

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED BALANCE SHEET AS AT 30 APRIL 2009

	Note	As at 30-Apr-09 RM'000	As at 31-Jul-08 RM'000
Assets			
Cash and short term funds		810,056	1,256,975
Deposits and placements with banks and other financial institutions		119,555	147,773
Securities held-for-trading	A8	511,015	1,229,259
Securities available-for-sale ("AFS")	A9	40,795	33,161
Securities held-to-maturity	A10	548,225	-
Loans, advances and financing	A11	476,004	565,332
Clients' and brokers' balances	A12	224,161	162,109
Derivative assets		33,095	14,955
Other assets	A13	58,945	44,768
Statutory deposits with Bank Negara Malaysia		5,987	29,570
Tax recoverable		14,877	11,192
Deferred tax assets		3,505	2,918
Interests in jointly controlled entities		-	123
Investment in an associate		4,361	-
Property, plant and equipment		57,410	62,764
Investment properties		6,163	6,237
Intangible assets		162,509	162,619
		<u>3,076,663</u>	<u>3,729,755</u>
Liabilities			
Deposits from customers	A14	649,334	1,052,235
Deposits and placements of banks and other financial institutions	A15	767,980	1,125,548
Clients' and brokers' balances		221,956	196,861
Derivative liabilities		66,926	24,171
Other liabilities	A16	301,520	258,713
Taxation		3,189	692
Deferred tax liabilities		551	596
Borrowings	A17	300,000	312,000
Total liabilities		<u>2,311,456</u>	<u>2,970,816</u>
Equity			
Share capital		265,845	265,845
Reserves		502,445	496,518
Treasury shares, at cost		(16,038)	(16,033)
		<u>752,252</u>	<u>746,330</u>
Minority interests		12,955	12,609
Total equity		<u>765,207</u>	<u>758,939</u>
Total liabilities and equity		<u>3,076,663</u>	<u>3,729,755</u>
Net assets per share (RM)		<u>2.95</u>	<u>2.92</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)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2009

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		3 months ended 30-Apr-09 RM'000	3 months ended 30-Apr-08 RM'000	9 months ended 30-Apr-09 RM'000	9 months ended 30-Apr-08 RM'000
Operating revenue		72,225	90,034	212,510	265,595
Interest income	A18	36,411	30,023	114,782	68,440
Interest expense	A19	(16,715)	(17,706)	(61,720)	(40,032)
Net interest income		19,696	12,317	53,062	28,408
Other operating income	A20	28,640	49,637	70,028	190,362
		48,336	61,954	123,090	218,770
Other operating expenses	A21	(31,626)	(48,160)	(101,346)	(153,710)
		16,710	13,794	21,744	65,060
Write back of allowance/(allowance) for losses on loans, advances and financing	A22	1,369	(1,085)	2,177	(4,027)
Write back of allowance/(allowance) for bad and doubtful debts on clients' balances and trade receivables	A23	272	(802)	126	(249)
		18,351	11,907	24,047	60,784
Share of results of jointly controlled entities, net of tax		-	(45)	(2)	(319)
Share of results of an associate, net of tax		(308)	-	(577)	-
Profit before taxation		18,043	11,862	23,468	60,465
Taxation	B6	(4,427)	(4,256)	(6,511)	(15,950)
Profit for the financial period		13,616	7,606	16,957	44,515
Attributable to:					
Equity holders of the Company		12,978	6,496	14,849	40,898
Minority interests		638	1,110	2,108	3,617
		13,616	7,606	16,957	44,515
Earnings per share attributable to equity holders of the Company (sen)	B14				
- Basic		5.09	2.55	5.82	16.03
- Fully diluted		5.09	2.54	5.82	16.01

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 30 APRIL 2009

Attributable to Equity Holders of the Company

	Issued and fully paid ordinary shares of RM1 each		Treasury shares RM'000	Share premium RM'000	Statutory reserve RM'000	AFS reserve RM'000	Options reserve RM'000	Retained profits RM'000	Sub-total RM'000	Minority interests RM'000	Total equity RM'000
	Number of shares '000	Nominal value RM'000									
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	-	-	-	-	-	(1,970)	-	-	(1,970)	-	(1,970)
Net loss transferred to income statement on disposal of securities AFS	-	-	-	-	-	2,617	-	-	2,617	-	2,617
Net gain recognised directly in equity	-	-	-	-	-	647	-	-	647	-	647
Profit for the financial period	-	-	-	-	-	-	-	14,849	14,849	2,108	16,957
Total recognised income and expenses for the financial period	-	-	-	-	-	647	-	14,849	15,496	2,108	17,604
Options terminated	-	-	-	-	-	-	(431)	431	-	-	-
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)
At 30 April 2009	255,173	265,845	(16,038)	33,090	52,557	(1,271)	-	418,069	752,252	12,955	765,207

