432	(6,908,850)	2,660,197	-		
Off-balance sheet profit sensitivity gap	240,000	(1,920,645)	(3,476,507)	(7,551,250)	17,402	-	-	-		
Total profit sensitivity gap	(1,111,800)	471,438	(10,741,599)	(74,220)	3,013,834	(6,908,850)	2,660,197	-		

29 Operations of Islamic Banking

29a Audited Balance Sheets as at 30 June 2006

	Group		Bank	
	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000
<u>ASSETS</u>				
Cash and short-term funds	1,370,943	1,461,250	-	1,461,250
Deposits and placements with banks and other financial institutions	-	191,396	-	191,396
Securities - Held for trading	129,027	300,339	-	300,339
Securities - Available for sale	178,524	373,406	-	373,406
Securities - Held to maturity	589,337	-	-	-
Financing, advances and other financing	3,944,758	3,402,467	-	3,402,467
Other assets	36,525	17,563	-	17,563
Statutory deposits with Bank Negara Malaysia	163,424	51,150	-	51,150
Property, plant and equipment	2,060	105	-	105
Deferred tax assets	19,063	18,723	-	18,723
Total Assets	6,433,661	5,816,399	-	5,816,399
<u>LIABILITIES AND SHAREHOLDERS' FUNDS</u>				
Deposits from customers	5,701,544	4,889,360	-	4,889,360
Deposits and placements of banks and other financial institutions	135,000	91,750	-	91,750
Obligations on securities sold under repurchase agreements	-	246,600	-	246,600
Bills and acceptance payable	1,424	562	-	562
Other liabilities	52,037	125,472	-	125,472
Provision for taxation	2,373	38,373	-	38,373
Total Liabilities	5,892,378	5,392,117	-	5,392,117
Islamic banking capital fund	500,000	310,127	-	310,127
Reserves	41,283	114,155	-	114,155
Islamic Banking Funds	541,283	424,282	-	424,282
Total Liabilities and Islamic Banking Funds	6,433,661	5,816,399	-	5,816,399
<u>COMMITMENTS AND CONTINGENCIES</u>				
	427,370	344,662	-	344,662

29 **Operations of Islamic Banking** (continued)

29b Audited Income Statements for the 4th Quarter and Cumulative 12 Months Ended 30 June 2006.

	4th Quarter Ended		Financial Year Ended	
	30/06/2006 RM'000	30/06/2005 RM'000	30/06/2006 RM'000	30/06/2005 RM'000
Group				
Income derived from investment of deposits' funds and others	76,808	77,789	293,568	249,913
Income derived from investment of shareholders' funds	6,277	7,534	27,339	21,291
Allowance for losses on financing	(7,638)	(7,672)	(23,007)	(25,525)
Provision for commitments and contingencies				
Impairment loss				
Profit equalisation reserve	4,560	1,000	10,035	(1,218)
Other expenses directly attributable to the investment of the deposits and shareholders' funds	-	-	-	-
Total distributable income	80,007	78,651	307,935	244,461
Income attributable to deposits	(45,521)	(33,188)	(164,231)	(118,928)
Total net income	34,486	45,463	143,704	125,533
Other operating expenses	(18,861)	(4,451)	(81,270)	(13,145)
Profit before taxation and zakat	15,625	41,012	62,434	112,388
Zakat	(9)	(15)	(49)	(45)
Taxation	(6,210)	(11,507)	(19,301)	(31,493)
Profit after taxation and zakat	9,406	29,490	43,084	80,850
Profit attributable to shareholders	9,406	29,490	43,084	80,850
Earnings per share - basic (sen)	2.58	9.51	11.83	26.07
Earnings per share - fully diluted (sen)	2.58	9.51	11.83	26.07

29 **Operations of Islamic Banking (continued)**

29b Unaudited Income Statements for the 4th Quarter and Cumulative 12 Months Ended 30 June 2006
(continued)

