



Financial Results

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Submitted

Company Information	
Main Board/Second Board Company	
New Announcement	
Submitting Investment Bank/Advisor (if applicable)	
Submitting Secretarial Firm (if applicable)	
* Company name	HONG LEONG FINANCIAL GROUP BERHAD
* Stock name	HLFG
* Stock code	1082
* Contact person	Ms Christine Moh Suat Moi
* Designation	Company Secretary
* Contact number	03-21642501
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Part A1 : Quarterly Report	
* Financial Year End	30/06/2009
* Quarter	3 Qtr
* Quarterly report for the financial period ended	31/03/2009
* The figures	have not been audited

Please attach the full Quarterly Report here

[HLFG Quarterly Result as at 31 Mac 09.pdf](#)

Remarks

Part A2 : SUMMARY OF KEY FINANCIAL INFORMATION

Summary of Key Financial Information for the financial period ended
 * 31/03/2009

INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
CURRENT YEAR QUARTER *	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE *	PRECEDING YEAR CORRESPONDING PERIOD
31/03/2009	31/03/2008	31/03/2009	31/03/2008
{dd/mm/yyyy} RM'000	{dd/mm/yyyy} RM'000	{dd/mm/yyyy} RM'000	{dd/mm/yyyy} RM'000

1. Revenue	525,754	575,396	1,695,197	1,664,555
2. Profit/(loss) before tax	271,813	283,882	924,080	863,963
3. Profit/(loss) for the period	206,673	208,599	696,653	630,657
4. Profit/(loss) attributable to ordinary equity holders of the parent	131,994	133,344	440,604	404,233
5. Basic earnings/(loss) per share (sen)	12.70	12.80	42.50	39.00
6. Proposed/Declared dividend per share (sen)	0.00	0.00	9.00	9.00
	AS AT END OF CURRENT QUARTER*		AS AT PRECEDING FINANCIAL YEAR END	
7. Net assets per share attributable to ordinary equity holders of the parent (RM)		4.3200		3.9000

Remarks :

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

Note: For full text of the above announcement, please access the Bursa Malaysia website at www.bursamalaysia.com

Part A3 : ADDITIONAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER*	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE*	PRECEDING YEAR CORRESPONDING PERIOD
	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	[dd/mm/yyyy] RM'000	[dd/mm/yyyy] RM'000	[dd/mm/yyyy] RM'000	[dd/mm/yyyy] RM'000
1. Gross interest income	709,982	772,079	2,325,063	2,286,041
2. Gross interest expense	375,410	420,147	1,265,366	1,247,471

Remarks :

This announcement is dated 6 May 2009.

Note: The above information is for the Exchange internal use only.

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED BALANCE SHEETS
AS AT 31 MARCH 2009

	As at 31/03/2009 RM '000	As at 30/06/2008 RM '000
THE GROUP		
<u>Assets</u>		
Cash and short term funds	25,270,083	23,456,160
Deposits and placements with financial institutions	4,373,798	2,292,806
Securities purchased under resale agreements	-	972,742
Securities held at fair value through profit or loss	6,257,628	4,877,785
Securities available-for-sale	5,720,262	8,439,846
Securities held-to-maturity	4,985,607	3,161,818
Loans, advances and financing	34,488,296	35,090,636
Trade receivables	71,871	202,187
Other receivables	2,232,082	2,499,901
Statutory deposits with Bank Negara Malaysia	370,504	1,315,464
Tax recoverable	6,763	13,024
Investment in associates	1,152,465	-
Prepaid land lease payments	9,022	9,117
Deferred tax asset	189,253	172,671
Property, plant and equipment	607,295	508,466
Intangible assets	666,886	588,560
Total Assets	86,401,815	83,601,183
<u>Liabilities</u>		
Deposits from customers	66,335,966	62,061,525
Deposits and placements of banks and other financial institutions	3,532,087	6,372,576
Obligations on securities sold under repurchase agreements	-	-
Bills and acceptances payable	201,831	411,183
Payables and other liabilities	3,527,375	3,015,458
Provision for claims	200,686	199,086
Provision for taxation	105,550	91,078
Bank loans	175,900	25,600
Subordinated Bonds	761,002	671,750
Capital market borrowing	403,000	425,000
Insurance funds	4,388,243	4,180,524
Total Liabilities	79,631,640	77,453,780
<u>Equity</u>		
Share capital	1,052,768	1,052,768
Capital reserves	1,506,737	1,371,637
Retained profits	2,110,917	1,767,888
Fair value reserves	(43,727)	(11,257)
Treasury shares held for ESOS	(78,170)	(73,176)
Total shareholders' equity	4,548,525	4,107,860
Minority interest	2,221,650	2,039,543
Total Equity	6,770,175	6,147,403
Total Liabilities and Equity	86,401,815	83,601,183
Commitment and Contingencies	82,678,273	81,675,737

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
 CONDENSED FINANCIAL STATEMENTS
 UNAUDITED CONSOLIDATED INCOME STATEMENTS
 FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2009

THE GROUP	Current	Last year	Current year	Last year
	quarter ended 31/03/2009 RM '000	quarter ended 31/03/2008 RM '000	ended 31/03/2009 RM '000	ended 31/03/2008 RM '000
Interest income	709,982	772,079	2,325,063	2,286,041
Interest expense	(375,410)	(420,147)	(1,265,366)	(1,247,471)
Net interest income	334,572	351,932	1,059,697	1,038,570
Income from Islamic banking business	34,470	40,194	116,265	119,834
Non interest income	156,712	183,270	519,235	506,151
Net income	525,754	575,396	1,695,197	1,664,555
Overhead expenses	(248,933)	(249,824)	(742,450)	(713,357)
Operating profit before allowances	276,821	325,572	952,747	951,198
Allowance for losses on loans, advances and financing	(29,139)	(41,690)	(66,003)	(86,226)
Impairment loss	-	-	(33,209)	(1,009)
	247,682	283,882	853,535	863,963
Share of results of associated companies	24,131	-	70,545	-
Profit before taxation and zakat	271,813	283,882	924,080	863,963
Taxation	(65,128)	(75,283)	(227,386)	(233,306)
Zakat	(12)	-	(41)	-
Net profit for the period	206,673	208,599	696,653	630,657
Attributable to :				
Equity holders of the company	131,994	133,344	440,604	404,233
Minority interests	74,679	75,255	256,049	226,424
Net profit for the period	206,673	208,599	696,653	630,657
Basic earnings per ordinary share (sen)	12.7	12.8	42.5	39.0
Diluted earnings per ordinary share (sen)	12.7	12.8	42.5	39.0

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED COMPANY BALANCE SHEETS AS AT 31 MARCH 2009

	As at 31/03/2009 RM '000	As at 30/06/2008 RM '000
THE COMPANY		
<u>Assets</u>		
Cash and short term funds	5,884	11,699
Securities held at fair value through profit or loss	69,800	-
Other receivables	46,020	20,186
Tax recoverable	6,161	12,988
Investment in subsidiaries	2,048,249	2,048,349
Property, plant and equipment	3,099	3,525
Intangible assets	261	352
Total Assets	<u>2,179,474</u>	<u>2,097,099</u>
<u>Liabilities</u>		
Payables and other liabilities	4,445	9,993
Bank loans	31,000	1,000
Capital market borrowing	403,000	425,000
Total Liabilities	<u>438,445</u>	<u>435,993</u>
<u>Financed by:</u>		
Share capital	1,052,768	1,052,768
Capital reserves	144,932	141,475
Retained profits	619,583	538,123
Treasury shares held for ESOS	(76,254)	(71,260)
Total Equity	<u>1,741,029</u>	<u>1,661,106</u>
Total Liabilities and Equity	<u>2,179,474</u>	<u>2,097,099</u>
Commitment and Contingencies	<u>250,000</u>	<u>-</u>

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
CONDENSED FINANCIAL STATEMENTS
UNAUDITED COMPANY INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2009

	Current quarter ended 31/03/2009 RM '000	Last year quarter ended 31/03/2008 RM '000	Current year ended 31/03/2009 RM '000	Last year ended 31/03/2008 RM '000
THE COMPANY				
Interest income	687	48	1,382	384
Interest expense	(3,879)	(4,340)	(13,831)	(14,234)
Net interest expense	(3,192)	(4,292)	(12,449)	(13,850)
Non interest income	85,997	86,635	235,049	237,173
Net income	82,805	82,343	222,600	223,323
Overhead expenses	(3,715)	(4,613)	(13,011)	(13,065)
Profit before taxation and zakat	79,090	77,730	209,589	210,258
Taxation	(21,411)	(22,267)	(58,043)	(60,582)
Net profit for the period	57,679	55,463	151,546	149,676
Basic earnings per ordinary share-(sen)	5.6	5.3	14.6	14.4
Diluted earnings per ordinary share-(sen)	5.6	5.3	14.6	14.4

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
 UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE FINANCIAL PERIOD PERIOD 31 MARCH 2009

