

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED BALANCE SHEET AS AT 31 JULY 2009

	Note	As at 31-Jul-09 RM'000	As at 31-Jul-08 RM'000
Assets			
Cash and short term funds		847,215	1,256,975
Deposits and placements with banks and other financial institutions		87,781	147,773
Securities held-for-trading	A8	425,408	1,229,259
Securities available-for-sale ("AFS")	A9	86,032	33,161
Securities held-to-maturity	A10	530,805	-
Loans, advances and financing	A11	488,769	565,332
Clients' and brokers' balances	A12	401,084	162,109
Derivative assets		22,759	14,955
Other assets	A13	42,470	44,768
Statutory deposits with Central Banks		11,332	29,570
Tax recoverable		7,804	11,192
Deferred tax assets		4,099	2,918
Investment in an associate		4,061	-
Interests in jointly controlled entities		-	123
Property, plant and equipment		60,248	62,764
Investment properties		6,138	6,237
Intangible assets		162,509	162,619
		<u>3,188,514</u>	<u>3,729,755</u>
Liabilities			
Deposits from customers	A14	505,371	1,052,235
Deposits and placements of banks and other financial institutions	A15	800,926	1,125,548
Clients' and brokers' balances		366,630	196,861
Derivative liabilities		49,284	24,171
Other liabilities	A16	341,823	258,713
Taxation		4,716	692
Deferred tax liabilities		581	596
Borrowings	A17	334,500	312,000
Total liabilities		<u>2,403,831</u>	<u>2,970,816</u>
Equity			
Share capital		265,845	265,845
Reserves		520,963	496,518
Treasury shares, at cost		(16,046)	(16,033)
		<u>770,762</u>	<u>746,330</u>
Minority interests		13,921	12,609
Total equity		<u>784,683</u>	<u>758,939</u>
Total liabilities and equity		<u>3,188,514</u>	<u>3,729,755</u>
Net assets per share (RM)		<u>3.02</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 YEAR ENDED 31 JULY 2009

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		3 months ended 31-Jul-09 RM'000	3 months ended 31-Jul-08 RM'000	12 months ended 31-Jul-09 RM'000	12 months ended 31-Jul-08 RM'000
Operating revenue		83,288	82,998	295,798	348,593
Interest income	A18	34,613	37,026	149,395	105,466
Interest expense	A19	(14,236)	(22,083)	(75,956)	(62,115)
Net interest income		20,377	14,943	73,439	43,351
Other operating income	A20	55,886	22,794	125,914	213,156
		76,263	37,737	199,353	256,507
Other operating expenses	A21	(48,738)	(39,888)	(150,084)	(193,598)
		27,525	(2,151)	49,269	62,909
Allowance for losses on loans, advances and financing	A22	(5,009)	(2,977)	(2,832)	(7,004)
(Allowance)/Write back of allowance for bad and doubtful debts on clients' balances and trade receivables	A23	(166)	257	(40)	8
		22,350	(4,871)	46,397	55,913
Share of results of an associate, net of tax		(300)	-	(877)	-
Share of results of jointly controlled entities, net of tax		-	(38)	(2)	(357)
Profit/(Loss) before taxation		22,050	(4,909)	45,518	55,556
Taxation	B6	(4,643)	1,232	(11,154)	(14,718)
Profit/(Loss) for the financial year		17,407	(3,677)	34,364	40,838
Attributable to:					
Equity holders of the Company		16,441	(4,595)	31,290	36,303
Minority interests		966	918	3,074	4,535
		17,407	(3,677)	34,364	40,838
Earnings/(Loss) per share attributable to equity holders of the Company (sen)	B14				
- Basic		6.44	(1.80)	12.26	14.23
- Fully diluted		6.44	(1.80)	12.26	14.22

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 YEAR ENDED 31 JULY 2009

Attributable to Equity Holders of the Company

	Issued and fully paid ordinary shares of RM1 each											
	Number of shares '000	Nominal value RM'000	Treasury shares RM'000	Share premium RM'000	Statutory reserve RM'000	AFS reserve RM'000	Foreign exchange reserve RM'000	Options reserve RM'000	Retained profits RM'000	Sub-total RM'000	Minority interests RM'000	Total equity 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
Currency translation differences	-	-	-	-	-	-	(768)	-	-	(768)	-	(768)
Net change in fair value of securities AFS, net of tax	-	-	-	-	-	851	-	-	-	851	-	851
Net loss transferred to income statement on disposal of securities AFS	-	-	-	-	-	2,641	-	-	-	2,641	-	2,641
Net gain/(loss) recognised directly in equity	-	-	-	-	-	3,492	(768)	-	-	2,724	-	2,724
Profit for the financial year	-	-	-	-	-	-	-	-	31,290	31,290	3,074	34,364
Total recognised income and expenses for the financial year	-	-	-	-	-	3,492	(768)	-	31,290	34,014	3,074	37,088
Transfer to statutory reserve	-	-	-	-	8,764	-	-	-	(8,764)	-	-	-
Shares repurchased held as treasury shares at cost	(10)	-	(13)	-	-	-	-	-	-	(13)	-	(13)
Options expired	-	-	-	-	-	-	-	(431)	431	-	-	-
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 31 July 2009	255,168	265,845	(16,046)	33,090	61,321	1,574	(768)	-	425,746	770,762	13,921	784,683

