

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2010

	Note	As at 31-Oct-10 RM'000	As at 31-Jul-10 RM'000
Assets			
Cash and short term funds		1,080,118	1,148,293
Deposits and placements with banks and other financial institutions		89,508	140,246
Securities held-for-trading	A8	559,151	503,808
Securities available-for-sale ("AFS")	A9	663,680	470,181
Securities held-to-maturity	A10	460,508	465,323
Loans, advances and financing	A11	616,157	611,509
Clients' and brokers' balances	A12	289,014	205,994
Derivative assets		16,574	14,111
Other assets	A13	51,954	41,206
Statutory deposits with Central Banks		26,979	20,741
Tax recoverable		8,954	14,393
Deferred tax assets		9,562	7,461
Investment in an associate		3,302	3,284
Property, plant and equipment		55,257	55,267
Investment properties		53,020	53,081
Intangible assets		162,509	162,509
Total assets		<u>4,146,247</u>	<u>3,917,407</u>
Liabilities			
Deposits from customers	A14	568,665	589,461
Deposits and placements of banks and other financial institutions	A15	1,660,955	1,532,003
Clients' and brokers' balances		273,979	209,865
Derivative liabilities		22,465	21,989
Other liabilities	A16	368,000	325,670
Taxation		5,406	4,485
Deferred tax liabilities		777	867
Borrowings	A17	401,000	407,500
Total liabilities		<u>3,301,247</u>	<u>3,091,840</u>
Equity			
Share capital		265,845	265,845
Reserves		580,189	560,064
Treasury shares, at cost		<u>(16,061)</u>	<u>(16,061)</u>
		829,973	809,848
Minority interests		<u>15,027</u>	<u>15,719</u>
Total equity		<u>845,000</u>	<u>825,567</u>
Total liabilities and equity		<u>4,146,247</u>	<u>3,917,407</u>
Net assets per share attributable to equity holders of the Company (RM)			
		<u>3.25</u>	<u>3.17</u>

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2010.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2010

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		3 months ended 31-Oct-10 RM'000	3 months ended 31-Oct-09 RM'000	3 months ended 31-Oct-10 RM'000	3 months ended 31-Oct-09 RM'000
Operating revenue		96,366	86,989	96,366	86,989
Interest income	A18	47,980	38,365	47,980	38,365
Interest expense	A19	(22,771)	(15,251)	(22,771)	(15,251)
Net interest income		25,209	23,114	25,209	23,114
Other operating income	A20	55,174	50,019	55,174	50,019
		80,383	73,133	80,383	73,133
Other operating expenses	A21	(49,053)	(43,594)	(49,053)	(43,594)
		31,330	29,539	31,330	29,539
(Allowance)/Write back of allowance for losses on:					
- loans, advances and financing	A22	(1,505)	(5,629)	(1,505)	(5,629)
- clients' balances and receivables	A23	230	217	230	217
Impairment loss on securities AFS		-	(650)	-	(650)
		30,055	23,477	30,055	23,477
Share of results of an associate, net of tax		18	(348)	18	(348)
Profit before taxation		30,073	23,129	30,073	23,129
Taxation	B6	(7,508)	(5,853)	(7,508)	(5,853)
Profit for the financial period		22,565	17,276	22,565	17,276
Attributable to:					
Equity holders of the Company		21,494	16,301	21,494	16,301
Minority interests		1,071	975	1,071	975
		22,565	17,276	22,565	17,276
Earnings per share attributable to equity holders of the Company (sen)					
- Basic	B15	8.42	6.39	8.42	6.39

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2010.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2010

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Oct-10 RM'000	3 months ended 31-Oct-09 RM'000	3 months ended 31-Oct-10 RM'000	3 months ended 31-Oct-09 RM'000
Profit for the financial period	22,565	17,276	22,565	17,276
Other comprehensive income for the financial period, net of tax:				
Currency translation differences arising from foreign operations	(2,560)	(2,138)	(2,560)	(2,138)
Securities AFS:				
- net change in fair value	1,570	1,172	1,570	1,172
- net gain transferred to income statement on disposal	(652)	(565)	(652)	(565)
	<u>(1,642)</u>	<u>(1,531)</u>	<u>(1,642)</u>	<u>(1,531)</u>
Total comprehensive income for the financial period	<u>20,923</u>	<u>15,745</u>	<u>20,923</u>	<u>15,745</u>
Attributable to:				
Equity holders of the Company	19,852	14,770	19,852	14,770
Minority interests	1,071	975	1,071	975
	<u>20,923</u>	<u>15,745</u>	<u>20,923</u>	<u>15,745</u>

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2010.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2010

Attributable to Equity Holders of the Company

Note	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	Retained profits RM'000	Sub-total RM'000	Minority interests RM'000	Total equity RM'000
At 1 August 2010											
As previously reported	255,159	265,845	(16,061)	33,090	80,132	2,912	(9,526)	453,456	809,848	15,719	825,567
Effects of adoption of FRS 139	A1(d) -	-	-	-	-	-	-	273	273	-	273
As restated	255,159	265,845	(16,061)	33,090	80,132	2,912	(9,526)	453,729	810,121	15,719	825,840
Profit for the financial period	-	-	-	-	-	-	-	21,494	21,494	1,071	22,565
Other comprehensive income for the financial period	-	-	-	-	-	918	(2,560)	-	(1,642)	-	(1,642)
Total comprehensive income for the financial period	-	-	-	-	-	918	(2,560)	21,494	19,852	1,071	20,923
Dividend paid by a subsidiary to minority interests	-	-	-	-	-	-	-	-	-	(1,763)	(1,763)
At 31 October 2010	255,159	265,845	(16,061)	33,090	80,132	3,830	(12,086)	475,223	829,973	15,027	845,000
At 1 August 2009	255,168	265,845	(16,046)	33,090	61,321	1,574	(768)	425,746	770,762	13,921	784,683
Profit for the financial period	-	-	-	-	-	-	-	16,301	16,301	975	17,276
Other comprehensive income for the financial period	-	-	-	-	-	607	(2,138)	-	(1,531)	-	(1,531)
Total comprehensive income for the financial period	-	-	-	-	-	607	(2,138)	16,301	14,770	975	15,745
Dividend paid by a subsidiary to minority interests	-	-	-	-	-	-	-	-	-	(1,763)	(1,763)
At 31 October 2009	255,168	265,845	(16,046)	33,090	61,321	2,181	(2,906)	442,047	785,532	13,133	798,665

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2010.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2010

