

HLG Capital Berhad

Condensed Consolidated Income Statement

For the financial quarter ended 30 September 2005

	Financial quarter ended		Financial year to date	
	30-Sep-05 RM'000	30-Sep-04 RM'000	30-Sep-05 RM'000	30-Sep-04 RM'000
Operating revenue	16,008	17,874	16,008	17,874
Other operating income	627	354	627	354
	16,635	18,228	16,635	18,228
Personnel costs	(3,593)	(4,073)	(3,593)	(4,073)
Other operating expenses	(8,258)	(9,442)	(8,258)	(9,442)
Profit from operations	4,784	4,713	4,784	4,713
Finance cost	(402)	(1,040)	(402)	(1,040)
Share of results of associated company	-	(61)	-	(61)
Profit before taxation	4,382	3,612	4,382	3,612
Taxation	(2,756)	(1,117)	(2,756)	(1,117)
Net profit for the financial period	1,626	2,495	1,626	2,495
Earnings per share (sen)				
Basic	1.32	2.02	1.32	2.02
Fully diluted	1.32	2.02	1.32	2.02

The accompanying notes are an integral part of this Condensed Consolidated Income Statement.

HLG Capital Berhad
Condensed Consolidated Balance Sheet
As at 30 September 2005

	As at current financial quarter 30 Sep 2005 RM'000	As at preceding financial year ended 30 Jun 2005 RM'000
NON-CURRENT ASSETS		
Property and equipment	2,528	2,962
Other investments	3,066	3,066
Goodwill on consolidation	4,862	4,957
Deferred tax assets	3,338	3,772
	13,794	14,757
CURRENT ASSETS		
Trade receivables	78,662	72,549
Other receivables	9,378	7,988
Manager's stocks and promotional items	5,064	7,283
Marketable securities	3,093	-
Short term funds	124,644	115,298
	220,841	203,118
CURRENT LIABILITIES		
Short term borrowings	36,000	40,000
Trust accounts	12,636	12,281
Trade payables	58,513	38,090
Other payables	12,083	14,225
Taxation	2,456	1,531
	121,688	106,127
NET CURRENT ASSETS	99,153	96,991
	112,947	111,748
FINANCED BY:		
Share capital	123,448	123,448
Reserves	(11,013)	(12,639)
Shareholders' equity	112,435	110,809
Provision for retirement benefits	947	939
Deferred tax liabilities	(435)	-
	112,947	111,748
NET TANGIBLE ASSETS PER SHARE (sen)	87 sen	86 sen

The accompanying notes are an integral part of this Condensed Consolidated Balance Sheet.

HLG Capital Berhad

Condensed Consolidated Statement of Changes in Equity

For the financial quarter ended 30 September 2005

	Share capital RM'000	General reserve RM'000	Translation reserve RM'000	Accumulated losses RM'000	Total RM'000
As at 1 July 2005	123,448	543	-	(13,182)	110,809
Net profit for the financial period				1,626	1,626
Currency translation differences representing net gain not recognised in the income statement			-		-
Foreign exchange loss in Translation Reserve charged to Income Statement			-		-
As at 30 September 2005	123,448	543	-	(11,556)	112,435
As at 1 July 2004	123,448	543	-	(24,366)	99,625
Net profit for the financial period				2,495	2,495
Currency translation differences representing net gain not recognised in the income statement			-		-
Foreign exchange loss in Translation Reserve charged to Income Statement			-		-
As at 30 September 2004	123,448	543	-	(21,871)	102,119

The accompanying notes are an integral part of this Condensed Consolidated Statement of Changes in Equity.

HLG Capital Berhad
Condensed Consolidated Cash Flow Statement
For the financial quarter ended 30 September 2005

