

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED BALANCE SHEET AS AT 30 APRIL 2010

	Note	As at 30-Apr-10 RM'000	As at 31-Jul-09 RM'000
Assets			
Cash and short term funds		1,221,806	847,215
Deposits and placements with banks and other financial institutions		149,034	87,781
Securities held-for-trading	A8	509,359	425,408
Securities available-for-sale ("AFS")	A9	296,997	86,032
Securities held-to-maturity	A10	492,135	530,805
Loans, advances and financing	A11	459,209	488,769
Clients' and brokers' balances	A12	209,104	401,084
Derivative assets		14,212	22,759
Other assets	A13	47,060	42,470
Statutory deposits with Central Banks		18,020	11,332
Tax recoverable		4,334	7,804
Deferred tax assets		6,079	4,099
Investment in an associate		3,325	4,061
Property, plant and equipment		55,763	60,248
Investment properties		6,064	6,138
Intangible assets		162,509	162,509
		<u>3,655,010</u>	<u>3,188,514</u>
Liabilities			
Deposits from customers	A14	342,710	505,371
Deposits and placements of banks and other financial institutions	A15	1,536,590	800,926
Clients' and brokers' balances		221,183	366,630
Derivative liabilities		22,795	49,284
Other liabilities	A16	327,883	341,823
Taxation		14,542	4,716
Deferred tax liabilities		693	581
Borrowings	A17	376,500	334,500
Total liabilities		<u>2,842,896</u>	<u>2,403,831</u>
Equity			
Share capital		265,845	265,845
Reserves		547,615	520,963
Treasury shares, at cost		(16,054)	(16,046)
		<u>797,406</u>	<u>770,762</u>
Minority interests		14,708	13,921
Total equity		<u>812,114</u>	<u>784,683</u>
Total liabilities and equity		<u>3,655,010</u>	<u>3,188,514</u>
Net assets per share (RM)		<u>3.13</u>	<u>3.02</u>

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 30 APRIL 2010

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		3 months ended 30-Apr-10 RM'000	3 months ended 30-Apr-09 RM'000	9 months ended 30-Apr-10 RM'000	9 months ended 30-Apr-09 RM'000
Operating revenue		84,897	72,225	258,263	212,510
Interest income	A18	42,368	36,411	120,588	114,782
Interest expense	A19	(17,215)	(16,715)	(49,479)	(61,720)
Net interest income		25,153	19,696	71,109	53,062
Other operating income	A20	41,531	28,640	138,608	70,028
		66,684	48,336	209,717	123,090
Other operating expenses	A21	(44,062)	(31,626)	(131,985)	(101,346)
		22,622	16,710	77,732	21,744
(Allowance)/Write back of allowance for losses on loans, advances and financing	A22	(340)	1,369	(7,001)	2,177
Write back of allowance for bad and doubtful debts on clients' balances and trade receivables	A23	143	272	438	126
Impairment loss on securities AFS		-	-	(650)	-
		22,425	18,351	70,519	24,047
Share of results of an associate, net of tax		(267)	(308)	(736)	(577)
Share of results of jointly controlled entities, net of tax		-	-	-	(2)
Profit before taxation		22,158	18,043	69,783	23,468
Taxation	B6	(6,449)	(4,427)	(19,122)	(6,511)
Profit for the financial period		15,709	13,616	50,661	16,957
Attributable to:					
Equity holders of the Company		14,971	12,978	48,112	14,849
Minority interests		738	638	2,549	2,108
		15,709	13,616	50,661	16,957
Earnings per share attributable to equity holders of the Company (sen)	B14				
- Basic		5.87	5.09	18.86	5.82
- Fully diluted		5.87	5.09	18.86	5.82

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 30 APRIL 2010

Attributable to Equity Holders of the Company

	Issued and fully paid ordinary shares of RM1 each										
	Number of shares '000	Nominal value RM'000	Treasury shares RM'000	Share premium RM'000	Statutory reserve RM'000	AFS reserve RM'000	Foreign exchange reserve RM'000	Retained profits RM'000	Sub-total RM'000	Minority interests RM'000	Total equity RM'000
At 1 August 2009	255,168	265,845	(16,046)	33,090	61,321	1,574	(768)	425,746	770,762	13,921	784,683
Currency translation differences	-	-	-	-	-	-	(8,423)	-	(8,423)	-	(8,423)
Net change in fair value of securities AFS, net of tax	-	-	-	-	-	3,352	-	-	3,352	-	3,352
Net gain transferred to income statement on disposal of securities AFS	-	-	-	-	-	(2,036)	-	-	(2,036)	-	(2,036)
Net gain/(loss) recognised directly in equity	-	-	-	-	-	1,316	(8,423)	-	(7,107)	-	(7,107)
Profit for the financial period	-	-	-	-	-	-	-	48,112	48,112	2,549	50,661
Total recognised income and expenses for the financial period	-	-	-	-	-	1,316	(8,423)	48,112	41,005	2,549	43,554
Shares repurchased held as treasury shares at cost	(5)	-	(8)	-	-	-	-	-	(8)	-	(8)
Final dividend for the financial year ended 31 July 2009	-	-	-	-	-	-	-	(9,569)	(9,569)	-	(9,569)
Interim dividend for the financial year ending 31 July 2010	-	-	-	-	-	-	-	(4,784)	(4,784)	-	(4,784)
Dividend paid by a subsidiary to minority interests	-	-	-	-	-	-	-	-	-	(1,762)	(1,762)
At 30 April 2010	255,163	265,845	(16,054)	33,090	61,321	2,890	(9,191)	459,505	797,406	14,708	812,114

