

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION AS AT 31 MARCH 2012

	As at 31/03/2012 RM '000	As at 30/06/2011 RM '000
THE GROUP		
<u>Assets</u>		
Cash and short term funds	23,445,323	32,424,991
Deposits and placements with financial institutions	7,481,183	5,213,395
Securities purchased under resale agreements	585,774	159,770
Financial assets held for trading	19,272,737	6,974,724
Financial investments available-for-sale	15,198,973	10,745,477
Financial investments held-to-maturity	5,478,221	8,141,334
Derivative financial assets	806,949	798,164
Loans, advances and financing	85,981,082	82,735,477
Clients' and brokers' balances	300,552	236,393
Other receivables	2,137,303	1,141,112
Statutory deposits with Bank Negara Malaysia	3,314,580	2,220,366
Tax recoverable	2,947	9,752
Investment in associated companies	2,157,303	1,964,951
Investment in jointly controlled entity	76,053	75,252
Deferred taxation	580,442	577,884
Property and equipment	1,102,043	960,252
Intangible assets	1,817,242	1,806,273
Total Assets	169,738,707	156,185,567
<u>Liabilities</u>		
Deposits from customers	122,691,004	114,748,978
Deposits and placements of banks and other financial institutions	13,571,687	11,445,660
Obligations on securities sold under repurchase agreements	758,135	-
Bills and acceptances payable	470,810	683,996
Derivatives financial liabilities	877,027	682,098
Clients' and brokers' balances	600,740	591,595
Payables and other liabilities	4,408,329	3,785,776
Provision for claims	79,633	63,763
Provision for taxation	271,258	217,734
Bank loans	524,264	1,535,859
Subordinated obligations	2,879,877	2,837,943
Senior Bonds	916,329	910,810
Non-innovative Tier 1 stapled securities	1,424,267	1,405,706
Innovative Tier 1 capital securities	571,032	503,069
Capital market borrowing	1,107,190	678,381
Insurance funds	6,448,626	5,834,179
Total Liabilities	157,600,208	145,925,547
<u>Equity</u>		
Share capital	1,052,768	1,052,768
Capital reserves	1,606,648	1,490,500
Retained profits	5,564,495	4,909,703
Fair value reserves	104,251	88,880
Treasury shares held for ESOS scheme	(78,577)	(72,517)
Total shareholders' equity	8,249,585	7,469,334
Non-controlling interest	3,888,914	2,790,686
Total Equity	12,138,499	10,260,020
Total Liabilities and Equity	169,738,707	156,185,567
Commitment and Contingencies	147,871,707	142,202,689
Net assets per share (net of treasury shares) attributable to ordinary equity holder of the parent (RM)	7.96	7.20

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

THE GROUP	Individual Quarter		Cumulative Quarter	
	Current	Last year	Current year	Last year
	quarter ended	quarter ended	to date	to date
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	RM '000	RM '000	RM '000	RM '000
Interest income	1,419,035	745,202	4,158,890	2,223,113
Interest expense	(778,929)	(359,851)	(2,201,894)	(1,078,509)
Net interest income	640,106	385,351	1,956,996	1,144,604
Income from Islamic banking business	122,495	48,062	332,688	144,274
Non interest income	317,295	205,543	753,880	1,423,437
Net income	1,079,896	638,956	3,043,564	2,712,315
Overhead expenses	(489,088)	(278,525)	(1,572,256)	(846,679)
Operating profit before allowances	590,808	360,431	1,471,308	1,865,636
Allowances for impairment on loans, advances and financing and other losses	(24,815)	(38,058)	(41,938)	(117,681)
Impairment write back / (loss)	1,985	-	12,296	(3,158)
	567,978	322,373	1,441,666	1,744,797
Share of results of associated companies	72,737	66,715	194,731	162,691
Share of results of jointly controlled entity	670	(201)	801	(928)
Profit before taxation and zakat	641,385	388,887	1,637,198	1,906,560
Taxation	(138,674)	(32,372)	(365,542)	(240,939)
Zakat	(15)	(22)	(56)	(53)
Net profit for the financial period	502,696	356,493	1,271,600	1,665,568
Attributable to :				
Owners of the parents	394,769	264,589	881,071	1,376,850
Non-controlling interest	107,927	91,904	390,529	288,718
Net profit for the financial period	502,696	356,493	1,271,600	1,665,568
Basic earnings per ordinary share (sen)	38.1	25.6	85.0	133.0
Diluted earnings per ordinary share (sen)	37.9	25.5	84.6	132.5

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 31/03/2012	Last year quarter ended 31/03/2011	Current year to date 31/03/2012	Last year to date 31/03/2011
	RM '000	RM '000	RM '000	RM '000
THE GROUP				
Net profit for the financial period	502,696	356,493	1,271,600	1,665,568
Other comprehensive income / (loss):				
Share of other comprehensive loss of associate company and jointly controlled entity	(24)	-	(24)	-
Net fair value changes on financial investments available-for-sale, net of tax	39,175	604	17,572	(2,036)
Currency translation differences	(27,264)	(38,729)	(22,360)	(60,552)
Total comprehensive income for the period, net of tax	<u>514,583</u>	<u>318,367</u>	<u>1,266,788</u>	<u>1,602,980</u>
Attributable to :				
Owners of the parents	403,134	243,000	879,413	1,332,252
Non-controlling interest	111,449	75,367	387,375	270,728
	<u>514,583</u>	<u>318,367</u>	<u>1,266,788</u>	<u>1,602,980</u>

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED COMPANY STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012

THE COMPANY	As at 31/03/2012 RM '000	As at 30/06/2011 RM '000
<u>Assets</u>		
Cash and short term funds	98,958	114,679
Financial assets held for trading	8,933	37,814
Derivative financial assets	5,563	2,342
Other receivables	61,216	2,360,033
Tax recoverable	3,113	8,475
Investment in subsidiaries	4,214,063	2,393,350
Property and equipment	1,147	1,577
Intangible assets	12	12
Total Assets	4,393,005	4,918,282
<u>Liabilities</u>		
Derivative financial liabilities	11,836	8,454
Payables and other liabilities	6,260	5,985
Bank loans	494,225	1,515,784
Capital market borrowing	1,107,190	678,381
Total Liabilities	1,619,511	2,208,604
<u>Financed by:</u>		
Share capital	1,052,768	1,052,768
Capital reserves	385,777	385,777
Retained profits	1,396,796	1,326,919
Treasury shares held for ESOS scheme	(61,847)	(55,786)
Total Equity	2,773,494	2,709,678
Total Liabilities and Equity	4,393,005	4,918,282
Commitment and Contingencies	1,306,480	921,000

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED COMPANY STATEMENTS OF INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 31/03/2012 RM '000	Last year quarter ended 31/03/2011 RM '000	Current year to date 31/03/2012 RM '000	Last year to date 31/03/2011 RM '000
THE COMPANY				
Interest income	1,041	487	31,210	2,301
Interest expense	(15,790)	(3,660)	(54,223)	(15,094)
Net interest expense	(14,749)	(3,173)	(23,013)	(12,793)
Non interest income	157,999	1,028,027	295,367	1,179,310
Net income	143,250	1,024,854	272,354	1,166,517
Overhead expenses	(13,674)	(5,548)	(23,686)	(26,902)
Profit before taxation and zakat	129,576	1,019,306	248,668	1,139,615
Taxation	(31,845)	(21,146)	(74,742)	(56,848)
Net profit for the financial period	97,731	998,160	173,926	1,082,767
Basic earnings per ordinary share (sen)	9.4	96.1	16.7	104.3
Diluted earnings per ordinary share (sen)	9.4	95.8	16.6	104.0

