

**HLG Capital Berhad**  
**Condensed Consolidated Balance Sheet**  
**As at 30 June 2009**

THE GROUP	Note	As at current financial year ended 30 June 2009 RM'000	As at preceding financial year ended 30 June 2008 Restated RM'000
<b>ASSETS</b>			
Cash and short term funds		317,387	252,959
Deposits and placements with banks and other financial institutions		73	30
Securities held at fair value through profit or loss	8	6,443	7,034
Available-for-sale securities	9	2,445	2,445
Loans and advances	10	82,339	38,003
Clients' and brokers' balances	11	145,762	148,737
Other receivables		13,854	13,201
Tax recoverable		644	560
Deferred tax assets		58,455	1,330
Prepaid lease payments		1,132	-
Property and equipment		4,750	3,616
Goodwill arising on consolidation	12	32,823	4,663
Intangible assets		982	594
<b>TOTAL ASSETS</b>		<b>667,089</b>	<b>473,172</b>
<b>LIABILITIES</b>			
Deposits and placement of banks and other financial institutions	13	9,820	-
Clients' and brokers' balances		279,029	233,817
Payables and other liabilities		55,236	43,662
Borrowings		146,900	24,600
Provision for taxation		-	336
		490,985	302,415
<b>EQUITY</b>			
Share capital		123,448	123,448
Reserves		56,629	50,877
Treasury shares for ESOS scheme		(3,973)	(3,568)
Shareholders' equity		176,104	170,757
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>667,089</b>	<b>473,172</b>
<b>COMMITMENT AND CONTINGENCIES</b>	19	<b>327,475</b>	<b>247,231</b>
<b>Net assets per share attributable to ordinary equity holders of the parent (sen)*</b>		<b>147 sen</b>	<b>143 sen</b>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 30 June 2008 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 Income Statements**  
**For the financial quarter ended 30 June 2009**

	Note	Financial quarter ended		Financial year to date	
		30-Jun-09 RM'000	Restated 30-Jun-08 RM'000	30-Jun-09 RM'000	Restated 30-Jun-08 RM'000
<b>THE GROUP</b>					
Interest Income	14	1,357	1,941	8,315	6,847
Interest expense	15	(1,061)	(134)	(3,670)	(307)
Net interest income		296	1,807	4,645	6,540
Non Interest Income	16	24,217	12,017	55,484	65,630
Net Income		24,513	13,824	60,129	72,170
Other Operating Expenses	17	(15,328)	(10,150)	(47,962)	(42,427)
Operating profit before allowances		9,185	3,674	12,167	29,743
Write back of losses on loans and advances and other losses	18	1,436	1,021	1,461	213
Impairment loss		(57,236)	2,197	(57,236)	2,197
(Loss)/Profit before taxation		(46,615)	6,892	(43,608)	32,153
Taxation		57,044	1,939	56,082	(5,030)
Net profit for the financial period		10,429	8,831	12,474	27,123
Earnings per share (sen)					
Basic		8.7	7.3	10.4	22.3
Fully diluted		8.7	7.3	10.4	22.3

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial statements.

**HLG Capital Berhad**  
**Condensed Balance Sheet**  
**As at 30 June 2009**

<b>THE COMPANY</b>	Note	<b>As at current financial year ended 30 June 2009</b>	<b>As at preceding financial year ended 30 June 2008 Restated</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>			
Cash and short term funds		4,668	23,263
Securities held at fair value through profit or loss		342	229
Other receivables		11,148	20,221
Tax recoverable		1,363	519
Investment in subsidiary companies		270,189	147,189
<b>TOTAL ASSETS</b>		<b>287,710</b>	<b>191,421</b>
<b>LIABILITIES</b>			
Payables and other liabilities		771	20,515
Borrowings		146,900	24,600
		<b>147,671</b>	<b>45,115</b>
<b>EQUITY</b>			
Share capital		123,448	123,448
Reserves		20,564	26,426
Treasury shares for ESOS scheme		(3,973)	(3,568)
Shareholders' equity		<b>140,039</b>	<b>146,306</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>287,710</b>	<b>191,421</b>

The condensed balance sheet should be read in conjunction with the audited financial statements for the year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial statements.

**HLG Capital Berhad**  
**Condensed Income Statements**  
**For the financial quarter ended 30 June 2009**

	Note	Financial quarter ended		Financial year to date	
		30-Jun-09 RM'000	Restated 30-Jun-08 RM'000	30-Jun-09 RM'000	Restated 30-Jun-08 RM'000
<b>THE COMPANY</b>					
Interest Income	14	4	17	239	45
Interest expense	15	(967)	(53)	(3,239)	(163)
Net interest expenses		(963)	(36)	(3,000)	(118)
Non Interest Income	16	4,353	4,342	4,333	4,466
Net Income		3,390	4,306	1,333	4,348
Other Operating Expenses	17	(438)	(344)	(1,392)	(1,256)
(Loss)/Profit before taxation		2,952	3,962	(59)	3,092
Taxation		(36)	(55)	919	(55)
Net profit for the financial period		2,916	3,907	860	3,037

The condensed income statement should be read in conjunction with the audited financial statements for the year ended 30 June 2008.

