



## Financial Results

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### 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 Foo Choy Leng
* Designation	Company Secretary
* Contact number	03-21642501
E-mail address	CLFoo@hongleong.com.my

### Part A1 : Quarterly Report

* Financial Year End	30/06/2008
* Quarter	4 Qtr
* Quarterly report for the financial period ended	30/06/2008
* The figures	have not been audited

Please attach the full Quarterly Report here

[HLG Capital - 4th Quarterly Report\(31.7.2008\).pdf](#)

### Remarks

This announcement is dated 31 July 2008.

### Part A2 : SUMMARY OF KEY FINANCIAL INFORMATION

Summary of Key Financial Information for the financial period ended  
\* 30/06/2008

INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
CURRENT YEAR QUARTER *	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE *	PRECEDING YEAR CORRESPONDIN PERIOD
30/06/2008	30/06/2007	30/06/2008	30/06/2007

	[dd/mm/yyyy] RM'000	[dd/mm/yyyy] RM'000	[dd/mm/yyyy] RM'000	[dd/mm/yyyy] RM'000
1. Revenue	19,462	30,427	115,040	110,79
2. Profit/(loss) before tax	6,892	12,120	32,153	37,78
3. Profit/(loss) for the period	8,831	7,159	27,123	25,90
4. Profit/(loss) attributable to ordinary equity holders of the parent	8,831	7,159	27,123	25,90
5. Basic earnings/(loss) per share (sen)	7.27	5.86	22.34	21.2
6. Proposed/Declared dividend per share (sen)	7.50	5.00	7.50	5.0
	AS AT END OF CURRENT QUARTER*		AS AT PRECEDING FINANCIAL YEAR ENI	
7. Net assets per share attributable to ordinary equity holders of the parent (RM)		1.4300		1.240

Remarks :

Note: For full text of the above announcement, please access the Bursa Malaysia website at [www.bursamalaysia.com](http://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
	30/06/2008 [dd/mm/yyyy] RM'000	30/06/2007 [dd/mm/yyyy] RM'000	30/06/2008 [dd/mm/yyyy] RM'000	30/06/2007 [dd/mm/yyyy] RM'000
1. Gross interest income	852	529	2,560	2,43
2. Gross interest expense	238	347	661	1,68

Remarks :

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

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## HLG Capital Berhad

### Condensed Consolidated Income Statements For the financial quarter ended 30 June 2008

	Financial quarter ended		Financial year to date	
	30-Jun-08 RM'000	30-Jun-07 RM'000	30-Jun-08 RM'000	30-Jun-07 RM'000
Operating revenue	19,462	30,427	115,040	110,798
Other operating income	3,371	1,156	5,445	6,027
	22,833	31,583	120,485	116,825
Personnel costs	(5,732)	(6,866)	(22,177)	(19,865)
Other operating expenses	(9,941)	(12,250)	(65,374)	(57,490)
Profit from operations	7,160	12,467	32,934	39,470
Finance cost	(268)	(347)	(781)	(1,684)
Profit before taxation	6,892	12,120	32,153	37,786
Taxation	1,939	(4,961)	(5,030)	(11,884)
Net profit for the financial period	8,831	7,159	27,123	25,902
Earnings per share (sen)				
Basic	7.27	5.86	22.34	21.20
Fully diluted	7.27	5.86	22.34	21.20

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 30 June 2008**

	As at current financial quarter 30 June 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	3,616	3,029
Other investments	2,445	248
Intangible assets	5,257	4,768
Deferred tax assets	1,330	1,427
	12,648	9,472
<b>CURRENT ASSETS</b>		
Trade receivables	111,300	278,968
Other receivables	79,927	5,724
Manager's stocks and promotional items	9,274	7,619
Marketable securities	7,034	6,684
Short term funds	252,989	217,931
	460,524	516,926
<b>TOTAL ASSETS</b>	473,172	526,398
<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	(3,568)	(3,081)
Reserves	50,877	28,112
Shareholders' equity	170,757	148,479
<b>NON-CURRENT LIABILITIES</b>		
Provision for retirement benefits	1,011	991
	1,011	991
<b>CURRENT LIABILITIES</b>		
Short term borrowings	24,600	14,700
Trust accounts	94,746	96,777
Trade payables	163,959	242,917
Other payables	17,763	20,188
Taxation	336	2,346
	301,404	376,928
Total liabilities	302,415	377,919
<b>TOTAL EQUITY AND LIABILITIES</b>	473,172	526,398
Net assets per share attributable to ordinary equity holders of the parent (sen)*	143 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 30 June 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	-	-	-	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
As at 1 July 2006	123,448	(1,092)	543	5,272	128,171
Net profit for the financial year	-	-	-	25,902	25,902
Dividend Paid	-	-	-	(3,605)	(3,605)
Purchase during the year	-	(1,989)	-	-	(1,989)
As at 30 June 2007	123,448	(3,081)	543	27,569	148,479

