

**HWANG-DBS (MALAYSIA) BERHAD**  
(Company no. 238969-K)

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED BALANCE SHEET AS AT 31 JANUARY 2009**

	Note	As at 31-Jan-09 RM'000	As at 31-Jul-08 RM'000
<b>Assets</b>			
Cash and short term funds		854,827	1,256,975
Deposits and placements with banks and other financial institutions		7,522	147,773
Securities held-for-trading	A8	1,027,993	1,229,259
Securities available-for-sale ("AFS")	A9	25,498	33,161
Securities held-to-maturity	A10	536,730	-
Loans, advances and financing	A11	534,015	565,332
Clients' and brokers' balances	A12	104,686	162,109
Derivative assets		46,549	14,955
Other assets	A13	53,512	44,768
Statutory deposits with Bank Negara Malaysia		34,120	29,570
Tax recoverable		15,030	11,192
Deferred tax assets		5,315	2,918
Interests in jointly controlled entities		-	123
Investment in an associate		4,670	-
Property, plant and equipment		59,361	62,764
Investment properties		6,188	6,237
Intangible assets		162,509	162,619
		<b><u>3,478,525</u></b>	<b><u>3,729,755</u></b>
<b>Liabilities</b>			
Deposits from customers	A14	705,633	1,052,235
Deposits and placements of banks and other financial institutions	A15	1,210,240	1,125,548
Clients' and brokers' balances		155,580	196,861
Derivative liabilities		78,598	24,171
Other liabilities	A16	235,668	258,713
Taxation		3,080	692
Deferred tax liabilities		559	596
Borrowings	A17	340,167	312,000
<b>Total liabilities</b>		<b><u>2,729,525</u></b>	<b><u>2,970,816</u></b>
<b>Equity</b>			
Share capital		265,845	265,845
Reserves		486,876	496,518
Treasury shares, at cost		(16,038)	(16,033)
		<u>736,683</u>	<u>746,330</u>
Minority interests		12,317	12,609
<b>Total equity</b>		<b><u>749,000</u></b>	<b><u>758,939</u></b>
<b>Total liabilities and equity</b>		<b><u>3,478,525</u></b>	<b><u>3,729,755</u></b>
<b>Net assets per share (RM)</b>		<b><u>2.89</u></b>	<b><u>2.92</u></b>

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2008.

**HWANG-DBS (MALAYSIA) BERHAD**  
(Company no. 238969-K)

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED INCOME STATEMENT**  
**FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2009**

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		3 months ended 31-Jan-09 RM'000	3 months ended 31-Jan-08 RM'000	6 months ended 31-Jan-09 RM'000	6 months ended 31-Jan-08 RM'000
Operating revenue		57,103	91,158	140,285	175,561
Interest income	A18	38,549	25,468	78,371	38,417
Interest expense	A19	(22,486)	(15,516)	(45,005)	(22,326)
<b>Net interest income</b>		<b>16,063</b>	<b>9,952</b>	<b>33,366</b>	<b>16,091</b>
Other operating income	A20	15,103	70,431	41,388	140,725
		31,166	80,383	74,754	156,816
Other operating expenses	A21	(31,551)	(55,029)	(69,720)	(105,550)
		(385)	25,354	5,034	51,266
Write back of allowance/(allowance) for losses on loans, advances and financing	A22	541	(1,390)	808	(2,942)
Write back of allowance/(allowance) for bad and doubtful debts on clients' balances and trade receivables	A23	166	159	(146)	553
		322	24,123	5,696	48,877
Share of results of jointly controlled entities, net of tax		-	(139)	(2)	(274)
Share of results of an associate, net of tax		(269)	-	(269)	-
<b>Profit before taxation</b>		<b>53</b>	<b>23,984</b>	<b>5,425</b>	<b>48,603</b>
Taxation	B6	(281)	(6,453)	(2,084)	(11,694)
<b>Profit for the financial period</b>		<b>(228)</b>	<b>17,531</b>	<b>3,341</b>	<b>36,909</b>
<b>Attributable to:</b>					
Equity holders of the Company		(1,110)	15,936	1,871	34,402
Minority interests		882	1,595	1,470	2,507
		<b>(228)</b>	<b>17,531</b>	<b>3,341</b>	<b>36,909</b>
<b>Earnings/(Loss) per share attributable to equity holders of the Company (sen)</b>	B14				
- Basic		<b>(0.43)</b>	<b>6.25</b>	<b>0.73</b>	<b>13.49</b>
- Fully diluted		<b>(0.43)</b>	<b>6.24</b>	<b>0.73</b>	<b>13.47</b>

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2008.

**HWANG-DBS (MALAYSIA) BERHAD**  
(Company no. 238969-K)

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2009**

**Attributable to Equity Holders of the Company**

	<b>Issued and fully paid ordinary shares of RM1 each</b>		<b>Treasury shares RM'000</b>	<b>Share premium RM'000</b>	<b>Statutory reserve RM'000</b>	<b>AFS reserve RM'000</b>	<b>Options reserve RM'000</b>	<b>Retained profits RM'000</b>	<b>Sub-total RM'000</b>	<b>Minority interests RM'000</b>	<b>Total equity RM'000</b>
	<b>Number of shares '000</b>	<b>Nominal value RM'000</b>									
At 1 August 2008	255,178	265,845	(16,033)	33,090	52,557	(1,918)	431	412,358	746,330	12,609	758,939
Net change in fair value of securities AFS, net of tax	-	-	-	-	-	(3,256)	-	-	(3,256)	-	(3,256)
Net loss transferred to income statement on disposal of securities AFS	-	-	-	-	-	1,312	-	-	1,312	-	1,312
Net loss recognised directly in equity	-	-	-	-	-	(1,944)	-	-	(1,944)	-	(1,944)
Profit for the financial period	-	-	-	-	-	-	-	1,871	1,871	1,470	3,341
Total recognised income and expenses for the financial period	-	-	-	-	-	(1,944)	-	1,871	(73)	1,470	1,397
Options terminated	-	-	-	-	-	-	(14)	14	-	-	-
Shares repurchased held as treasury shares at cost	(5)	-	(5)	-	-	-	-	-	(5)	-	(5)
Final dividend for the financial year ended 31 July 2008	-	-	-	-	-	-	-	(9,569)	(9,569)	-	(9,569)
Dividend paid by a subsidiary to minority interests	-	-	-	-	-	-	-	-	-	(1,762)	(1,762)
<b>At 31 January 2009</b>	<b>255,173</b>	<b>265,845</b>	<b>(16,038)</b>	<b>33,090</b>	<b>52,557</b>	<b>(3,862)</b>	<b>417</b>	<b>404,674</b>	<b>736,683</b>	<b>12,317</b>	<b>749,000</b>

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2008.

**HWANG-DBS (MALAYSIA) BERHAD**  
(Company no. 238969-K)

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2009**

**Attributable to Equity Holders of the Company**

	<b>Issued and fully paid ordinary shares of RM1 each</b>		<b>Treasury shares RM'000</b>	<b>Share premium RM'000</b>	<b>Statutory reserve RM'000</b>	<b>AFS reserve RM'000</b>	<b>Options reserve RM'000</b>	<b>Retained profits RM'000</b>	<b>Sub-total RM'000</b>	<b>Minority interests RM'000</b>	<b>Total equity RM'000</b>
	<b>Number of shares '000</b>	<b>Nominal value RM'000</b>									
At 1 August 2007	254,897	265,559	(16,024)	32,884	37,926	7,890	320	409,421	737,976	9,790	747,766
Net change in fair value of securities AFS, net of tax	-	-	-	-	-	(3,784)	-	-	(3,784)	-	(3,784)
Net gain transferred to income statement on disposal of securities AFS	-	-	-	-	-	(3,265)	-	-	(3,265)	-	(3,265)
Net loss recognised directly in equity	-	-	-	-	-	(7,049)	-	-	(7,049)	-	(7,049)
Profit for the financial period	-	-	-	-	-	-	-	34,402	34,402	2,507	36,909
Total recognised income and expenses for the financial period	-	-	-	-	-	(7,049)	-	34,402	27,353	2,507	29,860
Option exercised	275	275	-	200	-	-	(23)	-	452	-	452
Final dividend for the financial year ended 31 July 2007	-	-	-	-	-	-	-	(9,313)	(9,313)	-	(9,313)
Dividend paid by a subsidiary to minority interests	-	-	-	-	-	-	-	-	-	(1,715)	(1,715)
<b>At 31 January 2008</b>	<b>255,172</b>	<b>265,834</b>	<b>(16,024)</b>	<b>33,084</b>	<b>37,926</b>	<b>841</b>	<b>297</b>	<b>434,510</b>	<b>756,468</b>	<b>10,582</b>	<b>767,050</b>

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2008.