	3 months ended 31-Oct-10 RM'000	3 months ended 31-Oct-09 RM'000
Profit for the financial period	22,565	17,276
Adjustments for:		
Non-cash items	24,446	23,307
Non-operating items - investing	(14,700)	(10,903)
Non-operating items - financing	4,293	3,035
	36,604	32,715
Changes in working capital:		
Net changes in operating assets	(106,941)	(159,313)
Net changes in operating liabilities	196,129	501,033
	125,792	374,435
Interest paid	(17,199)	(11,313)
Tax paid	(3,413)	(4,320)
Net operating cash flow	105,180	358,802
Investing activities		
Net purchase of securities	(189,892)	(8,130)
Interest received from securities	14,529	13,165
Dividends and income distributions received	1,481	894
Rental received	320	-
Proceeds from disposal of other investments	3	-
Property, plant and equipment	(2,013)	(2,105)
Net investing cash flow	(175,572)	3,824
Financing activities		
Dividend paid by a subsidiary to minority interests	(1,763)	(1,763)
Interest paid	(3,904)	(1,090)
Net (repayment)/drawdown of borrowings	(6,500)	1,000
Net financing cash flow	(12,167)	(1,853)
Net change in cash and cash equivalents	(82,559)	360,773
Foreign exchange differences	(2,317)	(1,108)
Cash and cash equivalents at beginning of the financial period	862,364	527,520
Cash and cash equivalents at end of the financial period	777,488	887,185
Cash and cash equivalents at end of the financial period comprise:		
Cash and short term funds	777,488	887,185

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2010.

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2010

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

A1 Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the Financial Reporting Standard ("FRS") 134 on "Interim Financial Reporting" 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 2010.

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 2010 except for the changes in accounting policies arising from adoption of the BNM Guidelines on Classification and Impairment Provisions for Loans/Financing and the following new/revised Financial Reporting Standards and Interpretations ("FRSs") that are effective for the Group for the financial year ending 31 July 2011:

<u>FRS</u>	<u>Description</u>
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Financial Instruments: Disclosures
Amendment to FRS 8	Operating Segments
Amendment to FRS 107	Statement of Cash Flows
Amendment to FRS 110	Events after the Balance Sheet Date
Amendment to FRS 116	Property, Plant and Equipment
Amendment to FRS 117	Leases
Amendment to FRS 118	Revenue
Amendment to FRS 123	Borrowing Costs
Amendments to FRS 127	Consolidated and Separate Financial Statements
Amendment to FRS 128	Investments in Associates
Amendments to FRS 132	Financial Instruments: Presentation
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 136	Impairment of Assets
Amendments to FRS 138	Intangible Assets
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 140	Investment Property
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	Group and Treasury Share Transactions
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation

The adoption of the above FRSs does not give rise to any material financial effects to the Group, other than the effects and changes in accounting policies as disclosed below and in explanatory note A27.

(a) FRS 7, Financial Instruments: Disclosures

FRS 7 requires disclosure of quantitative and qualitative information about exposure to risks arising from financial instruments, including minimum disclosures about credit risk, market risk and liquidity risk in the financial statements of the Group for the annual financial period commencing 1 August 2010.

The standard also requires disclosure of income, expenses, gains or losses by categories of financial assets and liabilities. Certain comparative disclosures of income, expenses, gains and losses of the Group have been restated to conform with the current financial period's presentation.

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2010

A1 Basis of Preparation (cont'd)

(b) FRS 101, Presentation of Financial Statements

The revised FRS 101 requires an entity to present, in the statement of changes in equity, all 'owner changes in equity'. All 'non-owner changes in equity' (i.e. comprehensive income) are to be presented in one statement of comprehensive income or in two statements (i.e. a separate income statement and a statement of comprehensive income). The Group has adopted the two statements approach. All 'non-owner changes in equity' which were previously presented in the consolidated statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. In addition, reclassification adjustments, which represent amounts previously recognised in other comprehensive income and subsequently reclassified to profit or loss, together with the related tax effects have to be disclosed. Comparative presentation of the financial statements of the Group have been restated to conform with the current financial period's presentation.

(c) FRS 139, Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Prior to the adoption of FRS 139, the accounting policies of the Group had incorporated requirements of BNM/GP8, which include selected principles of FRS 139 in respect of recognition, derecognition and measurement of securities and derivative instruments. The adoption of FRS 139 has resulted in changes in accounting policies as follows:

(i) Impairment of loans, advances and financing and receivables

Prior to the adoption of FRS 139, the loan loss allowances of the investment banking subsidiary and commercial banking subsidiary were determined in accordance with the Guidelines on Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts issued by BNM ("Revised BNM/GP3") and the minimum requirements as prescribed by the National Bank of Cambodia respectively. The moneylending subsidiary followed the general guidelines as set out in the Revised BNM/GP3 in so far as it relates to the parameters for periods of default and provisioning rates. The policies on identification of non-performing accounts, specific allowance for bad and doubtful debts and suspension of interest in respect of clients' and brokers' balances of the investment banking subsidiary were in accordance with the Rules of Bursa Malaysia Securities Berhad ("Rules of Bursa Securities"). Other receivables were stated at anticipated realisable values.

FRS 139 requires an entity to assess at each balance sheet date either individually or collectively whether there is objective evidence that financial assets, which are stated at amortised cost or cost (including loans, advances and financing, clients' and brokers' balances and receivables), are impaired. Financial assets are impaired if, and only if, there is objective evidence of impairment as a result of one or more events ('loss event') that has occurred and that the loss event has an impact on future estimated cash flows of the financial assets that can be reliably estimated. Impairment loss is calculated as the difference between the carrying amount and the present value of future expected cash flows discounted at the original effective interest rate of the financial assets. The carrying amount of the impaired financial assets is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

Individual impairment assessment is performed on financial assets that are individually significant. Financial assets which are homogeneous or not individually significant are grouped as a portfolio according to their credit risk characteristics for the purposes of calculating an estimated collective loss based on collective impairment assessment, taking into account the historical loss experience of such assets.

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2010

A1 Basis of Preparation (cont'd)

(c) FRS 139, Financial Instruments: Recognition and Measurement (cont'd)

(i) Impairment of loans, advances and financing and receivables (cont'd)

In accordance with the transitional arrangements under the Amendments to FRS 139, BNM has prescribed an alternative basis for collective impairment assessment in respect of loans/financing for banking institutions during the transitional period (applicable till the financial year ending 31 July 2012), as set out in the BNM Guidelines on Classification and Impairment Provisions for Loans/Financing, whereby banking institutions are required to maintain collective impairment allowance of at least 1.5% of the total outstanding loans/financing, net of individual impairment allowance. Subject to prior written approval by BNM, banking institutions are allowed to maintain a lower collective impairment allowance. Collective impairment allowances of the banking subsidiaries of the Company are arrived at based on the transitional provisions as prescribed by BNM.

For loans/financing which are individually assessed for impairment, the BNM Guidelines on Classification and Impairment Provisions for Loans/Financing also stipulate that objective evidence of impairment is deemed to exist and a loan shall be classified as impaired when principal or interest or both are past due for 3 months or more or when a loan which is in arrears for less than 3 months exhibit indications of credit weaknesses. Impairment classification in respect of clients' and brokers' balances of the investment banking subsidiary is guided by the Rules of Bursa Securities.

