

**HONG LEONG CAPITAL BERHAD**  
*(Company Number: 213006-U)*  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013**

	Note	The Group		The Company	
		As at 30/09/2013 RM'000	As at 30/06/2013 RM'000	As at 30/09/2013 RM'000	As at 30/06/2013 RM'000
<b>ASSETS</b>					
Cash and short term funds		<b>302,201</b>	665,574	<b>2,631</b>	77,386
Reverse repurchase agreements		<b>290,232</b>	274,388	-	-
Deposits and placements with banks and other financial institutions		<b>121,602</b>	325,561	<b>371</b>	360
Financial assets held-for-trading	11	<b>722,339</b>	660,864	<b>411</b>	414
Financial investments available- for-sale	12	<b>508,796</b>	265,333	<b>73,902</b>	-
Financial investments held-to-maturity	13	<b>360,549</b>	253,911	-	-
Derivative financial assets	19	<b>36,869</b>	28,785	-	-
Loans and advances	14	<b>271,250</b>	174,184	-	-
Clients' and brokers' balances	15	<b>143,376</b>	150,509	-	-
Other assets	16	<b>31,775</b>	12,855	<b>308</b>	14
Statutory deposits with Bank Negara Malaysia		<b>14,100</b>	24,500	-	-
Tax recoverable		<b>1,379</b>	1,464	<b>1,365</b>	1,365
Investment in subsidiary companies		-	-	<b>372,659</b>	372,659
Deferred tax assets		<b>62,786</b>	56,322	-	-
Property and equipment		<b>6,704</b>	6,888	-	-
Goodwill		<b>33,059</b>	33,059	-	-
Intangible assets		<b>977</b>	1,070	-	-
<b>TOTAL ASSETS</b>		<b>2,907,994</b>	2,935,267	<b>451,647</b>	452,198
<b>LIABILITIES</b>					
Deposits from customers	17	<b>401,762</b>	470,169	-	-
Deposits and placements of banks and other financial institutions	18	<b>1,545,452</b>	1,542,975	-	-
Repurchased agreements		<b>183,961</b>	177,033	-	-
Derivative financial liabilities	19	<b>44,567</b>	32,773	<b>13,739</b>	12,156
Clients' and brokers' balances		<b>107,260</b>	140,353	-	-
Other liabilities	20	<b>118,732</b>	89,664	<b>986</b>	1,887
Current tax liabilities		<b>716</b>	735	-	-
Deferred tax liabilities		<b>1</b>	-	<b>1</b>	-
<b>TOTAL LIABILITIES</b>		<b>2,402,451</b>	2,453,702	<b>14,726</b>	14,043

*The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Company for the year ended 30 June 2013.*

**HONG LEONG CAPITAL BERHAD**  
 (Company Number: 213006-U)  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013**

	Note	The Group		The Company	
		As at 30/09/2013 RM'000	As at 30/06/2013 RM'000	As at 30/09/2013 RM'000	As at 30/06/2013 RM'000
<b>EQUITY</b>					
Share capital		246,896	246,896	246,896	246,896
Reserves		269,153	245,175	199,403	200,637
Treasury shares for ESOS scheme		(10,506)	(10,506)	(9,378)	(9,378)
<b>TOTAL EQUITY</b>		<b>505,543</b>	<b>481,565</b>	<b>436,921</b>	<b>438,155</b>
<b>TOTAL LIABILITIES AND EQUITY</b>					
		<b>2,907,994</b>	<b>2,935,267</b>	<b>451,647</b>	<b>452,198</b>
<b>COMMITMENTS AND CONTINGENCIES</b>					
	26	<b>7,283,071</b>	<b>6,178,687</b>	<b>2,858</b>	<b>2,858</b>
<b>Net assets per share attributable to ordinary equity holder of the Company (RM)</b>					
		<b>2.13</b>	<b>2.03</b>		

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**HONG LEONG CAPITAL BERHAD**  
*(Company Number: 213006-U)*  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013**

	Current quarter ended 30/09/2013	Last year's quarter ended 30/09/2012	Current year ended 30/09/2013	Last year's ended 30/09/2012
Note	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Operating revenue	<b>56,186</b>	54,152	<b>56,186</b>	54,152
Interest income	21 <b>22,688</b>	20,896	<b>22,688</b>	20,896
Interest expense	22 <b>(15,001)</b>	(14,254)	<b>(15,001)</b>	(14,254)
Net interest income	<b>7,687</b>	6,642	<b>7,687</b>	6,642
Non-interest income	23 <b>33,498</b>	33,256	<b>33,498</b>	33,256
Net income	<b>41,185</b>	39,898	<b>41,185</b>	39,898
Overhead expenses	24 <b>(22,479)</b>	(28,025)	<b>(22,479)</b>	(28,025)
Operating profit before allowances and advances and other losses	<b>18,706</b>	11,873	<b>18,706</b>	11,873
Allowance for impairment on loans and advances and other losses	25 <b>(247)</b>	(204)	<b>(247)</b>	(204)
Profit before taxation	<b>18,459</b>	11,669	<b>18,459</b>	11,669
Taxation	<b>5,843</b>	(3,505)	<b>5,843</b>	(3,505)
Net profit for the period	<b>24,302</b>	8,164	<b>24,302</b>	8,164
<b>Earnings per share (sen)</b>				
- Basic	<b>10.25</b>	3.48	<b>10.25</b>	3.48
- Diluted	<b>10.25</b>	3.48	<b>10.25</b>	3.48

*The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Company for the year ended 30 June 2013.*

**HONG LEONG CAPITAL BERHAD**  
*(Company Number: 213006-U)*  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013**

Note	Current quarter ended 30/09/2013 RM'000	Last year's quarter ended 30/09/2012 RM'000	Current year ended 30/09/2013 RM'000	Last year's ended 30/09/2012 RM'000
<b>The Group</b>				
Net profit for the period	24,302	8,164	24,302	8,164
Other comprehensive income:				
Net fair value changes on financial investments available-for-sale	(639)	6,306	(639)	6,306
Income tax relating to net fair value changes on financial investments available-for-sale	158	(1,576)	158	(1,576)
Other comprehensive income/expense for the period, net of tax	(481)	4,730	(481)	4,730
Total comprehensive income for the period, net of tax	<b>23,821</b>	12,894	<b>23,821</b>	12,894

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**HONG LEONG CAPITAL BERHAD**  
*(Company Number: 213006-U)*  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013**