	Financial quarter ended		Financial year to date	
	30-Sep-05 RM'000	30-Sep-04 RM'000	30-Sep-05 RM'000	30-Sep-04 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	4,382	3,612	4,382	3,612
Adjustments for non-cash items	266	(1,039)	266	(1,039)
Operating profit before working capital changes	4,648	2,573	4,648	2,573
Net increase/(decrease) in working capital	21,588	24,191	21,588	24,191
Cash generated from/(absorbed by) operations	26,236	26,764	26,236	26,764
Taxes refund/(paid)	(1,830)	(2,545)	(1,830)	(2,545)
Net other operating income	-	330	-	330
Net cash generated from/(used in) operating activities	24,406	24,549	24,406	24,549
CASH FLOW FROM INVESTING ACTIVITIES				
Net investment in property, equipment and investments	271	88	271	88
Net cash generated from/(used in) investing activities	271	88	271	88
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid	(402)	(1,040)	(402)	(1,040)
Repayment of amount due to holding company	-	-	-	-
Repayment of short term borrowings	(4,000)	(11,000)	(4,000)	(11,000)
Drawdown of short term borrowing	-	-	-	-
Net cash used in financing activities	(4,402)	(12,040)	(4,402)	(12,040)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	20,275	12,597	20,275	12,597
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	91,733	48,213	91,733	48,213
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	112,008	60,810	112,008	60,810
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Short term funds	124,644	91,989	124,644	91,989
Less: Monies held in trust	(12,636)	(31,179)	(12,636)	(31,179)
	112,008	60,810	112,008	60,810

The accompanying notes are an integral part of this Condensed Consolidated Cash Flow Statement.

HLG Capital Berhad
Notes to the interim financial statements
for the financial quarter ended 30 September 2005

Notes to the interim financial statements pursuant to
the Financial Reporting Standard (“FRS”) 134

1. Basis of preparation

The interim financial statements (“Report”) are unaudited and have been prepared in accordance with FRS 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements of HLG Capital Berhad (“Company”) Group (“the Group”) should be read in conjunction with the audited financial statements for the financial year ended 30 June 2005. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and position of the Group since the financial year ended 30 June 2005.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the financial statements for the financial year ended 30 June 2005.

2. Status of matters giving rise to the auditors' qualified report in the audited financial statements for the financial year ended 30 June 2005

The auditors did not qualify the financial statements for the financial year ended 30 June 2005.

3. Seasonality or cyclicity of operations

The operations of the Group were not affected by any seasonal or cyclical factors.

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4. Exceptional items / unusual events

There were no exceptional items or unusual events affecting the assets, liabilities, equity, net income or cash flows of the Group during the financial quarter ended 30 September 2005.

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

There were no changes in financial estimates in the financial quarter ended 30 September 2005.

6. Issuance and repayment of debt and equity securities

There were no issuance and repayments of debt and equity securities, shares buy-back, shares cancellation, shares held as treasury and resale of treasury shares for the financial quarter ended 30 September 2005.

The Executive Share Option Scheme ("ESOS") of the Company was implemented with effect from 25 May 2000. The scheme has since expired with effect from 25 May 2005.

The establishment of a new ESOS of up to 15% of the Issued and Paid Up Ordinary Share Capital of the Company has been approved by shareholders in the Annual General Meeting of the Company held on 8 November 2005.

7. Dividends paid

There was no dividend paid during the financial quarter ended 30 September 2005.

HLG Capital Berhad
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for the financial quarter ended 30 September 2005

8. Segmental reporting

(a) Segment information by activities for the financial quarter ended 30 September 2005.

	Stock- broking and related nominees services	Fund management and unit trust management	Corporate advisory services and mezzanine financing	Investment holding and others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 September 2005						
REVENUE & EXPENSES						
Revenue						
Operating revenue	6,205	12,017	76	2,500	(4,790)	16,008
Results						
Profit/(loss) from operations	3,112	2,944	176	1,451	(2,899)	4,784
Loss on disposal of discontinuing operations	-	-	-	-	-	-
Profit from operation						4,784
Finance cost						(402)
Share of associated company's results						-
Taxation						(2,756)
Profit after taxation						1,626
30 September 2004						
REVENUE & EXPENSES						
Revenue						
Operating revenue	7,220	12,307	15	11,875	(13,544)	17,874
Results						
Profit from operations	2,600	2,303	4	11,676	(11,870)	4,713
Finance cost						(1,040)
Share of associated company's results		(61)				(61)
Taxation						(1,117)
Profit after taxation						2,495

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

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Notes to the interim financial statements
for the financial quarter ended 30 September 2005

9. Property, plant and equipment

There were no significant disposals of property and equipment during the financial quarter ended 30 September 2005.

The additions of property and equipment during the financial quarter ended 30 September 2005 amounted to RM 74,000.

There was no valuation of property, plant and equipment during the financial quarter ended 30 September 2005.

10. Events after Balance Sheet date

There were no material events subsequent to the balance sheet date to be disclosed.