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 YEAR ENDED 31 JULY 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	-	-	-	-	-	(6,985)	-	-	(6,985)	-	(6,985)
Net gain transferred to income statement on disposal of securities AFS	-	-	-	-	-	(2,823)	-	-	(2,823)	-	(2,823)
Net loss recognised directly in equity	-	-	-	-	-	(9,808)	-	-	(9,808)	-	(9,808)
Profit for the financial year	-	-	-	-	-	-	-	36,303	36,303	4,535	40,838
Total recognised income and expenses for the financial year	-	-	-	-	-	(9,808)	-	36,303	26,495	4,535	31,030
Transfer to statutory reserve	-	-	-	-	14,631	-	-	(14,631)	-	-	-
Shares repurchased held as treasury shares at cost	(5)	-	(9)	-	-	-	-	-	(9)	-	(9)
Issue of options	-	-	-	-	-	-	154	-	154	-	154
Option exercised	286	286	-	206	-	-	(23)	-	469	-	469
Options terminated	-	-	-	-	-	-	(20)	20	-	-	-
Final dividend for the financial year ended 31 July 2007	-	-	-	-	-	-	-	(9,313)	(9,313)	-	(9,313)
Interim dividend for the financial year ended 31 July 2008	-	-	-	-	-	-	-	(9,442)	(9,442)	-	(9,442)
Dividend paid by a subsidiary to minority interests	-	-	-	-	-	-	-	-	-	(1,716)	(1,716)
At 31 July 2008	255,178	265,845	(16,033)	33,090	52,557	(1,918)	431	412,358	746,330	12,609	758,939

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 YEAR ENDED 31 JULY 2009

	12 months ended 31-Jul-09 RM'000	12 months ended 31-Jul-08 RM'000
Profit for the financial year	34,364	40,838
Adjustments for:		
Non-cash items	95,933	88,287
Non-operating items - investing	(36,407)	(13,109)
Non-operating items - financing	14,362	10,371
	108,252	126,387
Changes in working capital:		
Net changes in operating assets	199,726	(1,131,343)
Net changes in operating liabilities	(676,492)	1,519,453
	(368,514)	514,497
Interest paid	(64,604)	(46,420)
Tax paid	(4,987)	(26,134)
Net operating cash flow	(438,105)	441,943
Investing activities		
Net (purchase)/disposal of securities	(57,550)	101,948
Interest received from securities	37,422	6,624
Dividends and income distributions received	1,585	3,786
Acquisition of remaining 50% equity interests in jointly controlled entities	102	-
Dilution of equity interests in a subsidiary	(1,994)	-
Acquisition of other investments	-	(100)
Proceeds from disposal of an investment property	-	9,800
Property, plant and equipment	(4,805)	(7,657)
Net investing cash flow	(25,240)	114,401
Financing activities		
Dividend paid	(9,569)	(18,755)
Dividend paid by a subsidiary to minority interests	(1,762)	(1,716)
Interest paid	(14,620)	(10,170)
Net drawdown of borrowings	22,500	144,000
Issue of shares	-	469
Shares purchased	(13)	(9)
Net financing cash flow	(3,464)	113,819
Net change in cash and cash equivalents	(466,809)	670,163
Foreign exchange differences	(776)	-
Cash and cash equivalents at beginning of the financial year	995,105	324,942
Cash and cash equivalents at end of the financial year	527,520	995,105
Cash and cash equivalents at end of the financial year comprise:		
Cash and short term funds	527,520	995,105

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 YEAR ENDED 31 JULY 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 Bursa Malaysia Securities Berhad Main Market Listing Requirements. 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 year ended 31 July 2009

	As at 31-Jul-09 RM'000
Securities HFT reclassified to HTM category	
- Carrying amount	459,310
- Fair value	<u>456,690</u>

For the financial year ended 31 July 2009, the after tax effect of the unrecognised marked-to-market loss attributable to the reclassified securities of the Group amounted to approximately RM1.97 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 year ended 31 July 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 reclassified securities.

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 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 year ended 31 July 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 year ended 31 July 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 year ended 31 July 2009 except that the Company has purchased back 10,000 ordinary shares of RM1 each for cash from the open market at an average price of RM1.28 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	5,000	1.06	1.06	1.07	5,348
May 2009	5,000	1.48	1.48	1.49	7,455
	10,000				12,803

* 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 directors now recommend the payment of a first and final dividend in respect of the financial year ended 31 July 2009 of 5.0 sen per ordinary share, less income tax at 25%, amounting to RM9,568,796 based on the issued and paid-up share capital (less treasury shares) of the Company as at 31 July 2009, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company. This proposed dividend will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 July 2010 when approved by the shareholders.

Total dividends for the financial year ended 31 July 2009 amounted to 5.0 sen per ordinary share, less income tax at 25%. (Previous financial year ended 31 July 2008: 10.0 sen gross per ordinary share, less income tax).

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2009

A8 Securities Held-For-Trading

	As at 31-Jul-09 RM'000	As at 31-Jul-08 RM'000
At fair value		
Quoted in Malaysia:		
Shares, warrants and REITs	19,530	19,709
Loan stocks	1,393	1,741
Unit trusts	11,975	872
	32,898	22,322
Unquoted:		
<i>In Malaysia</i>		
Negotiable instruments of deposits	30,053	219,989
Bankers' acceptances	132,480	321,235
Malaysian Government Securities	51,216	-
Private and Islamic debt securities	178,761	484,638
<i>Outside Malaysia</i>		
Private debt securities	-	181,075
	425,408	1,229,259

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

	As at 31-Jul-09 RM'000	As at 31-Jul-08 RM'000
At fair value		
Quoted in Malaysia:		
Shares	13,650	15,777
Unit trusts	5,382	6,894
	19,032	22,671
Unquoted:		
Malaysian Government Securities	66,510	10,000
At cost		
Unquoted:		
Shares	4,490	4,490
	90,032	37,161
Accumulated impairment losses	(4,000)	(4,000)
	86,032	33,161

Included in the securities AFS are:

- (i) quoted shares held under funds under management placed by the Company with a subsidiary, HwangDBS Investment Management Berhad ("HDBSIM"), which is given the discretionary powers within certain guidelines to invest the funds amounting to RM13.7 million as at 31 July 2009 (2008: RM15.8 million); and
- (ii) investments in unit trust funds managed by a subsidiary, HDBSIM, at a carrying amount of RM4.1 million (2008: RM5.6 million) as at the balance sheet date.

