

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

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 APRIL 2012**

	Note	As at 30-Apr-12 RM'000	As at 31-Jul-11 RM'000
<b>Assets</b>			
Cash and short term funds		870,207	885,629
Deposits and placements with banks and other financial institutions		27,404	179,812
Securities held-for-trading	A8	211,806	338,425
Securities available-for-sale ("AFS")	A9	1,396,827	1,193,899
Securities held-to-maturity	A10	390,249	388,335
Loans, advances and financing	A11	668,064	679,780
Clients' and brokers' balances	A12	189,556	168,102
Derivative assets	B10	17,390	26,734
Other assets	A13	54,115	39,307
Statutory deposits with Central Banks		72,318	68,204
Tax recoverable		10,827	6,543
Deferred tax assets		10,924	10,497
Investment in an associate		3,547	3,624
Property, plant and equipment		51,745	53,878
Investment properties		52,657	52,839
Intangible assets		162,509	162,509
<b>Total assets</b>		<b><u>4,190,145</u></b>	<b><u>4,258,117</u></b>
<b>Liabilities</b>			
Deposits from customers	A14	735,849	820,043
Deposits and placements of banks and other financial institutions	A15	1,551,312	1,581,036
Clients' and brokers' balances		184,480	186,725
Derivative liabilities	B10	21,087	28,233
Other liabilities	A16	416,612	369,463
Taxation		2,439	5,361
Deferred tax liabilities		228	426
Borrowings	A17	354,301	377,349
<b>Total liabilities</b>		<b><u>3,266,308</u></b>	<b><u>3,368,636</u></b>
<b>Equity</b>			
Share capital		265,845	265,845
Reserves		651,805	620,890
Treasury shares, at cost		<u>(16,061)</u>	<u>(16,061)</u>
		901,589	870,674
Non-controlling interests		<u>22,248</u>	<u>18,807</u>
<b>Total equity</b>		<b><u>923,837</u></b>	<b><u>889,481</u></b>
<b>Total liabilities and equity</b>		<b><u>4,190,145</u></b>	<b><u>4,258,117</u></b>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>			
		<b><u>3.53</u></b>	<b><u>3.41</u></b>

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2011.

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

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED INCOME STATEMENT**  
**FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2012**

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		3 months ended 30-Apr-12 RM'000	3 months ended 30-Apr-11 RM'000	9 months ended 30-Apr-12 RM'000	9 months ended 30-Apr-11 RM'000
<b>Operating revenue</b>		<u>109,957</u>	<u>97,779</u>	<u>284,929</u>	<u>303,753</u>
Interest income	A18	43,251	46,932	134,174	142,528
Interest expense	A19	<u>(23,801)</u>	<u>(22,018)</u>	<u>(73,220)</u>	<u>(68,172)</u>
<b>Net interest income</b>		<b>19,450</b>	<b>24,914</b>	<b>60,954</b>	<b>74,356</b>
Other operating income	A20	<u>73,983</u>	<u>54,207</u>	<u>176,688</u>	<u>179,777</u>
		93,433	79,121	237,642	254,133
Other operating expenses	A21	<u>(65,460)</u>	<u>(54,605)</u>	<u>(165,080)</u>	<u>(163,482)</u>
		27,973	24,516	72,562	90,651
(Allowance)/Write back of allowance for losses on:					
- loans, advances and financing	A22	(1,778)	(397)	(1,899)	(4,293)
- clients' balances and receivables	A23	408	192	787	697
		<u>26,603</u>	<u>24,311</u>	<u>71,450</u>	<u>87,055</u>
Share of results of an associate, net of tax		130	68	(77)	177
<b>Profit before taxation</b>		<b>26,733</b>	<b>24,379</b>	<b>71,373</b>	<b>87,232</b>
Taxation	B6	<u>(6,068)</u>	<u>(5,978)</u>	<u>(17,728)</u>	<u>(21,698)</u>
<b>Profit for the financial period</b>		<b>20,665</b>	<b>18,401</b>	<b>53,645</b>	<b>65,534</b>
<b>Attributable to:</b>					
Equity holders of the Company		18,221	17,500	48,032	62,170
Non-controlling interests		<u>2,444</u>	<u>901</u>	<u>5,613</u>	<u>3,364</u>
		<b>20,665</b>	<b>18,401</b>	<b>53,645</b>	<b>65,534</b>
<b>Earnings per share attributable to equity holders of the Company (sen)</b>					
- Basic	B13	<u>7.14</u>	<u>6.86</u>	<u>18.82</u>	<u>24.37</u>

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2011.

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

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2012**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-12 RM'000	3 months ended 30-Apr-11 RM'000	9 months ended 30-Apr-12 RM'000	9 months ended 30-Apr-11 RM'000
<b>Profit for the financial period</b>	<b>20,665</b>	<b>18,401</b>	<b>53,645</b>	<b>65,534</b>
<b>Other comprehensive income for the financial period:</b>				
Currency translation differences arising from foreign operations	(681)	(3,880)	2,182	(8,244)
Securities AFS:				
- net change in fair value	2,202	3,479	6,121	5,275
- net gain transferred to income statement on disposal	(3,023)	(588)	(6,327)	(2,236)
Income tax relating to components of other comprehensive income	199	(787)	44	(519)
	<u>(1,303)</u>	<u>(1,776)</u>	<u>2,020</u>	<u>(5,724)</u>
<b>Total comprehensive income for the financial period</b>	<b><u>19,362</u></b>	<b><u>16,625</u></b>	<b><u>55,665</u></b>	<b><u>59,810</u></b>
<b>Attributable to:</b>				
Equity holders of the Company	16,918	15,724	50,052	56,446
Non-controlling interests	2,444	901	5,613	3,364
	<b><u>19,362</u></b>	<b><u>16,625</u></b>	<b><u>55,665</u></b>	<b><u>59,810</u></b>

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2011.

