

HSBC HOLDINGS PLC
Form 6-K
July 25, 2008

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a - 16 or 15d - 16 of

the Securities Exchange Act of 1934

For the month of July, 2008

HSBC Holdings plc

42nd Floor, 8 Canada Square, London E14 5HQ, England

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F).

Form 20-F Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934).

Yes..... No

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-.....).

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The following is the text of an advertisement which is to be published in the press in Malta on 25 July 2008 by HSBC Bank Malta p.l.c., a 70.03 per cent indirectly held subsidiary of HSBC Holdings plc.

25 July 2008

HSBC BANK MALTA p.l.c.

FIRST HALF 2008 RESULTS - HIGHLIGHTS

Review of Performance

- Profit before tax of €46.6 million for the six months ended 30 June 2008 – down €12.4 million, or 21.1 per cent, compared with €59.0 million for the same period in 2007.
- Profit attributable to shareholders down 23.1 per cent, or €9.0 million, to €30.1 million, compared with €39.1 million over the comparable period in 2007.
- Earnings per share at 10.3 euro cents, compared to 13.4 euro cents for the same period in 2007.
- Loans and advances to customers of €2,968.9 million at 30 June 2008 – up €146.6 million, or 5.2 per cent, compared with 31 December 2007.
- Core customer deposits of €3,394.5 million at 30 June 2008 – up €18.8 million compared with 31 December 2007.
- Total assets of €5,100.8 million, up €205.8 million, or 4.2 per cent, compared with 31 December 2007. Total liabilities of €4,828.0 million, up €209.2 million, or 4.5 per cent, compared with 31 December 2007.
- Annualised return on capital employed of 22.0 per cent for the six months ended 30 June 2008, compared to 27.6 per cent in the first half of 2007.

Commentary by Alan Richards, Director and Chief Executive Officer, HSBC Bank Malta:

“The first half of 2008 has been challenging and profit before tax for the six months ended 30 June 2008 of €46.6 million is disappointing. This result represents a decline of 21.1 per cent in profit before tax, compared to the same period last year. The prior period did however include significantly stronger revenue flows from pre euro conversion foreign exchange and investment dealing activities. Overall profitability remains strong with a return on equity of 22.0 per cent.

“Increases in loans and advances generated a steady growth in interest receivable. This was off-set by the increase in interest payable on retail deposits and margin compression from heightened competition and euro conversion. Net interest income of €60.8 million represents a decline of 3.9 per cent compared to €63.3 million during the prior year period, which included a significant recovery from previously non-performing loans.

“Fees and commission income of €15.5 million was in line with the first half of 2007, despite reduced levels of business activity during the first quarter of 2008 due to Malta’s adoption of the euro on 1 January 2008 and the general elections. Adopting the euro also affected foreign exchange dealing income which, at €3.7 million, was significantly lower than the €8.5 million earned in the six months to 30 June 2007. Life insurance business generated a profit before tax of €6.4 million, up 5.6 per cent on the same period of the previous year.

“Operating expenses of €42.0 million are 6.1 per cent higher compared to the same period in 2007 with a cost efficiency ratio of 47.2 per cent compared to 40.1 per cent for the same period in 2007. Expense growth in the first half was primarily driven by non-recurring costs related to the euro conversion, increased staff costs and information technology investment.

“The quality of the overall loan book remains good, with loans and advances to customers continuing to increase. There was no deterioration in the quality of credit lending.

“The Available for Sale investments portfolio was marked down by €7.7 million at the close of the period. The mark-down was charged to revaluation reserves, net of tax effect.

“The bank is financially sound, liquid and has a conservative balance sheet policy with relatively low reliance on funding from the wholesale markets, and minimal investment in corporate securities.

“Whilst local market conditions are likely to be increasingly challenging, HSBC Bank Malta is well placed to support future business growth.”

The Board is declaring an interim gross dividend of 11.9 euro cents per share (7.7 euro cents net of tax). This will be paid on 22 August 2008 to shareholders who are on the bank’s register of shareholders as at 6 August 2008.