FOR THE FINANCIAL PERIOD ENDED
 31 MARCH 2009

	Share Capital RM '000	Share Premium RM '000	Statutory Reserves RM '000	Other Capital Reserves & General Reserves RM '000	Share Options Reserves RM '000	Fair Value Reserves RM '000	Exchange Fluctuation Reserves RM '000	Retained Profits RM '000	Treasury Shares RM '000	Total Shareholders' Equity RM '000	Minority Interests RM '000	Total Equity RM '000
Opening balance as at 1 July 2008	1,052,768	117,229	1,099,947	133,258	8,481	(11,256)	12,721	1,767,888	(73,176)	4,107,860	2,039,543	6,147,403
Exchange fluctuation differences	-	-	-	-	-	-	96,429	-	-	96,429	-	96,429
Net fair value changes in available-for-sale securities	-	-	-	-	-	(32,471)	-	-	-	(32,471)	-	(32,471)
Net income/(expense) recognised directly in equity	-	-	-	-	-	(32,471)	96,429	-	-	63,958	-	63,958
Net profit for financial period	-	-	-	-	-	-	440,604	-	-	440,604	256,049	696,653
Total recognised income/(expense) for the period	-	-	-	-	-	(32,471)	96,429	440,604	-	504,562	256,049	760,611
Issue of shares arising from the exercise of Warrants 1997/2007	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of other reserves to minority interests	-	-	-	-	-	-	-	-	-	-	(73,942)	(73,942)
Transfer to statutory reserves	-	-	27,489	-	-	-	-	(27,489)	-	(70,086)	-	(70,086)
Dividend paid - 1st interim dividend	-	-	-	-	-	-	-	(70,086)	-	-	-	-
Option reserves arising from ESOS	-	-	-	-	11,183	-	-	-	-	11,183	-	11,183
Treasury Shares held for ESOS	-	-	-	-	-	-	-	-	(4,994)	(4,994)	-	(4,994)
AT 31 MARCH 2009	1,052,768	117,229	1,127,436	133,258	19,664	(43,727)	109,150	2,110,917	(78,170)	4,548,525	2,221,650	6,770,175

FOR THE FINANCIAL PERIOD ENDED
 31 MARCH 2008

	Share Capital RM '000	Share Premium RM '000	Statutory Reserves RM '000	Other Capital Reserves & General Reserves RM '000	Share Options Reserves RM '000	Fair Value Reserves RM '000	Exchange Fluctuation Reserves RM '000	Retained Profits RM '000	Treasury Shares RM '000	Total Shareholders' Equity RM '000	Minority Interests RM '000	Total Equity RM '000
Opening balance as at 1 July 2007	1,052,451	116,017	1,067,869	133,258	1,152	15,394	19,499	1,428,148	(67,666)	3,766,122	1,875,086	5,641,208
Exchange fluctuation differences	-	-	-	-	-	-	(8,256)	-	-	(8,256)	-	(8,256)
Net fair value changes in available-for-sale securities	-	-	-	-	-	(18,211)	-	-	-	(18,211)	-	(18,211)
Net income/(expense) recognised directly in equity	-	-	-	-	-	(18,211)	(8,256)	-	-	(26,467)	-	(26,467)
Net profit for financial period	-	-	-	-	-	-	404,233	-	-	404,233	226,424	630,657
Total recognised income/(expense) for the period	-	-	-	-	-	(18,211)	(8,256)	404,233	-	377,766	226,424	604,190
Transfer to statutory reserves	-	-	23,874	-	-	-	-	(23,874)	-	-	-	-
Issue of shares arising from the exercise of Warrants 1997/2007	317	1,212	-	-	-	-	-	-	-	1,529	-	1,529
Dividend paid	-	-	-	-	-	-	-	(69,115)	-	(69,115)	-	(69,115)
- 1st interim dividend	-	-	-	-	4,164	-	-	-	-	4,164	-	4,164
Option reserve arising from ESOS	-	-	-	-	-	-	-	-	-	-	(108,300)	(108,300)
Allocation of other reserves to minority interests	-	-	-	-	-	(2,817)	11,243	1,739,392	(67,666)	4,080,466	1,993,210	6,073,676
AT 31 MARCH 2008	1,052,768	117,229	1,091,743	133,258	5,316	(2,817)	11,243	1,739,392	(67,666)	4,080,466	1,993,210	6,073,676

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
UNAUDITED COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2009

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2009	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 2008	1,052,768	117,229	18,484	5,762	538,123	(71,260)	1,661,106
Net profit for the financial period	-	-	-	-	151,546	-	151,546
Total recognised income/(expense) for the period	-	-	-	-	151,546	-	151,546
Dividend paid - 1st interim dividend	-	-	-	-	(70,086)	-	(70,086)
Option reserves arising from ESOS	-	-	-	3,457	-	-	3,457
Treasury Shares held for ESOS	-	-	-	-	-	(4,994)	(4,994)
AT 31 MARCH 2009	1,052,768	117,229	18,484	9,219	619,583	(76,254)	1,741,029

**FOR THE FINANCIAL PERIOD ENDED
31 MARCH 2008**

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2008	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 2007	1,052,451	116,017	18,484	1,152	535,612	(65,750)	1,657,966
Net profit for the financial period	-	-	-	-	149,676	-	149,676
Total recognised income/(expense) for the period	-	-	-	-	149,676	-	149,676
Issue of shares arising from the exercise of Warrants 1997/2007	317	1,212	-	-	-	-	1,529
Dividend paid - 1st interim dividend	-	-	-	-	(69,115)	-	(69,115)
Option reserves arising from ESOS	-	-	-	3,457	-	-	3,457
Treasury Shares held for ESOS	-	-	-	-	-	-	-
AT 31 MARCH 2008	1,052,768	117,229	18,484	4,609	616,173	(65,750)	1,743,513

HONG LEONG FINANCIAL GROUP BERHAD (8024-W)
UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2009

	The Group		The Company	
	31/03/2009 RM '000	31/03/2008 RM '000	31/03/2009 RM '000	31/03/2008 RM '000
Profit before taxation and zakat	924,080	863,963	209,589	210,258
Adjustment for non-cash items and others	15,475	136,737	(213,149)	(218,641)
Operating profit before working capital changes	939,555	1,000,700	(3,560)	(8,383)
Income tax recovered/(paid)	(225,390)	(220,453)	6,827	6,996
Interest received	9,348	3,277	1,382	384
Net changes in working capital	1,351,858	2,078,427	(121,933)	(21,549)
Net cash flow from operating activities	2,075,371	2,861,951	(117,284)	(22,552)
Net cash flow from investing activities	(156,905)	686,137	173,555	173,485
Net cash flow from financing activities	(104,457)	(220,656)	(62,086)	(161,820)
Changes in cash and cash equivalents	1,814,009	3,327,432	(5,815)	(10,887)
Effect of change in foreign exchange rate	(86)	862	-	-
Cash and cash equivalents as at 1 July	23,456,160	16,767,686	11,699	16,476
Cash and cash equivalents as at 31 March	25,270,083	20,095,980	5,884	5,589

**HONG LEONG FINANCIAL GROUP BERHAD ("HLFG" or "the Company")
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2009**

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 and should be read in conjunction with the Group's audited annual financial statements for the year ended 30 June 2008.

The accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the previous audited annual financial statements for the year ended 30 June 2008 except for the first time adoption of FRS108; Investment in Associates.

2. Status of matters giving rise to the auditor's qualified report in the annual financial statement for the financial year ended 30 June 2008 of HLFG

There was no qualified report issued by the auditors in the annual financial statements for the financial year ended 30 June 2008.

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 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 2009 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 Balance Sheet. Pursuant to the scheme, the number of shares bought by the appointed trustee was 17,230,400 at an average price of RM4.43 and the total consideration paid, including transaction costs was RM76,254,000. Of the 17,230,400 shares held pursuant to ESOS, 2,230,400 shares has been earmarked for Hong Leong Assurance Berhad ("HLA") for their intended ESOS scheme.

Pursuant to the insurance subsidiary company's ESOS scheme, the insurance subsidiary company also held 538,592 units of the Company's shares at an average price of RM3.56 per share with total consideration paid, including transaction costs of RM1,916,000, which have been classified as treasury shares held for ESOS at the Group level.

The Company granted 12,500,000 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.

7. Dividends paid

An interim dividend of 9 sen per share less income tax of 25% amounted to RM70,085,680 was paid on 18 December 2008.

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:

Banking	Banking business
Securities & Asset Management	Stocks and securities broking, and fund and unit trust management
Insurance	Life and general insurance business
Other operations	Investment holding, provision of management services, property management, information technology and internet related business

GROUP	Securities & Asset					Eliminations	Consolidated
	Banking	Management	Insurance	Others			
31 MARCH 2009	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue for the year ended							
External sales	1,603,611	33,384	79,276	(21,074)	-	1,695,197	
Intersegment sales	1,751	2,232	4,593	6,745	(15,321)	-	
	<u>1,605,362</u>	<u>35,616</u>	<u>83,869</u>	<u>(14,329)</u>	<u>(15,321)</u>	<u>1,695,197</u>	
Results for the year ended							
Segment results	924,726	3,007	25,567	(29,220)	-	924,080	
Profit before taxation and zakat						<u>924,080</u>	
Taxation and zakat						<u>(227,427)</u>	
Profit after taxation						<u>696,653</u>	
Minority interest						<u>(256,049)</u>	
Net profit for the year						<u>440,604</u>	
Other information							
Segment assets	79,893,084	315,641	5,814,395	132,259	(51,489)	86,103,890	
Other corporate assets						<u>297,925</u>	
Total consolidated assets						<u>86,401,815</u>	
Segment liabilities	74,395,491	240,059	5,178,392	190,922	(667,224)	79,337,640	
Other corporate liabilities						<u>294,000</u>	
Total consolidated liabilities						<u>79,631,640</u>	
Capital expenditure	61,061	1,736	77,596	367	-	140,760	
Depreciation of property and equipments	34,710	1,144	2,485	634	-	38,973	
Amortisation of intangible assets	10,371	247	3,445	95	-	14,158	
Amortisation of prepaid lease payment	63	-	32	-	-	95	
Loan loss and other allowances	66,003	-	-	-	-	66,003	