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2009

A10 Securities Held-To-Maturity

	As at 31-Jul-09 RM'000	As at 31-Jul-08 RM'000
At amortised cost		
Unquoted		
<i>In Malaysia</i>		
Malaysian Government Securities	71,495	-
Private and Islamic debt securities	333,057	-
<i>Outside Malaysia</i>		
Private debt securities	126,253	-
	<u>530,805</u>	<u>-</u>

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2009

A11 Loans, Advances and Financing

	As at 31-Jul-09 RM'000	As at 31-Jul-08 RM'000
(a) By Type		
Term loans		
- bridging loans	79,688	73,980
- syndicated term loans	81,357	47,257
- other term loans	409,560	382,140
Share margin financing	105,193	156,783
Other financing	-	30,000
	<u>675,798</u>	<u>690,160</u>
Unearned interest	<u>(171,328)</u>	<u>(111,959)</u>
	504,470	578,201
Allowance for losses on loans, advances and financing:		
- general	(6,914)	(7,819)
- specific	<u>(8,787)</u>	<u>(5,050)</u>
Net loans, advances and financing	<u>488,769</u>	<u>565,332</u>
(b) By Type of Customer		
Domestic business enterprises		
- others	223,983	224,679
Individuals	90,284	206,052
Other domestic entities	182,932	133,893
Foreign entities	7,271	13,577
	<u>504,470</u>	<u>578,201</u>
(c) By Interest Rate Sensitivity		
Fixed rate		
- other fixed rate loans/financing	338,402	387,871
Variable rate		
- cost-plus	<u>166,068</u>	<u>190,330</u>
	<u>504,470</u>	<u>578,201</u>
(d) By Purpose		
Purchase of landed properties		
- non-residential	36,087	29,757
Purchase of securities	161,051	304,621
Working capital	68,787	49,796
Personal use	198,471	164,928
Others	40,074	29,099
	<u>504,470</u>	<u>578,201</u>

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2009

A11 Loans, Advances and Financing (cont'd)

	As at 31-Jul-09 RM'000	As at 31-Jul-08 RM'000
(e) Non-Performing Loans, Advances and Financing ("NPLs") by Purpose		
Purchase of securities	1,018	11,993
Working capital	8,550	959
Personal use	3,575	700
	13,143	13,652
(f) Movements in NPLs		
At beginning of the financial year	13,652	22,142
Classified as non-performing	13,158	6,151
Reclassified as performing	(223)	(892)
Amount recovered	(13,444)	(4,614)
Amount written off	-	(9,135)
At end of the financial year	13,143	13,652
Less: Specific allowance	(8,787)	(5,050)
Net NPLs	4,356	8,602
Net NPLs as a % of gross loans, advances and financing less specific allowance	0.9%	1.5%
(g) Movements in Allowance for Losses on Loans, Advances and Financing		
<u>General Allowance</u>		
At beginning of the financial year	7,819	3,262
Allowance (written back)/made	(905)	4,557
At end of the financial year	6,914	7,819
As a % of gross loans and advances less specific allowance	1.4%	1.4%
<u>Specific Allowance</u>		
At beginning of the financial year	5,050	11,738
Allowance made	7,292	2,552
Amount written back	(3,555)	(375)
Amount written off	-	(8,865)
At end of the financial year	8,787	5,050

The above average general allowance percentage of gross loans, advances and financing less specific allowance of 1.4% (2008: 1.4%) is computed based on a combination of percentages of general allowances as set out in the relevant BNM guidelines and Rules of Bursa Malaysia Securities Berhad.

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2009

A12 Clients' and Brokers' Balances

	As at 31-Jul-09	As at 31-Jul-08
Clients' and brokers' balances, net of allowance for bad and doubtful debts	401,084	162,109

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

General Allowance

At beginning of the financial year	59	129
Allowance made /(written back)	1	(70)
At end of the financial year	60	59

Specific Allowance

At beginning of the financial year	1,212	12,401
Allowance made	366	1,017
Amount written back	(283)	(904)
Amount written off	(464)	(11,302)
At end of the financial year	831	1,212

A13 Other Assets

	As at 31-Jul-09 RM'000	As at 31-Jul-08 RM'000
Trade receivables, net of allowance for doubtful debts of RM362,000 (2008: RM542,000)	5,905	8,481
Interest receivable	15,535	13,130
Statutory deposit	150	150
Clearing Guarantee Fund	1,924	1,870
Clearing Fund	1,000	1,000
Other receivables, deposits and prepayments	15,050	17,231
Other investments	2,906	2,906
	42,470	44,768

A14 Deposits from Customers

	As at 31-Jul-09 RM'000	As at 31-Jul-08 RM'000
(a) By Type of Deposit		
Demand deposits	11	-
Savings deposits	99	-
Fixed deposits	503,261	1,001,735
Negotiable instruments of deposits	2,000	50,500
	505,371	1,052,235
(b) By Type of Customer		
Government and statutory bodies	150,000	200,000
Business enterprises	340,525	790,969
Individuals	12,309	56,224
Others	2,537	5,042
	505,371	1,052,235

HWANG-DBS (MALAYSIA) BERHAD
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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2009

A15 Deposits and Placements of Banks and Other Financial Institutions

	As at 31-Jul-09 RM'000	As at 31-Jul-08 RM'000
Licensed banks	116,689	152,376
Licensed investment banks	60,000	20,000
Other financial institutions	624,237	953,172
	<u>800,926</u>	<u>1,125,548</u>

A16 Other Liabilities

	As at 31-Jul-09 RM'000	As at 31-Jul-08 RM'000
Trade payables	9,277	25,225
Interest payable	4,131	7,399
Other payables and accruals	328,415	226,089
	<u>341,823</u>	<u>258,713</u>

