

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

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED BALANCE SHEET AS AT 31 OCTOBER 2009**

	Note	As at 31-Oct-09 RM'000	As at 31-Jul-09 RM'000
<b>Assets</b>			
Cash and short term funds		1,181,115	847,215
Deposits and placements with banks and other financial institutions		115,696	87,781
Securities held-for-trading	A8	697,530	425,408
Securities available-for-sale ("AFS")	A9	111,195	86,032
Securities held-to-maturity	A10	507,511	530,805
Loans, advances and financing	A11	491,737	488,769
Clients' and brokers' balances	A12	245,437	401,084
Derivative assets		17,319	22,759
Other assets	A13	41,534	42,470
Statutory deposits with Central Banks		16,015	11,332
Tax recoverable		8,623	7,804
Deferred tax assets		4,101	4,099
Investment in an associate		3,713	4,061
Property, plant and equipment		58,732	60,248
Investment properties		6,114	6,138
Intangible assets		162,509	162,509
		<b><u>3,668,881</u></b>	<b><u>3,188,514</u></b>
<b>Liabilities</b>			
Deposits from customers	A14	632,969	505,371
Deposits and placements of banks and other financial institutions	A15	1,235,748	800,926
Clients' and brokers' balances		269,931	366,630
Derivative liabilities		39,748	49,284
Other liabilities	A16	348,680	341,823
Taxation		7,070	4,716
Deferred tax liabilities		570	581
Borrowings	A17	335,500	334,500
<b>Total liabilities</b>		<b><u>2,870,216</u></b>	<b><u>2,403,831</u></b>
<b>Equity</b>			
Share capital		265,845	265,845
Reserves		535,733	520,963
Treasury shares, at cost		<u>(16,046)</u>	<u>(16,046)</u>
		785,532	770,762
Minority interests		<u>13,133</u>	<u>13,921</u>
<b>Total equity</b>		<b><u>798,665</u></b>	<b><u>784,683</u></b>
<b>Total liabilities and equity</b>		<b><u>3,668,881</u></b>	<b><u>3,188,514</u></b>
<b>Net assets per share (RM)</b>		<b><u>3.08</u></b>	<b><u>3.02</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 2009.

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

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED INCOME STATEMENT**  
**FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2009**

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		3 months ended 31-Oct-09 RM'000	3 months ended 31-Oct-08 RM'000	3 months ended 31-Oct-09 RM'000	3 months ended 31-Oct-08 RM'000
Operating revenue		86,989	83,182	86,989	83,182
Interest income	A18	38,365	39,822	38,365	39,822
Interest expense	A19	(15,251)	(22,519)	(15,251)	(22,519)
<b>Net interest income</b>		<b>23,114</b>	<b>17,303</b>	<b>23,114</b>	<b>17,303</b>
Other operating income	A20	50,019	26,285	50,019	26,285
		73,133	43,588	73,133	43,588
Other operating expenses	A21	(43,594)	(38,169)	(43,594)	(38,169)
		29,539	5,419	29,539	5,419
(Allowance)/Write back of allowance for losses on loans, advances and financing	A22	(5,629)	267	(5,629)	267
Write back of allowance/(allowance) for bad and doubtful debts on clients' balances and trade receivables	A23	217	(312)	217	(312)
Impairment loss on securities AFS		(650)	-	(650)	-
		23,477	5,374	23,477	5,374
Share of results of an associate, net of tax		(348)	-	(348)	-
Share of results of jointly controlled entities, net of tax		-	(2)	-	(2)
<b>Profit before taxation</b>		<b>23,129</b>	<b>5,372</b>	<b>23,129</b>	<b>5,372</b>
Taxation	B6	(5,853)	(1,803)	(5,853)	(1,803)
<b>Profit for the financial period</b>		<b>17,276</b>	<b>3,569</b>	<b>17,276</b>	<b>3,569</b>
<b>Attributable to:</b>					
Equity holders of the Company		16,301	2,981	16,301	2,981
Minority interests		975	588	975	588
		<b>17,276</b>	<b>3,569</b>	<b>17,276</b>	<b>3,569</b>
<b>Earnings per share attributable to equity holders of the Company (sen)</b>	B14				
- Basic		<b>6.39</b>	<b>1.17</b>	<b>6.39</b>	<b>1.17</b>
- Fully diluted		<b>6.39</b>	<b>1.17</b>	<b>6.39</b>	<b>1.17</b>

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2009.

**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 2009**

**Attributable to Equity Holders of the Company**

	<b>Issued and fully paid ordinary shares of RM1 each</b>										
	<b>Number of shares '000</b>	<b>Nominal value RM'000</b>	<b>Treasury shares RM'000</b>	<b>Share premium RM'000</b>	<b>Statutory reserve RM'000</b>	<b>AFS reserve RM'000</b>	<b>Foreign exchange reserve RM'000</b>	<b>Retained profits RM'000</b>	<b>Sub-total RM'000</b>	<b>Minority interests RM'000</b>	<b>Total equity RM'000</b>
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
Currency translation differences	-	-	-	-	-	-	(2,138)	-	(2,138)	-	(2,138)
Net change in fair value of securities AFS, net of tax	-	-	-	-	-	1,172	-	-	1,172	-	1,172
Net gain transferred to income statement on disposal of securities AFS	-	-	-	-	-	(565)	-	-	(565)	-	(565)
Net gain/(loss) recognised directly in equity	-	-	-	-	-	607	(2,138)	-	(1,531)	-	(1,531)
Profit for the financial period	-	-	-	-	-	-	-	16,301	16,301	975	17,276
Total recognised income and expenses 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)
<b>At 31 October 2009</b>	<b>255,168</b>	<b>265,845</b>	<b>(16,046)</b>	<b>33,090</b>	<b>61,321</b>	<b>2,181</b>	<b>(2,906)</b>	<b>442,047</b>	<b>785,532</b>	<b>13,133</b>	<b>798,665</b>

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2009.

**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 2009**

**Attributable to Equity Holders of the Company**

	<b>Issued and fully paid ordinary shares of RM1 each</b>		<b>Treasury shares</b>	<b>Share premium</b>	<b>Statutory reserve</b>	<b>AFS reserve</b>	<b>Options reserve</b>	<b>Retained profits</b>	<b>Sub-total</b>	<b>Minority interests</b>	<b>Total equity</b>
	<b>Number of shares '000</b>	<b>Nominal value RM'000</b>									
At 1 August 2008	255,178	265,845	(16,033)	33,090	52,557	(1,918)	431	412,358	746,330	12,609	758,939
Net change in fair value of securities AFS, net of tax	-	-	-	-	-	(3,913)	-	-	(3,913)	-	(3,913)
Net gain transferred to income statement on disposal of securities AFS	-	-	-	-	-	(38)	-	-	(38)	-	(38)
Net loss recognised directly in equity	-	-	-	-	-	(3,951)	-	-	(3,951)	-	(3,951)
Profit for the financial period	-	-	-	-	-	-	-	2,981	2,981	588	3,569
Total recognised income and expenses for the financial period	-	-	-	-	-	(3,951)	-	2,981	(970)	588	(382)
Options terminated	-	-	-	-	-	-	(11)	11	-	-	-
<b>At 31 October 2008</b>	<b>255,178</b>	<b>265,845</b>	<b>(16,033)</b>	<b>33,090</b>	<b>52,557</b>	<b>(5,869)</b>	<b>420</b>	<b>415,350</b>	<b>745,360</b>	<b>13,197</b>	<b>758,557</b>

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2009.