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 30 APRIL 2010

Attributable to Equity Holders of the Company

	Issued and fully paid ordinary shares of RM1 each		Treasury shares RM'000	Share premium RM'000	Statutory reserve RM'000	AFS reserve RM'000	Options reserve RM'000	Retained profits RM'000	Sub-total RM'000	Minority interests RM'000	Total equity RM'000
	Number of shares '000	Nominal value RM'000									
At 1 August 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	-	-	-	-	-	(1,970)	-	-	(1,970)	-	(1,970)
Net loss transferred to income statement on disposal of securities AFS	-	-	-	-	-	2,617	-	-	2,617	-	2,617
Net gain recognised directly in equity	-	-	-	-	-	647	-	-	647	-	647
Profit for the financial period	-	-	-	-	-	-	-	14,849	14,849	2,108	16,957
Total recognised income and expenses for the financial period	-	-	-	-	-	647	-	14,849	15,496	2,108	17,604
Options terminated	-	-	-	-	-	-	(431)	431	-	-	-
Shares repurchased held as treasury shares at cost	(5)	-	(5)	-	-	-	-	-	(5)	-	(5)
Final dividend for the financial year ended 31 July 2008	-	-	-	-	-	-	-	(9,569)	(9,569)	-	(9,569)
Dividend paid by a subsidiary to minority interests	-	-	-	-	-	-	-	-	-	(1,762)	(1,762)
At 30 April 2009	255,173	265,845	(16,038)	33,090	52,557	(1,271)	-	418,069	752,252	12,955	765,207

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 30 APRIL 2010

	9 months ended 30-Apr-10 RM'000	9 months ended 30-Apr-09 RM'000
Profit for the financial period	50,661	16,957
Adjustments for:		
Non-cash items	65,745	59,716
Non-operating items - investing	(32,694)	(24,845)
Non-operating items - financing	9,431	11,365
	93,143	63,193
Changes in working capital:		
Net changes in operating assets	57,620	278,901
Net changes in operating liabilities	455,357	(746,290)
	606,120	(404,196)
Interest paid	(38,738)	(52,515)
Tax paid	(7,799)	(8,144)
Net operating cash flow	559,583	(464,855)
Investing activities		
Net purchase of securities	(191,396)	(28,073)
Interest received from securities	30,835	32,351
Dividends and income distributions received	2,860	1,276
Acquisition of remaining 50% equity interests in jointly controlled entities	-	102
Dilution of equity interests in a subsidiary	-	(1,994)
Proceeds from disposal of other investments	14	-
Property, plant and equipment	(3,595)	(1,694)
Net investing cash flow	(161,282)	1,968
Financing activities		
Dividend paid	(9,569)	(9,569)
Dividend paid by a subsidiary to minority interests	(1,762)	(1,762)
Interest paid	(5,182)	(5,652)
Net drawdown/(repayment) of borrowings	42,000	(12,000)
Shares repurchased	(8)	(5)
Net financing cash flow	25,479	(28,988)
Net change in cash and cash equivalents	423,780	(491,875)
Foreign exchange differences	(8,044)	-
Cash and cash equivalents at beginning of the financial period	527,520	995,105
Cash and cash equivalents at end of the financial period	943,256	503,230
Cash and cash equivalents at end of the financial period comprise:		
Cash and short term funds	943,256	503,230

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 30 APRIL 2010

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 30 April 2010.

A5 Changes in Estimates

There are no material changes in accounting estimates used in the preparation of the interim financial report for the current quarter and financial period ended 30 April 2010 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 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 RM587,000 for the financial period ended 30 April 2010.

HWANG-DBS (MALAYSIA) BERHAD
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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2010

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 2010 except that the Company has purchased back 5,000 ordinary shares of RM1 each for cash from the open market at an average price of RM1.65 per share. The share buy-back transactions were financed by internally generated funds. The shares purchased are being held as treasury shares. Details of the share buy-back are as follows:

Month	Number of Shares Purchased	Highest Price RM	Lowest Price RM	Average Price* RM	Total Amount RM
December 2009	<u>5,000</u>	1.65	1.60	1.65	<u>8,261</u>

* The average price includes stamp duty, brokerage and clearing fees.

A7 Dividends

A first and final dividend of 5.0 sen per ordinary share, less 25% income tax, amounting to RM9,568,796 in respect of the previous financial year ended 31 July 2009 was paid on 21 December 2009.

An interim dividend of 2.5 sen per ordinary share, less 25% income tax, amounting to RM4,784,304 in respect of the current financial year ending 31 July 2010 was paid on 3 May 2010. (Previous financial year ended 31 July 2009: No interim dividend was declared).

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2010

A8 Securities Held-For-Trading

	As at 30-Apr-10 RM'000	As at 31-Jul-09 RM'000
At fair value		
Quoted in Malaysia:		
Shares, warrants and REITs	28,391	19,530
Loan stocks	3	1,393
Unit trusts	16,295	11,975
	44,689	32,898
Unquoted:		
<i>In Malaysia</i>		
Malaysian Government Securities	-	51,216
Negotiable instruments of deposits	160,008	30,053
Bankers' acceptances	28,039	132,480
Private and Islamic debt securities	252,710	178,761
<i>Outside Malaysia</i>		
Private debt securities	23,913	-
	509,359	425,408

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

	As at 30-Apr-10 RM'000	As at 31-Jul-09 RM'000
At fair value		
Quoted in Malaysia:		
Shares	16,766	13,650
Unit trusts	6,273	5,382
	23,039	19,032
Unquoted:		
<i>In Malaysia</i>		
Malaysian Government Securities	-	66,510
Private and Islamic debt securities	273,468	-
At cost		
Unquoted:		
Shares	1,140	4,490
	297,647	90,032
Accumulated impairment losses	(650)	(4,000)
	296,997	86,032

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 RM16.8 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 RM4.9 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 30 APRIL 2010