(ii) Recognition of interest income

Prior to the adoption of FRS 139, interest on loans, advances and financing was recognised in the income statement at contractual interest rates. FRS 139 requires interest income to be recognised using effective interest rates ("EIR"), which are the rates that exactly discount the estimated future cash receipts through the expected life of a loan or, when appropriate, a shorter period to the net carrying amount of the loan.

Prior to the adoption of FRS 139, interest accrued and recognised as income prior to the date of a loan account or clients' balances arising from stockbroking business are classified as non-performing was reversed out of income by debiting the interest income in the income statement and crediting the accrued interest receivable account or interest-in-suspense in the statements of financial position. Subsequently, interest earned on non-performing accounts is recognised on a cash basis. Upon adoption of FRS 139, once a loan or a client's balance has been written down as a result of an impairment loss, interest income is thereafter recognised using the rate of interest used to discount the future cash flows for the purpose of measuring impairment loss.

(iii) Recognition of embedded derivatives

In accordance with FRS 139 and IC Interpretation 9, embedded derivatives are to be separated from the host contract and accounted for as a derivative if the economic characteristics and risks of the embedded derivative are not closely related to that of the host contract and the fair value of the embedded derivatives can be reliably measured at inception. Previously, embedded derivatives were not separately recognised and accounted for as derivatives.

As at the beginning of the financial period, the Group does not have any embedded derivatives, which are not closely related to the host contracts and which require bifurcation.

The changes in accounting policies arising from adoption of FRS 139 have been applied prospectively. In accordance with the transitional provisions of FRS 139, the effects of adoption of FRS 139 on the carrying values of financial instruments as at the beginning of the financial period are adjusted to retained profits as at 1 August 2010, as disclosed in explanatory note A1(d) below.

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2010

A1 Basis of Preparation (cont'd)

(d) Effects of Changes in Accounting Policies

	As at 01-Aug-10 RM'000 Dr./(Cr.)
<u>Retained profits</u>	
As previously reported	(453,456)
Effects of adoption of FRS 139:	
Impairment of loans, advances and financing and receivables	(2,777)
Recognition of interest income	2,504
	(273)
As restated	(453,729)

A2 Auditors' Report

The auditors' report of the most recent annual financial statements of the Group for the financial year ended 31 July 2010 was not subject to any qualification.

A3 Seasonal or Cyclical Factors

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

A4 Exceptional Items

There are no exceptional items for the current quarter and financial period ended 31 October 2010.

A5 Changes in Estimates

There are no material changes in accounting estimates used in the preparation of the interim financial report for the current quarter and financial period ended 31 October 2010 as compared with the prior financial year.

A6 Debts and Equity Securities

There are no issuance, cancellations, repurchase, resale and repayments of debt and equity securities for the financial period ended 31 October 2010.

A7 Dividends

No dividend has been paid since the end of the previous financial year. The Board of Directors has not declared or recommended the payment of dividend in respect of the current financial year ending 31 July 2011.

A final dividend of 5.0 sen gross per share, less income tax at 25% proposed for the previous financial year ended 31 July 2010 has been approved by the shareholders of the Company at the Eighteenth Annual General Meeting held on 24 November 2010. The dividend will be paid on 20 December 2010 to depositors registered in the Record of Depositors at the close of business on 3 December 2010.

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2010

A8 Securities Held-For-Trading

	As at 31-Oct-10 RM'000	As at 31-Jul-10 RM'000
At fair value		
Quoted in Malaysia:		
Shares, warrants and REITs	20,584	21,068
Unit trusts	15,595	15,465
	36,179	36,533
Unquoted:		
<i>In Malaysia</i>		
Negotiable instruments of deposits	-	50,000
Bankers' acceptances	191,572	45,461
Malaysian Government Treasury Bills	-	29,866
BNM Monetary Notes	49,749	99,532
BNM Islamic Monetary Notes	49,741	-
Private and Islamic debt securities	207,319	218,360
<i>Outside Malaysia</i>		
Private debt securities	24,591	24,056
	559,151	503,808

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

	As at 31-Oct-10 RM'000	As at 31-Jul-10 RM'000
At fair value		
Quoted in Malaysia:		
Shares, warrants and REITs	18,395	17,104
Unit trusts	110,884	55,874
	129,279	72,978
Unquoted:		
<i>In Malaysia</i>		
Malaysian Government Sukuk	6,598	6,632
Private and Islamic debt securities	438,421	390,081
<i>Outside Malaysia</i>		
Private debt securities	82,669	-
Investment fund	6,223	-
At cost		
Unquoted:		
Shares	1,140	1,140
	664,330	470,831
Accumulated impairment loss	(650)	(650)
	663,680	470,181

Included in the securities AFS are:

- (i) quoted shares amounting to RM18.4 million (At 31 July 2010: RM17.1 million) 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; and
- (ii) investments in unit trust funds managed by a subsidiary, HDBSIM, at a carrying amount of RM94.4 million (At 31 July 2010: RM54.4 million) as at the end of the reporting period.

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2010

A10 Securities Held-To-Maturity

	As at 31-Oct-10 RM'000	As at 31-Jul-10 RM'000
At amortised cost		
Unquoted		
<i>In Malaysia</i>		
Malaysian Government Securities	70,427	70,643
Private and Islamic debt securities	277,227	279,558
<i>Outside Malaysia</i>		
Private debt securities	112,854	115,122
	<u>460,508</u>	<u>465,323</u>

In a prior financial year, the Group has reclassified certain securities held-for-trading to held-to-maturity 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 Group no longer holding these securities for purpose of selling or trading over the near term. The fair value of the reclassified securities which remained in the held-to-maturity category as at the end of the reporting period amounted to RM397.5 million (At 31 July 2010: RM397.5 million), at an effective interest rate of 6.69% (At 31 July 2010: 6.69%) per annum as at the date of reclassification.