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 30 APRIL 2009

Attributable to Equity Holders of the Company

	Issued and fully paid ordinary shares of RM1 each		Treasury shares RM'000	Share premium RM'000	Statutory reserve RM'000	AFS reserve RM'000	Options reserve RM'000	Retained profits RM'000	Sub-total RM'000	Minority interests RM'000	Total equity RM'000
	Number of shares '000	Nominal value RM'000									
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	-	-	-	-	-	(3,863)	-	-	(3,863)	-	(3,863)
Net gain transferred to income statement on disposal of securities AFS	-	-	-	-	-	(3,080)	-	-	(3,080)	-	(3,080)
Net loss recognised directly in equity	-	-	-	-	-	(6,943)	-	-	(6,943)	-	(6,943)
Profit for the financial period	-	-	-	-	-	-	-	40,898	40,898	3,617	44,515
Total recognised income and expenses for the financial period	-	-	-	-	-	(6,943)	-	40,898	33,955	3,617	37,572
Shares repurchased held as treasury shares at cost	(5)	-	(9)	-	-	-	-	-	(9)	-	(9)
Issue of options	-	-	-	-	-	-	192	-	192	-	192
Option exercised	286	286	-	206	-	-	(23)	-	469	-	469
Options terminated	-	-	-	-	-	-	(20)	20	-	-	-
Interim dividend for the financial year ending 31 July 2008	-	-	-	-	-	-	-	(9,441)	(9,441)	-	(9,441)
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)
At 30 April 2008	255,178	265,845	(16,033)	33,090	37,926	947	469	431,585	753,829	11,692	765,521

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 30 APRIL 2009

	9 months ended 30-Apr-09 RM'000	9 months ended 30-Apr-08 RM'000
Profit for the financial period	16,957	44,515
Adjustments for:		
Non-cash items	59,716	44,605
Non-operating items - investing	(24,845)	(11,902)
Non-operating items - financing	11,365	7,304
	63,193	84,522
Changes in working capital:		
Net changes in operating assets	278,901	(946,999)
Net changes in operating liabilities	(746,290)	1,565,073
	(404,196)	702,596
Interest paid	(52,515)	(30,666)
Tax paid	(8,144)	(23,316)
Net operating cash flow	(464,855)	648,614
Investing activities		
Net (purchase)/disposal of securities	(28,073)	96,704
Interest received from securities	32,351	6,527
Dividends and income distributions received	1,276	2,288
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)	-
Purchase of other investments	-	(100)
Proceeds from disposal of an investment property	-	9,800
Property, plant and equipment	(1,694)	(5,703)
Net investing cash flow	1,968	109,516
Financing activities		
Dividend paid by a subsidiary to minority interests	(1,762)	(1,715)
Dividend paid	(9,569)	(9,313)
Interest paid	(5,652)	(2,748)
Net (repayment)/drawdown of borrowings	(12,000)	83,000
Issue of shares	-	469
Shares purchased	(5)	(9)
Net financing cash flow	(28,988)	69,684
Net change in cash and cash equivalents	(491,875)	827,814
Cash and cash equivalents at beginning of the financial period	995,105	339,942
Cash and cash equivalents at end of the financial period	503,230	1,167,756
Cash and cash equivalents at end of the financial period comprise:		
Cash and short term funds	503,230	1,167,815
Bank overdrafts (Book)	-	(59)
	503,230	1,167,756

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 30 APRIL 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 first financial quarter ended 31 October 2008, 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 illiquid market then 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	RM'000
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 30 April 2009	As at 30-Apr-09 RM'000
Securities HFT reclassified to HTM category	
- Carrying amount	532,842
- Fair value	<u>508,852</u>

For the financial period ended 30 April 2009, the after tax effect of the unrecognised marked-to-market loss attributable to the reclassified assets of the Group amounted to approximately RM18.0 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 30 April 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 that the Group expects 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 30 APRIL 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 30 April 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 30 April 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 30 April 2009 except that the Company has purchased back 5,000 ordinary shares of RM1 each for cash from the open market at an average price of RM1.07 per share. The share buy-back transactions were financed by internally generated funds. The shares purchased are being held as treasury shares. Details of the share buy-back are as follows:

Month	Number of Shares Purchased	Highest Price RM	Lowest Price RM	Average Price RM	Total Amount RM
December 2008	<u>5,000</u>	1.06	1.06	1.07	<u>5,348</u>

The average price includes stamp duty, brokerage and clearing fees.