**HWANG-DBS (MALAYSIA) BERHAD**  
(Company no. 238969-K)

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2009**

	<b>6 months ended 31-Jan-09 RM'000</b>	<b>6 months ended 31-Jan-08 RM'000</b>
Profit for the financial period	3,341	36,909
<b>Adjustments for:</b>		
Non-cash items	30,917	29,307
Non-operating items - investing	(16,430)	(10,689)
Non-operating items - financing	7,882	4,619
	<u>25,710</u>	<u>60,146</u>
<b>Changes in working capital:</b>		
Net changes in operating assets	(78,452)	(944,544)
Net changes in operating liabilities	(330,522)	1,246,562
	<u>(388,974)</u>	<u>362,164</u>
Interest paid	(38,098)	(16,078)
Tax paid	(5,683)	(18,243)
<b>Net operating cash flow</b>	<u><b>(427,045)</b></u>	<u><b>327,843</b></u>
<b>Investing activities</b>		
Net purchase of securities	(3,251)	(14,477)
Interest received from securities	17,052	5,796
Dividends and income distributions received	573	1,728
Acquisition of remaining 50% equity interests in jointly controlled entities	102	-
Dilution of equity interests arising from subscription of additional shares in a subsidiary	(1,994)	-
Proceeds from disposal of an investment property	-	9,800
Property, plant and equipment	(1,703)	(3,726)
<b>Net investing cash flow</b>	<u><b>10,779</b></u>	<u><b>(879)</b></u>
<b>Financing activities</b>		
Dividend paid by a subsidiary to minority interests	(1,762)	(1,715)
Dividend paid	(9,569)	(9,313)
Interest paid	(3,405)	(1,477)
Net drawdown of borrowings	28,000	74,000
Shares purchased	(5)	452
<b>Net financing cash flow</b>	<u><b>13,259</b></u>	<u><b>61,947</b></u>
<b>Net change in cash and cash equivalents</b>	(403,007)	388,911
<b>Cash and cash equivalents at beginning of the financial period</b>	<u>995,105</u>	<u>324,942</u>
<b>Cash and cash equivalents at end of the financial period</b>	<u><b>592,098</b></u>	<u><b>713,853</b></u>
<b>Cash and cash equivalents at end of the financial period comprise:</b>		
Cash and short term funds	592,265	713,853
Bank overdrafts (Book)	(167)	-
	<u><b>592,098</b></u>	<u><b>713,853</b></u>

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2008.

**HWANG-DBS (MALAYSIA) BERHAD**  
(Company no. 238969-K)

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2009**

**A. Explanatory Notes in accordance with Financial Reporting Standards ("FRS") 134**

**A1. Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with the Financial Reporting Standards ("FRS") 134 on "Interim Financial Reporting", Bank Negara Malaysia's ("BNM") Revised Guidelines on Financial Reporting for Licensed Institutions ("BNM/GP8") and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The interim financial report should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2008.

The accounting policies and methods of computation adopted for this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 31 July 2008.

In the previous financial quarter, the Group has reclassified certain securities held-for-trading ("HFT") to held-to-maturity ("HTM") category with retrospective effect to 1 August 2008 following the guidance as set out in the BNM Circular, "Reclassification of Securities under Specific Circumstances" as a consequence of the current illiquid market which resulted in the investment banking subsidiary no longer holding these securities for purpose of selling or trading over the near term. As such, the Group deemed that reclassifying the securities to HTM category would be appropriate and better reflect the financial results and position of the Group.

Disclosures of the impact of the reclassification on the financial statements of the Group are as follows:

- (a) Amount reclassified from securities HFT to HTM category with effect from 1 August 2008

	<b>RM'000</b>
Fair value of securities HFT reclassified to HTM category on 1 August 2008	<u>505,134</u>

- (b) Carrying amount and fair value of securities HFT reclassified to HTM category in the financial period ended 31 January 2009

	<b>As at 31-Jan-09 RM'000</b>
Securities HFT reclassified to HTM category	
- Carrying amount	536,730
- Fair value	<u>506,972</u>

For the financial period ended 31 January 2009, the after tax effect of the unrecognised marked-to-market loss attributable to the reclassified assets of the Group amounted to approximately RM22.3 million.

- (c) There is no fair value gain/(loss) being recognised in the income statements of the Group in respect of the securities HFT reclassified to HTM category for the financial period ended 31 January 2009.
- (d) The effective interest rate of the securities HFT reclassified to HTM category as at 1 August 2008 is 6.61% per annum.

As at 1 August 2008, there is no significant change in the estimated amount of cash flows the Group expected to recover from the securities HFT reclassified to HTM category.

**HWANG-DBS (MALAYSIA) BERHAD**  
**(Company no. 238969-K)**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2009**

**A2. Auditors' Report**

The auditors' report of the most recent annual financial statements of the Group for the financial year ended 31 July 2008 was not subject to any qualification.

**A3. Seasonal or Cyclical Factors**

The operations of the Group were not materially affected by any seasonal or cyclical factors except for the stockbroking operation which is dependent on the stock market performance.

**A4. Exceptional Items**

There are no exceptional items for the current quarter and financial period ended 31 January 2009.

**A5. Changes in Estimates**

There are no material changes in accounting estimates used in the preparation of the interim financial report for the current quarter and financial period ended 31 January 2009 as compared with the prior financial year.

**A6. Debts and Equity Securities**

There are no issuance, cancellations, repurchase, resale and repayments of debt and equity securities for the financial period ended 31 January 2009.

**A7. Dividends**

A final dividend of 5.0 sen per ordinary share, less 25% income tax, amounting to RM9,568,984 in respect of the previous financial year ended 31 July 2008 was paid on 22 December 2008.

The Board of Directors has not declared or recommended the payment of dividend in respect of the current financial year ending 31 July 2009.

**HWANG-DBS (MALAYSIA) BERHAD**  
(Company no. 238969-K)

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2009**

**A8. Securities Held-For-Trading**

	<b>As at 31-Jan-09 RM'000</b>	<b>As at 31-Jul-08 RM'000</b>
<b>At fair value</b>		
Quoted in Malaysia:		
Shares, warrants and REITs	17,845	19,709
Loan stocks	1,567	1,741
Unit trusts	1,209	872
	20,621	22,322
Unquoted:		
<i>In Malaysia</i>		
Malaysian Government Securities	51,560	-
Negotiable instruments of deposits	70,229	219,989
Bankers' acceptances	577,502	321,235
Private and Islamic debt securities	308,081	484,638
<i>Outside Malaysia</i>		
Private debt securities	-	181,075
	1,027,993	1,229,259

**A9. Securities Available-For-Sale ("AFS")**

	<b>As at 31-Jan-09 RM'000</b>	<b>As at 31-Jul-08 RM'000</b>
<b>At fair value</b>		
Quoted in Malaysia:		
Shares	10,938	15,777
Unit trusts	3,910	6,894
	14,848	22,671
Unquoted:		
Malaysian Government Securities	10,160	10,000
<b>At cost</b>		
Unquoted:		
Shares	4,490	4,490
	29,498	37,161
Accumulated impairment losses	(4,000)	(4,000)
	25,498	33,161

Included in the quoted shares are securities held under funds under management placed by the Company with a subsidiary, HwangDBS Investment Management Berhad, which is given the discretionary powers within certain guidelines to invest the funds amounting to RM10.9 million as at 31 January 2009 (As at 31 July 2008: RM15.8 million).