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

	Share Capital	Share Premium	Statutory Reserves	Other Capital Reserves & General Reserves	Share Options Reserves	Fair Value Reserves	Regulatory Reserve#	Exchange Fluctuation Reserves	Retained Profits	Treasury Shares	Total Shareholders' Equity	Non-Controlling Interests	Total Equity
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2012													
Opening balance as at 1 July 2011	1,052,768	117,229	1,241,179	133,258	34,965	88,880	726	(36,857)	4,909,702	(72,517)	7,469,333	2,790,686	10,260,019
<u>Comprehensive income</u>													
Net profit for the financial period	-	-	-	-	-	-	-	-	881,071	-	881,071	390,529	1,271,600
Currency translation differences	-	-	-	-	-	-	-	(17,029)	-	-	(17,029)	(5,331)	(22,360)
Share of other comprehensive income of associates	-	-	-	-	-	(24)	-	-	-	-	(24)	-	(24)
Net fair value changes in financial investments available-for-sale, net of tax	-	-	-	-	-	15,395	-	-	-	-	15,395	2,177	17,572
Total comprehensive (expense)/income	-	-	-	-	-	15,371	-	(17,029)	881,071	-	879,413	387,375	1,266,788
<u>Transaction with owners</u>													
Allocation of other reserves to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	710,853	710,853
Transfer to statutory reserves	-	-	125,296	-	-	-	5,143	-	(125,296)	-	5,143	-	5,143
Dividend paid	-	-	-	-	-	-	-	-	(104,049)	-	(104,049)	-	(104,049)
Exercise of ESOS	-	-	-	-	(1,921)	-	-	-	3,067	-	1,146	-	1,146
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(6,060)	(6,060)	-	(6,060)
Option charge arising from ESOS	-	-	-	-	4,659	-	-	-	-	-	4,659	-	4,659
AT 31 MARCH 2012	1,052,768	117,229	1,366,475	133,258	37,703	104,251	5,869	(53,886)	5,564,495	(78,577)	8,249,585	3,888,914	12,138,499
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2011													
Opening balance as at 1 July 2010	1,052,768	117,229	1,190,262	133,258	26,655	17,854	-	(3,174)	2,703,870	(78,171)	5,160,551	2,268,279	7,428,830
- Changes in accounting policies	-	-	-	-	-	52,304	-	-	40,330	-	92,634	10,061	102,695
	1,052,768	117,229	1,190,262	133,258	26,655	70,158	-	(3,174)	2,744,200	(78,171)	2,742,620	2,278,340	7,531,525
<u>Comprehensive income</u>													
Net profit for the financial period	-	-	-	-	-	-	-	-	1,376,850	-	1,376,850	288,718	1,665,568
Currency translation differences	-	-	-	-	-	-	-	(45,292)	-	-	(45,292)	(15,260)	(60,552)
Share of other comprehensive income of associates	-	-	-	-	-	-	-	-	-	-	-	-	-
Net fair value changes in financial investments available-for-sale, net of tax	-	-	-	-	-	694	-	-	-	-	694	(2,730)	(2,036)
Total comprehensive (expense)/income	-	-	-	-	-	694	-	(45,292)	1,376,850	-	1,332,252	270,728	1,602,980
Allocation of other reserves to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	87,569	87,569
Transfer to statutory reserves	-	-	24,985	-	-	-	715	-	(24,985)	-	715	-	715
Gain on partial disposal of subsidiary	-	-	-	-	-	-	-	-	788,368	-	788,368	-	788,368
Dividend paid	-	-	-	-	-	-	-	-	(87,538)	-	(87,538)	-	(87,538)
Option charge arising from ESOS	-	-	-	-	7,933	-	-	-	-	-	7,933	-	7,933
Exercise of ESOS	-	-	-	-	(1,483)	-	-	-	3,501	3,275	5,293	-	5,293
At 31 MARCH 2011	1,052,768	117,229	1,215,247	133,258	33,105	70,852	715	(48,466)	4,800,396	(74,896)	7,300,208	2,636,637	9,936,845

The regulatory reserves are maintained by the Group's banking subsidiary company in Vietnam in line with the requirements of the State Bank of Vietnam.

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
UNAUDITED COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2012

FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2012	Share Capital RM '000	Share Premium RM '000	Other Capital Reserves & General Reserves RM '000	Share Options Reserves RM '000	Retained Profits RM '000	Treasury Shares RM '000	Total Equity RM '000
Opening balance as at 1 July 2011	1,052,768	117,229	254,991	13,557	1,326,919	(55,786)	2,709,678
Net profit for the financial year	-	-	-	-	173,926	-	173,926
Total recognised income for the period	-	-	-	-	173,926	-	173,926
Dividend paid	-	-	-	-	(104,049)	-	(104,049)
Purchase of treasury shares	-	-	-	-	-	(6,061)	(6,061)
AT 31 MARCH 2012	1,052,768	117,229	254,991	13,557	1,396,796	(61,847)	2,773,494

FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2011	Share Capital RM '000	Share Premium RM '000	Other Capital Reserves & General Reserves RM '000	Share Options Reserves RM '000	Retained Profits RM '000	Treasury Shares RM '000	Total Equity RM '000
Opening balance as at 1 July 2010	1,052,768	117,229	254,991	10,827	513,767	(65,750)	1,883,832
Total recognised income/(expense) for the period	-	-	-	-	84,607	-	84,607
Dividend paid	-	-	-	-	(87,538)	-	(87,538)
Option reserves arising from ESOS	-	-	-	1,365	-	-	1,365
Exercise of ESOS	-	-	-	-	988	3,275	4,263
Transfer of ESOS shares to HLIA	-	-	-	-	2,616	3,415	6,031
AT 31 MARCH 2011	1,052,768	117,229	254,991	12,192	514,440	(59,060)	1,892,560

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
UNAUDITED CONDENSED STATEMENTS OF CASH FLOW
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2012

	The Group		The Company	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	RM '000	RM '000	RM '000	RM '000
Profit before taxation and zakat	1,637,198	1,906,560	248,668	1,139,615
Adjustment for non-cash items and others	(91,679)	(753,848)	(273,690)	(1,147,828)
Operating profit before working capital changes	1,545,519	1,152,712	(25,022)	(8,213)
Income tax paid	(235,663)	(192,682)	4,975	-
Interest received	30,169	2,301	31,210	2,301
Changes in working capital				
Net changes in operating assets	(19,956,100)	(4,696,693)	24,440	34,338
Net changes in operating liabilities	12,202,435	5,269,643	(41,911)	(12,070)
Net cash flow from operating activities	(6,413,640)	1,535,281	(6,308)	16,356
Net cash flow from investing activities:				
Net purchase of available for sale securities	(4,398,838)	(628,686)	-	-
Net disposal/(purchase) of held to maturity securities	2,665,585	(889,523)	-	-
Net purchase of resale agreement	(426,004)	-	-	-
Net purchase on intangibles	(38,145)	(20,030)	(7)	-
Net purchase of property & equipment	(220,336)	(70,491)	(70)	(376)
Dividends received from other investments	23,376	15,566	1,453	3,454
Interest received on available for sale securities	160,157	81,863	-	-
Interest received on held to maturity securities	408,044	340,714	-	-
Proceeds from disposal of general insurance business	-	875,937	-	-
Purchase of securities purchased under resale agreements	-	-	-	-
Purchase of treasury shares	(6,061)	-	(6,061)	-
Dividends received from subsidiaries	-	-	223,067	171,368
Repayment of bridging loan from subsidiary	-	-	2,300,000	-
Subscription of right issue of subsidiary	-	-	(1,819,244)	-
Proceeds from capital redemption	-	-	-	551,000
(Issuance)/Proceeds from redemption of RPS	-	-	(1,469)	59,057
Increase in investments in subsidiary	-	-	-	(280,227)
Transfer of treasury shares to subsidiary	-	-	-	6,690
Net cash flow from investing activities	(1,832,222)	(294,650)	697,669	510,966
Net cash flow from financing activities				
Dividends paid by the Company to shareholders	(104,049)	(87,538)	(104,049)	(87,538)
Net repayment of debt	(612,729)	501,847	(603,033)	(408,322)
Net cash flow from financing activities	(716,778)	414,309	(707,082)	(495,860)
Changes in cash and cash equivalents	(8,962,640)	1,654,940	(15,721)	31,462
Effect of change in foreign exchange rate	(17,028)	(45,292)	-	-
Cash and cash equivalents as at 1 July	32,424,991	17,181,501	114,679	12,041
Cash and cash equivalents as at 31 Mar	23,445,323	18,791,149	98,958	43,503

**HONG LEONG FINANCIAL GROUP BERHAD (“HLFG” or “the Company”)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2012**

1. Basis of preparation

The condensed financial statements of the Group 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”), Chapter 9, Part K of the Listing Requirements of the Bursa Malaysia Securities Berhad and revised guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) issued by Bank Negara Malaysia (“BNM”) and should be read in conjunction with the Group’s audited annual financial statements for the year ended 30 June 2011.

The accounting policies and presentation adopted by the Group for the interim financial statements are consistent with those adopted in the financial statements for the financial year ended 30 June 2011 except for the first time adoption of the following standards, amendments to published standards and interpretations to existing standards:

FRS 2	Share-based Payment: Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7	Financial Instruments: Disclosures
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14	FRS 119 - The limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction

The adoption of the above are not expected to have a material impact on the financial statement results of the Group and the Company

2. Status of matters giving rise to the auditor’s qualified report in the annual financial statement for the financial year ended 30 June 2011 of HLFGB

There was no qualified report issued by the auditors in the annual financial statements for the financial year ended 30 June 2011.

3. Seasonality or cyclicity of operations

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

4. Exceptional items / unusual events affecting financial statements

There were no exceptional items or unusual events affecting the assets, liabilities, equity, net income or cash flows of the Group during the financial period.

5. Variation from financial estimates reported in preceding financial year

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

6. Issuance and repayment of debt and equity securities

There was no repayment of debt or equity share, share buy-back, share cancellation, shares held as treasury shares nor resale of treasury shares in HLFG for the financial period ended 31 March 2012 other than as mentioned below.

Purchase of shares pursuant to ESOS

A trust has been set up for the ESOS of HLFG and 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 the Company'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 held for ESOS" in the Shareholders' Equity on the Statement of Financial Position.

The Company had previously granted 10,200,000 conditional incentive share options to eligible executives of the Company pursuant to the ESOS of HLFG subject to the achievement of certain performance criteria over an option performance period.

During the financial period ended 31 March 2012, no shares were exercised pursuant to the Company's ESOS.

During the financial period ended 31 March 2012, the Company purchased 500,000 units of shares for RM6,060,275. The total number of shares held by the appointed trustee for the Company as at 31 March 2012 was 12,770,408 units at an average price of RM4.84 per share and the total consideration paid, including transaction costs was RM61,846,582.

As at 31 March 2012, the insurance subsidiary company held a total of 3,519,992 units of the Company's shares at an average price of RM4.75 per share with total consideration paid, including transaction costs of RM16,730,842 which have been classified as treasury shares held for ESOS at the Group level.

Issuance and repayment of debts

The issuance and repayment of debts of HLFG Group are as of that disclosed in Note 10.