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 30 APRIL 2009

A8 Securities Held-For-Trading

	As at 30-Apr-09 RM'000	As at 31-Jul-08 RM'000
At fair value		
Quoted in Malaysia:		
Shares, warrants and REITs	19,517	19,709
Loan stocks	1,393	1,741
Unit trusts	9,090	872
	30,000	22,322
Unquoted:		
<i>In Malaysia</i>		
Malaysian Government Securities	51,345	-
Negotiable instruments of deposits	30,180	219,989
Bankers' acceptances	94,738	321,235
Private and Islamic debt securities	304,752	484,638
<i>Outside Malaysia</i>		
Private debt securities	-	181,075
	511,015	1,229,259

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

	As at 30-Apr-09 RM'000	As at 31-Jul-08 RM'000
At fair value		
Quoted in Malaysia:		
Shares	10,445	15,777
Unit trusts	4,280	6,894
	14,725	22,671
Unquoted:		
Malaysian Government Securities	25,580	10,000
At cost		
Unquoted:		
Shares	4,490	4,490
	44,795	37,161
Accumulated impairment losses	(4,000)	(4,000)
	40,795	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 RM10.5 million as at 30 April 2009 (As at 31 July 2008: RM15.8 million).

A10 Securities Held-To-Maturity

	As at 30-Apr-09 RM'000	As at 31-Jul-08 RM'000
At amortised cost		
Unquoted		
<i>In Malaysia</i>		
Malaysian Government Securities	15,383	-
Private and Islamic debt securities	334,187	-
<i>Outside Malaysia</i>		
Private debt securities	198,655	-
	548,225	-
Fair value of securities held-to-maturity	524,219	-

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2009

A11 Loans, Advances and Financing

	As at 30-Apr-09 RM'000	As at 31-Jul-08 RM'000
(a) By Type		
Term loans		
- bridging loans	45,730	73,980
- syndicated term loans	81,516	47,257
- other term loans	423,950	382,140
Share margin financing	96,207	156,783
Other financing	-	30,000
	<u>647,403</u>	<u>690,160</u>
Unearned interest	<u>(160,707)</u>	<u>(111,959)</u>
	486,696	578,201
Allowance for losses on loans, advances and financing:		
- general	(6,765)	(7,819)
- specific	<u>(3,927)</u>	<u>(5,050)</u>
Net loans, advances and financing	<u>476,004</u>	<u>565,332</u>
(b) By Type of Customer		
Domestic business enterprises		
- others	186,643	224,679
Individuals	118,952	206,052
Other domestic entities	172,293	133,893
Foreign entities	8,808	13,577
	<u>486,696</u>	<u>578,201</u>
(c) By Interest Rate Sensitivity		
Fixed rate		
- other fixed rate loans/financing	353,423	387,871
Variable rate		
- cost-plus	<u>133,273</u>	<u>190,330</u>
	<u>486,696</u>	<u>578,201</u>
(d) By Purpose		
Purchase of landed properties		
- non-residential	36,906	29,757
Purchase of securities	188,398	304,621
Working capital	67,313	49,796
Personal use	188,052	164,928
Others	6,027	29,099
	<u>486,696</u>	<u>578,201</u>

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2009

A11 Loans, Advances and Financing (cont'd)

	As at 30-Apr-09 RM'000	As at 31-Jul-08 RM'000
(e) Non-Performing Loans, Advances and Financing ("NPLs") by Purpose		
Purchase of securities	1,237	11,993
Working capital	-	959
Personal use	2,936	700
	<u>4,173</u>	<u>13,652</u>
(f) Movements in NPLs		
At beginning of the financial period	13,652	22,142
Classified as non-performing	3,760	6,151
Reclassified as performing	(175)	(892)
Amount recovered	(13,064)	(4,614)
Amount written off	-	(9,135)
At end of the financial period	<u>4,173</u>	<u>13,652</u>
Less: Specific allowance	<u>(3,927)</u>	<u>(5,050)</u>
Net NPLs	<u>246</u>	<u>8,602</u>
 Net NPLs as a % of gross loans, advances and financing less specific allowance	 <u>0.1%</u>	 <u>1.5%</u>
(g) Movements in Allowance for Losses on Loans, Advances and Financing		
<u>General Allowance</u>		
At beginning of the financial period	7,819	3,262
Allowance (written back)/made	(1,054)	4,557
At end of the financial period	<u>6,765</u>	<u>7,819</u>
 As a % of gross loans and advances less specific allowance	 <u>1.4%</u>	 <u>1.4%</u>
<u>Specific Allowance</u>		
At beginning of the financial period	5,050	11,738
Allowance made	2,311	2,552
Amount written back	(3,434)	(375)
Amount written off	-	(8,865)
At end of the financial period	<u>3,927</u>	<u>5,050</u>

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2009

A12 Clients' and Brokers' Balances

	As at 30-Apr-09	As at 31-Jul-08
Clients' and brokers' balances, net of allowance for bad and doubtful debts	224,161	162,109

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	(3)	(70)
At end of the financial period	56	59
<u>Specific Allowance</u>		
At beginning of the financial period	1,212	12,401
Allowance made	395	1,017
Amount written back	(283)	(904)
Amount written off	-	(11,302)
At end of the financial period	1,324	1,212

