

**HLG Capital Berhad**  
**Condensed Consolidated Income Statements**  
**For the financial quarter ended 31 March 2008**

	Financial quarter ended		Financial year to date	
	31-Mar-08 RM'000	31-Mar-07 RM'000	31-Mar-08 RM'000	31-Mar-07 RM'000
Operating revenue	23,073	30,521	95,578	80,371
Other operating income	755	2,436	2,074	4,871
	23,828	32,957	97,652	85,242
Personnel costs	(5,432)	(5,697)	(16,446)	(12,999)
Other operating expenses	(13,717)	(13,174)	(55,433)	(45,240)
Profit from operations	4,679	14,086	25,773	27,003
Finance cost	(181)	(370)	(513)	(1,337)
Profit before taxation	4,498	13,716	25,260	25,666
Taxation	(1,142)	(3,543)	(6,969)	(6,924)
Net profit for the financial period	3,356	10,173	18,291	18,742
Earnings per share (sen)				
Basic	2.76	8.32	15.05	15.32
Fully diluted	2.76	8.32	15.05	15.32

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements.

**HLG Capital Berhad**  
**Condensed Consolidated Balance Sheet**  
**As at 31 March 2008**

	As at current financial quarter 31 March 2008 RM'000	As at preceding financial year ended 30 June 2007 RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property and equipment	3,392	3,029
Other investments	248	248
Intangible assets	5,046	4,768
Deferred tax assets	1,427	1,427
	10,113	9,472
<b>CURRENT ASSETS</b>		
Trade receivables	140,638	278,968
Other receivables	8,343	5,724
Manager's stocks and promotional items	1,046	7,619
Marketable securities	7,522	6,684
Short term funds	218,766	217,931
	376,315	516,926
<b>TOTAL ASSETS</b>	<b>386,428</b>	<b>526,398</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>		
Share capital	123,448	123,448
Shares held by ESOS Trust	(3,196)	(3,081)
Reserves	42,046	28,112
Shareholders' equity	162,298	148,479
<b>NON-CURRENT LIABILITIES</b>		
Provision for retirement benefits	1,006	991
	1,006	991
<b>CURRENT LIABILITIES</b>		
Short term borrowings	5,600	14,700
Trust accounts	100,797	96,777
Trade payables	96,862	242,917
Other payables	18,465	20,188
Taxation	1,400	2,346
	223,124	376,928
Total liabilities	224,130	377,919
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>386,428</b>	<b>526,398</b>
Net assets per share attributable to ordinary equity holders of the parent (sen)*	135 sen	124 sen

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements.

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

# HLG Capital Berhad

## Condensed Consolidated Statement of Changes in Equity

For the financial quarter ended 31 March 2008

	Share capital RM'000	Shares held by ESOS Trust RM'000	General reserve RM'000	Retained earnings RM'000	Total RM'000
As at 1 July 2007	123,448	(3,081)	543	27,569	148,479
Net profit for the financial period	-	-	-	18,291	18,291
Dividend Paid	-	-	-	(4,357)	(4,357)
Purchase during the year	-	(115)	-	-	(115)
As at 31 March 2008	123,448	(3,196)	543	41,503	162,298
As at 1 July 2006	123,448	(1,092)	543	5,272	128,171
Net profit for the financial year	-	-	-	18,742	18,742
Dividend Paid	-	-	-	(3,605)	(3,605)
Purchase during the year	-	(1,989)	-	-	(1,989)
As at 31 March 2007	123,448	(3,081)	543	20,409	141,319

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements.