	4th Quarter Ended		Financial Year Ended	
	30/06/2006 RM'000	30/06/2005 RM'000	30/06/2006 RM'000	30/06/2005 RM'000
Bank				
Income derived from investment of deposits' funds and others	-	77,789	-	238,310
Income derived from investment of shareholders' funds	-	7,534	-	20,298
Allowance for losses on financing	-	(7,672)	-	(24,451)
Provision for commitments and contingencies	-	-	-	-
Impairment loss	-	-	-	-
Profit equalisation reserve	-	1,000	-	2,332
Other expenses directly attributable to the investment of the deposits and shareholders' funds	-	-	-	-
Total distributable income	-	78,651	-	236,489
Income attributable to deposits	-	(33,188)	-	(113,606)
Total net income	-	45,463	-	122,883
Other operating expenses	-	(4,451)	-	(12,378)
Profit before taxation and zakat	-	41,012	-	110,505
Zakat	-	(15)	-	(45)
Taxation	-	(11,507)	-	(30,966)
Profit after taxation and zakat	-	29,490	-	79,494
Profit attributable to shareholders	-	29,490	-	79,494
Earnings per share - basic (sen)	-	9.51	-	25.63
Earnings per share - fully diluted (sen)	-	9.51	-	25.63

29 Operations of Islamic Banking (continued)

29c Financing, advances and other financing

(i) By type

	Group		Bank	
	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000
Cash line	10,196	10,056	-	10,056
Term financing		-		-
- House financing	1,045,491	939,212	-	939,212
- Hire purchase receivable	3,343,399	2,898,064	-	2,898,064
- Lease receivable	15,098	-	-	-
- Other term financing	548,171	548,741	-	548,741
Claims on customers under acceptance credits	103,291	17,347	-	17,347
Staff financing	123	126	-	126
Revolving credit	2,900	3,050	-	3,050
Others	1,096	56	-	56
	<u>5,069,765</u>	<u>4,416,652</u>	-	<u>4,416,652</u>
Less: Unearned income	<u>(1,037,941)</u>	<u>(946,113)</u>	-	<u>(946,113)</u>
	4,031,824	3,470,539	-	3,470,539
Less: Allowance for bad and doubtful financing				
- General	(60,158)	(55,009)	-	(55,009)
- Specific	(26,908)	(13,063)	-	(13,063)
Total net financing, advances and other financing	<u><u>3,944,758</u></u>	<u><u>3,402,467</u></u>	<u><u>-</u></u>	<u><u>3,402,467</u></u>

(ii) By contract

	Group		Bank	
	Financial Period Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000	Financial Period Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000
Bai' Bithaman Ajil (deferred payment sale)	979,754	930,530	-	930,530
Ijarah (lease)	13,794	-	-	-
Ijarah Muntahia Bittamlik/AITAB (lease ended with ownership)	2,934,985	2,518,694	-	2,518,694
Murabahah (cost-plus)	103,291	21,315	-	21,315
	<u><u>4,031,824</u></u>	<u><u>3,470,539</u></u>	<u><u>-</u></u>	<u><u>3,470,539</u></u>

29 **Operations of Islamic Banking (continued)**

29c Financing, advances and other financing (continued)

Non-performing financing

(i) Movements in non-performing financing, advances and other financing

	Group		Bank	
	Financial Period Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000	Financial Period Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000
At beginning	70,437	97,701	70,437	8,798
Amount transferred from HLF		-		86,553
Amount transferred to HLIB		-	(70,437)	-
Classified as non-performing during the period	240,128	207,494		207,494
Reclassified as performing	(195,844)	(178,589)		(178,589)
Amount recovered	(32,270)	(31,759)		(31,759)
Amount written off	(6,814)	(24,410)		(22,060)
At end	<u>75,637</u>	<u>70,437</u>	<u>-</u>	<u>70,437</u>
Net non-performing financing, advances and other financing	<u>48,729</u>	<u>57,374</u>	<u>-</u>	<u>57,374</u>
Ratio of net non-performing financing, advances and other financing to total net financing, advances and other financing	<u>1.2%</u>	<u>1.7%</u>	<u>-</u>	<u>1.7%</u>

29 **Operations of Islamic Banking (continued)**

29c Financing, advances and other financing (continued)