Income Statements for the period 1 January 2008 to 30 June 2008

| | <i>Group</i> | | <i>Bank</i> | |
|----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------|-------------------------------|-----------------------|
| | 6 mths to 30/06/08 | 6 mths to 30/06/07 | 6 mths to 30/06/08 | 6 mths to 30/06/07 |
| | €000 | €000 | €000 | €000 |
| Interest receivable and similar income – on loans and advances, balances with Central Bank of Malta, Treasury Bills and derivatives | 111,617 | 106,820 | 111,615 | 106,825 |
| – on debt and other fixed income instruments | 11,116 | 8,479 | 11,116 | 8,479 |
| Interest payable | (61,930) | (52,026) | (63,175) | (52,586) |
| Net interest income | 60,803 | 63,273 | 59,556 | 62,718 |
| Fees and commissions receivable | 16,855 | 16,732 | 13,384 | 13,261 |
| Fees and commissions payable | (1,347) | (1,109) | (929) | (766) |
| Net fee and commission income | 15,508 | 15,623 | 12,455 | 12,495 |
| Dividend income | 69 | 203 | 427 | 382 |
| Trading profits | 3,744 | 8,451 | 3,744 | 8,451 |
| Net income from insurance financial instruments designated at fair value through profit or loss | (14,397) | 696 | - | - |
| Net gains on sale of available-for-sale financial assets | 1,048 | 2,982 | 986 | 2,982 |
| Net earned insurance premiums | 32,621 | 31,065 | - | - |
| Other operating income | 18,808 | 7,260 | 165 | 277 |
| Total operating income | 118,204 | 129,553 | 77,333 | 87,305 |
| Net insurance claims incurred and movement in policyholders' liabilities | (29,217) | (30,911) | - | - |
| Net operating income | 88,987 | 98,642 | 77,333 | 87,305 |
| Employee compensation and benefits | (24,466) | (23,995) | (23,200) | (22,908) |
| General and administrative expenses | (14,028) | (12,089) | (13,170) | (11,309) |
| Depreciation | (2,907) | (3,047) | (2,890) | (3,033) |
| Amortisation of intangible assets | (622) | (464) | (467) | (336) |
| Net operating income before impairment reversals and provisions | 46,964 | 59,047 | 37,606 | 49,719 |
| Net impairment (provisions)/ reversals | (583) | 58 | (583) | 58 |
| Reversals/(provisions) for liabilities and other charges | 169 | (142) | 182 | (142) |
| Profit before tax | 46,550 | 58,963 | 37,205 | 49,635 |
| Tax expense | (16,494) | (19,903) | (13,223) | (16,630) |
| Profit attributable to shareholders of the bank | 30,056 | 39,060 | 23,982 | 33,005 |

| | | | | |
|---------------------------|--------------|-------|-------------|-------|
| Earnings per share | 10.3c | 13.4c | 8.2c | 11.3c |
|---------------------------|--------------|-------|-------------|-------|

Balance Sheets at 30 June 2008

| | <i>Group</i> | | <i>Bank</i> | |
|-----------------------------------------------------|------------------|-----------|------------------|-----------|
| | 30/06/08 | 31/12/07 | 30/06/08 | 31/12/07 |
| | €000 | €000 | €000 | €000 |
| Assets | | | | |
| Balances with Central Bank of Malta, | 217,551 | 472,136 | 217,550 | 472,136 |
| Treasury Bills and cash | | | | |
| Cheques in course of collection | 9,945 | 3,103 | 9,945 | 3,103 |
| Financial assets held for trading | 11,067 | 15,980 | 11,067 | 15,980 |
| Financial assets designated at fair value | 282,497 | 275,695 | - | - |
| through profit or loss | | | | |
| Financial investments | 449,958 | 456,525 | 447,892 | 452,008 |
| Loans and advances to banks | 917,609 | 631,018 | 917,503 | 630,936 |
| Loans and advances to customers | 2,968,892 | 2,822,315 | 2,968,917 | 2,822,315 |
| Shares in subsidiary companies | - | - | 29,541 | 29,541 |
| Intangible assets | 55,296 | 36,110 | 2,123 | 1,363 |
| Property and equipment | 72,702 | 77,820 | 72,757 | 77,857 |
| Investment property | 12,885 | 12,885 | 10,482 | 10,482 |
| Assets held for sale | 9,660 | 11,922 | 9,809 | 12,071 |
| Current tax recoverable | 2,269 | 2,596 | 1,663 | 1,887 |
| Deferred tax assets | 13,019 | 11,553 | 13,013 | 11,548 |
| Other assets | 30,940 | 25,855 | 10,101 | 8,938 |
| Prepayments and accrued income | 46,559 | 39,576 | 42,584 | 36,571 |
| Total assets | 5,100,849 | 4,895,089 | 4,764,947 | 4,586,736 |
| Liabilities | | | | |
| Financial liabilities held for trading | 10,068 | 15,043 | 10,166 | 15,239 |
| Amounts owed to banks | 312,279 | 87,142 | 312,279 | 87,142 |
| Amounts owed to customers | 3,990,681 | 4,039,492 | 4,065,057 | 4,107,994 |
| Provision for current tax | 13,352 | 11,043 | 5,778 | 4,294 |
| Deferred tax liabilities | 14,579 | 12,361 | - | - |
| Liabilities to customers under investment contracts | 17,641 | 18,947 | - | - |
| Liabilities under insurance contracts issued | 316,210 | 290,943 | - | - |
| Other liabilities | 37,035 | 32,303 | 33,811 | 29,294 |
| Accruals and deferred income | 57,895 | 53,147 | 57,021 | 52,374 |
| Provisions for liabilities and other charges | 245 | 414 | 198 | 380 |
| Subordinated liabilities | 57,977 | 57,962 | 57,977 | 57,962 |
| Total liabilities | 4,827,962 | 4,618,797 | 4,542,287 | 4,354,679 |
| Equity | | | | |
| Called up share capital | 87,552 | 84,976 | 87,552 | 84,976 |
| Revaluation and other reserves | 16,895 | 24,614 | 17,167 | 24,764 |
| Retained earnings | 168,440 | 166,702 | 117,941 | 122,317 |
| Total equity | 272,887 | 276,292 | 222,660 | 232,057 |
| Total liabilities and equity | 5,100,849 | 4,895,089 | 4,764,947 | 4,586,736 |