# HLG Capital Berhad

## Condensed Consolidated Statement of Changes in Equity For the financial quarter ended 30 June 2009

THE GROUP	← Non-Distributable →					Total RM'000
	Share capital RM'000	Shares held by ESOS Trust RM'000	General reserve RM'000	Statutory reserve RM'000	Retained earnings RM'000	
As at 1 July 2008	123,448	(3,568)	543	-	50,334	170,757
Net profit for the financial year	-	-	-	-	12,474	12,474
Transfer to statutory reserve	-	-	-	4,362	(4,362)	-
Dividend paid	-	-	-	-	(6,722)	(6,722)
Purchase during the year	-	(405)	-	-	-	(405)
As at 30 June 2009	123,448	(3,973)	543	4,362	51,724	176,104
As at 1 July 2007	123,448	(3,081)	543	-	27,569	148,479
Net profit for the financial year	-	-	-	-	27,123	27,123
Dividend Paid	-	-	-	-	(4,358)	(4,358)
Purchase during the year	-	(487)	-	-	-	(487)
As at 30 June 2008	123,448	(3,568)	543	-	50,334	170,757

## Condensed Statement of Changes in Equity For the financial quarter ended 30 June 2009

THE COMPANY	← Non-Distributable →					Total RM'000
	Share capital RM'000	Shares held by ESOS Trust RM'000	General reserve RM'000	Statutory reserve RM'000	Retained earnings RM'000	
As at 1 July 2008	123,448	(3,568)	-	-	26,426	146,306
Net profit for the financial year	-	-	-	-	860	860
Dividend paid	-	-	-	-	(6,722)	(6,722)
Purchase during the year	-	(405)	-	-	-	(405)
As at 30 June 2009	123,448	(3,973)	-	-	20,564	140,039
As at 1 July 2007	123,448	(3,081)	-	-	27,747	148,114
Net profit for the financial year	-	-	-	-	3,037	3,037
Dividend Paid	-	-	-	-	(4,358)	(4,358)
Purchase during the year	-	(487)	-	-	-	(487)
As at 30 June 2008	123,448	(3,568)	-	-	26,426	146,306

The condensed statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial statements.

**HLG Capital Berhad**  
**Condensed Cash Flow Statement**  
**For the financial quarter ended 30 June 2009**

	Financial year to date			
	The Group		The Company	
	30-Jun-09 RM'000	Restated 30-Jun-08 RM'000	30-Jun-09 RM'000	Restated 30-Jun-08 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
(Loss)/Profit before taxation	(43,608)	32,153	(59)	3,092
Adjustments for non-cash items	52,824	(8,043)	(1,323)	(4,319)
Operating profit/(loss) before working capital changes	9,216	24,110	(1,382)	(1,227)
Net increase working capital	(54,982)	(7,931)	(10,672)	16,592
Cash generated from/(used in) operations	(45,766)	16,179	(12,054)	15,365
Net income tax (paid )/refund	(1,399)	(6,941)	1,153	-
Interest received	8,315	6,847	239	45
Net cash (used in)/generated from operating activities	(38,850)	16,085	(10,662)	15,410
Net cash (used in)/generated from investing activities	(77,806)	(2,102)	(120,272)	911
Net cash generated from financing activities	111,503	4,748	112,339	5,379
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(5,153)	18,731	(18,595)	21,700
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	113,006	94,275	23,263	1,563
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	107,853	113,006	4,668	23,263

The condensed cash flow statement should be read in conjunction with the audited financial statements for the year ended 30 June 2008 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 30 June 2009

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

#### **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 2008. 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 2008.

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 2008.

BNM has granted indulgence to the Bank and other local banks in Malaysia from complying with the requirements on the impairment of loans under the revised 'Guideline on Financial Reporting for Licensed Institutions' ("BNM/GP8"). Under the revised BNM/GP8, the impaired loans have to be measured at their estimated recoverable amount. This requirement is principally similar to the requirements under FRS 139 - Financial Instruments: Recognition and Measurement. In view of the deferment of the implementation of FRS 139 in Malaysia, the banking subsidiaries and other local banks in Malaysia will be deemed to be in compliance with the requirement on the impairment of loans under the revised BNM/GP8 if the allowance for non-performing loans, advances and financing is computed based on BNM's guidelines on the 'Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts' ("BNM/GP3") requirements.

The preparation of Financial Statements in conformity with Financial Reporting Standards and Bank Negara Malaysia Guidelines requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements, and the reported amounts of income and expense during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and Bank's accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

#### **Revised Guidelines on Financial Reporting for Licensed Institution ("BNM/GP8")**

The Group previously classified its securities portfolio as short term or long term investments and these were accounted for at cost/market value/fair value on an aggregate portfolio basis. Upon the adoption of BNM/GP8, the Group has classified and accounted for its securities portfolio as follows:

##### *(a) Securities held at fair value through profit or loss*

Securities held at fair value through profit or loss comprise of securities held-for-trading ("HFT") and securities other than those held-for-trading but valued at fair value through profit or loss.

##### *Held-for-trading securities*

Held-for-trading securities ("HFT") are securities that are acquired and held principally for the purpose of selling in the short term to generate a profit from short-term fluctuations in price or from dealer's margin, and are subsequently measured at fair value, with unrealised gains and losses arising from changes in fair value recognised directly in the current period's income statements.

The realised gains or losses on derecognition of HFT securities, which are derived on the difference between the proceeds received and the carrying value of the securities, are credited or charged to the current period's income statements.

**HLG Capital Berhad**  
**Notes to the interim financial statements**  
**for the financial quarter ended 30 June 2009**

**1. Basis of preparation (cont'd)**

**Revised Guidelines on Financial Reporting for Licensed Institution ("BNM/GP8") (cont'd)**

*(a) Securities held at fair value through profit or loss (contd.)*

*Securities other than held-for-trading designated at fair value*

Securities other than those held-for-trading are so subsequently measured at fair value, with unrealised gains and losses arising from changes in fair value recognised directly in the current period's income statements.