A13 Other Assets

	As at 30-Apr-09 RM'000	As at 31-Jul-08 RM'000
Trade receivables, net of allowance for doubtful debts of RM566,000 (2008: RM542,000)	5,459	8,481
Interest receivable	10,497	13,130
Statutory deposit	150	150
Clearing Guarantee Fund	1,913	1,870
Clearing Fund	1,000	1,000
Other receivables, deposits and prepayments	37,020	17,231
Other investments	2,906	2,906
	58,945	44,768

A14 Deposits from Customers

	As at 30-Apr-09 RM'000	As at 31-Jul-08 RM'000
(a) By Type of Deposit		
Fixed deposits	644,184	1,001,735
Negotiable instruments of deposits	5,150	50,500
	649,334	1,052,235
(b) By Type of Customer		
Government and statutory bodies	200,000	200,000
Business enterprises	430,851	790,969
Individuals	15,948	56,224
Others	2,535	5,042
	649,334	1,052,235

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2009

A15 Deposits and Placements of Banks and Other Financial Institutions

	As at 30-Apr-09 RM'000	As at 31-Jul-08 RM'000
Licensed banks	126,817	152,376
Licensed investment banks	40,000	20,000
Other financial institutions	601,163	953,172
	<u>767,980</u>	<u>1,125,548</u>

A16 Other Liabilities

	As at 30-Apr-09 RM'000	As at 31-Jul-08 RM'000
Trade payables	12,991	25,225
Interest payable	10,953	7,399
Other payables and accruals	277,576	226,089
	<u>301,520</u>	<u>258,713</u>

A17 Borrowings

(a) Total borrowings of the Group of RM300 million as at 30 April 2009 are unsecured of which RM120 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:

	As at 30-Apr-09 RM'000	As at 31-Jul-08 RM'000
Short term borrowings		
Revolving credits	300,000	312,000
Long term borrowings	-	-
Total borrowings	<u>300,000</u>	<u>312,000</u>

(c) All borrowings are denominated in Ringgit Malaysia.

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2009

A18 Interest Income

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-09 RM'000	3 months ended 30-Apr-08 RM'000	9 months ended 30-Apr-09 RM'000	9 months ended 30-Apr-08 RM'000
Loans, advances and financing				
- Interest income other than recoveries from NPLs	14,064	9,085	42,180	22,548
- Recoveries from NPLs	6	10	468	383
Money at call and deposit placements with financial institutions	3,276	10,952	15,714	19,235
Securities:				
- held-for-trading	5,162	8,720	19,825	18,492
- AFS	131	320	326	5,300
- held-to-maturity	8,529	412	25,386	1,227
Others	2,586	714	4,515	2,227
	<u>33,754</u>	<u>30,213</u>	<u>108,414</u>	<u>69,412</u>
Amortisation of premium less accretion of discount	2,824	(64)	6,794	(434)
Interest suspended	(167)	(126)	(426)	(538)
	<u>36,411</u>	<u>30,023</u>	<u>114,782</u>	<u>68,440</u>

A19 Interest Expense

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-09 RM'000	3 months ended 30-Apr-08 RM'000	9 months ended 30-Apr-09 RM'000	9 months ended 30-Apr-08 RM'000
Deposits and placements of banks and other financial institutions	(5,710)	(9,782)	(24,878)	(20,934)
Deposits from customers	(3,821)	(5,060)	(16,177)	(10,986)
Borrowings	(3,482)	(2,685)	(11,364)	(7,304)
Others	(3,702)	(179)	(9,301)	(808)
	<u>(16,715)</u>	<u>(17,706)</u>	<u>(61,720)</u>	<u>(40,032)</u>

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2009

A20 Other Operating Income

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-09 RM'000	3 months ended 30-Apr-08 RM'000	9 months ended 30-Apr-09 RM'000	9 months ended 30-Apr-08 RM'000
Fee and commission income:				
Brokerage	15,575	25,387	45,522	105,202
Unit trust management and incentive fees	6,641	9,536	21,981	31,761
Advisory and arranger fees	2,003	1,128	5,790	8,048
Underwriting commission and placement income	-	252	48	898
Service charges and fees	169	237	720	1,087
Other fees	3,363	1,610	8,842	5,815
	<u>27,751</u>	<u>38,150</u>	<u>82,903</u>	<u>152,811</u>
Net gain/(loss) arising from disposal of:				
- securities held-for-trading	1,599	8,496	3,769	13,317
- securities AFS	(1,059)	(162)	(2,662)	2,671
- derivatives	(1,077)	638	(10,999)	1,705
	<u>(537)</u>	<u>8,972</u>	<u>(9,892)</u>	<u>17,693</u>
Net unrealised gain/(loss) on :				
- securities held-for-trading	(5,409)	(3,386)	2,921	(1,204)
- derivatives	1,512	(154)	(17,786)	2,217
	<u>(3,897)</u>	<u>(3,540)</u>	<u>(14,865)</u>	<u>1,013</u>
Gross dividends/income distributions from :				
- securities held-for-trading	629	487	745	668
- securities AFS	85	131	652	1,917
	<u>714</u>	<u>618</u>	<u>1,397</u>	<u>2,585</u>
Other income:				
Initial service charge	718	3,050	5,630	14,004
Net foreign exchange gain/(loss):				
- realised	4,930	1,142	8,783	1,918
- unrealised	(1,985)	720	(6,351)	(1,982)
Rental Income	143	143	428	527
Others	803	382	1,995	1,793
	<u>4,609</u>	<u>5,437</u>	<u>10,485</u>	<u>16,260</u>
Total	<u>28,640</u>	<u>49,637</u>	<u>70,028</u>	<u>190,362</u>