(ii) **Movements in allowance for bad and doubtful financing**

	Group		Bank	
	Financial Period Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000	Financial Period Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000
General allowance				
At beginning	55,009	38,801	55,009	9,861
Amount transferred from HLF	-	-	-	29,023
Amount transferred to HLIB	-	-	(55,009)	-
Allowance made / (written back)	5,149	16,208	-	16,125
At end	<u>60,158</u>	<u>55,009</u>	<u>-</u>	<u>55,009</u>
As % of gross financing, advances and other financing less specific allowance	<u>1.5%</u>	<u>1.6%</u>	<u>-</u>	<u>1.6%</u>
Specific allowance				
At beginning	13,063	30,125	13,063	597
Amount transferred from HLF	-	-	-	30,512
Amount transferred to HLIB	-	-	(13,063)	-
Allowance made	26,771	15,805	-	14,349
Amount recovered	(6,111)	(6,160)	-	(5,689)
Amount written off	(6,815)	(26,707)	-	(26,706)
At end	<u>26,908</u>	<u>13,063</u>	<u>-</u>	<u>13,063</u>

29 Operations of Islamic Banking (continued)

29d Deposits from customer

By type of deposit

	Group		Bank	
	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000
Non-Mudharabah				
Demand deposits	127,218	117,778	-	117,778
Savings deposits	433,735	529,808	-	529,808
Negotiable instruments of deposit	1,739,230	-	-	-
Others	-	233	-	233
	<u>2,300,183</u>	<u>647,819</u>	<u>-</u>	<u>647,819</u>
Mudharabah				
Demand deposits	-	-	-	-
Saving deposits	292,243	-	-	-
General investment deposits	2,094,070	4,241,541	-	4,241,541
Specific investment deposits	1,013,613	-	-	-
Others	1,435	-	-	-
	<u>3,401,361</u>	<u>4,241,541</u>	<u>-</u>	<u>4,241,541</u>
	<u>5,701,544</u>	<u>4,889,360</u>	<u>-</u>	<u>4,889,360</u>

30 Change in Accounting Policies and Prior Year Adjustments

a) Change in Accounting Policies

Effective 1st July 2005, the Group and the Bank have adopted the revised BNM/GP8 which have resulted in the following new accounting policies:

- 1) The holdings of the securities portfolio of the Group and the Bank are segregated based on the following categories and valuation methods :

- i) Securities held at fair value through profit or loss

Securities are classified as held at fair value through profit or loss if they are acquired principally for the purpose of benefiting from actual or expected short-term price movement or to lock in arbitrage profits. The securities held-for-trading will be stated at fair value and any gain or loss arising from a change in their fair values and the derecognition of securities held at fair value through profit or loss are recognised in the income statements.

- ii) Securities held-to-maturity

Securities held-to-maturity are financial assets with fixed or determinable payments and fixed maturity that the Group and Bank have the positive intent and ability to hold to maturity. The securities held-to-maturity are measured at accreted/amortised cost based on effective yield method. Amortisation of premium, accretion of discount and impairment as well as gain or loss arising from derecognition of securities held-to-maturity are recognised in the income statements.

- iii) Securities available-for-sale

Securities available-for-sale are financial assets that are not classified as held-for-trading or held-to-maturity. The securities available-for-sale are measured at fair value or at amortised cost (less impairment losses) if the fair value cannot be reliably measured. Any gain or loss arising from a change in fair value are recognised directly in equity through the statement of changes in equity, until the financial asset is sold, collected, disposed of or impaired, at which time the cumulative gain or loss previously recognised in equity will be transferred to the income statements.

- 2) Derivatives financial instruments are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from a change in the fair value of the derivatives is recognised in the income statements unless they are part of a hedging relationship which qualifies for hedge accounting where the gain or loss is recognised as follows:

Fair value hedge

Where a derivative financial instrument hedges the changes in fair value of a recognised asset or liability, any gain or loss on the hedging instrument is recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

Cash flow hedge

Gains and losses on the hedging instrument, to the extent that the hedge is effective, are deferred in the separate component of equity. The ineffective part of any gain or loss is recognised in the income statement. The deferred gains and losses are then released to the income statement in the periods when the hedged item affects the income statement.