Memorandum items

| | | | | |
|------------------------|------------------|-----------|------------------|-----------|
| Contingent liabilities | 134,356 | 129,972 | 134,379 | 129,995 |
| Commitments | 1,182,019 | 1,148,034 | 1,182,019 | 1,148,034 |

Statements of Changes in Equity for the period 1 January 2008 to 30 June 2008

| | <i>Called up share capital</i> | <i>Revaluation and other Reserves</i> | <i>Retained earnings</i> | <i>Total equity</i> |
|---------------------------------------------------------------------------------------------------|----------------------------------------|-----------------------------------------------|--------------------------|-------------------------|
| <i>Group</i> | €000 | €000 | €000 | €000 |
| At 1 January 2007 as previously stated | 84,976 | 25,323 | 184,062 | 294,361 |
| Impact of adoption of IFRIC 11 | - | (575) | 189 | (386) |
| At 1 January 2007 as restated | 84,976 | 24,748 | 184,251 | 293,975 |
| Release of net gains on available-for-sale assets transferred to the income statement on disposal | - | (1,442) | (491) | (1,933) |
| Net fair value adjustments on financial investments | - | (2,499) | - | (2,499) |
| Income and expenses recognised directly in equity | - | (3,941) | (491) | (4,432) |
| Profit for the period | - | - | 39,060 | 39,060 |
| Share-based payments | - | - | 248 | 248 |
| Dividends | - | - | (46,839) | (46,839) |
| At 30 June 2007 | 84,976 | 20,807 | 176,229 | 282,012 |
| At 1 January 2008 | 84,976 | 24,614 | 166,702 | 276,292 |
| Release of net gains on available-for-sale assets transferred to the income statement on disposal | - | (703) | - | (703) |
| Net fair value adjustments on financial investments | - | (5,014) | - | (5,014) |
| Release of revaluation reserve on disposal of properties | - | (2,002) | 2,002 | - |
| Income and expenses recognised directly in equity | - | (7,719) | 2,002 | (5,717) |
| Increase in nominal value of paid-up share capital | 2,576 | - | (2,576) | - |
| Profit for the period | - | - | 30,056 | 30,056 |
| Share-based payments | - | - | 331 | 331 |
| Dividends | - | - | (28,075) | (28,075) |

At 30 June 2008

87,552

16,895

168,440

272,887

Statements of Changes in Equity for the period 1 January 2008 to 30 June 2008 (continued)

