



Financial Results

Initiated by HLG CAP on 05/05/2009 12:45:32 PM
 Submitted by HLG CAP on 06/05/2009 06:21:58 PM
 Reference No HC-090505-45932
 Form Version V3.0

Submitted

Company Information

Main Board/Second Board Company

New Announcement

Submitting Investment

Bank/Advisor (if applicable)

Submitting Secretarial Firm (if applicable)

* Company name	HLG CAPITAL BERHAD
* Stock name	HLCAP
* Stock code	5274
* Contact person	Ms Christine Moh Suat Moi
* Designation	Company Secretary
* Contact number	03-21642501
E-mail address	smmoh@hongleong.com.my

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

[HLG Cap 3rd quarterly reports 31.3.09.pdf](#)

Remarks

This announcement is dated 6 May 2009.

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	11,930	12,591	35,616	58,060
2. Profit/(loss) before tax	137	4,498	3,007	25,260
3. Profit/(loss) for the period	-460	3,356	2,045	18,291
4. Profit/(loss) attributable to ordinary equity holders of the parent	-460	3,356	2,045	18,291
5. Basic earnings/(loss) per share (sen)	-0.38	2.76	1.69	15.05
6. Proposed/Declared dividend per share (sen)	0.00	0.00	0.00	0.00
	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)		1.3900		1.4300
Remarks :				
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.				

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	2,509	1,855	6,958	4,905
2. Gross interest expense	1,407	154	2,609	423
Remarks :				

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

HLG Capital Berhad
Condensed Consolidated Balance Sheet
As at 31 March 2009

	Note	As at current financial quarter 31 March 2009 RM'000	As at preceding financial year ended 30 June 2008 Restated RM'000
ASSETS			
Cash and short term funds		90,075	113,007
Deposits and placements with banks and other financial institutions		71	29
Securities held-for-trading	8	25,435	7,034
Held-to-maturity investments	9	2,445	2,445
Loans and advances	10	79,404	38,001
Other assets	11	109,861	113,744
Statutory deposits with Bank Negara Malaysia		240	-
Tax recoverable		545	560
Property and equipment		7,122	3,616
Intangible assets		89,282	5,257
Deferred tax assets		1,254	1,330
TOTAL ASSETS		405,734	285,023
LIABILITIES			
Deposits from customers	12	605	-
Deposits and placement of banks and other financial institutions	13	9,811	-
Short term borrowings		144,900	24,600
Other liabilities	14	84,744	89,666
		240,060	114,266
EQUITY			
Share capital		123,448	123,448
Shares held by ESOS Trust		(3,973)	(3,568)
Reserves		46,199	50,877
Shareholders' equity		165,674	170,757
TOTAL LIABILITIES AND EQUITY		405,734	285,023
COMMITMENT AND CONTINGENCIES	20	344,398	247,231
Net assets per share attributable to ordinary equity holders of the parent (sen)*		139 sen	143 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 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 31 March 2009

	Note	Financial quarter ended		Financial year to date	
		31-Mar-09 RM'000	Restated 31-Mar-08 RM'000	31-Mar-09 RM'000	Restated 31-Mar-08 RM'000
Interest Income	15	2,509	1,855	6,958	4,905
Interest expense	16	(1,407)	(154)	(2,609)	(423)
Net interest income		1,102	1,701	4,349	4,482
Non Interest Income	17	10,828	10,890	31,267	53,578
Net Income		11,930	12,591	35,616	58,060
Other Operating Expenses	18	(12,326)	(7,733)	(32,634)	(31,992)
Profit from operations		(396)	4,858	2,982	26,068
(Allowance for)/write back of losses on loans and advances	19	(833)	(10)	(833)	(747)
(Allowance for)/write back of other receivables		1,366	(350)	858	(61)
Profit before taxation		137	4,498	3,007	25,260
Taxation		(597)	(1,142)	(962)	(6,969)
Net (loss)/profit for the financial period		(460)	3,356	2,045	18,291
(Loss)/Earnings per share (sen)					
Basic		(0.38)	2.76	1.69	15.05
Fully diluted		(0.38)	2.76	1.69	15.05

The condensed consolidated 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 Consolidated Statement of Changes in Equity
For the financial quarter ended 31 March 2009**