	Current quarter ended 30/09/2013	Last year's quarter ended 30/09/2012	Current year ended 30/09/2013	Last year's ended 30/09/2012
Note	RM'000	RM'000	RM'000	RM'000
<b>The Company</b>				
Operating revenue	<u>(1,027)</u>	<u>3</u>	<u>(1,027)</u>	<u>3</u>
Interest income	21 <b>59</b>	16	<b>59</b>	16
Interest expense	22 <u>-</u>	<u>(1,839)</u>	<u>-</u>	<u>(1,839)</u>
Net interest income/(expense)	<b>59</b>	<u>(1,823)</u>	<b>59</b>	<u>(1,823)</u>
Non-interest income	23 <u>(1,086)</u>	<u>(13)</u>	<u>(1,086)</u>	<u>(13)</u>
Net income/(expense)	<b>(1,027)</b>	<u>(1,836)</u>	<b>(1,027)</b>	<u>(1,836)</u>
Overhead expenses	24 <u>(208)</u>	<u>(225)</u>	<u>(208)</u>	<u>(225)</u>
Operating loss before allowances	<b>(1,235)</b>	<u>(2,061)</u>	<b>(1,235)</b>	<u>(2,061)</u>
Allowance for impairment on other losses	25 <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss before taxation	<b>(1,235)</b>	<u>(2,061)</u>	<b>(1,235)</b>	<u>(2,061)</u>
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net loss for the period	<b>(1,235)</b>	<u>(2,061)</u>	<b>(1,235)</b>	<u>(2,061)</u>
<b>Earnings per share (sen)</b>				
- Basic	<b>(0.5)</b>	(0.9)	<b>(0.5)</b>	(0.9)
- Diluted	<b>(0.5)</b>	(0.9)	<b>(0.5)</b>	(0.9)

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**HONG LEONG CAPITAL BERHAD**  
*(Company Number: 213006-U)*  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013**

Note	Current quarter ended 30/09/2013 RM'000	Last year's quarter ended 30/09/2012 RM'000	Current year ended 30/09/2013 RM'000	Last year's ended 30/09/2012 RM'000
<b>The Company</b>				
Net loss for the period	(1,235)	(2,061)	(1,235)	(2,061)
Other comprehensive income				
Net fair value changes on financial investments available-for-sale	2	-	2	-
Income tax relating to net fair value changes on financial investments available-for-sale	(1)	-	(1)	-
Other comprehensive income for the period, net of tax	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>
Total comprehensive expense for the period, net of tax	<u>(1,234)</u>	<u>(2,061)</u>	<u>(1,234)</u>	<u>(2,061)</u>

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**HONG LEONG CAPITAL BERHAD**  
*(Company Number: 213006-U)*  
**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013**

<b>The Group</b>	<b>Treasury Shares for</b>		<b>Non-Distributable Reserves</b>			<b>Distributable Reserves</b>			<b>Total</b>
	<b>Share Capital</b>	<b>ESOS Scheme</b>	<b>General Reserves</b>	<b>Statutory Reserves</b>	<b>Share Option Reserves</b>	<b>Fair Value Reserve</b>	<b>Exchange fluctuation Reserve</b>	<b>Retained Profits</b>	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2013	246,896	(10,506)	543	69,712	965	956	12	172,987	481,565
Net profit for the period	-	-	-	-	-	-	-	24,302	24,302
Other comprehensive income	-	-	-	-	-	(481)	-	-	(481)
Total comprehensive income	-	-	-	-	-	(481)	-	24,302	23,821
Option charge arising from ESOS granted	-	-	-	-	157	-	-	-	157
At 30 Septemehr 2013	<b>246,896</b>	<b>(10,506)</b>	<b>543</b>	<b>69,712</b>	<b>1,122</b>	<b>475</b>	<b>12</b>	<b>197,289</b>	<b>505,543</b>
At 1 July 2012	246,896	(13,203)	543	47,352	884	6,317	14	104,196	392,999
Net profit for the period	-	-	-	-	-	-	-	8,164	8,164
Other comprehensive expense	-	-	-	-	-	4,730	-	-	4,730
Total comprehensive income	-	-	-	-	-	4,730	-	8,164	12,894
Option charge arising from ESOS granted	-	-	-	-	153	-	-	-	153
At 30 September 2012	246,896	(13,203)	543	47,352	1,037	11,047	14	112,360	406,046

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**HONG LEONG CAPITAL BERHAD**  
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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013**

	<u>Non-Distributable Reserves</u>					<u>Distributable Reserves</u>			<u>Total</u>
	<u>Share Capital</u>	<u>Treasury Shares for ESOS Scheme</u>	<u>General Reserves</u>	<u>Statutory Reserves</u>	<u>Share Option Reserves</u>	<u>Fair Value Reserve</u>	<u>Exchange fluctuation Reserve</u>	<u>Retained Profits</u>	
<b>The Company</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July 2013	246,896	(9,378)	-	-	-	-	-	200,637	438,155
Net profit for the period	-	-	-	-	-	-	-	(1,235)	(1,235)
Other comprehensive income	-	-	-	-	-	1	-	-	1
Total comprehensive income	-	-	-	-	-	1	-	(1,235)	(1,234)
At 30 Septemebr 2013	<b>246,896</b>	<b>(9,378)</b>	-	-	-	<b>1</b>	-	<b>199,402</b>	<b>436,921</b>
At 1 July 2012	246,896	(13,203)	-	-	-	-	-	24,016	257,709
Net loss for the period	-	-	-	-	-	-	-	(2,061)	(2,061)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	-	-	-	(2,061)	(2,061)
At 30 September 2012	246,896	(13,203)	-	-	-	-	-	21,955	255,648

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**HONG LEONG CAPITAL BERHAD**  
 (Company Number 213006-U)  
**UNAUDITED STATEMENTS OF CASH FLOWS**  
**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013**

	<b>The Group</b>	
	<b>30/09/2013</b>	<b>30/09/2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Cash flows from operating activities</u></b>		
Profit before tax expense	<b>18,459</b>	11,669
<b><u>Adjustments for non-cash items:</u></b>		
- Depreciation of property and equipment	<b>520</b>	658
- Amortisation of intangible assets	<b>130</b>	206
- Option charge arising from ESOS	<b>157</b>	153
- Gain on disposal of property and equipment	<b>-</b>	(55)
- Allowance/(write-back of) impairment for losses on loans and advances	<b>391</b>	60
- Writeback of allowance for losses on clients' and brokers' balance	<b>(72)</b>	144
- Net unrealised loss/(gain) on revaluation:		
- Financial assets held-for-trading	<b>(3,293)</b>	317
- Derivative financial instruments	<b>3,395</b>	(20,268)
- Interest income from:		
- Financial assets held-for-trading	<b>(5,350)</b>	(7,076)
- Financial investments available-for-sale	<b>(3,220)</b>	(1,106)
- Financial investments held-to-maturity	<b>(2,694)</b>	(4,633)
- Derivative financial instruments	<b>(720)</b>	(675)
- Interest expense on derivative financial instruments	<b>1,371</b>	1,052
- Interest expense on borrowings	<b>-</b>	1,839
- Dividend income from:		
- Financial assets held-for-trading	<b>(322)</b>	(800)
- Financial investments available-for-sale	<b>(395)</b>	-
	<b>(10,102)</b>	(30,184)
<b>Operating profit/(loss) before changes in working capital</b>	<b>8,357</b>	(18,515)