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

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2012**

	Attributable to Equity Holders of the Company										
	Issued and fully paid ordinary shares of RM1 each			Non-distributable				Distributable		Non- controlling interests	Total equity
	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		
At 1 August 2011	255,159	265,845	(16,061)	33,090	108,377	3,946	(17,484)	492,961	870,674	18,807	889,481
Profit for the financial period	-	-	-	-	-	-	-	48,032	48,032	5,613	53,645
Other comprehensive income for the financial period, net of tax	-	-	-	-	-	(162)	2,182	-	2,020	-	2,020
Total comprehensive income for the financial period	-	-	-	-	-	(162)	2,182	48,032	50,052	5,613	55,665
Final dividend for the financial year ended 31 July 2011	-	-	-	-	-	-	-	(9,568)	(9,568)	-	(9,568)
Interim dividend for the financial year ending 31 July 2012	-	-	-	-	-	-	-	(9,569)	(9,569)	-	(9,569)
Dividend paid by a subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	-	(2,172)	(2,172)
<b>At 30 April 2012</b>	<b>255,159</b>	<b>265,845</b>	<b>(16,061)</b>	<b>33,090</b>	<b>108,377</b>	<b>3,784</b>	<b>(15,302)</b>	<b>521,856</b>	<b>901,589</b>	<b>22,248</b>	<b>923,837</b>
At 1 August 2010	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	-	-	-	-	-	-	-	62,170	62,170	3,364	65,534
Other comprehensive income for the financial period, net of tax	-	-	-	-	-	2,520	(8,244)	-	(5,724)	-	(5,724)
Total comprehensive income for the financial period	-	-	-	-	-	2,520	(8,244)	62,170	56,446	3,364	59,810
Final dividend for the financial year ended 31 July 2010	-	-	-	-	-	-	-	(9,568)	(9,568)	-	(9,568)
Interim dividend for the financial year ended 31 July 2011	-	-	-	-	-	-	-	(9,569)	(9,569)	-	(9,569)
Dividend paid by a subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,763)	(1,763)
<b>At 30 April 2011</b>	<b>255,159</b>	<b>265,845</b>	<b>(16,061)</b>	<b>33,090</b>	<b>80,132</b>	<b>5,432</b>	<b>(17,770)</b>	<b>496,762</b>	<b>847,430</b>	<b>17,320</b>	<b>864,750</b>

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2011.

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

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2012**

	<b>9 months ended 30-Apr-12 RM'000</b>	<b>9 months ended 30-Apr-11 RM'000</b>
<b>Operating activities</b>		
Profit for the financial period	53,645	65,534
<b>Adjustments for:</b>		
Non-cash items	68,634	70,713
Non-operating items - investing	(63,635)	(44,181)
Non-operating items - financing	12,373	12,669
	71,017	104,735
<b>Changes in working capital:</b>		
Net changes in operating assets	263,947	151,879
Net changes in operating liabilities	(102,675)	22,364
	232,289	278,978
Interest paid	(58,443)	(56,096)
Taxation paid	(25,527)	(10,448)
<b>Net operating cash flow</b>	<b>148,319</b>	<b>212,434</b>
<b>Investing activities</b>		
Net purchase of securities	(199,174)	(210,373)
Interest received from securities	56,092	38,625
Dividends and income distributions received	5,744	4,226
Rental received	961	961
Acquisition of other investments	(61)	(16)
Proceeds from disposal of other investments	37	7
Property, plant and equipment		
- purchases	(3,300)	(6,001)
- proceeds from disposals	98	344
<b>Net investing cash flow</b>	<b>(139,603)</b>	<b>(172,227)</b>
<b>Financing activities</b>		
Dividend paid	(9,568)	(9,568)
Dividend paid by a subsidiary to non-controlling interests	(2,172)	(1,763)
Interest paid	(9,421)	(9,297)
Net repayment of borrowings	(26,000)	(20,600)
<b>Net financing cash flow</b>	<b>(47,161)</b>	<b>(41,228)</b>
<b>Net change in cash and cash equivalents</b>	(38,445)	(1,021)
Foreign exchange differences	(68)	(5,035)
<b>Cash and cash equivalents at beginning of the financial period</b>	580,880	862,364
<b>Cash and cash equivalents at end of the financial period</b>	<b>542,367</b>	<b>856,308</b>
<b>Cash and cash equivalents at end of the financial period comprise:</b>		
Cash and short term funds	<b>542,367</b>	<b>856,308</b>

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2011.

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2012**

**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 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 2011. The explanatory notes provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 July 2011.

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 2011 except for the adoption of the following new/revised Financial Reporting Standards and Interpretations ("FRSs") that are effective for the Group for the financial year ending 31 July 2012:

<u>FRS</u>	<u>Description</u>
Amendments to FRS 3	Business Combinations
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 101	Presentation of Financial Statements
Amendments to FRS 128	Investments in Associates
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of the above FRSs does not give rise to any material financial effects to the Group.

**A2 Auditors' Report**

The auditors' report of the most recent annual financial statements of the Group for the financial year ended 31 July 2011 was not subject to any qualification.

**A3 Seasonal or Cyclical Factors**

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

**A4 Exceptional Items**

There are no exceptional items for the current quarter and financial period ended 30 April 2012 except for an insurance receipt of RM2.4 million in the first quarter of the financial year arising from claim for losses sustained by the investment banking subsidiary in a prior financial year over an incident of unauthorised sale of shares by a former remisier's assistant.

**A5 Changes in Estimates**

There are no material changes in accounting estimates used in the preparation of the interim financial report for the current quarter and financial period ended 30 April 2012 as compared with the prior financial year.

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2012**

**A6 Debts and Equity Securities**

There are no issuance, cancellations, repurchase, resale and repayments of debt and equity securities for the financial period ended 30 April 2012.

**A7 Dividends**

A final dividend of 5.0 sen per ordinary share, less 25% income tax, amounting to RM9,568,459 in respect of the previous financial year ended 31 July 2011 was paid on 20 December 2011.

An interim dividend of 5.0 sen per ordinary share, less 25% income tax, amounting to RM9,568,459 in respect of the current financial year ending 31 July 2012 was paid on 8 May 2012. (Previous financial year ended 31 July 2011: Interim dividend of 5.0 sen per ordinary share, less 25% income tax).

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2012**

**A8 Securities Held-For-Trading**

	<b>As at 30-Apr-12 RM'000</b>	<b>As at 31-Jul-11 RM'000</b>
<b>At fair value</b>		
Quoted in Malaysia:		
Shares, warrants and REITs	22,659	25,898
Unit trusts	9,848	14,032
	<u>32,507</u>	<u>39,930</u>
Unquoted:		
Bankers' acceptances	-	144,445
Malaysian Government Securities	31,181	-
Malaysian Government Islamic Investment Issues	10,056	-
BNM Monetary Notes	-	51,869
Private debt securities	138,062	102,181
	<u>211,806</u>	<u>338,425</u>

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

	<b>As at 30-Apr-12 RM'000</b>	<b>As at 31-Jul-11 RM'000</b>
<b>At fair value</b>		
Quoted in Malaysia:		
Shares, warrants and REITs	8,312	5,089
Unit trusts	167,611	151,806
	<u>175,923</u>	<u>156,895</u>
Unquoted:		
Malaysian Government Securities	182,539	-
Malaysian Government Sukuk	6,536	6,291
Malaysian Government Islamic Investment Issues	243,629	212,767
Malaysian Government Treasury Bills	29,923	-
BNM Islamic Negotiable Notes	49,817	-
BNM Islamic Monetary Notes	-	98,894
Private and Islamic debt securities	703,221	713,769
Investment fund	4,749	4,793
<b>At cost</b>		
Unquoted:		
Shares	1,140	1,140
	<u>1,397,477</u>	<u>1,194,549</u>
Accumulated impairment loss	(650)	(650)
	<u>1,396,827</u>	<u>1,193,899</u>

Included in the securities AFS are investments in unit trust funds managed by a subsidiary, Hwang Investment Management Berhad (formerly known as HwangDBS Investment Management Berhad) at a carrying amount of RM121.0 million as at the end of the reporting period (At 31 July 2011: RM120.4 million).