The carrying amount and fair value of securities held-to-maturity reclassified from held-for-trading category as at the end of the reporting period are as follows:

	As at 31-Oct-10 RM'000	As at 31-Jul-10 RM'000
Carrying amount	<u>390,081</u>	<u>394,680</u>
Fair value	<u>431,199</u>	<u>427,930</u>

There is no fair value gain or loss being recognised in the current financial period in respect of the reclassified securities. 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 PERIOD ENDED 31 OCTOBER 2010

A11 Loans, Advances and Financing

	As at 31-Oct-10 RM'000	As at 31-Jul-10 RM'000
(a) By Type		
At amortised cost		
Term loans		
- housing loans	2,993	2,338
- bridging loans	8,550	8,550
- syndicated term loans	90,324	85,834
- other term loans	471,759	460,555
Overdrafts	982	171
Share margin financing	254,801	259,300
	829,409	816,748
Unearned interest	(193,995)	(182,827)
	635,414	633,921
Allowances for losses on loans, advances and financing:		
- collective impairment allowance	(9,143)	-
- individual impairment allowance	(10,114)	-
- general allowance	-	(9,251)
- specific allowance	-	(13,161)
Net loans, advances and financing	616,157	611,509
(b) By Type of Customer		
Domestic business enterprises		
- others	166,153	159,021
Individuals	237,191	247,571
Other domestic entities	210,128	206,745
Foreign business enterprises	4,818	3,499
Foreign individuals	17,124	17,085
	635,414	633,921
(c) By Geographical Distribution		
Malaysia	613,998	613,979
Cambodia	17,071	12,274
Hong Kong	2,921	2,566
Singapore	48	3,779
Other countries	1,376	1,323
	635,414	633,921
(d) By Interest Rate Sensitivity		
Fixed rate		
- other fixed rate loans/financing	533,547	537,198
- housing loans	2,993	2,338
Variable rate		
- base-lending rate plus	23,327	10,054
- cost-plus	75,547	84,331
	635,414	633,921

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2010

A11 Loans, Advances and Financing (cont'd)

	As at 31-Oct-10 RM'000	As at 31-Jul-10 RM'000
(e) By Purpose		
Purchase of landed properties		
- residential	2,993	2,338
- non-residential	1,130	544
Construction	3,850	2,579
Real estates	1,485	1,213
Purchase of securities	297,522	308,195
Working capital	41,008	42,104
Personal use	231,500	229,327
Others	55,926	47,621
	<u>635,414</u>	<u>633,921</u>
(f) By Residual Contractual Maturity		
Within 1 year	335,045	346,540
1 year to 3 years	31,526	25,487
3 years to 5 years	15,376	14,027
Over 5 years	253,467	247,867
	<u>635,414</u>	<u>633,921</u>
(g) Impaired/Non-Performing Loans, Advances and Financing by Purpose		
Purchase of securities	1,676	1,678
Working capital	8,907	8,550
Personal use	5,065	3,899
	<u>15,648</u>	<u>14,127</u>
(h) Impaired/Non-Performing Loans, Advances and Financing by Geographical Distribution		
Malaysia	15,291	14,127
Cambodia	357	-
	<u>15,648</u>	<u>14,127</u>
(i) Movements in Impaired/Non-Performing Loans, Advances and Financing		
At beginning of the financial period		
- as previously reported	14,127	13,143
- effects of adoption of FRS 139	1,004	-
- as restated	<u>15,131</u>	<u>13,143</u>
Classified as impaired/non-performing	1,895	7,429
Reclassified as non-impaired/performing	(115)	(154)
Amount recovered	(326)	(2,174)
Amount written off	<u>(937)</u>	<u>(4,117)</u>
At end of the financial period	<u>15,648</u>	<u>14,127</u>
Gross impaired/non-performing loans, advances and financing as a % of gross loans, advances and financing	<u>2.5%</u>	<u>2.2%</u>

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2010

A11 Loans, Advances and Financing (cont'd)

	As at 31-Oct-10 RM'000	As at 31-Jul-10 RM'000
(j) Movements in Allowances for Losses on Loans, Advances and Financing		
<u>Collective Impairment Allowance</u>		
At beginning of the financial period		
- as previously reported	-	-
- effects of adoption of FRS 139	9,217	-
- as restated	9,217	-
Net allowance made	588	-
Amount written off	(658)	-
Exchange differences	(4)	-
At end of the financial period	<u><u>9,143</u></u>	<u><u>-</u></u>
 As a % of gross loans, advances and financing less individual impairment allowance	 <u><u>1.5%</u></u>	 <u><u>0%</u></u>
<u>Individual Impairment Allowance</u>		
At beginning of the financial period		
- as previously reported	-	-
- effects of adoption of FRS 139	9,440	-
- as restated	9,440	-
Allowance made	674	-
Amount written back	-	-
At end of the financial period	<u><u>10,114</u></u>	<u><u>-</u></u>
<u>General Allowance</u>		
At beginning of the financial period		
- as previously reported	9,251	6,914
- effects of adoption of FRS 139	(9,251)	-
- as restated	-	6,914
Net allowance made	-	2,343
Exchange differences	-	(6)
At end of the financial period	<u><u>-</u></u>	<u><u>9,251</u></u>
 As a % of gross loans, advances and financing less specific allowance	 <u><u>0%</u></u>	 <u><u>1.5%</u></u>
<u>Specific Allowance</u>		
At beginning of the financial period		
- as previously reported	13,161	8,787
- effects of adoption of FRS 139	(13,161)	-
- as restated	-	8,787
Allowance made	-	9,276
Amount written back	-	(785)
Amount written off	-	(4,117)
At end of the financial period	<u><u>-</u></u>	<u><u>13,161</u></u>

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2010

A12 Clients' and Brokers' Balances

	As at 31-Oct-10 RM'000	As at 31-Jul-10 RM'000
Clients' and brokers' balances, net of allowances for impairment/bad and doubtful debts of RM646,000 (At 31 July 2010: RM563,000)	<u>289,014</u>	<u>205,994</u>

A13 Other Assets

	As at 31-Oct-10 RM'000	As at 31-Jul-10 RM'000
Trade receivables, net of allowances for impairment of RM496,000 (At 31 July 2010: RM488,000)	17,395	6,084
Interest receivable	14,170	17,195
Statutory deposit	150	150
Clearing Guarantee Fund	1,965	1,956
Clearing Fund	1,000	1,000
Other receivables, deposits and prepayments	14,378	11,924
Other investments	2,896	2,897
	<u>51,954</u>	<u>41,206</u>

A14 Deposits from Customers

	As at 31-Oct-10 RM'000	As at 31-Jul-10 RM'000
(a) By Type of Deposit		
Demand deposits	4,075	6,061
Savings deposits	463	448
Fixed deposits	562,436	582,427
Negotiable instruments of deposits	1,691	525
	<u>568,665</u>	<u>589,461</u>
(b) By Type of Customer		
Government and statutory bodies	80,500	-
Business enterprises	430,734	549,652
Individuals	54,550	36,919
Others	2,881	2,890
	<u>568,665</u>	<u>589,461</u>
(c) Maturity structure of fixed deposits and negotiable instruments of deposits		
Within 6 months	562,901	579,591
6 months to 1 year	1,226	3,243
1 year to 3 years	-	118
	<u>564,127</u>	<u>582,952</u>

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2010

A15 Deposits and Placements of Banks and Other Financial Institutions

	As at 31-Oct-10 RM'000	As at 31-Jul-10 RM'000
Licensed banks	320,761	184,945
Licensed investment banks	184,275	183,391
Other financial institutions	1,155,919	1,163,667
	<u>1,660,955</u>	<u>1,532,003</u>
Included in the deposits and placements of banks and other financial institutions are:		
- fixed deposits and negotiable instruments of deposits	<u>1,526,175</u>	<u>1,531,534</u>
<u>Maturity structure of fixed deposits and negotiable instruments of deposits</u>		
Within 6 months	1,516,175	1,523,830
6 months to 1 year	10,000	7,704
	<u>1,526,175</u>	<u>1,531,534</u>