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**HONG LEONG CAPITAL BERHAD**  
 (Company Number 213006-U)  
**UNAUDITED STATEMENTS OF CASH FLOWS**  
**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013**

	<b>The Group</b>	
	<b>30/09/2013</b>	<b>30/09/2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Operating profit/(loss) before changes in working capital (continued)</b>	<b>8,357</b>	<b>(18,515)</b>
Changes in working capital:		
- Reverse repurchase agreements	<b>(15,844)</b>	-
- Deposits and placements with banks and other financial institutions	<b>203,959</b>	(40,407)
- Financial assets held-for-trading	<b>(57,829)</b>	(408,449)
- Financial investments available-for-sale	<b>(242,527)</b>	39,552
- Financial investments held-to-maturity	<b>(106,696)</b>	8,776
- Derivative financial instruments	<b>22</b>	934
- Loans and advances	<b>(97,457)</b>	(15,183)
- Clients' and brokers' balances	<b>7,205</b>	(25,445)
- Other assets	<b>(18,931)</b>	29,026
- Statutory deposits with Bank Negara Malaysia	<b>10,400</b>	1,036
Net changes in operating assets	<b>(317,698)</b>	(410,160)
- Deposits from customers	<b>(68,407)</b>	155,105
- Deposits and placements of banks and other financial institutions	<b>2,477</b>	(10,590)
- Repurchased agreements	<b>6,928</b>	(3,907)
- Clients' and brokers' balances	<b>(33,093)</b>	33,044
- Other liabilities	<b>29,075</b>	46,298
Net changes in operating liabilities	<b>(63,020)</b>	219,950
<b>Cash used in operating activities</b>	<b>(372,361)</b>	(208,725)
- Net income tax paid	<b>(392)</b>	(625)
<b>Net cash used in operating activities</b>	<b>(372,753)</b>	(209,350)

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**HONG LEONG CAPITAL BERHAD**  
 (Company Number 213006-U)  
**UNAUDITED STATEMENTS OF CASH FLOWS**  
**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013**

	<b>The Group</b>	
	<b>30/09/2013</b>	<b>30/09/2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Cash flows from investing activities</u></b>		
Dividend received from:		
- Financial assets held-for-trading	322	800
- Financial investments available-for-sale	395	-
Interest received from financial assets held-for-trading, financial investments available-for-sale, financial investments held-to-maturity and derivative financial instruments	10,099	21,929
Interest expenses paid on derivative financial instruments	(1,063)	(11,552)
Purchase of property and equipment	(336)	(230)
Purchase of intangible assets	(37)	(164)
<b>Net cash generated from investing activities</b>	<b>9,380</b>	<b>10,783</b>
<b><u>Cash flows from financing activities</u></b>		
Interest paid on borrowings	-	(1,497)
Repayment of borrowings	-	(16,000)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(17,497)</b>
<b>Net changes in cash and cash equivalents</b>	<b>(363,373)</b>	<b>(216,064)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>665,574</b>	<b>503,776</b>
<b>Cash and cash equivalents at end of period</b>	<b>302,201</b>	<b>287,712</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and short term funds	<b>302,201</b>	<b>287,712</b>

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**HONG LEONG CAPITAL BERHAD**  
 (Company Number 213006-U)  
**UNAUDITED STATEMENTS OF CASH FLOWS**  
**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013**

	<b>The Company</b>	
	<b>30/09/2013</b>	<b>30/09/2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Cash flows from operating activities</u></b>		
Loss before tax expense	(1,235)	(2,061)
<b><u>Adjustments for non-cash items:</u></b>		
- Net unrealised loss on financial assets held-for-trading	3	13
- Net unrealised loss on derivative financial instruments	1,583	-
- Interest income	(59)	(16)
- Interest expense on borrowings	-	1,839
- Dividend income from financial investments available-for-sale	(388)	-
	1,139	1,836
<b>Operating loss before changes in working capital</b>	<b>(96)</b>	<b>(225)</b>
Increase in deposits and placements with banks and other financial institutions	(11)	-
Increase in financial investments available-for-sale	(73,512)	-
(Increase)/decrease in receivables	(294)	18,856
Decrease in payables	(901)	(1,306)
<b>Cash (used in)/generated from operating activities</b>	<b>(74,814)</b>	<b>17,325</b>
- Net income tax refund	-	351
- Interest received	59	16
<b>Net cash (used in)/generated from operating activities</b>	<b>(74,755)</b>	<b>17,692</b>
<b><u>Cash flows from financing activities</u></b>		
Interest paid on borrowings	-	(1,497)
Repayment of borrowings	-	(16,000)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(17,497)</b>
<b>Net changes in cash and cash equivalents</b>	<b>(74,755)</b>	<b>195</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>77,386</b>	<b>2,297</b>
<b>Cash and cash equivalents at end of period</b>	<b>2,631</b>	<b>2,492</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and short term funds	<b>2,631</b>	<b>2,492</b>

*The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and of the Company for the year ended 30 June 2013.*

**HONG LEONG CAPITAL BERHAD ("HLCB" or "Company")**  
**(formerly known as HLG Capital Berhad)**  
*(Company Number 213006-U)*  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013**

**Explanatory Notes pursuant to the Financial Reporting Standard 134 ("FRS 134") and Revised Guidelines on Financial Reporting for Licensed Institutions ("BNM/GP8") issued by Bank Negara Malaysia ("BNM")**

**1. Basis of preparation**

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

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

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

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

**2. Auditors' report on preceding annual financial statements**

The auditors' report on the audited financial statements for the financial year ended 30 June 2013 was not qualified.

**3. Comments about seasonal or cyclical factors**

The operations of the Group and the Company were not materially affected by any seasonal or cyclical factors during the financial quarter ended 30 September 2013.

**4. Unusual items due to their nature, size or incidence**

There were no unusual items affecting the assets, liabilities, equities, net income or cash flows of the Group and the Company during the financial quarter ended 30 September 2013.

## HLCB Q1 (30.09.13)

### 5. Change in estimate

There were no material changes in estimate of amount reported in prior financial year that have a material effect in the financial quarter ended 30 September 2013.

### 6. Debt and Equity Securities

There were no new issuance and repayment of debt and equity securities, share-buy-back, share cancellations, shares held as treasury shares and resale of treasury shares during the financial quarter ended 30 September 2013, other than as mentioned below.

- (a) The Company had, on 8 November 2005, announced that the shareholders of the Company had approved the establishment of an Executive Share Option Scheme (“Scheme”) of up to 15% of the issued and paid-up ordinary share capital of the Company.

Approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the new ordinary shares of the Company to be issued pursuant to the exercise of options under the Scheme was obtained on 17 January 2006. The scheme was established on 23 January 2006 under a trust for employee (“ESOS Trust”).