**A10 Securities Held-To-Maturity**

	<b>As at 30-Apr-12 RM'000</b>	<b>As at 31-Jul-11 RM'000</b>
<b>At amortised cost</b>		
Unquoted		
Private and Islamic debt securities	<u>390,249</u>	<u>388,335</u>



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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2012**

**A11 Loans, Advances and Financing**

	<b>As at 30-Apr-12 RM'000</b>	<b>As at 31-Jul-11 RM'000</b>
<b>(a) By Type</b>		
Term loans		
- housing loans	11,667	7,975
- bridging loans	3,550	3,550
- syndicated term loans	128,838	122,742
- other term loans	457,198	450,568
Overdrafts	3,068	1,999
Share margin financing	214,298	253,631
Staff loans	256	-
Other financing	178	52
	<u>819,053</u>	<u>840,517</u>
Unearned interest	<u>(128,590)</u>	<u>(137,922)</u>
	690,463	702,595
Allowance for losses:		
- collective impairment	(11,399)	(12,393)
- individual impairment	<u>(11,000)</u>	<u>(10,422)</u>
Net loans, advances and financing	<u><b>668,064</b></u>	<u><b>679,780</b></u>
<b>(b) By Type of Customer</b>		
Domestic business enterprises		
- others	242,745	252,550
Individuals	249,411	243,189
Other domestic entities	123,657	156,734
Foreign business enterprises	9,678	8,782
Foreign individuals	64,972	41,340
	<u><b>690,463</b></u>	<u><b>702,595</b></u>
<b>(c) By Geographical Distribution</b>		
Malaysia	616,168	652,844
Cambodia	66,220	41,477
Hong Kong	6,848	7,841
Singapore	886	237
Other countries	341	196
	<u><b>690,463</b></u>	<u><b>702,595</b></u>
<b>(d) By Interest Rate Sensitivity</b>		
Fixed rate		
- other fixed rate loans/financing	526,380	548,289
- housing loans	11,667	7,975
Variable rate		
- base-lending rate plus	-	30,170
- cost-plus	<u>152,416</u>	<u>116,161</u>
	<u><b>690,463</b></u>	<u><b>702,595</b></u>

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2012**

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

	<b>As at 30-Apr-12 RM'000</b>	<b>As at 31-Jul-11 RM'000</b>
<b>(e) By Purpose</b>		
Purchase of landed properties		
- residential	10,752	6,990
- non-residential	13,903	4,491
Construction	6,515	6,145
Real estates	2,650	1,515
Purchase of securities	284,057	346,506
Working capital	85,412	68,372
Personal use	180,213	189,178
Others	106,961	79,398
	<u><b>690,463</b></u>	<u><b>702,595</b></u>
<b>(f) By Residual Contractual Maturity</b>		
Within 1 year	304,318	376,166
1 year to 3 years	48,429	58,188
3 years to 5 years	92,823	23,631
Over 5 years	244,893	244,610
	<u><b>690,463</b></u>	<u><b>702,595</b></u>
<b>(g) Impaired Loans, Advances and Financing by Purpose</b>		
Purchase of landed properties		
- residential	37	18
Real estate	545	278
Purchase of securities	10,527	1,636
Working capital	7,266	7,280
Personal use	6,916	9,189
	<u><b>25,291</b></u>	<u><b>18,401</b></u>
<b>(h) Impaired Loans, Advances and Financing by Geographical Distribution</b>		
Malaysia	23,840	17,375
Cambodia	1,451	1,026
	<u><b>25,291</b></u>	<u><b>18,401</b></u>
<b>(i) Movements in Impaired Loans, Advances and Financing</b>		
At beginning of the financial period	18,401	15,131
Classified as impaired	25,531	32,405
Reclassified as non-impaired	(13,352)	(18,871)
Amount recovered	(1,513)	(7,150)
Amount written off	(3,796)	(3,114)
Exchange differences	20	-
At end of the financial period	<u><b>25,291</b></u>	<u><b>18,401</b></u>
Gross impaired loans, advances and financing as a % of gross loans, advances and financing	<u><b>3.7%</b></u>	<u><b>2.6%</b></u>

**HWANG-DBS (MALAYSIA) BERHAD**  
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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2012**

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

	<b>As at 30-Apr-12 RM'000</b>	<b>As at 31-Jul-11 RM'000</b>
<b>(j) Movements in Allowance for Losses</b>		
<u>Collective Impairment</u>		
At beginning of the financial period	12,393	9,217
Net allowance made	2,497	5,163
Amount written off	(3,498)	(1,963)
Exchange differences	7	(24)
At end of the financial period	<b>11,399</b>	<b>12,393</b>
As a % of gross loans, advances and financing less individual impairment allowance	<b>1.7%</b>	<b>1.8%</b>
<u>Individual Impairment</u>		
At beginning of the financial period	10,422	9,440
Allowance made	703	6,013
Amount written back	(123)	(5,023)
Exchange differences	(2)	(8)
At end of the financial period	<b>11,000</b>	<b>10,422</b>

**HWANG-DBS (MALAYSIA) BERHAD**  
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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2012**

**A12 Clients' and Brokers' Balances**

	<b>As at 30-Apr-12 RM'000</b>	<b>As at 31-Jul-11 RM'000</b>
Clients' and brokers' balances, net of allowances for impairment of RM627,000 (At 31 July 2011: RM740,000)	<u><b>189,556</b></u>	<u><b>168,102</b></u>

**A13 Other Assets**

	<b>As at 30-Apr-12 RM'000</b>	<b>As at 31-Jul-11 RM'000</b>
Trade receivables, net of allowances for impairment of RM254,000 (At 31 July 2011: RM341,000)	30,921	8,620
Statutory deposit	150	150
Clearing Guarantee Fund	2,044	2,002
Clearing Fund	1,000	1,000
Other receivables, deposits and prepayments	17,019	24,590
Other investments	2,981	2,945
	<u><b>54,115</b></u>	<u><b>39,307</b></u>