Securities are classified as such if this eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The realised gains or losses on derecognition of these securities, which are derived on the difference between the proceeds received and the carrying value of the securities, are credited or charged to the current period's income statements.

*(b) Held-to-maturity securities ("HTM")*

Held-to-maturity securities ("HTM") are securities with fixed or determinable payments and fixed maturities that the Group and the Company have the positive intent and ability to hold to maturity, and are subsequently measured carried at amortised cost using the effective interest method.

The amortisation of premium and accretion of discount on HTM securities is recognised as interest income using the effective interest method.

The realised gains or losses on derecognition of HTM securities, which are derived based on the difference between the proceeds received and the carrying value of the securities, are credited or charged to the current period's income statements.

*(c) Available-for-sale securities ("AFS")*

Available-for-sale securities ("AFS") are securities not classified as held at fair value through profit or loss or HTM securities and are subsequently measured at fair value, with unrealised gains and losses arising from changes in fair value recognised in shareholder's funds, net of income tax, until such securities are sold, collected or otherwise disposed of, or until such securities are determined to be impaired.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at cost, less impairment losses by the Group and the Company.

The amortisation of premium and accretion of discount on AFS securities is recognised as interest income using the effective interest method.

The realised gains or losses on derecognition of AFS securities, which are derived based on the difference between the proceeds received and the carrying value of the securities plus any cumulative unrealised gains and losses arising from changes in fair value previously recognised in shareholder's funds, are credited or charged to the current period's income statements.



**HLG Capital Berhad**  
**Notes to the interim financial statements**  
**for the financial quarter ended 30 June 2009**

The adoption of above represent changes in accounting policies which have applied retrospectively. The effects of changes in accounting policies on the opening reserves of the Group are shown in the consolidated statement of changes in equity. Certain comparative figures have been reclassified to conform with current year's presentation pursuant to the adoption of BNM/GP8. The restatement of certain comparatives are shown below :

<b>THE GROUP</b>	<b>As</b>	<b>Reclassification of</b>	<b>As</b>
<b><u>Consolidated Balance Sheet</u></b>	<b>previously</b>	<b>accounts per BNM/GP8</b>	<b>restated</b>
<b><u>as at 30 June 2008</u></b>	<b>reported</b>	<b>(Dr.)/Cr.</b>	<b>(Dr.)/Cr.</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>			
Property and equipment	3,616	-	3,616
Other investments	2,445	(2,445)	-
Intangible assets	594	-	594
Goodwill arising on consolidation	4,663	-	4,663
Deferred assets	1,330	-	1,330
Trade receivables	111,300	(111,300)	-
Tax recoverable	560	-	560
Other receivables	79,367	(66,166)	13,201
Manager's stocks and promotional items	9,274	(9,274)	-
Marketable securities	7,034	(7,034)	-
Cash and short term funds	252,989	(30)	252,959
Securities held at fair value through profit or loss	-	7,034	7,034
Available-for-sale securities	-	2,445	2,445
Deposits and placement with bank and other financial institution	-	30	30
Clients' and brokers' balances	-	148,737	148,737
Loans and advances	-	38,003	38,003
	<b>473,172</b>	<b>-</b>	<b>473,172</b>

# HLG Capital Berhad

## Notes to the interim financial statements for the financial quarter ended 30 June 2009

<b>THE GROUP</b>	<b>As</b>	<b>Reclassification of</b>	<b>As</b>
<b><u>Consolidated Balance Sheet</u></b>	<b>reported</b>	<b>accounts per BNM/GP8</b>	<b>restated</b>
<b>as at 30 June 2008 (contd.)</b>	<b>(Dr.)/Cr.</b>	<b>(Dr.)/Cr.</b>	<b>(Dr.)/Cr.</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	123,448	-	123,448
Shares held by ESOS	(3,568)	-	(3,568)
Reserves	50,877	-	50,877
<b>Liabilities</b>			
Provision for retirements benefits	1,011	(1,011)	-
Short term borrowings	24,600	(24,600)	-
Trust accounts	94,746	(94,746)	-
Trade payables	163,959	(163,959)	-
Other payables	17,763	(17,763)	-
Taxation	336	-	336
Borrowings	-	24,600	24,600
Clients' and brokers' balances	-	233,817	233,817
Payables and other liabilities	-	43,662	43,662
	<b>473,172</b>	<b>-</b>	<b>473,172</b>

### **Consolidated Income Statement** **for quarter ended 30 June 2008**

Interest Income	-	1,941	1,941
Interest expense	-	(134)	(134)
Non interest income	-	12,017	12,017
Overhead expenses	-	(10,150)	(10,150)
Allowance for losses on loan and advances	-	87	87
Allowance for losses on clients and brokers balance	-	934	934
Impairment loss	-	2,197	2,197
Operating income	19,462	(19,462)	-
Other operating income	3,371	(3,371)	-
Personnel cost	(5,732)	5,732	-
Other operating expenses	(9,941)	9,941	-
Finance cost	(268)	268	-
Profit before taxation	6,892	-	6,892
Taxation	1,939	-	1,939
Net profit for the financial quarter	<b>8,831</b>	<b>-</b>	<b>8,831</b>

**HLG Capital Berhad**  
**Notes to the interim financial statements**  
**for the financial quarter ended 30 June 2009**