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2009

A21 Other Operating Expenses

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-09 RM'000	3 months ended 30-Apr-08 RM'000	9 months ended 30-Apr-09 RM'000	9 months ended 30-Apr-08 RM'000
Personnel costs:				
- Salaries, allowances and bonus	(12,552)	(18,295)	(36,930)	(54,406)
- Contributions to a defined contribution plan	(1,697)	(2,729)	(5,408)	(7,785)
- Others	(1,966)	(3,719)	(6,755)	(13,373)
	<u>(16,215)</u>	<u>(24,743)</u>	<u>(49,093)</u>	<u>(75,564)</u>
Establishment related costs:				
- Depreciation	(2,046)	(2,225)	(6,405)	(6,613)
- Rental of premises	(926)	(906)	(2,870)	(2,626)
- Rental of equipment	(693)	(708)	(2,090)	(2,149)
- Repairs and maintenance of premises and equipment	(263)	(271)	(812)	(945)
- Information technology expenses	(535)	(518)	(1,858)	(1,355)
- Others	(996)	(959)	(3,103)	(2,897)
	<u>(5,459)</u>	<u>(5,587)</u>	<u>(17,138)</u>	<u>(16,585)</u>
Promotion and marketing related expenses:				
- Promotion and business development	(2,443)	(3,358)	(7,112)	(10,877)
- Travelling and accommodation	(146)	(227)	(656)	(649)
- Others	(877)	(1,055)	(3,604)	(4,084)
	<u>(3,466)</u>	<u>(4,640)</u>	<u>(11,372)</u>	<u>(15,610)</u>
Administrative and general expenses:				
- Professional and consultancy fees	(249)	(372)	(1,761)	(1,545)
- Communication expenses	(1,333)	(1,121)	(3,828)	(3,329)
- Incentives and commission	(2,680)	(5,483)	(9,931)	(22,736)
- Regulatory charges	(915)	(2,369)	(2,910)	(7,578)
- Commission on standby letter of credit	-	(263)	-	(790)
- Others	(1,309)	(3,582)	(5,313)	(9,973)
	<u>(6,486)</u>	<u>(13,190)</u>	<u>(23,743)</u>	<u>(45,951)</u>
Total	<u>(31,626)</u>	<u>(48,160)</u>	<u>(101,346)</u>	<u>(153,710)</u>

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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 30-Apr-09 RM'000	3 months ended 30-Apr-08 RM'000	9 months ended 30-Apr-09 RM'000	9 months ended 30-Apr-08 RM'000
Allowance for bad and doubtful debts:				
Specific allowance				
- made during the financial period	(779)	(1,308)	(2,311)	(1,762)
- written back during the financial period	1,321	406	3,434	314
	<u>542</u>	<u>(902)</u>	<u>1,123</u>	<u>(1,448)</u>
General allowance				
- written back/(made) during the financial period	827	(183)	1,054	(2,579)
	<u>1,369</u>	<u>(1,085)</u>	<u>2,177</u>	<u>(4,027)</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 30-Apr-09 RM'000	3 months ended 30-Apr-08 RM'000	9 months ended 30-Apr-09 RM'000	9 months ended 30-Apr-08 RM'000
Allowance for bad and doubtful debts:				
Specific allowance				
- made during the financial period	(37)	(1,088)	(419)	(1,144)
- written back during the financial period	242	142	283	851
	<u>205</u>	<u>(946)</u>	<u>(136)</u>	<u>(293)</u>
General allowance				
- written back during the financial period	3	144	3	35
Bad debts:				
- recovered	64	-	259	9
	<u>272</u>	<u>(802)</u>	<u>126</u>	<u>(249)</u>

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2009

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 30-Apr-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	403,165	-	-	437,094	-	-
Foreign exchange related contracts:						
- less than 1 year	10,041	29	15	103,905	655	152
- 1 year to less than 5 years	319,950	33,314	16,657	319,950	38,554	16,692
Interest rate related contracts:						
- less than 1 year	1,221,742	2,798	831	1,205,000	1,752	876
- 1 year to less than 5 years	6,612,392	80,538	22,456	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
	8,599,790	149,179	46,459	10,830,325	221,344	139,440