# HLG Capital Berhad

## Condensed Consolidated Cash Flow Statement

For the financial quarter ended 31 March 2008

	Financial quarter ended		Financial year to date	
	31-Mar-08 RM'000	31-Mar-07 RM'000	31-Mar-08 RM'000	31-Mar-07 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	4,498	13,716	25,260	25,666
Adjustments for non-cash items	388	(1,994)	(976)	(3,149)
Operating profit before working capital changes	4,886	11,722	24,284	22,517
Net (increase)/decrease in working capital	(5,459)	10,742	1,890	(5,120)
Cash (used in)/generated from operations	(573)	22,464	26,174	17,397
Taxes paid	(2,989)	(1,623)	(7,913)	(4,648)
Interest paid	(154)	(252)	(423)	(873)
Net other operating income	661	494	1,707	1,907
Net cash (used in)/generated from operating activities	(3,055)	21,083	19,545	13,783
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Net investment in property, equipment and investments	(532)	24,307	(1,773)	4,687
Net cash (used in)/generated from investing activities	(532)	24,307	(1,773)	4,687
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividend paid	-	-	(4,357)	(3,605)
Drawdown/(Repayment) of short term borrowings	1,000	5,500	(9,100)	(8,500)
Purchase of shares held by ESOS Trust	(88)	(238)	(115)	(1,989)
Net cash generated from/(used in) financing activities	912	5,262	(13,572)	(14,094)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2,675)</b>	<b>50,652</b>	<b>4,200</b>	<b>4,376</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<b>101,150</b>	<b>75,970</b>	<b>94,275</b>	<b>122,246</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>98,475</b>	<b>126,622</b>	<b>98,475</b>	<b>126,622</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>				
Short term funds	218,766	242,525	218,766	242,525
Less: Monies held in trust	(120,291)	(115,903)	(120,291)	(115,903)
	98,475	126,622	98,475	126,622

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements.

**HLG Capital Berhad**  
**Notes to the interim financial statements**  
**for the financial quarter ended 31 March 2008**

**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 2007. 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 performance of the Group since the financial year ended 30 June 2007.

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2007 except for the changes in accounting policies and presentation which are expected to be reflected in the financial statements for the financial year ending 30 June 2007 resulting from the adoption of applicable FRSs adopted by Malaysian Accounting Standards Board that are effective for the financial period beginning 1 January 2007 as follow:

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 117	Leases
FRS 124	Related Party Disclosures
Amendment to FRS 119 <sub>2004</sub>	Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures.

FRS 6 is not relevant to the Group’s operations. The adoption of FRS 117, 124 and Amendment to FRS 119<sub>2004</sub> do not have significant financial impact on the Group.

**3. Status of matters giving rise to the auditors' qualified report in the audited financial statements for the financial year ended 30 June 2007**

The auditors did not qualify the financial statements for the financial year ended 30 June 2007.

**4. Seasonality or cyclicity of operations**

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

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**5. 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 31 March 2008.

**6. Variation from financial estimates reported in preceding financial period/year**

There were no significant changes in financial estimates in the financial quarter ended 31 March 2008.

**7. Issuance and repayment of debt and equity securities**

There are no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the financial quarter ended 31 March 2008 except for the following:

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

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

- b) The ESOS Trust is administered by an appointed trustee. The trustee will be entitled from time to time to accept financial assistance from the Company upon such terms and conditions as the Company and the trustee may agree to purchase shares in the Company from the open market for the purpose of this trust. The shares purchased for the benefit of the ESOS holders are recorded as "Shares held by ESOS Trust" in the Group and the Company's Balance Sheet as deduction in arriving at the shareholders' equity. Total shares held by ESOS Trust comprise 3,365,600 shares in the Company costing RM3,195,997 inclusive of transaction costs, as at 31 March 2008.

The ESOS options have not been granted as at end of the financial period.

**8. Dividends paid**

There was no dividend paid during the financial quarter ended 31 March 2008.