**A14 Deposits from Customers**

	<b>As at 30-Apr-12 RM'000</b>	<b>As at 31-Jul-11 RM'000</b>
<b>(a) By Type of Deposit</b>		
Demand deposits	2,076	6,913
Savings deposits	3,895	2,120
Fixed deposits	720,867	805,521
Negotiable instruments of deposits	3,878	3,873
Other deposits	5,133	1,616
	<u><b>735,849</b></u>	<u><b>820,043</b></u>
<b>(b) By Type of Customer</b>		
Government and statutory bodies	163,269	140,389
Business enterprises	509,445	628,402
Individuals	49,538	47,296
Others	13,597	3,956
	<u><b>735,849</b></u>	<u><b>820,043</b></u>
<b>(c) By Maturity Structure of Term Deposits</b>		
Within 6 months	714,406	804,721
6 months to 1 year	15,472	6,289
	<u><b>729,878</b></u>	<u><b>811,010</b></u>

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

	<b>As at 30-Apr-12 RM'000</b>	<b>As at 31-Jul-11 RM'000</b>
Licensed banks	79,685	88,604
Licensed investment banks	37,160	16,276
Other financial institutions	1,434,467	1,476,156
	<b><u>1,551,312</u></b>	<b><u>1,581,036</u></b>

**A16 Other Liabilities**

	<b>As at 30-Apr-12 RM'000</b>	<b>As at 31-Jul-11 RM'000</b>
Trade payables	64,566	45,175
Amounts due to clients and dealer's representatives	284,426	259,432
Dividend payable	9,569	-
Other payables and accruals	58,051	64,856
	<b><u>416,612</u></b>	<b><u>369,463</u></b>

**A17 Borrowings**

(a) Total borrowings of the Group of RM354.3 million as at 30 April 2012 are unsecured of which RM130.0 million revolving credit lines are covered by corporate guarantees issued by the Company for a subsidiary.

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

	<b>As at 30-Apr-12 RM'000</b>	<b>As at 31-Jul-11 RM'000</b>
<b>Short term borrowings</b>		
Revolving credits	354,301	377,349
<b>Long term borrowings</b>	-	-
<b>Total borrowings</b>	<b><u>354,301</u></b>	<b><u>377,349</u></b>

(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 30-Apr-12 RM'000	3 months ended 30-Apr-11 RM'000	9 months ended 30-Apr-12 RM'000	9 months ended 30-Apr-11 RM'000
Loans, advances and financing	17,293	21,974	53,974	63,102
Money at call and deposit placements with financial institutions	4,380	5,150	14,051	18,898
Securities AFS	10,332	5,424	32,647	16,286
Securities held-to-maturity	6,460	6,819	19,574	20,780
Others	139	179	330	471
	<u>38,604</u>	<u>39,546</u>	<u>120,576</u>	<u>119,537</u>
Securities held-for-trading	2,455	4,599	6,551	14,285
Derivative financial instruments	2,192	2,787	7,047	8,706
	<u><b>43,251</b></u>	<u><b>46,932</b></u>	<u><b>134,174</b></u>	<u><b>142,528</b></u>

Interest income earned on impaired loans, advances and financing of the Group of which impairment allowance has been made amounted to RM Nil for the current quarter and financial period ended 30 April 2012.

**A19 Interest Expense**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-12 RM'000	3 months ended 30-Apr-11 RM'000	9 months ended 30-Apr-12 RM'000	9 months ended 30-Apr-11 RM'000
Deposits and placements of banks and other financial institutions	(12,653)	(11,547)	(36,619)	(34,810)
Deposits from customers	(5,441)	(4,207)	(18,869)	(13,276)
Borrowings	(3,964)	(4,043)	(12,373)	(12,669)
Others	(131)	(204)	(467)	(656)
	<u>(22,189)</u>	<u>(20,001)</u>	<u>(68,328)</u>	<u>(61,411)</u>
Derivative financial instruments	(1,612)	(2,017)	(4,892)	(6,761)
	<u><b>(23,801)</b></u>	<u><b>(22,018)</b></u>	<u><b>(73,220)</b></u>	<u><b>(68,172)</b></u>

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**A20 Other Operating Income**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-12 RM'000	3 months ended 30-Apr-11 RM'000	9 months ended 30-Apr-12 RM'000	9 months ended 30-Apr-11 RM'000
<b>Fee and commission income:</b>				
Brokerage	17,007	25,536	48,862	80,660
Fund management and incentive fees	13,857	11,584	42,279	36,250
Advisory and arranger fees	1,436	893	2,460	4,325
Underwriting commission and placement income	825	431	961	2,338
Rollover fees	589	667	1,945	1,785
Service charges and fees	230	205	715	678
Other fees and commission	1,696	1,246	4,117	4,713
	<u>35,640</u>	<u>40,562</u>	<u>101,339</u>	<u>130,749</u>
<b>Net gain on securities held-for-trading:</b>				
- net gain on disposal	6,462	6,435	14,223	13,797
- net unrealised gain/(loss)	1,314	(2,369)	5,923	4,128
	<u>7,776</u>	<u>4,066</u>	<u>20,146</u>	<u>17,925</u>
<b>Net gain/(loss) on derivatives:</b>				
- net loss on disposal	(2,683)	(2,296)	(5,928)	(6,252)
- net unrealised gain	3,315	1,639	7,588	9,029
	<u>632</u>	<u>(657)</u>	<u>1,660</u>	<u>2,777</u>
<b>Net gain on securities AFS:</b>				
- net gain on disposal	2,868	658	5,613	2,512
<b>Gross dividends/income distributions</b>				
- securities held-for-trading	722	727	1,621	1,687
- securities AFS	1,206	922	3,377	2,431
	<u>1,928</u>	<u>1,649</u>	<u>4,998</u>	<u>4,118</u>
<b>Other income:</b>				
Initial service charge	21,280	5,354	33,089	13,407
Net foreign exchange gain	2,670	1,168	3,653	4,210
Rental Income	515	529	1,544	1,580
Insurance claim	-	-	2,395	-
Others	674	878	2,251	2,499
	<u>25,139</u>	<u>7,929</u>	<u>42,932</u>	<u>21,696</u>
<b>Total</b>	<u><b>73,983</b></u>	<u><b>54,207</b></u>	<u><b>176,688</b></u>	<u><b>179,777</b></u>