**A10. Securities Held-To-Maturity**

	<b>As at 31-Jan-09 RM'000</b>	<b>As at 31-Jul-08 RM'000</b>
<b>At amortised cost</b>		
Unquoted		
<i>In Malaysia</i>		
Private and Islamic debt securities	335,632	-
<i>Outside Malaysia</i>		
Private debt securities	201,098	-
	536,730	-
Fair value of Private and Islamic debt securities	506,972	-



**HWANG-DBS (MALAYSIA) BERHAD**  
(Company no. 238969-K)

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2009**

**A11. Loans, Advances and Financing**

	<b>As at 31-Jan-09 RM'000</b>	<b>As at 31-Jul-08 RM'000</b>
<b>(a) By Type</b>		
Term loans		
- bridging loans	53,199	73,980
- syndicated term loans	47,884	47,257
- other term loans	435,740	382,140
Share margin financing	107,462	156,783
Other financing	50,000	30,000
	<u>694,285</u>	<u>690,160</u>
Unearned interest	<u>(148,209)</u>	<u>(111,959)</u>
	546,076	578,201
Allowance for losses on loans, advances and financing:		
- general	(7,592)	(7,819)
- specific	<u>(4,469)</u>	<u>(5,050)</u>
Net loans, advances and financing	<u><b>534,015</b></u>	<u><b>565,332</b></u>
<b>(b) By Type of Customer</b>		
Domestic business enterprises		
- others	221,088	224,679
Individuals	152,715	206,052
Other domestic entities	162,546	133,893
Foreign entities	9,727	13,577
	<u><b>546,076</b></u>	<u><b>578,201</b></u>
<b>(c) By Interest Rate Sensitivity</b>		
Fixed rate		
- other fixed rate loans/financing	387,955	387,871
Variable rate		
- cost-plus	<u>158,121</u>	<u>190,330</u>
	<u><b>546,076</b></u>	<u><b>578,201</b></u>
<b>(d) By Purpose</b>		
Purchase of landed properties		
- non-residential	36,445	29,757
Purchase of securities	247,922	304,621
Working capital	68,138	49,796
Personal use	178,511	164,928
Others	15,060	29,099
	<u><b>546,076</b></u>	<u><b>578,201</b></u>

**HWANG-DBS (MALAYSIA) BERHAD**  
(Company no. 238969-K)

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2009**

**A11. Loans, Advances and Financing (cont'd)**

	<b>As at 31-Jan-09 RM'000</b>	<b>As at 31-Jul-08 RM'000</b>
<b>(e) Non-Performing Loans, Advances and Financing ("NPLs") by Purpose</b>		
Purchase of securities	9,556	11,993
Working capital	-	959
Personal use	2,113	700
	<u><b>11,669</b></u>	<u><b>13,652</b></u>
<b>(f) Movements in NPLs</b>		
At beginning of the financial period	13,652	22,142
Classified as non-performing	2,694	6,151
Reclassified as performing	(141)	(892)
Amount recovered	(4,536)	(4,614)
Amount written off	-	(9,135)
At end of the financial period	<u>11,669</u>	<u>13,652</u>
Less: Specific allowance	<u>(4,469)</u>	<u>(5,050)</u>
Net NPLs	<u><b>7,200</b></u>	<u><b>8,602</b></u>
Net NPLs as a % of gross loans, advances and financing less specific allowance	<u><b>1.3%</b></u>	<u><b>1.5%</b></u>
<b>(g) Movements in Allowance for Losses on Loans, Advances and Financing</b>		
<u>General Allowance</u>		
At beginning of the financial period	7,819	3,262
Allowance (written back)/made	(227)	4,557
At end of the financial period	<u><b>7,592</b></u>	<u><b>7,819</b></u>
As a % of gross loans and advances less specific allowance	<u><b>1.4%</b></u>	<u><b>1.4%</b></u>
<u>Specific Allowance</u>		
At beginning of the financial period	5,050	11,738
Allowance made	1,544	2,552
Amount written back	(2,125)	(375)
Amount written off	-	(8,865)
At end of the financial period	<u><b>4,469</b></u>	<u><b>5,050</b></u>

**HWANG-DBS (MALAYSIA) BERHAD**  
(Company no. 238969-K)

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2009**

**A12. Clients' and Brokers' Balances**

	<b>As at</b>	<b>As at</b>
	<b>31-Jan-09</b>	<b>31-Jul-08</b>
Clients' and brokers' balances, net of allowance for bad and doubtful debts	<b>104,686</b>	<b>162,109</b>

**Movements in Allowance for Bad and Doubtful Debts on Clients' Balances:**

<u>General Allowance</u>		
At beginning of the financial period	59	129
Allowance written back	-	(70)
At end of the financial period	<b>59</b>	<b>59</b>
<u>Specific Allowance</u>		
At beginning of the financial period	1,212	12,401
Allowance made	463	1,017
Amount written back	(196)	(904)
Amount written off	-	(11,302)
At end of the financial period	<b>1,479</b>	<b>1,212</b>

**A13. Other Assets**

	<b>As at</b>	<b>As at</b>
	<b>31-Jan-09</b>	<b>31-Jul-08</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade receivables, net of allowance for doubtful debts of RM616,000 (2008: RM542,000)	5,704	8,481
Interest receivable	12,735	13,130
Statutory deposit	150	150
Clearing Guarantee Fund	1,899	1,870
Clearing Fund	1,000	1,000
Other receivables, deposits and prepayments	29,118	17,231
Other investments	2,906	2,906
	<b>53,512</b>	<b>44,768</b>

**A14. Deposits from Customers**

	<b>As at</b>	<b>As at</b>
	<b>31-Jan-09</b>	<b>31-Jul-08</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(a) By Type of Deposit</b>		
Fixed deposits	678,283	1,001,735
Negotiable instruments of deposits	27,350	50,500
	<b>705,633</b>	<b>1,052,235</b>
<b>(b) By Type of Customer</b>		
Government and statutory bodies	200,000	200,000
Business enterprises	462,712	790,969
Individuals	40,389	56,224
Others	2,532	5,042
	<b>705,633</b>	<b>1,052,235</b>

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**A15. Deposits and Placements of Banks and Other Financial Institutions**

	<b>As at 31-Jan-09 RM'000</b>	<b>As at 31-Jul-08 RM'000</b>
Licensed banks	250,264	152,376
Licensed investment banks	160,000	20,000
Other financial institutions	799,976	953,172
	<u><b>1,210,240</b></u>	<u><b>1,125,548</b></u>

**A16. Other Liabilities**

	<b>As at 31-Jan-09 RM'000</b>	<b>As at 31-Jul-08 RM'000</b>
Trade payables	811	25,225
Interest payable	10,901	7,399
Other payables and accruals	223,956	226,089
	<u><b>235,668</b></u>	<u><b>258,713</b></u>

**A17. Borrowings**

(a) Total borrowings of the Group of RM340.1 million as at 31 January 2009 are unsecured of which RM160 million revolving credit lines are covered by corporate guarantees issued by the Company for a subsidiary.

(b) Analysis between short term and long term borrowings are as follows:

	<b>As at 31-Jan-09 RM'000</b>	<b>As at 31-Jul-08 RM'000</b>
<b>Short term borrowings</b>		
Revolving credits	340,000	312,000
Bank overdraft (Book)	167	-
	<u>340,167</u>	<u>312,000</u>
<b>Long term borrowings</b>	-	-
<b>Total borrowings</b>	<u><b>340,167</b></u>	<u><b>312,000</b></u>

(c) All borrowings are denominated in Ringgit Malaysia.

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**A18. Interest Income**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jan-09 RM'000	3 months ended 31-Jan-08 RM'000	6 months ended 31-Jan-09 RM'000	6 months ended 31-Jan-08 RM'000
Loans, advances and financing				
- Interest income other than recoveries from NPLs	14,010	8,500	28,116	13,463
- Recoveries from NPLs	46	-	462	373
Money at call and deposit placements with financial institutions	4,805	5,513	12,438	8,283
Securities:				
- held-for-trading	6,875	8,373	14,663	9,772
- AFS	98	1,835	195	4,980
- held-to-maturity	8,528	738	16,857	816
Others	1,174	1,020	1,929	1,512
	<u>35,536</u>	<u>25,979</u>	<u>74,660</u>	<u>39,199</u>
Amortisation of premium less accretion of discount	3,195	(311)	3,970	(370)
Interest suspended	(182)	(200)	(259)	(412)
	<u><b>38,549</b></u>	<u><b>25,468</b></u>	<u><b>78,371</b></u>	<u><b>38,417</b></u>

**A19. Interest Expense**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jan-09 RM'000	3 months ended 31-Jan-08 RM'000	6 months ended 31-Jan-09 RM'000	6 months ended 31-Jan-08 RM'000
Deposits and placements of banks and other financial institutions	(9,482)	(7,801)	(19,168)	(11,152)
Deposits from customers	(6,150)	(4,537)	(12,356)	(5,926)
Borrowings	(4,175)	(2,660)	(7,882)	(4,619)
Others	(2,679)	(518)	(5,599)	(629)
	<u><b>(22,486)</b></u>	<u><b>(15,516)</b></u>	<u><b>(45,005)</b></u>	<u><b>(22,326)</b></u>