| | <i>Called up share capital</i> | <i>Revaluation and other reserves</i> | <i>Retained earnings</i> | <i>Total equity</i> |
|---------------------------------------------------------------------------------------------------|----------------------------------------|-----------------------------------------------|--------------------------|---------------------|
| Bank | €000 | €000 | €000 | €000 |
| At 1 January 2007 as previously stated | 84,976 | 25,288 | 145,083 | 255,347 |
| Impact of adoption of IFRIC 11 | - | (540) | 179 | (361) |
| At 1 January 2007 as restated | 84,976 | 24,748 | 145,262 | 254,986 |
| Release of net gains on available-for-sale assets transferred to the income statement on disposal | - | (1,442) | (491) | (1,933) |
| Net fair value adjustments on financial investments | - | (2,481) | - | (2,481) |
| Income and expenses recognised directly in equity | - | (3,923) | (491) | (4,414) |
| Profit for the period | - | - | 33,005 | 33,005 |
| Share-based payments | - | - | 243 | 243 |
| Dividends | - | - | (46,839) | (46,839) |
| At 30 June 2007 | 84,976 | 20,825 | 131,180 | 236,981 |
| At 1 January 2008 | 84,976 | 24,764 | 122,317 | 232,057 |
| Release of net gains on available-for-sale assets transferred to the income statement on disposal | - | (641) | - | (641) |
| Net fair value adjustments On financial investments | - | (4,954) | - | (4,954) |
| Release of revaluation reserve on disposal of properties | - | (2,002) | 2,002 | - |
| Income and expenses recognised directly in equity | - | (7,597) | 2,002 | (5,595) |
| Increase in nominal value of paid-up share capital | 2,576 | - | (2,576) | - |
| Profit for the period | - | - | 23,982 | 23,982 |
| Share-based payments | - | - | 291 | 291 |
| Dividends | - | - | (28,075) | (28,075) |
| At 30 June 2008 | 87,552 | 17,167 | 117,941 | 222,660 |

Cash Flow Statements for the period 1 January 2008 to 30 June 2008

| | <i>Group</i> | | <i>Bank</i> | |
|----------------------------------------------------------------------------------------------------------|----------------------------------------|-------------------------------|----------------------------------------|-------------------------------|
| | 6 mths to 30/06/08 €000 | 6 mths to 30/06/07 €000 | 6 mths to 30/06/08 €000 | 6 mths to 30/06/07 €000 |
| Cash flows used in operating activities | | | | |
| Interest, commission and premium receipts | 158,388 | 162,290 | 121,328 | 126,900 |
| Interest, commission and claims payments | (61,727) | (51,875) | (55,233) | (44,370) |
| Payments to employees and suppliers | (41,720) | (36,422) | (39,354) | (34,536) |
| Operating profit before changes in operating assets/liabilities (Increase)/decrease in operating assets: | 54,941 | 73,993 | 26,741 | 47,994 |
| Trading instruments | (22,287) | (15,365) | (19) | (1,596) |
| Reserve deposit with Central Bank of Malta | 63,891 | 18,155 | 63,891 | 18,155 |
| Loans and advances to customers and banks | (365,607) | (112,511) | (365,633) | (112,511) |
| Treasury bills | 5,236 | (87,515) | 5,236 | (87,515) |
| Other receivables (Decrease)/Increase in operating liabilities: | (7,398) | (4,808) | (6,675) | (5,027) |
| Customer accounts and amounts owed to banks | (45,183) | 94,316 | (39,407) | 103,436 |
| Other payables | 1,545 | 15,610 | 3,186 | 16,577 |
| Net cash used in operating activities | (314,862) | (18,125) | (312,680) | (20,487) |
| Tax paid | (9,998) | (4,111) | (10,057) | (4,242) |
| Net cash used in operating activities | (324,860) | (22,236) | (322,737) | (24,729) |
| Cash flows from investing activities | | | | |
| Dividends received | 55 | 147 | 282 | 264 |
| Interest received from financial investments | 11,424 | 8,097 | 11,424 | 8,097 |
| Proceeds from sale and maturity of financial investments | 26,118 | 151,481 | 23,726 | 151,481 |
| Proceeds on sale of property and equipment and intangible assets | 4,291 | 56 | 4,285 | 56 |
| Purchase of financial investments | (33,123) | (230,254) | (33,115) | (227,925) |
| Purchase of property and equipment and intangible assets | (3,126) | (1,966) | (3,111) | (1,876) |
| | 5,639 | (72,439) | 3,491 | (69,904) |

Net cash from/(used in)
investing activities

**Cash flows (used in)/from financing
activities**

| | | | | |
|--------------------------------------------------------------|------------------|----------|------------------|----------|
| Dividends paid | (28,075) | (46,839) | (28,075) | (46,839) |
| Issue of subordinated loan stock | - | 58,234 | - | 58,234 |
| Net cash (used in)/from financing activities | (28,075) | 11,395 | (28,075) | 11,395 |
| Decrease in cash and cash equivalents | (347,296) | (83,280) | (347,321) | (83,238) |
| Effect of exchange rate changes on cash and cash equivalents | (23,295) | (4,063) | (23,295) | (4,063) |
| Net decrease in cash and cash equivalents | (324,001) | (79,217) | (324,026) | (79,175) |
| | (347,296) | (83,280) | (347,321) | (83,238) |
| Cash and cash equivalents at beginning of period | 604,205 | 369,315 | 604,122 | 369,273 |
| Cash and cash equivalents at end of period | 256,909 | 286,035 | 256,801 | 286,035 |