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

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2009**

	<b>3 months ended 31-Oct-09 RM'000</b>	<b>3 months ended 31-Oct-08 RM'000</b>
Profit for the financial period	17,276	3,569
<b>Adjustments for:</b>		
Non-cash items	23,307	18,079
Non-operating items - investing	(10,903)	(8,787)
Non-operating items - financing	3,035	3,707
	32,715	16,568
<b>Changes in working capital:</b>		
Net changes in operating assets	(159,313)	(455,884)
Net changes in operating liabilities	501,033	(139,659)
	374,435	(578,975)
Interest paid	(11,313)	(20,468)
Tax paid	(4,320)	(3,181)
<b>Net operating cash flow</b>	<b>358,802</b>	<b>(602,624)</b>
<b>Investing activities</b>		
Net purchase of securities	(8,130)	(1,324)
Interest received from securities	13,165	8,426
Dividends and income distributions received	894	336
Acquisition of remaining 50% equity interests in jointly controlled entities	-	102
Property, plant and equipment	(2,105)	(1,324)
<b>Net investing cash flow</b>	<b>3,824</b>	<b>6,216</b>
<b>Financing activities</b>		
Dividend paid by a subsidiary to minority interests	(1,763)	-
Interest paid	(1,090)	(1,302)
Net drawdown/(repayment) of borrowings	1,000	(12,000)
<b>Net financing cash flow</b>	<b>(1,853)</b>	<b>(13,302)</b>
<b>Net change in cash and cash equivalents</b>	360,773	(609,710)
<b>Foreign exchange differences</b>	(1,108)	-
<b>Cash and cash equivalents at beginning of the financial period</b>	527,520	995,105
<b>Cash and cash equivalents at end of the financial period</b>	<b>887,185</b>	<b>385,395</b>
<b>Cash and cash equivalents at end of the financial period comprise:</b>		
Cash and short term funds	887,185	386,187
Bank overdrafts (Book)	-	(792)
	<b>887,185</b>	<b>385,395</b>

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2009.

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2009**

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

**A1 Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with the Financial Reporting Standards ("FRS") 134 on "Interim Financial Reporting", Bank Negara Malaysia's ("BNM") Revised Guidelines on Financial Reporting for Licensed Institutions ("BNM/GP8") and Chapter 9, Part K of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The interim financial report should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2009.

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 2009 except for the changes in estimates as disclosed in explanatory note A5 and the adoption of Financial Reporting Standard ("FRS") 8, Operating Segments which is effective for the Group's financial year ending 31 July 2010. The adoption of FRS 8 does not have any significant financial impact on the financial statements of the Group. Please refer to explanatory note A28.

The general loan loss allowance made by the foreign commercial banking subsidiary is based on a minimum percentage (as specified by the National Bank of Cambodia) of its loans and advances portfolio.

**A2 Auditors' Report**

The auditors' report of the most recent annual financial statements of the Group for the financial year ended 31 July 2009 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 2009.

**A5 Changes in Estimates**

There are no material changes in accounting estimates used in the preparation of the interim financial report for the current quarter and financial period ended 31 October 2009 as compared with the prior financial year except for the following:

- (a) The investment banking subsidiary has increased the general allowance percentage on share margin financing from 1.0% to 1.5% to align with the minimum requirements of the Guidelines on Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts issued by BNM (Revised BNM/GP3); and
- (b) General allowance is no longer required in respect of clients' and brokers' balances of the the investment banking subsidiary following the revision of the Rules of Bursa Malaysia Securities Berhad.

Previously, the investment banking subsidiary made a 1.0% general allowance in respect of total trade receivables (as defined under the Rules of Bursa Malaysia Securities Berhad), after deducting the amount of specific allowance and interest-in-suspense.

The effects of the abovestated changes in accounting estimates, which have been accounted for prospectively in accordance with FRS 108, Accounting Policies, Change in Accounting Estimates and Errors, is a reduction in profit before taxation of the Group by RM478,000 for the current quarter ended 31 October 2009.

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2009**

**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 2009.

**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 2010.

A first and final dividend of 5.0 sen gross per share, less current income tax at 25% proposed for the previous financial year ended 31 July 2009 has been approved by the shareholders of the Company at the Seventeenth Annual General Meeting held on 25 November 2009. The dividend will be paid on 21 December 2009 to depositors registered in the Record of Depositors at the close of business on 4 December 2009.

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2009**

**A8 Securities Held-For-Trading**

	<b>As at 31-Oct-09 RM'000</b>	<b>As at 31-Jul-09 RM'000</b>
<b>At fair value</b>		
Quoted in Malaysia:		
Shares, warrants and REITs	20,468	19,530
Loan stocks	1,500	1,393
Unit trusts	44,246	11,975
	66,214	32,898
Unquoted:		
<i>In Malaysia</i>		
Malaysian Government Securities	80,594	51,216
Negotiable instruments of deposits	50,002	30,053
Bankers' acceptances	153,985	132,480
Private and Islamic debt securities	309,652	178,761
<i>Outside Malaysia</i>		
Private debt securities	37,083	-
	<b>697,530</b>	<b>425,408</b>

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

	<b>As at 31-Oct-09 RM'000</b>	<b>As at 31-Jul-09 RM'000</b>
<b>At fair value</b>		
Quoted in Malaysia:		
Shares	14,093	13,650
Unit trusts	5,664	5,382
	19,757	19,032
Unquoted:		
<i>In Malaysia</i>		
Malaysian Government Securities	-	66,510
Private and Islamic debt securities	29,913	-
<i>Outside Malaysia</i>		
Private debt securities	61,035	-
<b>At cost</b>		
Unquoted:		
Shares	1,140	4,490
	111,845	90,032
Accumulated impairment losses	(650)	(4,000)
	<b>111,195</b>	<b>86,032</b>

Included in the securities AFS are:

- (i) quoted shares held under funds under management placed by the Company with a subsidiary, HwangDBS Investment Management Berhad ("HDBSIM"), which is given the discretionary powers within certain guidelines to invest the funds amounting to RM14.1 million as at the balance sheet date (2009: RM13.7 million); and
- (ii) investments in unit trust funds managed by a subsidiary, HDBSIM, at a carrying amount of RM4.4 million as at the balance sheet date (2009: RM4.1 million).