GROUP 31 MARCH 2008	Securities & Asset					Consolidated RM'000
	Banking RM'000	Management RM'000	Insurance RM'000	Others RM'000	Eliminations RM'000	
Revenue for the year ended						
External sales	1,533,321	56,252	85,417	(10,435)	-	1,664,555
Intersegment sales	(1,356)	1,718	6,931	5,534	(12,827)	-
	<u>1,531,965</u>	<u>57,970</u>	<u>92,348</u>	<u>(4,901)</u>	<u>(12,827)</u>	<u>1,664,555</u>
Results for the year ended						
Segment results	825,730	25,260	32,307	(19,334)	-	863,963
Profit before taxation and zakat						<u>863,963</u>
Taxation and zakat						<u>(233,306)</u>
Profit after taxation						<u>630,657</u>
Minority interest						<u>(226,424)</u>
Net profit for the year						<u>404,233</u>
Other information						
Segment assets	70,228,220	380,339	5,449,480	38,460	(11,723)	76,084,776
Other corporate assets						<u>195,844</u>
Total consolidated assets						<u>76,280,620</u>
Segment liabilities	65,399,814	224,130	4,844,396	24,255	(616,651)	69,875,944
Other corporate liabilities						<u>331,000</u>
Total consolidated liabilities						<u>70,206,944</u>
Capital expenditure	67,982	1,420	963	5	-	70,370
Depreciation of property and equipments	33,093	1,034	2,687	806	-	37,620
Amortisation of intangible assets	9,560	99	4,067	30	-	13,756
Amortisation of prepaid lease payment	59	-	12	-	-	71
Loan loss and other allowances	86,226	-	-	-	-	86,226

9. Securities held at fair value through profit or loss

	Group	
	As at 31/03/2009	As at 30/06/2008
	RM '000	RM '000
<u>At Fair Value</u>		
Malaysian Government Treasury Bills	376,522	129,937
Malaysian Government Securities	355,654	195,689
Negotiable instruments of deposit	658,908	306,353
Bankers' acceptances and Islamic accepted bills	2,742,390	2,862,379
Bank Negara Malaysia bills	2,000,604	1,170,850
Malaysian Government Investment Certificates	20,088	55,188
Khazanah bonds	-	47,334
Cagamas bonds/notes	-	-
	6,154,166	4,767,730
Quoted securities :		
Shares/Loan stocks/Unit Trust	95,189	93,501
Foreign currency bonds	8,273	1,691
Unquoted securities :		
Private debt securities	-	14,863
Total securities held at fair value through profit and loss	6,257,628	4,877,785
	<u>Company</u>	
	As at	As at
	31/03/2009	30/06/2008
	RM '000	RM '000
<u>At Fair Value</u>		
Unit Trust	69,800	-

10. Securities available-for-sale

	Group	
	As at 31/03/2009	As at 30/06/2008
	RM '000	RM '000
<u>At Fair Value</u>		
Government Treasury Bills	407,501	432,902
Malaysian Government Securities	1,047,681	2,208,381
Malaysian Government Investment Certificates	228,607	1,505,134
Negotiable instruments of deposit	-	16,760
Khazanah bonds	9,909	9,531
Cagamas bonds	162,124	989,995
Singapore government securities	24,211	-
Other Government Securities	100,591	115,502
	1,980,624	5,278,205
Quoted securities :		
Shares/Loan stocks/Unit Trust	379,668	450,074
Foreign Currency Bonds	1,221,321	769,054
Unquoted securities :		
Private debt securities/shares/reits	2,138,649	1,942,513
Total securities available-for-sale	5,720,262	8,439,846

11. Securities held-to-maturity

	Group	
	As at 31/03/2009	As at 30/06/2008
	RM '000	RM '000
<u>At Amortised Cost</u>		
Malaysian Government Securities	1,669,154	752,186
Malaysian Government Investment Certificates	105,578	60,305
Negotiable instruments of deposit	2,449,991	1,718,179
Cagamas bonds	309,901	230,314
	<u>4,534,624</u>	<u>2,760,984</u>
Quoted securities :		
Foreign Currency Bonds	-	-
Unquoted securities :		
Private debt securities/shares/loan stocks	450,983	400,834
Total securities held-to-maturity	<u>4,985,607</u>	<u>3,161,818</u>

12. Loans, advances and financing

	Group	
	As at 31/03/2009	As at 30/06/2008
	RM '000	RM '000
Overdrafts	2,091,023	2,435,782
Term loans :		
- Housing loans/financing	20,221,983	19,445,381
- Syndicated term loan/financing	1,498,039	1,422,294
- Hire purchase receivables	5,966,691	6,167,037
- Lease receivables	19,265	22,602
- Other term loans/financing	1,789,305	2,512,094
Credit/charge card receivables	1,990,133	1,925,986
Bills receivables	262,147	357,255
Trust receipts	98,679	139,725
Claims on customers under acceptance credits	2,491,870	3,057,364
Block discounting	8,214	8,422
Revolving credits	1,321,308	799,314
Policy and premium loans	603,766	556,612
Staff loans	100,110	102,020
Other loans/financing	46,891	48,339
	<u>38,509,424</u>	<u>39,000,227</u>
Unearned interest and income	<u>(3,200,956)</u>	<u>(3,001,136)</u>
	35,308,468	35,999,091
Fair value changes arising from fair value hedges	84,418	(35,717)
Allowance for bad and doubtful debts and financing :		
- general	(515,709)	(526,957)
- specific	(388,881)	(345,781)
Net loans, advances and financing	<u>34,488,296</u>	<u>35,090,636</u>

12. Loans, advances and financing (continued)

(a) By type of customer

	Group	
	As at 31/03/2009 RM '000	As at 30/06/2008 RM '000
Domestic banking institutions	-	-
Domestic non-bank financial institutions	109,734	122,659
Domestic business enterprises		
- Small and medium enterprises	3,177,729	3,505,565
- Others	6,387,981	7,200,936
Government and statutory bodies	392	1,592
Individuals	24,523,376	24,034,103
Other domestic entities	19,382	25,976
Foreign entities	1,089,874	1,108,260
Gross loans, advances and financing	<u>35,308,468</u>	<u>35,999,091</u>

(b) By interest/profit rate sensitivity

	Group	
	As at 31/03/2009 RM '000	As at 30/06/2008 RM '000
Fixed rate		
- Housing loans/financing	671,211	1,634,343
- Hire purchase receivables	4,285,693	5,395,285
- Other fixed rate loan/financing	3,102,103	3,581,813
Variable rate		
- Base lending rate plus	23,735,041	22,468,590
- Cost plus	3,502,308	2,800,269
- Other variables rates	12,112	118,791
Gross loans, advances and financing	<u>35,308,468</u>	<u>35,999,091</u>

(c) By economic purpose

	Group	
	As at 31/03/2009 RM '000	As at 30/06/2008 RM '000
Purchase of securities	401,608	517,205
Purchase of transport vehicles	4,923,144	5,017,181
Purchase of landed properties		
- residential	13,819,079	13,275,941
- non-residential	4,321,065	4,232,178
Personal use	2,562,017	2,363,560
Credit card	1,986,059	1,925,986
Purchase of consumer durables	87	128
Construction	433,961	541,258
Working capital	6,254,240	7,564,139
Others	607,208	561,515
Gross loans, advances and financing	<u>35,308,468</u>	<u>35,999,091</u>

12. Loans, advances and financing (continued)

(d) Non-performing loans by purpose

	Group	
	As at 31/03/2009 RM '000	As at 30/06/2008 RM '000
Purchase of securities	12,657	13,793
Purchase of transport vehicles	72,553	56,043
Purchase of landed properties		
- residential	248,258	229,221
- non-residential	67,737	79,537
Personal use	44,383	40,969
Credit card	34,836	28,751
Construction	34,224	38,592
Working capital	351,827	353,493
Others	2	3
Gross loans, advances and financing	<u>866,477</u>	<u>840,402</u>

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

	Group	
	As at 31/03/2009 RM '000	As at 30/06/2008 RM '000
At beginning	840,402	1,033,380
Non-performing during the period/year	2,020,529	2,594,538
Reclassified as performing	(1,681,178)	(2,195,316)
Amount written back in respect of recoveries	(193,667)	(332,256)
Amount written off	(121,685)	(261,664)
Amount transferred in respect of acquisition	2,145	-
Exchange differences	(69)	1,720
Closing balance	<u>866,477</u>	<u>840,402</u>
Specific allowance	<u>(388,881)</u>	<u>(345,781)</u>
Net non-performing loans, advances and financing	<u>477,596</u>	<u>494,621</u>
Net NPL as a % of gross loans, advances and financing less specific allowance	<u>1.4%</u>	<u>1.4%</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 31/03/2009 RM '000	As at 30/06/2008 RM '000
<u>General Allowance</u>		
At beginning	526,957	481,746
Net allowance made during the period/year	(11,809)	44,443
Amount transferred in respect of acquisition	608	-
Exchange differences	(47)	768
Closing balance	<u>515,709</u>	<u>526,957</u>
As % of gross loans, advances and financing less specific allowance	<u>1.5%</u>	<u>1.5%</u>
<u>Specific Allowance</u>		
At beginning	345,781	412,760
Allowance made during the period/year	220,748	298,603
Amount written back in respect of recoveries	(57,241)	(105,139)
Amount written off	(121,685)	(261,663)
Amount transferred in respect of acquisition	1,343	-
Exchange differences	(65)	1,220
Closing balance	<u>388,881</u>	<u>345,781</u>

13. Other receivables

	Group	
	As at 31/03/2009 RM '000	As at 30/06/2008 RM '000
Interest/Income receivable	123,074	166,203
Investment properties	1,600	1,600
Other debtors, deposits and prepayments *	2,104,963	2,329,443
Assets held for sale	-	60
Foreclosed properties	2,445	2,595
	<u>2,232,082</u>	<u>2,499,901</u>