* 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

	As at 30-Apr-09 RM'000	As at 31-Jul-08 RM'000
Capital expenditure commitments	14,319	14,245
Non-cancellable operating lease commitments	5,035	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
	19,354	45,924

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:

	As at 30-Apr-09	As at 31-Jul-08
Tier I capital ratio <i>(before payment of dividend)</i>	34.9%	31.8%
Risk-weighted capital ratio <i>(before payment of dividend)</i>	34.9%	31.9%
Tier I capital ratio <i>(after payment of dividend)</i>	34.2%	31.2%
Risk-weighted capital ratio <i>(after payment of dividend)</i>	34.2%	31.3%

(b) Eligible capital

632,400	647,734
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(c) The components of Tier I and Tier II capital are as follows:

	As at 30-Apr-09 RM'000	As at 31-Jul-08 RM'000
<u>Tier I capital</u>		
Issued and fully paid share capital	500,000	500,000
Retained profits	191,860	204,985
Statutory reserve	52,557	52,557
	<u>744,417</u>	<u>757,542</u>
Less:		
Deferred tax assets	(2,135)	(1,864)
Goodwill	(110,002)	(110,002)
Total Tier I capital	<u>632,280</u>	<u>645,676</u>
<u>Tier II capital</u>		
General allowance for losses on loans, advances and financing	3,619	5,139
Total Tier II capital	<u>3,619</u>	<u>5,139</u>
Total capital	635,899	650,815
Less: Investment in subsidiaries	(3,081)	(3,081)
Less: Other deductions	(418)	-
Capital base	<u>632,400</u>	<u>647,734</u>

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A27 Interest Rate Risk

	Non-trading book						Sub-total RM'000	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	Non-interest sensitive RM'000				
At 30 April 2009										
Assets										
Cash and short term funds	733,799	-	-	-	-	76,257	810,056	-	810,056	1.98
Deposit and placements with banks and other financial institutions	-	106,774	2,150	10,631	-	-	119,555	-	119,555	1.74
Securities held-for-trading	-	-	-	-	-	-	-	511,015	511,015	4.65
Securities AFS	-	-	10,168	15,412	-	15,215	40,795	-	40,795	3.15
Securities held-to-maturity	-	-	-	135,602	412,623	-	548,225	-	548,225	6.50
Loans, advances and financing:										
- performing	225,071	82,391	277	19,518	155,266	(6,765) *	475,758	-	475,758	10.11
- non-performing	-	-	-	-	-	246	246	-	246	-
Clients' and brokers' balances	1,149	-	-	-	-	223,012	224,161	-	224,161	8.00
Derivative assets	-	-	-	-	-	-	-	33,095	33,095	-
Other assets ⁽¹⁾	27,282	1,913	-	-	-	284,562	313,757	-	313,757	1.55
Total assets	987,301	191,078	12,595	181,163	567,889	592,527	2,532,553	544,110	3,076,663	
Liabilities										
Deposits from customers	412,743	227,990	8,601	-	-	-	649,334	-	649,334	2.06
Deposits and placements of banks and other financial institutions	697,102	30,072	26,518	14,288	-	-	767,980	-	767,980	2.28
Clients' and brokers' balances	61,478	-	-	-	-	160,478	221,956	-	221,956	1.96
Derivative liabilities	-	-	-	-	-	-	-	66,926	66,926	-
Other liabilities ⁽²⁾	214,751	2,150	-	-	-	88,359	305,260	-	305,260	1.93
Borrowings	150,000	150,000	-	-	-	-	300,000	-	300,000	4.35
Total liabilities	1,536,074	410,212	35,119	14,288	-	248,837	2,244,530	66,926	2,311,456	
Total equity	-	-	-	-	-	765,207	765,207	-	765,207	-
Total liabilities and equity	1,536,074	410,212	35,119	14,288	-	1,014,044	3,009,737	66,926	3,076,663	
On-balance sheet interest sensitivity gap	(548,773)	(219,134)	(22,524)	166,875	567,889	(421,517)	(477,184)	477,184	-	
Off-balance sheet interest sensitivity gap	(255,000)	(145,000)	(510,258)	(4,509,608)	-	-	(5,419,866)	-	(5,419,866)	
Total interest sensitivity gap	(803,773)	(364,134)	(532,782)	(4,342,733)	567,889	(421,517)	(5,897,050)	477,184	(5,419,866)	

⁽¹⁾ 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.