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**A20. Other Operating Income**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jan-09 RM'000	3 months ended 31-Jan-08 RM'000	6 months ended 31-Jan-09 RM'000	6 months ended 31-Jan-08 RM'000
Fee and commission income:				
Brokerage	12,657	36,343	29,947	79,815
Unit trust management and incentive fees	7,510	12,578	15,340	22,225
Advisory and arranger fees	1,654	6,024	3,787	6,920
Underwriting commission and placement income	-	-	48	646
Service charges and fees	241	456	551	850
Other fees	3,167	2,477	5,479	4,205
	<u>25,229</u>	<u>57,878</u>	<u>55,152</u>	<u>114,661</u>
Net gain/(loss) arising from disposal of:				
- securities held-for-trading	815	722	2,170	4,821
- securities AFS	(1,391)	1,695	(1,603)	2,833
- derivatives	(9,655)	1,097	(9,922)	1,067
	<u>(10,231)</u>	<u>3,514</u>	<u>(9,355)</u>	<u>8,721</u>
Net unrealised gain/(loss) on :				
- securities held-for-trading	7,758	5,355	8,330	2,182
- derivatives	(7,488)	2,164	(19,298)	2,371
	<u>270</u>	<u>7,519</u>	<u>(10,968)</u>	<u>4,553</u>
Gross dividends/income distributions from :				
- securities held-for-trading	70	2	116	181
- securities AFS	213	616	567	1,786
	<u>283</u>	<u>618</u>	<u>683</u>	<u>1,967</u>
Other income:				
Initial service charge	1,528	2,224	4,912	10,954
Net foreign exchange gain/(loss):				
- realised	(720)	423	3,853	776
- unrealised	(1,881)	(2,711)	(4,366)	(2,702)
Rental Income	142	162	285	384
Others	483	804	1,192	1,411
	<u>(448)</u>	<u>902</u>	<u>5,876</u>	<u>10,823</u>
<b>Total</b>	<b><u>15,103</u></b>	<b><u>70,431</u></b>	<b><u>41,388</u></b>	<b><u>140,725</u></b>

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**A21. Other Operating Expenses**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jan-09 RM'000	3 months ended 31-Jan-08 RM'000	6 months ended 31-Jan-09 RM'000	6 months ended 31-Jan-08 RM'000
Personnel costs:				
- Salaries, allowances and bonus	(11,354)	(21,462)	(24,378)	(36,111)
- Contributions to a defined contribution plan	(1,745)	(3,151)	(3,711)	(5,056)
- Others	(1,443)	(4,566)	(4,789)	(9,654)
	<u>(14,542)</u>	<u>(29,179)</u>	<u>(32,878)</u>	<u>(50,821)</u>
Establishment related costs:				
- Depreciation	(2,151)	(2,214)	(4,359)	(4,388)
- Rental of premises	(958)	(847)	(1,944)	(1,720)
- Rental of equipment	(716)	(730)	(1,397)	(1,441)
- Repairs and maintenance of premises and equipment	(272)	(335)	(549)	(674)
- Information technology expenses	(502)	(365)	(1,323)	(837)
- Others	(1,036)	(915)	(2,107)	(1,938)
	<u>(5,635)</u>	<u>(5,406)</u>	<u>(11,679)</u>	<u>(10,998)</u>
Promotion and marketing related expenses:				
- Promotion and business development	(2,099)	(3,841)	(4,669)	(7,519)
- Travelling and accommodation	(168)	(231)	(510)	(422)
- Others	(1,453)	(1,549)	(2,727)	(3,029)
	<u>(3,720)</u>	<u>(5,621)</u>	<u>(7,906)</u>	<u>(10,970)</u>
Administrative and general expenses:				
- Professional and consultancy fees	(1,015)	(672)	(1,512)	(1,173)
- Communication expenses	(1,326)	(1,148)	(2,495)	(2,208)
- Incentives and commission	(2,501)	(5,800)	(7,251)	(17,253)
- Regulatory charges	(789)	(2,604)	(1,995)	(5,209)
- Commission on standby letter of credit	-	(264)	-	(527)
- Others	(2,023)	(4,335)	(4,004)	(6,391)
	<u>(7,654)</u>	<u>(14,823)</u>	<u>(17,257)</u>	<u>(32,761)</u>
<b>Total</b>	<b><u>(31,551)</u></b>	<b><u>(55,029)</u></b>	<b><u>(69,720)</u></b>	<b><u>(105,550)</u></b>

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**A22. Write Back of Allowance/(Allowance) for Losses on Loans, Advances and Financing**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jan-09 RM'000	3 months ended 31-Jan-08 RM'000	6 months ended 31-Jan-09 RM'000	6 months ended 31-Jan-08 RM'000
Allowance for bad and doubtful debts:				
Specific allowance				
- made during the financial period	(857)	(795)	(1,544)	(800)
- written back during the financial period	2,300	479	2,125	254
	<u>1,443</u>	<u>(316)</u>	<u>581</u>	<u>(546)</u>
General allowance				
- (made)/written back during the financial period	(902)	(1,074)	227	(2,396)
	<u>541</u>	<u>(1,390)</u>	<u>808</u>	<u>(2,942)</u>

**A23. Write Back of Allowance/(Allowance) for Bad and Doubtful Debts on Clients' Balances and Trade Receivables**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jan-09 RM'000	3 months ended 31-Jan-08 RM'000	6 months ended 31-Jan-09 RM'000	6 months ended 31-Jan-08 RM'000
Allowance for bad and doubtful debts:				
Specific allowance				
- made during the financial period	(108)	(100)	(537)	(157)
- written back during the financial period	187	188	196	810
	<u>79</u>	<u>88</u>	<u>(341)</u>	<u>653</u>
General allowance				
- written back/(made) during the financial period	28	71	-	(109)
Bad debts:				
- recovered	59	-	195	9
	<u>166</u>	<u>159</u>	<u>(146)</u>	<u>553</u>



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**A24. Commitments and Contingencies**

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

The risk-weighted exposures of the Group are as follows:

	As at 31-Jan-09			As at 31-Jul-08		
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk- weighted Amount RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk- weighted Amount RM'000
Direct credit substitutes	32,500	32,500	6,500	65,050	65,050	65,050
Commitments to extend credits with maturity of less than 1 year:						
- loans, advances and financing	395,663	-	-	437,094	-	-
Foreign exchange related contracts:						
- less than 1 year	105,992	3,993	1,772	103,905	655	152
- 1 year to less than 5 years	319,950	38,409	19,205	319,950	38,554	16,692
Interest rate related contracts:						
- less than 1 year	1,235,686	3,045	875	1,205,000	1,752	876
- 1 year to less than 5 years	6,848,777	96,035	26,125	8,454,845	64,502	31,261
- more than 5 years	-	-	-	244,125	50,810	25,405
Equity related contracts:						
- less than 1 year	-	-	-	356	21	4
	<b>8,938,568</b>	<b>173,982</b>	<b>54,477</b>	<b>10,830,325</b>	<b>221,344</b>	<b>139,440</b>

\* The credit equivalent amount is arrived at using the credit conversion factors as specified by Bank Negara Malaysia.