7. Dividends paid

An interim dividend of 10 sen per share (single tier) (2010: 6.3 sen less income tax of 25% and 3.7 sen combination of tax exempt & single tier) was paid on 28 December 2011.

8. Segmental reporting

Segmental information is presented in respect of the Group's business segments. The primary format by business segments is based on the Group's management and internal reporting structure.

No analysis by geographical segments is presented as the Group's operations are substantially carried out in Malaysia.

Inter-segment pricing is determined based on arms length basis. These transactions are eliminated on consolidation. Segment results, assets and liabilities include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. Unallocated item mainly comprise tax recoverable, tax payable and other corporate assets and other corporate liabilities. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used during more than one period.

Business segments

The Group comprises the following main business segments:

Commercial banking	Commercial banking business
Investment banking	Investment banking and fund and unit trust management
Insurance	Life and general insurance business
Other operations	Investment holding and provision of management services

GROUP	Commercial	Investment				Consolidated
31 MARCH 2012	Banking	Banking	Insurance	Others	Eliminations	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue for the quarter ended						
External sales	2,899,945	109,642	56,576	(22,599)	-	3,043,564
Intersegment sales	15,005	1,085	5,183	7,368	(28,641)	-
	<u>2,914,950</u>	<u>110,727</u>	<u>61,759</u>	<u>(15,231)</u>	<u>(28,641)</u>	<u>3,043,564</u>
Results for the quarter ended						
Segment results	1,464,417	17,314	(857)	(39,208)	-	1,441,666
Share of results of associated companies						194,731
Share of results of jointly controlled entity						801
Profit before taxation and zakat						<u>1,637,198</u>
Taxation and zakat						<u>(365,598)</u>
Net profit for the financial year						<u>1,271,600</u>
Non-controlling interest						<u>(390,529)</u>
Profit attributable to owners of the parents						<u><u>881,071</u></u>
Other information						
Segment assets	156,200,937	3,962,820	8,353,273	534,954	(368,773)	168,683,211
Other corporate assets						1,055,496
Total consolidated assets						<u><u>169,738,707</u></u>
Segment liabilities	145,527,407	3,356,842	7,528,939	409,095	(823,490)	155,998,793
Other corporate liabilities						1,601,415
Total consolidated liabilities						<u><u>157,600,208</u></u>

GROUP 31 MARCH 2011	Commercial Banking RM'000	Investment Banking RM'000	Insurance RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue for the quarter ended						
External sales	1,715,519	96,918	880,224	19,654	-	2,712,315
Intersegment sales	6,146	2,651	4,096	5,098	(17,991)	-
	<u>1,721,665</u>	<u>99,569</u>	<u>884,320</u>	<u>24,752</u>	<u>(17,991)</u>	<u>2,712,315</u>
Results for the quarter ended						
Segment results	893,659	42,598	836,139	(27,599)		1,744,797
Share of results of associated company						162,691
Share of results of jointly controlled entity						(928)
Profit before taxation and zakat						<u>1,906,560</u>
Taxation and zakat						(240,992)
Net profit for the financial year						<u>1,665,568</u>
Non-controlling interest						(288,718)
Profit attributable to owners of the parents						<u>1,376,850</u>
Other information						
Segment assets	90,786,891	2,202,360	8,145,193	989,874	(50,773)	102,073,545
Other corporate assets						190,283
Total consolidated assets						<u>102,263,828</u>
Segment liabilities	83,848,378	1,946,354	6,582,716	325,502	(687,903)	92,015,047
Other corporate liabilities						311,936
Total consolidated liabilities						<u>92,326,983</u>

9. Financial assets held for trading

	Group	
	As at	As at
	31/03/2012	30/06/2011
	RM '000	RM '000
<u>At Fair Value</u>		
Malaysian Government Treasury Bills	231,185	49,185
Malaysian Government Securities	599,406	118,769
Negotiable instruments of deposit	4,404,363	479,071
Bankers' acceptances and Islamic accepted bills	3,009,493	3,944,863
Bank Negara Malaysia bills	8,732,226	767,821
Malaysian Government Investment Certificates	713,191	388,068
Cagamas bonds	84,908	-
Private debts securities	199,282	232,168
	<u>17,974,054</u>	<u>5,979,945</u>
Quoted securities :		
Shares/Loan stocks/Unit Trust	463,908	486,746
Foreign currency bonds	403,143	383,748
Unquoted securities :		
Private debt securities	431,632	124,285
Total securities held at fair value through profit and loss	<u>19,272,737</u>	<u>6,974,724</u>

	Company	
	As at	As at
	31/03/2012	30/06/2011
	RM '000	RM '000
<u>At Fair Value</u>		
Unit Trust	8,933	37,814
	<u>8,933</u>	<u>37,814</u>

10. Financial investments available-for-sale

	Group	
	As at 31/03/2012 RM '000	As at 30/06/2011 RM '000
<u>At Fair Value</u>		
Government Treasury Bills	462,448	364,156
Bank Negara Malaysia Bills	-	248,165
Malaysian Government Securities	410,714	1,047,502
Malaysian Government Investment Certificates	3,149,195	1,911,745
Negotiable instruments of deposit	12,305	522,051
Islamic negotiable instrument debt securities	-	28,833
Commercial papers	13,980	-
Cagamas bonds	609,696	141,231
Bankers acceptance	-	44,853
Other Government securities	116,942	49,857
	<u>4,775,280</u>	<u>4,358,393</u>
Quoted securities :		
Shares/Loan stocks/Unit Trust	1,371,805	1,253,229
Foreign Currency Bonds	2,808,536	838,280
Private debt securities/shares/reits	-	19,404
Unquoted securities :		
Foreign Currency Bonds	237,271	178,585
Private debt securities/shares/reits	6,002,081	4,097,586
Total securities available-for-sale	<u>15,198,973</u>	<u>10,745,477</u>

11. Financial investments held-to-maturity

	Group	
	As at 31/03/2012 RM '000	As at 30/06/2011 RM '000
<u>At Amortised Cost</u>		
Malaysian Government Securities	2,381,034	3,577,908
Malaysian Government Investment Certificates	1,455,343	1,128,464
Negotiable instruments of deposit	96,490	2,677,278
Cagamas bonds	260,001	170,942
Investment in CPRS-JPM	51,500	-
	4,244,368	7,554,592
Quoted securities :		
Other Government securities	106,673	14,043
Unquoted securities :		
Private debt securities/shares/loan stocks	1,297,800	743,319
	<u>5,648,841</u>	<u>8,311,954</u>
Accumulated impairment losses	(170,620)	(170,620)
Total securities held-to-maturity	<u>5,478,221</u>	<u>8,141,334</u>

12. Loans, advances and financing

	Group	
	As at 31/03/2012 RM '000	As at 30/06/2011 RM '000
Overdrafts	4,105,638	4,185,914
Term loans :		
- Housing loans/financing	34,922,430	31,796,741
- Syndicated term loan/financing	4,870,719	4,669,705
- Hire purchase receivables	17,390,949	17,315,908
- Lease receivables	50	4,486
- Other term loans/financing	11,129,571	10,478,950
Credit/charge card receivables	4,232,869	4,262,859
Bills receivables	372,139	354,250
Trust receipts	287,076	302,959
Claims on customers under acceptance credits	6,496,608	6,621,138
Block discounting	6,835	8,391
Revolving credits	3,579,889	3,771,610
Policy and premium loans	680,749	676,745
Staff loans	254,028	305,901
Other loans/financing	181,280	210,477
	<u>88,510,830</u>	<u>84,966,034</u>
Fair value changes arising from fair value hedges	19,262	-
Unamortised fair value changes arising from terminated fair value hedges	22,013	17,177
Allowance for bad and doubtful debts and financing :		
- collective assessment	(1,988,706)	(1,576,741)
- individual assessment	(582,317)	(670,993)
Net loans, advances and financing	<u><u>85,981,082</u></u>	<u><u>82,735,477</u></u>

12. Loans, advances and financing (continued)

(a) By type of customer

	Group	
	As at 31/03/2012 RM '000	As at 30/06/2011 RM '000
Domestic non-bank financial institutions	688,132	718,374
Domestic business enterprises		
- Small and medium enterprises	13,029,825	12,199,078
- Others	16,263,492	15,871,647
Government and statutory bodies	18,490	28,900
Individuals	55,520,060	53,368,646
Other domestic entities	109,319	30,675
Foreign entities	2,881,512	2,748,714
Gross loans, advances and financing	88,510,830	84,966,034

(b) By interest/profit rate sensitivity

	Group	
	As at 31/03/2012 RM '000	As at 30/06/2011 RM '000
Fixed rate		
- Housing loans/financing	3,544,978	3,545,531
- Hire purchase receivables	17,321,968	17,263,403
- Other fixed rate loan/financing	8,419,661	8,501,825
Variable rate		
- Base lending rate plus	47,594,354	43,520,900
- Cost plus	11,275,398	11,634,807
- Other variables rates	354,471	499,568
Gross loans, advances and financing	88,510,830	84,966,034