	← Non-Distributable →				
	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 2008	123,448	(3,568)	543	50,334	170,757
Net profit for the financial period	-	-	-	2,045	2,045
Dividend Paid	-	-	-	(6,723)	(6,723)
Purchase during the year	-	(405)	-	-	(405)
As at 31 March 2009	123,448	(3,973)	543	45,656	165,674
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

The condensed consolidated 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 Consolidated Cash Flow Statement
For the financial quarter ended 31 March 2009

	Financial year to date	
	31-Mar-09 RM'000	Restated 31-Mar-08 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,007	25,260
Adjustments for non-cash items	2,240	(976)
Operating profit before working capital changes	5,247	24,284
Net (increase)/decrease in working capital	(5,286)	1,890
Cash generated from/(used in) operations	(39)	26,174
Tax paid	(1,367)	(7,913)
Tax refund	1,153	-
Interest paid	(2,482)	(423)
Net other operating income	3,171	1,707
Net cash generated from/(used in) operating activities	436	19,545
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in property, equipment and investments	(136,499)	(1,773)
Net cash generated from/(used in) investing activities	(136,499)	(1,773)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(6,723)	(4,357)
Drawdown/(Repayment) of short term borrowings	120,300	(9,100)
Purchase of shares held by ESOS Trust	(405)	(115)
Net cash generated from/(used in) financing activities	113,172	(13,572)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(22,891)	4,200
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	113,037	94,275
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	90,146	98,475

The condensed consolidated 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
Notes to the interim financial statements
for the financial quarter ended 31 March 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 ("HLGC" or the "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-for-trading ("HFT")

Securities are classified as HFT where held for purpose of selling or repurchasing and shall be stated at fair value. Any gain or loss arising from a change in the fair value will be recognised in the income statement.

Interest is calculated using the effective interest method and is recognised in the income statement. Dividends on equity instruments are recognised in the income statement when the right to receive payment is established

HLG Capital Berhad
Notes to the interim financial statements
for the financial quarter ended 31 March 2009

1. Basis of preparation (cont'd)

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

(b) Securities held-to-maturity ("HTM")

HTM investments are securities with fixed payments and maturity and the Group has positive intention and ability to hold to maturity. These investments are measured at amortised cost using the effective interest method. Gain or loss is recognised in income statement upon disposal. Amortisation and impairment loss are recognised in the income statement.

(c) Securities available-for-sale ("AFS")

Securities that are not classified as the two categories above are classified as AFS securities and are measured at fair value (or at cost when fair value cannot be determined with reasonable certainty) less any impairment loss. Any gain or loss arising from a change in the fair value will be recognised directly in equity through the statement of changes on equity and any impairment losses and foreign exchange gains and losses are recognised in the income statement.

Interest is calculated using the effective interest method and is recognised in the income statement. Dividends on equity instruments are recognised in the income statement when the right to receive payment is established.

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 :

<u>Consolidated Balance Sheet</u> <u>as at 30 June 2008</u>	As previously reported (Dr.)/Cr. RM'000	Effect of change in policies per BNM/GP8 (Dr.)/Cr. RM'000	Reclassification of accounts per BNM/GP8 (Dr.)/Cr. RM'000	As restated (Dr.)/Cr. RM'000
ASSETS				
Property and equipment	3,616	-	-	3,616
Other investments	2,445	-	(2,445)	-
Intangible assets	5,257	-	-	5,257
Deferred assets	1,330	-	-	1,330
Trade receivables	111,300	-	(111,300)	-
Tax recoverable	560	-	-	560
Other receivables	79,367	-	(79,367)	-
Manager's stocks and promotional items	9,274	-	(9,274)	-
Marketable securities	7,034	-	(7,034)	-
Short term funds	252,989	-	(252,989)	-
Held for trading investments	-	-	7,034	7,034
Securities held-to-maturity	-	-	2,445	2,445
Securities available-for-sale	-	-	-	-
Cash & short term fund	-	-	113,007	113,007
Deposits and placement with bank and other financial institution	-	-	29	29
Other assets	-	-	113,744	113,744
Loans, advances and financing	-	-	38,001	38,001
	473,172	-	(188,149)	285,023

HLG Capital Berhad
Notes to the interim financial statements
for the financial quarter ended 31 March 2009