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2009**

**A10 Securities Held-To-Maturity**

	<b>As at 31-Oct-09 RM'000</b>	<b>As at 31-Jul-09 RM'000</b>
<b>At amortised cost</b>		
Unquoted		
<i>In Malaysia</i>		
Malaysian Government Securities	71,285	71,495
Private and Islamic debt securities	313,629	333,057
<i>Outside Malaysia</i>		
Private debt securities	122,597	126,253
	<u>507,511</u>	<u>530,805</u>

The fair value of securities held-for-trading of the Group which were reclassified to held-to-maturity category in the previous financial year amounted to RM505.13 million at an effective interest rate of 6.61% per annum as at 1 August 2008. There is no fair value gain or loss being recognised in the current financial period and previous financial year in respect of the reclassified securities.

The carrying amount and fair value of securities held-for-trading reclassified to held-to-maturity category are as follows:

	<b>As at 31-Oct-09 RM'000</b>	<b>As at 31-Jul-09 RM'000</b>
Carrying amount	<u>436,226</u>	<u>459,310</u>
Fair value	<u>452,389</u>	<u>456,690</u>

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 2009**

**A11 Loans, Advances and Financing**

	<b>As at 31-Oct-09 RM'000</b>	<b>As at 31-Jul-09 RM'000</b>
<b>(a) By Type</b>		
Term loans		
- bridging loans	79,688	79,688
- syndicated term loans	81,698	81,357
- other term loans	426,283	409,560
Overdrafts	15	-
Share margin financing	105,294	105,193
	<u>692,978</u>	<u>675,798</u>
Unearned interest	<u>(179,911)</u>	<u>(171,328)</u>
	513,067	504,470
Allowance for losses on loans, advances and financing:		
- general	(7,483)	(6,914)
- specific	<u>(13,847)</u>	<u>(8,787)</u>
Net loans, advances and financing	<u><b>491,737</b></u>	<u><b>488,769</b></u>
<b>(b) By Type of Customer</b>		
Domestic business enterprises		
- others	214,394	223,983
Individuals	94,906	90,284
Other domestic entities	192,285	182,932
Foreign entities	11,482	7,271
	<u><b>513,067</b></u>	<u><b>504,470</b></u>
<b>(c) By Interest Rate Sensitivity</b>		
Fixed rate		
- other fixed rate loans/financing	351,681	338,402
Variable rate		
- cost-plus	<u>161,386</u>	<u>166,068</u>
	<u><b>513,067</b></u>	<u><b>504,470</b></u>
<b>(d) By Purpose</b>		
Purchase of landed properties		
- non-residential	36,087	36,087
Purchase of securities	163,165	161,051
Working capital	68,848	68,787
Personal use	209,916	198,471
Others	35,051	40,074
	<u><b>513,067</b></u>	<u><b>504,470</b></u>

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2009**

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

	<b>As at 31-Oct-09 RM'000</b>	<b>As at 31-Jul-09 RM'000</b>
<b>(e) Non-Performing Loans, Advances and Financing ("NPLs") by Purpose</b>		
Purchase of securities	951	1,018
Working capital	8,550	8,550
Personal use	4,427	3,575
	<u><b>13,928</b></u>	<u><b>13,143</b></u>
<b>(f) Movements in NPLs</b>		
At beginning of the financial period	13,143	13,652
Classified as non-performing	1,020	13,158
Reclassified as performing	(45)	(223)
Amount recovered	(190)	(13,444)
At end of the financial period	<u>13,928</u>	<u>13,143</u>
Less: Specific allowance	<u>(13,847)</u>	<u>(8,787)</u>
Net NPLs	<u><b>81</b></u>	<u><b>4,356</b></u>
Net NPLs as a % of gross loans, advances and financing less specific allowance	<u><b>0%</b></u>	<u><b>0.9%</b></u>
<b>(g) Movements in Allowance for Losses on Loans, Advances and Financing</b>		
<u>General Allowance</u>		
At beginning of the financial period	6,914	7,819
Allowance made/(written back)	569	(905)
At end of the financial period	<u><b>7,483</b></u>	<u><b>6,914</b></u>
As a % of gross loans and advances less specific allowance	<u><b>1.5%</b></u>	<u><b>1.4%</b></u>
<u>Specific Allowance</u>		
At beginning of the financial period	8,787	5,050
Allowance made	5,295	7,292
Amount written back	(235)	(3,555)
At end of the financial period	<u><b>13,847</b></u>	<u><b>8,787</b></u>

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2009**

**A12 Clients' and Brokers' Balances**

	<b>As at 31-Oct-09 RM'000</b>	<b>As at 31-Jul-09 RM'000</b>
Clients' and brokers' balances, net of allowance for bad and doubtful debts	<u>245,437</u>	<u>401,084</u>
<b>Movements in Allowance for Bad and Doubtful Debts on Clients' Balances:</b>		
<u>General Allowance</u>		
At beginning of the financial period	60	59
Allowance (written back)/made	(60)	1
At end of the financial period	<u>-</u>	<u>60</u>
<u>Specific Allowance</u>		
At beginning of the financial period	831	1,212
Allowance made	23	366
Amount written back	(80)	(283)
Amount written off	-	(464)
At end of the financial period	<u>774</u>	<u>831</u>

**A13 Other Assets**

	<b>As at 31-Oct-09 RM'000</b>	<b>As at 31-Jul-09 RM'000</b>
Trade receivables, net of allowance for bad and doubtful debts of RM370,000 (2009: RM362,000)	6,092	5,905
Interest receivable	13,220	15,535
Statutory deposit	150	150
Clearing Guarantee Fund	1,932	1,924
Clearing Fund	1,000	1,000
Other receivables, deposits and prepayments	16,234	15,050
Other investments	2,906	2,906
	<u>41,534</u>	<u>42,470</u>

**A14 Deposits from Customers**

	<b>As at 31-Oct-09 RM'000</b>	<b>As at 31-Jul-09 RM'000</b>
<b>(a) By Type of Deposit</b>		
Demand deposits	524	11
Savings deposits	268	99
Fixed deposits	631,177	503,261
Negotiable instruments of deposits	1,000	2,000
	<u>632,969</u>	<u>505,371</u>

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**A14 Deposits from Customers (cont'd)**

	<b>As at 31-Oct-09 RM'000</b>	<b>As at 31-Jul-09 RM'000</b>
<b>(b) By Type of Customer</b>		
Government and statutory bodies	250,000	150,000
Business enterprises	349,312	340,525
Individuals	31,069	12,309
Others	2,588	2,537
	<u><b>632,969</b></u>	<u><b>505,371</b></u>