<b>THE GROUP</b>	<b>As</b>	<b>Reclassification of</b>	<b>As</b>
<b><u>Consolidated Income Statement</u></b>	<b>previously</b>	<b>accounts per BNM/GP8</b>	<b>restated</b>
<b><u>for year ended 30 June 2008 (contd.)</u></b>	<b>(Dr.)/Cr.</b>	<b>(Dr.)/Cr.</b>	<b>(Dr.)/Cr.</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest Income	-	6,847	6,847
Interest expense	-	(307)	(307)
Non interest income	-	65,630	65,630
Overhead expenses	-	(42,427)	(42,427)
Allowance for losses on loan and advances	-	(97)	(97)
Allowance for losses on clients and brokers balance	-	310	310
Impairment loss	-	2,197	2,197
Operating income	115,040	(115,040)	-
Other operating income	5,445	(5,445)	-
Personnel cost	(22,177)	22,177	-
Other operating expenses	(65,374)	65,374	-
Finance cost	(781)	781	-
Profit before taxation	32,153	-	32,153
Taxation	(5,030)	-	(5,030)
Net profit for the financial period	27,123	-	27,123

**2. Status of matters giving rise to the auditors' qualified report in the audited financial statements for the financial year ended 30 June 2008**

The auditors did not qualify the financial statements for the financial year ended 30 June 2008.

**3. Seasonality or cyclicity of operations**

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

**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 June 2009.

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

There were no significant changes in financial estimates in the financial quarter ended 30 June 2009.

**HLG Capital Berhad**  
**Notes to the interim financial statements**  
**for the financial quarter ended 30 June 2009**

**6. 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 30 June 2009 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 3,943,600 shares in the Company costing RM3,973,381 inclusive of transaction costs, as at 30 June 2009.

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

**7. Dividends paid**

There was no dividend paid during the financial quarter ended 30 June 2009.

	<b>The Group (Restated)</b>	
	<b>As at 30.6.09</b>	<b>As at 30.6.08</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>8. Securities held at fair value through profit or loss</b>		
<i>At fair value</i>		
Quoted securities:		
Shares	6,101	6,805
Unit trust	342	229
	<u>6,443</u>	<u>7,034</u>

**9. Available-for-sale securities**

*At fair value*  
 Unquoted securities at fair value  
 Shares

	2,445	2,445
	<u>2,445</u>	<u>2,445</u>

**10. Loans and advances**

(i) **By type of financing**

Revolving credit	31,112	-
Share Financing	55,002	38,748
Gross loans and advances	86,114	38,748
Allowance for losses on loans and advances		
- Specific	(2,521)	(361)
- General	(1,254)	(384)
Net loans and advances	<u>82,339</u>	<u>38,003</u>

HLG Capital Berhad  
Notes to the interim financial statements  
for the financial quarter ended 30 June 2009

The Group  
(Restated)

As at 30.6.09 RM'000	As at 30.6.08 RM'000
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10. Loans, advances and financing

(ii) By type of customers

Domestic business enterprises		
- Others	29,776	-
Individuals	53,359	38,748
Foreign entities	2,979	-
Gross loans and advances	86,114	38,748

(iii) By interest/profit rate sensitivity

Fixed rate		
Other fixed rate loan	55,002	38,748
	55,002	38,748
Variable rate		
Cost-plus	31,112	-
Gross loans and advances	86,114	38,748

(iv) By economic purposes

Working capital	15,598	-
Purchase of securities	70,516	38,748
Gross loans and advances	86,114	38,748

(v) Non-performing loans by economic purposes

Purchase of securities	2,521	361
Gross non-performing loans and advances	2,521	361

(vi) Movements in the non-performing loans and advances:

At beginning of the year	361	388
Non performing during the year	1,046	(27)
Amount transferred in respect of acquisition	1,114	-
	2,521	361
Less : Specific allowance	(2,521)	(361)
Net non-performing loans and advances	-	-

Ratio of non-performing loans to total loans, net of specific allowances

0%	0%
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(vii) Movements in the allowance for losses on loans and advances are as follows:

Specific allowance

At beginning of the year	361	388
Allowances made/(written back) to income statement	1,046	(27)
Allowances transfer in respect of acquisition	1,114	-
	2,521	361

General allowance

At beginning of the year	384	260
Allowance made/(written back) to income statement	168	124
Allowances transfer in respect of acquisition	702	-
	1,254	384

As % of gross loans and advances less specific allowance

1.5%	1.0%
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HLG Capital Berhad  
Notes to the interim financial statements  
for the financial quarter ended 30 June 2009

The Group  
(Restated)

As at 30.6.09	As at 30.6.08
RM'000	RM'000

11. Clients and brokers' balances

Performing accounts	192,472	192,856
Non-performing accounts – Bad	73,406	76,032
– Doubtful	53	-
	<u>265,931</u>	<u>268,888</u>
Less: Allowances for bad and doubtful debts		
- specific	(73,432)	(76,032)
- general	(50)	(125)
- interest in suspense	(46,687)	(43,994)
	<u>145,762</u>	<u>148,737</u>

Movements in the allowances for bad and doubtful debts are as follows:

Specific allowance

Balance as at the beginning of the financial year	76,032	76,334
Allowances made during the financial year	-	531
Allowances written back during the financial year	(2,600)	(833)
Balance as at the end of the financial year	<u>73,432</u>	<u>76,032</u>

General allowance

Balance as at the beginning of the financial year	125	133
Allowances made during the financial year	43	-
Allowances written back during the financial year	(118)	(8)
Balance as at the end of the financial year	<u>50</u>	<u>125</u>

Interest-in-suspense

Balance as at the beginning of the financial year	43,994	41,765
Interest suspended during the year	2,693	2,229
Balance as at the end of the financial year	<u>46,687</u>	<u>43,994</u>

HLG Capital Berhad  
Notes to the interim financial statements  
for the financial quarter ended 30 June 2009

The Group (Restated)	
As at 30.6.09	As at 30.6.08
RM'000	RM'000

**12. Goodwill arising from consolidation**

At beginning of the year	4,663	4,663
Goodwill arising from acquisition	85,396	
Less: Impairment loss	(57,236)	-
	32,823	4,663

An impairment charge of RM57,236,000 was recognised for goodwill arising from the investment banking and stockbroking segment. Management believes that any reasonable possible change to the assumptions applied may likely cause the recoverable amount to be lower than carrying amount, or to be fully impaired.

