

ECM LIBRA INVESTMENT BANK BERHAD (682-X)
Interim Financial Statements for the period ended 31 October 2010.

Unaudited Statements of Financial Position
As at 31 October 2010

	Note	Group		Bank	
		31-Oct-10 RM'000	31-Jan-10 RM'000	31-Oct-10 RM'000	31-Jan-10 RM'000
ASSETS					
Cash and short-term funds		413,482	588,949	413,174	588,709
Deposits with financial institutions	8	21,444	50,870	21,444	50,870
Securities held-for-trading	9	461,883	301,911	461,883	301,911
Securities available-for-sale	10	472,591	475,824	472,591	475,824
Securities held-to-maturity	11	20,000	162,200	20,000	162,200
Derivative financial instruments	12	14	339	14	339
Loan, advances and financing	13	515,091	323,485	515,091	323,485
Trade receivables	14	449,018	289,550	449,018	289,550
Statutory deposit with Bank Negara Malaysia		9,636	4,073	9,636	4,073
Other assets	15	16,184	14,759	16,164	14,758
Property, plant and equipment		17,878	17,116	17,878	17,116
Intangible assets		52,500	52,500	52,500	52,500
Deferred tax assets		17,190	27,711	17,197	27,711
TOTAL ASSETS		2,466,911	2,309,287	2,466,590	2,309,046
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from customers	16	1,068,551	991,177	1,072,623	995,205
Deposits and placements of banks and other financial institutions	17	139,000	250,646	139,000	250,646
Trade payables	18	548,534	366,331	548,534	366,331
Other liabilities	19	45,999	67,980	45,974	67,926
Amount owing to related companies		229	244	229	244
TOTAL LIABILITIES		1,802,313	1,676,378	1,806,360	1,680,352
EQUITY					
Share capital		513,000	513,000	513,000	513,000
Reserves		151,598	119,909	147,230	115,694
TOTAL EQUITY		664,598	632,909	660,230	628,694
TOTAL EQUITY AND LIABILITIES		2,466,911	2,309,287	2,466,590	2,309,046
Net assets per share (RM)		1.30	1.23	1.29	1.23

The Interim Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 January 2010 of the Group and the Bank.

ECM LIBRA INVESTMENT BANK BERHAD (682-X)
Interim Financial Statements for the period ended 31 October 2010.

Unaudited Condensed Income Statements
for the Third Quarter ended 31 October 2010

Group	Note	Current quarter ended 31-Oct-10 RM'000	Corresponding quarter ended 31-Oct-09 RM'000	Current year-to-date 31-Oct-10 RM'000	Corresponding year-to-date 31-Oct-09 RM'000
Revenue		23,583	10,653	101,006	79,757
Interest income	20	16,587	10,767	46,512	31,711
Interest expense	21	(9,923)	(4,828)	(25,587)	(12,822)
Net interest income		6,664	5,939	20,925	18,889
Non-interest income	22	23,350	16,383	54,494	48,046
Other non-operating income	23	1,016	819	2,914	1,614
Net income		31,030	23,141	78,333	68,549
Operating expenses	24	(17,266)	(14,496)	(45,607)	(38,216)
Operating profit		13,764	8,645	32,726	30,333
(Allowance)/writeback for losses on loans & financing	25	(51)	720	(2,917)	760
Write-back bad & doubtful debts	26	-	40	311	102
Provision for impairment loss	27	(4,752)	-	(4,752)	-
Profit before tax		8,961	9,405	25,368	31,195
Taxation		(2,257)	(1,420)	(6,330)	(1,435)
Profit after tax		6,704	7,985	19,038	29,760
Earnings per share ("EPS"): - basic / diluted		1.31	1.56	3.71	5.80

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Interim Financial Statements for the period ended 31 October 2010.

Unaudited Condensed Income Statements
for the Third Quarter ended 31 October 2010

<u>Bank</u>	Note	Current quarter ended 31-Oct-10 RM'000	Corresponding quarter ended 31-Oct-09 RM'000	Current year-to-date 31-Oct-10 RM'000	Corresponding year-to-date 31-Oct-09 RM'000
Revenue		39,836	27,080	100,829	79,585
Interest income	20	16,524	10,752	46,447	31,653
Interest expense	21	(9,889)	(4,835)	(25,599)	(12,829)
Net interest income		6,635	5,917	20,848	18,824
Non-interest income	22	23,312	16,328	54,382	47,932
Other non-operating income	23	1,016	819	2,914	1,614
Net income		30,963	23,064	78,144	68,370
Operating expenses	24	(17,265)	(14,495)	(45,605)	(38,215)
Operating profit		13,698	8,569	32,539	30,155
(Allowance)/writeback for losses on loans & financing	25	(51)	720	(2,917)	760
Writeback bad & doubtful debts	26	-	40	311	102
Provision of impairment loss	27	(4,752)	-	(4,752)	-
Profit before tax		8,895	9,329	25,181	31,017
Taxation		(2,223)	(1,418)	(6,296)	(1,418)
Profit after tax		6,672	7,911	18,885	29,599
Earnings per share ("EPS"): - basic / diluted		Sen 1.30	Sen 1.54	Sen 3.68	Sen 5.77

The Interim Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 January 2010 of the Group and the Bank.

ECM LIBRA INVESTMENT BANK BERHAD (682-X)
Interim Financial Statements for the period ended 31 October 2010.