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

	<b>As at 31-Oct-09 RM'000</b>	<b>As at 31-Jul-09 RM'000</b>
Licensed banks	231,043	116,689
Licensed investment banks	50,000	60,000
Other financial institutions	954,705	624,237
	<u><b>1,235,748</b></u>	<u><b>800,926</b></u>

**A16 Other Liabilities**

	<b>As at 31-Oct-09 RM'000</b>	<b>As at 31-Jul-09 RM'000</b>
Trade payables	12,290	9,277
Interest payable	6,979	4,131
Other payables and accruals	329,411	328,415
	<u><b>348,680</b></u>	<u><b>341,823</b></u>

**A17 Borrowings**

(a) Total borrowings of the Group of RM335.5 million as at 31 October 2009 are unsecured of which RM121 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 31-Oct-09 RM'000</b>	<b>As at 31-Jul-09 RM'000</b>
<b>Short term borrowings</b>		
Revolving credits	335,500	334,500
<b>Long term borrowings</b>		
	-	-
<b>Total borrowings</b>	<u><b>335,500</b></u>	<u><b>334,500</b></u>

(c) All borrowings are denominated in Ringgit Malaysia.

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**A18 Interest Income**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Oct-09 RM'000	3 months ended 31-Oct-08 RM'000	3 months ended 31-Oct-09 RM'000	3 months ended 31-Oct-08 RM'000
Loans, advances and financing				
- Interest income other than recoveries from NPLs	15,718	14,106	15,718	14,106
- Recoveries from NPLs	26	416	26	416
Money at call and deposit placements with financial institutions	4,410	7,633	4,410	7,633
Securities:				
- held-for-trading	4,804	7,788	4,804	7,788
- AFS	994	97	994	97
- held-to-maturity	7,758	8,329	7,758	8,329
Others	4,293	755	4,293	755
	<u>38,003</u>	<u>39,124</u>	<u>38,003</u>	<u>39,124</u>
Amortisation of premium less accretion of discount	504	775	504	775
Interest suspended	(142)	(77)	(142)	(77)
	<u><b>38,365</b></u>	<u><b>39,822</b></u>	<u><b>38,365</b></u>	<u><b>39,822</b></u>

**A19 Interest Expense**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Oct-09 RM'000	3 months ended 31-Oct-08 RM'000	3 months ended 31-Oct-09 RM'000	3 months ended 31-Oct-08 RM'000
Deposits and placements of banks and other financial institutions	(5,574)	(9,686)	(5,574)	(9,686)
Deposits from customers	(3,178)	(6,206)	(3,178)	(6,206)
Borrowings	(3,035)	(3,707)	(3,035)	(3,707)
Others	(3,464)	(2,920)	(3,464)	(2,920)
	<u><b>(15,251)</b></u>	<u><b>(22,519)</b></u>	<u><b>(15,251)</b></u>	<u><b>(22,519)</b></u>

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**A20 Other Operating Income**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Oct-09 RM'000	3 months ended 31-Oct-08 RM'000	3 months ended 31-Oct-09 RM'000	3 months ended 31-Oct-08 RM'000
Fee and commission income:				
Brokerage	22,623	17,290	22,623	17,290
Unit trust management and incentive fees	9,361	7,830	9,361	7,830
Advisory and arranger fees	721	2,133	721	2,133
Underwriting commission and placement income	22	48	22	48
Service charges and fees	234	310	234	310
Other fees and commission	3,590	2,312	3,590	2,312
	<u>36,551</u>	<u>29,923</u>	<u>36,551</u>	<u>29,923</u>
Net gain/(loss) arising from disposal of:				
- securities held-for-trading	3,790	1,355	3,790	1,355
- derivatives	(860)	(267)	(860)	(267)
- securities AFS	1,393	(212)	1,393	(212)
- securities held-to-maturity	116	-	116	-
	<u>4,439</u>	<u>876</u>	<u>4,439</u>	<u>876</u>
Net unrealised gain/(loss) on:				
- securities held-for-trading	1,182	572	1,182	572
- derivatives	693	(11,810)	693	(11,810)
	<u>1,875</u>	<u>(11,238)</u>	<u>1,875</u>	<u>(11,238)</u>
Gross dividends/income distributions from:				
- securities held-for-trading	712	46	712	46
- securities AFS	202	354	202	354
	<u>914</u>	<u>400</u>	<u>914</u>	<u>400</u>
Other income:				
Initial service charge	4,519	3,384	4,519	3,384
Net foreign exchange gain/(loss):				
- realised	3,683	4,573	3,683	4,573
- unrealised	(2,766)	(2,485)	(2,766)	(2,485)
Rental Income	142	143	142	143
Others	662	709	662	709
	<u>6,240</u>	<u>6,324</u>	<u>6,240</u>	<u>6,324</u>
<b>Total</b>	<u><b>50,019</b></u>	<u><b>26,285</b></u>	<u><b>50,019</b></u>	<u><b>26,285</b></u>

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**A21 Other Operating Expenses**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Oct-09 RM'000	3 months ended 31-Oct-08 RM'000	3 months ended 31-Oct-09 RM'000	3 months ended 31-Oct-08 RM'000
Personnel costs:				
- Salaries, allowances and bonus	(15,950)	(13,024)	(15,950)	(13,024)
- Contributions to a defined contribution plan	(2,104)	(1,966)	(2,104)	(1,966)
- Others	(3,119)	(3,346)	(3,119)	(3,346)
	<u>(21,173)</u>	<u>(18,336)</u>	<u>(21,173)</u>	<u>(18,336)</u>
Establishment related costs:				
- Depreciation	(2,129)	(2,208)	(2,129)	(2,208)
- Rental of premises	(1,060)	(986)	(1,060)	(986)
- Rental of equipment	(689)	(681)	(689)	(681)
- Repairs and maintenance of premises and equipment	(324)	(277)	(324)	(277)
- Information technology expenses	(574)	(821)	(574)	(821)
- Others	(1,114)	(1,071)	(1,114)	(1,071)
	<u>(5,890)</u>	<u>(6,044)</u>	<u>(5,890)</u>	<u>(6,044)</u>
Promotion and marketing related expenses:				
- Promotion and business development	(3,618)	(2,570)	(3,618)	(2,570)
- Travelling and accommodation	(130)	(342)	(130)	(342)
- Others	(666)	(1,274)	(666)	(1,274)
	<u>(4,414)</u>	<u>(4,186)</u>	<u>(4,414)</u>	<u>(4,186)</u>
Administrative and general expenses:				
- Professional and consultancy fees	(831)	(497)	(831)	(497)
- Communication expenses	(1,327)	(1,169)	(1,327)	(1,169)
- Incentives and commission	(6,454)	(4,750)	(6,454)	(4,750)
- Regulatory charges	(1,487)	(1,206)	(1,487)	(1,206)
- Others	(2,018)	(1,981)	(2,018)	(1,981)
	<u>(12,117)</u>	<u>(9,603)</u>	<u>(12,117)</u>	<u>(9,603)</u>
<b>Total</b>	<b><u>(43,594)</u></b>	<b><u>(38,169)</u></b>	<b><u>(43,594)</u></b>	<b><u>(38,169)</u></b>