A17 Borrowings

(a) Total borrowings of the Group of RM334.5 million as at 31 July 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 31-Jul-09 RM'000	As at 31-Jul-08 RM'000
Short term borrowings		
Revolving credits	334,500	312,000
Long term borrowings	-	-
Total borrowings	<u>334,500</u>	<u>312,000</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-Jul-09 RM'000	3 months ended 31-Jul-08 RM'000	12 months ended 31-Jul-09 RM'000	12 months ended 31-Jul-08 RM'000
Loans, advances and financing				
- Interest income other than recoveries from NPLs	14,766	11,421	56,946	33,969
- Recoveries from NPLs	4	377	472	760
Money at call and deposit placements with financial institutions	2,797	10,180	18,511	29,415
Securities:				
- held-for-trading	2,541	14,457	22,366	32,949
- AFS	467	97	793	5,397
- held-to-maturity	8,337	-	33,723	1,227
Others	4,201	363	8,716	2,590
	<u>33,113</u>	<u>36,895</u>	<u>141,527</u>	<u>106,307</u>
Amortisation of premium less accretion of discount	1,943	257	8,737	(177)
Interest suspended	(443)	(126)	(869)	(664)
	<u>34,613</u>	<u>37,026</u>	<u>149,395</u>	<u>105,466</u>

A19 Interest Expense

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-09 RM'000	3 months ended 31-Jul-08 RM'000	12 months ended 31-Jul-09 RM'000	12 months ended 31-Jul-08 RM'000
Deposits and placements of banks and other financial institutions	(3,764)	(11,724)	(28,642)	(32,658)
Deposits from customers	(3,156)	(5,400)	(19,333)	(16,386)
Borrowings	(2,998)	(3,067)	(14,362)	(10,371)
Others	(4,318)	(1,892)	(13,619)	(2,700)
	<u>(14,236)</u>	<u>(22,083)</u>	<u>(75,956)</u>	<u>(62,115)</u>

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A20 Other Operating Income

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-09 RM'000	3 months ended 31-Jul-08 RM'000	12 months ended 31-Jul-09 RM'000	12 months ended 31-Jul-08 RM'000
Fee and commission income:				
Brokerage	33,836	18,883	79,358	124,085
Unit trust management and incentive fees	8,005	9,251	29,986	41,012
Advisory and arranger fees	919	5,252	6,709	13,300
Underwriting commission and placement income	-	18	48	916
Rollover fees	365	977	2,209	3,441
Service charges and fees	193	666	913	1,753
Other fees and commission	2,161	2,177	9,159	5,528
	<u>45,479</u>	<u>37,224</u>	<u>128,382</u>	<u>190,035</u>
Net gain/(loss) arising from disposal of:				
- securities held-for-trading	4,982	4,455	8,751	17,772
- derivatives	(2,069)	(1,861)	(13,068)	(156)
- securities AFS	118	(357)	(2,544)	2,314
- securities held-to-maturity	2,374	-	2,374	-
	<u>5,405</u>	<u>2,237</u>	<u>(4,487)</u>	<u>19,930</u>
Net unrealised gain/(loss) on:				
- securities held-for-trading	3,139	(9,690)	6,060	(10,894)
- derivatives	(2,764)	(14,490)	(20,550)	(12,273)
	<u>375</u>	<u>(24,180)</u>	<u>(14,490)</u>	<u>(23,167)</u>
Gross dividends/income distributions from:				
- securities held-for-trading	119	521	864	1,189
- securities AFS	395	1,086	1,047	3,003
	<u>514</u>	<u>1,607</u>	<u>1,911</u>	<u>4,192</u>
Other income:				
Initial service charge	2,298	3,549	7,928	17,553
Net foreign exchange gain/(loss):				
- realised	(6,831)	(4,441)	1,952	(2,523)
- unrealised	7,671	2,829	1,320	847
Rental Income	143	143	571	670
Others	832	3,826	2,827	5,619
	<u>4,113</u>	<u>5,906</u>	<u>14,598</u>	<u>22,166</u>
Total	<u>55,886</u>	<u>22,794</u>	<u>125,914</u>	<u>213,156</u>

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A21 Other Operating Expenses

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-09 RM'000	3 months ended 31-Jul-08 RM'000	12 months ended 31-Jul-09 RM'000	12 months ended 31-Jul-08 RM'000
Personnel costs:				
- Salaries, allowances and bonus	(19,504)	(11,941)	(56,434)	(66,347)
- Contributions to a defined contribution plan	(2,430)	(1,783)	(7,838)	(9,568)
- Others	(3,095)	(3,665)	(9,850)	(17,038)
	<u>(25,029)</u>	<u>(17,389)</u>	<u>(74,122)</u>	<u>(92,953)</u>
Establishment related costs:				
- Depreciation	(2,085)	(2,271)	(8,490)	(8,884)
- Rental of premises	(1,005)	(974)	(3,875)	(3,600)
- Rental of equipment	(666)	(700)	(2,756)	(2,849)
- Repairs and maintenance of premises and equipment	(440)	(305)	(1,252)	(1,250)
- Information technology expenses	(687)	(515)	(2,545)	(1,870)
- Others	(1,596)	(1,554)	(4,699)	(4,451)
	<u>(6,479)</u>	<u>(6,319)</u>	<u>(23,617)</u>	<u>(22,904)</u>
Promotion and marketing related expenses:				
- Promotion and business development	(4,810)	(3,171)	(11,922)	(14,048)
- Travelling and accommodation	(100)	(250)	(756)	(899)
- Others	(588)	(1,294)	(4,192)	(5,378)
	<u>(5,498)</u>	<u>(4,715)</u>	<u>(16,870)</u>	<u>(20,325)</u>
Administrative and general expenses:				
- Professional and consultancy fees	(772)	(1,075)	(2,533)	(2,620)
- Communication expenses	(1,185)	(1,149)	(5,013)	(4,478)
- Incentives and commission	(4,339)	(5,474)	(14,270)	(28,210)
- Regulatory charges	(2,756)	(1,365)	(5,666)	(8,943)
- Commission on standby letter of credit	-	(163)	-	(953)
- Others	(2,680)	(2,239)	(7,993)	(12,212)
	<u>(11,732)</u>	<u>(11,465)</u>	<u>(35,475)</u>	<u>(57,416)</u>
Total	<u>(48,738)</u>	<u>(39,888)</u>	<u>(150,084)</u>	<u>(193,598)</u>