(c) By economic purpose

	Group	
	As at 31/03/2012 RM '000	As at 30/06/2011 RM '000
Purchase of securities	1,224,719	1,240,345
Purchase of transport vehicles	17,228,963	17,373,379
Purchase of landed properties		
- Residential	29,884,731	27,698,836
- Non-residential	9,811,156	9,050,882
Purchase of fixed assets	653,580	-
Personal use	3,699,248	3,572,467
Credit card	4,232,869	4,262,859
Purchase of consumer durables	124	199
Construction	965,428	835,551
Working capital	17,936,958	17,856,415
Mergers and acquisition	375,969	-
Others	2,497,085	3,075,101
Gross loans, advances and financing	88,510,830	84,966,034

12. Loans, advances and financing (continued)

(d) Impaired loans by purpose

	Group	
	As at 31/03/2012 RM '000	As at 30/06/2011 RM '000
Purchase of securities	10,964	9,948
Purchase of transport vehicles	247,919	185,001
Purchase of landed properties		
- Residential	423,006	458,242
- Non-residential	76,397	79,403
Purchase of fixed assets (excluding landed properties)	20,817	21,067
Personal use	121,532	93,742
Credit card	61,055	58,100
Purchase of consumer durables	17	17
Construction	31,296	31,075
Working capital	686,423	924,549
Others	50,104	31,160
Gross loans, advances and financing	<u>1,729,530</u>	<u>1,892,304</u>

(e) Movements in impaired loans, advances and financing are as follows:

	Group	
	As at 31/03/2012 RM '000	As at 30/06/2011 RM '000
At beginning		
- as previously stated	1,892,304	729,423
- effect of adopting FRS 139	-	213,479
As restated	<u>1,892,304</u>	<u>942,902</u>
Non-performing during the period/year	1,522,202	883,759
Arising from harmonisation of provisioning policy	30,797	-
Reclassified as performing	(817,330)	(493,248)
Amount written back in respect of recoveries	(608,171)	(461,787)
Amount written off	(289,823)	(278,682)
Acquisition of assets and liabilities of EON Capital Berhad ("EON")	-	1,294,351
Exchange differences	(449)	5,009
Net impaired loans, advances and financing	<u>1,729,530</u>	<u>1,892,304</u>
Net impaired as a % of gross loans, advances and financing less specific allowance	<u>2.0%</u>	<u>2.2%</u>

12. Loans, advances and financing (continued)

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

	Group	
	As at 31/03/2012 RM '000	As at 30/06/2011 RM '000
<u>Collective Assessment Allowance</u>		
At beginning		
- as previously reported	1,576,741	-
- effect of adopting FRS 139	-	771,288
As restated	1,576,741	771,288
Net allowance made during the period/year	549,872	390,985
Arising from harmonisation of provisioning policy	220,522	-
Amount written back in respect of recoveries	(227,450)	(101,290)
Amount written off	(180,175)	(217,424)
Amount transfer from individual assessment	55,688	-
Unwinding income	(6,179)	(11,018)
Acquisition of assets and liabilities of ECB	-	742,983
Exchange differences	(313)	1,217
Closing balance	<u>1,988,706</u>	<u>1,576,741</u>
As % of gross loans, advances and financing less loans exempted from individual assessment allowance	<u>2.0%</u>	<u>-</u>
<u>Individual Assessment Allowance</u>		
At beginning		
- as previously stated	670,993	-
- effect of adopting FRS 139	-	234,265
As restated	670,993	234,265
Net allowance made during the period/year	45,537	72,384
Arising from harmonisation of provisioning policy	121,445	-
Amount written back in respect of recoveries	(96,788)	(83,718)
Amount written off	(99,455)	(45,286)
Unwinding income	(6,749)	(14,974)
Acquisition of assets and liabilities of ECB	-	505,525
Pre-acquisition adjustment	(55,688)	-
Exchange differences	3,022	2,797
Closing balance	<u>582,317</u>	<u>670,993</u>

13. Other receivables

	Group	
	As at 31/03/2012 RM '000	As at 30/06/2011 RM '000
Investment properties	1,680	1,680
Other debtors, deposits and prepayments	2,134,285	1,137,974
Foreclosed properties	1,338	1,458
	<u>2,137,303</u>	<u>1,141,112</u>

	Company	
	As at 31/03/2012 RM '000	As at 30/06/2011 RM '000
Amount due from subsidiary companies	60,308	2,357,479
Amount due from related companies	1	3
Other debtors, deposits and prepayments	907	2,551
	<u>61,216</u>	<u>2,360,033</u>

14. Deposits from customers

	Group	
	As at 31/03/2012 RM '000	As at 30/06/2011 RM '000
Fixed deposits	74,505,099	68,788,096
Negotiable instruments of deposit	6,454,327	5,584,465
Demand deposits	15,130,480	14,893,230
Savings deposits	13,199,154	12,515,496
Short term corporate placement	13,014,430	12,561,243
Others	387,514	406,448
	<u>122,691,004</u>	<u>114,748,978</u>

The maturity structure of fixed deposits and negotiable instruments :

	Group	
	As at 31/03/2012 RM '000	As at 30/06/2011 RM '000
One year or less (short term)	74,289,403	70,150,424
More than one year (medium/long term)	6,670,023	4,222,137
	<u>80,959,426</u>	<u>74,372,561</u>

The deposits from customer are sourced from the following types of customers:

	Group	
	As at 31/03/2012 RM '000	As at 30/06/2011 RM '000
Government and statutory bodies	4,059,741	5,777,465
Business enterprises	59,915,650	49,354,634
Individuals	57,766,505	51,479,665
Others	949,108	8,137,214
	<u>122,691,004</u>	<u>114,748,978</u>

15. Deposits and placements of banks and other financial institutions

	Group	
	As at 31/03/2012 RM '000	As at 30/06/2011 RM '000
Licensed banks and investment banks	9,497,926	7,673,057
Bank Negara Malaysia	1,532,281	581,968
Licensed Islamic Bank	1,564,353	1,897,375
Other financial institutions	977,127	1,293,260
	13,571,687	11,445,660
	13,571,687	11,445,660
The maturity structure :		
One year or less (short term)	13,571,687	11,445,660
	13,571,687	11,445,660
	13,571,687	11,445,660

16. Payables and other liabilities

	Group	
	As at 31/03/2012 RM '000	As at 30/06/2011 RM '000
Trade payables	773,584	672,751
Amount due to related companies	456	1,327
Other payables and accrued liabilities	2,397,241	1,984,359
Loan advance payment	1,232,760	1,122,560
Post employment benefits obligations - defined contribution plan	4,288	4,779
	4,408,329	3,785,776
	4,408,329	3,785,776
	Company	
	As at 31/03/2012 RM '000	As at 30/06/2011 RM '000
Amount due to subsidiary companies	13	443
Other payables and accrued liabilities	6,239	5,525
Post employment benefits obligations - defined contribution plan	8	17
	6,260	5,985
	6,260	5,985

17. Interest income

	Group		Group	
	Current quarter ended 31/03/2012 RM '000	Last year quarter ended 31/03/2011 RM '000	Current year to date 31/03/2012 RM '000	Last year to date 31/03/2011 RM '000
Loan, advances and financing				
- Interest income other than recoveries from NPLs	994,697	457,211	2,982,127	1,352,038
Money at call and deposit placements with financial institutions	167,871	146,149	455,275	374,926
Securities purchased under resale agreements	4,747	408	5,686	1,747
Financial assets held for trading	56,753	17,456	119,786	68,632
Financial investments available-for-sale	65,561	24,461	160,157	81,863
Financial investments held-to-maturity	129,834	112,671	408,044	340,714
Others	807	(12,843)	31,050	3,160
	<u>1,420,270</u>	<u>745,513</u>	<u>4,162,125</u>	<u>2,223,080</u>
Amortisation of premium less accretion of discount	(1,235)	(311)	(3,235)	33
Interest suspended	-	-	-	-
	<u>1,419,035</u>	<u>745,202</u>	<u>4,158,890</u>	<u>2,223,113</u>

	Company		Company	
	Current quarter ended 31/03/2012 RM '000	Last year quarter ended 31/03/2011 RM '000	Current year to date 31/03/2012 RM '000	Last year to date 31/03/2011 RM '000
Money at call and deposit placements with financial institutions	409	81	924	491
Others	632	406	30,286	1,810
	<u>1,041</u>	<u>487</u>	<u>31,210</u>	<u>2,301</u>

18. Interest expense

	Group		Group	
	Current quarter ended 31/03/2012 RM '000	Last year quarter ended 31/03/2011 RM '000	Current year to date 31/03/2012 RM '000	Last year to date 31/03/2011 RM '000
Deposits and placements of banks and other financial institutions	33,242	17,625	87,313	53,117
Deposits from customers	577,436	281,429	1,626,685	789,324
Borrowings	43,497	3,376	133,117	13,503
Subordinated bonds	29,580	8,741	117,827	26,406
Short term corporate placements	85,151	46,805	207,165	192,655
Others	10,023	1,875	29,787	3,504
	<u>778,929</u>	<u>359,851</u>	<u>2,201,894</u>	<u>1,078,509</u>
	Company		Company	
	Current quarter ended 31/03/2012 RM '000	Last year quarter ended 31/03/2011 RM '000	Current year to date 31/03/2012 RM '000	Last year to date 31/03/2011 RM '000
Borrowings	15,753	3,658	54,184	14,479
Others	37	2	39	615
	<u>15,790</u>	<u>3,660</u>	<u>54,223</u>	<u>15,094</u>