- (b) The ESOS Trust is administered by an appointed trustee. The trustee will be entitled from time to time to accept financial assistance from the Company upon such terms and conditions as the Company and the trustee may agree to purchase shares in the Company from the open market for the purpose of this trust.

- (c) The shares purchased for the benefit of the ESOS holders are recorded as “Shares held by ESOS Trust” in the Group’s statement of financial position as deduction in arriving at the shareholders’ equity. Total shares held by ESOS Trust comprise 9,777,200 (2013: 9,777,200) shares in the Company costing RM10,506,289 (2013: RM10,506,289) inclusive of transaction costs, as at 30 September 2013.

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

Grant date	Expiry date		As at			As at	
			1.07.2013	Granted	Exercised	Lapsed	30.09.2013
19 January 2011	18 April 2014	^	1,330,000	-	-	-	1,330,000
19 January 2011	18 April 2015	^	1,330,000	-	-	-	1,330,000
16 January 2013	20 January 2016		1,050,000	-	-	-	1,050,000
			<u>3,710,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,710,000</u>

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

### 7. Dividends

There was no dividend paid during the financial quarter ended 30 September 2013.

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

No valuations of property, plant and equipment were carried out for the financial quarter ended 30 September 2013.

## **HLCB Q1 (30.09.13)**

### **9. Significant events**

There were no significant events during the financial quarter ended 30 September 2013.

### **10. Subsequent events**

#### **(a) Business rationalisation**

On 11 October 2013, HLCB announced that the proposed disposal of Promilia Berhad ("Promilia") has been completed. With effect from 11 October 2013, Promilia will cease to be a wholly-owned subsidiary of HLCB.

#### **(b) Status update on compliance with the required public shareholding spread pursuant to Section 3.3 of Practice Note 19 of the Main Market Listing Requirements**

Pursuant to Section 3.3 of Practice Note 19 of the Main Market Listing Requirements ("Listing Requirements"), HLCB is required to announce the status on its compliance with the required public shareholding spread in conjunction with the release of its quarterly results for the first quarter of the financial year ending 30 June 2014.

The Company currently does not meet the requirement as set out in paragraph 8.02(1) of the Listing Requirements which states that a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. Based on the Company's Record of Depositors as at 7 November 2013, the public shareholding spread of the Company was 10.07%.

Bursa Malaysia Securities Berhad had via its letter dated 3 September 2013 granted the Company a further extension of time of 6 months until 28 February 2014 to comply with the 25% public shareholding spread requirement.

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

**Financial Reporting for Licensed Institutions ("BNM/GP8")****1. Financial assets at fair value through profit or loss**

	<b>The Group</b>		<b>The Company</b>	
	<b>As at 30/09/2013 RM'000</b>	<b>As at 30/06/2013 RM'000</b>	<b>As at 30/09/2013 RM'000</b>	<b>As at 30/06/2013 RM'000</b>
<b>Money market instruments</b>				
Malaysian Government Securities	49,960	20,107	-	-
Negotiable instruments of deposits	250,856	150,372	-	-
Bankers' acceptances	203,742	219,476	-	-
	<b>504,558</b>	<b>389,955</b>	<b>-</b>	<b>-</b>
<b>Quoted securities</b>				
In Malaysia:				
Shares	9,211	9,570	-	-
Unit trust investment	3,269	3,666	411	414
Outside Malaysia:				
Foreign currency bonds	15,719	63,074	-	-
	<b>28,199</b>	<b>76,310</b>	<b>411</b>	<b>414</b>
<b>Unquoted securities</b>				
Private and Islamic debt securities	189,582	194,599	-	-
	<b>722,339</b>	<b>660,864</b>	<b>411</b>	<b>414</b>

**2. Financial investments available-for-sale**

	<b>The Group</b>		<b>The Company</b>	
	<b>As at 30/09/2013 RM'000</b>	<b>As at 30/06/2013 RM'000</b>	<b>As at 30/09/2013 RM'000</b>	<b>As at 30/06/2013 RM'000</b>
<b>Money market instruments</b>				
Malaysian Government Securities	40,661	20,205	-	-
Malaysian Government Investment Issues	59,923	59,669	-	-
Cagamas bonds	5,157	5,122	-	-
<b>Quoted securities</b>				
In Malaysia:				
Unit trust investment	75,014	695	73,902	-
Outside Malaysia:				
Foreign currency bonds	138,920	86,476	-	-
<b>Unquoted securities</b>				
Shares	686	686	-	-
Private and Islamic debt securities	188,435	92,480	-	-
	<b>189,121</b>	<b>93,166</b>	<b>-</b>	<b>-</b>
	<b>508,796</b>	<b>265,333</b>	<b>73,902</b>	<b>-</b>



## HLCB Q1 (30.09.13)

### 3. Financial investments held-to-maturity

	The Group	
	As at 30/09/2013 RM'000	As at 30/06/2013 RM'000
<b>Money market instruments</b>		
Malaysian Government Securities	50,976	-
Malaysian Government Investment Issues	5,053	5,107
Negotiable instruments of deposits	50,002	-
Cagamas bonds	10,255	10,161
	116,286	15,268
<b>Quoted securities</b>		
Outside Malaysia:		
Foreign currency bonds	198,619	192,912
<b>Unquoted securities</b>		
Private and Islamic debt securities	45,644	45,731
	360,549	253,911

### 4. Loans and advances

	The Group	
	As at 30/09/2013 RM'000	As at 30/06/2013 RM'000
Term loan financing	113,649	33,533
Share margin financing	156,548	139,049
Revolving credits	-	60
Staff loans	104	458
Other loans	2,330	2,074
Gross loans and advances	272,631	175,174
Allowance for impaired loans and advances:		
- individual assessment allowance	(252)	(252)
- collective assessment allowance	(1,129)	(738)
Net loans and advances	271,250	174,184

#### 14a. By type of customer

Domestic business enterprises		
- Small and medium enterprises	29,070	26,600
- Others	134,210	52,708
Individuals	106,380	95,563
Foreign entities	2,971	303
Gross loans and advances	272,631	175,174

#### 14b. By interest rate sensitivity

Fixed rate		
- Staff housing loans	88	388
- Other fixed rate loan	49,969	51,237
Variable rate		
- Cost plus	222,574	123,482
Non-interest bearing	-	67
Gross loans and advances	272,631	175,174