A10 Securities Held-To-Maturity

	As at 30-Apr-10 RM'000	As at 31-Jul-09 RM'000
At amortised cost		
Unquoted		
<i>In Malaysia</i>		
Malaysian Government Securities	70,861	71,495
Private and Islamic debt securities	306,356	333,057
<i>Outside Malaysia</i>		
Private debt securities	114,918	126,253
	492,135	530,805

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:

	As at 30-Apr-10 RM'000	As at 31-Jul-09 RM'000
Carrying amount	421,274	459,310
Fair value	446,672	456,690

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 30 APRIL 2010

A11 Loans, Advances and Financing

	As at 30-Apr-10 RM'000	As at 31-Jul-09 RM'000
(a) By Type		
Term loans		
- bridging loans	8,550	79,688
- syndicated term loans	78,042	81,357
- housing loans	745	-
- other term loans	448,878	409,560
Overdrafts	978	-
Share margin financing	127,261	105,193
	<u>664,454</u>	<u>675,798</u>
Unearned interest	<u>(182,549)</u>	<u>(171,328)</u>
	481,905	504,470
Allowance for losses on loans, advances and financing:		
- general	(6,948)	(6,914)
- specific	<u>(15,748)</u>	<u>(8,787)</u>
Net loans, advances and financing	<u>459,209</u>	<u>488,769</u>
(b) By Type of Customer		
Domestic business enterprises		
- others	144,946	223,983
Individuals	125,211	90,284
Other domestic entities	202,146	182,932
Foreign entities	9,602	7,271
	<u>481,905</u>	<u>504,470</u>
(c) By Interest Rate Sensitivity		
Fixed rate		
- housing loans	745	-
- other fixed rate loans/financing	394,568	338,402
Variable rate		
- cost-plus	<u>86,592</u>	<u>166,068</u>
	<u>481,905</u>	<u>504,470</u>
(d) By Purpose		
Purchase of landed properties		
- residential	745	-
- non-residential	561	36,087
Construction	1,893	-
Real estates	353	-
Purchase of securities	172,654	161,051
Purchase of transport vehicles	95	-
Working capital	31,949	68,787
Personal use	223,637	198,471
Others	50,018	40,074
	<u>481,905</u>	<u>504,470</u>

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2010

A11 Loans, Advances and Financing (cont'd)

	As at 30-Apr-10 RM'000	As at 31-Jul-09 RM'000
(e) Non-Performing Loans, Advances and Financing ("NPLs") by Purpose		
Purchase of securities	810	1,018
Working capital	8,550	8,550
Personal use	6,566	3,575
	<u>15,926</u>	<u>13,143</u>
(f) Movements in NPLs		
At beginning of the financial period	13,143	13,652
Classified as non-performing	4,995	13,158
Reclassified as performing	(1,760)	(223)
Amount recovered	(452)	(13,444)
At end of the financial period	<u>15,926</u>	<u>13,143</u>
Less: Specific allowance	<u>(15,748)</u>	<u>(8,787)</u>
Net NPLs	<u>178</u>	<u>4,356</u>
Net NPLs as a % of gross loans, advances and financing less specific allowance	<u>0.0%</u>	<u>0.9%</u>
(g) Movements in Allowance for Losses on Loans, Advances and Financing		
<u>General Allowance</u>		
At beginning of the financial period	6,914	7,819
Allowance made/(written back)	40	(905)
Exchange differences	(6)	-
At end of the financial period	<u>6,948</u>	<u>6,914</u>
As a % of gross loans, advances and financing less specific allowance	<u>1.5%</u>	<u>1.4%</u>
<u>Specific Allowance</u>		
At beginning of the financial period	8,787	5,050
Allowance made	7,594	7,292
Amount written back	(633)	(3,555)
At end of the financial period	<u>15,748</u>	<u>8,787</u>

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2010

A12 Clients' and Brokers' Balances

	As at 30-Apr-10 RM'000	As at 31-Jul-09 RM'000
Clients' and brokers' balances, net of allowance for bad and doubtful debts	209,104	401,084

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

General Allowance

At beginning of the financial period	60	59
Allowance (written back)/made	(60)	1
At end of the financial period	-	60

Specific Allowance

At beginning of the financial period	831	1,212
Allowance made	134	366
Amount written back	(234)	(283)
Amount written off	-	(464)
At end of the financial period	731	831

A13 Other Assets

	As at 30-Apr-10 RM'000	As at 31-Jul-09 RM'000
Trade receivables, net of allowance for bad and doubtful debts of RM393,000 (2009: RM362,000)	5,720	5,905
Interest receivable	13,946	15,535
Statutory deposit	150	150
Clearing Guarantee Fund	1,948	1,924
Clearing Fund	1,000	1,000
Other receivables, deposits and prepayments	21,398	15,050
Other investments	2,898	2,906
	47,060	42,470

A14 Deposits from Customers

	As at 30-Apr-10 RM'000	As at 31-Jul-09 RM'000
(a) By Type of Deposit		
Demand deposits	973	11
Savings deposits	404	99
Fixed deposits	340,808	503,261
Negotiable instruments of deposits	525	2,000
	342,710	505,371

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2010

A14 Deposits from Customers (cont'd)

	As at 30-Apr-10 RM'000	As at 31-Jul-09 RM'000
(b) By Type of Customer		
Government and statutory bodies	-	150,000
Business enterprises	309,088	340,525
Individuals	30,735	12,309
Others	2,887	2,537
	<u>342,710</u>	<u>505,371</u>

A15 Deposits and Placements of Banks and Other Financial Institutions

	As at 30-Apr-10 RM'000	As at 31-Jul-09 RM'000
Licensed banks	199,314	116,689
Licensed investment banks	40,000	60,000
Other financial institutions	1,297,276	624,237
	<u>1,536,590</u>	<u>800,926</u>

A16 Other Liabilities

	As at 30-Apr-10 RM'000	As at 31-Jul-09 RM'000
Trade payables	35,091	9,277
Interest payable	9,689	4,131
Dividend payable	4,784	-
Other payables and accruals	278,319	328,415
	<u>327,883</u>	<u>341,823</u>

A17 Borrowings

(a) Total borrowings of the Group of RM376.5 million as at 30 April 2010 are unsecured of which RM145 million revolving credit lines are covered by corporate guarantees issued by the Company for a subsidiary.