<u>Consolidated Balance Sheet</u> <u>as at 30 June 2008 (contd.)</u>	As previously reported (Dr.)/Cr. RM'000	Effect of change in policies per BNM/GP8 (Dr.)/Cr. RM'000	Reclassification of accounts per BNM/GP8 (Dr.)/Cr. RM'000	As restated (Dr.)/Cr. RM'000
EQUITY AND LIABILITIES				
Equity				
Share Capital	123,448	-	-	123,448
Shares held by ESOS	(3,568)	-	-	(3,568)
Reserves	50,877	-	-	50,877
Liabilities				
Provision for retirement 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)	-
Bank Loans and overdraft	-	-	24,600	24,600
Other liabilities	-	-	89,666	89,666
	<u>473,172</u>	<u>-</u>	<u>(188,149)</u>	<u>285,023</u>

Consolidated Profit and Loss
for quarter ended 31 March 2008

Interest Income	-	-	1,855	1,855
Interest expense	-	-	(154)	(154)
Non interest income	-	-	10,890	10,890
Overhead expenses	-	-	(7,733)	(7,733)
Allowance for losses	-	-	(360)	(360)
Operating income	23,073	-	(23,073)	-
Other operating income	755	-	(755)	-
Personnel cost	(5,432)	-	5,432	-
Other operating expenses	(13,717)	-	13,717	-
Finance cost	(181)	-	181	-
Profit before taxation	4,498	-	-	4,498
Taxation	(1,142)	-	-	(1,142)
Net profit for the financial quarter	<u>3,356</u>	<u>-</u>	<u>-</u>	<u>3,356</u>

Consolidated Profit and Loss
for period ended 31 March 2008

Interest Income	-	-	4,905	4,905
Interest expense	-	-	(423)	(423)
Non interest income	-	-	53,578	53,578
Overhead expenses	-	-	(31,992)	(31,992)
Allowance for losses	-	-	(808)	(808)
Operating income	95,578	-	(95,578)	-
Other operating income	2,074	-	(2,074)	-
Personnel cost	(16,446)	-	16,446	-
Other operating expenses	(55,433)	-	55,433	-
Finance cost	(513)	-	513	-
Profit before taxation	25,260	-	-	25,260
Taxation	(6,969)	-	-	(6,969)
Net profit for the financial period	<u>18,291</u>	<u>-</u>	<u>-</u>	<u>18,291</u>

HLG Capital Berhad
Notes to the interim financial statements
for the financial quarter ended 31 March 2009

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 cyclical nature 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 31 March 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 31 March 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 31 March 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 31 March 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 31 March 2009.

HLG Capital Berhad
Notes to the interim financial statements
for the financial quarter ended 31 March 2009

	As at 31.3.09 RM'000	(Restated) As at 30.6.08 RM'000
8. Securities held-for-trading		
<i>At fair value</i>		
Quoted securities:		
Shares	5,129	6,805
Unit trust	20,306	229
Securities held-for-trading	<u>25,435</u>	<u>7,034</u>
9. Held to maturity investment		
<i>At fair value</i>		
Unquoted securities at fair value		
Shares	2,445	2,445
Held to maturity investment	<u>2,445</u>	<u>2,445</u>
10. Loans, advances and financing		
(i) By type of financing		
Revolving credit	37,568	-
Share Financing	44,620	38,748
Gross loans, advances and financing	<u>82,188</u>	<u>38,748</u>
Allowance for bad and doubtful debts		
- Specific	(1,465)	(360)
- General	(1,319)	(387)
Net loans, advances and financing	<u>79,404</u>	<u>38,001</u>
(ii) By type of customers		
Domestic business enterprises		
- Others	36,106	-
Individuals	44,551	38,748
Other domestic entities	1,531	-
Gross loans, advances and financing	<u>82,188</u>	<u>38,748</u>
(iii) By interest/profit rate sensitivity		
Fixed rate		
Other fixed rate loan	44,620	38,748
	<u>44,620</u>	<u>38,748</u>
Variable rate		
Cost-plus	37,568	-
Gross loans and advances	<u>82,188</u>	<u>38,748</u>
(iv) By economic purposes		
Working capital	17,002	-
Purchase of securities	65,186	38,748
Gross loans and advances	<u>82,188</u>	<u>38,748</u>
(v) Non-performing loan by economic purposes		
Purchase of securities	2,267	360
Gross non-performing loans and advances	<u>2,267</u>	<u>360</u>