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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 31-Oct-09 RM'000	3 months ended 31-Oct-08 RM'000	3 months ended 31-Oct-09 RM'000	3 months ended 31-Oct-08 RM'000
Allowance for bad and doubtful debts:				
Specific allowance				
- made during the financial period	(5,295)	(914)	(5,295)	(914)
- written back during the financial period	235	52	235	52
	<u>(5,060)</u>	<u>(862)</u>	<u>(5,060)</u>	<u>(862)</u>
General allowance				
- (made)/written back during the financial period	(569)	1,129	(569)	1,129
	<u><b>(5,629)</b></u>	<u><b>267</b></u>	<u><b>(5,629)</b></u>	<u><b>267</b></u>

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Oct-09 RM'000	3 months ended 31-Oct-08 RM'000	3 months ended 31-Oct-09 RM'000	3 months ended 31-Oct-08 RM'000
Allowance for bad and doubtful debts:				
Specific allowance				
- made during the financial period	(31)	(569)	(31)	(569)
- written back during the financial period	80	149	80	149
	<u>49</u>	<u>(420)</u>	<u>49</u>	<u>(420)</u>
General allowance				
- written back/(made) during the financial period	60	(28)	60	(28)
Bad debts:				
- recovered	108	136	108	136
	<u><b>217</b></u>	<u><b>(312)</b></u>	<u><b>217</b></u>	<u><b>(312)</b></u>

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**A24 Commitments and Contingencies**

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

The risk-weighted exposures of the Group are as follows:

	As at 31-Oct-09			As at 31-Jul-09		
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk- weighted Amount RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk- weighted Amount RM'000
Direct credit substitutes	27,500	27,500	5,500	32,500	32,500	6,500
Commitments to extend credits with maturity of:						
- less than 1 year <sup>(1)</sup>	465,786	2,160	432	372,221	4,104	2,385
- 1 year to less than 5 years	21,978	10,989	2,198	27,392	13,696	2,739
Foreign exchange related contracts:						
- less than 1 year	110,310	3,259	667	89,759	860	434
- 1 year to less than 5 years	284,148	30,309	12,697	224,230	22,116	11,058
Interest rate related contracts:						
- less than 1 year	1,128,000	1,439	720	983,000	1,460	730
- 1 year to less than 5 years	5,888,000	55,176	19,006	6,263,000	61,884	21,856
	<b>7,925,722</b>	<b>130,832</b>	<b>41,220</b>	<b>7,992,102</b>	<b>136,620</b>	<b>45,702</b>

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

<sup>(1)</sup> The notional amount of commitments to extend credits with maturity of less than 1 year of RM466 million as at 31 October 2009 includes loan commitments of the foreign commercial banking subsidiary, of which the risk-weighted amount is computed in accordance with the relevant guidelines issued by the National Bank of Cambodia.

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**A25 Other Commitments**

	<b>As at 31-Oct-09 RM'000</b>	<b>As at 31-Jul-09 RM'000</b>
Capital expenditure commitments	9,436	9,584
Non-cancellable operating lease commitments	8,920	4,951
	<b>18,356</b>	<b>14,535</b>

**A26 Capital Adequacy**

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

- (i) 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 on 28 January 2008.

	<b>As at 31-Oct-09</b>	<b>As at 31-Jul-09</b>
Tier I capital ratio <i>(before payment of dividend)</i>	30.0%	33.8%
Risk-weighted capital ratio <i>(before payment of dividend)</i>	30.1%	33.9%
Tier I capital ratio <i>(after payment of dividend)</i>	29.7%	33.4%
Risk-weighted capital ratio <i>(after payment of dividend)</i>	29.7%	33.5%

(ii) Components of Tier I and Tier II capital

	<b>As at 31-Oct-09 RM'000</b>	<b>As at 31-Jul-09 RM'000</b>
<b><u>Tier I capital</u></b>		
Issued and fully paid share capital	500,000	500,000
Retained profits	198,577	198,577
Statutory reserve	61,321	61,321
	759,898	759,898
Less: Goodwill	(110,002)	(110,002)
Total Tier I capital	649,896	649,896
<b><u>Tier II capital</u></b>		
General allowance for losses on loans, advances and financing	4,527	4,137
Total Tier II capital	4,527	4,137
Total capital	654,423	654,033
Less: Investment in subsidiaries	(3,081)	(3,081)
Other deductions	(490)	(540)
<b>Capital base</b>	<b>650,852</b>	<b>650,412</b>
(iii) Eligible capital	<b>650,852</b>	<b>650,412</b>

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

- (i) 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.

	<b>As at 31-Oct-09</b>	<b>As at 31-Jul-09</b>
Solvency ratio <i>(before payment of dividend)</i>	89.0%	-
Solvency ratio <i>(after payment of dividend)</i>	89.0%	-

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**A27 Interest Rate Risk**

	Non-trading book						Sub-total RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000				
<b>At 31 October 2009</b>										
<b>Assets</b>										
Cash and short term funds	1,084,852	-	-	-	-	96,263	1,181,115	-	1,181,115	2.08
Deposit and placements with banks and other financial institutions	-	60,000	39,708	15,988	-	-	115,696	-	115,696	3.79
Securities held-for-trading	-	-	-	-	-	-	-	697,530	697,530	3.61
Securities AFS	-	-	4,790	86,158	-	20,247	111,195	-	111,195	4.98
Securities held-to-maturity	-	-	-	230,588	276,923	-	507,511	-	507,511	6.12
Loans, advances and financing:										
- performing	307,904	7	443	15,616	175,169	(7,483) *	491,656	-	491,656	9.77
- non-performing	-	-	-	-	-	81	81	-	81	-
Clients' and brokers' balances	2,747	-	-	-	-	242,690	245,437	-	245,437	8.00
Derivative assets	-	-	-	-	-	-	-	17,319	17,319	-
Other assets <sup>(1)</sup>	17,546	1,932	-	-	-	281,863	301,341	-	301,341	0.41
<b>Total assets</b>	<b>1,413,049</b>	<b>61,939</b>	<b>44,941</b>	<b>348,350</b>	<b>452,092</b>	<b>633,661</b>	<b>2,954,032</b>	<b>714,849</b>	<b>3,668,881</b>	
<b>Liabilities</b>										
Deposits from customers	588,944	28,836	14,665	-	-	524	632,969	-	632,969	2.22
Deposits and placements of banks and other financial institutions	1,002,540	88,052	137,431	7,452	-	273	1,235,748	-	1,235,748	2.24
Clients' and brokers' balances	80,384	-	-	-	-	189,547	269,931	-	269,931	1.91
Derivative liabilities	-	-	-	-	-	-	-	39,748	39,748	-
Other liabilities <sup>(2)</sup>	198,212	-	2,170	-	-	155,938	356,320	-	356,320	1.96
Borrowings	68,500	50,000	217,000	-	-	-	335,500	-	335,500	3.56
<b>Total liabilities</b>	<b>1,938,580</b>	<b>166,888</b>	<b>371,266</b>	<b>7,452</b>	<b>-</b>	<b>346,282</b>	<b>2,830,468</b>	<b>39,748</b>	<b>2,870,216</b>	
Total equity	-	-	-	-	-	798,665	798,665	-	798,665	-
<b>Total liabilities and equity</b>	<b>1,938,580</b>	<b>166,888</b>	<b>371,266</b>	<b>7,452</b>	<b>-</b>	<b>1,144,947</b>	<b>3,629,133</b>	<b>39,748</b>	<b>3,668,881</b>	
On-balance sheet interest sensitivity gap	(525,531)	(104,949)	(326,325)	340,898	452,092	(511,286)	(675,101)	675,101	-	
Off-balance sheet interest sensitivity gap	(255,000)	(155,000)	(828,000)	(3,940,000)	-	-	(5,178,000)	-	(5,178,000)	
<b>Total interest sensitivity gap</b>	<b>(780,531)</b>	<b>(259,949)</b>	<b>(1,154,325)</b>	<b>(3,599,102)</b>	<b>452,092</b>	<b>(511,286)</b>	<b>(5,853,101)</b>	<b>675,101</b>	<b>(5,178,000)</b>	