19. Non Interest Income

	Group		Group	
	Current quarter ended 31/03/2012 RM '000	Last year quarter ended 31/03/2011 RM '000	Current year to date 31/03/2012 RM '000	Last year to date 31/03/2011 RM '000
Net income from Insurance Business	13,793	11,006	41,525	222,190
Net brokerage and commissions from Stockbroking Business	16,036	23,256	46,344	60,173
Net unit trust and asset management income	3,904	8,186	11,676	19,130
Fee income:				
Management fees	-	-	-	11,009
Commissions	25,241	16,033	81,638	50,460
Service charges and fees	6,366	4,760	40,579	13,970
Guarantee fees	4,320	1,308	14,163	4,387
Other fee income	90,337	42,878	283,217	178,841
	126,264	64,979	419,597	258,667
Gain/(loss) arising from sale of securities:				
Net gain from financial assets held for trading and derivatives	55,449	698	119,151	62,129
Net gain/(loss) from sale of financial investments available-for-sale	8,202	(6,730)	29,572	11,172
Net gain from redemption of financial investments held-to-maturity	421	693	2,472	936
Net gain/(loss) from unwinding of derivatives	6,405	-	(8,379)	-
	70,477	(5,339)	142,816	74,237
Gross dividend income from:				
Financial assets held for trading	184	8,802	1,665	10,119
Financial investments available-for-sale	9,006	13,052	20,314	20,512
Financial investments held-to-maturity	414	152	1,397	243
	9,604	22,006	23,376	30,874
Net unrealised gains/(losses) on revaluation of financial assets held for trading and derivatives	17,268	26,717	(93,064)	33,134
Net realised gains/(losses) on fair value changes arising from fair value hedge	(3,189)	(11,890)	(14,190)	(31,843)
Net unrealised gains on fair value changes arising from fair value hedges	25,824	22,730	21,518	36,491
Other income:				
Foreign exchange gain/(loss)	35,169	36,995	131,780	75,387
Rental income	522	414	2,082	1,181
Gain/(loss) on disposal of property and equipment	(17)	167	664	(392)
Gain on liquidation	-	-	-	132
Others	1,640	6,316	19,756	644,076
	37,314	43,892	154,282	720,384
Total non interest income	317,295	205,543	753,880	1,423,437

19. Non Interest Income (continued)

	Company		Company	
	Current	Last year	Current year	Last year
	quarter ended	quarter ended	to date	to date
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	RM '000	RM '000	RM '000	RM '000
Fee income:				
Management fees	1,705	1,847	5,694	5,541
Gain arising from sale of securities:				
Net gain from sale of financial asset held for trading and derivatives	-	5,602	122	5,507
Net gain/(loss) from unwinding of derivatives	6,405	-	(8,379)	-
Gross dividend income from:				
Financial assets held for trading	185	2,391	1,453	3,454
Subsidiary companies	125,832	85,684	297,422	228,491
Unrealised gain/(loss) on revaluation of financial assets held for trading and derivatives	19,954	(2,199)	(160)	(4,723)
Other income:				
Others	3,918	934,702	(785)	941,040
Total non interest income	157,999	1,028,027	295,367	1,179,310

20. Overhead expenses

	Group		Group	
	Current	Last year	Current year	Last year
	quarter ended	quarter ended	to date	to date
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	RM '000	RM '000	RM '000	RM '000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	279,884	145,733	784,027	411,081
- Voluntary separation scheme (VSS)*	940	-	115,629	-
- Others	13,791	12,719	67,965	40,148
<u>Establishment costs</u>				
- Depreciation of property and equipments	26,665	15,876	79,209	44,513
- Amortisation of intangible assets	9,410	4,334	27,176	14,016
- Rental	19,959	13,256	59,279	40,088
- Information technology expenses	23,334	16,999	70,080	46,975
- Others	23,608	13,199	68,329	40,921
<u>Marketing expenses</u>				
- Advertisement and publicity	13,557	8,182	19,212	19,799
- Others	22,970	15,687	73,997	49,981
<u>Administration and general expenses</u>				
- Teletransmission expenses	3,631	2,245	12,084	5,760
- Stationery & printing	7,032	3,102	17,471	8,733
- Credit card fees	16,309	7,247	48,590	21,466
- Professional fees	18,284	14,644	60,783	54,473
- Others	9,714	27,193	68,425	48,725
	489,088	300,416	1,572,256	846,679

* Hong Leong Bank has implemented a Voluntary Separation Scheme (VSS). This scheme was being introduced as part of the Bank's effort to enhance productivity and efficiency within the organization, as well as an opportunity and option for staff who have expressed their desire for a change such as starting up own business, further studies, early retirement, change of work environment and pursue personal interest.

20. Overhead expenses (continued)

	Company		Company	
	Current	Last year	Current year	Last year
	quarter ended	quarter ended	to date	to date
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	RM '000	RM '000	RM '000	RM '000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	12,275	3,615	18,519	8,166
- Others	183	885	420	2,450
<u>Establishment costs</u>				
- Depreciation of property and equipments	123	198	505	562
- Amortisation of intangible assets	2	31	6	94
- Rental	172	175	518	514
- Others	24	33	113	147
<u>Administration and general expenses</u>				
- Teletransmission expenses	10	7	28	24
- Stationery & printing	7	7	35	40
- Others	878	597	3,542	14,905
	<u>13,674</u>	<u>5,548</u>	<u>23,686</u>	<u>26,902</u>

21. Allowance for losses on loans, advances and financing and other losses

	Group		Group	
	Current	Last year	Current year	Last year
	quarter ended	quarter ended	to date	to date
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	RM '000	RM '000	RM '000	RM '000
Allowance for losses on loans, advances and financing:				
(a) Collective assessment allowance				
- made during the financial year	96,307	59,105	322,422	173,058
(b) Individual assessment allowance				
- made during the financial year	(8,073)	(1,478)	(51,251)	6,819
Allowance for losses on clients' and brokers' balances				
(a) Specific allowance				
- made during the financial year	-	-	-	(6)
(b) General allowance				
- made during the financial year	-	40	-	(133)
(c) Individual assessment allowance				
- written back	72	(2)	(3,198)	(219)
Bad debts and financing written off	1,857	2,452	6,006	6,836
Bad debts and financing recovered	(65,348)	(22,059)	(232,041)	(68,674)
	<u>24,815</u>	<u>38,058</u>	<u>41,938</u>	<u>117,681</u>

22. Capital adequacy

BNM guidelines require the Banking subsidiaries to maintain a certain minimum level of capital funds against the "risk-weighted" value of the assets and certain commitments and contingencies. The capital funds of the Banking subsidiaries as at 30 June 2011 and 30 June 2010 met the minimum requirement.

	Hong Leong Bank Group		Hong Leong Bank Berhad		Hong Leong Investment Bank Berhad	
	As at	As at	As at	As at	As at	As at
	31/03/2012	30/06/2011	31/03/2012	30/06/2011	31/03/2012	30/06/2011
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<u>Components of Tier - 1 and Tier - 2 Capital</u>						
Tier -1 capital						
Paid up share capital	1,879,909	1,580,107	1,879,909	1,580,107	265,535	265,535
Share premium	2,832,349	539,664	2,832,349	539,664	-	-
Retained profit	4,275,403	3,983,356	3,372,154	3,212,562	8,884	25,192
Other Reserves	2,082,107	1,931,653	1,928,469	1,798,885	28,222	28,222
Non-innovative Tier-1 stapled securities	1,396,180	1,394,665	1,396,180	1,394,665	-	-
Innovative Tier-1 capital securities	492,406	490,273	490,873	-	-	-
Less : Treasury Shares	(732,262)	(671,744)	(732,262)	(671,744)	-	-
Less : Goodwill	(1,360,174)	(1,360,174)	(1,050,759)	-	(30,236)	(30,236)
Less : Deferred Tax	(313,245)	(325,935)	(245,310)	(102,281)	(41,716)	(41,716)
Add : Minority interest	-	-	-	-	-	-
Total tier 1 capital	10,552,673	7,561,865	9,871,603	7,751,858	230,689	246,997
Tier - 2 capital						
Collective assessment allowance	1,297,947	1,298,856	1,116,940	587,106	2,270	1,574
Subordinated obligations	2,839,333	2,833,327	2,838,648	1,693,352	-	-
Redeemable preference shares	-	-	-	-	1,631	1,631
Capital cumulative subordinated loan	-	2,300,000	-	2,300,000	-	-
Total tier 2 capital	4,137,280	6,432,183	3,955,588	4,580,458	3,901	3,205
Total eligible tier-2 capital	4,137,280	6,432,183	3,955,588	4,580,458	3,901	3,205
Total capital	14,689,953	13,994,048	13,827,191	12,332,316	234,590	250,202
Less : Investment in associated company	(1,481,156)	(1,325,707)	(946,505)	(946,505)	-	-
Less : Investment in subsidiary companies	-	-	(2,329,415)	(6,088,873)	(588)	(588)
Less : Investment in jointly controlled entity	(76,053)	(75,252)	(76,711)	(76,711)	-	-
Total capital base	13,132,744	12,593,089	10,474,560	5,220,227	234,002	249,614
<u>Before deducting proposed dividends</u>						
Core Capital Ratio	11.09%	8.43%	11.68% *	11.56% *	19.03%	38.20%
Risk-weighted Capital Ratio	13.80%	14.05%	12.39% *	11.56% *	19.30%	38.60%
<u>After deducting proposed dividends</u>						
Core Capital Ratio	10.93%	8.25%	11.51% *	12.00% *	19.03%	35.66%
Risk-weighted Capital Ratio	13.64%	13.86%	12.22% *	12.83% *	19.30%	36.06%