## HLCB Q1 (30.09.13)

### 4. Loans and advances (continued)

	The Group	
	As at 30/09/2013 RM'000	As at 30/06/2013 RM'000
<b>14c. <u>By residual contractual maturity</u></b>		
Maturity within 1 year	200,121	172,658
More than one year to three years	8	149
More than three years to five years	120	119
More than five years	72,382	2,248
Gross loans and advances	<u>272,631</u>	<u>175,174</u>
<b>14d. <u>By geographical distribution</u></b>		
Malaysia	<u>272,631</u>	<u>175,174</u>
<b>14e. <u>By economic purpose</u></b>		
Purchase of securities	156,444	139,049
Working capital	113,649	33,592
Purchase of transport vehicles	182	235
Purchase of residential property	2,356	2,298
Gross loans and advances	<u>272,631</u>	<u>175,174</u>
<b>14f. Movements in impaired loans and advances ("impaired loans") are as follows:</b>		
Impaired loans and advances		
At 1 July	1,123	1,256
Impaired during the year	5	1,123
Amount written back during the year	(246)	-
Amount written off during the year	-	(1,256)
At 30 September	<u>882</u>	<u>1,123</u>
 % of impaired loans to total loans and advances net of individual assessment allowance	 <u>0.3%</u>	 <u>0.6%</u>
<b>14g. <u>Impaired loans and advances by geographical distribution</u></b>		
Malaysia	<u>882</u>	<u>1,123</u>
<b>14h. <u>Impaired loans and advances by economic purpose</u></b>		
Purchase of transport vehicles	113	156
Purchase of residential property	769	967
Gross impaired loans and advances	<u>882</u>	<u>1,123</u>
<b>14i. Movement in the allowance for loss on loans and advances are as follows:</b>		
<u>Collective assessment allowance</u>		
At 1 July	738	837
Written back during the year	391	(99)
At 30 June	<u>1,129</u>	<u>738</u>

**HLCB Q1 (30.09.13)**

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

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

	<b>The Group</b>	
	<b>As at 30/09/2013 RM'000</b>	<b>As at 30/06/2013 RM'000</b>
<u>Individual assessment allowance</u>		
At 1 July	252	1,256
Allowance made during the year	-	252
Amount written off during the year	-	(1,256)
At 30 June	<u>252</u>	<u>252</u>

**5. Clients' and brokers' balances**

	<b>The Group</b>	
	<b>As at 30/09/2013 RM'000</b>	<b>As at 30/06/2013 RM'000</b>
Performing accounts	143,183	150,115
Impaired accounts	532	805
	<u>143,715</u>	<u>150,920</u>
Less: Individual assessment allowance	(321)	(378)
Collective assessment allowance	(18)	(33)
	<u>143,376</u>	<u>150,509</u>

**6. Other assets**

	<b>The Group</b>		<b>The Company</b>	
	<b>As at 30/09/2013 RM'000</b>	<b>As at 30/06/2013 RM'000</b>	<b>As at 30/09/2013 RM'000</b>	<b>As at 30/06/2013 RM'000</b>
Amount due from subsidiary companies	-	-	300	3
Amount due from a related company	171	171	-	-
Deposits and prepayments	5,109	4,764	8	11
Other receivables	26,200	7,761	-	-
Manager's stocks and consumables	295	159	-	-
	<u>31,775</u>	<u>12,855</u>	<u>308</u>	<u>14</u>

**HLCB Q1 (30.09.13)**

**7. Deposits from customers**

	<b>The Group</b>	
	<b>As at 30/09/2013 RM'000</b>	<b>As at 30/06/2013 RM'000</b>
Fixed deposits	<b>401,762</b>	470,169
<b>17a. <u>By type of deposit</u></b>		
Fixed deposits	<b>401,762</b>	470,169
<b>17b. <u>By type of customer</u></b>		
Government and statutory bodies	<b>379,589</b>	429,322
Business enterprises	<b>22,173</b>	40,847
	<b>401,762</b>	470,169
<b>17c. The maturity structure of fixed deposits are as follows:</b>		
Due within six months	<b>401,762</b>	470,169

**8. Deposits and placements of banks and other financial institutions**

	<b>The Group</b>	
	<b>As at 30/09/2013 RM'000</b>	<b>As at 30/06/2013 RM'000</b>
Bank Negara Malaysia	-	316,207
Licensed banks	<b>488,544</b>	128,060
Licensed investment banks	<b>50,093</b>	105,866
Other financial institutions	<b>1,006,815</b>	992,842
	<b>1,545,452</b>	1,542,975

**9. Derivative financial instruments**

	<b>Contract or underlying principal amount RM'000</b>	<b>The Group</b>	
		<b>Positive fair value RM'000</b>	<b>Negative fair value RM'000</b>
<b>The Group 30/09/2013</b>			
Interest rate related contracts:			
- Interest rate swaps	<b>2,351,000</b>	<b>6,428</b>	<b>(20,154)</b>
- Futures	<b>1,304,605</b>	<b>322</b>	<b>(4,101)</b>
- Cross currency swaps	<b>65,190</b>	<b>172</b>	<b>(26)</b>
Foreign exchange related contracts:			
- Foreign currency swaps	<b>2,182,972</b>	<b>25,177</b>	<b>(20,209)</b>
- Foreign currency forwards	<b>55,661</b>	<b>523</b>	<b>(77)</b>
- Foreign currency spot	<b>6,519</b>	<b>71</b>	-
Equity related contracts:			
- Call option	<b>10,000</b>	<b>4,176</b>	-
	<b>5,975,947</b>	<b>36,869</b>	<b>(44,567)</b>

**HLCB Q1 (30.09.13)**

**9. Derivative financial instruments (continued)**

	<b>Contract or underlying principal amount RM'000</b>	<b>Positive fair value RM'000</b>	<b>Negative fair value RM'000</b>
<b>The Company</b>			
<b>30/09/2013</b>			
Equity related contracts:			
- Put option	2,858	-	(13,739)
<b>The Group</b>			
<b>30/06/2013</b>			
Interest rate related contracts:			
- Interest rate swaps	1,888,500	6,615	(11,778)
- Futures	894,809	2,239	(942)
- Cross Currency Swaps	94,809	222	(278)
Foreign exchange related contracts:			
- Foreign currency swaps	2,064,470	14,835	(19,645)
- Foreign currency forwards	19,011	-	(128)
- Foreign currency spot	12,641	12	(2)
Equity related contracts:			
- Call option	10,000	4,862	-
	<u>4,984,240</u>	<u>28,785</u>	<u>(32,773)</u>
<b>The Company</b>			
<b>30/06/2013</b>			
Equity related contracts:			
- Put option	2,858	-	(12,156)

**10. Other liabilities**

	<b>The Group</b>		<b>The Company</b>	
	<b>As at 30/09/2013 RM'000</b>	<b>As at 30/06/2013 RM'000</b>	<b>As at 30/09/2013 RM'000</b>	<b>As at 30/06/2013 RM'000</b>
Amount due to holding company	2	2	2	2
Amount due to subsidiary companies	-	-	174	1,001
Amount due to related companies	200	142	4	-
Remisiers' trust deposits	13,948	15,482	-	-
Other payables and accrued liabilities	104,285	73,742	806	884
Post employment benefits obligation				
- defined contribution plan	297	296	-	-
	<u>118,732</u>	<u>89,664</u>	<u>986</u>	<u>1,887</u>