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**A21 Other Operating Expenses**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months ended</u> <u>30-Apr-12</u> <u>RM'000</u>	<u>3 months ended</u> <u>30-Apr-11</u> <u>RM'000</u>	<u>9 months ended</u> <u>30-Apr-12</u> <u>RM'000</u>	<u>9 months ended</u> <u>30-Apr-11</u> <u>RM'000</u>
<b>Personnel costs:</b>				
- Salaries, allowances and bonus	(23,119)	(19,767)	(64,500)	(61,475)
- Contributions to a defined contribution plan	(3,052)	(2,520)	(8,468)	(7,771)
- Others	(5,229)	(5,712)	(14,149)	(15,857)
	<u>(31,400)</u>	<u>(27,999)</u>	<u>(87,117)</u>	<u>(85,103)</u>
<b>Establishment related costs:</b>				
- Depreciation	(1,815)	(2,104)	(5,675)	(6,192)
- Rental of premises	(1,222)	(1,227)	(3,585)	(3,607)
- Rental of equipment	(689)	(672)	(2,019)	(2,057)
- Repairs and maintenance of premises and equipment	(382)	(325)	(1,258)	(1,095)
- Information technology expenses	(765)	(897)	(2,328)	(2,564)
- Others	(1,166)	(1,075)	(3,627)	(3,257)
	<u>(6,039)</u>	<u>(6,300)</u>	<u>(18,492)</u>	<u>(18,772)</u>
<b>Promotion and marketing related expenses:</b>				
- Promotion and business development	(1,760)	(4,264)	(3,008)	(14,851)
- Travelling and accommodation	(175)	(147)	(520)	(526)
- Others	(1,779)	(1,511)	(4,982)	(5,066)
	<u>(3,714)</u>	<u>(5,922)</u>	<u>(8,510)</u>	<u>(20,443)</u>
<b>Administrative and general expenses:</b>				
- Professional and consultancy fees	(514)	(994)	(2,156)	(2,426)
- Communication expenses	(1,773)	(1,415)	(4,987)	(4,085)
- Incentives and commission	(18,387)	(7,803)	(33,249)	(20,179)
- Regulatory charges	(1,602)	(1,991)	(4,529)	(6,242)
- Others	(2,031)	(2,181)	(6,040)	(6,232)
	<u>(24,307)</u>	<u>(14,384)</u>	<u>(50,961)</u>	<u>(39,164)</u>
<b>Total</b>	<u><b>(65,460)</b></u>	<u><b>(54,605)</b></u>	<u><b>(165,080)</b></u>	<u><b>(163,482)</b></u>



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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-12 RM'000	3 months ended 30-Apr-11 RM'000	9 months ended 30-Apr-12 RM'000	9 months ended 30-Apr-11 RM'000
Individual impairment:				
- made	(271)	(40)	(703)	(953)
- written back	71	-	123	23
	(200)	(40)	(580)	(930)
Collective impairment:				
- made	(1,685)	(199)	(2,497)	(2,574)
Bad debts:				
- recovered	145	46	1,476	124
- written off	(38)	(204)	(298)	(913)
	<b>(1,778)</b>	<b>(397)</b>	<b>(1,899)</b>	<b>(4,293)</b>

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-12 RM'000	3 months ended 30-Apr-11 RM'000	9 months ended 30-Apr-12 RM'000	9 months ended 30-Apr-11 RM'000
Individual impairment:				
- made	(177)	(122)	(171)	(190)
- written back	113	95	280	276
	(64)	(27)	109	86
Collective impairment:				
- (made)/written back	(15)	21	12	(26)
Bad debts:				
- recovered	487	198	666	637
	<b>408</b>	<b>192</b>	<b>787</b>	<b>697</b>

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**A24 Commitments and Contingencies**

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

	As at 30-Apr-12			As at 31-Jul-11		
	Principal amount RM'000	Credit equivalent amount* RM'000	Risk- weighted amount RM'000	Principal amount RM'000	Credit equivalent amount* RM'000	Risk- weighted amount RM'000
<b>Contingencies</b>						
Direct credit substitutes	12,500	12,500	2,500	12,500	12,500	2,500
<b>Commitments</b>						
Forward asset purchases	-	-	-	5,246	5,246	1,049
Commitments to extend credits with maturity of <sup>(1)</sup> :						
- up to 1 year	405,692	2,000	2,000	426,042	5,000	5,000
- over 1 year	31,231	18,565	7,616	27,779	17,321	5,889
	<u>436,923</u>	<u>20,565</u>	<u>9,616</u>	<u>459,067</u>	<u>27,567</u>	<u>11,938</u>
<b>Derivative financial instruments</b>						
Foreign exchange related contracts:						
- up to 1 year	852,986	23,401	10,100	956,356	28,375	15,533
- over 1 year to 5 years	241,122	24,846	4,969	280,246	30,232	7,180
Interest rate related contracts:						
- up to 1 year	2,655,000	3,590	849	1,835,000	985	212
- over 1 year to 5 years	663,000	6,425	2,868	2,713,000	15,661	5,992
	<u>4,412,108</u>	<u>58,262</u>	<u>18,786</u>	<u>5,784,602</u>	<u>75,253</u>	<u>28,917</u>
<b>Total</b>	<u><b>4,861,531</b></u>	<u><b>91,327</b></u>	<u><b>30,902</b></u>	<u><b>6,256,169</b></u>	<u><b>115,320</b></u>	<u><b>43,355</b></u>

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

<sup>(1)</sup> 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.

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**A25 Other Commitments**

	<b>As at 30-Apr-12 RM'000</b>	<b>As at 31-Jul-11 RM'000</b>
Capital expenditure commitments	18,656	20,566
Non-cancellable operating lease commitments	5,078	8,095
	<b>23,734</b>	<b>28,661</b>

**A26 Capital Adequacy**

(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 adopts the Standardised Approach for credit and market risks, and the Basic Indicator Approach for operational risk.

	<b>As at 30-Apr-12 RM'000</b>	<b>As at 31-Jul-11 RM'000</b>
<b><u>Tier I capital</u></b>		
Issued and fully paid share capital	500,000	500,000
Retained profits	187,655	213,905
Statutory reserve	108,377	108,377
Total Tier I capital	796,032	822,282
Less: Goodwill	(110,002)	(110,002)
Eligible Tier I capital	686,030	712,280
<b><u>Tier II capital</u></b>		
Collective impairment allowances	6,057	6,605
Total Tier II capital	6,057	6,605
Total capital	692,087	718,885
Less: Investment in subsidiaries	(3,081)	(3,081)
Other deductions	(442)	(418)
<b>Capital base</b>	<b>688,564</b>	<b>715,386</b>
<b>Before deducting proposed dividend:</b>		
Core capital ratio	33.0%	34.7%
Risk-weighted capital ratio	33.1%	34.9%
<b>After deducting proposed dividend:</b>		
Core capital ratio	33.0%	33.5%
Risk-weighted capital ratio	33.1%	33.6%

(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 items not recognised in the statement of financial position. The solvency ratio of HDCB is as follows:

	<b>As at 30-Apr-12</b>	<b>As at 31-Jul-11</b>
Solvency ratio	91.1%	94.1%

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**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 and equity capital market services, corporate banking, corporate finance advisory and treasury and market activities
- (iii) Commercial banking - commercial banking activities
- (iv) Moneylending - moneylending activities
- (v) Investment management - management of unit trust funds and provision of fund management services
- (vi) Others - include investment holding and other non-core operations of the Group

The segmental information are as follows:

	Stock- broking RM'000	Investment banking RM'000	Commercial banking RM'000	Money- lending RM'000	Investment manage- ment RM'000	Others RM'000	Inter- segment elimination RM'000	Group RM'000
<b>9 months ended 30 April 2012</b>								
<b>Revenue</b>								
External revenue *	83,954	80,055	5,993	32,809	76,100	6,018	-	284,929
Inter-segment revenue	-	1,354	-	-	43	43,380	(44,777)	-
<b>Total revenue</b>	<b>83,954</b>	<b>81,409</b>	<b>5,993</b>	<b>32,809</b>	<b>76,143</b>	<b>49,398</b>	<b>(44,777)</b>	<b>284,929</b>
Net interest income/(expense)	18,221	19,282	5,341	24,384	1,051	(7,325)	-	60,954
Other operating income	74,408	21,957	396	3,547	77,036	49,326	(49,982)	176,688
	92,629	41,239	5,737	27,931	78,087	42,001	(49,982)	237,642
Other operating expense	(68,835)	(15,166)	(4,268)	(7,887)	(62,065)	(12,987)	6,128	(165,080)
	23,794	26,073	1,469	20,044	16,022	29,014	(43,854)	72,562
(Allowance)/Write back of allowance for losses on:								
- loans, advances and financing	590	(54)	(936)	(1,462)	-	-	(37)	(1,899)
- clients' balances and receivables	760	27	-	-	-	(4)	4	787
<b>Segment profit/(loss)</b>	<b>25,144</b>	<b>26,046</b>	<b>533</b>	<b>18,582</b>	<b>16,022</b>	<b>29,010</b>	<b>(43,887)</b>	<b>71,450</b>
Share of results of an associate, net of tax								(77)
<b>Profit before taxation</b>								<b>71,373</b>
<b>9 months ended 30 April 2011</b>								
<b>Revenue</b>								
External revenue *	113,486	83,800	2,963	44,767	50,596	8,141	-	303,753
Inter-segment revenue	-	1,337	-	-	37	33,676	(35,050)	-
<b>Total revenue</b>	<b>113,486</b>	<b>85,137</b>	<b>2,963</b>	<b>44,767</b>	<b>50,633</b>	<b>41,817</b>	<b>(35,050)</b>	<b>303,753</b>
Net interest income/(expense)	19,620	23,796	2,481	34,918	475	(6,934)	-	74,356
Other operating income	94,938	17,704	268	5,726	51,419	43,453	(33,731)	179,777
	114,558	41,500	2,749	40,644	51,894	36,519	(33,731)	254,133
Other operating expense	(83,091)	(15,939)	(3,309)	(10,688)	(42,307)	(14,233)	6,085	(163,482)
	31,467	25,561	(560)	29,956	9,587	22,286	(27,646)	90,651
(Allowance)/Write back of allowance for losses on:								
- loans, advances and financing	(364)	(67)	(395)	(3,324)	-	-	(143)	(4,293)
- clients' balances and receivables	521	176	-	-	-	(8)	8	697
<b>Segment profit/(loss)</b>	<b>31,624</b>	<b>25,670</b>	<b>(955)</b>	<b>26,632</b>	<b>9,587</b>	<b>22,278</b>	<b>(27,781)</b>	<b>87,055</b>
Share of results of an associate, net of tax								177
<b>Profit before taxation</b>								<b>87,232</b>

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

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**A28 Subsequent Events**

There are no material events subsequent to the end of the financial period ended 30 April 2012.

**A29 Changes in the Composition of the Group**

There are no changes in the composition of the Group for the current quarter and financial period ended 30 April 2012.

On 18 January 2012, a subsidiary of the Company, HwangDBS Investment Management Berhad changed its name to Hwang Investment Management Berhad ("HwangIM") to reflect the change in name of one of its shareholders from DBS Asset Management Ltd. to Nikko Asset Management Asia Ltd. There is no change in the Company's 53% equity interest in HwangIM, which remains a subsidiary of the Company.

**A30 Changes in Contingent Liabilities or Contingent Assets**

Please refer to explanatory note A24.

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

**B1 Analysis of the Performance of the Operating Segments of the Group**

For the nine months ended 30 April 2012, the Group reported a total operating revenue of RM284.9 million, which is 6% lower than RM303.8 million recorded in the previous corresponding financial period in year 2011. The reduction in operating revenue is largely due to lower stockbroking brokerage income and interest income from moneylending activities, partially cushioned by increase in initial service charge generated from investment management activities in the current financial period under review.

Pretax profit of the Group of RM71.4 million for the nine months ended 30 April 2012 lagged behind the pretax profit of RM87.2 million recorded in the previous corresponding nine months ended 30 April 2011 by 18%. The contraction in the Group's pretax profit is primarily attributable to reduction in stockbroking brokerage income and net interest income from moneylending activities, partially mitigated by higher initial service charge and fund management fees generated from the investment management activities.

On a quarter-to-quarter basis, the Group posted a pretax profit of RM26.7 million for the current quarter ended 30 April 2012, a 10% increase compared to RM24.4 million recorded for the previous corresponding quarter. Improvement in the financial results for the current quarter is mainly due to increases in initial service charge, fund management fees, marked-to-market gain on securities portfolio and net gain on disposal of securities available-for-sale, partially offset by higher agent commission expenses, reduction in stockbroking brokerage income, increase in operating expenses, mainly in personnel costs and promotion and marketing related expenses, coupled with higher collective impairment allowance for the current financial period.

The performance of the Group's key operating segments are analysed as follows:

(a) Stockbroking

During the current financial period, Bursa value traded declined to RM314.51 billion against RM356.81 billion for the same period last year. This has negatively impacted the financial performance of the stockbroking segment, which is highly dependent on the stock market performance.

Pretax profit of the segment for the current financial period contracted by 20% to RM25.1 million against RM31.6 million in the previous corresponding financial period. This is mainly attributable to a 40% reduction in brokerage income to RM45.8 million as compared to RM76.1 million in the corresponding period last year. The decline in earnings of the segment is however, partially cushioned by lower operating expenses of RM68.8 million for the current financial period compared to RM83.1 million for the same period last year, mainly due to reduction in promotion and marketing related costs for the current financial period.

On a quarter-to-quarter basis, pretax profit of the segment for the current quarter of RM6.4 million is 42% lower in comparison to the pretax profit of RM10.9 million recorded in the previous corresponding quarter mainly attributed to lower brokerage income, partially offset by reduction in promotion and marketing expenses.