11. Changes in composition of the Group

There were no changes in the composition of the Group during the financial quarter ended 30 September 2005.

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12. Commitments

There were no commitments as at 30 September 2005.

13. Changes in contingencies

Details of contingent liability since the last audited balance sheet date are as follows:

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

The size of each of the five funds was above the minimum of RM1 million as at 30 September 2005.

14. Related party transactions

All related party transactions had been entered into in the ordinary course of business that had been undertaken at arms' length basis on normal commercial terms. These transactions are within the ambit of the approval granted under the Shareholders' Mandate for recurrent related party transactions obtained at a general meeting.

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**Additional information required by the Listing Requirements of the
Bursa Malaysia Securities Berhad**

15. Performance review

**Current financial quarter under review against previous corresponding
financial quarter**

For the financial quarter ended 30 September 2005, the Group registered a higher profit before taxation of RM4.4 million compared to a profit before taxation of RM3.6 million in the previous corresponding financial quarter. The profit before taxation was higher in the current financial quarter under review due to lower operating expenses compared to previous financial quarter.

**16. Performance of current financial quarter under review against preceding
financial quarter**

For the current financial quarter ended 30 September 2005, the Group recorded a higher profit before taxation of RM4.4 million compared to a profit before taxation of RM0.7 million in the preceding financial quarter.

The higher profit before taxation for the current financial quarter under review was mainly due to provision for losses in previous preceding quarter.

17. Prospects for the next financial year

Barring any unforeseen circumstances, the Directors are of the opinion that the Group will perform satisfactorily in the current financial year.

18. Variance in profit forecast and shortfall in profit guarantee

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

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19. Taxation

	Financial quarter ended		Financial year to date	
	30-9-2005	30-9-2004	30-9-2005	30-9-2004
	RM'000	RM'000	RM'000	RM'000
Tax expense on Malaysian tax				
– Current	1,719	1,117	1,719	1,117
– Under/(Over) provision in prior years	1,037	-	1,037	-
Transferred from deferred taxation	-	-	-	-
Foreign tax expense				
– Under provision in prior years	-	-	-	-
	2,756	1,117	2,756	1,117

The effective rate of taxation for the financial quarter ended 30 September 2005 were higher than the statutory rate primarily due to under provision of taxation in prior years.

20. Sale of properties / unquoted investments

There were no sales of properties for the current financial quarter under review.

There were no sales of unquoted investments for the current financial quarter under review.

21. Purchase / disposal of quoted securities of the Group

There were no purchases or disposals of quoted investments by the Group for the financial quarter under review other than those transacted by the stockbroking subsidiary in the ordinary course of business.

22. Status of corporate proposal

There was no outstanding corporate proposal for the financial quarter under review.

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23. Group borrowings

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

24. Off-balance sheet financial instruments

There were no contracts involving off balance sheet financial instruments that will significantly affect the risk or performance of the Group as at the date of issue of the Report.

25. Material litigation

The Company and HLG Securities Sdn Bhd ("HLG Securities") had been named as defendants in a Writ of Summons dated 21 March 2002 filed by Borneo Securities Holdings Sdn Bhd ("BSH") and served on HLG Securities on 15 April 2002.

BSH alleged that HLG Securities breached the terms of the sale and purchase agreement dated 31 October 2000 ("SPA") between HLG Securities and BSH for HLG Securities' proposed acquisition of 100% equity interest in Borneo Securities Sdn Bhd for a total purchase consideration of RM88 million. The Company is of the view that the suit is baseless as the motion for the proposed acquisition was not approved by shareholders at the Extraordinary General Meeting of the Company held on 24 October 2001 and accordingly, the SPA was terminated.

26. Dividend

The Directors do not recommend any dividend to be paid for the financial quarter ended 30 September 2005.

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27. Earnings per share ("EPS")

(a) Basic earnings per share

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

	Financial quarter ended		Financial year to date	
	30-9-2005	30-9-2004	30-9-2005	30-9-2004
Net profit attributable to shareholders of the Company (RM'000):	1,626	2,495	1,626	2,495
Weighted average number of Ordinary Shares in issue ('000):	123,448	123,448	123,448	123,448
Basic earnings Per share (Sen)	1.32	2.02	1.32	2.02

(b) Fully diluted earnings per share

The ESOS scheme expired on 25 May 2005. As such, there were no dilutive elements to the share capital and hence EPS (fully diluted) was the same.