## HLCB Q1 (30.09.13)

### 11. Interest income

	Current quarter ended 30/09/2013 RM'000	Last year's quarter ended 30/09/2012 RM'000	Current year ended 30/09/2013 RM'000	Last year's ended 30/09/2012 RM'000
<b>The Group</b>				
Loan and advances	3,225	4,334	3,225	4,334
Money at call and deposits placements with banks and other financial institutions	7,192	2,871	7,192	2,871
Financial assets held-for-trading	5,350	7,076	5,350	7,076
Financial investments available-for-sale	3,220	1,106	3,220	1,106
Financial investments held-to-maturity	2,694	4,633	2,694	4,633
Derivative financial instruments	720	675	720	675
Others	287	201	287	201
Total interest income	<b>22,688</b>	20,896	<b>22,688</b>	20,896
Of which:				
Interest income earned on impaired loans and advances	-	-	-	-
<b>The Company</b>				
Money at call and deposits placements with banks and other financial institutions	59	16	59	16
Others	-	-	-	-
Total interest income	<b>59</b>	16	<b>59</b>	16

### 12. Interest expense

	Current quarter ended 30/09/2013 RM'000	Last year's quarter ended 30/09/2012 RM'000	Current year ended 30/09/2013 RM'000	Last year's ended 30/09/2012 RM'000
<b>The Group</b>				
Deposits and placements of banks and other financial institutions	3,090	3,100	3,090	3,100
Deposits from customers	10,416	8,003	10,416	8,003
Derivative financial liabilities	1,371	1,052	1,371	1,052
Borrowings	-	1,839	-	1,839
Other finance cost	124	260	124	260
Total interest expense	<b>15,001</b>	14,254	<b>15,001</b>	14,254
<b>The Company</b>				
Borrowings	-	1,839	-	1,839
Other finance cost	-	-	-	-
Total interest expense	-	1,839	-	1,839

## 13. Non-interest income

	Current quarter ended 30/09/2013 RM'000	Last year's quarter ended 30/09/2012 RM'000	Current year ended 30/09/2013 RM'000	Last year's ended 30/09/2012 RM'000
<b>The Group</b>				
(a) Fee income:				
Fee on loans and advances	342	351	342	351
Arranger fees	7,159	2,390	7,159	2,390
Placement fee	79	5,820	79	5,820
Guarantee fees	216	233	216	233
Corporate advisory fees	1,780	1,861	1,780	1,861
Underwriting Commission	614	565	614	565
Brokerage commissions	13,816	10,773	13,816	10,773
Commission from futures contracts	265	174	265	174
Net unit trust and asset management income	5,498	4,739	5,498	4,739
Other fee income	6,756	3,258	6,756	3,258
	<u>36,525</u>	<u>30,164</u>	<u>36,525</u>	<u>30,164</u>
(b) Net realised (loss)/gain arising from sale of:				
- Financial assets held-for-trading	(3,531)	(1,252)	(3,531)	(1,252)
- Financial investments available-for-sale	1,590	324	1,590	324
- Derivative financial instruments	3,952	(13,248)	3,952	(13,248)
	<u>2,011</u>	<u>(14,176)</u>	<u>2,011</u>	<u>(14,176)</u>
(c) Dividend income from:				
- Financial assets held-for-trading	322	800	322	800
- Financial investments available-for-sale	395	-	395	-
	<u>717</u>	<u>800</u>	<u>717</u>	<u>800</u>
(d) Net unrealised gain/(loss) on revaluation of:				
- Financial assets held-for-trading	3,293	(317)	3,293	(317)
- Derivative financial instruments	(3,395)	20,268	(3,395)	20,268
	<u>(102)</u>	<u>19,951</u>	<u>(102)</u>	<u>19,951</u>
(e) Gain on disposal of property and equipment	-	55	-	55
(f) Foreign exchange loss	(5,774)	(3,665)	(5,774)	(3,665)
(g) Other income	121	127	121	127
Total non-interest income	<u>33,498</u>	<u>33,256</u>	<u>33,498</u>	<u>33,256</u>

**HLCB Q1 (30.09.13)**
**13. Non-interest income (continued)**

	Current quarter ended 30/09/2013 RM'000	Last year's quarter ended 30/09/2012 RM'000	Current year ended 30/09/2013 RM'000	Last year's ended 30/09/2012 RM'000
<b>The Company</b>				
(a) Net realised gain arising from sale of financial assets held-for-trading	-	-	-	-
(b) Net unrealised gain/(loss) on revaluation of:				
- Financial assets held-for-trading	(3)	(13)	(3)	(13)
- Derivative financial instruments	(1,583)	-	(1,583)	-
	<u>(1,586)</u>	<u>(13)</u>	<u>(1,586)</u>	<u>(13)</u>
(c) Dividend income from:				
- Financial investments available-for sale	388	-	388	-
(d) Gain on capital reduction of a subsidiary	-	-	-	-
(e) Other income	112	-	112	-
	<u>(1,086)</u>	<u>(13)</u>	<u>(1,086)</u>	<u>(13)</u>

**14. Overhead expenses**

	Current quarter ended 30/09/2013 RM'000	Last year's quarter ended 30/09/2012 RM'000	Current year ended 30/09/2013 RM'000	Last year's ended 30/09/2012 RM'000
<b>The Group</b>				
Personnel costs				
- Salaries, bonuses and allowances	10,083	14,404	10,083	14,404
- Option charge arising from ESOS	157	153	157	153
- Others	2,335	2,594	2,335	2,594
	<u>12,575</u>	<u>17,151</u>	<u>12,575</u>	<u>17,151</u>
Establishment costs				
- Depreciation of property and equipment	520	658	520	658
- Amortisation of intangible assets	130	206	130	206
- Rental of premises	1,596	1,707	1,596	1,707
- Information technology expenses	1,458	1,519	1,458	1,519
- Others	884	574	884	574
	<u>4,588</u>	<u>4,664</u>	<u>4,588</u>	<u>4,664</u>
Marketing expenses				
- Advertisement and publicity	249	86	249	86
- Entertainment and business improvement	484	335	484	335
- Others	178	123	178	123
	<u>911</u>	<u>544</u>	<u>911</u>	<u>544</u>