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A22 Allowance for Losses on Loans, Advances and Financing

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-09 RM'000	3 months ended 31-Jul-08 RM'000	12 months ended 31-Jul-09 RM'000	12 months ended 31-Jul-08 RM'000
Allowance for bad and doubtful debts:				
Specific allowance				
- made during the financial year	(4,988)	(790)	(7,292)	(2,552)
- written back during the financial year	128	61	3,555	375
	<u>(4,860)</u>	<u>(729)</u>	<u>(3,737)</u>	<u>(2,177)</u>
General allowance				
- written back/(made) during the financial year	(149)	(1,978)	905	(4,557)
Bad debts:				
- written off	-	(270)	-	(270)
	<u>(5,009)</u>	<u>(2,977)</u>	<u>(2,832)</u>	<u>(7,004)</u>

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-09 RM'000	3 months ended 31-Jul-08 RM'000	12 months ended 31-Jul-09 RM'000	12 months ended 31-Jul-08 RM'000
Allowance for bad and doubtful debts:				
Specific allowance				
- made during the financial year	(403)	(298)	(693)	(1,240)
- written back during the financial year	129	255	283	904
	<u>(274)</u>	<u>(43)</u>	<u>(410)</u>	<u>(336)</u>
General allowance				
- (made)/written back during the financial year	(4)	35	(1)	70
Bad debts:				
- recovered	112	265	371	274
	<u>(166)</u>	<u>257</u>	<u>(40)</u>	<u>8</u>

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A24 Other Commitments

	As at 31-Jul-09 RM'000	As at 31-Jul-08 RM'000
Capital expenditure commitments	9,584	14,245
Non-cancellable operating lease commitments	4,951	7,913
Committed capital in HDM Private Equity Sdn. Bhd. ("HPE") in accordance with the Subscription Agreements between the Company and HPE	-	23,766
	14,535	45,924

A25 Capital Adequacy

(a) Capital adequacy ratios

The capital adequacy ratios of the investment banking subsidiary, HwangDBS Investment Bank Berhad ("HDBSIB") as at 31 July 2009 are 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. The presentation of comparative Tier I capital has been restated to conform with current financial year's presentation in accordance with BNM guidelines on Risk-Weighted Capital Adequacy Framework (Basel II - Risk-Weighted Assets Computation) dated 24 July 2009.

(i) The capital adequacy ratios of the investment banking subsidiary, HDBSIB are as follows:

	As at 31-Jul-09	As at 31-Jul-08
Tier I capital ratio (<i>before payment of dividend</i>)	33.8%	31.8%
Risk-weighted capital ratio (<i>before payment of dividend</i>)	33.9%	31.9%
Tier I capital ratio (<i>after payment of dividend</i>)	33.4%	31.2%
Risk-weighted capital ratio (<i>after payment of dividend</i>)	33.5%	31.3%

(ii) Eligible capital

As at 31-Jul-09	As at 31-Jul-08
650,412	647,734

(iii) Components of Tier I and Tier II capital

	As at 31-Jul-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	198,577	203,121
Statutory reserve	61,321	52,557
	<u>759,898</u>	<u>755,678</u>
Less: Goodwill	(110,002)	(110,002)
Total Tier I capital	<u>649,896</u>	<u>645,676</u>
<u>Tier II capital</u>		
General allowance for bad and doubtful debts	4,137	5,139
Total Tier II capital	<u>4,137</u>	<u>5,139</u>
Total capital	654,033	650,815
Less: Investment in subsidiaries	(3,081)	(3,081)
Other deductions	(540)	-
Capital base	<u>650,412</u>	<u>647,734</u>

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A25 Capital Adequacy (cont'd)

The investment banking subsidiary, HDBSIB has applied the provisions in paragraph 7.2 of the Concept Paper - Risk Weighted Capital Adequacy Framework (Basel II) and Capital Adequacy Framework for Islamic Banks (CAFIB) - Disclosure Requirements (Pillar 3) dated 5 December 2008, which exempts the banking institutions from disclosing comparative figures at initial disclosure as required by the Concept Paper.

- (b) Disclosure of risk-weighted assets and capital requirements of HDBSIB by class of exposure, 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	Capital Requirements RM'000
1.0	As at 31 July 2009					
	<u>Credit Risk</u>					
	<i>On-Balance Sheet Exposures</i>					
	Sovereigns/Central Banks	263,902		263,902	-	-
	Banks, Development Financial Institutions ("DFIs") & Multilateral Development Banks ("MDBs")	639,838		639,838	315,121	25,210
	Insurance Companies, Securities Firms & Fund Managers	50,629		50,629	30,651	2,452
	Corporates	633,860		633,860	440,329	35,226
	Other Assets	571,971		571,971	381,400	30,512
	Defaulted Exposures	5,059		5,059	4,468	357
	Total for On-Balance Sheet Exposures	2,165,259		2,165,259	1,171,969	93,757
<i>Off-Balance Sheet Exposures</i>						
OTC Derivatives	81,997		81,997	31,916	2,553	
Off-Balance Sheet Exposures other than OTC or credit derivatives	54,623		54,623	13,786	1,103	
Total for Off-Balance Sheet Exposures	136,620		136,620	45,702	3,656	
Total for On and Off-Balance Sheet Exposures	2,301,879		2,301,879	1,217,671	97,413	
2.0	Large Exposures Risk Requirements			-	-	-
3.0	<u>Market Risk</u>	Long Position	Short Position			
		RM'000	RM'000			
	Interest Rate Risk	7,478,830	7,112,034	366,796	304,874	24,390
	Foreign Currency Risk	358,364	335,948	22,416	22,415	1,793
	Equity Risk	20,852	-	20,852	57,255	4,580
	7,858,046	7,447,982	410,064	384,544	30,763	
4.0	Operational Risk				319,227	25,538
5.0	Total Risk-Weighted Assets and Capital Requirements				1,921,442	153,714