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**A25. Other Commitments**

	<b>As at 31-Jan-09 RM'000</b>	<b>As at 31-Jul-08 RM'000</b>
Capital expenditure commitments	12,660	14,245
Non-cancellable operating lease commitments	5,615	7,913
Committed capital in HDM Private Equity Sdn. Bhd. (formerly known as DBS HDM Capital Sdn. Bhd.) ("HPE") in accordance with the Subscription Agreements between the Company and HPE	-	23,766
	<b>18,275</b>	<b>45,924</b>

**A26. Capital Structure**

(a) Capital ratios

The Group is not required to maintain any capital adequacy ratio requirements except for the investment banking subsidiary, HwangDBS Investment Bank Berhad ("HDBSIB"). The capital ratios of HDBSIB which have been computed in accordance with the Risk Weighted Capital Adequacy Framework (Basel II - Risk Weighted Assets Computation) issued by Bank Negara Malaysia on 28 January 2008 are as follows:

	<b>As at 31-Jan-09</b>	<b>As at 31-Jul-08</b>
Tier I capital ratio ( <i>before payment of dividend</i> )	30.7%	31.8%
Risk-weighted capital ratio ( <i>before payment of dividend</i> )	30.7%	31.9%
Tier I capital ratio ( <i>after payment of dividend</i> )	30.7%	31.2%
Risk-weighted capital ratio ( <i>after payment of dividend</i> )	30.7%	31.3%

(b) Eligible capital

	<b>As at 31-Jan-09 RM'000</b>	<b>As at 31-Jul-08 RM'000</b>
	<b>624,026</b>	<b>647,734</b>

(c) The components of Tier I and Tier II capital are as follows:

	<b>As at 31-Jan-09 RM'000</b>	<b>As at 31-Jul-08 RM'000</b>
<b><u>Tier I capital</u></b>		
Issued and fully paid share capital	500,000	500,000
Retained profits	184,315	204,985
Statutory reserve	52,557	52,557
	<u>736,872</u>	<u>757,542</u>
Less:		
Deferred tax assets	(3,926)	(1,864)
Goodwill	(110,002)	(110,002)
Total Tier I capital	<u>622,944</u>	<u>645,676</u>
<b><u>Tier II capital</u></b>		
General allowance for bad and doubtful debts	4,163	5,139
Total Tier II capital	<u>4,163</u>	<u>5,139</u>
Total capital	627,107	650,815
Less: Investment in subsidiaries	(3,081)	(3,081)
<b>Capital base</b>	<b><u>624,026</u></b>	<b><u>647,734</u></b>

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**A27. Capital Adequacy**

Disclosure of capital adequacy of the investment banking subsidiary, HDBSIB in accordance with the Concept Paper - Risk Weighted Capital Adequacy Framework (Basel II) and Capital Adequacy Framework for Islamic Banks (CAFIB) - Disclosure Requirements (Pillar 3) issued by Bank Negara Malaysia on 5 December 2008 is as follows:

Item	Exposure Class	Gross Exposures RM'000		Net Exposures RM'000	Risk Weighted Assets RM'000	Risk Weighted Assets Absorbed by PSIA RM'000	Total Risk Weighted Assets after effects of PSIA RM'000	Capital Requirements RM'000
1.0	<b>As at 31 January 2009</b>							
	<b>Credit Risk</b>							
	<i>On-Balance Sheet Exposures</i>							
	Sovereigns/Central Banks	117,067		117,067	-	-	-	-
	Banks, Development Financial Institutions & MDBs	676,338		676,338	305,635	-	305,635	24,451
	Insurance Cos, Securities Firms & Fund Managers	49,786		49,786	26,030	-	26,030	2,082
	Corporates	712,790		712,790	457,781	-	457,781	36,623
	Other Assets	280,834		280,834	236,536	-	236,536	18,923
	Defaulted Exposures	503		503	26	-	26	2
	<b>Total for On-Balance Sheet Exposures</b>	<b>1,837,318</b>		<b>1,837,318</b>	<b>1,026,008</b>	<b>-</b>	<b>1,026,008</b>	<b>82,081</b>
<i>Off-Balance Sheet Exposures</i>								
OTC Derivatives	134,683		134,683	44,577	-	44,577	3,566	
Off Balance Sheet Exposures other than OTC or credit derivatives	39,299		39,299	9,900	-	9,900	792	
<b>Total for Off-Balance Sheet Exposures</b>	<b>173,982</b>		<b>173,982</b>	<b>54,477</b>	<b>-</b>	<b>54,477</b>	<b>4,358</b>	
<b>Total for On and Off-Balance Sheet Exposures</b>	<b>2,011,300</b>		<b>2,011,300</b>	<b>1,080,485</b>	<b>-</b>	<b>1,080,485</b>	<b>86,439</b>	
2.0	<b>Large Exposures Risk Requirements</b>			-	-	-	-	-
3.0	<b>Market Risk</b>	<b>Long Position</b>	<b>Short Position</b>					
		<b>RM'000</b>	<b>RM'000</b>					
	Interest Rate Risk	8,886,305	7,915,922	970,383	502,939	-	502,939	40,235
	Foreign Currency Risk	404,107	437,460	(33,352)	35,391	-	35,391	2,831
	Equity Risk	19,396	-	19,396	52,337	-	52,337	4,187
	<b>9,309,808</b>	<b>8,353,382</b>	<b>956,427</b>	<b>590,667</b>	<b>-</b>	<b>590,667</b>	<b>47,253</b>	
4.0	<b>Operational Risk</b>			<b>359,891</b>				<b>28,791</b>
5.0	<b>Total RWA and Capital Requirements</b>			<b>2,031,043</b>	<b>-</b>	<b>1,671,152</b>	<b>162,483</b>	

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**A28. Credit Risk: Disclosures on Risk Weights**

Disclosure of the credit risk by risk weights of the investment banking subsidiary, HDBSIB in accordance with the Concept Paper - Risk Weighted Capital Adequacy Framework (Basel II) and Capital Adequacy Framework for Islamic Banks (CAFIB) - Disclosure Requirements (Pillar 3) issued by Bank Negara Malaysia on 5 December 2008 is as follows:

Risk Weights	Exposures after Netting and Credit Risk Mitigation												Total after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	Sovereigns & Central Bank RM'000	PSEs RM'000	Banks, MDBs and FDIs RM'000	Insurance Cos., Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Specialised Financing /Investment RM'000	Securitisation RM'000	Equity RM'000		
<b>As at 31 January 2009</b>														
0%	117,067	-	-	-	-	-	-	-	14,094	-	-	-	131,161	-
20%	-	-	176,143	-	168,072	-	-	-	46,538	-	-	-	390,753	78,151
50%	-	-	633,489	47,512	293,104	-	-	-	-	-	-	-	974,105	487,053
100%	-	-	-	2,274	284,115	-	-	-	228,892	-	-	-	515,281	515,281
<b>Average Risk Weight</b>												-	54%	54%
<b>Deduction from Capital Base</b>	-	-	-	-	-	-	-	-	3,081	-	-	-	-	

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**A29. Market Risk**

Please refer to explanatory note A27, item no. 3.0 for disclosure of the market risk of the investment banking subsidiary, HDBSIB in accordance with the Concept Paper - Risk Weighted Capital Adequacy Framework (Basel II) and Capital Adequacy Framework for Islamic Banks (CAFIB) - Disclosure Requirements (Pillar 3) issued by Bank Negara Malaysia on 5 December 2008.

**A30. Disclosure on Off-Balance Sheet and Counterparty Credit Risk**

Disclosure of off-balance sheet and counterparty credit risk of the investment banking subsidiary, HDBSIB in accordance with the Concept Paper - Risk Weighted Capital Adequacy Framework (Basel II) and Capital Adequacy Framework for Islamic Banks (CAFIB) - Disclosure Requirements (Pillar 3) issued by Bank Negara Malaysia on 5 December 2008 is as follows:

Description	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
<b>As at 31 January 2009</b>				
<b>Direct Credit Substitutes</b>	32,500		32,500	6,500
<b>Foreign exchange related contracts</b>				
One year or less	105,992	2,403	3,993	1,772
Over one year to five years	319,950	-	38,409	19,205
<b>Interest/Profit rate related contracts</b>				
One year or less	1,235,686	1,997	3,045	875
Over one year to five years	6,848,777	43,023	96,035	26,125
<b>Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness</b>	395,663		-	-
<b>Total</b>	<b>8,938,568</b>	<b>47,423</b>	<b>173,982</b>	<b>54,477</b>