- 3) Where a loan becomes non-performing, interest accrued and recognised as income prior to the date the loans are classified as non-performing shall be reversed out of income and set-off against the accrued interest receivable account in the balance sheet. Thereafter, the interest accrued on the non-performing loans shall be recognised as income on a cash basis instead of being accrued and suspended at the same time as prescribed previously.

b) Prior Year Adjustments

The following comparative figures have been restated for the effects of adopting the above change in accounting policies :

	<u>The Group</u>		<u>The Bank</u>	
	As restated RM'000	As previously reported RM'000	As restated RM'000	As previously reported RM'000
(i) Balance sheet as at 30 June 2005				
Dealing securities	-	2,632,694	-	2,632,694
Investment securities	-	3,362,726	-	3,362,726
Securities held-for-trading	2,660,197	-	2,660,197	-
Securities available-for-sale	2,348,500	-	2,348,500	-
Securities held-to-maturity	1,003,385	-	1,003,385	-
Deferred tax assets	114,778	115,204	114,778	115,204
Other assets	325,442	255,620	323,096	253,274
Reserves	<u>3,096,264</u>	<u>3,095,166</u>	<u>3,096,234</u>	<u>3,095,136</u>
(ii) Income statement for the 4th quarter ended 30 June 2005				
Other operating income	63,838	66,026	91,792	93,980
Net income	357,392	359,580	384,647	386,835
Operating profit	205,471	207,659	232,624	234,812
Allowance for losses on loans, advances and financing	(50,321)	(50,321)	(48,245)	(48,245)
Profit before tax expense and Zakat	155,150	157,338	184,379	186,567
Tax expense and zakat	(42,792)	(43,405)	(43,754)	(44,367)
Profit after tax expense	<u>112,358</u>	<u>113,933</u>	<u>140,625</u>	<u>142,200</u>
Earnings per share				
Basic (sen)	7.2	7.3	9.0	9.1
Fully diluted (sen)	7.2	7.3	9.0	9.1

b) **Prior Year Adjustments (continued)**

	<u>The Group</u>		<u>The Bank</u>	
	As restated RM'000	As previously reported RM'000	As restated RM'000	As previously reported RM'000
(iii) Income statement for the Year Ended 30 June 2005				
Other operating income	330,808	339,551	1,165,684	1,174,427
Net income	1,455,236	1,463,979	2,256,833	2,265,576
Operating profit	879,541	888,284	1,686,748	1,695,491
Allowance for losses on loans, Advances and financing	(166,106)	(166,106)	(165,434)	(165,434)
Profit before tax expense and Zakat	713,435	722,178	1,521,314	1,530,057
Tax expense and zakat	(199,996)	(202,444)	(421,814)	(424,262)
Profit after tax expense	<u>513,439</u>	<u>519,734</u>	<u>1,099,500</u>	<u>1,105,795</u>
Earnings per share				
Basic (sen)	32.8	33.2	70.3	70.7
Fully diluted (sen)	32.8	33.2	70.3	70.7

**HONG LEONG BANK BERHAD ("HLB" or "Bank")
ADDITIONAL INFORMATION REQUIRED BY THE LISTING
REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD**

1 Review of performance

Current quarter against previous corresponding quarter

The Group recorded a pre-tax profit of RM201.3 million for the current financial quarter ended 30 June 2006, an increase of RM46.1 million as compared to previous corresponding quarter. Net Income increased by RM93.2 million which was spurred by strong growth in business volume

Financial year-to-date against previous financial year-to-date

The Group's pre-tax profit for the twelve months ended 30 June 2006 stood at RM764.2 million, an increase of RM50.8 million as compared to RM713.4 million in the previous corresponding year. Net interest income grew by RM40.2 million, while income from Islamic operations and other income also grew by RM15.7 million and RM119.7 million respectively. However loan loss provision increased by RM83.0 million due to higher specific provision made during the year.

2. Review of performance of current quarter against preceding quarter

For the current financial quarter, the Group recorded a pre-tax profit of RM201.3 million as compared to RM229.4 million in the preceding quarter, a decrease of RM28.1 million arising from higher specific provision charged.

3 Prospect for the new financial year 2006/2007

The Group is optimistic of delivering better results, through leveraging on innovative products in the new financial year and continue to be sensitive to changes in market conditions and outlook with the appropriate risk management mindset.

4 Variance in profit forecast and shortfall in profit guarantee

This note is not applicable to the Group.