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A25 Capital Adequacy (cont'd)

- (c) Disclosure of the credit risk exposures of the investment banking subsidiary, HDBSIB by risk weights, 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 Banks RM'000	Banks, DFIs and MDBs RM'000	Insurance Companies, Securities Firms & Fund Managers RM'000	Corporates RM'000	Other Assets RM'000		
As at 31 July 2009							
0%	263,902	-	-	-	45,108	309,010	-
20%	-	72,760	-	167,634	182,562	422,956	84,591
50%	-	662,736	39,957	170,966	8	873,667	436,834
100%	-	-	10,672	334,116	351,458	696,246	696,246
Total Exposures	263,902	735,496	50,629	672,716	579,136	2,301,879	1,217,671
Deduction from Capital Base	-	-	-	-	3,081	3,081	-
Average Risk Weight							52.9%

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A25 Capital Adequacy (cont'd)

- (d) Disclosure of off-balance sheet and counterparty credit risk in respect 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 Amounts RM'000
As at 31 July 2009				
Direct credit substitutes	32,500	-	32,500	6,500
Foreign exchange related contracts				
One year or less	89,759	333	860	434
Over one year to five years	224,230	-	22,116	11,058
Interest/Profit rate related contracts				
One year or less	983,000	896	1,460	730
Over one year to five years	6,263,000	21,710	61,884	21,856
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	27,392	-	13,696	2,739
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	20,519	-	4,104	2,385
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	351,702	-	-	-
Total	7,992,102	22,939	136,620	45,702

Description	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk-Weighted Amounts RM'000
As at 31 July 2008				
Direct credit substitutes	65,050	-	65,050	65,050
Foreign exchange related contracts				
One year or less	103,905	168	655	152
Over one year to five years	319,950	4	38,554	16,692
Interest/Profit rate related contracts				
One year or less	1,205,000	37	1,752	876
Over one year to five years	8,454,845	9,081	64,502	31,261
Over five years	244,125	8,636	50,810	25,405
Equity related contracts				
One year or less	356	130	21	4
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	437,094	-	-	-
Total	10,830,325	18,056	221,344	139,440

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

- (e) The commercial banking subsidiary, HwangDBS Commercial Bank Plc ("HDCB") is required to comply with the minimum solvency ratio, which is the regulatory capital adequacy ratios prescribed by the National Bank of Cambodia ("NBC"). As disclosed in explanatory note A30(c), HDCB commenced operations on 23 July 2009 and is required to report on the solvency ratio to NBC with effect from August 2009.

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A26 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 31 July 2009										
Assets										
Cash and short term funds	702,395	-	-	-	-	144,820	847,215	-	847,215	1.90
Deposit and placements with banks and other financial institutions	-	77,150	-	10,631	-	-	87,781	-	87,781	2.72
Securities held-for-trading	-	-	-	-	-	-	-	425,408	425,408	4.18
Securities AFS	-	-	10,135	56,375	-	19,522	86,032	-	86,032	2.88
Securities held-to-maturity	-	-	-	119,937	410,868	-	530,805	-	530,805	6.15
Loans, advances and financing:										
- performing	306,049	5,043	355	15,006	164,874	(6,914) *	484,413	-	484,413	9.83
- non-performing	-	-	-	-	-	4,356	4,356	-	4,356	-
Clients' and brokers' balances	1,317	-	-	-	-	399,767	401,084	-	401,084	8.00
Derivative assets	-	-	-	-	-	-	-	22,759	22,759	-
Other assets ⁽¹⁾	6,508	1,924	-	-	-	290,229	298,661	-	298,661	0.93
Total assets	1,016,269	84,117	10,490	201,949	575,742	851,780	2,740,347	448,167	3,188,514	
Liabilities										
Deposits from customers	481,702	22,255	1,403	-	-	11	505,371	-	505,371	2.16
Deposits and placements of banks and other financial institutions	661,800	64,613	59,861	14,370	-	282	800,926	-	800,926	2.08
Clients' and brokers' balances	58,536	-	-	-	-	308,094	366,630	-	366,630	1.87
Derivative liabilities	-	-	-	-	-	-	-	49,284	49,284	-
Other liabilities ⁽²⁾	252,289	2,150	-	-	-	92,681	347,120	-	347,120	1.88
Borrowings	33,000	114,500	187,000	-	-	-	334,500	-	334,500	3.58
Total liabilities	1,487,327	203,518	248,264	14,370	-	401,068	2,354,547	49,284	2,403,831	
Total equity	-	-	-	-	-	784,683	784,683	-	784,683	-
Total liabilities and equity	1,487,327	203,518	248,264	14,370	-	1,185,751	3,139,230	49,284	3,188,514	
On-balance sheet interest sensitivity gap	(471,058)	(119,401)	(237,774)	187,579	575,742	(333,971)	(398,883)	398,883	-	
Off-balance sheet interest sensitivity gap	(255,000)	(125,000)	(613,000)	(4,315,000)	-	-	(5,308,000)	-	(5,308,000)	
Total interest sensitivity gap	(726,058)	(244,401)	(850,774)	(4,127,421)	575,742	(333,971)	(5,706,883)	398,883	(5,308,000)	

⁽¹⁾ Other assets include Other assets, Statutory deposits with Central Banks, 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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A26 Interest Rate Risk (cont'd)

	Non-trading book						Trading book	Total	Effective interest rate	
	Up to 1 month	> 1 - 3 months	> 3 - 12 months	> 1 - 5 years	Over 5 years	Non-interest sensitive				Sub-total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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 Central Banks, 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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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2009

A27 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) Commercial banking - commercial banking activities
- (iv) Property investment - letting of properties
- (v) Moneylending - moneylending and investment in listed and unlisted companies
- (vi) Others - include investment holding and dormant operations, none of which is of a sufficient size to be reported separately

The segmental information presented reflects commercial banking segment as a separate new segment, following the establishment of a commercial banking subsidiary on 26 June 2009 (refer to explanatory note A30(c)). The comparative segmental information presented has been restated to amalgamate the "Investment holding" segment into "Others" segment to conform with current financial year's presentation.