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 30 June 2008**

	Financial quarter ended		Financial year to date	
	30-Jun-08 RM'000	30-Jun-07 RM'000	30-Jun-08 RM'000	30-Jun-07 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	6,892	12,120	32,153	37,786
Adjustments for non-cash items	(2,407)	(5,529)	(3,381)	(8,289)
Operating profit before working capital changes	4,485	6,591	28,772	29,497
Net (increase)/decrease in working capital	(9,580)	(28,915)	(7,692)	(34,036)
Cash (used in)/generated from operations	(5,095)	(22,324)	21,080	(4,539)
Taxes paid	(1,860)	(3,745)	(9,773)	(8,393)
Tax refund	2,832	-	2,832	-
Interest paid	(238)	(317)	(661)	(1,577)
Net other operating income	852	529	2,560	2,436
Net cash (used in)/generated from operating activities	(3,509)	(25,857)	16,038	(12,073)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Net investment in property, equipment and investments	(558)	2,309	(2,332)	6,996
Net cash (used in)/generated from investing activities	(558)	2,309	(2,332)	6,996
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividend paid	-	-	(4,358)	(3,605)
Drawdown/(Repayment) of short term borrowings	19,000	(8,800)	9,900	(17,300)
Purchase of shares held by ESOS Trust	(372)	-	(487)	(1,989)
Net cash generated from/(used in) financing activities	18,628	(8,800)	5,055	(22,894)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	14,561	(32,348)	18,761	(27,971)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	98,475	126,623	94,275	122,246
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	113,036	94,275	113,036	94,275
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>				
Short term funds	252,989	217,931	252,989	217,931
Less: Monies held in trust	(139,953)	(123,656)	(139,953)	(123,656)
	113,036	94,275	113,036	94,275

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 year ended 30 June 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 2008 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.

**2. 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.

**3. Seasonality or cyclicity of operations**

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

**HLG Capital Berhad**  
**Notes to the interim financial statements**  
**for the financial year ended 30 June 2008**

**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 year ended 30 June 2008.

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

There were no significant changes in financial estimates in the financial year ended 30 June 2008.

**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 year ended 30 June 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 3,630,100 shares in the Company costing RM3,568,117 inclusive of transaction costs, as at 30 June 2008.

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 2008.



**HLG Capital Berhad**  
**Notes to the interim financial statements**  
**for the financial year ended 30 June 2008**

**8. Segmental reporting**

(a) Segment information by activities for the financial year ended 30 June 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>30 June 2008</b>							
<b>REVENUE &amp; EXPENSES</b>							
<b>Revenue</b>							
Operating revenue	53,781	70,407	45	967	1,500	(11660)	115,040
<b>Results</b>							
Profit / (loss) from operations	21,705	9,840	21	2,253	3,539	(4,424)	32,934
Finance cost							(781)
Taxation							(5,030)
Profit after taxation							27,123
<b>30 June 2007</b>							
<b>REVENUE &amp; EXPENSES</b>							
<b>Revenue</b>							
Operating revenue	51,761	69,118	456	20	36,013	(46,570)	110,798
<b>Results</b>							
Profit / (loss) from operations	31,391	9,015	401	(416)	35,082	(36,003)	39,470
Finance cost							(1,684)
Taxation							(11,884)
Profit after taxation							25,902

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

**9. 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 30 June 2008.

**10. Events after Balance Sheet date**

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

**HLG Capital Berhad**  
**Notes to the interim financial statements**  
**for the financial year ended 30 June 2008**

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

There were no changes in the composition of the Group during the financial year ended 30 June 2008 except for the followings:-

On 3 June 2008, the Company announced that HLG Capital Markets Sdn Bhd, a wholly-owned subsidiary of the Company, has incorporated a wholly-owned subsidiary in Labuan known as HLG Principal Investments (L) Limited ("HLGPI(L)") to undertake the business of holding of or dealing in foreign proprietary investments.