HLG Capital Berhad
Notes to the interim financial statements
for the financial quarter ended 31 March 2009

	As at 31.3.09 RM'000	(Restated) As at 30.6.08 RM'000
10. Loans, advances and financing		
(vi) Movements in the non-performing loans and advances:		
At beginning of the year	-	-
Reclassified as performing during the period/year	122	360
Amount transferred in respect of acquisition	2,145	-
Amount recovered	(802)	-
	1,465	360
Less : Specific allowance	(1,465)	(360)
Net non-performing loans and advances	-	-
Ratio of net non-performing loans and advances to net loans and advances	0%	0%
(vii) Movements in the allowance for bad and doubtful debts are as follows:		
<u>General allowance</u>		
At beginning of the year	-	-
Allowance made/(written back) to income statement	711	387
Amount transfer in respect of acquisition	608	-
	1,319	387
As % of gross loans and advances less specific allowance	1.6%	1.0%
<u>Specific allowance</u>		
At beginning of the year	-	-
Allowance made/(written back) to income statement	122	360
Amount transfer in respect of acquisition	1,343	-
	1,465	360
11. Other Assets		
Trade receivables	99,619	100,544
Interest receivable	2	-
Other receivables, deposits and prepayments	10,240	13,200
	109,861	113,744
12. Deposits from customers		
Fixed deposits	605	-
The maturity structure of fixed deposits :		
One year or less	605	-
The deposits from customer are source from the following types of customers:		
Business enterprise	605	-
13. Deposits and placement of banks and other financial institutions		
Other financial institutions	9,811	-

HLG Capital Berhad
Notes to the interim financial statements
for the financial quarter ended 31 March 2009

	Financial year to date (Restated)	
	31.3.09 RM'000	31.3.08 RM'000
18. Other operating expenses		
Personnel costs		
Salaries, allowances and bonuses	13,676	13,906
Others	4,392	2,845
Establishment costs		
Rental of premises	2,597	1,761
Depreciation of property, plant & equipment	1,144	1,034
Amortisation of intangible assets	247	99
Information technology expenses	2,563	2,032
Others	1,774	1,245
Marketing expenses		
Advertisement and publicity	72	812
Others	1,585	2,303
Administration and general expenses		
Telecommunication costs	473	608
Printing & stationery	291	347
Others	3,820	5,000
Total overhead expenses	32,634	31,992

19. Allowance for Losses on Loans, Advances and Financing

Group and Bank

Allowance for bad and doubtful debts:		
Specific allowance		
- Made in the financial period	(122)	(360)
General allowance (net)		
- Made in the financial period	(711)	(387)
	(833)	(747)

20. Commitment and Contingencies

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

	31 March 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	344,398	-	-	247,231	49,446	49,446
	344,398	-	-	247,231	49,446	49,446

HLG Capital Berhad
Notes to the interim financial statements
for the financial quarter ended 31 March 2009

21. 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 31 March 2009 met the minimum requirement.

	As at 31.3.09 RM'000
Capital adequacy ratio of Hong Leong Investment Bank Bhd	31.3.09
	RM'000
<u>Components of Tier I and Tier II capital:</u>	
Tier-1 capital	
Paid-up capital	123,500
Other reserves:	
Retained profit	(1,454)
	<u>122,046</u>
Goodwill	(85,182)
Deferred tax assets	(819)
Total Tier-1 capital	<u>36,045</u>
Tier-2 capital	
Redeemable Preference Shares	1,631
Share Premium on RPS	161,446
General allowance for bad and doubtful debts and financing	1,332
Total Tier-2 capital	<u>164,409</u>
Total Eligible Tier-2 capital	<u>36,045</u>
Total capital	72,090
Less: Investments in subsidiary companies	(18,875)
Capital base	<u>53,215</u>
<u>Before deducting proposed dividends</u>	
Core capital ratio	27.00%
Risk-weighted capital ratio	39.86%
<u>After deducting proposed dividends</u>	
Core capital ratio	27.00%
Risk-weighted capital ratio	39.86%

HLG Capital Berhad
Notes to the interim financial statements
for the financial quarter ended 31 March 2009