22. Capital adequacy (continued)

* As stipulated under Bank Negara Malaysia ("BNM") Guidelines, the Hong Leong Bank Berhad ("HLB")'s Core Capital Ratio is equal to the Risk-weighted Capital Ratio as the deduction from Total Capital is more than Eligible Tier 2 Capital.

a) The capital adequacy ratios of the HLB Group subsidiary companies are as follows:

	Hong Leong Islamic Bank Berhad (1)	MIMB Investment Bank Berhad (2)
As at 31 March 2012		
<u>Before deducting proposed dividends:</u>		
Core capital ratio	7.27%	85.42%
Risk-weighted capital ratio	<u>11.34%</u>	<u>85.92%</u>
<u>After deducting proposed dividends:</u>		
Core capital ratio	7.27%	85.42%
Risk-weighted capital ratio	<u>11.34%</u>	<u>85.92%</u>
As at 30 June 2011		
<u>Before deducting proposed dividends:</u>		
Core capital ratio	16.06%	62.20%
Risk-weighted capital ratio	<u>17.65%</u>	<u>62.79%</u>
<u>After deducting proposed dividends:</u>		
Core capital ratio	15.41%	62.20%
Risk-weighted capital ratio	<u>16.99%</u>	<u>62.79%</u>

1 The capital adequacy ratios of Hong Leong Islamic Bank Berhad are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (CAFIB), which are based on the Basel II capital accord. Hong Leong Islamic Bank Berhad has adopted the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk computation.

2 The capital adequacy ratios of MIMB Investment Bank Berhad ("MIMB") are computed in accordance with BNM's revised RWCAF- Basel II. MIMB has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk computation.

23. Event after Balance Sheet date

There are no materials event subsequent to the end of the financial period ended 31 March 2012, except for the followings :

- (a) On 20 April, 2012, HLB announced that it has completed its inaugural US dollar senior unsecured notes issuance of USD300 million (the “Senior Notes”) under its Euro Medium Term Note Programme of up to USD1.5 billion (or its equivalent in other currencies) in nominal value (the “Programme”) which was established on 9 April 2012.

The Senior Notes are rated A3 by Moody’s Investors Service and BBB+ by Fitch Ratings. The Senior Notes will have a tenor of five years, maturing on 19 April 2017. The Senior Notes will pay a coupon of 3.125% per annum which is equivalent to a yield to investors of 3.269% (5-year US Treasury + 238bps).

The net proceeds from the Programme will be utilised for general working capital and other corporate purposes.

24. Changes in composition of the Group

There were no changes in the composition of the Group for the current financial period and up to the date of this report except for the following:

- (a) On 1 July 2011, HLB, a subsidiary of HLFGL, had announced that the whole of the business including all assets and liabilities of EON Bank Berhad (“EBB”) have been vested to HLB effective 1 July 2011 (“Vesting”).

Following the Vesting, EBB has surrendered its banking licence to Bank Negara Malaysia (“BNM”) on 1 July 2011 and has ceased operations.

On 1 July 2011, all of the direct subsidiaries of EBB including EONCAP Islamic Bank Berhad and MIMB became direct subsidiaries of HLB.

- (b) Pursuant to an internal reorganisation exercise, HLB had, on 1 July 2011, entered into a share sale agreement (“SSA”) with HLB Principal Investments (L) Limited (“HLBPIL”), a wholly-owned subsidiary of HLB, for the transfer by HLB of its entire equity interest in EBB to HLBPIL (“Transfer”).

The SSA was completed on 1 July 2011 immediately following the vesting of business from EBB to HLB and the surrender of EBB’s banking licence to BNM.

Upon completion of the internal reorganisation exercise, EBB became a wholly-owned subsidiary of HLBPIL, which is in turn a wholly-owned subsidiary of HLB.

25. Commitments and contingencies

- a. In the normal course of business, the Group 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. These commitments and contingencies are not secured against the assets of the Group.

The commitments and contingencies constitute the following:

	Group	
	Principal Amount 31/03/2012 RM'000	Principal Amount 30/06/2011 RM'000
Direct credit substitutes	519,013	559,290
Transaction-related contingent items	1,394,122	1,394,682
Short-term self liquidating trade-related contingencies	793,213	616,404
Underwriting obligation	48,220	92,238
Irrevocable commitments to extend credit:		
-maturity more than 1 year	10,683,277	12,488,631
-maturity less than 1 year	21,067,907	17,617,166
Any commitments that are unconditionally cancellable at any time by the bank without prior notice	352,222	302,249
Foreign exchange related contracts	38,694,041	38,485,280
Interest rate related contracts	65,384,368	61,124,760
Equity related contracts	79,897	225,221
Unutilised credit card lines	8,855,427	9,296,768
Total	147,871,707	142,202,689

- b. Hong Leong Asset Management Bhd ("HLAM"), a wholly-owned subsidiary company of the stockbroking division, Hong Leong Capital Berhad ("HLCB"), is the Manager of Hong Leong Sectoral Funds ("Funds"), which comprises five sector funds. HLCB has provided a guarantee to Universal Trustee (Malaysia) Berhad, the trustee of the Funds, that if any of the five sector funds fall below the minimum fund size of RM1 million, HLCB would invest cash, equivalent to the shortfall, into the relevant fund.

The size of each of the five funds was above the minimum of RM1 million as at 31 March 2012.

26. 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.

**HONG LEONG FINANCIAL GROUP BERHAD (“HLFG”)
ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES
BERHAD LISTING REQUIREMENTS**

1 Review of performance

Current quarter against preceding year's corresponding quarter

HLFG Group achieved a profit before tax of RM641.4 million for the current quarter ended 31 March 2012 as compared to RM388.9 million in the previous corresponding quarter. The Group recorded an increase in profit before tax by RM252.5 million (+64.9%). This is mainly due to contribution from the enlarged Hong Leong Bank entity arising from the acquisition of assets and liabilities of EON Capital Group (“ECB”).

HLB Group recorded a higher profit before tax of RM598.5 million for the current financial quarter ended 31 March 2012, an increase of RM244.1 million (+68.9%) as compared to previous corresponding quarter. Overall the increase was due to contribution from the enlarge entity arising from the acquisition of assets and liabilities of ECB which resulted in a higher interest income and non interest income from the increased loan growth boost from the merger. The share of profit in associate stake in Bank of Chengdu Co., Ltd (“BOCD”) recorded an increase of RM3.9 million (+6.8%) for this quarter against the preceding year's corresponding quarter.

The Hong Leong Capital Group recorded a profit before tax of RM12.4 million for the current quarter ended 31 March 2012 as compared to RM14.3 million in the previous year's corresponding quarter. This is mainly due to the decrease in fees income coupled with increase personnel expenses for the quarter.

The HLA Holdings Group recorded a profit before tax of RM21.0 million for the current quarter ended 31 March 2012 as compared to RM19.9 million in the previous year's corresponding quarter. The increase is mainly due to higher contribution of the share of profit in the 30% associated stake in MSIG Insurance (Malaysia) Bhd (“MSIG”). The share of profit of RM11.7 million for the current quarter reflects a 23.2% increase as compared to preceding year's corresponding quarter.

2 Financial year-to-date against preceding financial year-to-date

HLFG Group achieved a profit before tax of RM1,637.2 million for the period ended 31 March 2012 as compared to RM1,906.6 million in the previous corresponding period. Stripping away the one-off life insurance surplus transfer of RM175 million as well as a gain on the transfer of HLA General business to MSIG of RM619.0 million in the preceding year's corresponding period, the Group recorded an increase in profit before tax by RM524.6 million (+47.1%). This is mainly due to contribution from the enlarged Hong Leong Bank entity arising from the acquisition of assets and liabilities of EON Capital Group (“ECB”).

HLB Group recorded a profit before tax of RM1,605.5 million for the period ended 31 March 2012 against RM1,031.4 million in the previous corresponding period, an increase of RM574.1 million or +55.7%. The higher contribution this period is mainly due to the added results of the acquired ECB business coupled with higher share of profits from our 20% equity stake in BOCD. The share of profit from BOCD was RM157.8 million for the period ended 31 March 2012, 13.7% higher as compared to the previous corresponding period of RM138.7 million.

Hong Leong Capital Group recorded a profit before tax of RM34.9 million for the current period ended 31 March 2012 as compared to RM42.6 million in the previous period. The decrease in profit is mainly due to lower investment bank's profits which are lumpy and lower asset management fee income as well as higher overhead expenses incurred; partially due to the start up cost for a new subsidiary in Singapore.

HLA Holdings Group registered a profit before tax of RM36.0 million for the period ended 31 March 2012 as compared to RM66.2 million ‘normalised profit’ (net of the one-off life surplus transfer of RM175.0 million as well as a gain on the transfer of HLA General business to MSIG of RM619.0 million) in the previous period. The decrease in profit in the current period is mainly due to a one-off Group management fee of RM24.0 million in relation to the MSIG insurance. Our share of MSIG Malaysia profits amounted to RM36.9 million for the period ended 31 March 2012 as compared to RM24.0 million (6 months from Oct'10 – Mar'11) in the previous corresponding period.

3 Current quarter against preceding financial quarter

HLFG Group achieved a profit before tax of RM641.4 million for the current quarter ended 31 March 2012 as compared to RM482.1 million in the preceding quarter. The lower profit for the current quarter is mainly attributable to lower contribution from the banking and insurance subsidiaries of the Group.