**13. Deposits and placement of banks and other financial institutions**

Other financial institutions	9,820	-
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**14. Interest Income**

**The Group**

Loans and advances

- Interest income other than recoveries from NPLs

1,453	1,089	5,240	4,286
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Money at call and deposit placements with financial institutions

360	753	2,993	2,177
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Others

(456)	99	82	384
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1,357	1,941	8,315	6,847
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**The Company**

Money at call and deposit placements with financial institutions

4	17	239	45
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**15. Interest Expense**

**The Group**

Borrowings

994	134	3,476	307
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Deposits and placements of banks and other financial institutions

13	-	65	-
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Deposits from other customers

54	-	129	-
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1,061	134	3,670	307
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**The Company**

Borrowings

967	53	3,239	163
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HLG Capital Berhad  
Notes to the interim financial statements  
for the financial quarter ended 30 June 2009

	Financial quarter ended (Restated)		Financial year to date (Restated)	
	30.6.09 RM'000	30.6.08 RM'000	30.6.09 RM'000	30.6.08 RM'000
<b>16. Non Interest Income</b>				
<b><u>The Group</u></b>				
(a) Fee income:				
Net brokerage from stockbroking business	16,775	5,458	32,864	37,163
Net unit trust and asset management income	5,739	6,268	19,498	23,219
Net commission from futures business	402	337	1,304	967
Other fee income	269	321	1,110	721
	<u>23,185</u>	<u>12,384</u>	<u>54,776</u>	<u>62,070</u>
(b) Net trading income:				
Net unrealised gain/(loss) on revaluation of securities held at fair value through profit or loss	756	(688)	(945)	119
	<u>756</u>	<u>(688)</u>	<u>(945)</u>	<u>119</u>
(c) Dividend income from:				
Securities quoted in Malaysia				
Securities held at fair value through profit or loss	96	-	1,041	507
Unquoted securities:				
Available-for-sale investments	-	-	44	49
	<u>96</u>	<u>-</u>	<u>1,085</u>	<u>556</u>
(d) Other income:				
Gain on disposal of property, plant and equipment	1	4	73	5
Other non operating income	179	317	495	2,880
	<u>180</u>	<u>321</u>	<u>568</u>	<u>2,885</u>
<b>Total Non Interest Income</b>	<u><u>24,217</u></u>	<u><u>12,017</u></u>	<u><u>55,484</u></u>	<u><u>65,630</u></u>
<b><u>The Company</u></b>				
(a) Net trading income:				
Gain/(loss) arising from trading in securities held at fair value through profit or loss				
- unrealised gain/(loss)	33	-	13	-
	<u>33</u>	<u>-</u>	<u>13</u>	<u>-</u>
(c) Dividend income from:				
Subsidiary companies	4,310	1,500	4,310	1,500
	<u>4,310</u>	<u>1,500</u>	<u>4,310</u>	<u>1,500</u>
(d) Other income:				
Other non operating income	10	2,842	10	2,966
	<u>10</u>	<u>2,842</u>	<u>10</u>	<u>2,966</u>
<b>Total Non Interest Income</b>	<u><u>4,353</u></u>	<u><u>4,342</u></u>	<u><u>4,333</u></u>	<u><u>4,466</u></u>



HLG Capital Berhad  
Notes to the interim financial statements  
for the financial quarter ended 30 June 2009

	Financial quarter ended (Restated)		Financial year to date (Restated)	
	30.6.09 RM'000	30.6.08 RM'000	30.6.09 RM'000	30.6.08 RM'000
<b>17. Other operating expenses</b>				
<b><u>The Group</u></b>				
<b>Personnel costs</b>				
Salaries, allowances and bonuses	6,119	4,574	19,515	18,175
Others	3,310	1,158	7,703	4,002
<b>Establishment costs</b>				
Rental of premises	1,158	609	3,755	2,371
Depreciation of property and equipment	390	391	1,534	1,424
Amortisation of intangible assets	125	68	372	166
Amortisation of prepaid lease payments	1	-	1	-
Information technology expenses	1,271	718	3,834	2,750
Others	358	509	2,132	1,755
<b>Marketing expenses</b>				
Advertisement and publicity	224	269	671	2,200
Others	152	(140)	1,362	1,044
<b>Administration and general expenses</b>				
Telecommunication costs	221	258	465	866
Printing & stationery	134	116	425	462
Others	1,865	1,620	6,193	7,212
Total overhead expenses	15,328	10,150	47,962	42,427
<b><u>Company</u></b>				
<b>Personnel costs</b>				
Salaries, allowances and bonuses	84	73	324	383
Others	26	24	115	105
<b>Establishment costs</b>				
Others	1	(1)	5	(35)
<b>Marketing expenses</b>				
Others	2	3	25	7
<b>Administration and general expenses</b>				
Telecommunication costs	1	1	2	3
Printing & stationery	1	1	15	6
Others	323	243	906	787
Total overhead expenses	438	344	1,392	1,256

HLG Capital Berhad  
Notes to the interim financial statements  
for the financial quarter ended 30 June 2009