<sup>(1)</sup> Other assets include Other assets, Statutory deposits with Central Banks, Tax recoverable, Deferred tax assets, Investment in an associate, Property, plant and equipment, Investment properties and Intangible assets as disclosed in the consolidated balance sheet.

Loans, advances and financing are stated net of specific and general allowances and interest-in-suspense. Clients' and brokers' balances and Other assets are stated net of specific allowance and interest-in-suspense.

\* The negative balance represents general allowance for loans, advances and financing.

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

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**A27 Interest Rate Risk (cont'd)**

	Non-trading book						Sub-total RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000				
<b>At 31 July 2009</b>										
<b>Assets</b>										
Cash and short term funds	702,395	-	-	-	-	144,820	847,215	-	847,215	1.90
Deposit and placements with banks and other financial institutions	-	77,150	-	10,631	-	-	87,781	-	87,781	2.72
Securities held-for-trading	-	-	-	-	-	-	-	425,408	425,408	4.18
Securities AFS	-	-	10,135	56,375	-	19,522	86,032	-	86,032	2.88
Securities held-to-maturity	-	-	-	119,937	410,868	-	530,805	-	530,805	6.15
Loans, advances and financing:										
- performing	306,049	5,043	355	15,006	164,874	(6,914) *	484,413	-	484,413	9.83
- non-performing	-	-	-	-	-	4,356	4,356	-	4,356	-
Clients' and brokers' balances	1,317	-	-	-	-	399,767	401,084	-	401,084	8.00
Derivative assets	-	-	-	-	-	-	-	22,759	22,759	-
Other assets <sup>(1)</sup>	6,508	1,924	-	-	-	290,229	298,661	-	298,661	0.93
<b>Total assets</b>	<b>1,016,269</b>	<b>84,117</b>	<b>10,490</b>	<b>201,949</b>	<b>575,742</b>	<b>851,780</b>	<b>2,740,347</b>	<b>448,167</b>	<b>3,188,514</b>	
<b>Liabilities</b>										
Deposits from customers	481,702	22,255	1,403	-	-	11	505,371	-	505,371	2.16
Deposits and placements of banks and other financial institutions	661,800	64,613	59,861	14,370	-	282	800,926	-	800,926	2.08
Clients' and brokers' balances	58,536	-	-	-	-	308,094	366,630	-	366,630	1.87
Derivative liabilities	-	-	-	-	-	-	-	49,284	49,284	-
Other liabilities <sup>(2)</sup>	252,289	2,150	-	-	-	92,681	347,120	-	347,120	1.88
Borrowings	33,000	114,500	187,000	-	-	-	334,500	-	334,500	3.58
<b>Total liabilities</b>	<b>1,487,327</b>	<b>203,518</b>	<b>248,264</b>	<b>14,370</b>	<b>-</b>	<b>401,068</b>	<b>2,354,547</b>	<b>49,284</b>	<b>2,403,831</b>	
Total equity	-	-	-	-	-	784,683	784,683	-	784,683	-
<b>Total liabilities and equity</b>	<b>1,487,327</b>	<b>203,518</b>	<b>248,264</b>	<b>14,370</b>	<b>-</b>	<b>1,185,751</b>	<b>3,139,230</b>	<b>49,284</b>	<b>3,188,514</b>	
On-balance sheet interest sensitivity gap	(471,058)	(119,401)	(237,774)	187,579	575,742	(333,971)	(398,883)	398,883	-	
Off-balance sheet interest sensitivity gap	(255,000)	(125,000)	(613,000)	(4,315,000)	-	-	(5,308,000)	-	(5,308,000)	
<b>Total interest sensitivity gap</b>	<b>(726,058)</b>	<b>(244,401)</b>	<b>(850,774)</b>	<b>(4,127,421)</b>	<b>575,742</b>	<b>(333,971)</b>	<b>(5,706,883)</b>	<b>398,883</b>	<b>(5,308,000)</b>	

<sup>(1)</sup> Other assets include Other assets, Statutory deposits with Central Banks, Tax recoverable, Deferred tax assets, Investment in an associate, Property, plant and equipment, Investment properties and Intangible assets as disclosed in the consolidated balance sheet.

Loans, advances and financing, Clients' and brokers' balances and Other assets are stated net of specific and general allowances and interest-in-suspense.

\* The negative balance represents general allowance for losses on loans, advances and financing.

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

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2009**

**A28 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 markets 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

With effect from 1 August 2009, the Group determines reportable segments and presents measure of segmental profit or loss based on the information that are internally provided to the board of directors of the Company, which is the Group's chief operating decision maker. The Group's reportable operating segments are identified based on business units which are engaged in providing different services. These changes in accounting policies are due to the adoption of FRS 8, Operating Segments. Previously, reportable segments were determined and segmental profit or loss are presented in accordance with FRS 14<sub>2004</sub>, Segment Reporting.

Comparative segmental information has been restated in conformity with the transitional provisions of FRS 8 and to conform with the current financial period's presentation.