The authorised share capital of HLGPI(L) is USD510,000 divided into 10,000 ordinary shares of USD1.00 each and 50,000,000 redeemable preference shares of USD0.01 each. The issue and paid-up share capital is currently USD1.00 divided into one (1) ordinary share of USD1.00.

On 10 June 2008, the Company announced that its wholly-owned subsidiary companies, HLG Capital Advisory Sdn Bhd and HLGeBiz Sdn Bhd were dissolved under members' voluntary winding-up pursuant to Section 254(1) of the Companies Act, 1965 and are deconsolidated during the year.

**12. Capital Commitments**

There were no capital commitments for the purchase of property, plant and equipment as at 30 June 2008.

**13. 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 30 June 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.

**HLG Capital Berhad**  
**Notes to the interim financial statements**  
**for the financial year ended 30 June 2008**

**14. Related party transactions**

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

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

**15. Performance review**

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

For the financial quarter ended 30 June 2008, the Group registered a lower profit before taxation of RM6.9 million compared to a profit before taxation of RM12.1 million in the previous corresponding financial quarter. This mainly due to lower contribution from the stockbroking business which was affected by lower Bursa Malaysia trading volume.

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

For the current financial quarter ended 30 June 2008, the Group recorded a higher profit before taxation of RM6.9 million compared to a profit before taxation of RM4.5 million in the preceding financial quarter.

The higher profit before taxation for the current financial quarter under review was mainly due to reversal for provision of diminution in value of other investments for futures business.

**16. 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.

**17. 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.

**HLG Capital Berhad**  
**Notes to the interim financial statements**  
**for the financial year ended 30 June 2008**

**18. Taxation**

	Financial quarter ended		Financial year ended	
	30.6.08 RM'000	30.6.07 RM'000	30.6.08 RM'000	30.6.07 RM'000
Tax expense on Malaysian tax				
– Current	518	2,915	7,335	9,838
– Prior year	(2,554)	-	(2,402)	-
Transferred from deferred taxation	97	2,046	97	2,046
	(1,939)	4,961	5,030	11,884

**19. 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.

**20. 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.

**21. Status of corporate proposal**

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 SBB Securities Sdn. Bhd. ("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 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 plus a premium replacing the earlier proposal announced on 22 May 2007.

On 13 June 2008, the Group announced that HLG Credit together with HLG Capital Bhd entered into a conditional agreement with SIBB and CIMB Bank Bhd

**HLG Capital Berhad**  
**Notes to the interim financial statements**  
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in respect of the abovementioned proposed acquisition of SIBB Assets & Liabilities.

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.

The above said proposed acquisitions which were tabled at the Extraordinary General Meeting of HLG Capital Bhd held on 9 July 2008, were approved by the shareholders

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. Group borrowings**

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

**23. 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.

**24. 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.

**HLG Capital Berhad**  
**Notes to the interim financial statements**  
**for the financial year ended 30 June 2008**

**25. Dividends**

The Board of Directors recommended first and final dividend of 7.5 sen less 25% income tax for the financial year ended 30 June 2008. The proposed dividend is subject to shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect the proposed dividend. Such dividend, if approved by the shareholders, will be accounted in shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2008. The entitlement and payment date will be announced at a date to be determined by the directors.

**26. 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 year ended		Financial period to date	
	30.6.2008	30.6.2007	30.6.2008	30.6.2007
Net profit attributable to shareholders of the Company (RM'000):	8,831	7,159	27,123	25,902
Weighted average number of Ordinary Shares in issue ('000):	121,397	122,182	121,397	122,182
<b>Basic earnings per share (Sen)</b>	<b>7.27</b>	<b>5.86</b>	<b>22.34</b>	<b>21.20</b>

(b) Fully diluted earnings per share

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