* During the period, the partial payment for the subscription of shares in Chengdu Bank of RM738M in June 08 was reclassified to Investment in associate upon completion of the Proposed subscription of 20% Equity Interest in Chengdu on 21 July 2008

	Company	
	As at 31/03/2009 RM '000	As at 30/06/2008 RM '000
Amount due from subsidiary companies	45,368	18,251
Amount due from related companies	7	50
Other debtors, deposits and prepayments	645	1,885
	<u>46,020</u>	<u>20,186</u>

14. Deposits from customers

	Group	
	As at	As at
	31/03/2009	30/06/2008
	RM '000	RM '000
Fixed deposits	36,868,653	33,979,359
Negotiable instruments of deposit	3,591,382	1,697,204
Demand deposits	6,305,011	5,950,840
Savings deposits	7,775,366	7,491,714
Short term corporate placement	11,596,254	12,727,011
Other	199,300	215,397
	<u>66,335,966</u>	<u>62,061,525</u>

The maturity structure of fixed deposits and negotiable instruments :

	Group	
	As at	As at
	31/03/2009	30/06/2008
	RM '000	RM '000
One year or less (short term)	39,713,209	34,732,418
More than one year (medium/long term)	746,826	944,145
	<u>40,460,035</u>	<u>35,676,563</u>

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

	Group	
	As at	As at
	31/03/2009	30/06/2008
	RM '000	RM '000
Government and statutory bodies	1,096,723	985,187
Business enterprises	31,775,176	29,601,029
Individuals	32,525,506	30,877,001
Others	938,561	598,308
	<u>66,335,966</u>	<u>62,061,525</u>

15. Deposits and placements of banks and other financial institutions

	Group	
	As at	As at
	31/03/2009	30/06/2008
	RM '000	RM '000
Licensed banks	3,484,336	5,891,409
Other financial institutions	47,751	481,167
	<u>3,532,087</u>	<u>6,372,576</u>

The maturity structure :

One year or less (short term)	3,532,087	6,372,576
More than one year (medium/long term)	-	-
	<u>3,532,087</u>	<u>6,372,576</u>

16. Payables and other liabilities

	Group	
	As at	As at
	31/03/2009	30/06/2008
	RM '000	RM '000
Trade payables	515,754	561,746
Amount due to related companies	3,242	623
Other payables and accrued liabilities	1,998,045	1,715,403
Loan advance payment	736,370	525,480
Interest payable	269,000	206,169
Post employment benefits obligations - defined contribution plan	4,964	6,037
	<u>3,527,375</u>	<u>3,015,458</u>

	Company	
	As at	As at
	31/03/2009	30/06/2008
	RM '000	RM '000
Amount due to subsidiary companies	465	665
Other payables and accrued liabilities	1,563	5,483
Interest payable	2,342	3,769
Post employment benefits obligations - defined contribution plan	75	76
	<u>4,445</u>	<u>9,993</u>

17. Interest income

	Group		Group	
	Current	Last year	Current year	Last year
	quarter ended 31/03/2009 RM '000	quarter ended 31/03/2008 RM '000	ended 31/03/2009 RM '000	ended 31/03/2008 RM '000
Loan, advances and financing				
- Interest income other than recoveries				
from NPLs	413,968	403,680	1,319,602	1,243,158
- recoveries from NPLs	29,724	44,885	82,843	91,197
Money at call and deposit placements				
with financial institutions	157,503	194,484	566,011	591,283
Securities purchased under resale agreement	-	18,927	1,088	55,500
Securities held at fair value through				
profit and loss	53,466	68,979	166,386	185,576
Securities available-for-sale	19,363	26,800	78,091	87,457
Securities held-to-maturity	35,399	8,602	108,571	26,337
Others	1,717	1,887	2,899	6,161
	<u>711,140</u>	<u>768,244</u>	<u>2,325,491</u>	<u>2,286,669</u>
Amortisation of premium less				
accretion of discount	2,927	4,377	11,367	5,027
Interest suspended	(4,085)	(542)	(11,795)	(5,655)
	<u>709,982</u>	<u>772,079</u>	<u>2,325,063</u>	<u>2,286,041</u>
	Company		Company	
	Current	Last year	Current year	Last year
	quarter ended	quarter ended	to date	to date
	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	RM '000	RM '000	RM '000	RM '000
Money at call and deposit placements				
with financial institutions	69	48	205	384
Others	618	-	1,177	-
	<u>687</u>	<u>48</u>	<u>1,382</u>	<u>384</u>

18. Interest expense

	Group		Group	
	Current	Last year	Current year	Last year
	quarter ended 31/03/2009 RM '000	quarter ended 31/03/2008 RM '000	ended 31/03/2009 RM '000	ended 31/03/2008 RM '000
Deposits and placements of banks				
and other financial institutions	6,881	32,172	56,818	84,630
Deposits from customers	276,818	273,403	873,879	803,435
Borrowings	5,397	4,358	16,412	14,370
Subordinated bonds	9,411	8,345	27,463	25,898
Short term corporate placements	76,408	100,943	288,848	304,858
Others	495	926	1,946	14,280
	<u>375,410</u>	<u>420,147</u>	<u>1,265,366</u>	<u>1,247,471</u>
	Company		Company	
	Current	Last year	Current year	Last year
	quarter ended	quarter ended	to date	to date
	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	RM '000	RM '000	RM '000	RM '000
Borrowings	3,615	4,340	13,086	14,234
Others	264	-	745	-
	<u>3,879</u>	<u>4,340</u>	<u>13,831</u>	<u>14,234</u>

19. Non Interest Income

	Group		Group	
	Current	Last year	Current year	Last year
	quarter ended 31/03/2009 RM '000	quarter ended 31/03/2008 RM '000	ended 31/03/2009 RM '000	ended 31/03/2008 RM '000
Net income from Insurance Business	25,869	24,678	73,748	65,238
Net brokerage and commissions from Stockbroking Business	5,498	9,192	16,928	38,863
Net unit trust and asset management income	3,725	4,670	13,759	16,111
Fee income:				
Management fees	-	82	-	247
Commissions	5,482	15,729	40,173	57,687
Service charges and fees	5,178	7,324	16,794	27,043
Guarantee fees	1,203	1,316	4,029	4,308
Other fee income	65,391	40,646	154,112	139,356
	77,254	65,097	215,108	228,641
Gain/(loss) arising from sale of securities:				
Net gain from sale of securities held at fair value through profit and loss and derivatives	(22,527)	2,769	(24,624)	11,473
Net gain from sale of securities available-for-sale	(1,764)	4,901	24,879	14,109
Net gain/(loss) from redemption of securities held-to-maturity	186	(354)	316	(352)
	(24,105)	7,316	571	25,230
Gross dividend income from:				
Securities held at fair value through profit and loss	1,301	2,395	3,381	5,898
Securities available-for-sale	1,429	937	3,474	3,872
Securities held-to-maturity	45	70	3,468	2,723
	2,775	3,402	10,323	12,493
Net unrealised gains/(losses) on revaluation of securities held at fair value through profit or loss and derivatives	17,210	12,666	29,338	17,126
Net realised gains/(losses) on fair value changes arising from fair value hedge	(1,778)	3,988	(4,057)	(11,234)
Net unrealised gains/(losses) on fair value changes arising from fair value hedges	12,492	(385)	8,206	(6,030)
Other income:				
Foreign exchange gain/(loss)	31,441	46,972	137,486	99,810
Rental income	121	82	290	398
Gain/(loss) on disposal of property and equipment	555	514	1,139	1,548
Profit from Takaful investments	2,232	1,939	4,868	7,643
Others	3,423	3,139	11,528	10,314
	37,772	52,646	155,311	119,713
Total non interest income	156,712	183,270	519,235	506,151

19. Non Interest Income (continued)

	Company		Company	
	Current quarter ended 31/03/2009 RM '000	Last year quarter ended 31/03/2008 RM '000	Current year ended 31/03/2009 RM '000	Last year ended 31/03/2008 RM '000
Fee income:				
Management fees	1,676	1,202	5,028	3,568
Gain/(loss) arising from sale of securities:				
Net gain from sale of securities held at fair value through profit and loss and derivatives	(8,153)	3	(8,143)	24
Gross dividend income from:				
Securities held at fair value through profit and loss	161	133	461	273
Subsidiary companies	85,642	85,641	235,322	233,007
Unrealised gain/(loss) on revaluation of securities held at fair value through profit and loss and derivatives	6,687	-	429	-
Other income:				
Gain on disposal of subsidiary company	-	-	1,720	-
Others	(16)	(344)	232	301
Total non interest income	85,997	86,635	235,049	237,173

20. Overhead expenses

	Group		Group	
	Current quarter ended 31/03/2009 RM '000	Last year quarter ended 31/03/2008 RM '000	Current year ended 31/03/2009 RM '000	Last year ended 31/03/2008 RM '000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	116,326	122,242	343,597	333,175
- Others	9,868	1,079	36,166	27,784
<u>Establishment costs</u>				
- Depreciation of property and equipments	12,679	13,419	38,973	37,620
- Amortisation of intangible assets	4,831	4,720	14,158	13,756
- Amortisation of prepaid lease payment	53	(143)	95	71
- Rental	11,991	12,448	36,908	36,442
- Information technology expenses	14,057	13,661	41,769	37,382
- Others	12,028	12,753	34,857	36,869
<u>Marketing expenses</u>				
- Advertisement and publicity	23,139	15,295	54,434	40,226
- Handling fees	2,420	4,593	9,081	13,170
- Others	12,090	15,226	39,871	38,703
<u>Administration and general expenses</u>				
- Teletransmission expenses	2,241	2,731	7,692	8,011
- Stationery & printing	2,733	4,664	10,668	13,083
- Others	24,477	27,136	74,181	77,065
	248,933	249,824	742,450	713,357