(b) Investment banking

The investment banking segment posted a marginal increase in pretax profit to RM26.0 million for the nine months ended 30 April 2012 from RM25.7 million in the previous corresponding financial period. The higher earnings of the segment is mainly attributed to higher net gain on disposal of securities and unrealised marked-to-market gain on securities held-for-trading, partially offset by lower net interest income of RM19.3 million (previous corresponding financial period: RM23.8 million), due to the tighter net interest margin arising from competitive pricing of deposit rates coupled with lower advisory fee income as compared to the same period last year, due to the uncertain market conditions.

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2012**

**B1 Analysis of the Performance of the Operating Segments of the Group (cont'd)**

(b) Investment banking (cont'd)

Pretax profit of the segment for the current quarter increased significantly to RM11.2 million from RM3.5 million recorded in the previous corresponding quarter mainly linked to the increase in net unrealised gain on trading securities portfolio, higher net gain arising from disposal of securities available-for-sale and favourable effects arising from foreign exchange during the current quarter under review, partially negated by lower net interest income for the current quarter.

(c) Commercial banking

The commercial banking segment recorded a pretax profit of RM0.5 million against a pretax loss of RM1.0 million for the corresponding financial period last year. The segment achieved a breakeven results for the current quarter under review (previous corresponding quarter: pretax loss of RM0.2 million). The improved financial results was achieved on the back of growing loan portfolio, which is boosted by strong demand for credit financing in Cambodia. As at 30 April 2012, the loan portfolio of the commercial banking segment is at RM66.2 million (As at 30 April 2011: RM32.5 million). The effect of increased interest income generated from lending activities, is however, partially offset by higher personnel costs as well as higher loan loss provisioning for the current financial period under review.

(d) Moneylending

The moneylending segment continued to record a lower pretax profit of RM18.6 million for the nine months ended 30 April 2012 against pretax profit of RM26.6 million for the corresponding financial period a year earlier, impacted by the competitive consumer financing interest rates offered by other industry players and more stringent regulatory retail financing conditions. Net interest income for the current financial period amounted to RM24.4 million compared to RM34.9 million in the previous corresponding financial period. This was, however, partially cushioned by reduction in personnel costs and higher bad debts recovered during the current financial period under review. As at 30 April 2012, the loan portfolio of the moneylending segment is maintained at RM257.5 million (As at 30 April 2011: RM260.9 million).

On a similar trend, the pretax profit of the segment of RM5.6 million is below the pretax profit of RM9.5 million posted in the previous corresponding quarter mainly due to reduction in net interest income, partially offset by lower personnel costs for the current quarter under review.

(e) Investment management

For the nine months ended 30 April 2012, the investment management segment registered a pretax profit of RM16.0 million, which represents a 67% increase over the pretax profit of RM9.6 million for the previous corresponding financial period. The pretax profit for the three months ended 30 April 2012 is also higher at RM6.8 million compared to RM2.4 million for the corresponding quarter last year. Increase in profitability of the segment is mainly contributed by higher initial service charge and fund management fees, partially offset by higher agent commission expense and personnel costs. The consistent improvement in the financial performance of the segment is driven by the strong growth in the funds under management. As at 30 April 2012, the net assets value of the funds managed grow to RM13.23 billion (As at 30 April 2011: RM8.53 billion).

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

Compared to the preceding quarter ended 31 January 2012, the pretax profit of the Group is 14% higher at RM26.7 million, largely driven by higher initial service charge, net of agent commission expense coupled with net gain on foreign exchange and increase in stockbroking brokerage income for the current quarter under review. These were, however, partially offset by lower net unrealised gain on securities and derivatives portfolio, increase in personnel costs and higher collective impairment allowance on loans portfolio as well as reduction in net interest income generated from the investment banking activities.

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2012**

**B3 Commentary**

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

The prevailing global economic uncertainties arising from renewed threats from the Eurozone sovereign debt crisis and the erratic pace of recovery in the advanced economies will continue to have a dampening effect on investors' confidence and sentiments in the financial markets. The Malaysian economy is, however, expected to remain resilient with overall growth prospects supported by domestic demand driven by the Government's economic transformation initiatives.

While the KLCI remains buoyant hovering around 1,500, the broader market sentiments have been affected by the significant external factors and uncertainties. The stockbroking business will continue to be challenged by volatile trading activities, higher operating costs and fine brokerage rates amid intense competition in the industry. Investors are expected to remain cautious in view of the volatile local and global equities performance. Against this tough operating environment, the Group will strive to defend its position and customer base by enhancing its clients' service levels.

The uncertain market conditions have affected the capital market and equity fund-raising activities of the Group which is expected to remain slow in the remaining quarter of the financial year. The investment banking segment will continue to maintain its treasury and money market activities and leverage on the Group's strong relationship with DBS Group to tap on new business opportunities. With the enhanced debt capital market team, the segment expects to contribute to the Group's earnings in the medium to long term.

The frailty of the global markets is expected to dampen the growth momentum in Cambodia. In addition, with the increasing number of commercial banks, the operating conditions in Cambodia is increasingly competitive. However, the Group will continue to grow its loans and deposits base by targeting the small and medium enterprises through its various branch networks.

Operating conditions of the moneylending segment remain increasingly challenging with more players in the market offering highly competitive terms to customers. Income contribution from this activity is expected to be under pressure with narrowing interest margins.

The Group's investment management segment will continue to focus on developing its fee-based revenue by launching new unit trusts funds, delivering innovative products and increasing its assets under management portfolios and mandates in year 2012.

Barring any unforeseen circumstances, the Board of Directors expects the Group to record satisfactory performance in the last quarter of the financial year ending 31 July 2012.

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

Not applicable.

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

Not applicable.

**B5 Profit Forecast and Profit Guarantee**

Not applicable.



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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2012**

**B6 Taxation**

The analysis of the tax expense for the current quarter and financial period ended 30 April 2012 are as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-12 RM'000	3 months ended 30-Apr-11 RM'000	9 months ended 30-Apr-12 RM'000	9 months ended 30-Apr-11 RM'000
In respect of the current financial period:				
Malaysian income tax	(9,821)	(8,949)	(19,762)	(27,816)
Foreign income tax	(21)	(12)	(60)	(30)
Deferred tax	3,558	2,650	2,131	5,815
	<u>(6,284)</u>	<u>(6,311)</u>	<u>(17,691)</u>	<u>(22,031)</u>
In respect of prior financial years:				
Malaysian income tax	1,718	338	1,465	338
Deferred tax	(1,502)	(5)	(1,502)	(5)
	<u>216</u>	<u>333</u>	<u>(37)</u>	<u>333</u>
	<u><b>(6,068)</b></u>	<u><b>(5,978)</b></u>	<u><b>(17,728)</b></u>	<u><b>(21,698)</b></u>

The effective tax rate for the current quarter and financial period ended 30 April 2012 is lower than the statutory tax rate mainly due to certain income, which are not subject to tax, partially offset by certain expenses which are not deductible for tax purposes.