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**A31. Interest Rate Risk**

	<b>Non-trading book</b>						<b>Sub-total</b> RM'000	<b>Trading book</b> RM'000	<b>Total</b> RM'000	<b>Effective interest rate</b> %
	<b>Up to 1 month</b> RM'000	<b>&gt; 1 - 3 months</b> RM'000	<b>&gt; 3 - 12 months</b> RM'000	<b>&gt; 1 - 5 years</b> RM'000	<b>Over 5 years</b> RM'000	<b>Non-interest sensitive</b> RM'000				
<b>At 31 January 2009</b>										
<b>Assets</b>										
Cash and short term funds	822,147	-	-	-	-	32,680	854,827	-	854,827	2.72
Deposit and placements with banks and other financial institutions	-	7,522	-	-	-	-	7,522	-	7,522	6.00
Securities held-for-trading	-	-	-	-	-	-	-	1,027,993	1,027,993	4.10
Securities AFS	-	-	-	10,160	-	15,338	25,498	-	25,498	3.69
Securities held-to-maturity	-	-	-	121,756	414,974	-	536,730	-	536,730	6.62
Loans, advances and financing:										
- performing	243,892	57,961	66,352	19,088	147,114	(7,592) *	526,815	-	526,815	9.90
- non-performing	-	-	-	-	-	7,200	7,200	-	7,200	-
Clients' and brokers' balances	1,232	-	-	-	-	103,454	104,686	-	104,686	9.00
Derivative assets	-	-	-	-	-	-	-	46,549	46,549	-
Other assets <sup>(1)</sup>	20,988	1,899	-	-	-	317,818	340,705	-	340,705	2.00
<b>Total assets</b>	<b>1,088,259</b>	<b>67,382</b>	<b>66,352</b>	<b>151,004</b>	<b>562,088</b>	<b>468,898</b>	<b>2,403,983</b>	<b>1,074,542</b>	<b>3,478,525</b>	
<b>Liabilities</b>										
Deposits from customers	495,337	201,646	8,650	-	-	-	705,633	-	705,633	3.14
Deposits and placements of banks and other financial institutions	1,051,609	114,623	29,798	14,210	-	-	1,210,240	-	1,210,240	2.91
Clients' and brokers' balances	69,055	-	-	-	-	86,525	155,580	-	155,580	2.80
Derivative liabilities	-	-	-	-	-	-	-	78,598	78,598	-
Other liabilities <sup>(2)</sup>	173,349	2,220	-	-	-	63,738	239,307	-	239,307	2.57
Borrowings	190,000	-	150,000	-	-	167	340,167	-	340,167	4.79
<b>Total liabilities</b>	<b>1,979,350</b>	<b>318,489</b>	<b>188,448</b>	<b>14,210</b>	<b>-</b>	<b>150,430</b>	<b>2,650,927</b>	<b>78,598</b>	<b>2,729,525</b>	
Total equity	-	-	-	-	-	749,000	749,000	-	749,000	-
<b>Total liabilities and equity</b>	<b>1,979,350</b>	<b>318,489</b>	<b>188,448</b>	<b>14,210</b>	<b>-</b>	<b>899,430</b>	<b>3,399,927</b>	<b>78,598</b>	<b>3,478,525</b>	
On-balance sheet interest sensitivity gap	(891,091)	(251,107)	(122,096)	136,794	562,088	(430,532)	(995,944)	995,944	-	
Off-balance sheet interest sensitivity gap	(255,000)	259,329	(498,643)	(5,035,223)	-	-	(5,529,537)	-	(5,529,537)	
<b>Total interest sensitivity gap</b>	<b>(1,146,091)</b>	<b>8,222</b>	<b>(620,739)</b>	<b>(4,898,429)</b>	<b>562,088</b>	<b>(430,532)</b>	<b>(6,525,481)</b>	<b>995,944</b>	<b>(5,529,537)</b>	

<sup>(1)</sup> Other assets include Other assets, Statutory deposits with Bank Negara Malaysia, Tax recoverable, Deferred tax assets, Investment in an associate, Property, plant and equipment, Investment properties and Intangible assets as disclosed in the consolidated balance sheet.

Loans, advances and financing, Clients' and brokers' balances and Other assets are stated net of specific and general allowances and interest-in-suspense.

\* The negative balance represents general allowance for loans, advances and financing.

<sup>(2)</sup> Other liabilities include Other liabilities, Taxation and Deferred tax liabilities as disclosed in the consolidated balance sheet.

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**A31. Interest Rate Risk (cont'd)**

	<b>Non-trading book</b>						<b>Sub-total</b> RM'000	<b>Trading book</b> RM'000	<b>Total</b> RM'000	<b>Effective interest rate</b> %
	<b>Up to 1 month</b> RM'000	<b>&gt; 1 - 3 months</b> RM'000	<b>&gt; 3 - 12 months</b> RM'000	<b>&gt; 1 - 5 years</b> RM'000	<b>Over 5 years</b> RM'000	<b>Non-interest sensitive</b> RM'000				
<b>At 31 July 2008</b>										
<b>Assets</b>										
Cash and short term funds	1,182,600	-	-	-	-	74,375	1,256,975	-	1,256,975	3.41
Deposit and placements with banks and other financial institutions	-	147,773	-	-	-	-	147,773	-	147,773	3.34
Securities held-for-trading	-	-	-	-	-	-	-	1,229,259	1,229,259	5.06
Securities AFS	-	-	-	10,000	-	23,161	33,161	-	33,161	3.69
Loans, advances and financing:										
- performing	264,359	151,006	15,924	12,183	121,077	(7,819) *	556,730	-	556,730	9.40
- non-performing	-	-	-	-	-	8,602	8,602	-	8,602	-
Clients' and brokers' balances	948	-	-	-	-	161,161	162,109	-	162,109	9.00
Derivative assets	-	-	-	-	-	-	-	14,955	14,955	-
Other assets <sup>(1)</sup>	9,551	1,870	-	-	-	308,770	320,191	-	320,191	2.15
<b>Total assets</b>	<b>1,457,458</b>	<b>300,649</b>	<b>15,924</b>	<b>22,183</b>	<b>121,077</b>	<b>568,250</b>	<b>2,485,541</b>	<b>1,244,214</b>	<b>3,729,755</b>	
<b>Liabilities</b>										
Deposits from customers	682,651	328,584	1,000	40,000	-	-	1,052,235	-	1,052,235	3.51
Deposits and placements of banks and other financial institutions	1,053,237	40,632	24,628	7,051	-	-	1,125,548	-	1,125,548	3.37
Clients' and brokers' balances	86,732	-	-	-	-	110,129	196,861	-	196,861	2.83
Derivative liabilities	-	-	-	-	-	-	-	24,171	24,171	-
Other liabilities <sup>(2)</sup>	174,669	-	-	-	-	85,332	260,001	-	260,001	3.26
Borrowings	87,000	50,000	175,000	-	-	-	312,000	-	312,000	4.99
<b>Total liabilities</b>	<b>2,084,289</b>	<b>419,216</b>	<b>200,628</b>	<b>47,051</b>	<b>-</b>	<b>195,461</b>	<b>2,946,645</b>	<b>24,171</b>	<b>2,970,816</b>	
Total equity	-	-	-	-	-	758,939	758,939	-	758,939	-
<b>Total liabilities and equity</b>	<b>2,084,289</b>	<b>419,216</b>	<b>200,628</b>	<b>47,051</b>	<b>-</b>	<b>954,400</b>	<b>3,705,584</b>	<b>24,171</b>	<b>3,729,755</b>	
On-balance sheet interest sensitivity gap	(626,831)	(118,567)	(184,704)	(24,868)	121,077	(386,150)	(1,220,043)	1,220,043	-	
Off-balance sheet interest sensitivity gap	(258,725)	394,695	(675,000)	(7,204,845)	(244,125)	-	(7,988,000)	-	(7,988,000)	
<b>Total interest sensitivity gap</b>	<b>(885,556)</b>	<b>276,128</b>	<b>(859,704)</b>	<b>(7,229,713)</b>	<b>(123,048)</b>	<b>(386,150)</b>	<b>(9,208,043)</b>	<b>1,220,043</b>	<b>(7,988,000)</b>	

<sup>(1)</sup> Other assets include Other assets, Statutory deposits with Bank Negara Malaysia, Tax recoverable, Deferred tax assets, Interests in jointly controlled entities, Property, plant and equipment, Investment properties and Intangible assets as disclosed in the consolidated balance sheet.

Loans, advances and financing, Clients' and brokers' balances and Other assets are stated net of specific and general allowances and interest-in-suspense.

\* The negative balance represents general allowance for loans, advances and financing.

<sup>(2)</sup> Other liabilities include Other liabilities, Taxation and Deferred tax liabilities as disclosed in the consolidated balance sheet.