A16 Other Liabilities

	As at 31-Oct-10 RM'000	As at 31-Jul-10 RM'000
Trade payables	16,940	11,627
Interest payable	10,227	8,559
Other payables and accruals	340,833	305,484
	<u>368,000</u>	<u>325,670</u>

A17 Borrowings

(a) Total borrowings of the Group of RM401 million as at 31 October 2010 are unsecured of which RM157.5 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-Oct-10 RM'000	As at 31-Jul-10 RM'000
Short term borrowings		
Revolving credits	401,000	407,500
Long term borrowings	-	-
Total borrowings	<u>401,000</u>	<u>407,500</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 31 OCTOBER 2010

A18 Interest Income

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Oct-10 RM'000	3 months ended 31-Oct-09 RM'000	3 months ended 31-Oct-10 RM'000	3 months ended 31-Oct-09 RM'000
Loans, advances and financing *	21,597	15,627	21,597	15,627
Money at call and deposit placements				
with financial institutions	6,224	4,410	6,224	4,410
Securities held-for-trading	4,797	5,231	4,797	5,231
Securities AFS	5,271	866	5,271	866
Securities held-to-maturity	6,999	7,963	6,999	7,963
Others	3,092	4,268	3,092	4,268
	<u>47,980</u>	<u>38,365</u>	<u>47,980</u>	<u>38,365</u>

* Included interest income earned on unimpaired portion of impaired loans, advances and financing of the Group amounting to RM10,000 for the current quarter and financial period ended 31 October 2010.

A19 Interest Expense

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Oct-10 RM'000	3 months ended 31-Oct-09 RM'000	3 months ended 31-Oct-10 RM'000	3 months ended 31-Oct-09 RM'000
Deposits and placements of banks and other financial institutions	(11,495)	(5,574)	(11,495)	(5,574)
Deposits from customers	(4,328)	(3,178)	(4,328)	(3,178)
Borrowings	(4,293)	(3,035)	(4,293)	(3,035)
Others	(2,655)	(3,464)	(2,655)	(3,464)
	<u>(22,771)</u>	<u>(15,251)</u>	<u>(22,771)</u>	<u>(15,251)</u>

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2010

A20 Other Operating Income

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Oct-10 RM'000	3 months ended 31-Oct-09 RM'000	3 months ended 31-Oct-10 RM'000	3 months ended 31-Oct-09 RM'000
Fee and commission income:				
Brokerage	24,034	22,623	24,034	22,623
Unit trust management and incentive fees	10,518	9,361	10,518	9,361
Advisory and arranger fees	1,218	721	1,218	721
Underwriting commission and placement income	199	22	199	22
Rollover fees	686	1,117	686	1,117
Service charges and fees	224	234	224	234
Other fees and commission	2,313	2,473	2,313	2,473
	<u>39,192</u>	<u>36,551</u>	<u>39,192</u>	<u>36,551</u>
Net gain/(loss) on securities held-for-trading:				
- gross dividends/income distributions	742	712	742	712
- net gain on disposal	1,532	3,790	1,532	3,790
- net unrealised gain	4,739	1,182	4,739	1,182
	<u>7,013</u>	<u>5,684</u>	<u>7,013</u>	<u>5,684</u>
Net gain/(loss) on derivatives:				
- net loss on disposal	(2,040)	(860)	(2,040)	(860)
- net unrealised gain	2,558	693	2,558	693
	<u>518</u>	<u>(167)</u>	<u>518</u>	<u>(167)</u>
Net gain/(loss) on securities AFS:				
- gross dividends	645	202	645	202
- net gain on disposal	870	1,393	870	1,393
	<u>1,515</u>	<u>1,595</u>	<u>1,515</u>	<u>1,595</u>
Net gain/(loss) on securities held-to-maturity:				
- net gain on disposal	-	116	-	116
Other income:				
Initial service charge	4,077	4,519	4,077	4,519
Net foreign exchange gain/(loss):				
- realised	3,992	3,683	3,992	3,683
- unrealised	(2,319)	(2,766)	(2,319)	(2,766)
Rental Income	521	142	521	142
Others	665	662	665	662
	<u>6,936</u>	<u>6,240</u>	<u>6,936</u>	<u>6,240</u>
Total	<u><u>55,174</u></u>	<u><u>50,019</u></u>	<u><u>55,174</u></u>	<u><u>50,019</u></u>

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2010

A21 Other Operating Expenses

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months ended</u> <u>31-Oct-10</u> <u>RM'000</u>	<u>3 months ended</u> <u>31-Oct-09</u> <u>RM'000</u>	<u>3 months ended</u> <u>31-Oct-10</u> <u>RM'000</u>	<u>3 months ended</u> <u>31-Oct-09</u> <u>RM'000</u>
Personnel costs:				
- Salaries, allowances and bonus	(17,255)	(15,950)	(17,255)	(15,950)
- Contributions to a defined contribution plan	(2,252)	(2,104)	(2,252)	(2,104)
- Others	(5,138)	(3,119)	(5,138)	(3,119)
	<u>(24,645)</u>	<u>(21,173)</u>	<u>(24,645)</u>	<u>(21,173)</u>
Establishment related costs:				
- Depreciation	(2,017)	(2,129)	(2,017)	(2,129)
- Rental of premises	(1,187)	(1,060)	(1,187)	(1,060)
- Rental of equipment	(694)	(689)	(694)	(689)
- Repairs and maintenance of premises and equipment	(357)	(324)	(357)	(324)
- Information technology expenses	(868)	(574)	(868)	(574)
- Others	(1,063)	(1,114)	(1,063)	(1,114)
	<u>(6,186)</u>	<u>(5,890)</u>	<u>(6,186)</u>	<u>(5,890)</u>
Promotion and marketing related expenses:				
- Promotion and business development	(4,429)	(3,618)	(4,429)	(3,618)
- Travelling and accommodation	(174)	(130)	(174)	(130)
- Others	(1,574)	(666)	(1,574)	(666)
	<u>(6,177)</u>	<u>(4,414)</u>	<u>(6,177)</u>	<u>(4,414)</u>
Administrative and general expenses:				
- Professional and consultancy fees	(709)	(831)	(709)	(831)
- Communication expenses	(1,297)	(1,327)	(1,297)	(1,327)
- Incentives and commission	(6,329)	(6,454)	(6,329)	(6,454)
- Regulatory charges	(1,852)	(1,487)	(1,852)	(1,487)
- Others	(1,858)	(2,018)	(1,858)	(2,018)
	<u>(12,045)</u>	<u>(12,117)</u>	<u>(12,045)</u>	<u>(12,117)</u>
Total	<u>(49,053)</u>	<u>(43,594)</u>	<u>(49,053)</u>	<u>(43,594)</u>