The segmental information are as follows:

	Stockbroking 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
<b>3 months ended 31 October 2009</b>								
<b>Revenue</b>								
External revenue *	28,772	27,629	760	14,100	13,530	2,198	-	86,989
Inter-segment revenue	-	438	-	10	-	14,610	(15,058)	-
<b>Total revenue</b>	<b>28,772</b>	<b>28,067</b>	<b>760</b>	<b>14,110</b>	<b>13,530</b>	<b>16,808</b>	<b>(15,058)</b>	<b>86,989</b>
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 for losses on loans, advances and financing	(456)	(4,141)	(24)	-	(1,008)	-	-	(5,629)
Write back of allowance/(allowance) for bad and doubtful debts on clients' balances and trade receivables	225	(8)	-	-	-	-	-	217
Impairment loss on securities AFS	-	-	-	-	(650)	-	-	(650)
<b>Segment profit/(loss)</b>	<b>7,172</b>	<b>7,340</b>	<b>(822)</b>	<b>2,868</b>	<b>9,050</b>	<b>10,519</b>	<b>(12,650)</b>	<b>23,477</b>
Share of results of an associate, net of tax								(348)
<b>Profit before taxation</b>								<b>23,129</b>
<b>Segment assets</b>	<b>800,355</b>	<b>2,345,669</b>	<b>110,402</b>	<b>43,925</b>	<b>240,023</b>	<b>849,944</b>	<b>(725,150)</b>	<b>3,665,168</b>
Investment in an associate								3,713
								<b>3,668,881</b>

\* 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.

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2009**

**A28 Segmental Information (cont'd)**

	Stockbroking 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
<b>3 months ended 31 October 2008</b>								
<b>Revenue</b>								
External revenue *	21,882	36,341	-	11,214	10,347	3,398	-	83,182
Inter-segment revenue	-	544	-	18	-	19,830	(20,392)	-
<b>Total revenue</b>	<b>21,882</b>	<b>36,885</b>	<b>-</b>	<b>11,232</b>	<b>10,347</b>	<b>23,228</b>	<b>(20,392)</b>	<b>83,182</b>
Net interest income/(expense)	6,558	4,884	-	242	6,691	(1,072)	-	17,303
Other operating income	16,899	(6,378)	-	11,391	1,425	22,273	(19,325)	26,285
	23,457	(1,494)	-	11,633	8,116	21,201	(19,325)	43,588
Other operating expense	(20,566)	(3,576)	-	(9,832)	(1,170)	(4,851)	1,826	(38,169)
	<b>2,891</b>	<b>(5,070)</b>	<b>-</b>	<b>1,801</b>	<b>6,946</b>	<b>16,350</b>	<b>(17,499)</b>	<b>5,419</b>
Write back of allowance/ (allowance) for losses on loans, advances and financing	136	830	-	-	(699)	-	-	267
Allowance for bad and doubtful debts on clients' balances and trade receivables	(166)	(146)	-	-	-	-	-	(312)
<b>Segment profit/(loss)</b>	<b>2,861</b>	<b>(4,386)</b>	<b>-</b>	<b>1,801</b>	<b>6,247</b>	<b>16,350</b>	<b>(17,499)</b>	<b>5,374</b>
Share of results of jointly controlled entities, net of tax								(2)
<b>Profit before taxation</b>								<b>5,372</b>
<b>Segment assets</b>	<b>908,581</b>	<b>2,272,854</b>	<b>-</b>	<b>43,887</b>	<b>237,738</b>	<b>823,371</b>	<b>(678,293)</b>	<b>3,608,138</b>

\* External revenue of the Group comprises all types of revenue derived from stockbroking, investment 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 2009**

**A29 Valuation of Property, Plant and Equipment**

Not applicable.

**A30 Subsequent Events**

There are no material events subsequent to the end of the financial period ended 31 October 2009.

**A31 Changes in the Composition of the Group**

There are no changes in the composition of the Group for the current quarter and financial period ended 31 October 2009.

**A32 Changes in Contingent Liabilities or Contingent Assets**

Please refer to explanatory note A24.

**A33 Related Party Transactions**

Approval for recurrent related party transactions, which had been entered into in the ordinary course of business, has been obtained in the shareholders' mandate at the general meeting of the Company in accordance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

**HWANG-DBS (MALAYSIA) BERHAD**  
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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2009**

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

**B1 Review of Performance of the Company and its Principal Subsidiaries**

For the first quarter ended 31 October 2009, the operating revenue of the Group has increased to RM87.0 million from RM83.2 million recorded for the corresponding period in the preceding financial year. This is primarily contributed by an increase in stockbroking brokerage income and gain on sale of securities by the investment banking subsidiary, partially offset by loss incurred on foreign exchange. The higher stockbroking brokerage income is in line with the increase in Bursa value traded of RM81.9 billion as compared to RM60.8 billion in the corresponding quarter ended 31 October 2008.

On a quarter-to-quarter basis, the Group posted a significant improvement in pretax profit from RM5.4 million for the three months ended 31 October 2008 to RM23.1 million for the current quarter under review. The higher profitability is mainly attributable to a 41% increase in stockbroking brokerage income as a result of the increase in value traded on Bursa Securities, higher net interest income and fair value gain on derivatives, partially offset by a higher loan loss provisioning by the investment banking and moneylending subsidiaries in the current period under review.

In the opinion of the Board of Directors, no item, transaction or event of a material and unusual nature has arisen which would affect substantially the results of the operations of the Group for the financial period from 31 October 2009 to the date of issue of this announcement.

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

The pretax profit of the Group for the first quarter of the financial year 2010 is marginally higher at RM23.1 million against RM22.1 million for the immediate preceding quarter ended 31 July 2009. In the current period under review, the Group recorded an unrealised gain on derivatives and a higher net interest income. These have, together with reduction in operating expenses, contributed to the increase in profitability of the Group, the effects of which are reduced by the lower stockbroking brokerage in the current quarter as compared to the immediate preceding quarter.

**B3 Commentary**

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

Although there are increasing signs of improved macroeconomic indicators following the effects of the stimulus and policy measures undertaken to stabilise the global financial markets, the global economic recovery remains sluggish.

However, the signs of economies stabilising will augur well for both the stockbroking and investment banking divisions of the Group. Nevertheless, the performance of the stockbroking division is closely related to the level of market activities in the local bourse amidst an increasing competitive operating environment with liberalisation on the sharing of commission rates between brokers and remisiers announced in October 2009. It is also anticipated that activities in the fixed income, debt capital and equity markets are expected to show signs of gradual improvement in year 2010 against a backdrop of increasing investors' confidence and risk appetites.

The Group will continue to grow its consumer financing and fund and asset management activities with expected increase in product and investment portfolio as well as distribution channels. In addition, the Group's overseas commercial bank business is growing as expected.