Segmental Information

a *Class of
business*

| | <i>Personal Financial Services</i> | | <i>Commercial Banking</i> | | <i>Global Banking and Markets</i> | | <i>Total</i> | |
|-------------------------------|----------------------------------------|-----------------------|-------------------------------|-----------------------|---------------------------------------|-----------------------|-------------------------------|-----------------------|
| | 6 mths to 30/06/08 | 6 mths to 30/06/07 | 6 mths to 30/06/08 | 6 mths to 30/06/07 | 6 mths to 30/06/08 | 6 mths to 30/06/07 | 6 mths to 30/06/08 | 6 mths to 30/06/07 |
| | €000 | €000 | €000 | €000 | €000 | €000 | €000 | €000 |
| <i>Group</i> | | | | | | | | |
| Profit before tax | | | | | | | | |
| Segment operating income | 46,155 | 48,309 | 32,692 | 35,993 | 10,140 | 14,340 | 88,987 | 98,642 |
| Segment impairment allowances | (146) | (536) | (437) | 594 | - | - | (583) | 58 |
| Common costs | | | | | | | (41,854) | (39,737) |
| Profit before tax | | | | | | | 46,550 | 58,963 |

| | 30/06/08 | 31/12/07 | 30/06/08 | 31/12/07 | 30/06/08 | 31/12/07 | 30/06/08 | 31/12/07 |
|---------------|------------------|-----------|------------------|-----------|------------------|-----------|------------------|-----------|
| | €000 | €000 | €000 | €000 | €000 | €000 | €000 | €000 |
| Assets | | | | | | | | |
| Segment | 1,893,297 | 1,786,452 | 1,602,865 | 1,549,844 | 1,604,687 | 1,558,793 | 5,100,849 | 4,895,089 |
| total assets | | | | | | | | |
| Average | 1,840,773 | 1,685,162 | 1,570,583 | 1,527,964 | 1,580,714 | 1,425,844 | 4,992,070 | 4,638,970 |
| total assets | | | | | | | | |
| Total equity | 104,615 | 104,295 | 147,349 | 147,468 | 20,923 | 24,529 | 272,887 | 276,292 |

b *Geographical segments*

The group's activities are carried out within Malta. There are no identifiable geographical segments or other material concentrations.

Statement pursuant to Listing Rule 9.44k.3 issued by the Listing Authority

I confirm that to the best of my knowledge:

- the condensed interim financial statements give a true and fair view of the financial position as at 30 June 2008, financial performance and cash flows for the period then ended in accordance with accounting standards adopted for use in the EU for interim financial statements (adopted *IAS 34 'Interim Financial Reporting'*); and
- the commentary includes a fair review of the information required in terms of Listing Rule 9.44k.2.

Alan Richards, *Chief Executive Officer*

Basis of Preparation

The condensed financial statements have been extracted from HSBC Bank Malta p.l.c.'s unaudited group management accounts for the six month period ended 30 June 2008. The condensed financial statements are prepared in accordance with accounting standards adopted for use in the EU for interim financial statements (adopted IAS 34 'Interim Financial Reporting'). The half-yearly results are being published in terms of Chapters 8 and 9 of the Listing Rules of the Listing Authority - Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act 2005.

These condensed financial statements have been drawn up in accordance with the accounting policies used in the preparation of the annual audited accounts, except for a change in the basis of accounting for share-based payments in the case where a subsidiary grants rights to equity instruments of its parent to its employees following the implementation of IFRIC 11 IFRS 2 'Group and Treasury Share Transactions'. IFRIC 11 requires equity-settled transactions to be accounted for as a contribution from the parent. This change has been applied retrospectively and comparative figures have been restated accordingly. Related party transactions with other members of the HSBC Group were at a similar level to the comparable period.

Figures are presented in euro, the functional currency of HSBC Bank Malta p.l.c. from 1 January 2008. Comparative amounts are also presented in euro.

HSBC Bank Malta p.l.c.

HSBC Bank Malta p.l.c. is a member of the HSBC Group, whose ultimate parent company is HSBC Holdings plc. Headquartered in London, HSBC Holdings plc is one of the largest banking and financial services organisations in the world. The HSBC Group's international network comprises around 10,000 properties in 83 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HSBC Holdings plc

By:

Name: P A Stafford

Title: Assistant Group

Secretary

Date: July 25, 2008