## 14. Overhead expenses (continued)

	Current quarter ended 30/09/2013 RM'000	Last year's quarter ended 30/09/2012 RM'000	Current year ended 30/09/2013 RM'000	Last year's ended 30/09/2012 RM'000
<b>The Group (continued)</b>				
Administration and general expenses				
- Management fees	959	707	959	707
- Communication expenses	414	647	414	647
- Auditors' remuneration				
- Statutory audit	108	65	108	65
- Other fees	3	4	3	4
- Legal and professional fees	1,320	2,216	1,320	2,216
- Others	1,601	2,027	1,601	2,027
	<b>4,405</b>	<b>5,666</b>	<b>4,405</b>	<b>5,666</b>
	<b>22,479</b>	<b>28,025</b>	<b>22,479</b>	<b>28,025</b>
<b>The Company</b>				
Personnel costs				
- Salaries, bonuses and allowances	10	(21)	10	(21)
- Others	51	11	51	11
	<b>61</b>	<b>(10)</b>	<b>61</b>	<b>(10)</b>
Establishment costs				
- Rental	3	-	3	-
- Information technology expenses	4	-	4	-
- Others	12	5	12	5
	<b>19</b>	<b>5</b>	<b>19</b>	<b>5</b>
Marketing expenses				
- Others	-	1	-	1
	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>
Administration and general expenses				
- Communication expenses	1	1	1	1
- Auditors' remuneration				
- Statutory audit	15	17	15	17
- Other fees	3	3	3	3
- Legal and professional fees	-	71	-	71
- Others	109	137	109	137
	<b>128</b>	<b>229</b>	<b>128</b>	<b>229</b>
	<b>208</b>	<b>225</b>	<b>208</b>	<b>225</b>

HLCB Q1 (30.09.13)

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

	Current quarter ended 30/09/2013 RM'000	Last year's quarter ended 30/09/2012 RM'000	Current year ended 30/09/2013 RM'000	Last year's ended 30/09/2012 RM'000
<b>The Group</b>				
Allowance for/(write-back of) losses on impaired loans and advances:				
Collective assessment allowance made during the period	391	60	391	60
Bad debts on clients' and brokers' balances - recovered	(7)	-	(7)	-
Allowance for losses on clients' and brokers' balances:				
Collective assessment allowance (written back)/made during the period	(15)	23	(15)	23
Individual assessment allowance - made during the period	52	569	52	569
- written back during the period	(109)	(448)	(109)	(448)
Allowance for losses on other debtors:				
Individual assessment allowance - written-back during the period	(65)	-	(65)	-
	<b>247</b>	<b>204</b>	<b>247</b>	<b>204</b>

**HLCB Q1 (30.09.13)**

**16. Commitments and contingencies**

	<b>As at 30/09/2013 Principal Amount RM'000</b>	<b>As at 30/06/2013 Principal Amount RM'000</b>
<b>The Group</b>		
<b>Commitments and contingent liabilities</b>		
Direct Credit Substitutes	50,750	50,750
Obligations under underwriting agreement	38,360	-
Other commitments, such as formal standby facilities and credit lines		
- maturity less than one year	20,000	-
- maturity over one year	69	69
Any commitments that are unconditionally cancelled at any time by the bank without prior notice		
- maturity less than one year	520,079	507,022
Others	677,866	636,606
	<u>1,307,124</u>	<u>1,194,447</u>
<b>Derivative Financial Instruments</b>		
Interest rate related contracts:		
- One year or less	1,344,605	716,412
- Over one year to five years	2,376,190	2,161,706
Foreign exchange related contracts		
- One year or less	2,245,152	2,096,122
Equity related contracts		
- Over one year to five years	10,000	10,000
	<u>5,975,947</u>	<u>4,984,240</u>
	<u>7,283,071</u>	<u>6,178,687</u>
<b>The Company</b>		
<b>Derivative Financial Instruments</b>		
Equity related contracts		
- One year or less	1,429	1,429
- Over one year to five years	1,429	1,429
	<u>2,858</u>	<u>2,858</u>

## HLCB Q1 (30.09.13)

### 17. Capital adequacy

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

	<b>HLIB</b> <b>30/09/2013</b>	<b>HLIB</b> <b>30/06/2013</b>
<b>Before deducting proposed dividends:</b>		
Common equity tier 1 ("CET1") capital ratio	24.485%	33.194%
Tier 1 capital ratio	24.485%	33.194%
Total capital ratio	<u>24.628%</u>	<u>33.288%</u>
<b>After deducting proposed dividends:</b>		
CET1 capital ratio	22.200%	30.099%
Tier 1 capital ratio	22.200%	30.099%
Total capital ratio	<u>22.343%</u>	<u>30.193%</u>

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

	<b>HLIB</b> <b>30/09/2013</b> <b>RM'000</b>	<b>HLIB</b> <b>30/06/2013</b> <b>RM'000</b>
<b>CET1 capital</b>		
Paid-up ordinary share capital	165,000	165,000
Share premium	87,950	87,950
Other reserves	<u>138,329</u>	<u>138,810</u>
	<b>391,279</b>	<b>391,760</b>
Regulatory adjustments:		
- Goodwill	(28,986)	(28,986)
- Deferred tax assets	(61,978)	(61,978)
- Other regulatory adjustments	<u>(260)</u>	<u>(525)</u>
Total CET1 capital	<u>300,055</u>	<u>300,271</u>
<b>Tier-1 capital</b>	<b>300,055</b>	<b>300,271</b>
<b>Tier-2 capital</b>		
Redeemable preference shares	1,631	1,631
Collective assessment allowance for losses on loans and advances <sup>(1)</sup>	1,066	678
Regulatory adjustments:		
- Investment in subsidiaries	<u>(949)</u>	<u>(1,455)</u>
Total Tier 2 capital	<u>1,748</u>	<u>854</u>
Total capital	<u>301,803</u>	<u>301,125</u>

Note:

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

**HLCB Q1 (30.09.13)**

**17. Capital adequacy (continued)**

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

	<b>HLIB</b>	<b>HLIB</b>
	<b>30/09/2013</b>	<b>30/06/2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit risk	<b>681,967</b>	464,961
Market risk	<b>408,500</b>	321,448
Operational risk	<b>134,993</b>	118,189
	<b><u>1,225,460</u></b>	<u>904,598</u>

## 18. Segmental reporting

(a) Segment information by activities for the financial period ended 30 September 2013:

	Investment banking and stockbroking	Fund management and unit trust management	Investment holding and others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>30 September 2013</b>					
<b>REVENUE &amp; EXPENSES</b>					
<b>Revenue</b>					
Net Interest income	7,466	152	69	-	7,687
Non interest income	30,333	5,498	(1,084)	(1,249)	33,498
<b>Results</b>					
Profit/(loss) from operations	15,599	1,805	(1,288)	2,343	18,459
Taxation					5,843
Profit after taxation					24,302
<b>30 September 2012</b>					
<b>REVENUE &amp; EXPENSES</b>					
<b>Revenue</b>					
Net Interest income	8,138	314	(1,810)	-	6,642
Non interest income	28,781	4,737	(262)	-	33,256
<b>Results</b>					
Profit/(loss) from operations	12,568	1,502	(2,401)	-	11,669
Taxation					(3,505)
Profit after taxation					8,164

(b) Segment information by geographical areas has not been disclosed as the Group operates principally in Malaysia.