5 Taxation

	Current Quarter Ended 30/06/2006 RM'000	Corresponding Quarter Ended 30/06/2005 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000
The Group				
Malaysian income tax	82,697	47,252	239,784	213,978
Overseas tax	-	-	-	-
	<u>82,697</u>	<u>47,252</u>	<u>239,784</u>	<u>213,978</u>
Transfer from/ (to) deferred taxation	<u>(26,368)</u>	<u>(4,475)</u>	<u>(25,512)</u>	<u>(14,027)</u>
	<u><u>56,329</u></u>	<u><u>42,777</u></u>	<u><u>214,272</u></u>	<u><u>199,951</u></u>
The Bank				
Malaysian income tax	76,467	46,719	220,611	434,301
Overseas tax	-	-	-	-
	<u>76,467</u>	<u>46,719</u>	<u>220,611</u>	<u>434,301</u>
Transfer from/(to) deferred taxation	<u>(26,579)</u>	<u>(2,980)</u>	<u>(26,048)</u>	<u>(12,532)</u>
	<u><u>49,888</u></u>	<u><u>43,739</u></u>	<u><u>194,563</u></u>	<u><u>421,769</u></u>

The Group's and the Bank's effective tax rate for the financial year approximates the statutory tax rate.

6 Profit on sale of unquoted investments/properties

There were no material gains or losses on disposal of unquoted investments (other than in the ordinary course of business) and/or properties for the financial period under review.

7 Purchase and disposal of quoted securities

There were no purchase or disposal of quoted securities for the financial period under review other than those purchased or disposed in the ordinary course of business.

8 Status of corporate proposals

- i) There were no corporate proposals announced but not completed as at the date of this report other than as mentioned below: -

The Company had, on 15 March 2006, announced the proposed acquisition by HLB of one (1) block of six (6) storey purpose built commercial office building located at Petaling Jaya, State of Selangor from PJ City Development Sdn Bhd (formerly known as HLMC Management Co Sdn Bhd) for a cash consideration of RM86,294,220 (“Proposed Acquisition”).

The Proposed Acquisition had been approved by Bank Negara Malaysia vide its letter dated 20 January 2006 and Foreign Investment Committee vide its letter dated 25 April 2006. The approvals of the shareholders of the Bank and Hong Leong Financial Group Berhad (formerly known as Hong Leong Credit Berhad) the holding company of HLB, pursuant to Section 132E of the Companies Act, 1965 were obtained on 19 July 2006.

- ii) Hong Leong Bank Berhad (“HLB”) had, on 28 March 2006, announced that it had entered into a joint venture agreement with Hong Leong Assurance Berhad (“HLA”) and Tokio Marine & Nichido Fire Insurance Co. Ltd (“Tokio Marine”) to form a joint venture company to be known as Hong Leong Tokio Marine Takaful Berhad to operate as a registered takaful operator (“JV”). The equity participation in the JV company is HLB (55%), HLA (10%) and Tokio Marine (35%).

Bank Negara Malaysia had, vide its letter dated 2 March 2006, approved an application by the JV parties for a takaful licence under the Takaful Act 1984. The JV represented a strategic alliance between the parties to undertake Takaful business in Malaysia and a vehicle for future overseas expansion in the Takaful business

- iii) On 29 June 2006, the Bank announced that HLB Ventures Sdn Bhd, Chew Geok Lin Nominees (Tempatan) Sdn Bhd, Chew Geok Lin Nominees (Asing) Sdn Bhd and Wah Tat Properties Sdn Bhd were placed under Member’s Voluntary Winding-up pursuant to Section 254(1) of the Companies Act, 1965.

9 Group Borrowings

This note is not applicable to the Group.

10 Deposits and debt securities

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000
Deposits from customers				
Fixed deposits	27,071,336	28,855,935	24,436,102	28,918,328
Negotiable instruments of Deposit	6,229,198	1,095,999	4,489,968	1,095,999
Demand deposits	4,328,335	3,717,928	4,213,037	3,729,735
Savings deposits	6,402,925	6,100,599	5,676,948	6,100,599
Other	244,328	146,029	242,893	146,029
	<u>44,276,122</u>	<u>39,916,490</u>	<u>39,058,948</u>	<u>39,990,690</u>
The maturity structure of fixed deposits and negotiable instruments :				
One year or less (short term)	32,696,790	29,878,080	28,322,326	29,940,473
More than one year (medium/long term)	603,744	73,854	603,744	73,854
	<u>33,300,534</u>	<u>29,951,934</u>	<u>28,926,070</u>	<u>30,014,327</u>