The Hong Leong Bank Group recorded a higher profit before tax of RM598.5 million for the current financial quarter ended 31 March 2012 as compared to RM483.1 million in the preceding quarter. The higher profit is mainly attributable to higher share of profit in BOCD for the current quarter as well as a one time provision for VSS expenses to employee of RM114.7 million for the preceding quarter.

The Hong Leong Capital Group recorded a profit before tax of RM12.4 million for the current quarter ended 31 March 2012 as compared to RM11.6 million in the preceding quarter. This is mainly due slightly higher overhead expenses as compared to preceding financial quarter.

The HLA Holdings Group recorded a profit before tax of RM21.0 million for the current quarter ended 31 March 2012 as compared to RM2.0 million in the preceding quarter. The decrease in preceding quarter's profit is mainly due to one-off expenses of RM24.0 million relating to the MSIG deal in the current period.

4 Prospects for the next financial year

Barring unforeseen circumstances and a severe economic downturn, the Group is expected to perform satisfactorily for the current financial year.

5 Variance of actual profit from forecasted profit

There was no profit forecast or profit guarantee issued by the Group.

6 Taxation

Provision based on profits for the financial period 31 March 2012

	Group		Group	
	Current quarter ended 31/03/2012 RM '000	Last year quarter ended 31/03/2011 RM '000	Current year to date 31/03/2012 RM '000	Last year to date 31/03/2011 RM '000
Tax expense				
Malaysian – current	(137,779)	(95,156)	(354,613)	(303,725)
Overseas – current	-	-	-	-
Transfer (from) / to deferred tax	(895)	5,306	(10,929)	5,308
	<u>(138,674)</u>	<u>(89,850)</u>	<u>(365,542)</u>	<u>(298,417)</u>
Prior year over/(under) provision				
- Malaysian	-	57,478	-	57,478
	<u>(138,674)</u>	<u>(32,372)</u>	<u>(365,542)</u>	<u>(240,939)</u>

The effective tax rate for the Group for the financial period based on our tax estimates is lower than the statutory rate of taxation as certain income was not subjected to tax.

6 Taxation (continued)

	Company		Company	
	Current quarter ended		Current year ended	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	RM '000	RM '000	RM '000	RM '000
Tax expenses				
Malaysian – current	(31,845)	(21,146)	(74,742)	(56,848)
Transfer (from) / to deferred tax	-	-	-	-
	<u>(31,845)</u>	<u>(21,146)</u>	<u>(74,742)</u>	<u>(56,848)</u>
Prior year over/(under) provision				
- Malaysian	-	-	-	-
	<u>(31,845)</u>	<u>(21,146)</u>	<u>(74,742)</u>	<u>(56,848)</u>

7 Sale of properties/unquoted investments

There was no sale of properties and / or unquoted investments during the period under review.

8 Purchase/sale of quoted securities of the Group

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

9 Status of corporate proposals

There were no corporate proposals announced but not completed at the latest practicable date which was not earlier than 7 days from the issue of this report, other than as mentioned below:-

- (a) On 6 March 2012, HLB placed the following wholly-owned subsidiaries under member's voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965:-
- 1) EFB Berhad;
 - 2) OFB Berhad;
 - 3) CFB Nominees (Tempatan) Sdn Bhd;
 - 4) Perkasa Nominees (Tempatan) Sdn Bhd;
 - 5) CFB Asa Berhad;
 - 6) Oriental Nominee (Tempatan) Sdn Bhd; and
 - 7) PFB Asa Berhad
- (b) On 12 March 2012, HLB announced that the Minister of Finance had via BNM's letter dated 9 March 2012, approved the following proposals:
- (i) the proposed disposal by HLB of its entire equity interest in MIMB to HLCB ("Proposed Disposal of MIMB") pursuant to Sections 45(1)(b) of the Banking and Financial Institutions Act 1989 ("BAFIA");
 - (ii) the execution by HLB of the sale and purchase agreement with HLCB pursuant to Section 49(7) of BAFIA for the Proposed Disposal of MIMB as required under Section 49(1)(a) of BAFIA; and
 - (iii) the proposed acquisition by HLB of the shell Hong Leong Investment Bank Berhad ("HLIB") as a subsidiary pursuant to Section 29 of BAFIA,
- (collectively referred to as the "Proposals").

9 Status of corporate proposals (continued)

The Proposals would be undertaken in the following manner:

- (i) HLB shall sell its entire equity interest in MIMB to HLCB;
- (ii) After completion of the Proposed Disposal of MIMB, HLIB shall sell and vest the entire business, assets and liabilities of HLIB to MIMB (“Proposed Business Rationalisation”);
- (iii) Subsequent to the Proposed Business Rationalisation, HLIB shall surrender its merchant banking license to BNM for cancellation; and
- (iv) HLB shall thereafter acquire the entire equity interest in the shell HLIB from HLCB.

Upon completion of the Proposals, MIMB shall be a wholly-owned subsidiary of HLCB and the investment banking business will be undertaken solely by MIMB. HLIB will cease to be a licensed institution and shall thereafter be wholly-owned by HLB.

(c) On 10 April 2012, HLB entered into the following:

- (i) a conditional sale and purchase agreement with HLCB for the Proposed Disposal of MIMB (“MIMB SPA”) for an indicative cash consideration of RM157.90 million;
- (ii) a letter of indemnity from HLB to HLCB pursuant to the MIMB SPA; and
- (iii) a conditional sale and purchase agreement with HLCB for the proposed acquisition of the entire equity interest in HLIB (“HLIB SPA”) for a sum equal to the net tangible assets of HLIB as at the date immediately preceding the completion date of the HLIB SPA.

10 Group borrowings

The Group borrowings include:

	As at 31/03/2012 RM '000	As at 30/06/2011 RM '000
Bank loans	524,264	1,535,859
Capital market borrowing	1,107,190	678,381
Subordinated obligations	2,879,877	2,837,943
Senior Bonds	916,329	910,810
Non-innovative Tier 1 stapled securities	1,424,267	1,405,706
Innovative Tier 1 capital securities	571,032	503,069
	<u>7,422,959</u>	<u>7,871,768</u>

Bank loans

The Company unsecured short term loan facility of RM1.2 billion has been fully repaid on 5 December 2011.

10 Group borrowings (continued)

Capital market borrowings

The Company has informed the facility agent of its intention to retire its 7 years RM800 million CP/MTNs programme on 15 December 2011.

SC has on 2 August 2011 approved the Company's master debt issuance programme of up to RM1,800 million in nominal value (the "Master Debt Programme").

The Master Debt Programme comprises the following:

- (i) a commercial papers ("CPs") programme of up to RM1,800 million in nominal value (the "CP Programme"); and
- (ii) a medium term notes ("MTNs") programme of up to RM1,800 million in nominal value (the "MTN Programme").

The aggregate outstanding balance of the CPs and MTNs shall not exceed RM1,800 million. The CP Programme shall have a tenure of seven (7) years from the date of first issuance of the CPs. The MTN Programme shall have a tenure of twenty (20) years from the date of first issuance of the MTNs.

At at 31 March 2012, the Company has issued RM550 million of CPs and RM550 million MTNs.

Subordinated bonds

On 10 August 2010, HLB had completed the first issuance of RM700 million nominal value of Tier 2 Subordinated Debt ("Sub Debt") out of its RM1.7 billion Tier 2 Subordinated Notes Programme. The RM700 million Sub Debt will mature in 2020 and is callable at the end of year 5 and on each subsequent coupon payment dates thereafter subject to approval of BNM. The Sub Debt which bears interest of 4.85% per annum is payable semi-annually in arrears.

On 5 May 2011, HLB issued the remaining RM1.0 billion nominal value of Sub Debt which will mature in 2021 and is callable at the end of year 5 and on each subsequent coupon payment dates thereafter subject to approval of BNM. The second issuance of Sub Debt bears interest at the rate of 4.35% per annum and is payable semi-annually in arrears.

The Sub Debt constitute unsecured liabilities of HLB, and is subordinated in right of payment to the deposit liabilities and all other liabilities of HLB 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 HLB.

On 27 February 2009, EBB, a wholly-owned subsidiary of HLB, has successfully issued the first tranche of RM410.0 million nominal value of the 10 non-callable 5 years Subordinated Medium Term Notes ("MTN") callable on 27 February 2014 (and thereafter) and due on 27 February 2019 under the RM2.0 billion Subordinated MTN Programme.

The coupon rate of the Subordinated MTN is 5.75% per annum, which is payable semi-annually in arrears from the date of the issue. Should EBB decide not to exercise its call option on the fifth (5) year from the issue date, the coupon rate will be revised to be equivalent to 7.75% or the then prevailing 5 years RM swap rate plus 3.70% per annum, whichever is higher, from the beginning of the sixth (6) year to the final maturity date.

10 Group borrowings (continued)

Subsequently, on 2 December 2009, EBB issued a second tranche of RM250.0 million nominal value of the 10 non-callable 5 years Subordinated MTN callable on 2 December 2014 (and thereafter) and due on 2 December 2019 under the RM2.0 billion Subordinated MTN Programme. The coupon rate of this second tranche of the Subordinated MTN is 5.75% per annum, which is payable semi-annually in arrears from the date of the issue. Should EBB decide not to exercise its call option on the fifth (5) year from the issue date, the coupon rate of this second tranche will be revised to be equivalent to 7.75% or the then prevailing 5 years RM swap rate plus 3.70% per annum, whichever is higher, from the beginning of the sixth (6) year to the final maturity date; similar to the step-up rates in the first tranche.