20. Overhead expenses (continued)

	Company		Company	
	Current quarter ended 31/03/2009 RM '000	Last year quarter ended 31/03/2008 RM '000	Current year ended 31/03/2009 RM '000	Last year ended 31/03/2008 RM '000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	1,209	2,337	5,926	6,392
- Others	1,268	1,234	3,722	3,702
<u>Establishment costs</u>				
- Depreciation of property and equipments	279	300	634	773
- Amortisation of intangible assets	31	3	95	10
- Rental	167	171	505	520
- Others	27	104	267	196
<u>Administration and general expenses</u>				
- Teletransmission expenses	11	12	34	30
- Stationery & printing	3	15	23	37
- Others	720	437	1,805	1,405
	<u>3,715</u>	<u>4,613</u>	<u>13,011</u>	<u>13,065</u>

21. Allowance for losses on loans, advances and financing

	Group		Group	
	Current quarter ended 31/03/2009 RM '000	Last year quarter ended 31/03/2008 RM '000	Current year ended 31/03/2009 RM '000	Last year ended 31/03/2008 RM '000
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	(10,985)	12,450	(11,810)	33,015
- specific allowance	77,870	69,666	220,748	194,378
- specific allowance written back	(18,368)	(23,492)	(57,241)	(78,340)
Bad debts and financing written off	1,681	1,297	6,185	4,928
Bad debts and financing recovered	(21,059)	(18,231)	(91,879)	(67,755)
	<u>29,139</u>	<u>41,690</u>	<u>66,003</u>	<u>86,226</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 31 March 2009 and 30 June 2008 met the minimum requirement.

	Hong Leong Bank Berhad		Hong Leong Islamic Bank Berhad #		Hong Leong Investment Bank Berhad	
	As at 31/03/2009 RM '000	As at 30/06/2008 RM '000	As at 31/03/2009 RM '000	As at 30/06/2008 RM '000	As at 31/03/2009 RM '000	As at 30/06/2008 RM '000
Components of Tier - 1 and Tier - 2 Capital						
Tier - 1 capital						
Paid up share capital	1,580,107	1,580,107	500,000	500,000	123,500	-
Share premium	539,664	539,664	-	-	-	-
Retained profit	1,862,783	1,737,205	54,542	82,031	(1,454)	-
Other Reserves	1,787,584	1,779,861	109,521	82,032	-	-
Less : Treasury Shares	(699,046)	(699,041)	-	-	-	-
Less : Goodwill	-	-	-	-	(85,182)	-
Less : Deferred Tax	(165,877)	(155,303)	(17,850)	(17,850)	(819)	-
Total tier 1 capital	4,905,215	4,782,493	646,213	646,213	36,045	-
Tier - 2 capital						
General provision	456,187	461,900	58,171	65,025	1,332	-
Subordinated obligations	729,100	653,500	-	-	-	-
Cumulative perpetual preference shares	-	-	-	-	163,077	-
Total tier 2 capital	1,185,287	1,115,400	58,171	65,025	164,409	-
Total eligible tier-2 capital	1,185,287	1,115,400	58,171	65,025	36,045	-
Total capital	6,090,502	5,897,893	704,384	711,238	72,090	-
Less : Investment in associated company	(946,505)	-	-	-	-	-
Less : Investment in subsidiary companies	(575,746)	(592,041)	-	-	(18,875)	-
Less : Holdings of other banking institution's capital instrument	(69,265)	(31,858)	-	-	-	-
Total capital base	4,498,986	5,273,994	704,384	711,238	53,215	-
Before deducting proposed dividends						
Core Capital Ratio	14.68% *	14.29%	19.40%	16.33%	27.00%	-
Risk-weighted Capital Ratio	14.68%	15.76%	21.14%	17.97%	39.90%	-
After deducting proposed dividends						
Core Capital Ratio	14.68% *	13.78%	19.40%	16.33%	27.00%	-
Risk-weighted Capital Ratio	14.68%	15.25%	21.14%	17.97%	39.90%	-

22. Capital adequacy (continued)

- * As stipulated under Bank Negara Guidelines, the Bank'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.

The profit after tax of the Group and the Bank for the half year ended 31 December 2008, had been subjected to a limited review by our external auditors. As such the Group's and the Bank's profit after tax for the nine months period ended 31 March 2009 have been included in the capital base used in the computation of the Group's and the Bank's Capital Adequacy Ratios respectively

- # The capital adequacy ratios of Hong Leong Islamic Berhad is 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. The minimum regulatory capital adequacy approach requirement is 8% for the risk-weighted capital ratio.

23. Events after Balance Sheet date

There were no material events subsequent to the financial period ended 31 March 2009 other than as per disclosed in Note 9 appearing on page 30.

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 29 June 2006, Hong Leong Bank Berhad ("HLB") announced that HLB Ventures Sdn Bhd ("HLBV"), Chew Geok Lin Nominees (Tempatan) Sendirian Berhad ("CGLN(T)") and Chew Geok Lin Nominees (Asing) Sendirian Berhad ("CGLN(A)") and Wah Tat Properties Sdn Bhd ("WTP") were placed under Member's Voluntary Liquidation pursuant to Section 254(1) of the Companies Act, 1965.

HLBV, CGLN(T) and CGLN(A) were dissolved on 9 August 2007 and WTP was dissolved on 10 March 2009.

- b. On 28 August 2008, Hong Leong Bank Berhad ("HLB") announced that it will be carrying out an internal reorganisation of certain of its direct and indirect wholly-owned subsidiaries to streamline the corporate structure of HLB for better efficiency ("Internal Reorganisation").

Pursuant to the Internal Reorganisation, HLF Credit (Perak) Bhd ("HLF Credit"), currently an indirect wholly-owned subsidiary of HLB, will be transferred to become a direct wholly-owned subsidiary of HLB. Thereafter, certain wholly-owned subsidiaries of HLB, namely Gensource Sdn Bhd, Hong Leong Leasing Sdn Bhd, HLB Realty Sdn Bhd, HL Leasing Sdn Bhd and WTB Corporation Sdn Bhd will be transferred to become direct wholly owned subsidiaries of HLF Credit. In addition, Chew Geok Lin Finance Sdn Bhd, a direct wholly-owned subsidiary of WTB Corporation Sdn Bhd, will be transferred to also become a direct wholly-owned subsidiary of HLF Credit. The considerations for the transfer of all the companies concerned will be calculated based on the net assets of the companies as at 30 June 2008 and satisfied by way of intercompany loans.

The Internal Reorganisation was completed on 20 October 2008.

- c. On 8 September 2008, HLFG announced that the liquidator of Heritage Vest Sdn Bhd ("HV"), a wholly-owned subsidiary of HLFG had convened a Final Meeting to conclude the member's voluntary liquidation of HV and a Return by the Liquidator Relating to the Final Meeting was lodged on 8 September 2008 with the Companies Commission of Malaysia and the Official Receiver, and on the expiration of 3 months after the said lodgement date, HV will be dissolved. Hence, HV was dissolved on 8 December 2008.
- d. On 18 September 2008, HLFG announced that its wholly-owned subsidiary, HLFG Assets Sdn Bhd, had placed its own wholly-owned subsidiary, Autoweb Sdn Bhd ("Autoweb") under Member's Voluntary Winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965.
- e. On 11 February 2009, HLFG announced that it has incorporated a wholly-owned subsidiary known as HLA Holdings Sdn Bhd ("HLAH"). The intended business activity of HLAH is investment holding. The initial authorised share capital of HLAH is RM100,000 divided into 100,000 ordinary shares of RM1.00 each. The initial issued and paid-up capital of HLAH is RM2.00 divided into two ordinary shares of RM1.00 each.

25. Commitments and contingencies

- a. In the normal course of business, the banking subsidiaries 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:

	As at 31/03/09			As at 30/06/08		
	Principal Amount RM'000	Credit Equivalent RM'000	Risk- Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent RM'000	Risk- Weighted Amount RM'000
Banking Entities						
Direct credit substitutes	207,204	207,204	194,326	207,396	207,396	193,849
Transaction-related contingent items	273,716	136,858	122,211	287,933	143,966	129,875
Short-term self liquidating trade-related contingencies	407,727	81,545	76,809	741,691	148,338	142,375
Other assets sold with recourse and commitment	-	-	-	-	-	-
Underwriting obligations	-	-	-	-	-	-
Irrevocable commitments to extend credit:						
-maturity more than 1 year	-	-	-	4,279,447	2,139,724	1,743,385
-maturity less than 1 year	-	-	-	13,458,683	2,691,736	2,189,391
Any commitments that are unconditionally cancellable at any time by the bank without prior notice	18,959,062	-	-	-	-	-
Foreign exchange related contracts	21,978,381	1,059,255	642,424	24,024,375	1,016,617	601,625
Interest rate related contracts	40,287,960	1,379,504	756,649	38,339,797	411,764	165,943
Equity related contracts	285,223	20,704	10,428	302,223	22,243	12,583
Miscellaneous	-	-	-	-	-	-
Total	82,399,273	2,885,070	1,802,847	81,641,545	6,781,784	5,179,026

- b. Other commitments and contingencies – unsecured

HLG Unit Trust Bhd, a wholly-owned subsidiary company of the stockbroking division, HLG Capital Berhad, is the Manager of HLG Sectoral Fund ("Funds"), which comprises five sector funds. HLG Capital Berhad 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, HLG Capital Berhad 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 2009.