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**9. Segmental reporting**

(a) Segment information by activities for the financial year ended 31 March 2008

	Stock-broking and related activities	Fund management and unit trust management	Corporate advisory services and mezzanine financing	Futures	Investment holding and others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>31 March 2008</b>							
<b>REVENUE &amp; EXPENSES</b>							
<b>Revenue</b>							
Operating revenue	46,350	55,991	45	630	-	(7,438)	95,578
<b>Results</b>							
Profit / (loss) from operations	19,268	7,133	24	(9)	(546)	(97)	25,773
Finance cost							(513)
Taxation							(6,969)
Profit after taxation							18,291
<b>31 March 2007</b>							
<b>REVENUE &amp; EXPENSES</b>							
<b>Revenue</b>							
Operating revenue	34,917	53,030	456	-	4,600	(12,632)	80,371
<b>Results</b>							
Profit / (loss) from operations	20,911	6,456	319	(192)	4,102	(4,593)	27,003
Finance cost							(1,337)
Taxation							(6,924)
Profit after taxation							18,742

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

**10. Property, plant and equipment**

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the financial period ended 31 March 2008.

**11. Events after Balance Sheet date**

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

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**12. Changes in composition of the Group**

There were no changes in the composition of the Group during the financial quarter ended 31 March 2008 except for the followings:-

On 29 June 2007, the Company announced that its wholly-owned subsidiary companies, HLG Capital Advisory Sdn Bhd and HLGeBiz Sdn Bhd were placed under member's voluntary winding-up pursuant to Section 254(1) of the Companies Act, 1965. The liquidation is pending completion.

**13. Capital Commitments**

There were no capital commitments for the purchase of property, plant and equipment as at 31 March 2008.

**14. Changes in Contingent liabilities**

Details of contingent liabilities 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.

As at 31 March 2008, the fund size of one of the funds was below RM1 million and the Company received notice to invest cash equivalent to the shortfall.

**15. 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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**Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

**16. Performance review**

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

For the financial quarter ended 31 March 2008, the Group registered a lower profit before taxation of RM4.5 million compared to a profit before taxation of RM13.7 million in the previous corresponding financial quarter. This mainly due to lower contribution from the stockbroking business.

**(b) Performance of current financial quarter under review against preceding financial quarter**

For the current financial quarter ended 31 March 2008, the Group recorded a lower profit before taxation of RM4.5 million compared to a profit before taxation of RM6.6 million in the preceding financial quarter.

The lower profit before taxation for the current financial quarter under review was mainly due to lower contribution from stockbroking business which was affected by lower Bursa Malaysia trading volume.

**17. Prospects for the current 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.

**19. Taxation**

	Financial quarter ended		Financial period to date	
	31.3.08	31.3.07	31.3.08	31.3.07
	RM'000	RM'000	RM'000	RM'000
Tax expense on Malaysian tax				
– Current	1,142	3,543	6,817	6,924
– Under provision in prior year	-	-	152	-
	1,142	3,543	6,969	6,924

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**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**

On 19 October 2007, the Group announced that HLG Credit Sdn. Bhd., SBB Capital Markets Sdn. Bhd. and CIMB Bank Bhd. had entered into a conditional Share Sale Agreement for HLG Credit to acquire the entire equity interest in SBB Securities Sdn. Bhd. for an indicative purchase consideration of RM77million.

On the same date, the Group submitted an application to Bank Negara Malaysia in relation to the proposed acquisition of businesses of Southern Investment Bank Bhd ("SIBB"), in particular, identified assets and liabilities of SIBB ("SIBB Assets & Liabilities") for a total cash consideration to be determined based on net book value of SIBB Assets & Liabilities as at the date immediately preceding the vesting date and premium replacing the earlier proposal announced on 22 May 2007.

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.

**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.

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**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. Dividends**

The Board of Directors do not recommended any dividend to be paid for the financial quarter ended 31 March 2008.

**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 period to date	
	31.3.2008	31.3.2007	31.3.2008	31.3.2007
Net profit attributable to shareholders of the Company (RM'000):	3,356	10,173	18,291	18,742
Weighted average number of Ordinary Shares in issue ('000):	121,526	122,313	121,526	122,313
Basic earnings per share (Sen)	2.76	8.32	15.05	15.32

(b) Fully diluted earnings per share

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