Subsequently, on 30 December 2010, EBB issued a third tranche of RM500.0 million nominal value of the 10 non-callable 5 years Subordinated MTN callable on 30 December 2015 (and at each anniversary date thereafter) and due on 30 December 2020 under the RM2.0 billion Subordinated MTN Programme. The coupon rate of this third tranche of the Subordinated MTN is 4.75% per annum, which is payable semi-annually in arrears from the date of the issue. Should EBB decide not to exercise its call option on the fifth (5) year from the issue date, or at each anniversary date thereafter, the coupon rate of this third tranche will be remain at 4.75% per annum, from the beginning of the sixth (6) year to the final maturity date.

The above tranches of Subordinated MTNs constitute unsecured liabilities of EBB and are subordinated to all deposit liabilities and all other liabilities except those liabilities, which by their terms, rank equally in rights of payment with the Subordinated MTNs. The Subordinated MTNs qualify as Tier II capital for the purpose of determining the capital adequacy ratio of HLB Group.

Senior Bonds

On 17 March 2011, HLB issued USD300 million in aggregate principal amount of Senior Bonds ("the Bonds"), which will mature in 2016. The Bonds bear interest at the rate of 3.75% is payable semi-annually. The Bonds were issued at a price of 99.761 per cent of the principal amount of the Bonds.

Non-innovative Tier 1 stapled securities

On 5 May 2011, HLB had completed its issuance of Non-Innovative Tier 1 Stapled Securities ("NIT-1 Stapled Securities") of RM1.4 billion.

NIT-1 Stapled Securities, which is perpetual in nature and callable at the end of year 5 and on each coupon payment date subject to approval of BNM, pays a semi annual coupon of 5.05% per annum.

Innovative Tier 1 capital securities

On 10 September 2009, EBB issued the first tranche of Innovative Tier 1 Capital Securities ("IT-1 Capital Securities") amounting to RM500 million in nominal value, from its RM1.0 billion IT-1 Capital Securities Programme. The IT-1 Capital Securities is structured in accordance with the Risk-Weighted Capital Adequacy Framework (General Requirements and Capital Components) issued by BNM.

The RM500 million IT-1 Capital Securities has a tenor of 30 years and EBB has the option to redeem the RM500 million IT-1 Capital Securities at the 10th anniversary, subject to BNM approval. The RM500 million IT-1 Capital Securities has a coupon rate of 8.25% per annum, payable semi-annually. In the event the IT-1 Capital Securities is not redeemed at the 10th anniversary (the First Optional Redemption Date), the coupon rate will be revised to 9.25% per annum from the 11th year to the final maturity.

On 1 July 2011, the above IT-Capital Securities was vested to HLB. The IT-1 Capital Securities constitute unsecured and subordinated obligations of HLB and are subordinated to all deposit liabilities and all other liabilities except those liabilities which rank equally in, and/or junior to, the rights of payment of the IT-1 Capital Securities. The IT-1 Capital Securities qualify as Tier 1 capital for the purpose of computing the capital adequacy ratio of the HLB Group and HLB.

11 Off-Balance Sheet financial instruments

Details of financial instruments with off-balance sheet risk as at 31 March 2012

Items	Principal amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts			
- Forwards			
(i) Less than 1 year	22,395,663	73,346	(145,869)
(ii) 1 year to 3 years	12,254	-	(98)
- Swaps			
(i) Less than 1 year	10,134,784	188,410	(136,524)
(ii) 1 year to 3 years	787,256	12,293	(17,452)
(iii) More than 3 years	733,023	31,993	(32,310)
- Options			
(i) Less than 1 year	3,975,217	17,757	(15,469)
(ii) 1 year to 3 years	149,364	3,083	(3,083)
Interest rate related contracts			
- Futures			
(i) Less than 1 year	3,641,600	4,067	(11,653)
(ii) 1 year to 3 years	1,769,050	868	(2,793)
(iii) More than 3 years	100,000	44	(63)
- Swaps			
(i) Less than 1 year	12,237,503	29,729	(29,977)
(ii) 1 year to 3 years	21,648,867	104,679	(133,443)
(iii) More than 3 years	26,493,828	337,543	(348,086)
Equity related contracts			
(i) Less than 1 year	69,188	3,137	(207)
(ii) 1 year to 3 years	10,709	-	-
(iii) More than 3 years	-	-	-
Total	104,158,306	806,949	(877,027)

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 year, the amount of contracts which were not hedged and hence, exposed to foreign exchange and interest rate market risk were RM895,104,719 (FYE June 2011: RM607,463,001) and RM57,470,552,377 (FYE June 2011: RM50,272,681,745) 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 year, the amount of credit risk, measured in terms of the cost to replace the profitable contracts, was RM797,175,641 (FYE June 2011: RM760,163,989). 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

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

12 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.

13 HLFM Dividends

A second interim single tier dividend of 15.0 sen per share had been proposed by the Company during the current financial quarter.

- (i) Amount per share : 15 sen per share (single tier)
- (ii) Previous corresponding period : 15 sen per share (single tier) & special dividend 3 sen per share (single tier)
- (iii) Entitlement date : 5 June 2012
- (iv) Payment date : 26 June 2012

For the financial period ended 31 March 2012, a total dividend of 25 sen per share (single tier) was declared (2011 : 25 sen per share (6.3 sen less income tax of 25% and 18.7 sen combination of tax exempt and single tier) and a special dividend of 3 sen per share (single tier))

14 Earnings per share

- (a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit after taxation and minority interest by the weighted average number of ordinary shares in issue during the financial year.

	Group		Group	
	Current quarter ended 31/03/2012 RM '000	Last year quarter ended 31/03/2011 RM '000	Current year to date 31/03/2012 RM '000	Last year to date 31/03/2011 RM '000
Weighted Average Number Of Ordinary Shares				
Weighted average number of ordinary shares	1,036,978	1,035,538	1,036,978	1,035,538
Net profit attributable to shareholders of the company	394,769	264,589	881,071	1,376,850
Basic earnings per share (Sen)	38.1	25.6	85.0	133.0

14 Earnings per share (Continued)

	Company		Company	
	Current quarter ended 31/03/2012 RM '000	Last year quarter ended 31/03/2011 RM '000	Current year to date 31/03/2012 RM '000	Last year to date 31/03/2011 RM '000
Weighted Average Number Of Ordinary Shares				
Weighted average number of ordinary shares	1,040,498	1,038,307	1,040,498	1,038,307
Net profit attributable to shareholders of the company	97,731	998,160	173,926	1,082,767
Basic earnings per share (Sen)	9.4	96.1	16.7	104.3

(b) Fully diluted earnings per share

Basic earnings per share is calculated by dividing the profit after taxation and minority interest by the weighted average number of ordinary shares (diluted) during the financial year.

	Group		Group	
	Current quarter ended 31/03/2012 RM '000	Last year quarter ended 31/03/2011 RM '000	Current year to date 31/03/2012 RM '000	Last year to date 31/03/2011 RM '000
Fully Diluted Weighted Average Number Of Ordinary Shares				
Weighted average number of ordinary shares				
- during the period	1,036,978	1,035,538	1,036,978	1,035,538
- adjustment for ESOS	4,849	3,246	4,849	3,246
Net profit attributable to shareholders of the company	394,769	264,589	881,071	1,376,850
Fully diluted earnings per share (Sen)	37.9	25.5	84.6	132.5

	Company		Company	
	Current quarter ended 31/03/2012 RM '000	Last year quarter ended 31/03/2011 RM '000	Current year to date 31/03/2012 RM '000	Last year to date 31/03/2011 RM '000
Fully Diluted Weighted Average Number Of Ordinary Shares				
Weighted average number of ordinary shares				
- during the period	1,040,498	1,038,307	1,040,498	1,038,307
- adjustment for ESOS	4,388	3,124	4,388	3,124
Net profit attributable to shareholders of the company	97,731	998,160	173,926	1,082,767
Fully diluted earnings per share (Sen)	9.4	95.8	16.6	104.0

15 Realised and unrealised profit

On 25 March 2010, Bursa Malaysia issued a directive that requires all listed issuer to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period into realised and unrealised profits or losses.

The breakdown of realised and unrealised profit is derived based on the Guidance on Special Note No.1 *Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirement*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The unrealised retained profits of the Group as disclosed below excludes translation gains and losses on monetary items denominated in a currency other than the functional currency and foreign exchange contracts, as these translation gains and losses are incurred in the ordinary course of business of the Group and are deemed realised.

The breakdown of the retained profits of the Group are as follows:

	Group As at 31/03/2012 RM '000	Group As at 30/6/2011 RM '000
Total retained profits of the Group and its subsidiaries		
- Realised	5,448,505	4,767,949
- Unrealised	1,110,647	1,051,802
Total share of retained profits from associated companies		
- Realised	658,555	474,627
- Unrealised	1,102	-
Total share of retained profits from jointly controlled entity		
- Realised	(658)	(1,459)
- Unrealised	-	-
	<hr/>	<hr/>
	7,218,151	6,292,919
Less : Consolidated adjustment	(1,653,656)	(1,383,216)
	<hr/>	<hr/>
Total Group retained profits as per consolidated accounts	<u>5,564,495</u>	<u>4,909,703</u>

Dated this 16 May 2012