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2009**

**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**  
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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2009**

**B6 Taxation**

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Oct-09 RM'000	3 months ended 31-Oct-08 RM'000	3 months ended 31-Oct-09 RM'000	3 months ended 31-Oct-08 RM'000
In respect of the current financial period:				
Malaysian income tax	(5,878)	(2,162)	(5,878)	(2,162)
Foreign income tax	(7)	-	(7)	-
Deferred tax	32	370	32	370
	<u>(5,853)</u>	<u>(1,792)</u>	<u>(5,853)</u>	<u>(1,792)</u>
In respect of prior financial years:				
Deferred tax	-	(11)	-	(11)
	<u>(5,853)</u>	<u>(1,803)</u>	<u>(5,853)</u>	<u>(1,803)</u>

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

The effective tax rate for the current quarter and financial period ended 31 October 2009 is higher than the statutory tax rate mainly due to certain expenses which are not deductible for tax purposes, partially offset by capital gains and certain income, which are not subject to tax.

The Ministry of Finance Malaysia ("MOF") has approved tax credits to the investment banking subsidiary, HDSBIB based on 50% of the tax losses of the stockbroking companies acquired by HDSBIB or stockbroking companies of which the businesses were acquired by HDSBIB under the Securities Commission's Policy Framework for Consolidation of the Stockbroking Industry.

As at 31 October 2009, the agreement to be signed between the MOF and the Liquidator of Taiping Recovery Sdn. Bhd. (In Liquidation) ("TRSB") in connection with the acquisition of business of TRSB by HDSBIB in a prior financial year, under Section 154 of the Income Tax Act, 1967 for the release of 50% of the accumulated tax losses of TRSB has not been finalised by the MOF. The Technical Division of the IRB has yet to approve and confirm the amount of the resultant tax credit. The effect of the tax credit has yet to be utilised and recognised in the financial statements.

**B7 Sale of Unquoted Investments and/or Properties**

There are no disposal of unquoted investments and properties for the current quarter and financial period ended 31 October 2009.

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2009**

**B8 Purchase and Sales of Quoted Securities**

- (a) Total purchases and disposals of quoted securities by the Group other than the investment banking subsidiary, HDBSIB, and the profit arising therefrom are as follows:

	<b>Current quarter and financial period ended 31-Oct-09 RM'000</b>
(i) Total Purchase Consideration	<u>2,218</u>
(ii) Total Sales Proceeds	<u>2,843</u>
(iii) Total Profit on Disposal	<u>458</u>

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

	<b>RM'000</b>
(i) At Cost	<u>12,827</u>
(ii) At Book Value	<u>14,030</u>
(iii) At Market Value	<u>14,030</u>

**B9 Status of Corporate Proposals**

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

**B10 Group Borrowings and Debt Securities**

Please refer to explanatory note A17.

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2009**

**B11 Off-Balance Sheet Financial Instruments**

The value of financial instruments with off-balance sheet risk as at 3 December 2009 classified by the remaining periods to maturity or next repricing date (whichever is earlier) are as follows:

Item	Principal amount RM'000	1 month or less RM'000	> 1 to 3 months RM'000	> 3 to 6 months RM'000	> 6 to 12 months RM'000	> 1 to 5 years RM'000	Margin requirement RM'000
<b>Foreign exchange related contracts:</b>							
- currency forwards	840	840	-	-	-	-	-
- currency swaps	186,779	186,779	-	-	-	-	-
- cross currency interest rate swaps	340,516	128,570	95,660	116,286	-	-	-
<b>Interest rate related contracts:</b>							
- futures contracts	5,588,000	200,000	-	231,000	647,000	4,510,000	3,149
- interest rate swaps	1,428,000	180,000	1,120,000	128,000	-	-	-
	<b>7,544,135</b>	<b>696,189</b>	<b>1,215,660</b>	<b>475,286</b>	<b>647,000</b>	<b>4,510,000</b>	<b>3,149</b>

Credit risk

Credit risk or counterparty risk is the exposure to loss due to counterparty's default on credit obligations. As at 3 December 2009, the amount of credit risk of the Group, measured in terms of the cost to replace profitable contracts is RM21.2 million (At 31 July 2009: RM22.9 million). The amount will increase or decrease over the contracted periods, mainly as a function of movements in market rates and time.

Market risk

Market risk is the risk of loss arising from changes in prices of financial instruments in the markets in which the Group operates. The contractual amounts as stated above only provide a measure of the Group's involvement in these types of financial instruments and do not represent the amount subject to risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 3 December 2009, the net exposure of the Group to interest rate risk and foreign currency risk, which were not hedged amounted to RM701.1 million (At 31 July 2009: RM366.8 million) and RM40.1 million (At 31 July 2009: RM22.4 million) respectively.

Related accounting policies

Derivative financial instruments transacted by the Group are carried at fair value and presented separately in the balance sheet as assets (positive changes in fair values) and liabilities (negative changes in fair values). Fair values of exchange-traded derivatives are obtained from quoted market prices. Forward foreign exchange contracts are valued at forward rates as at balance sheet date applicable to their respective dates of maturity. Fair values of other over-the-counter derivatives are obtained using valuation techniques. Unrealised gains or losses arising from changes in fair values of derivative financial instruments are recognised in the income statement in the period in which they arise.

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2009**

**B12 Changes in Material Litigation**

There are no changes to the status of material litigation since the last annual balance sheet date except for the following:

- (a) 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 has been consolidated with HDBSIB's claim against the client. The client filed an appeal after the court had dismissed the client's application to reopen his case in order to call further witness to give evidence. The Court of Appeal affirmed the High Court's decision in dismissing the client's application to reopen his case on 9 November 2009. The court has fixed 14 December 2009 for continued hearing.
- (b) A client of HDBSIB filed a claim for damages of RM10 million against HDBSIB in July 2002. The client alleged that the losses in his account were incurred by a third party and HDBSIB had defamed him by wrongfully reporting him to Bursa Securities as a defaulter. HDBSIB has filed its defence and the matter is fixed for hearing on 15 January 2010.

**B13 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 2009**

**B14 Earnings Per Share Attributable to Equity Holders of the Company**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Oct-09	3 months ended 31-Oct-08	3 months ended 31-Oct-09	3 months ended 31-Oct-08
Profit for the financial period attributable to equity holders of the Company (RM'000)	16,301	2,981	16,301	2,981
Weighted average number of ordinary shares in issue ('000)	255,168	255,178	255,168	255,178
<b>Basic earnings per share (sen)</b>	<b>6.39</b>	<b>1.17</b>	<b>6.39</b>	<b>1.17</b>
Profit for the financial period attributable to equity holders of the Company (RM'000)	16,301	2,981	16,301	2,981
Weighted average number of ordinary shares in issue (as above) ('000)	255,168	255,178	255,168	255,178
<b>Diluted earnings per share (sen)</b>	<b>6.39</b>	<b>1.17</b>	<b>6.39</b>	<b>1.17</b>

**By Order of the Board**

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

**Penang  
9 December 2009**