Primary reporting format - Business segment

12 months ended 31 July 2009	Stockbroking and related activities RM'000	Investment banking and financial services RM'000	Commercial banking RM'000	Property investment RM'000	Money- lending RM'000	Others RM'000	Consolidation adjustments RM'000	Group RM'000
Revenue								
External revenue *	104,831	142,267	-	571	45,640	2,489	-	295,798
Inter-segment revenue	-	1,982	-	4,251	-	63,676	(69,909)	-
Total revenue	104,831	144,249	-	4,822	45,640	66,165	(69,909)	295,798
Results								
Segment results	30,961	484	(1,429)	2,793	30,130	(10,778)	(1,197)	50,964
Unallocated income								218
Unallocated expenses								(4,785)
								46,397
Share of results of an associate, net of tax	-	(877)	-	-	-	-	-	(877)
Share of results of jointly controlled entities, net of tax	-	(2)	-	-	-	-	-	(2)
Profit before taxation								45,518
Taxation								(11,154)
Profit for the financial year								34,364
12 months ended 31 July 2008								
Revenue								
External revenue *	165,683	160,215	-	669	18,222	3,804	-	348,593
Inter-segment revenue	-	1,345	-	4,245	-	56,066	(61,656)	-
Total revenue	165,683	161,560	-	4,914	18,222	59,870	(61,656)	348,593
Results								
Segment results	60,773	(4,241)	-	3,425	2,868	(4,650)	2,438	60,613
Unallocated income								254
Unallocated expenses								(4,954)
								55,913
Share of results of jointly controlled entities, net of tax	-	(34)	-	-	-	(323)	-	(357)
Profit before taxation								55,556
Taxation								(14,718)
Profit for the financial year								40,838

* 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 and reimbursement of research expenses.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2009

A28 Valuation of Property, Plant and Equipment

Not applicable.

A29 Subsequent Events

There are no material events subsequent to the end of the financial year ended 31 July 2009.

A30 Changes in the Composition of the Group

There are no changes in the composition of the Group for the current quarter and financial year ended 31 July 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. ("HPE") and 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 ended 31 July 2009.

- (b) on 13 November 2008, a wholly-owned subsidiary of the Company, Asian Islamic Investment Management 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.

- (c) On 15 August 2008 and 14 January 2009, Bank Negara Malaysia and the National Bank of Cambodia have respectively granted approval to the Company for the establishment of a wholly-owned commercial bank subsidiary in Cambodia.

On 26 June 2009, the wholly-owned commercial bank subsidiary, HwangDBS Commercial Bank Plc ("HDCB") was incorporated in Cambodia and HDCB commenced operations on 23 July 2009. HDCB has an issued and paid-up capital of USD20 million comprising 20 million ordinary shares of par value USD1 each.

- (d) On 23 December 2008, the Company subscribed for an additional 23 million ordinary shares of RM1 each at par for cash in its wholly-owned subsidiary, HDM Capital Sdn. Bhd. ("HDMC"), whereby the total number of shares held in HDMC was increased from 2 million ordinary shares to 25 million ordinary shares of RM1 each amounting to RM25,000,000. On 28 July 2009, the Company has further subscribed for an additional 5 million ordinary shares of RM1 each at par for cash in HDMC. The total number of shares held by the Company in HDMC as at the balance sheet date is 30 million ordinary shares of RM1 each amounting to RM30,000,000.
- (e) On 28 July 2009, the Company subscribed for an additional 1,700,000 ordinary shares of RM1 each at par for cash in its wholly-owned subsidiary, HDM Properties Sdn. Bhd. ("HDMP"), whereby the total number of shares held by the Company in HDMP as at the balance sheet date was increased from 300,000 ordinary shares to 2,000,000 ordinary shares of RM1 each amounting to RM2,000,000.

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A31 Changes in Contingent Liabilities or Contingent Assets

Please refer to explanatory note A25(d).

A32 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 Bursa Malaysia Securities Berhad Main Market Listing Requirements.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2009

B. Explanatory Notes in accordance with Chapter 9, Part K of the Bursa Securities Main Market Listing Requirement

B1 Review of Performance of the Company and its Principal Subsidiaries

The operating revenue of the Group for the financial year ended 31 July 2009 decreased by 15% to RM295.80 million against RM348.59 million recorded in the previous financial year. This was largely attributed to the reduction in stockbroking brokerage income, lower unit trust management fees and initial service fees, partially offset by a higher net interest income from the investment banking, moneylending and consumer financing activities.

The pretax profit of the Group for the financial year 2009 is 18% lower at RM45.52 million as compared to RM55.56 million achieved in the preceding financial year. The lower profitability is mainly attributed to lower brokerage generated by the stockbroking division in line with lower Bursa value traded during the financial year under review. Market sentiments were bearish for the first three quarters of the financial year under review. However, the equity market activities rebounded in the last financial quarter with an average daily Bursa value traded of RM1.60 billion as investors' sentiments and risks appetite improved against a backdrop of improvements in economic indicators as well as measures taken by the local Government to support the domestic economy. The improved market sentiments have lifted the stockbroking division's performance in the last quarter of the financial year. Year-on-year, Bursa value traded lost 38% to RM263.36 billion for FY2009 compared to RM422.93 billion in the previous financial year.

In addition, in view of the financial markets volatility and unfavorable capital market conditions during the financial year under review, the Group's pre-tax profit is further diluted by lower unit trust management and initial service fees, net losses on derivatives trading and net unrealised losses arising from marked-to-market valuation of derivatives. These were, however, cushioned by higher net interest income, unrealised gain on marked-to-market valuation of private debt securities and lower other operating expenses.