22. Segmental reporting

(a) Segment information by activities for the financial year ended 31 March 2009

	Stock- broking and related activities	Fund management and unit trust management	Merchant banking	Futures	Investment holding and others	Elimination	Consolidate d
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31-Mar-09							
REVENUE & EXPENSES							
Revenue							
Net Interest income	5,497	607	101	180	(2,036)	-	4,349
Non interest income	16,616	13,762	-	902	(20)	7	31,267
Results							
Profit / (loss) from operations	50	5,854	20	87	(3,011)	7	3,007
Taxation							(962)
Profit after taxation							2,045
31-Mar-08							
REVENUE & EXPENSES							
Revenue							
Net Interest income	4,152	498	-	128	(296)	-	4,482
Non interest income	36,408	16,916	-	630	169	(545)	53,578
Results							
Profit / (loss) from operations	19,113	7,111	-	(20)	(848)	(96)	25,260
Taxation							(6,969)
Profit after taxation							18,291

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

23. 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 2009.

HLG Capital Berhad
Notes to the interim financial statements
for the financial quarter ended 31 March 2009

24. Events after Balance Sheet date

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

25. Changes in composition of the Group

On 31 January 2009, the internal reorganization exercise undertaken by HLGC involving the transfer of the entire businesses of SBB Securities Sdn Bhd and HLG Securities Sdn Bhd to Hong Leong Investment Bank Berhad (formerly known as HLG Credit Berhad and HLG Credit Sdn Bhd) ("HLIB") was completed.

26. Capital Commitments

There were no capital commitments for the purchase of property, plant and equipment as at 31 March 2009.

27. 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 2009, the fund size of one of the funds was below RM1 million and the Company received notice to invest cash equivalent to the shortfall of RM17,800.

28. 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.

29. Interest/Profit Rate Risk

Group	Notes	Non-trading book					Trading book RM'000	Total RM'000	Effective interest rate %	
		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				
Assets										
Cash and short term funds	68,626	-	-	-	-	-	23,449	-	90,075	1.9
Deposits and placements with banks and other financial institutions	-	24	-	-	-	-	47	-	71	1.8
Securities held-for-trading	-	-	-	-	-	25,435	-	-	25,435	-
Held-to-maturity investments	-	-	-	-	-	-	2,445	-	2,445	-
Loans and advances	37,568	42,353	-	-	-	-	(517)	-	78,404	7.7
Other assets	-	-	-	-	-	-	109,861	-	109,861	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	240	-	240	-
Tax recoverable	-	-	-	-	-	-	545	-	545	-
Property, plant and equipment	-	-	-	-	-	-	7,122	-	7,122	-
Intangible assets	-	-	-	-	-	-	89,282	-	89,282	-
Deferred tax assets	-	-	-	-	-	-	1,254	-	1,254	-
Total assets	104,194	42,377	-	-	-	-	233,728	25,435	405,734	
Liabilities										
Deposits from customers	605	-	-	-	-	-	-	-	605	2.0
Deposits and placement of banks and other financial institutions	8,000	1,811	-	-	-	-	-	-	9,811	3.1
Short term borrowings	75,000	-	69,900	-	-	-	-	-	144,900	3.2
Other liabilities	-	-	-	-	-	-	84,744	-	84,744	-
Total liabilities	83,605	1,811	69,900	-	-	-	84,744	-	240,060	
Total interest sensitivity gap	20,589	40,566	(69,900)	-	-	-	-	-	-	

29. Interest/Profit Rate Risk (Cont'd)

Group	Notes	Non-trading book					Trading book	Total	Effective interest rate %
		Up to 1 month	> 1 - 3 months	> 3 - 12 months	1 - 5 years	Over 5 years			
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
As at 30 June 2008 (Restated)									
Assets									
Cash and short term funds		89,470	-	-	-	-	-	23,537	3.4
Deposits and placements with banks and other financial institutions		-	-	-	-	-	-	29	
Securities held-for-trading		-	-	-	-	7,034	7,034	-	
Held-to-maturity investments		-	-	-	-	-	-	2,445	
Loans and advances		-	38,001	-	-	-	-	-	9.0
Other assets		-	-	-	-	-	-	113,744	
Statutory deposits with Bank Negara Malaysia		-	-	-	-	-	-	-	
Tax recoverable		-	-	-	-	-	-	560	
Property, plant and equipment		-	-	-	-	-	-	3,816	
Intangible assets		-	-	-	-	-	-	5,257	
Deferred tax assets		-	-	-	-	-	-	1,330	
Total assets		89,470	38,001	-	-	-	7,034	150,518	
Liabilities									
Deposits from customers		-	-	-	-	-	-	-	
Deposits and placement of banks and other financial institutions		-	-	-	-	-	-	-	
Short term borrowings		24,600	-	-	-	-	-	-	4.6
Other liabilities		-	-	-	-	-	-	89,666	
Total liabilities		24,600	-	-	-	-	-	89,666	
Total interest sensitivity gap		64,870	38,001	-	-	-	7,034	60,852	