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.

27. Interest/Profit rate risk

	The Group							Effective interest rate %	
	31/03/2009								
	Up to 1 month RM'000	1 - 3 months RM'000	3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-Interest sensitive RM'000	Trading book RM'000	Total RM'000	
Assets									
Cash and short-term funds	24,584,492	-	-	-	-	685,591	-	25,270,083	2.1
Deposits and placements with banks and other financial institution	-	3,997,628	198,910	115,213	62,000	47	-	4,373,798	2.3
Securities held at fair value through profit or loss	-	-	1,856	6,417	-	25,435	6,223,920	6,257,628	2.6
Securities available-for-sale	180,146	553,246	312,284	2,459,668	1,832,858	382,060	-	5,720,262	4.6
Securities held-for-maturity	299,800	1,160,020	1,329,052	1,876,231	288,100	32,404	-	4,985,607	3.4
Loans, advances and financing									
- performing	27,629,097	144,858	279,917	3,113,501	3,358,234	(507,226)	-	34,018,381	6.0
- non performing	-	-	-	-	-	469,915	-	469,915	-
Trade receivables	-	-	-	-	-	71,871	-	71,871	-
Other receivables	-	-	-	-	-	2,232,082	-	2,232,082	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	370,504	-	370,504	-
Tax recoverable	-	-	-	-	-	6,763	-	6,763	-
Investment in associates	-	-	-	-	-	1,152,465	-	1,152,465	-
Prepaid land lease payments	-	-	-	-	-	9,022	-	9,022	-
Deferred tax assets	-	-	-	-	-	189,253	-	189,253	-
Property and equipment	-	-	-	-	-	607,295	-	607,295	-
Intangible assets	-	-	-	-	-	666,886	-	666,886	-
Total assets	52,693,535	5,855,752	2,122,019	7,571,030	5,541,192	6,394,367	6,223,920	86,401,815	
Liabilities									
Deposits from customers	37,272,644	7,717,481	14,777,973	795,497	-	5,772,371	-	66,335,966	2.1
Deposits and placements of banks and other financial institution	2,916,527	612,394	-	-	-	3,166	-	3,532,087	2.0
Bills and acceptance payable	18,585	64,379	41,627	-	-	77,240	-	201,831	2.8
Payables and other liabilities	-	-	-	-	-	3,527,375	-	3,527,375	-
Provision for claims	-	-	-	-	-	200,686	-	200,686	-
Provision for taxation	-	-	-	-	-	105,550	-	105,550	-
Bank loans	75,000	-	69,900	31,000	-	-	-	175,900	3.3
Subordinated Bonds	-	-	-	761,002	-	-	-	761,002	5.2
Capital market borrowing									
- Commercial paper	133,000	-	130,000	-	-	-	-	263,000	2.9
- Medium Term Notes	-	100,000	40,000	-	-	-	-	140,000	4.9
Insurance funds	-	-	-	-	-	4,388,243	-	4,388,243	-
Total liabilities	40,415,756	8,494,254	15,059,500	1,587,499	-	14,074,631	-	79,631,640	
Shareholder's equity	-	-	-	-	-	4,548,525	-	4,548,525	
Minority interest	-	-	-	-	-	2,221,650	-	2,221,650	
Total liabilities and shareholder's equity	40,415,756	8,494,254	15,059,500	1,587,499	-	20,844,806	-	86,401,815	
On-balance sheet interest sensitivity gap	12,277,779	(2,638,502)	(12,937,481)	5,983,531	5,541,192	-	-	-	

27. Interest/Profit rate risk (continued)

The Group
30/06/2008

	Up to 1 month RM'000	1 - 3 months RM'000	3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-Interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	23,179,599	-	-	-	-	276,561	-	23,456,160	3.8
Deposits and placements with banks and other financial institution	-	1,494,365	696,771	81,670	20,000	-	-	2,292,806	3.8
Securities purchased under resale agreements	972,742	-	-	-	-	-	-	972,742	3.5
Securities held at fair value through profit or loss	-	-	-	-	-	-	4,877,785	4,877,785	3.8
Securities available-for-sale	457,189	858,631	843,665	3,851,996	1,970,332	458,033	-	8,439,846	4.5
Securities held-for-maturity	500,511	1,150,026	83,180	1,122,264	275,939	29,898	-	3,161,818	4.1
Loans, advances and financing									
- performing	27,046,861	495,560	1,032,041	3,461,817	3,101,315	(519,506)	-	34,618,088	6.4
- non performing	-	-	-	-	-	472,548	-	472,548	-
Trade receivables	-	-	-	-	-	202,187	-	202,187	-
Other receivables	-	-	-	-	-	2,499,901	-	2,499,901	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	1,315,464	-	1,315,464	-
Tax recoverable	-	-	-	-	-	13,024	-	13,024	-
Prepaid land lease payments	-	-	-	-	-	9,117	-	9,117	-
Deferred tax assets	-	-	-	-	-	172,671	-	172,671	-
Property and equipment	-	-	-	-	-	508,466	-	508,466	-
Intangible assets	-	-	-	-	-	588,560	-	588,560	-
Total assets	52,156,902	3,998,582	2,655,657	8,517,747	5,367,586	6,026,924	4,877,785	83,601,183	
Liabilities									
Deposits from customers	35,833,479	6,602,222	13,749,194	939,145	-	4,937,485	-	62,061,525	3.0
Deposits and placements of banks and other financial institution	5,530,305	776,830	58,107	-	-	7,334	-	6,372,576	3.5
Obligation of securities sold under repurchase agreements	-	-	-	-	-	-	-	-	3.6
Bills and acceptance payable	17,794	61,638	39,855	-	-	291,896	-	411,183	3.6
Payables and other liabilities	-	-	-	-	-	3,015,458	-	3,015,458	-
Provision for claims	-	-	-	-	-	199,086	-	199,086	-
Provision for taxation	-	-	-	-	-	91,078	-	91,078	-
Bank loans	25,600	-	-	-	-	-	-	25,600	4.5
Subordinated Bonds	-	-	-	671,750	-	-	-	671,750	5.2
Syndicated loan facility	-	-	-	-	-	-	-	-	5.1
Capital market borrowing - Medium Term Notes	-	70,000	100,000	40,000	-	-	-	210,000	5.6
Insurance funds	-	-	-	-	-	4,180,524	-	4,180,524	-
Total liabilities	41,622,178	7,510,690	13,947,156	1,650,895	-	12,722,861	-	77,453,780	
Shareholder's equity	-	-	-	-	-	4,107,860	-	4,107,860	
Minority interest	-	-	-	-	-	2,039,543	-	2,039,543	
Total liabilities and shareholder's equity	41,622,178	7,510,690	13,947,156	1,650,895	-	18,870,264	-	83,601,183	
On-balance sheet interest sensitivity gap	10,534,724	(3,512,108)	(11,291,499)	6,866,852	5,367,586	-	-	-	

27. Interest/Profit rate risk (continued)

The Company
31/03/2009

	Up to 1 month RM'000	1 - 3 months RM'000	3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-Interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	5,600	-	-	-	-	284	-	5,884	2.0
Securities held at fair value through profit or loss	-	-	-	-	-	-	69,800	69,800	-
Other receivables	-	-	-	-	-	46,020	-	46,020	-
Investment in subsidiaries	-	-	-	-	-	2,048,249	-	2,048,249	-
Tax recoverable	-	-	-	-	-	6,161	-	6,161	-
Property and equipment	-	-	-	-	-	3,099	-	3,099	-
Intangible assets	-	-	-	-	-	261	-	261	-
Total assets	5,600	-	-	-	-	2,104,074	69,800	2,179,474	
Liabilities									
Payables and other liabilities	-	-	-	-	-	4,445	-	4,445	-
Bank loans	-	-	31,000	-	-	-	-	31,000	-
Capital market borrowing									
- Commercial paper	133,000	-	130,000	-	-	-	-	263,000	2.9
- Medium Term Notes	-	100,000	40,000	-	-	-	-	140,000	4.9
Total liabilities	133,000	100,000	201,000	-	-	4,445	-	438,445	
Shareholder's equity	-	-	-	-	-	1,741,029	-	1,741,029	
Total liabilities and shareholder's equity	133,000	100,000	201,000	-	-	1,745,474	-	2,179,474	
On-balance sheet interest sensitivity gap	(127,400)	(100,000)	(201,000)	-	-	-	-	-	

The Company
30/06/2008

	Up to 1 month RM'000	1 - 3 months RM'000	3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-Interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	11,600	-	-	-	-	99	-	11,699	3.5
Securities held at fair value through profit or loss	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	20,186	-	20,186	-
Investment in subsidiaries	-	-	-	-	-	2,048,349	-	2,048,349	-
Tax recoverable	-	-	-	-	-	12,988	-	12,988	-
Property and equipment	-	-	-	-	-	3,525	-	3,525	-
Intangible assets	-	-	-	-	-	352	-	352	-
Total assets	11,600	-	-	-	-	2,085,499	-	2,097,099	
Liabilities									
Payables and other liabilities	-	-	-	-	-	9,993	-	9,993	-
Bank loans	1,000	-	-	-	-	-	-	1,000	4.2
Capital market borrowing									
- Commercial paper	215,000	-	-	-	-	-	-	215,000	3.6
- Medium Term Notes	-	70,000	100,000	40,000	-	-	-	210,000	5.6
Total liabilities	216,000	70,000	100,000	40,000	-	9,993	-	435,993	
Shareholder's equity	-	-	-	-	-	1,661,106	-	1,661,106	
Total liabilities and shareholder's equity	216,000	70,000	100,000	40,000	-	1,671,099	-	2,097,099	
On-balance sheet interest sensitivity gap	(204,400)	(70,000)	(100,000)	(40,000)	-	-	-	-	