	Financial quarter ended		Financial year to date	
	30.6.09	(Restated) 30.6.08	30.6.09	(Restated) 30.6.08
	RM'000	RM'000	RM'000	RM'000
<b>18. Allowance for Losses on Loans, Advances and Other Losses</b>				
<b><u>The Group</u></b>				
Allowance for losses on loans and advances				
Specific allowance				
- Made during the financial year	25	10	1,085	-
- Written back	(83)	-	(39)	(27)
General allowance (net)				
- Made during the financial year	-	-	168	124
- Written back	(395)	(97)	-	-
	<u>(453)</u>	<u>(87)</u>	<u>1,214</u>	<u>97</u>
Allowance for losses on clients' and brokers' balances				
Specific allowance				
- Made during the financial year	-	-	-	531
- Written back	(869)	(934)	(2,600)	(833)
General allowance (net)				
- Made during the financial year	-	-	43	-
- Written back	(114)	-	(118)	(8)
	<u>(983)</u>	<u>(934)</u>	<u>(2,675)</u>	<u>(310)</u>
<b>Total allowance for losses</b>	<u><b>(1,436)</b></u>	<u><b>(1,021)</b></u>	<u><b>(1,461)</b></u>	<u><b>(213)</b></u>

**19. Commitment and Contingencies**

In the normal course of business, the investment banking subsidiary make various commitments and incurred certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

	30 June 2009			30 June 2008 (Restated)		
	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
Any commitments that are unconditionally cancelled at any time by the bank without prior notice	327,475	-	-	247,231	49,446	49,446
- maturity less than 1 year	-	-	-	-	-	-
	<u>327,475</u>	<u>-</u>	<u>-</u>	<u>247,231</u>	<u>49,446</u>	<u>49,446</u>

Bank Negara letter dated 18 March 2009 has allowed capital treatment on the undrawn portion of the credit facilities under Risk Weighted Capital Adequacy Framework to apply a 0% credit conversion factor (instead of 20%) on the undrawn portions of credit facilities with the original maturity of less than one year as a temporary measure to support lending activities of the banking industry. This measure is applicable until 31 December 2010.

HLG Capital Berhad  
Notes to the interim financial statements  
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**20. Capital Adequacy Ratio**

BNM guidelines require the Banking subsidiary 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 Investment Banking subsidiary as at 30 June 2009 met the minimum requirement.

	<b>As at 30.6.09 RM'000</b>
<b>Capital adequacy ratio of Hong Leong Investment Bank Berhad</b>	
<b><u>Components of Tier I and Tier II capital:</u></b>	
<b>Tier-1 capital</b>	
Paid-up share capital	123,500
Other reserves:	<u>8,325</u>
	131,825
Goodwill	(30,000)
Deferred tax assets	<u>(58,192)</u>
Total Tier-1 capital	<u>43,633</u>
<b>Tier-2 capital</b>	
Redeemable Preference Shares ("RPS")	1,631
Share Premium on RPS	142,035
General allowance for bad and doubtful debts	<u>1,304</u>
Total Tier-2 capital	<u>144,970</u>
Total Eligible Tier-2 capital	<u>43,633</u>
Total capital	87,266
Less: Investments in subsidiary companies	<u>(588)</u>
Capital base	<u>86,678</u>
<b><u>Before deducting proposed dividends</u></b>	
Core capital ratio	17.59%
Risk-weighted capital ratio	34.94%
<b><u>After deducting proposed dividends</u></b>	
Core capital ratio	17.59%
Risk-weighted capital ratio	34.94%

**HLG Capital Berhad**  
**Notes to the interim financial statements**  
**for the financial quarter ended 30 June 2009**

**21. Segmental reporting**

(a) Segment information by activities for the financial year ended 30 June 2009.

	Investment banking and stockbroking	Fund management and unit trust management	Futures and options broking	Investment holding and others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>30-Jun-09</b>						
<b>REVENUE &amp; EXPENSES</b>						
<b>Revenue</b>						
Net Interest income	6,650	758	237	(3,000)	-	4,645
Non interest income	54,606	19,542	1,304	4,332	(24,300)	55,484
<b>Results</b>						
Profit / (loss) from operations	30,017	7,843	140	(72)	(24,300)	13,628
Impairment loss						(57,236)
Taxation						56,082
Profit after taxation						12,474
<b>30-Jun-08</b>						
<b>REVENUE &amp; EXPENSES</b>						
<b>Revenue</b>						
Net Interest income	5,802	694	162	(118)	-	6,540
Non interest income	41,741	23,434	967	4,511	(5,023)	65,630
<b>Results</b>						
Profit / (loss) from operations	21,509	9,811	(38)	3,098	(4,424)	29,956
Write back of Impairment loss						2,197
Taxation						(5,030)
Profit after taxation						27,123

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

**22. Property and equipment**

The valuations of property and equipment have been brought forward without amendment from the financial statements for the financial period ended 30 June 2009.

**HLG Capital Berhad**  
**Notes to the interim financial statements**  
**for the financial quarter ended 30 June 2009**

**23. Events after Balance Sheet date**

On 30 July 2009, the Securities Commission approved Hong Leong Investment Bank's ("HLIB") application for a Variation of Regulated Activity for Capital Markets Services Licence pursuant to the Capital Markets and Services Act, 2007 subject to fulfilment of the following conditions:

- (1) That HLIB shall be required to incorporate the audit of Corporate Finance and Advisory department ("CFAD") in the Internal Audit Plan for the Year 2009 and table the revised Internal Audit Plan to its Audit Committee within 1 month from the commencement of corporate finance activities;
- (2) All key personnel in the CFAD are required to be licensed as Capital Markets Representatives to carry out the regulated activity of advising on corporate finance and dealing in securities restricted to underwriting; and
- (3) All key personnel in the CFAD who are involved in the trading of debt securities instruments are required to be a member of Persatuan Pasaran Kewangan Malaysia (PPKM).