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2010

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Oct-10 RM'000	3 months ended 31-Oct-09 RM'000	3 months ended 31-Oct-10 RM'000	3 months ended 31-Oct-09 RM'000
Individual impairment allowance:				
- made during the financial period	(674)	-	(674)	-
- written back during the financial period	-	-	-	-
	(674)	-	(674)	-
Collective impairment allowance:				
- made during the financial period	(588)	-	(588)	-
Specific allowance:				
- made during the financial period	-	(5,295)	-	(5,295)
- written back during the financial period	-	235	-	235
	-	(5,060)	-	(5,060)
General allowance:				
- made during the financial period	-	(569)	-	(569)
Bad debts:				
- recovered	37	-	37	-
- written off	(280)	-	(280)	-
	<u>(1,505)</u>	<u>(5,629)</u>	<u>(1,505)</u>	<u>(5,629)</u>

A23 (Allowance)/Write Back of Allowance for Losses on Clients' Balances and Receivables

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Oct-10 RM'000	3 months ended 31-Oct-09 RM'000	3 months ended 31-Oct-10 RM'000	3 months ended 31-Oct-09 RM'000
Individual impairment allowance:				
- made during the financial period	(136)	-	(136)	-
- written back during the financial period	113	-	113	-
	(23)	-	(23)	-
Collective impairment allowance:				
- made during the financial period	(20)	-	(20)	-
Specific allowance				
- made during the financial period	-	(31)	-	(31)
- written back during the financial period	-	80	-	80
	-	49	-	49
General allowance				
- written back during the financial period	-	60	-	60
Bad debts:				
- recovered	273	108	273	108
	<u>230</u>	<u>217</u>	<u>230</u>	<u>217</u>

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2010

A24 Commitments and Contingencies

The commitments and contingencies and the related counterparty credit risk of the Group are as follows:

	As at 31-Oct-10			As at 31-Jul-10		
	Principal amount RM'000	Credit equivalent* RM'000	Risk- weighted amount RM'000	Principal amount RM'000	Credit equivalent* RM'000	Risk- weighted amount RM'000
Commitments and contingent liabilities						
Direct credit substitutes	20,000	20,000	4,000	20,000	20,000	4,000
Obligations under underwriting agreement	85,850	42,925	42,925	-	-	-
Forward asset purchases	-	-	-	25,021	25,021	11,011
Commitments to extend credits with maturity of ⁽¹⁾ :						
- less than 1 year	392,966	2,598	519	396,455	2,172	434
- 1 year to less than 5 years	14,998	8,008	1,907	16,746	8,480	1,760
- 5 years and above	1,763	1,763	881	2,216	2,216	1,108
	<u>515,577</u>	<u>75,294</u>	<u>50,232</u>	<u>460,438</u>	<u>57,889</u>	<u>18,313</u>
Derivative financial instruments						
Foreign exchange related contracts:						
- less than 1 year	291,630	3,031	2,001	215,642	1,747	1,148
- 1 year to less than 5 years	365,438	35,651	13,480	280,697	21,858	9,404
Interest rate related contracts:						
- less than 1 year	1,705,000	1,046	439	1,715,000	1,169	538
- 1 year to less than 5 years	4,183,000	31,573	10,497	4,548,000	34,832	12,301
	<u>6,545,068</u>	<u>71,301</u>	<u>26,417</u>	<u>6,759,339</u>	<u>59,606</u>	<u>23,391</u>
Total	<u>7,060,645</u>	<u>146,595</u>	<u>76,649</u>	<u>7,219,777</u>	<u>117,495</u>	<u>41,704</u>

* The credit equivalent amount in respect of the commitments and contingencies of the investment banking subsidiary is arrived at using the credit conversion factors as specified by Bank Negara Malaysia.

⁽¹⁾ Included in the commitments to extend credits are loan commitments of the commercial banking subsidiary, of which the credit equivalent amount and risk-weighted amount are computed in accordance with the relevant guidelines issued by the National Bank of Cambodia.

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2010

A25 Other Commitments

	As at 31-Oct-10 RM'000	As at 31-Jul-10 RM'000
Capital expenditure commitments	11,473	13,351
Non-cancellable operating lease commitments	8,543	9,435
	20,016	22,786

A26 Capital Adequacy

(a) Capital adequacy ratios

(i) HwangDBS Investment Bank Berhad ("HDBSIB")

The capital adequacy ratios of the investment banking subsidiary, HDBSIB are computed in accordance with the Risk Weighted Capital Adequacy Framework (Basel II - Risk Weighted Assets Computation) issued by Bank Negara Malaysia. HDBSIB has adopted the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk.

	As at 31-Oct-10 RM'000	As at 31-Jul-10 RM'000
<u>Tier I capital</u>		
Issued and fully paid share capital	500,000	500,000
Retained profits	189,230	207,984
Statutory reserve	80,132	80,132
	769,362	788,116
Less: Goodwill	(110,002)	(110,002)
Total Tier I capital	659,360	678,114
<u>Tier II capital</u>		
Collective impairment allowances	5,863	-
General allowance for losses on loans, advances and financing	-	5,807
Total Tier II capital	5,863	5,807
Total capital	665,223	683,921
Less: Investment in subsidiaries	(3,081)	(3,081)
Other deductions	(948)	(794)
Capital base	661,194	680,046
Before deducting proposed dividend:		
Tier I capital ratio	27.8%	31.6%
Risk-weighted capital ratio	27.9%	31.7%
After deducting proposed dividend:		
Tier I capital ratio	27.8%	30.7%
Risk-weighted capital ratio	27.9%	30.8%

(ii) HwangDBS Commercial Bank Plc ("HDCB")

The solvency ratio of HDCB, which is the regulatory capital adequacy ratio as prescribed by the National Bank of Cambodia, is computed based on the net worth of HDCB divided by its risk-weighted assets and off balance sheet items. The solvency ratio of HDCB is as follows:

	As at 31-Oct-10	As at 31-Jul-10
Solvency ratio	73.0%	57.7%

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2010

A27 Segmental Information

The Group is organised into the following operating segments:

- (i) Stockbroking - stockbroking, share margin financing and dealing in securities
- (ii) Investment banking - debt capital markets, corporate banking, corporate finance advisory, equity capital market services and treasury and market activities
- (iii) Commercial banking - commercial banking activities
- (iv) Investment management - management of unit trust and corporate funds
- (v) Moneylending - moneylending activities
- (vi) Others - include investment holding and other non-core operations of the Group

Upon adoption of the Amendment to FRS 8, Operating Segments on 1 August 2010, segment assets no longer form part of the segmental information reported. The comparative segmental information has been restated to conform with the current financial period's presentation.