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

	As at 30-Apr-10 RM'000	As at 31-Jul-09 RM'000
Short term borrowings		
Revolving credits	376,500	334,500
Long term borrowings		
	-	-
Total borrowings	<u>376,500</u>	<u>334,500</u>

(c) All borrowings are denominated in Ringgit Malaysia.

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2010

A18 Interest Income

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-10 RM'000	3 months ended 30-Apr-09 RM'000	9 months ended 30-Apr-10 RM'000	9 months ended 30-Apr-09 RM'000
Loans, advances and financing				
- Interest income other than recoveries from NPLs	18,344	14,064	49,545	42,180
- Recoveries from NPLs	3	6	43	468
Money at call and deposit placements with financial institutions	5,167	3,276	14,680	15,714
Securities:				
- held-for-trading	4,829	5,162	15,138	19,825
- AFS	2,134	131	4,434	326
- held-to-maturity	7,388	8,529	22,740	25,386
Others	4,152	2,586	12,850	4,515
	<u>42,017</u>	<u>33,754</u>	<u>119,430</u>	<u>108,414</u>
Amortisation of premium less accretion of discount	489	2,824	1,579	6,794
Interest suspended	(138)	(167)	(421)	(426)
	<u>42,368</u>	<u>36,411</u>	<u>120,588</u>	<u>114,782</u>

A19 Interest Expense

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-10 RM'000	3 months ended 30-Apr-09 RM'000	9 months ended 30-Apr-10 RM'000	9 months ended 30-Apr-09 RM'000
Deposits and placements of banks and other financial institutions	(7,918)	(5,710)	(20,463)	(24,878)
Deposits from customers	(2,767)	(3,821)	(9,348)	(16,177)
Borrowings	(3,272)	(3,482)	(9,431)	(11,364)
Others	(3,258)	(3,702)	(10,237)	(9,301)
	<u>(17,215)</u>	<u>(16,715)</u>	<u>(49,479)</u>	<u>(61,720)</u>

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2010

A20 Other Operating Income

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-10 RM'000	3 months ended 30-Apr-09 RM'000	9 months ended 30-Apr-10 RM'000	9 months ended 30-Apr-09 RM'000
Fee and commission income:				
Brokerage	22,181	15,575	67,586	45,522
Unit trust management and incentive fees	8,775	6,641	29,089	21,981
Advisory and arranger fees	833	2,003	3,305	5,790
Underwriting commission and placement income	35	-	692	48
Service charges and fees	238	169	667	720
Other fees and commission	1,965	3,363	9,112	8,842
	<u>34,027</u>	<u>27,751</u>	<u>110,451</u>	<u>82,903</u>
Net gain/(loss) arising from disposal of:				
- securities held-for-trading	278	1,599	7,742	3,769
- derivatives	(1,398)	(1,077)	(3,351)	(10,999)
- securities AFS	824	(1,059)	2,924	(2,662)
- securities held-to-maturity	(1)	-	115	-
	<u>(297)</u>	<u>(537)</u>	<u>7,430</u>	<u>(9,892)</u>
Net unrealised gain/(loss) on:				
- securities held-for-trading	3,043	(5,409)	4,170	2,921
- derivatives	(1,167)	1,512	(1,493)	(17,786)
	<u>1,876</u>	<u>(3,897)</u>	<u>2,677</u>	<u>(14,865)</u>
Gross dividends/income distributions from:				
- securities held-for-trading	1,075	629	2,305	745
- securities AFS	184	85	547	652
	<u>1,259</u>	<u>714</u>	<u>2,852</u>	<u>1,397</u>
Other income:				
Initial service charge	4,740	718	11,747	5,630
Net foreign exchange gain/(loss):				
- realised	1,200	4,930	4,988	8,783
- unrealised	(2,105)	(1,985)	(4,123)	(6,351)
Rental Income	143	143	428	428
Others	688	803	2,158	1,995
	<u>4,666</u>	<u>4,609</u>	<u>15,198</u>	<u>10,485</u>
Total	<u>41,531</u>	<u>28,640</u>	<u>138,608</u>	<u>70,028</u>

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2010

A21 Other Operating Expenses

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-10 RM'000	3 months ended 30-Apr-09 RM'000	9 months ended 30-Apr-10 RM'000	9 months ended 30-Apr-09 RM'000
Personnel costs:				
- Salaries, allowances and bonus	(15,700)	(12,552)	(48,505)	(36,930)
- Contributions to a defined contribution plan	(2,124)	(1,697)	(6,438)	(5,408)
- Others	(3,758)	(1,966)	(9,984)	(6,755)
	<u>(21,582)</u>	<u>(16,215)</u>	<u>(64,927)</u>	<u>(49,093)</u>
Establishment related costs:				
- Depreciation	(1,993)	(2,046)	(6,208)	(6,405)
- Rental of premises	(1,079)	(926)	(3,180)	(2,870)
- Rental of equipment	(668)	(693)	(2,027)	(2,090)
- Repairs and maintenance of premises and equipment	(380)	(263)	(1,028)	(812)
- Information technology expenses	(835)	(535)	(2,088)	(1,858)
- Others	(1,062)	(996)	(3,117)	(3,103)
	<u>(6,017)</u>	<u>(5,459)</u>	<u>(17,648)</u>	<u>(17,138)</u>
Promotion and marketing related expenses:				
- Promotion and business development	(3,870)	(2,443)	(11,283)	(7,112)
- Travelling and accommodation	(133)	(146)	(439)	(656)
- Others	(914)	(877)	(3,430)	(3,604)
	<u>(4,917)</u>	<u>(3,466)</u>	<u>(15,152)</u>	<u>(11,372)</u>
Administrative and general expenses:				
- Professional and consultancy fees	(870)	(249)	(2,540)	(1,761)
- Communication expenses	(1,165)	(1,333)	(3,753)	(3,828)
- Incentives and commission	(5,757)	(2,680)	(17,006)	(9,931)
- Regulatory charges	(1,817)	(915)	(4,881)	(2,910)
- Others	(1,937)	(1,309)	(6,078)	(5,313)
	<u>(11,546)</u>	<u>(6,486)</u>	<u>(34,258)</u>	<u>(23,743)</u>
Total	<u>(44,062)</u>	<u>(31,626)</u>	<u>(131,985)</u>	<u>(101,346)</u>