**B7 Status of Corporate Proposals**

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

**B8 Group Borrowings and Debt Securities**

Please refer to explanatory note A17.

**B9 Disclosure of Realised and Unrealised Profits or Losses**

	As at 30-Apr-12 RM'000	As at 31-Jul-11 RM'000
Total retained profits of the Company and its subsidiaries:		
- realised	522,715	491,858
- unrealised	11,882	10,961
	<u>534,597</u>	<u>502,819</u>
Total share of accumulated losses of associate:		
- realised	(1,391)	(1,314)
	<u>533,206</u>	<u>501,505</u>
Consolidation adjustments	(11,350)	(8,544)
Total Group retained profits	<u><b>521,856</b></u>	<u><b>492,961</b></u>

The disclosure of realised and unrealised profits or losses is made in accordance with the directives issued by Bursa Malaysia Securities Berhad ("Bursa Securities") and the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures pursuant to Bursa Securities Listing Requirements, issued by the Malaysian Institute of Accountants.

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2012**

**B10 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:

	<b>As at 30-Apr-12</b>		<b>As at 31-Jul-11</b>	
	<b>Fair value</b>		<b>Fair value</b>	
	<b>Derivative assets RM'000</b>	<b>Derivative liabilities RM'000</b>	<b>Derivative assets RM'000</b>	<b>Derivative liabilities RM'000</b>
Foreign exchange related contracts:				
- currency forwards	566	(1,893)	940	(4,598)
- currency swaps	5,952	(565)	4,981	(742)
- currency options	-	-	1	(1)
- cross currency interest rate swaps	6,162	(11,661)	14,912	(13,817)
Interest rate related contracts:				
- futures contracts	519	(12,862)	219	(15,487)
- interest rate swaps	4,710	(6,968)	5,900	(9,075)
	<u>17,909</u>	<u>(33,949)</u>	<u>26,953</u>	<u>(43,720)</u>
Less:				
Fair value of futures contracts included in other assets	(519)	12,862	(219)	15,487
	<u><u>17,390</u></u>	<u><u>(21,087)</u></u>	<u><u>26,734</u></u>	<u><u>(28,233)</u></u>

- (b) Disclosure of marked-to-market gain/loss arising from fair value changes of financial liabilities

	<b>Current quarter ended 30-Apr-12 RM'000</b>	<b>Financial period ended 30-Apr-12 RM'000</b>
Net marked-to-market gain/(loss) arising from fair value changes:		
Derivative liabilities	<u>1,035</u>	<u>(1,651)</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 marked-to-market gain/loss on derivative liabilities for the current quarter and financial period ended 30 April 2012 arose from changes in fair value of derivatives as a result of movements in market interest rates and/or foreign exchange rates affecting the fair value of derivative liabilities compared to the previous financial period ended 31 January 2012 and financial year ended 31 July 2011 respectively.

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2012**

**B10 Disclosure of Derivatives (cont'd)**

- (c) The principal amount and fair value of derivatives held by the Group at 30 April 2012 classified by the remaining periods to maturity are as follows:

Type of Derivatives	Cash requirement RM'000	1 year or less RM'000	> 1 to 3 years RM'000	> 3 years RM'000	Total RM'000
<b>(a) Principal amount</b>					
<b>Foreign exchange related contracts</b>					
- currency forwards	-	203,551	-	-	203,551
- currency swaps	-	582,525	-	-	582,525
- currency options	-	1,090	-	-	1,090
- cross currency interest rate swaps	5,417	65,820	150,036	91,086	306,942
<b>Interest rate related contracts</b>					
- futures contracts	1,972	2,100,000	205,000	-	2,305,000
- interest rate swaps	-	555,000	458,000	-	1,013,000
	<b>7,389</b>	<b>3,507,986</b>	<b>813,036</b>	<b>91,086</b>	<b>4,412,108</b>

Type of Derivatives	1 year or less RM'000	> 1 to 3 years RM'000	> 3 years RM'000	Total RM'000
<b>(b) Fair value</b>				
<b>Foreign exchange related contracts</b>				
- currency forwards	(1,327)	-	-	(1,327)
- currency swaps	5,387	-	-	5,387
- currency options	-	-	-	-
- cross currency interest rate swaps	(2,798)	3,989	(6,690)	(5,499)
<b>Interest rate related contracts</b>				
- futures contracts	(12,743)	400	-	(12,343)
- interest rate swaps	1,554	(3,812)	-	(2,258)
	<b>(9,927)</b>	<b>577</b>	<b>(6,690)</b>	<b>(16,040)</b>

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

Credit risk

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 RM17.9 million (At 31 July 2011: RM27.0 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 RM230.0 million (At 31 July 2011: RM442.4 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.

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2012**

**B10 Disclosure of Derivatives (cont'd)**

- (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.

**B11 Changes in Material Litigation**

There are no changes to the status of material litigation since the date of the last annual statement of financial position except for a 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. The client's claim against HDBSIB was consolidated with HDBSIB's claim against the client. The High Court dismissed the client's claim against HDBSIB and allowed HDBSIB's claim against the client on 23 March 2010. The client has filed an appeal against the High Court's decision in dismissing the client's claim against HDBSIB and in allowing HDBSIB's claim against the client. The client's appeal was struck out by the Court of Appeal on 4 May 2012. The client had been adjudicated a bankrupt on 31 October 2011 pursuant to a petition filed by HDBSIB.

**B12 Dividends**

Please refer to explanatory note A7.

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2012**

**B13 Earnings Per Share Attributable to Equity Holders of the Company**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-12	3 months ended 30-Apr-11	9 months ended 30-Apr-12	9 months ended 30-Apr-11
Profit for the financial period attributable to equity holders of the Company (RM'000)	<u>18,221</u>	<u>17,500</u>	<u>48,032</u>	<u>62,170</u>
Weighted average number of ordinary shares in issue ('000)	<u>255,159</u>	<u>255,159</u>	<u>255,159</u>	<u>255,159</u>
<b>Basic earnings per share (sen)</b>	<b><u>7.14</u></b>	<b><u>6.86</u></b>	<b><u>18.82</u></b>	<b><u>24.37</u></b>

There were no dilutive potential ordinary shares in issue as at 30 April 2012 and 30 April 2011.

**By Order of the Board**

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

**Penang**  
**7 June 2012**