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**A32. Segmental Information**

The Group is organised into the following business segments:

- (i) Stockbroking and related activities - stockbroking, nominee services and dealing in options and futures
- (ii) Investment banking and financial services - investment banking activities, management of unit trust and corporate funds and investment advisory
- (iii) Property investment - letting of properties
- (iv) Investment holding - investment holding
- (v) Moneylending - moneylending and investment in listed and unlisted companies
- (vi) Others - include dormant operations, none of which is of a sufficient size to be reported separately

**Primary reporting format - Business segment**

<b>6 months ended 31 January 2009</b>	<b>Stockbroking and related activities RM'000</b>	<b>Investment banking and financial services RM'000</b>	<b>Property investment RM'000</b>	<b>Investment holding RM'000</b>	<b>Money- lending RM'000</b>	<b>Others RM'000</b>	<b>Consolidation adjustments RM'000</b>	<b>Group RM'000</b>
<b>Revenue</b>								
External revenue *	46,589	70,530	285	636	21,686	559	-	140,285
Inter-segment revenue	-	1,103	2,125	51,735	-	702	(55,665)	-
<b>Total revenue</b>	<b>46,589</b>	<b>71,633</b>	<b>2,410</b>	<b>52,371</b>	<b>21,686</b>	<b>1,261</b>	<b>(55,665)</b>	<b>140,285</b>
<b>Results</b>								
Segment results	6,320	(10,378)	1,665	(5,658)	14,127	(231)	1,572	7,417
Unallocated income								135
Unallocated expenses								(1,856)
								<u>5,696</u>
Share of results of jointly controlled entities, net of tax	-	(2)	-	-	-	-	-	(2)
Share of results of an associate, net of tax	-	(269)	-	-	-	-	-	(269)
<b>Profit before taxation</b>								<u>5,425</u>
<b>Taxation</b>								<u>(2,084)</u>
<b>Profit for the financial period</b>								<u><b>3,341</b></u>

\* External revenue of the Group comprises all types of revenue derived from stockbroking, investment banking, financial services and moneylending activities, rental income from property investment, interest and dividend income from investment holding and reimbursement of research expenses.



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**A32. Segmental information (cont'd)**

**Primary reporting format - Business segment (cont'd)**

6 months ended 31 January 2008	Stockbroking and related activities RM'000	Investment banking and financial services RM'000	Property investment RM'000	Investment holding RM'000	Money- lending RM'000	Others RM'000	Consolidation adjustments RM'000	Group RM'000
<b>Revenue</b>								
External revenue *	102,262	64,654	384	1,040	6,239	982	-	175,561
Inter-segment revenue	-	225	2,120	53,398	-	1,409	(57,152)	-
<b>Total revenue</b>	<b>102,262</b>	<b>64,879</b>	<b>2,504</b>	<b>54,438</b>	<b>6,239</b>	<b>2,391</b>	<b>(57,152)</b>	<b>175,561</b>
<b>Results</b>								
Segment results	46,267	3,294	2,046	43	319	(20)	357	52,306
Unallocated income								141
Unallocated expenses								(3,570)
								<u>48,877</u>
Share of results of jointly controlled entities, net of tax	-	48	-	(322)	-	-	-	(274)
Profit before taxation								48,603
Taxation								(11,694)
<b>Profit for the financial period</b>								<b><u>36,909</u></b>

\* External revenue of the Group comprises all types of revenue derived from stockbroking, investment banking, financial services and moneylending activities, rental income from property investment, interest and dividend income from investment holding and reimbursement of research expenses.

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2009**

**A33. Valuation of Property, Plant and Equipment**

Not applicable.

**A34. Subsequent Events**

There are no material events subsequent to the end of the financial period ended 31 January 2009.

**A35. Changes in the Composition of the Group**

There are no changes in the composition of the Group for the current quarter and financial period ended 31 January 2009 except for the following:

- (a) on 25 September 2008, the Company has completed the acquisition of the remaining 50% equity interests in its jointly controlled entities, HDM Private Equity Sdn. Bhd. (formerly known as DBS HDM Capital Sdn. Bhd.) ("HPE") and HDM Capital Management Sdn. Bhd. (formerly known as DBS HDM Capital Management Sdn. Bhd.) ("HCM") for a total cash consideration of RM126,910. Both HPE and HCM became wholly-owned subsidiaries of the Company on 25 September 2008.

There is no significant effect arising from the acquisition of the subsidiaries on the Group's financial results and financial position for the financial year ending 31 July 2009.

- (b) on 13 November 2008, a wholly-owned subsidiary of the Company, Asian Islamic Investment Management Sdn. Bhd. (formerly known as HwangDBS Resources Sdn. Bhd.) ("AIIMAN") has completed the issuance and allotment of 7,000,000 new ordinary shares at a subscription price of RM1 each to the following shareholders:

	No. of ordinary shares allotted '000
The Company	1,900
DBS Asset Management Ltd. ("DBSAM")	5,100
	<u>7,000</u>

With the issuance of 5,100,000 ordinary shares to DBSAM, the Company's equity interest in AIIMAN was reduced to 49% and AIIMAN ceased to be a subsidiary of the Company on 13 November 2008.

**A36. Changes in Contingent Liabilities or Contingent Assets**

Please refer to explanatory note A24.

**A37. Related Party Transactions**

Approval for recurrent related party transactions, which had been entered into in the ordinary course of business, has been obtained in the shareholders' mandate at the general meeting of the Company in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad.

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2009**

**B. Explanatory Notes in accordance with Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad**

**B1. Review of Performance of the Company and its Principal Subsidiaries**

The Group recorded a 20% decline in its operating revenue to RM140.3 million for the 6 months ended 31 January 2009 against RM175.6 million for the corresponding period in the preceding financial year. Notwithstanding the Group achieving a higher interest income from its investment banking and money-lending activities during the current financial period, the operating revenue has been impacted by the reduction in stockbroking brokerage income, as a result of thin trading volume in Bursa Securities, as well as the loss in derivative trading.

The pretax profit of the Group of RM5.4 million for the first half year of the financial year 2009 represents a 89% decrease from RM48.6 million posted in the corresponding financial period of the financial year 2008. The lower profitability of the Group is primarily due to a 65% reduction in stockbroking brokerage income, loss in trading and in fair value of derivatives and lower fee income, partly mitigated by write back of allowances for loan loss, higher net interest income registered by the investment banking and money-lending subsidiaries as well as reduction in personnel costs.

On a similar trend, the Group achieved a meagre pretax profit of RM0.05 million for the second quarter ended 31 January 2009 as compared to RM24.0 million recorded in the previous corresponding quarter ended 31 January 2008. This is mainly attributable to significant reduction in stockbroking brokerage income, lower fee income and loss incurred in derivatives, partially offset by write back of allowance for loan loss, higher net interest income from moneylending activities and reduction in personnel costs in the quarter under review.

Except for the effects of reclassification of securities in the previous financial quarter as disclosed in explanatory note A1, there are no abnormal circumstances that have affected or will affect the business and financial position of the Group for the current quarter and financial period under review.

In the opinion of the Board of Directors, no item, transaction or event of a material and unusual nature has arisen which would affect substantially the results of the operations of the Group for the financial period from 31 January 2009 to the date of issue of this announcement.

**B2. Material Change in Profit Before Taxation for the Current Quarter compared with the Immediate Preceding Quarter**

For the second quarter ended 31 January 2009, the Group's performance approximates a break even in contrast with RM5.4 million profit before tax registered in the immediate preceding financial quarter. The Group incurred a loss from derivative trading and foreign exchange whilst stockbroking brokerage was lower in the current quarter under review as compared to the first quarter ended 31 October 2008. These were, however, cushioned by the increase in marked-to-market gain on securities held-for-trading as well as the lower marked-to-market loss on derivatives.

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2009**

**B3. Commentary**

**(a) Current Year's Prospects**

The continuing uncertainties in the global and regional economies have dampened the domestic economic growth. Although the stimulus and monetary measures announced by the Government are expected to mitigate the recessionary impact of the global financial meltdown on the domestic economy, the results may not be seen in the immediate term.

As trading activities in the local bourse are expected to remain sluggish with no immediate signs of the Malaysian equity market picking up in the near term, the outlook of the Group's stockbroking division will remain challenging in the coming quarters. The activities of the Group's investment banking division is also expected to slow down with initial public offerings and private debt securities markets remaining lacklustre in the year ahead.

The Board of Directors is of the view that the pressure on the earnings of the Group will remain in the second half of the financial year ending 31 July 2009. Notwithstanding this, the Group is well capitalised and will continue to pursue viable business opportunities in the challenging market conditions.

**(b) Progress and Steps to Achieve Revenue or Profit Estimate, Forecast, Projection and Internal Targets Previously Announced**

Not applicable.

**B4. Statement of the Board of Directors' Opinion on Achievability of Revenue or Profit Estimate, Forecast, Projection and Internal Targets Previously Announced**

Not applicable.

**B5. Profit Forecast and Profit Guarantee**

Not applicable.