10 Deposits and debt securities (continued)

	<u>The Group</u>		<u>The Bank</u>	
	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000
Deposits and placements of banks and other financial institutions				
Licensed banks	2,494,760	2,066,162	2,359,760	2,066,162
Other financial institutions	301,500	-	301,499	-
	<u>2,796,260</u>	<u>2,066,162</u>	<u>2,661,259</u>	<u>2,066,162</u>
The maturity structure of deposits and placements of banks and other financial institutions :				
One year or less (short term)	2,796,260	2,066,162	2,661,259	2,066,162
More than one year (medium/long term)	-	-	-	-
	<u>2,796,260</u>	<u>2,066,162</u>	<u>2,661,259</u>	<u>2,066,162</u>

11 Floating Rate Certificate of Deposits

	<u>The Group and The Bank</u>	
	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000
Floating rate certificate of deposits - USD110 million	-	417,916

The floating rate certificate of deposits carries a floating interest rate at a spread above London Interbank Offered Rate ("LIBOR") and it had matured on 20 March 2006.

12 Subordinated Bonds

The Group and The Bank

	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000
Subordinated Bonds		
- USD200 million	<u>704,049</u>	<u>-</u>

On 3 August 2005, the Bank issued USD200 million in aggregate principal amount of Subordinated Bonds (“the Bonds”) due 2015 callable with step-up in 2010. The Bonds bear interest at the rate of 5.25% per annum from, and including 3 August 2005 to, but excluding 3 August 2010 and, thereafter, at a rate per annum equal to the 5 Year US Treasury Rate plus 2.717%. The interest is payable semi-annually in arrears on 3 February and 3 August in each year, commencing on 3 February 2006. The Bonds were issued at a price of 99.848 per cent of the principal amount of the Bonds. The Bonds will, subject to the prior written approval of Bank Negara Malaysia, if required, be redeemable in whole but not in part, at the option of the Bank on 3 August 2010 or in the event of certain changes affecting taxation in Malaysia or any other jurisdiction where the Bank has to pay tax in relation to the Bonds, at their principal amount plus accrued interest.

The Bonds constitute unsecured liabilities of the Bank, and are subordinated in right of payment to the deposit liabilities and all other liabilities of the Bank in accordance with the terms and conditions of the issue and qualify as Tier 2 capital for the purpose of determining the capital adequacy ratio of the Group and the Bank.

13 Off-Balance Sheet Financial instruments

Details of financial instruments with off-balance sheet risk as at 30 June 2006:

The Group

Items	Principal Amount	1 mth or less	>1 – 3 Mths	>3 – 6 mths	>6 –12 Mths	>1 – 5 Yrs	>5 yrs
RM'000							
Foreign exchange Related contracts							
- forwards	2,176,309	1,179,447	766,307	158,088	72,467	-	-
- swaps	5,430,647	2,181,693	1,550,068	655,169	83,217	960,500	-
- options	1,059,618	574,230	259,651	193,657	32,080	-	-
Interest rate related contracts							
- forwards							
- futures	12,646,471	-	1,509,471	1,362,000	3,217,000	6,558,000	-
- swaps	10,462,868	100,000	260,000	170,000	1,590,000	7,951,578	391,290
Total	31,775,913	4,035,370	4,345,497	2,538,914	4,994,764	15,470,078	391,290

The Bank

Items	Principal Amount	1 mth or less	>1 – 3 Mths	>3 – 6 mths	>6 –12 Mths	>1 – 5 Yrs	>5 yrs
RM'000							
Foreign exchange related contracts							
- forwards	2,176,309	1,179,447	766,307	158,088	72,467	-	-
- swaps	5,430,647	2,181,693	1,550,068	655,169	83,217	960,500	-
- options	1,058,711	573,323	259,651	193,657	32,080	-	-
Interest rate related contracts							
- forwards							
- futures	12,646,471	-	1,509,471	1,362,000	3,217,000	6,558,000	-
- swaps	10,462,868	100,000	260,000	170,000	1,590,000	7,951,578	391,290
Total	31,775,006	4,034,463	4,345,497	2,538,914	4,994,764	15,470,078	391,290

13 Off-Balance Sheet Financial instruments (continued)

Foreign exchange, interest rate, equity and commodity related contracts are subject to market risk and credit risk.