With the fulfilment of the above conditions, HLIB will be able to commence Corporate Finance and advisory activities.

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

There were no changes in composition of the Group since last financial quarter.

**25. Capital Commitments**

	<b>The Group</b>	
	<b>As at</b>	<b>As at</b>
	<b>30.6.09</b>	<b>30.6.08</b>
	<b>RM'000</b>	<b>RM'000</b>
Approved but not contracted for	<b>1,388</b>	<b>-</b>

The capital commitments are attributed to property and equipment.

**26. 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.

The size of each of the five funds was above the minimum of RM1 million as at 30 June 2009.

**27. 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.

**HLG Capital Berhad**  
Notes to the interim financial statements  
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**28. Interest/Profit Rate Risk**

The Group	Non-trading book						Effective interest rate %
	Up to 1 month	> 1 - 3 months	> 3 - 12 months	1 - 5 years	Over 5 years	Non interest sensitive	
Notes	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 30 June 2009</b>							
<b>Assets</b>							
Cash and short term funds	255,784	-	-	-	-	61,603	317,387
Deposits and placements with banks and other financial institutions	-	24	-	-	-	49	73
Securities held at fair value through profit or loss	-	-	-	-	-	-	6,443
Available-for-sale securities	-	-	-	-	-	2,445	2,445
Loans and advances	31,112	52,481	-	-	-	(1,254)	82,339
Clients' and brokers' balances	-	-	-	-	-	145,762	145,762
Other assets	-	-	-	-	-	13,854	13,854
Tax recoverable	-	-	-	-	-	644	644
Prepaid lease payments	-	-	-	-	-	1,132	1,132
Property, plant and equipment	-	-	-	-	-	4,750	4,750
Goodwill arising on consolidation	-	-	-	-	-	32,823	32,823
Intangible assets	-	-	-	-	-	982	982
Deferred tax assets	-	-	-	-	-	58,455	58,455
<b>Total assets</b>	<b>286,896</b>	<b>52,505</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>321,245</b>	<b>667,089</b>
<b>Liabilities</b>							
Deposits and placement of banks and other financial institutions	8,000	344	1,476	-	-	-	9,820
Short term borrowings	146,900	-	-	-	-	-	146,900
Clients' and brokers' balances	-	-	-	-	-	279,029	279,029
Payables and other liabilities	-	-	-	-	-	55,236	55,236
<b>Total liabilities</b>	<b>154,900</b>	<b>344</b>	<b>1,476</b>	<b>-</b>	<b>-</b>	<b>334,265</b>	<b>490,985</b>
<b>Total interest sensitivity gap</b>	<b>131,996</b>	<b>52,161</b>	<b>(1,476)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>276,104</b>

**HLG Capital Berhad**  
Notes to the interim financial statements  
for the financial quarter ended 30 June 2009

**28. Interest/Profit Rate Risk (Cont'd)**

The Group	Non-trading book						Effective interest rate %			
	Up to 1 month	> 1 - 3 months	> 3 - 12 months	1 - 5 years	Over 5 years	Non interest sensitive				
Notes	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	Trading book	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Assets</b>										
Cash and short term funds	214,917	-	-	-	-	38,042	-	-	252,959	3.4
Deposits and placements with banks and other financial institutions	-	-	-	-	-	30	-	-	30	
Securities held at fair value through profit or loss	-	-	-	-	-	-	7,034	-	7,034	
Available-for-sale securities	-	-	-	-	-	2,445	-	-	2,445	
Loans and advances	-	38,387	-	-	-	(384)	-	-	38,003	9.0
Clients' and brokers' balances	-	-	-	-	-	148,737	-	-	148,737	
Other assets	-	-	-	-	-	13,201	-	-	13,201	
Tax recoverable	-	-	-	-	-	560	-	-	560	
Property, plant and equipment	-	-	-	-	-	3,616	-	-	3,616	
Goodwill arising on consolidation	-	-	-	-	-	4,663	-	-	4,663	
Intangible assets	-	-	-	-	-	594	-	-	594	
Deferred tax assets	-	-	-	-	-	1,330	-	-	1,330	
<b>Total assets</b>	<b>214,917</b>	<b>38,387</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>212,834</b>	<b>7,034</b>	<b>-</b>	<b>473,172</b>	
<b>Liabilities</b>										
Borrowings	24,600	-	-	-	-	-	-	-	24,600	4.6
Clients' and brokers' balances	-	-	-	-	-	233,817	-	-	233,817	
Payables and other liabilities	-	-	-	-	-	43,662	-	-	43,662	
Provision for taxation	-	-	-	-	-	336	-	-	336	
<b>Total liabilities</b>	<b>24,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>277,815</b>	<b>-</b>	<b>-</b>	<b>302,415</b>	
<b>Total interest sensitivity gap</b>	<b>190,317</b>	<b>38,387</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

**HLG Capital Berhad**  
**Notes to the interim financial statements**  
**for the financial quarter ended 30 June 2009**

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

**1. Performance review**

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

For the financial quarter ended 30 June 2009, the Group reported a loss before tax of RM46.6 million compared to a profit before taxation of RM6.9 million in the previous corresponding financial quarter. This is mainly due to impairment loss on goodwill of RM57.2 million arising on consolidation of investment banking business. Operating profit before allowances increase to RM9.2 million due to better performance of equity division resulting from higher Bursa Malaysia volume during the financial quarter.