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**B6. Taxation**

The analysis of the tax expense for the current quarter and financial period ended 31 January 2009 are as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jan-09 RM'000	3 months ended 31-Jan-08 RM'000	6 months ended 31-Jan-09 RM'000	6 months ended 31-Jan-08 RM'000
In respect of the current financial period:				
Malaysian income tax	(2,159)	(6,051)	(4,321)	(12,482)
Deferred tax	2,080	(323)	2,450	774
	<u>(79)</u>	<u>(6,374)</u>	<u>(1,871)</u>	<u>(11,708)</u>
In respect of prior financial years:				
Malaysian income tax	23	(79)	23	14
Deferred tax	(225)	-	(236)	-
	<u>(281)</u>	<u>(6,453)</u>	<u>(2,084)</u>	<u>(11,694)</u>

The effective tax rates for the current quarter and financial period ended 31 January 2009 are higher than the statutory tax rate due to certain expenses which are not deductible for tax purposes.

The Ministry of Finance Malaysia ("MOF") has approved tax credits to the investment banking subsidiary, HDBSIB based on 50% of the tax losses of the stockbroking companies acquired by HDBSIB or stockbroking companies of which the businesses were acquired by HDBSIB under the Securities Commission's Policy Framework for Consolidation of the Stockbroking Industry.

As at 31 January 2009, the agreement to be signed between the MOF and the Liquidator of Taiping Recovery Sdn. Bhd. (In Liquidation) ("TRSB") in connection with the acquisition of business of TRSB by HDBSIB in a prior financial year, under Section 154 of the Income Tax Act, 1967 for the release of 50% of the accumulated tax losses of TRSB has not been finalised. The Technical Division of the IRB has yet to approve and confirm the amount of the resultant tax credit. The effect of the tax credit has yet to be utilised and recognised in the financial statements.

**B7. Sale of Unquoted Investments and/or Properties**

There are no disposal of unquoted investments and properties for the current quarter and financial period ended 31 January 2009.

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**B8. Purchase and Sales of Quoted Securities**

- (a) Total purchases and disposals of quoted securities by the Group other than the investment banking subsidiary, HDBSIB, and the loss arising therefrom are as follows:

	<b>Current quarter ended 31-Jan-09 RM'000</b>	<b>Financial period ended 31-Jan-09 RM'000</b>
(i) Total Purchase Consideration	<u>393</u>	<u>3,372</u>
(ii) Total Sales Proceeds	<u>3,609</u>	<u>5,101</u>
(iii) Total Loss on Disposal	<u>(1,532)</u>	<u>(1,776)</u>

- (b) Total investments in quoted securities held by the Group other than HDBSIB as at 31 January 2009 are as follows:

	<b>RM'000</b>
(i) At Cost	<u>14,476</u>
(ii) At Book Value	<u>10,955</u>
(iii) At Market Value	<u>10,955</u>

**B9. Status of Corporate Proposals**

There are no corporate proposals announced but not completed as at date of issue of this announcement except that on 14 January 2009, the Central Bank of Cambodia has granted an approval in principle to the Company for the establishment of a wholly-owned commercial bank subsidiary with the name of Hwang DBS Commercial Bank Plc. ("HDCB") in Cambodia. The Bank Negara Malaysia has granted its approval for the establishment of HDCB on 15 August 2008.

HDCB will have an issued and paid up capital of USD20 million and is required to commence business operations by 31 July 2009.

**B10. Group Borrowings and Debt Securities**

Please refer to explanatory note A17.

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**B11. Off-Balance Sheet Financial Instruments**

The value of financial instruments with off-balance sheet risk as at the balance sheet date classified by the remaining periods to maturity or next repricing date (whichever is earlier) are as follows:

Item	Principal amount RM'000	1 month or less RM'000	> 1 to 3 months RM'000	> 3 to 6 months RM'000	> 6 to 12 months RM'000	> 1 to 5 years RM'000	Margin requirement RM'000
Foreign exchange related contracts:							
- forward contracts	105,992	26	105,966	-	-	-	-
- cross currency interest rate swaps	319,950	-	319,950	-	-	-	-
Interest rate related contracts:							
- forward contracts	43,463	-	5,329	-	5,357	32,777	-
- futures contracts	6,313,000	-	245,000	250,000	430,000	5,388,000	6,799
- interest rate swaps	1,728,000	455,000	1,209,000	-	64,000	-	-
	8,510,405	455,026	1,885,245	250,000	499,357	5,420,777	6,799

Credit risk

Credit risk or counterparty risk is the exposure to loss due to counterparty's default on credit obligations. As at the balance sheet date, the amount of credit risk of the Group, measured in terms of the cost to replace profitable contracts and based on the outstanding margin placed with the futures broker weighted by the relevant counterparty risk weights is RM46.6 million (At 31 July 2008: RM15 million) and RM3.4 million respectively (At 31 July 2008: RM4.8 million). The amount will increase or decrease over the contracted periods, mainly as a function of movements in market rates and time.

Market risk

Market risk is the risk of loss arising from changes in prices of financial instruments in the markets in which the Group operates. The contractual amounts as stated above only provide a measure of the Group's involvement in these types of financial instruments and do not represent the amount subject to risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at the balance sheet date, the amount of foreign exchange exposure which was not hedged and hence, exposed to market risk was RM8.8 million (At 31 July 2008: RM7.3 million), while the notional amount of interest rate contracts which were outstanding as at the balance sheet date amounted to RM4.6 billion (At 31 July 2008: RM7.1 billion) respectively.

Related accounting policies

Derivative financial instruments transacted by the Group are carried at fair value and presented separately in the balance sheet as assets (positive changes in fair values) and liabilities (negative changes in fair values). Fair values of exchange-traded derivatives are obtained from quoted market prices. Forward foreign exchange contracts are valued at forward rates as at balance sheet date applicable to their respective dates of maturity. Fair values of other over-the-counter derivatives are obtained using valuation techniques. Unrealised gains or losses arising from changes in fair values of derivative financial instruments are recognised in the income statement in the period in which they arise.

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**B12. Changes in Material Litigation**

There are no changes to the status of material litigation since the last annual balance sheet date except for the following:

- (a) Claim filed by a remisier's former assistant for damages of RM40 million against HDBSIB in October 1999 arising from a police report lodged by the remisier against the said assistant over an incident of unauthorised sale of shares was withdrawn by the said assistant with liberty to file afresh on 18 May 2004. The said assistant has re-filed his suit on 16 June 2004 claiming for damages resulting from libel, wrongful procurement of arrest and conspiracy and an order for injunction against HDBSIB, the remisier and their agents from spreading any defamatory words against the said assistant. HDBSIB has filed its defence to the claim and has also filed an application to strike out the claim. The court has allowed HDBSIB's application to strike out the claim on 13 August 2008. The remisier's former assistant has filed an appeal against the decision and the court has fixed 18 May 2009 for clarification/decision of the appeal.
- (b) Claim filed by a client in May 2000 against HDBSIB for damages of RM130 million wherein the client alleged collusion to defraud him and mental suffering after HDBSIB commenced legal action against him in May 1998 to recover an outstanding sum of RM8.46 million has been consolidated with HDBSIB's claim against the client. The court has dismissed the client's application to reopen his case in order to call further witness to give evidence and has fixed 11 and 12 August 2009 for continued hearing.

**B13. Dividends**

Please refer to explanatory note A7.



**HWANG-DBS (MALAYSIA) BERHAD**  
(Company no. 238969-K)

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2009**

**B14. Earnings Per Share Attributable to Equity Holders of the Company**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jan-09	3 months ended 31-Jan-08	6 months ended 31-Jan-09	6 months ended 31-Jan-08
Profit/(Loss) for the financial period attributable to equity holders of the Company (RM'000)	(1,110)	15,936	1,871	34,402
Weighted average number of ordinary shares in issue ('000)	255,175	255,146	255,176	255,049
<b>Basic earnings/(loss) per share (sen)</b>	<b>(0.43)</b>	<b>6.25</b>	<b>0.73</b>	<b>13.49</b>
Profit/(Loss) for the financial period attributable to equity holders of the Company (RM'000)	(1,110)	15,936	1,871	34,402
Weighted average number of ordinary shares in issue ('000):				
- in issue during the financial period (as above)	255,175	255,146	255,176	255,049
- adjustment made for share options	-	307	-	328
	255,175	255,453	255,176	255,377
<b>Diluted earnings/(loss) per share (sen)</b>	<b>(0.43)</b>	<b>6.24</b>	<b>0.73</b>	<b>13.47</b>

**By Order of the Board**

**Chen Mun Peng**  
**Tan Lee Peng**  
**Company Secretaries**

**Penang**  
**31 March 2009**