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

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A27 Interest Rate Risk (cont'd)

	Non-trading book						Sub-total RM'000	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	Non-interest sensitive RM'000				
At 31 July 2008										
Assets										
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 ⁽¹⁾	9,551	1,870	-	-	-	308,770	320,191	-	320,191	2.15
Total assets	1,457,458	300,649	15,924	22,183	121,077	568,250	2,485,541	1,244,214	3,729,755	
Liabilities										
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 ⁽²⁾	174,669	-	-	-	-	85,332	260,001	-	260,001	3.26
Borrowings	87,000	50,000	175,000	-	-	-	312,000	-	312,000	4.99
Total liabilities	2,084,289	419,216	200,628	47,051	-	195,461	2,946,645	24,171	2,970,816	
Total equity	-	-	-	-	-	758,939	758,939	-	758,939	-
Total liabilities and equity	2,084,289	419,216	200,628	47,051	-	954,400	3,705,584	24,171	3,729,755	
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)	
Total interest sensitivity gap	(885,556)	276,128	(859,704)	(7,229,713)	(123,048)	(386,150)	(9,208,043)	1,220,043	(7,988,000)	

⁽¹⁾ 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.

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

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A28 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

9 months ended 30 April 2009	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
Revenue								
External revenue *	68,864	108,386	428	756	33,094	982	-	212,510
Inter-segment revenue	-	1,536	3,188	52,496	-	1,243	(58,463)	-
Total revenue	68,864	109,922	3,616	53,252	33,094	2,225	(58,463)	212,510
Results								
Segment results	10,123	(2,220)	2,500	(8,683)	23,260	(236)	2,342	27,086
Unallocated income								176
Unallocated expenses								(3,215)
								<u>24,047</u>
Share of results of jointly controlled entities, net of tax	-	(2)	-	-	-	-	-	(2)
Share of results of an associate, net of tax	-	(577)	-	-	-	-	-	(577)
Profit before taxation								23,468
Taxation								(6,511)
Profit for the financial period								<u><u>16,957</u></u>

9 months ended 30 April 2008

Revenue								
External revenue *	131,985	119,312	527	1,403	10,958	1,410	-	265,595
Inter-segment revenue	-	782	3,182	53,058	-	2,015	(59,037)	-
Total revenue	131,985	120,094	3,709	54,461	10,958	3,425	(59,037)	265,595
Results								
Segment results	56,858	4,905	2,876	(1,399)	637	(106)	739	64,510
Unallocated income								197
Unallocated expenses								(3,923)
								<u>60,784</u>
Share of results of jointly controlled entities, net of tax	-	4	-	(323)	-	-	-	(319)
Profit before taxation								60,465
Taxation								(15,950)
Profit for the financial period								<u><u>44,515</u></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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A29 Valuation of Property, Plant and Equipment

Not applicable.

A30 Subsequent Events

There are no material events subsequent to the end of the financial period ended 30 April 2009 except that on 20 May 2009, in response to a buyback exercise implemented by a bond issuer, a wholly-owned subsidiary of the Company, HwangDBS Investment Bank Berhad ("HDBSIB") has submitted a tender offer to dispose of certain private debt securities, which are classified as securities held-to-maturity, stated at a carrying amount of RM104.9 million as at 30 April 2009. The quantum of acceptance of the tender offer is at the discretion of the said bond issuer. The proposed disposal has been approved by the Board of Directors of HDBSIB and the tainting rule will not apply to the proposed disposal pursuant to the exemption conditions set out in BNM/GP8. At the date of this announcement, the proposed disposal is subject to acceptance by the said bond issuer.

A31 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 30 April 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.

A32 Changes in Contingent Liabilities or Contingent Assets

Please refer to explanatory note A24.

A33 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 30 APRIL 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 operating revenue of the Group for the nine months ended 30 April 2009 of RM212.5 million lagged behind RM265.6 million recorded in the corresponding period in financial year 2008 while the Group's operating revenue for the current quarter was 20% lower than the third quarter of the preceding financial year. These were largely as a result of the reduction in stockbroking brokerage income and unit trust management fees coupled with loss on derivative trading, partially offset by a higher net interest income from investment banking and moneylending activities.

The Group experienced a 61% reduction in the pretax profit for the nine months ended 30 April 2009 against RM60.5 million achieved in the previous corresponding financial period. Lower stockbroking brokerage income, losses on interest rate related derivatives and reduction in net gain from securities trading have collectively contributed to the decrease in profitability of the Group. These were, however, cushioned by higher net interest income, write back of allowances for loan loss and savings from lower incentive costs.

In contrast, on a quarter-to-quarter basis, the Group registered a 52% rise in pretax profit for the current quarter under review as compared to RM11.9 million recorded in the corresponding quarter of financial year 2008. The increase in profitability was mainly led by higher interest income from treasury and moneylending activities, write back of allowances for doubtful debts and lower incentive costs, partially offset by lower stockbroking brokerage income and lower net gain from securities trading.