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2010

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-10 RM'000	3 months ended 30-Apr-09 RM'000	9 months ended 30-Apr-10 RM'000	9 months ended 30-Apr-09 RM'000
Allowance for bad and doubtful debts:				
Specific allowance				
- made during the financial period	(1,165)	(779)	(7,594)	(2,311)
- written back during the financial period	114	1,321	633	3,434
	<u>(1,051)</u>	<u>542</u>	<u>(6,961)</u>	<u>1,123</u>
General allowance				
- (made)/written back during the financial period	711	827	(40)	1,054
	<u>(340)</u>	<u>1,369</u>	<u>(7,001)</u>	<u>2,177</u>

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-10 RM'000	3 months ended 30-Apr-09 RM'000	9 months ended 30-Apr-10 RM'000	9 months ended 30-Apr-09 RM'000
Allowance for bad and doubtful debts:				
Specific allowance				
- made during the financial period	(64)	(37)	(165)	(419)
- written back during the financial period	93	242	234	283
	<u>29</u>	<u>205</u>	<u>69</u>	<u>(136)</u>
General allowance				
- written back during the financial period	-	3	60	3
Bad debts:				
- recovered	114	64	309	259
	<u>143</u>	<u>272</u>	<u>438</u>	<u>126</u>

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2010

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 30-Apr-10			As at 31-Jul-09		
	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
Direct credit substitutes	27,500	27,500	5,500	32,500	32,500	6,500
Commitments to extend credits with maturity of ⁽¹⁾ :						
- less than 1 year	335,806	2,172	434	372,221	4,104	2,385
- 1 year to less than 5 years	16,984	8,718	1,879	27,392	13,696	2,739
- 5 years and above	3,345	3,345	1,672	-	-	-
Foreign exchange related contracts:						
- less than 1 year	271,374	831	440	89,759	860	434
- 1 year to less than 5 years	280,710	22,814	9,882	224,230	22,116	11,058
Interest rate related contracts:						
- less than 1 year	1,562,000	1,075	478	983,000	1,460	730
- 1 year to less than 5 years	5,023,000	43,774	15,682	6,263,000	61,884	21,856
	7,520,719	110,229	35,967	7,992,102	136,620	45,702

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

⁽¹⁾ Included in the commitments to extend credits as at 30 April 2010 are loan commitments of the commercial banking subsidiary, of which the credit equivalent amount and risk-weighted amount are computed in accordance with the relevant guidelines issued by the National Bank of Cambodia.

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2010

A25 Other Commitments

	As at 30-Apr-10 RM'000	As at 31-Jul-09 RM'000
Capital expenditure commitments	50,171	9,584
Non-cancellable operating lease commitments	8,842	4,951
	59,013	14,535

A26 Capital Adequacy

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

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

	As at 30-Apr-10 RM'000	As at 31-Jul-09 RM'000
<u>Tier I capital</u>		
Issued and fully paid share capital	500,000	500,000
Retained profits	191,077	198,577
Statutory reserve	61,321	61,321
	752,398	759,898
Less:		
Goodwill	(110,002)	(110,002)
Deductions in excess of Tier II capital	(89)	-
Total Tier I capital	642,307	649,896
<u>Tier II capital</u>		
General allowance for losses on loans, advances and financing	3,699	4,137
Total Tier II capital	3,699	4,137
Total capital	646,006	654,033
Add/(Less):		
Investment in subsidiaries	(3,081)	(3,081)
Other deductions	(707)	(540)
Excess of Tier II capital deducted in Tier I capital	89	-
Capital base	642,307	650,412
Eligible capital	642,307	650,412
Tier I capital ratio <i>(before payment of dividend)</i>	33.5%	33.8%
Risk-weighted capital ratio <i>(before payment of dividend)</i>	33.5%	33.9%
Tier I capital ratio <i>(after payment of dividend)</i>	33.5%	33.4%
Risk-weighted capital ratio <i>(after payment of dividend)</i>	33.5%	33.5%

(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.