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

For the current financial quarter ended 30 June 2009, the Group reported a operating profit before allowances of RM9.2 million compare to loss of RM0.4 million for the preceding financial quarter. This was contributed mainly from better performance in equity division of investment banking business.

**2. Prospects for the current financial year**

Barring unforeseen circumstances, the Group is expected to perform satisfactorily for the current financial year. The Group has put in place measures to right-size the cost base of its businesses and pursue new business opportunities to diversify its revenue stream.

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

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

**4. Taxation**

<b>The Group</b>	<b>Financial quarter ended</b>		<b>Financial year to date</b>	
	<b>30.06.09</b>	<b>30.6.08</b>	<b>30.06.09</b>	<b>30.6.08</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Tax expense/(income) on Malaysian tax				
– Current	964	366	2,335	7,335
– Prior year	(955)	(2,402)	(1,364)	(2,402)
Deferred tax	(57,053)	97	(57,053)	97
	<b>(57,044)</b>	<b>(1,939)</b>	<b>(56,082)</b>	<b>5,030</b>

**5. Sale of properties / unquoted investments**

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

**6. 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.



# HLG Capital Berhad

## Notes to the interim financial statements for the financial quarter ended 30 June 2009

### 7. Status of corporate proposal

#### Rights issue

On 19 January 2009, the Company announced the followings proposals:-

- a) a renounceable rights issue of up to 123,448,334 new ordinary shares of RM1.00 each ("Rights Share(s)) in the Company, at an indicative issue price of RM1.00 per Rights Share on the basis of one (1) Rights Share for every one (1) existing ordinary share of RM1.00 each held in the Company at an entitlement date to be determined later ("Proposed Rights Issue");
- (b) increase in the Authorised Share Capital of the Company from RM200,000,000 comprising 200,000,000 Shares to RM500,000,000 comprising 500,000,000 Shares ("Proposed Increase"); and
- (c) amendment to the Memorandum of Association of the Company ("Proposed Amendment").

On the 25 May 2009, the Company announced that the issue price of the Rights Shares has been fixed at RM1.00 per Rights Share ("Rights Issue Price"). The Rights Issue Price was arrived at after taking into consideration the weighted average market price of the Company's Shares for the past five (5) market days up to and including 22 May 2009 (being the market day immediately preceding the price fixing date of 25 May 2009) of approximately RM1.0903.

The theoretical ex-rights price based on the above was approximately RM1.045 ("TERP"). The Rights Issue Price represented a discount of 4.5 sen or approximately 4.31% over the TERP.

At the Extraordinary General Meeting held on 31 July 2009 the shareholders approved the Proposed Rights Issue, Proposed Increase and Proposed Amendment.

### 8. Group borrowings

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

### 9. 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.

### 10. Material litigation

The Company and 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.

There has been no development on the above as at end of the financial year.

### 11. Dividends

The Board of Directors do not recommended any dividend to be paid for the financial year ended 30 June 2009.

**HLG Capital Berhad**  
**Notes to the interim financial statements**  
**for the financial quarter ended 30 June 2009**

**12. Earnings per share ("EPS")**

(a) Basic earnings per share

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

	Financial quarter ended		Financial year to date	
	30.6.2009	30.6.2008	30.6.2009	30.6.2008
Net (loss)/profit attributable to shareholders of the Company (RM'000):	10,429	8,831	12,474	27,123
Weighted average number of Ordinary Shares in issue ('000):	119,541	121,397	119,541	121,397
Basic (loss)/earnings per share (Sen)	8.7	7.3	10.4	22.3

(b) Fully diluted earnings per share

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

**13. Business combination**

(a) **Acquisition of SBB Securities Sdn. Bhd. ("SBBS")**

On 22 October 2008, Hong Leong Investment Bank acquired 100% of the total issued share capital of SBBS from SBB Capital Markets Sdn Bhd ("SCMSB"). The acquisition was satisfied by cash consideration amounting to RM74,064,336.

The assets and liabilities arising from the acquisition are as follows:

	<b>At fair value RM'000</b>
Cash and short term fund	46,247
Clients' and brokers' balances	28,274
Other receivables	1,008
Property and equipments	1,459
Prepaid lease payments	1,133
Deferred tax asset	72
	<u>78,193</u>
Clients' and brokers' balances	(16,049)
Payables and other liabilities	(8,294)
	<u>53,850</u>
Add: Goodwill	20,214
Purchase consideration	74,064
Cash and cash equivalent acquired	(46,247)
Cash outflow on acquisitions	<u>27,817</u>

**HLG Capital Berhad**  
**Notes to the interim financial statements**  
**for the financial quarter ended 30 June 2009**

**(b) Acquisition of Southern Investment Bank Berhad ( "SIBB" ) assets and liabilities**

On 31 January 2009, the Company had via its direct subsidiary, Hong Leong Investment Bank acquired the identified assets and liabilities of SIBB from SIBB. The acquisition was satisfied by cash consideration amounting to RM48,152,576.

The assets and liabilities arising from the acquisition are as follows:

	<b>At fair value</b>
	<b>RM'000</b>
Loans and advances	31,393
Property and equipments	16
Intangible assets	43
	<u>31,452</u>
Deposits from customers	(603)
Deposits and placements of banks and other financial institutions	(47,796)
Payables and other liabilities	(83)
	<u>(17,030)</u>
Add: Goodwill	65,182
Purchase consideration	<u>48,152</u>
Less: Cash and cash equivalents acquired	-
Cash outflow on acquisitions	<u><u>48,152</u></u>