## 19. Property and equipment

The valuations of property and equipment have been brought forward without amendment from the financial statements for the financial year ended 30 June 2013.

## 20. Changes in composition of the Group

On 11 October 2013, HLCB announced that the proposed disposal of Promilia Berhad ("Promilia") has been completed. With effect from 11 October 2013, Promilia will cease to be a wholly-owned subsidiary of HLCB.

## **HLCB Q1 (30.09.13)**

### **21. Capital commitments**

Capital commitments for the purchase of property and equipment as at 30 September 2013 is RM4.8 million.

### **22. Changes in contingent liabilities**

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

Hong Leong Asset Management Berhad, a wholly-owned subsidiary of the Company, is the Manager of HLG Sectoral Fund ("Funds") which comprises one sector fund. The Company provided a guarantee to Universal Trustee (Malaysia) Berhad, the trustee of the Funds, that if the fund falls below the minimum fund size of RM1 million, the Company would invest cash, equivalent to the shortfall, into the relevant fund.

The size of the fund was above the minimum of RM1 million as at 30 September 2013.

### **23. 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.

## **HLCB Q1 (30.09.13)**

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

#### **1. Performance review**

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

The group recorded a higher profit before tax ("PBT") of RM18.5 million for the 1st quarter September 2013 as compared to RM11.7 million in the previous year corresponding quarter. This is mainly due to higher contribution from its major operating segments, ie. investment banking and stockbroking segment.

##### Investment banking and stockbroking

The investment banking and stockbroking segment recorded a PBT of RM15.6 million for the 1st quarter September 2013 as compared to previous year corresponding quarter of RM12.6 million mainly due to higher contribution from the Stockbroking division. The higher contribution from Stockbroking division mainly attributed by the surged in Bursa's market volumes in this year.

##### Fund management and unit trust management

Fund management and unit trust management recorded a PBT of RM1.8 million for the 1st quarter September 2013 as compared to RM1.5 million in previous year corresponding quarter, mainly due to higher net contribution from management fee income.

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

For the financial quarter ended 30 September 2013, the Group reported a lower PBT of RM18.5 million compared to the PBT of RM21.9 million in the preceding financial quarter. This was mainly due to lower contribution from its investment banking and stockbroking division.

##### Investment banking and stockbroking

The investment banking and stock broking segment recorded a lower PBT of RM15.6 million for the 1st quarter September 2013 as compared to preceding financial quarter of RM22.3 million mainly due to lower fee income from its Equity Markets division.

##### Fund management and unit trust management

The fund management and unit trust management segment recorded a lower PBT of RM1.8 million for 1st quarter September 2013 as compared to RM3.4 million in preceding financial quarter. This is mainly due to higher overheads recorded as compared to preceding financial quarter.

#### **2. Prospects for the next financial year**

The Group is expected to show satisfactory performance in the financial year ending 30 June 2014 with improving profitability via diversification of income source from more extensive investment banking activities.

#### **3. Variance in profit forecast and shortfall in profit guarantee**

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



## 4. Taxation

The Group	Financial quarter ended		Financial year ended	
	30/09/2013	30/09/2012	30/09/2013	30/09/2012
	RM'000	RM'000	RM'000	RM'000
Tax expense on Malaysian tax				
- Current	4,372	445	4,372	445
Deferred tax	(10,215)	3,060	(10,215)	3,060
	<b>(5,843)</b>	<b>3,505</b>	<b>(5,843)</b>	<b>3,505</b>

## 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, other than as mentioned below:

On 11 October 2013, HLCB announced that the proposed disposal of Promilia Berhad ("Promilia") has been completed. With effect from 11 October 2013, Promilia will cease to be a wholly-owned subsidiary of HLCB.

## 6. Group borrowings

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

## 7. Off-balance sheet financial instruments

Details of financial instruments with off-balance sheet risk as at 30 September 2013:

The Group	Principal amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
Interest rate related contracts			
(i) Less than 1 year	1,344,605	84	(3,974)
(ii) 1 year to 3 years	1,200,170	3,095	(4,085)
(iii) More than 3 years	1,176,020	3,743	(16,222)
Foreign exchange related contracts			
(i) Less than 1 year	2,245,152	25,771	(20,286)
Equity related contractes			
(ii) 1 year to 3 years	10,000	4,176	-
	<b>5,975,947</b>	<b>36,869</b>	<b>(44,567)</b>
<b>The Company</b>			
Equity related contractes			
(i) Less than 1 year	1,429	-	(6,836)
(ii) 1 year to 3 years	1,429	-	(6,903)
	<b>2,858</b>	<b>-</b>	<b>(13,739)</b>

## HLCB Q1 (30.09.13)

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

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

#### Credit risk

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

#### Market risk

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

#### Related accounting policies

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

### 8. Material litigation

The Group and the Company do not have any material litigation which would materially and adversely affect the financial position of the Group and the Company.

### 9. Dividends

The Board of Directors does not recommend any dividend to be paid for the financial quarter ended 30 September 2013.

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

#### (a) Basic earnings per share

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

	Financial quarter ended		Financial period ended	
	30/09/2013	30/09/2012	30/09/2013	30/09/2012
Net profit attributable to shareholders of the Company (RM'000):	<b>24,302</b>	8,164	<b>24,302</b>	8,164
Weighted average number of Ordinary Shares in issue ('000):	<b>237,119</b>	234,609	<b>237,119</b>	234,609
Basic earnings per share (sen)	<b>10.2</b>	3.5	<b>10.2</b>	3.5

## HLCB Q1 (30.09.13)

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

(b) Fully diluted earnings per share

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

### 11. Realised and unrealised profits/losses

The breakdown of retained profits of the Group and the Bank as at the reporting date, into realised and unrealised profits, as disclosed pursuant to the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 25 March 2010, is as follows:

	As at 30/09/2013 RM'000	As at 30/06/2013 RM'000
<b>The Group</b>		
Total retained profit		
- Realised	185,133	174,154
- Unrealised		
- in respect of deferred tax recognised in the profit or loss	62,785	56,322
- in respect of other items of income and expense	45,534	36,337
	<u>293,452</u>	<u>266,813</u>
Less : Consolidation adjustment	<u>(96,163)</u>	<u>(93,826)</u>
	<u>197,289</u>	<u>172,987</u>
<b>The Company</b>		
Total retained profit		
- Realised	199,391	200,623
- Unrealised		
- in respect of other items of income and expense	11	14
	<u>199,402</u>	<u>200,637</u>

The determination of realised and unrealised profits is based on the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants on 20 December 2010 and the directive of Bursa Malaysia Securities Berhad.

The Group views translation gains or losses on monetary items as realised as it is incurred in the ordinary course of business.

The disclosure of realised and unrealised profits or losses above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purpose.

Dated this 26 November 2013