	As at 30-Apr-10	As at 31-Jul-09
Solvency ratio <i>(before payment of dividend)</i>	29.9%	-
Solvency ratio <i>(after payment of dividend)</i>	29.9%	-

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2010

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				
At 30 April 2010										
Assets										
Cash and short term funds	1,086,115	-	-	-	-	135,691	1,221,806	-	1,221,806	2.28
Deposit and placements with banks and other financial institutions	-	100,000	27,661	21,373	-	-	149,034	-	149,034	3.67
Securities held-for-trading	-	-	-	-	-	-	-	509,359	509,359	4.08
Securities AFS	32,980	69,649	85,181	85,658	-	23,529	296,997	-	296,997	3.55
Securities held-to-maturity	-	-	70,861	155,460	265,814	-	492,135	-	492,135	6.10
Loans, advances and financing:										
- performing	239,787	19,017	522	19,837	186,816	(6,948) *	459,031	-	459,031	10.41
- non-performing	-	-	-	-	-	178	178	-	178	-
Clients' and brokers' balances	2,851	-	-	-	-	206,253	209,104	-	209,104	8.00
Derivative assets	-	-	-	-	-	-	-	14,212	14,212	-
Other assets ⁽¹⁾	13,655	1,948	-	-	-	287,551	303,154	-	303,154	0.71
Total assets	1,375,388	190,614	184,225	282,328	452,630	646,254	3,131,439	523,571	3,655,010	
Liabilities										
Deposits from customers	313,100	20,813	7,824	-	-	973	342,710	-	342,710	2.46
Deposits and placements of banks and other financial institutions	1,108,936	286,255	133,274	7,618	-	507	1,536,590	-	1,536,590	2.51
Clients' and brokers' balances	50,368	-	-	-	-	170,815	221,183	-	221,183	2.09
Derivative liabilities	-	-	-	-	-	-	-	22,795	22,795	-
Other liabilities ⁽²⁾	216,627	-	2,191	-	-	124,300	343,118	-	343,118	2.20
Borrowings	162,500	184,000	30,000	-	-	-	376,500	-	376,500	3.76
Total liabilities	1,851,531	491,068	173,289	7,618	-	296,595	2,820,101	22,795	2,842,896	
Total equity	-	-	-	-	-	812,114	812,114	-	812,114	-
Total liabilities and equity	1,851,531	491,068	173,289	7,618	-	1,108,709	3,632,215	22,795	3,655,010	
On-balance sheet interest sensitivity gap	(476,143)	(300,454)	10,936	274,710	452,630	(462,455)	(500,776)	500,776	-	
Off-balance sheet interest sensitivity gap	(205,000)	(267,000)	(1,240,000)	(3,445,000)	-	-	(5,157,000)	-	(5,157,000)	
Total interest sensitivity gap	(681,143)	(567,454)	(1,229,064)	(3,170,290)	452,630	(462,455)	(5,657,776)	500,776	(5,157,000)	

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

Loans, advances and financing 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 losses on loans, advances and financing.

⁽²⁾ 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 30 APRIL 2010

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

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

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

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

⁽²⁾ 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 30 APRIL 2010

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 14₂₀₀₄, 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:

	Stock- broking RM'000	Investment banking RM'000	Commercial banking RM'000	Investment manage- ment RM'000	Money- lending RM'000	Others RM'000	Inter- segment elimination RM'000	Group RM'000
9 months ended 30 April 2010								
Revenue								
External revenue *	84,498	80,192	2,725	41,758	42,519	6,571	-	258,263
Inter-segment revenue	-	1,270	-	31	-	31,106	(32,407)	-
Total revenue	84,498	81,462	2,725	41,789	42,519	37,677	(32,407)	258,263
Net interest income/(expense)	12,703	28,000	1,205	319	33,935	(5,053)	-	71,109
Other operating income	75,037	8,445	153	42,313	4,859	38,432	(30,631)	138,608
Other operating expense	(67,375)	(11,827)	(3,168)	(35,206)	(6,253)	(13,763)	5,607	(131,985)
Allowance for losses on loans, advances and financing	(647)	(2,981)	(109)	-	(3,226)	-	(38)	(7,001)
Write back of allowance/(allowance) for bad and doubtful debts on clients' balances and trade receivables	469	(31)	-	-	-	(5)	5	438
Impairment loss on securities AFS	-	-	-	-	(650)	-	-	(650)
Segment profit/(loss)	20,187	21,606	(1,919)	7,426	28,665	19,611	(25,057)	70,519
Share of results of an associate, net of tax								(736)
Profit before taxation								69,783
Segment assets	794,977	2,304,391	165,374	69,989	256,141	867,368	(806,555)	3,651,685
Investment in an associate								3,325
								3,655,010

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

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2010

A28 Segmental Information (cont'd)

	Stock- broking RM'000	Investment banking RM'000	Commercial banking RM'000	Investment manage- ment RM'000	Money- lending RM'000	Others RM'000	Inter- segment elimination RM'000	Group RM'000
9 months ended 30 April 2009								
Revenue								
External revenue *	55,891	87,727	-	27,611	33,095	8,186	-	212,510
Inter-segment revenue	-	1,503	-	33	-	56,927	(58,463)	-
Total revenue	55,891	89,230	-	27,644	33,095	65,113	(58,463)	212,510
Net interest income/(expense)	16,400	17,816	-	583	21,742	(3,479)	-	53,062
Other operating income	46,593	(14,091)	-	28,199	4,418	59,908	(54,999)	70,028
	62,993	3,725	-	28,782	26,160	56,429	(54,999)	123,090
Other operating expense	(56,162)	(10,985)	-	(23,117)	(3,512)	(12,382)	4,812	(101,346)
	6,831	(7,260)	-	5,665	22,648	44,047	(50,187)	21,744
Write back of allowance for losses on loans, advances and financing	709	856	-	-	612	-	-	2,177
Write back of allowance/(allowance) for bad and doubtful debts on clients' balances and trade receivables	148	(22)	-	-	-	-	-	126
Segment profit/(loss)	7,688	(6,426)	-	5,665	23,260	44,047	(50,187)	24,047
Share of results of an associate, net of tax								(577)
Share of results of jointly controlled entities, net of tax								(2)
Profit before taxation								23,468
Segment assets	785,712	1,865,915	-	42,640	264,601	788,549	(675,115)	3,072,302
Investment in an associate								4,361
								3,076,663

* 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 30 APRIL 2010

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 30 April 2010 except that the National Bank of Cambodia ("NBC") and the Ministry of Commerce, Cambodia have approved the increase of USD10,000,000 in the registered capital of a wholly-owned subsidiary, HwangDBS Commercial Bank Plc ("HDCB"). The issued and fully paid ordinary share capital of HDCB was increased on 6 May 2010 from USD20,000,000 to USD30,000,000 by way of an issue of 10,000,000 ordinary shares of USD1 each for the purpose of meeting the minimum capital requirement as prescribed by the NBC. The newly issued ordinary shares, which rank pari passu in all respects with the existing issued ordinary shares of HDCB, were fully subscribed by the Company.