For the fourth quarter ended 31 July 2009, the Group posted a pretax profit of RM22.05 million as compared to a pretax loss of RM4.91 million recorded in the corresponding quarter of financial year 2008. The improved financial results in the current quarter is primarily attributable to higher stockbroking brokerage as well as net gain on marked-to-market of securities and lower fair value loss on derivatives.

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 year 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 year from 31 July 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

Compared to the pretax profit of RM18.04 million achieved by the Group in the third financial quarter ended 30 April 2009, the Group registered a 22% increase in pretax profit to RM22.05 million, mainly driven by increased brokerage income for the current quarter under review and net gain on securities held-for-trading, offset by foreign exchange losses and higher operating costs incurred in the current quarter under review.

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B3 Commentary

(a) Current Year's Prospects

Although there are increasing signs of gradual global economic recovery, the Group remains vigilant and cautious in its business strategies for financial year 2010. The global economies are expected to take time to recover due to the mixed economic indicators and recessions across the globe.

The local economy is expected to remain resilient boosted by the various measures undertaken by the Government. Notwithstanding this, the operating environment is anticipated to remain challenging with increased competition in the capital and equity markets in which the Group operates.

The fixed income and debt capital markets are showing signs of gradual improvements and the investment banking division will continue to focus on developing and strengthening its distribution capabilities and invest in human capital to ensure that the Group is well positioned to exploit opportunities in the financial markets.

Going forward, the Group is confident of remaining as one of the leading stockbrokers in terms of market share. Our stockbroking income is however expected to fluctuate in tandem with the market sentiments and volume traded in the local bourse.

The Group will continue to grow its consumer financing business and fund and asset management activities as well as its overseas commercial banking operations which are expected to contribute to the Group in the long term.

The Board of Directors is confident that the Group is fundamentally strong to meet the challenges ahead and expects the performance for the financial year ending 31 July 2010 to be satisfactory.

(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 YEAR ENDED 31 JULY 2009

B6 Taxation

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-09	3 months ended 31-Jul-08	12 months ended 31-Jul-09	12 months ended 31-Jul-08
	RM'000	RM'000	RM'000	RM'000
In respect of the current financial year:				
Malaysian income tax	(6,958)	790	(14,702)	(15,852)
Deferred tax	849	423	1,578	1,060
	<u>(6,109)</u>	<u>1,213</u>	<u>(13,124)</u>	<u>(14,792)</u>
In respect of prior financial years:				
Malaysian income tax	1,465	30	2,179	90
Deferred tax	1	(11)	(209)	(16)
	<u>(4,643)</u>	<u>1,232</u>	<u>(11,154)</u>	<u>(14,718)</u>

As gazetted in the Finance Act 2007, the income tax rate is 26% for the year of assessment 2008 and for the year of assessment 2009 onwards, the income tax rate is 25%.

The effective tax rates for the current quarter and financial year ended 31 July 2009 are lower than the statutory tax rate mainly due to reversal of overaccrual for taxation in respect of prior financial years as well as capital gains and certain income, which are not subject to tax, partially offset by certain expenses which are not deductible for tax purposes.

Tax savings of the Group arising from the recognition of previously unrecognised tax losses amounted to RM15,000 for the financial year.

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 July 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 year ended 31 July 2009.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2009

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 31-Jul-09 RM'000	Financial year ended 31-Jul-09 RM'000
(i) Total Purchase Consideration	<u>4,516</u>	<u>10,998</u>
(ii) Total Sales Proceeds	<u>3,378</u>	<u>13,288</u>
(iii) Total Profit/(Loss) on Disposal	<u>135</u>	<u>(2,698)</u>

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

	RM'000
(i) At Cost	<u>12,994</u>
(ii) At Book Value	<u>13,720</u>
(iii) At Market Value	<u>13,720</u>

B9 Status of Corporate Proposals

There are no corporate proposals announced but not completed as at date of issue of this announcement.

B10 Group Borrowings and Debt Securities

Please refer to explanatory note A17.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2009

B11 Off-Balance Sheet Financial Instruments

The value of financial instruments with off-balance sheet risk as at 18 September 2009 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:							
- currency forwards	590	590	-	-	-	-	-
- cross currency interest rate swaps	357,279	224,230	-	133,049	-	-	-
Interest rate related contracts:							
- futures contracts	5,588,000	-	200,000	231,000	647,000	4,510,000	3,686
- interest rate swaps	1,428,000	30,000	1,065,000	205,000	128,000	-	-
	7,373,869	254,820	1,265,000	569,049	775,000	4,510,000	3,686

Credit risk

Credit risk or counterparty risk is the exposure to loss due to counterparty's default on credit obligations. As at 18 September 2009, the amount of credit risk of the Group, measured in terms of the cost to replace profitable contracts is RM21.4 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 18 September 2009, the net exposure of the Group to interest rate risk and foreign currency risk, which were not hedged amounted to RM603.3 million (At 31 July 2008: RM681.8 million) and RM39.4 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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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 had filed an appeal against the decision and the appeal has been dismissed by the court on 29 July 2009.
- (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 17 and 18 November 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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B14 Earnings/(Loss) Per Share Attributable to Equity Holders of the Company

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-09	3 months ended 31-Jul-08	12 months ended 31-Jul-09	12 months ended 31-Jul-08
Profit/(Loss) for the financial year attributable to equity holders of the Company (RM'000)	16,441	(4,595)	31,290	36,303
Weighted average number of ordinary shares in issue ('000)	255,169	255,178	255,174	255,113
Basic earnings/(loss) per share (sen)	6.44	(1.80)	12.26	14.23
Profit/(Loss) for the financial year attributable to equity holders of the Company (RM'000)	16,441	(4,595)	31,290	36,303
Weighted average number of ordinary shares in issue ('000):				
- in issue during the financial year (as above)	255,169	255,178	255,174	255,113
- adjustment made for share options	-	122	-	275
	255,169	255,300	255,174	255,388
Diluted earnings/(loss) per share (sen)	6.44	(1.80)	12.26	14.22

By Order of the Board

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

**Penang
28 September 2009**