The segmental information are as follows:

	Stock- broking RM'000	Investment banking RM'000	Commercial banking RM'000	Investment manage- ment RM'000	Money- lending RM'000	Others RM'000	Inter- segment elimination RM'000	Group RM'000
3 months ended 31 October 2010								
Revenue								
External revenue *	33,809	27,917	851	14,842	16,725	2,222	-	96,366
Inter-segment revenue	-	461	-	12	-	29,483	(29,956)	-
Total revenue	33,809	28,378	851	14,854	16,725	31,705	(29,956)	96,366
Net interest income/(expense)	6,577	7,591	679	130	12,718	(2,486)	-	25,209
Other operating income	27,918	7,175	69	15,001	2,218	32,278	(29,485)	55,174
	34,495	14,766	748	15,131	14,936	29,792	(29,485)	80,383
Other operating expense	(25,426)	(4,903)	(912)	(11,990)	(3,538)	(4,121)	1,837	(49,053)
	9,069	9,863	(164)	3,141	11,398	25,671	(27,648)	31,330
(Allowance)/Write back of allowance for losses on:								
- loans, advances and financing	67	(67)	(58)	-	(1,424)	-	(23)	(1,505)
- clients' balances and receivables	222	8	-	-	-	-	-	230
Segment profit/(loss)	9,358	9,804	(222)	3,141	9,974	25,671	(27,671)	30,055
Share of results of an associate, net of tax								18
Profit before taxation								30,073
3 months ended 31 October 2009								
Revenue								
External revenue *	28,772	27,629	760	14,100	13,530	2,198	-	86,989
Inter-segment revenue	-	438	-	10	-	14,610	(15,058)	-
Total revenue	28,772	28,067	760	14,110	13,530	16,808	(15,058)	86,989
Net interest income/(expense)	4,112	9,791	206	83	10,565	(1,643)	-	23,114
Other operating income	25,399	5,643	47	14,314	2,225	16,819	(14,428)	50,019
	29,511	15,434	253	14,397	12,790	15,176	(14,428)	73,133
Other operating expense	(22,108)	(3,945)	(1,051)	(11,529)	(2,082)	(4,657)	1,778	(43,594)
	7,403	11,489	(798)	2,868	10,708	10,519	(12,650)	29,539
(Allowance)/Write back of allowance for losses on:								
- loans, advances and financing	(456)	(4,141)	(24)	-	(1,008)	-	-	(5,629)
- clients' balances and receivables	225	(8)	-	-	-	-	-	217
Impairment loss on securities AFS	-	-	-	-	(650)	-	-	(650)
Segment profit/(loss)	7,172	7,340	(822)	2,868	9,050	10,519	(12,650)	23,477
Share of results of an associate, net of tax								(348)
Profit before taxation								23,129

* External revenue of the Group comprises all types of revenue derived from stockbroking, investment banking, commercial banking, investment management and moneylending activities, rental income from property investment and reimbursement of research expenses.

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2010

A28 Valuation of Property, Plant and Equipment

Not applicable.

A29 Subsequent Events

As previously disclosed in the interim financial report for the financial year ended 31 July 2010, the National Bank of Cambodia ("NBC") had on 27 September 2010 approved the increase of the issued and paid-up share capital of a wholly-owned subsidiary of the Company, HwangDBS Commercial Bank Plc ("HDCB") from USD30 million to USD37.5 million for the purpose of meeting the minimum capital requirement as prescribed by the NBC. However, the increase of the issued and paid-up share capital by way of allotment of an additional 7.5 million ordinary shares of USD1 each by HDCB to the Company was subject to approval by the Ministry of Commerce, Cambodia ("MOC") then. On 19 October 2010, the MOC granted its approval to HDCB and 7.5 million new ordinary shares of USD1 each were allotted by HDCB to the Company at par for cash on the same date.

There are no material events subsequent to the end of the financial period ended 31 October 2010.

A30 Changes in the Composition of the Group

There are no changes in the composition of the Group for the current quarter and financial period ended 31 October 2010.

A31 Changes in Contingent Liabilities or Contingent Assets

Please refer to explanatory note A24.

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2010

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

B1 Review of Performance of the Company and its Principal Subsidiaries

The total operating revenue of the Group for the financial period ended 31 October 2010 of RM96.4 million is 11% higher relative to RM87.0 million recorded in the first quarter of the financial year 2010. The growth in revenue of the Group is primarily attributed to increase in interest income and brokerage income generated from stockbroking activities, higher interest income from consumer financing activities as well as fees from fund management activities, partially offset by lower gain from securities trading by the investment banking division.

The Group reported a 30% growth in pretax profit for the first quarter ended 31 October 2010 to RM30.1 million, as compared to RM23.1 million in the corresponding period last year. The increase in pretax profit is mainly attributable to lower impairment allowance on loans, advances and financing, higher net marked-to-market gain on securities held-for-trading and derivatives, coupled with increase in net interest income from the investment banking and consumer financing activities in the current quarter under review. These were, however, partially abated by a reduction in net gain from trading in securities, higher loss on derivatives as well as higher personnel and incentive costs for the current financial period.

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 current financial quarter.

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

On a quarter-to-quarter basis, the pretax profit of the Group for the current quarter of RM30.1 million represents a 88% increase from RM16.0 million recorded in the last quarter of the financial year 2010, mainly driven by higher stockbroking brokerage income, in line with a 31% increase in Bursa value traded during the current quarter. In addition, a higher net marked-to-market gain on securities held-for-trading and derivatives held by the investment banking subsidiary as well as a lower collective impairment loss for the current quarter have also contributed to a higher earnings of the Group.

B3 Commentary

(a) Current Year's Prospects

The Malaysian economy is expected to remain resilient following several fiscal measures announced by the Government to create and sustain long term economic growth.

Competition in the investment banking industry will continue to remain keen as a result of a more liberalised operating environment coupled with expected new entrants arising from the recent issuance of new banking and stockbroking licences by the relevant authorities. Amidst the competitive landscape, the Group will continue to focus on developing its investment banking business, in particular, its advisory and capital market activities. Performance of the stockbroking division will move in tandem with market sentiments and the level of trading activities in the local bourse.

The expansion plans for the Group's commercial banking business in Cambodia is on target with the impending opening of two bank branches by the end of this year. The Group will also continue to grow its consumer financing and asset management business with expected increase in product offerings and projected increase in net asset value of funds managed.

Barring unforeseen circumstances, the Board of Directors expects the Group to record satisfactory performance for the three remaining quarters of the financial year ending 31 July 2011.

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2010

B3 Commentary (cont'd)

(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.

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2010

B6 Taxation

The analysis of the tax expense for the current quarter and financial period ended 31 October 2010 are as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Oct-10 RM'000	3 months ended 31-Oct-09 RM'000	3 months ended 31-Oct-10 RM'000	3 months ended 31-Oct-09 RM'000
In respect of the current financial period:				
Malaysian income tax	(9,713)	(5,878)	(9,713)	(5,878)
Foreign income tax	(9)	(7)	(9)	(7)
Deferred tax	2,214	32	2,214	32
	<u>(7,508)</u>	<u>(5,853)</u>	<u>(7,508)</u>	<u>(5,853)</u>

The effective tax rate the current quarter and financial period ended 31 October 2010 approximates the statutory tax rate.