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 30 April 2010 except that on 22 February 2010, a wholly-owned subsidiary of the Company, HwangDBS Commercial Bank Plc has incorporated a wholly-owned subsidiary, HwangDBS Securities (Cambodia) Plc ("HDBSSC") to undertake stockbroking, corporate finance, underwriting, investment advisory and other related activities in Cambodia, subject to a securities firm licence to be issued by the Securities and Exchange Commission of Cambodia to HDBSSC. HDBSSC has an issued and paid-up capital of Riels 40 billion equivalent to USD10 million (fixed exchange rate: Riels 4,000 per USD1) comprising 10 million ordinary shares at par value of Riels 4,000 equivalent to USD1 each.

A32 Changes in Contingent Liabilities or Contingent Assets

Please refer to explanatory note A24.

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2010

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 nine months ended 30 April 2010, the Group reported a total operating revenue of RM258.3 million, representing a 22% growth from the corresponding period a year earlier. The increase in operating revenue is largely attributable to a 60% increase in value traded in Bursa Malaysia Securities Berhad to RM251.7 billion for the current financial period, which lifted the Group's stockbroking brokerage income for the same period; lower loss from derivatives trading, higher interest income from consumer financing and investment banking activities, coupled with higher fund management fees.

The Group's pretax profit strengthened to RM69.8 million for the financial period ended 30 April 2010 in comparison to RM23.5 million recorded in the corresponding period of the preceding financial year. The significant improvement in the Group's earnings is mainly as a result of the flow through effects arising from higher stockbroking brokerage, lower loss from derivatives trading and increased interest income from consumer financing and investment banking activities. The increase in profitability is further boosted by lower marked-to-market loss on derivatives and lower interest expense but partially offset by a higher net loan loss provisioning and higher personnel and incentive costs during the current financial 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 30 April 2010 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 current quarter of RM22.2 million is slightly below the pretax profit of RM24.5 million posted in the second quarter of the financial year 2010, primarily due to the lower net gain from securities trading, decrease in fund management fees as well as an increase in net foreign exchange translation loss, mitigated by the higher level of marked-to-market gain on securities held-for-trading, increase in net interest income from consumer financing activities and write back of general loan loss provisioning during the current quarter under review.

B3 Commentary

(a) Current Year's Prospects

Although the latest economic indicators for Malaysia are pointing to a sustained recovery in year 2010, this may be dampened by the fiscal crisis in Europe which has created further uncertainties in the global financial markets which may impede the speed of global economic recovery.

The local equity and capital markets continue to be vulnerable to external developments, and trading activities in the local bourse are expected to remain volatile whilst capital market conditions are expected to remain subdued in the near to medium term.

Amidst a competitive and volatile landscape, the Group will strive to build on its investment banking business and maintain its market leadership in the stockbroking industry.

The Group will continue to expand its consumer financing and moneylending activities, asset management business and its overseas commercial bank activities as planned.

The Board of Directors expects the Group's performance for the last quarter of the financial year ending 31 July 2010 to be satisfactory.

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2010

B3 Commentary (cont'd)

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

Not applicable.

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

Not applicable.

B5 Profit Forecast and Profit Guarantee

Not applicable.

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2010

B6 Taxation

The analysis of the tax expense for the current quarter and financial period ended 30 April 2010 are as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-10 RM'000	3 months ended 30-Apr-09 RM'000	9 months ended 30-Apr-10 RM'000	9 months ended 30-Apr-09 RM'000
In respect of the current financial period:				
Malaysian income tax	(12,777)	(3,423)	(25,914)	(7,744)
Foreign income tax	(9)	-	(27)	-
Deferred tax	6,193	(1,721)	6,675	729
	<u>(6,593)</u>	<u>(5,144)</u>	<u>(19,266)</u>	<u>(7,015)</u>
In respect of prior financial years:				
Malaysian income tax	4,766	691	4,766	714
Deferred tax	(4,622)	26	(4,622)	(210)
	<u>(6,449)</u>	<u>(4,427)</u>	<u>(19,122)</u>	<u>(6,511)</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 30 April 2010 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, HDBSIB based on 50% of the tax losses of the stockbroking companies acquired by HDBSIB or stockbroking companies of which the businesses were acquired by HDBSIB under the Securities Commission's Policy Framework for Consolidation of the Stockbroking Industry.

The MOF and the Liquidator of Taiping Recovery Sdn. Bhd. (In Liquidation) ("TRSB") have entered into an agreement dated 13 May 2010 pursuant to Section 154 of the Income Tax Act, 1967 for the release of 50% of the accumulated tax losses of TRSB in relation to the acquisition of the business of TRSB by HDBSIB in a prior financial year. Pending approval of the amount of the resultant tax credit accruing to HDBSIB by the Inland Revenue Board, the effect of utilisation of the tax credit by HDBSIB has yet to be recognised in the financial statements as at 30 April 2010.

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 30 April 2010.