HLG Capital Berhad
Notes to the interim financial statements
for the financial quarter ended 31 March 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 31 March 2009, the Group reported a profit before tax of RM0.1 million compared to a profit before taxation of RM4.5 million in the previous corresponding financial quarter. This is mainly due to lower contribution from stockbroking business which was affected by lower Bursa Malaysia trading volume and lower revenue from unit trust business which held back new fund launches due to weak market sentiment.

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

For the current financial quarter ended 31 March 2009, the Group reported a profit before tax of RM0.1 million similar with the preceding financial quarter, after a writeback of excess provision from current and prior year from stockbroking 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

	Financial quarter ended		Financial year to date	
	31.03.09	31.03.08	31.03.09	31.03.08
	RM'000	RM'000	RM'000	RM'000
Tax expense/(income) on Malaysian tax				
- Current	597	1,142	1,916	6,817
- Prior year	-	-	(954)	152
	<u>597</u>	<u>1,142</u>	<u>962</u>	<u>6,969</u>

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 31 March 2009

7. Status of corporate proposal

Acquisition of SBB Securities Sdn Bhd ("SBBS") and Southern Investment Bank Bhd ("SIBB") asset and liabilities

On 19 October 2007, the Group announced that the Company together with HLG Credit Sdn Bhd ("HLG Credit"), 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 SBBS for an indicative purchase consideration to be satisfied in cash based on net tangible assets of SBBS group of companies plus a premium.

On the same date, the Group submitted an application to Bank Negara Malaysia/Minister of Finance in relation to the proposed acquisition of businesses of 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.

On 14 May 2008, the above proposals were approved by Minister of Finance and approval-in-principle for HLG Credit to be granted an investment bank status.

On 13 June 2008, the Group announced that HLG Credit together with HLGC entered into a conditional agreement with SIBB and CIMB Bank Bhd in respect of the abovementioned proposed acquisition of SIBB Assets & Liabilities.

The abovesaid proposed acquisitions which were tabled at the Extraordinary General Meeting of HLGC held on 9 July 2008, were approved by the shareholders.

The proposed acquisition of SBBS was completed on 22 October 2008.

The proposed acquisition of SIBB was completed on 31 January 2009.

The internal reorganisation exercise undertaken by HLGC involving the transfer of the entire businesses of SBBS and HLG Securities Sdn Bhd ("HLG Securities") to HLIB was completed on 31 January 2009.

Following therefrom, HLIB has been granted a Capital Markets Services Licence by the Securities Commission and a Merchant Bank Licence by Bank Negara Malaysia, both effective 31 January 2009, enabling HLIB to provide a range of investment banking products and services.

Rights issue

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

- a) a renounceable rights issue of up to 123,448,334 Rights Shares 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 Share held in the Company;
- (b) increase in the authorised share capital of HLGC from RM200,000,000 comprising 200,000,000 Shares to RM500,000,000 comprising 500,000,000 Shares (Proposed Increase); and
- (c) amendments to the Memorandum and Articles of Association of the Company ("Proposed Amendments").

8. Group borrowings

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

HLG Capital Berhad
Notes to the interim financial statements
for the financial quarter ended 31 March 2009

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.

11. Dividends

The Board of Directors do not recommended any dividend to be paid for the financial quarter ended 31 March 2009.

12. Earnings per share ("EPS")

(a) Basic (loss)/earnings per share

The basic (loss)/earnings per share is calculated by dividing the net (loss)/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	
	31.3.2009	31.3.2008	31.3.2009	31.3.2008
Net (loss)/profit attributable to shareholders of the Company (RM'000):	(460)	3,356	2,045	18,291
Weighted average number of Ordinary Shares in issue ('000):	121,029	121,526	121,029	121,526
Basic (loss)/earnings per share (Sen)	(0.38)	2.76	1.69	15.05

(b) Fully diluted earnings per share

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