B7 Sale of Unquoted Investments and/or Properties

There are no disposal of unquoted investments and properties for the current quarter and financial period ended 31 October 2010.

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 profit arising therefrom are as follows:

	Current quarter and financial period ended 31-Oct-10 RM'000
(i) Total Purchase Consideration	<u>3,420</u>
(ii) Total Sales Proceeds	<u>3,781</u>
(iii) Total Profit on Disposal	<u>750</u>

- (b) Total investments in quoted securities held by the Group other than HDBSIB as at 31 July 2010 are as follows:

	RM'000
(i) At Cost	<u>16,359</u>
(ii) At Book Value	<u>18,406</u>
(iii) At Market Value	<u>18,406</u>

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2010

B9 Status of Corporate Proposals

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

B10 Group Borrowings and Debt Securities

Please refer to explanatory note A17.

B11 Breakdown of Realised and Unrealised Profits or Losses

The retained profits of the Group comprised the following:

	As at 31-Oct-10 RM'000	As at 31-Jul-10 RM'000
Net gains/(losses):		
- realised	470,013	448,685
- unrealised	5,210	4,771
	<u>475,223</u>	<u>453,456</u>

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2010

B12 Disclosure of Derivatives

- (a) The derivative assets and derivative liabilities held by the Group as at the end of the reporting period are as follows:

	As at 31-Oct-10		As at 31-Jul-10	
	Fair value		Fair value	
	Derivative assets RM'000	Derivative liabilities RM'000	Derivative assets RM'000	Derivative liabilities RM'000
Foreign exchange related contracts:				
- currency forwards	1,286	(1,417)	584	(733)
- currency swaps	226	(309)	346	(27)
- cross currency interest rate swap	3,686	(6,664)	278	(5,239)
Interest rate related contracts:				
- futures contracts	152	(22,265)	186	(23,237)
- interest rate swaps	11,376	(14,075)	12,903	(15,990)
	<u>16,726</u>	<u>(44,730)</u>	<u>14,297</u>	<u>(45,226)</u>
Less:				
Fair value of futures contracts included in other assets	<u>(152)</u>	<u>22,265</u>	<u>(186)</u>	<u>23,237</u>
	<u>16,574</u>	<u>(22,465)</u>	<u>14,111</u>	<u>(21,989)</u>

- (b) Disclosure of gains/losses arising from fair value changes of financial liabilities

	Current quarter and financial period ended 31-Oct-10 RM'000
Net unrealised loss arising from fair value changes:	
Derivative liabilities	<u>476</u>

Derivatives are initially recognised at fair values on the date on which derivative contracts are entered into and are subsequently remeasured at their fair values. Fair values of derivatives are determined based on quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. Derivatives are classified as assets when their fair values are positive and as liabilities when their fair values are negative.

The net unrealised loss on derivative liabilities for the current quarter and financial period ended 31 October 2010 arose from changes in fair value of derivatives as a result of unfavourable movements in market interest rates and/or foreign exchange rates relative to the terms of the respective derivative contracts.

- (c) The principal amount and fair value of derivatives held by the Group at 31 October 2010 classified by the remaining periods to maturity are as follows:

Type of Derivatives	Margin requirement RM'000	1 year or less RM'000	> 1 to 3 years RM'000	> 3 years RM'000	Total RM'000
(a) Principal amount					
Foreign exchange related contracts					
- currency forwards	-	162,340	4,296	-	166,636
- currency swaps	-	129,290	-	-	129,290
- cross currency interest rate swaps	-	-	280,204	80,938	361,142
Interest rate related contracts					
- futures contracts	2,935	1,445,000	3,065,000	-	4,510,000
- interest rate swaps	-	260,000	1,118,000	-	1,378,000
	2,935	1,996,630	4,467,500	80,938	6,545,068

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2010

B12 Disclosure of Derivatives (cont'd)

- (c) The principal amount and fair value of derivatives held by the Group at 31 October 2010 classified by the remaining periods to maturity are as follows (cont'd):

Type of Derivatives	1 year or less RM'000	> 1 to 3 years RM'000	> 3 years RM'000	Total RM'000
(b) Fair value				
Foreign exchange related contracts				
- currency forwards	(132)	1	-	(131)
- currency swaps	(83)	-	-	(83)
- cross currency interest rate swap	-	(1,297)	(1,681)	(2,978)
Interest rate related contracts				
- futures contracts	(7,674)	(14,439)	-	(22,113)
- interest rate swaps	(219)	(2,480)	-	(2,699)
	(8,108)	(18,215)	(1,681)	(28,004)

- (d) The financial risks associated with derivatives are as follows:

Credit risk

Foreign exchange and interest rate related derivative contracts are subject to credit risk, which refers to the potential risk of financial loss arising from defaults by counterparties in meeting their obligations. As at the end of the reporting period, the amount of credit risk of the Group, measured in terms of the cost to replace profitable contracts is RM17.4 million (At 31 July 2010: RM14.3 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 market interest rates, foreign exchange rates and equity prices underlying derivative contracts. The contractual amounts of derivatives only provide a measure of the Group's involvement in the respective type of derivatives and do not represent the amount subject to risk. As at the end of the reporting period, the net exposure of the Group to market risk, which were not hedged amounted to RM714.1 million (At 31 July 2010: RM552.1 million).

Liquidity risk

Liquidity risk is defined as the risk of the Group encountering difficulties in fulfilling its current or future payment obligations in full at the maturity date of derivatives.

- (e) There have been no changes since the end of the previous financial year in respect of the following:
- (i) the types of derivative contracts entered into, the rationale for entering into such contracts and the expected benefits accruing from these contracts;
 - (ii) the risk management policies in place for mitigating and controlling the risks associated with these derivative contracts; and
 - (iii) related accounting policies

B13 Changes in Material Litigation

There are no changes to the status of material litigation since the end of the last annual reporting period.

B14 Dividends

Please refer to explanatory note A7.

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2010

B15 Earnings Per Share Attributable to Equity Holders of the Company

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Oct-10	3 months ended 31-Oct-09	3 months ended 31-Oct-10	3 months ended 31-Oct-09
Profit for the financial period attributable to equity holders of the Company (RM'000)	21,494	16,301	21,494	16,301
Weighted average number of ordinary shares in issue ('000)	255,159	255,168	255,159	255,168
Basic earnings per share (sen)	8.42	6.39	8.42	6.39

There were no dilutive potential ordinary shares outstanding as at 31 October 2010 and 31 October 2009.

By Order of the Board

Chen Mun Peng
Tan Lee Peng
Company Secretaries

Penang
13 December 2010