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2010

B8 Purchase and Sales of Quoted Securities

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

	Current quarter ended 30-Apr-10 RM'000	Financial period ended 30-Apr-10 RM'000
(i) Total Purchase Consideration	<u>5,546</u>	<u>11,655</u>
(ii) Total Sales Proceeds	<u>5,152</u>	<u>11,231</u>
(iii) Total Profit on Disposal	<u>699</u>	<u>1,867</u>

- (b) Total investments in quoted securities held by the Group other than HDBSIB as at 30 April 2010 are as follows:

	RM'000
(i) At Cost	<u>15,285</u>
(ii) At Book Value	<u>16,788</u>
(iii) At Market Value	<u>16,788</u>

B9 Status of Corporate Proposals

There are no corporate proposals announced but not completed as at date of issue of this announcement except for the following:

- (a) On 8 December 2009, two indirect dormant wholly-owned subsidiaries of the Company namely, HwangDBS Custodian Nominees (Asing) Sdn. Bhd. ("CNA") and HwangDBS Custodian Nominees (Tempatan) Sdn. Bhd. ("CNT") have submitted an application to the Companies Commission of Malaysia ("CCM") pursuant to Section 308(1) of the Companies Act, 1965 for a voluntary striking-off. CCM has subsequently notified that the name of CNA and CNT will be struck off the register on 23 June 2010.

The striking-off of CNA and CNT will not have any impact on the net assets and earnings per share of the Group for the financial year ending 31 July 2010. At the date of this announcement, CNA and CNT are pending striking-off by CCM.

- (b) On 23 February 2010, a wholly-owned subsidiary of the Company, HwangDBS Investment Bank Berhad ("HDBSIB") has entered into a Sale and Purchase Agreement with a third party to acquire a freehold property comprising a 3-storey office building with a 2-level basement carpark and a 2-storey detached house annexed to a single storey building at a total consideration of RM45.7 million. A deposit of 10% has been paid by HDBSIB to the seller. The acquisition was completed on 10 June 2010 upon full payment of the purchase consideration.

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 30 APRIL 2010

B11 Disclosure of Derivatives

The derivatives held by the Group as at the balance sheet date represented the resultant outstanding positions arising from proprietary and client-related treasury activities undertaken by the investment banking subsidiary in its ordinary course of business. The derivatives were entered into by the investment banking subsidiary in the previous financial years and current financial period primarily to hedge against its interest rate and foreign exchange risk exposures as well as for funding of the investment banking activities.

As at the balance sheet date, the principal amount and fair value of derivatives held by the Group classified by the remaining periods to maturity are as follows:

Type of Derivatives	Margin requirement RM'000	1 year or less RM'000	> 1 to 3 years RM'000	> 3 years RM'000	Total RM'000
(a) Principal amount					
Foreign exchange related contracts					
- currency forwards	-	236,589	-	-	236,589
- currency swaps	-	34,785	-	-	34,785
- cross currency interest rate swap	-	-	215,540	65,170	280,710
Interest rate related contracts					
- futures contracts	3,388	272,000	1,160,000	3,725,000	5,157,000
- interest rate swaps	-	130,000	840,000	458,000	1,428,000
	3,388	673,374	2,215,540	4,248,170	7,137,084

(b) Fair value					
Foreign exchange related contracts					
- currency forwards		14	-	-	14
- currency swaps		146	-	-	146
- cross currency interest rate swap		-	(5,657)	(34)	(5,691)
Interest rate related contracts					
- futures contracts		(7,658)	(15,531)	(20)	(23,209)
- interest rate swaps		(515)	5,611	(8,148)	(3,052)
		(8,013)	(15,577)	(8,202)	(31,792)

Credit risk

Foreign exchange and interest rate related derivative contracts are subject to credit risk, which refers to the potential risk of financial loss arising from defaults by counterparties in meeting their obligations. The credit control unit of the investment banking subsidiary reviews exposures to individual customers and counterparties as well as concentration of credit risk on an on-going basis.

As at the balance sheet date, the amount of credit risk of the Group, measured in terms of the cost to replace profitable contracts is RM14.3 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 market interest rates and foreign exchange rates underlying derivative contracts. The investment banking subsidiary adopts a Value-at-Risk ("VaR") methodology using a parametric (variance-covariance) approach for its interest rate and foreign exchange exposures. To complement the VaR framework, sensitivity measures such as present-value basis point ("PVBP") is used to assist in risk control limit setting.

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2010

B11 Disclosure of Derivatives (cont'd)

Market risk (cont'd)

The contractual amounts of derivatives as at the balance sheet date only provide a measure of the Group's involvement in the respective type of derivatives 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 the balance sheet date, the net exposure of the Group to interest rate risk and foreign currency risk, which were not hedged amounted to RM456.9 million (At 31 July 2009: RM366.8 million) and RM54.8 million (At 31 July 2009: RM22.4 million) respectively.

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. The investment banking subsidiary's liquidity risk management is principally guided by the New Liquidity Framework ("NLF") prescribed by Bank Negara Malaysia. The key quantitative tools and techniques used by the investment banking subsidiary to manage and monitor liquidity risk include maturity mismatch analysis which involves monitoring of financial assets and liabilities, including derivatives over successive time bands and across functional currencies.

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 the 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.

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 High Court has 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.
- (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. The Court has fixed 20 July 2010 for case management and 16 and 17 August 2010 for trial.

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 30 APRIL 2010

B14 Earnings Per Share Attributable to Equity Holders of the Company

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-10	3 months ended 30-Apr-09	9 months ended 30-Apr-10	9 months ended 30-Apr-09
Profit for the financial period attributable to equity holders of the Company (RM'000)	14,971	12,978	48,112	14,849
Weighted average number of ordinary shares in issue ('000)	255,163	255,173	255,165	255,175
Basic earnings per share (sen)	5.87	5.09	18.86	5.82
Profit for the financial period attributable to equity holders of the Company (RM'000)	14,971	12,978	48,112	14,849
Weighted average number of ordinary shares in issue (as above) ('000)	255,163	255,173	255,165	255,175
Diluted earnings per share (sen)	5.87	5.09	18.86	5.82

By Order of the Board

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

**Penang
18 June 2010**