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at the end of the financial period, the amount of contracts which were not hedged effectively and hence, exposed to foreign exchange and interest rate market risk were RM340,585,000 (FYE June 2005: RM552,922,000) and RM14,197,940,190 (FYE June 2005: RM16,389,047,000) respectively.

Credit risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group has a gain position. As at the end of the financial period, the amount of credit risk, measured in terms of the cost to replace the profitable contracts, was RM115,302,951 (FYE June 2005: RM69,528,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Related accounting policies

Derivatives financial instruments are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from a change in the fair value of the derivatives is recognised in the income statements unless they are part of a hedging relationship which qualifies for hedge accounting where the gain or loss is recognised as follows:

Fair value hedge

Where a derivative financial instrument hedges the changes in fair value of a recognised asset or liability, any gain or loss on the hedging instrument is recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

Cash flow hedge

Gains and losses on the hedging instrument, to the extent that the hedge is effective, are deferred in the separate component of equity. The ineffective part of any gain or loss is recognised in the income statement. The deferred gains and losses are then released to the income statement in the periods when the hedged item affects the income statement.

14 Material litigation

The Group does not have any material litigation which, in the opinion of the Directors, would have a material adverse impact on the financial results of the Group.

15 Dividend

A final dividend of 15.0 sen per share less income tax of 28% has been proposed for the current quarter.

- (i) Amount per share: 15.0 sen (less 28% taxation).
- (ii) Previous corresponding quarter: 15.5 sen per share (less 28% taxation).
- (iii) Entitlement date: 31 October 2006
- (iv) Payment date: 17 November 2006

The total dividend for the current financial year (amount per share): 24.0 sen less tax at 28%.

16 Earnings per share

a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit after taxation by the weighted average number of ordinary shares (excluding treasury shares) in issue during the period.

	Current Quarter Ended 30/06/2006 RM'000	Corresponding Quarter Ended 30/06/2005 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000
<u>The Group</u>				
Profit after taxation	144,925	112,358	549,920	513,439
Weighted average number of ordinary shares in issue ('000)	1,580,107	1,580,107	1,580,107	1,580,107
Less: Treasury shares held	(72,928)	(24,306)	(67,970)	(16,378)
	<u>1,507,179</u>	<u>1,555,801</u>	<u>1,512,137</u>	<u>1,563,729</u>
Basic earnings per share (sen)	9.6	7.2	36.4	32.8
<u>The Bank</u>				
Profit after taxation	134,763	140,625	502,556	1,099,500
Weighted average number of ordinary shares in issue ('000)	1,580,107	1,580,107	1,580,107	1,580,107
Less: Treasury shares held	(72,928)	(24,306)	(67,970)	(16,378)
	<u>1,507,179</u>	<u>1,555,801</u>	<u>1,512,137</u>	<u>1,563,729</u>
Basic earnings per share (sen)	8.9	9.0	33.2	70.3

16. Earnings per share (continued)

b) Fully diluted earnings per share

For the fully diluted earnings per share, the weighted average number of ordinary shares in issue (excluding treasury shares) is adjusted to assume conversion of all ESOS options into ordinary shares.

	Current Quarter Ended 30/06/2006 RM'000	Corresponding Quarter Ended 30/06/2005 RM'000	Financial Year Ended 30/06/2006 RM'000	Financial Year Ended 30/06/2005 RM'000
<u>The Group</u>				
Profit after taxation	144,925	112,358	549,920	513,439
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the year	1,507,179	1,555,801	1,512,137	1,563,729
- adjustment for ESOS	-	-	-	-
	<u>1,507,179</u>	<u>1,555,801</u>	<u>1,512,137</u>	<u>1,563,729</u>
Fully diluted earnings per share (sen)	9.6	7.2	36.4	32.8
<u>The Bank</u>				
Profit after taxation	134,763	140,625	502,556	1,099,500
Weighted average number of ordinary shares in issue (diluted) ('000):				
- during the year	1,507,179	1,555,801	1,512,137	1,563,729
- adjustment for ESOS	-	-	-	-
	<u>1,507,179</u>	<u>1,555,801</u>	<u>1,512,137</u>	<u>1,563,729</u>
Fully diluted earnings per share (sen)	8.9	9.0	33.2	70.3