28. Operations of Islamic Banking

(a) Unaudited Balance Sheets as at 31 March 2009

	Group	
	As at 31/03/2009 RM'000	As at 30/06/2008 RM'000
ASSETS		
Cash and short-term funds	1,921,217	1,871,430
Deposits and placements with banks and other financial institutions	76,974	-
Securities held at fair value through profit or loss	1,451,700	927,570
Securities available-for-sale	263,605	780,812
Securities held-for-maturity	126,716	126,957
Financing, advances and other financing	3,819,101	4,242,329
Other receivables	75,181	7,054
Statutory deposits with Bank Negara Malaysia	44,364	144,964
Property, plant and equipment	1,859	1,854
Deferred tax assets	18,198	17,850
Total Assets	7,798,915	8,120,820
LIABILITIES AND SHAREHOLDERS' FUNDS		
Deposits from customers	6,655,037	6,208,081
Deposits and placements of banks and other financial institutions	20,000	779,000
Bills and acceptance payable	14,934	110,480
Payables and other liabilities	375,450	351,119
Provision for taxation	9,017	7,408
Total Liabilities	7,074,438	7,456,088
Islamic banking capital fund	500,000	500,000
Reserves	224,477	164,732
Islamic Banking Funds	724,477	664,732
Total Liabilities and Islamic Banking Funds	7,798,915	8,120,820
Commitments and Contingencies	960,248	966,378

(b) Unaudited Income Statements for the 3rd Quarter and Cumulative Nine Months Ended 31 March 2009

	Current quarter ended 31/03/2009 RM '000	Last year quarter ended 31/03/2008 RM '000	Current year ended 31/03/2009 RM '000	Last year ended 31/03/2008 RM '000
Group				
Income derived from investment of deposits' funds and others	71,392	70,007	255,410	213,224
Income derived from investment of shareholders' funds	9,848	10,671	29,398	26,585
Allowance for losses on financing	2,220	(4,156)	2,075	(15,892)
Profit equalisation reserve	(6,658)	(1,939)	(17,885)	(1,145)
Total distributable income	76,802	74,583	268,998	222,772
Income attributable to deposits	(40,115)	(38,545)	(150,658)	(118,831)
Total net income	36,687	36,038	118,340	103,941
Other operating expenses	(13,918)	(13,387)	(45,006)	(39,446)
Profit before taxation and zakat	22,769	22,651	73,334	64,495
Zakat	(12)	-	(41)	-
Taxation	(5,655)	(5,860)	(18,315)	(16,747)
Profit after taxation and zakat	17,102	16,791	54,978	47,748
Profit attributable to shareholders	17,102	16,791	54,978	47,748
Earnings per share - basic (sen)	3.42	3.36	11.00	9.55
Earnings per share - fully diluted (sen)	3.42	3.36	11.00	9.55

(c) Financing, advances and other financing

(i) By type

	Group	
	As at 31/03/2009 RM'000	As at 30/06/2008 RM'000
Cash line	6,157	11,230
Term financing		
- House financing	3,515,989	3,192,524
- Hire purchase receivable	2,563,123	2,971,414
- Lease receivable	17,840	21,080
- Other term financing	346,825	356,760
Claims on customers under acceptance credits	36,890	197,898
Staff financing	24	41
Revolving credit	-	26
Others	662	778
	<u>6,487,510</u>	<u>6,751,751</u>
Less: Unearned income	<u>(2,578,581)</u>	<u>(2,419,663)</u>
	<u>3,908,929</u>	<u>4,332,088</u>
Less: Allowance for bad and doubtful financing		
- General	(58,171)	(65,025)
- Specific	(31,657)	(24,734)
Total net financing, advances and other financing	<u>3,819,101</u>	<u>4,242,329</u>

(ii) By contract

	Group	
	As at 31/03/2009 RM'000	As at 30/06/2008 RM'000
Bai' Bithaman Ajil (deferred payment sale)	1,579,348	1,484,449
Ijarah (lease)	17,253	20,028
Ijarah Muntahia Bittamlik/AITAB (lease ended with ownership)	2,275,438	2,629,727
Murabahah (cost-plus)	36,890	197,884
	<u>3,908,929</u>	<u>4,332,088</u>

Non-performing financing

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

	Group	
	As at 31/03/2009 RM'000	As at 30/06/2008 RM'000
At beginning	45,754	61,070
Non-performing during the period/year	149,214	185,715
Reclassified as performing	(119,272)	(153,442)
Amount written back in respect of recoveries	(17,647)	(29,708)
Amount written off	(7)	(17,881)
Closing balance	<u>58,042</u>	<u>45,754</u>
Net non-performing financing, advances and other financing	<u>26,385</u>	<u>21,020</u>
Ratio of net non-performing financing, advances and other financing to total net financing, advances and other financing	<u>0.7%</u>	<u>0.5%</u>

(d) Movements in allowance for bad and doubtful financing

	Group	
	As at 31/03/2009 RM'000	As at 30/06/2008 RM'000
General allowance		
At beginning	65,025	55,932
Net allowance made/(written back) during the year	(6,854)	9,093
Closing balance	<u>58,171</u>	<u>65,025</u>
As % of gross financing, advances and other financing less specific allowance	<u>1.5%</u>	<u>1.5%</u>
Specific allowance		
At beginning	24,734	29,917
Allowance made during the period/year	11,293	21,780
Amount written back in respect of recoveries	(4,363)	(9,082)
Amount written off	(7)	(17,881)
Closing balance	<u>31,657</u>	<u>24,734</u>

(e) Deposits from customer

By type of deposit

	Group	
	As at 31/03/2009 RM'000	As at 30/06/2008 RM'000
Non-Mudharabah		
Demand deposits	353,232	362,557
Savings deposits	581,544	555,853
Negotiable instruments of deposit	886,322	529,911
	<u>1,821,098</u>	<u>1,448,321</u>
Mudharabah		
Demand deposits	-	-
Saving deposits	543,343	478,049
General investment deposits	1,569,790	1,635,080
Specific investment deposits	2,720,806	2,646,631
	<u>4,833,939</u>	<u>4,759,760</u>
	<u>6,655,037</u>	<u>6,208,081</u>

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

The Group recorded a profit before tax of RM271.8 million for the quarter ended 31 March 2009 as compared to RM283.9 million in the preceding year's corresponding quarter, a decrease of RM12.1 million or 4.3%. This was mainly due to lower contributions from the banking division and stockbroking division.

The Banking division recorded a profit before tax of RM268.8 million for the quarter ended 31 March 2009 as compared to RM276.9 million in the preceding year's corresponding quarter, a decrease of RM8.2 million or 3.0%. This was mainly due to the impact of OPR cut/BLR downward revision and lower foreign exchange gain during the period.

The Insurance division recorded a profit before tax of RM10.0 million for the quarter ended 31 March 2009 as compared to RM9.8 million in the preceding year's corresponding quarter, an increase of RM0.2 million or 1.2%. The increase was mainly due to lower claims during the period.

The Stockbroking and Asset Management divisions recorded a profit before tax of RM0.1 million for the quarter ended 31 March 2009 as compared to RM4.5 million in the preceding year's corresponding quarter, a decrease of RM4.4 million or 96.9%. The decrease was mainly due to lower brokerage income arising from lower Bursa volumes experienced during the period.

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

The Group recorded a profit before tax of RM924.1 million for the nine months ended 31 March 2009 as compared to RM864.0 million in the previous corresponding period, an increase of RM60.1 million or 7.0%. This was mainly due to higher contributions from the Banking division.

The Banking division recorded a profit before tax of RM924.7 million for the nine months ended 31 March 2009 as compared to RM825.7 million in the previous corresponding period, an increase of RM99.0 million or 12.0%. This was mainly due to higher foreign exchange gain coupled with share of profit from the Bank of Chengdu which was effective from 1 July 2008.

The Insurance division recorded a profit before tax of RM25.6 million for the nine months ended 31 March 2009 as compared to RM32.3 million in the previous corresponding period, a decrease of RM6.7 million or 20.9%. The decrease was mainly due to investment losses suffered from lower equity prices coupled with unrealised exchange loss during the period.

The Stockbroking and Asset Management divisions recorded a profit before tax of RM3.0 million for the nine months ended 31 March 2009 as compared to RM25.3 million in the previous corresponding period, a decrease of RM22.3 million or 88.1%. The decrease was mainly due to lower brokerage income arising from higher Bursa volumes experienced during the period.

3. Review of performance of current quarter against preceding quarter

The Group recorded a profit before tax of RM271.8 million for the quarter ended 31 March 2009 as compared to RM342.2 million in the preceding quarter, a decrease of RM70.4 million or 20.6%. The decrease was mainly contributed by lower profits from the Banking and Insurance division.

The Banking division recorded a profit before tax of RM268.8 million for the quarter ended 31 March 2009 as compared to RM340.1 million in the preceding quarter, a decrease of RM71.3 million or 21.0%. This was mainly due to the impact of OPR cut/BLR downward revision and lower foreign exchange gain during the period.

The Insurance division recorded a profit before tax of RM10.0 million for the quarter ended 31 March 2009 as compared to RM13.8 million in the preceding quarter, a decrease of RM3.8 million or 28.1%. The decrease was mainly due to lower earned premium.

The Stockbroking and Asset Management divisions recorded a profit before tax of RM0.1 million as compared to RM0.04 million in the preceding quarter, an increase of 250.3%. The increase was mainly due to higher brokerage income arising from lower Bursa volumes experienced during the period.