Except for the effects of reclassification of securities in the financial quarter ended 31 October 2008 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 30 April 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

The Group's financial performance for the current quarter has improved significantly with RM18.0 million pretax profit as compared to the second quarter ended 31 January 2009 of RM0.05 million. This was mainly attributed to the increase in equity market activities in April 2009 coupled with lower loss incurred on derivatives trading and net foreign exchange gain, the effects of which were partially offset by net fair value loss on securities and derivatives.

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B3 Commentary

(a) Current Year's Prospects

Although there is increasing optimism that recession is levelling off and that the global economy may see signs of recovery, the operating environment for market participants is still uncertain. The Malaysian Government has taken proactive measures in the introduction of fiscal stimulus package and easing the monetary conditions that are aimed at stimulating domestic demand and cushioning the effects of economic slowdown.

The performance of the stockbroking division is highly dependent on the sustainability of the level of trading activity in the local bourse which soared to an average of RM1.2 billion in daily value traded in April 2009. However, the capital market activities are expected to remain quiet in the last quarter of the current financial year. The performance of the moneylending business is growing as expected and will likely be maintained for the remaining quarter of the financial year.

The Group will continue to practise prudent risk management and focus on enhancing the competitiveness in its core business activities.

Barring any deterioration in the financial markets and underlying economic conditions, the Board of Directors is of the opinion that the Group will remain profitable in the last quarter of the financial year.

(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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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2009

B6 Taxation

The analysis of the tax expense for the current quarter and financial period ended 30 April 2009 are as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-09 RM'000	3 months ended 30-Apr-08 RM'000	9 months ended 30-Apr-09 RM'000	9 months ended 30-Apr-08 RM'000
In respect of the current financial period:				
Malaysian income tax	(3,423)	(4,160)	(7,744)	(16,642)
Deferred tax	(1,721)	(137)	729	637
	<u>(5,144)</u>	<u>(4,297)</u>	<u>(7,015)</u>	<u>(16,005)</u>
In respect of prior financial years:				
Malaysian income tax	691	46	714	60
Deferred tax	26	(5)	(210)	(5)
	<u>(4,427)</u>	<u>(4,256)</u>	<u>(6,511)</u>	<u>(15,950)</u>

The effective tax rates for the current quarter and financial period ended 30 April 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 30 April 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 by the MOF. 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 30 April 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:

	Current quarter ended 30-Apr-09 RM'000	Financial period ended 30-Apr-09 RM'000
(i) Total Purchase Consideration	<u>3,110</u>	<u>6,482</u>
(ii) Total Sales Proceeds	<u>4,809</u>	<u>9,910</u>
(iii) Total Loss on Disposal	<u>(1,057)</u>	<u>(2,833)</u>

- (b) Total investments in quoted securities held by the Group other than HDBSIB as at 30 April 2009 are as follows:

	RM'000
(i) At Cost	<u>11,720</u>
(ii) At Book Value	<u>10,465</u>
(iii) At Market Value	<u>10,465</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 HwangDBS Commercial Bank Plc ("HDCB") in Cambodia. 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	10,041	10,041	-	-	-	-	-
- cross currency interest rate swaps	319,950	-	319,950	-	-	-	-
Interest rate related contracts:							
- forward contracts	38,134	-	-	5,357	5,385	27,392	-
- futures contracts	6,068,000	-	250,000	230,000	431,000	5,157,000	6,641
- interest rate swaps	1,728,000	455,000	1,145,000	128,000	-	-	-
	8,164,125	465,041	1,714,950	363,357	436,385	5,184,392	6,641

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 is RM33.4 million (At 31 July 2008: RM18.1 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 net exposure of the Group to interest rate risk and foreign currency risk, which were not hedged amounted to RM447.9 million (At 31 July 2008: RM681.8 million) and RM19.1 million (At 31 July 2008: RM31.1 million) 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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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2009

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 29 July 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. The client had also filed an appeal against the court's decision in dismissing his application to reopen his case.

B13 Dividends

Please refer to explanatory note A7.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2009

B14 Earnings Per Share Attributable to Equity Holders of the Company

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-09	3 months ended 30-Apr-08	9 months ended 30-Apr-09	9 months ended 30-Apr-08
Profit for the financial period attributable to equity holders of the Company (RM'000)	12,978	6,496	14,849	40,898
Weighted average number of ordinary shares in issue ('000)	255,173	255,175	255,175	255,091
Basic earnings per share (sen)	5.09	2.55	5.82	16.03
Profit for the financial period attributable to equity holders of the Company (RM'000)	12,978	6,496	14,849	40,898
Weighted average number of ordinary shares in issue ('000):				
- in issue during the financial period (as above)	255,173	255,175	255,175	255,091
- adjustment made for share options	-	143	-	308
	255,173	255,318	255,175	255,399
Diluted earnings per share (sen)	5.09	2.54	5.82	16.01

By Order of the Board

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

**Penang
27 May 2009**