4. Prospects for current financial year

Despite current financial turmoil and economic slowdown, and barring unforeseen circumstances, the Group is expected to perform satisfactorily for the current financial year. The Group will be more vigilant over its credit loan portfolios, and also prudently manage its expenses, notwithstanding pursuing longer term business projects and opportunities.

5. Variance of actual profit from forecasted profit

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

6. Taxation and zakat

Provision based on profits for the financial period 31 March 2009

	Group		Group	
	Current quarter ended 31/03/2009 RM '000	Last year quarter ended 31/03/2008 RM '000	Current year ended 31/03/2009 RM '000	Last year ended 31/03/2008 RM '000
Tax and zakat expenses				
Malaysian – current	(66,629)	(78,900)	(230,422)	(235,803)
Overseas – current	-	-	-	-
Transfer (from) / to deferred tax	1,502	3,617	2,083	2,648
	<u>(65,127)</u>	<u>(75,283)</u>	<u>(228,339)</u>	<u>(233,155)</u>
Prior year over/(under) provision				
- Malaysian	(1)	-	953	(151)
	<u>(65,128)</u>	<u>(75,283)</u>	<u>(227,386)</u>	<u>(233,306)</u>

The effective tax rate for the Group for the current quarter is higher than the statutory rate of taxation due to non-deductibility of certain expense.

	Company		Company	
	Current quarter ended 31/03/2009 RM '000	31/03/2008 RM '000	Current year ended 31/03/2009 RM '000	31/03/2008 RM '000
Tax expenses				
Malaysian – current	(21,411)	(22,267)	(58,043)	(60,582)
Overseas – current	-	-	-	-
Transfer (from) / to deferred tax	-	-	-	-
	<u>(21,411)</u>	<u>(22,267)</u>	<u>(58,043)</u>	<u>(60,582)</u>
Prior year over/(under) provision				
- Malaysian	-	-	-	-
	<u>(21,411)</u>	<u>(22,267)</u>	<u>(58,043)</u>	<u>(60,582)</u>

The effective tax rate for the Company for the current quarter is higher than the statutory rate of taxation due to non-deductibility of certain expenses.

7. Sale of properties/unquoted investments

There was no sale of properties and / or unquoted investments during the quarter under review in HLFGL

8. Purchase / sale of quoted securities of the Group

There was no other purchase or disposal of quoted securities for the quarter 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 as at the date of this report other than as mentioned below:-

- (a) On 9 January 2009, HLB announced that The State Bank of Vietnam has granted a license to HLB to incorporate and operate a 100% wholly owned commercial bank in Vietnam. The 100% wholly owned commercial bank shall be known as Hong Leong Bank Vietnam Limited ("HLBVN"). The charter capital of HLBVN is 1,000,000,000,000 (one trillion) Vietnamese Dong which is approximately equivalent to RM205 million at the current exchange rates. HLB is required to incorporate HLBVN and commence operations in Vietnam within 12 months from the date of issuance of the aforesaid license.

With the establishment of the bank in Vietnam, HLB will be able to tap into the promising and expanding market of Vietnam, which has a population of over 85 million people. This is part of HLB's long term goal of establishing a bigger presence in Asia.

- (b) On 18 December 2008, HLB announced that its wholly-owned subsidiary, HLF Credit (Perak) Berhad ("HLFCP") proposed to issue up to RM1,096.326 million nominal value of unsecured and unsubordinated bonds ("Proposed Bonds Issue") to raise funds to subscribe for foreign currency denominated principal protected investments through its subsidiaries.

The tenure of the Bonds will be for four (4) years from the date of issuance. The Bonds will be issued via private placement basis. HLB will be assuming the role of Principal Adviser/Lead Arranger on the Proposed Bond Issue.

The Proposed Bonds Issue is subject to the approval of the Securities Commission ("SC"). SC's approval was obtained on 27 February 2009.

10. Group borrowings

The Group borrowings include:

	As at 31/03/2009 RM '000	As at 30/06/2008 RM '000
Bank loans	175,900	25,600
Capital market borrowing	403,000	425,000
Total Borrowings	<u>578,900</u>	<u>450,600</u>
Subordinated Bonds - USD200 million	761,002	671,750

Subordinated bonds

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

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

11. Off-Balance Sheet financial instruments

The Banking Group has incurred the following:

Items	Principal Amount	1 mth or less	>1 - 3 Mths	>3 - 6 Mths	>6 - 12 Mths	>1 - 5 Yrs	>5 yrs
RM'000							
Foreign exchange related contracts							
- forwards	8,261,002	3,950,395	2,390,848	1,451,630	468,129	-	-
- swaps	13,140,384	5,595,646	2,478,998	913,945	273,195	3,579,932	298,668
- options	576,995	468,986	79,274	28,735	-	-	-
Interest rate related contracts							
- forwards	-	-	-	-	-	-	-
- futures	7,535,848	-	1,600,437	913,250	2,102,161	2,920,000	-
- swaps	32,752,112	630,000	674,391	996,934	3,903,223	19,515,549	7,032,015
Total	62,266,341	10,645,027	7,223,948	4,304,494	6,746,708	26,015,481	7,330,683

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

12. Off-Balance Sheet financial instruments (Continued)

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. 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 RM160,648,920 (FYE June 2008: RM881,960,520) and RM37,506,198,840 (FYE June 2008: RM30,084,196,890) 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 RM923,692,494 (FYE June 2008: RM640,117,890). 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.

13. Material litigation

- (a) The Company was served with a Writ of Summons dated 21 March 2002 filed by Borneo Securities Holdings Sdn Bhd ("BSH") in relation to the termination of the Sale and Purchase Agreement ("SPA") dated 31 October 2000 between HLG Securities Sdn Bhd ("HLG Sec") and BSH for the proposed acquisition of 100% equity interest in Borneo Securities Sdn Bhd ("BS") for a total purchase consideration of RM88 million comprising RM31 million cash and the balance RM57 million to be satisfied through the issue of new HLG shares to BSH ("Proposed Acquisition"). In conjunction with the Proposed Acquisition, BSH issued a letter to HLFG undertaking to give HLFG a first right of refusal to purchase any or all of the new HLG shares that BSH may, from time to time, wish to sell ("Undertaking").

In view of the Undertaking, HLFG was deemed interested in the Proposed Acquisition and in compliance with the rules on related party transactions of the Bursa Malaysia Securities Berhad, HLFG had to abstain from voting at the extraordinary general meeting ("EGM") of HLG convened to consider the Proposed Acquisition. BSH alleged that HLFG ought not to have abstained from voting at the EGM and in so doing, had caused the SPA to be terminated. The Company is of the view that the claim is baseless and had appointed lawyers to defend the suit.

- (b) On 26 November 2008, Hytex Integrated Berhad ("Hytex") obtained a judgment in default of appearance ("JID") against Hong Leong Assurance Berhad ("HLA") in respect of a fire insurance claim amounting to about RM30 million.

HLA has filed an application to set aside the JID and has procured a stay of execution pending final disposal of said application. HLA has been advised by its solicitors that it has good grounds to set aside the JID.

HLA will vigorously defend the case.

Other than the above, there is no pending material litigation.

14. IHLFG Dividends

No interim dividend has been proposed for the quarter.

15. 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 period.

Weighted Average Number Of Ordinary Shares	Group		Group	
	Current quarter ended 31/03/2009 RM '000	Last year quarter ended 31/03/2008 RM '000	Current year ended 31/03/2009 RM '000	Last year ended 31/03/2008 RM '000
Weighted average number of ordinary shares	1,035,538	1,037,768	1,035,538	1,037,768
Net profit attributable to shareholders of the company	131,994	133,344	440,604	404,233
Basic earnings per share (Sen)	12.7	12.8	42.5	39.0

Weighted Average Number Of Ordinary Shares	Company		Company	
	Current quarter ended 31/03/2009 RM '000	Last year quarter ended 31/03/2008 RM '000	Current year ended 31/03/2009 RM '000	Last year ended 31/03/2008 RM '000
Weighted average number of ordinary shares	1,036,077	1,038,307	1,036,077	1,038,307
Net profit attributable to shareholders of the company	57,679	55,463	151,546	149,676
Basic earnings per share (Sen)	5.6	5.3	14.6	14.4

15. Earnings per share (Continued)

(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 period.

	Group		Group	
	Current quarter ended 31/03/2009 RM '000	Last year quarter ended 31/03/2008 RM '000	Current year ended 31/03/2009 RM '000	Last year ended 31/03/2008 RM '000
Fully Diluted Weighted Average Number Of Ordinary Shares				
Weighted average no. of shares as at end of financial period	1,035,538	1,037,768	1,035,538	1,037,768
Effect of Warrant 1997/2007	-	-	-	-
Weighted average number of ordinary shares (Diluted)	1,035,538	1,037,768	1,035,538	1,037,768
Net profit attributable to shareholders of the company	131,994	133,344	440,604	404,233
Fully diluted earnings per share (Sen)	12.7	12.8	42.5	39.0

	Company		Company	
	Current quarter ended 31/03/2009 RM '000	Last year quarter ended 31/03/2008 RM '000	Current year ended 31/03/2009 RM '000	Last year ended 31/03/2008 RM '000
Fully Diluted Weighted Average Number Of Ordinary Shares				
Weighted average no. of shares as at end of financial period	1,036,077	1,038,307	1,036,077	1,038,307
Effect of Warrant 1997/2007	-	-	-	-
Weighted average number of ordinary shares (Diluted)	1,036,077	1,038,307	1,036,077	1,038,307
Net profit attributable to shareholders of the company	57,679	55,463	151,546	149,676
Fully diluted earnings per share (Sen)	5.6	5.3	14.6	14.4