Unaudited Statement of Comprehensive Income
for the Third Quarter ended 31 October 2010

<u>Group</u>	Current quarter ended 31-Oct-10 RM'000	Corresponding quarter ended 31-Oct-09 RM'000	Current year-to-date 31-Oct-10 RM'000	Corresponding year-to-date 31-Oct-09 RM'000
Net profit for the period	<u>6,704</u>	<u>7,985</u>	<u>19,038</u>	<u>29,760</u>
Other comprehensive income:				
Net revaluation changes of available-for-sale securities	17,612	5,169	16,868	54,459
Income tax relating to components of other comprehensive income	<u>(4,961)</u>	<u>(1,292)</u>	<u>(4,217)</u>	<u>(13,615)</u>
Other comprehensive income for the period, net of tax	<u>12,651</u>	<u>3,877</u>	<u>12,651</u>	<u>40,845</u>
Total comprehensive income for the period	<u>19,355</u>	<u>11,862</u>	<u>31,689</u>	<u>70,605</u>

The Interim Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 January 2010 of the Group and the Bank.

ECM LIBRA INVESTMENT BANK BERHAD (682-X)
Interim Financial Statements for the period ended 31 October 2010.

Unaudited Statement of Comprehensive Income
for the Third Quarter ended 31 October 2010

<u>Bank</u>	Current quarter ended 31-Oct-10 RM'000	Corresponding quarter ended 31-Oct-09 RM'000	Current year-to-date 31-Oct-10 RM'000	Corresponding year-to-date 31-Oct-09 RM'000
Net profit for the period	<u>6,672</u>	<u>7,911</u>	<u>18,885</u>	<u>29,599</u>
Other comprehensive income:				
Net revaluation changes of available-for-sale securities	17,612	5,169	16,868	54,459
Income tax relating to components of other comprehensive income	<u>(4,961)</u>	<u>(1,292)</u>	<u>(4,217)</u>	<u>(13,615)</u>
Other comprehensive income for the period, net of tax	<u>12,651</u>	<u>3,877</u>	<u>12,651</u>	<u>40,845</u>
Total comprehensive income for the period	<u>19,323</u>	<u>11,788</u>	<u>31,536</u>	<u>70,444</u>

The Interim Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 January 2010 of the Group and the Bank.

ECM LIBRA INVESTMENT BANK BERHAD (682-X)
Interim Financial Statements for the period ended 31 October 2010.

Unaudited Condensed Statement of Changes in Equity
for the Financial Period ended 31 October 2010

Group	<-----Non-distributable----->				Distributable	
	Share capital RM'000	Available-for-sale revaluation reserve RM'000	Equity compensation reserve RM'000	Statutory reserve RM'000	Retained profit RM'000	Total RM'000
Balance as at 1 February 2010	513,000	11,779	926	33,934	73,270	632,909
Net profit for the financial period	-	-	-	-	19,038	19,038
Other comprehensive income net of tax for the period	-	12,651	-	-	-	12,651
Total comprehensive income for the period	-	12,651	-	-	19,038	31,689
Balance as at 31 October 2010	513,000	24,430	926	33,934	92,308	664,598
Balance as at 1 February 2009	513,000	(21,077)	1,053	14,759	69,055	576,790
Net profit for the financial period	-	-	-	-	29,760	29,760
Other comprehensive income net of tax for the period	-	40,845	-	-	-	40,845
Total comprehensive income for the period	-	40,845	-	-	29,760	70,605
Balance as at 31 October 2009	513,000	19,768	1,053	14,759	98,815	647,395

The Interim Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 January 2010 of the Group and the Bank.

ECM LIBRA INVESTMENT BANK BERHAD (682-X)
Interim Financial Statements for the period ended 31 October 2010.

Unaudited Condensed Statement of Changes in Equity
for the Financial Period ended 31 October 2010

	<-----Non-distributable----->				Distributable	
	Share capital	Available-for- sale revaluation reserve	Equity compensation reserve	Statutory reserve	Retained profit	Total
<u>Bank</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 February 2010	513,000	11,779	926	33,934	69,055	628,694
Net profit for the financial period	-	-	-	-	18,885	18,885
Other comprehensive income net of tax for the period	-	12,651	-	-	-	12,651
Total comprehensive income for the period	-	12,651	-	-	18,885	31,536
Balance as at 31 October 2010	513,000	24,430	926	33,934	87,940	660,230
Balance as at 1 February 2009	513,000	(21,077)	1,053	14,759	69,055	576,790
Net profit for the financial period	-	-	-	-	29,599	29,599
Other comprehensive income net of tax for the period	-	40,845	-	-	-	40,845
Total comprehensive income for the period	-	40,845	-	-	29,599	70,444
Balance as at 31 October 2009	513,000	19,768	1,053	14,759	98,654	647,234

The Interim Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 January 2010 of the Group and the Bank.

ECM LIBRA INVESTMENT BANK BERHAD (682-X)
Interim Financial Statements for the period ended 31 October 2010.

Unaudited Condensed Statement of Cash Flow
for the Financial Period ended 31 October 2010

	Group		Bank	
	9 months ended		9 months ended	
	31-Oct-10	31-Oct-09	31-Oct-10	31-Oct-09
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before tax	25,368	31,195	25,181	31,017
Adjustment for non-cash items	8,727	(27,493)	8,727	(27,493)
Operating profit before working capital changes	<u>34,095</u>	<u>3,702</u>	<u>33,908</u>	<u>3,524</u>
Net increase in operating assets	(439,539)	(60,532)	(496,688)	(5,652)
Net increase in operating liabilities	68,740	56,674	126,008	49,416
Net cash used in operating activities	<u>(336,704)</u>	<u>(156)</u>	<u>(336,772)</u>	<u>47,288</u>
Cash flows from investing activities				
Dividend received	1,846	-	1,846	-
Net addition to property, plant and equipment	(3,851)	(1,114)	(3,851)	(1,114)
Net proceeds from sale/(additions) of securities	168,408	(102,540)	168,408	(102,540)
Net cash generated/(used in) from investing activities	<u>166,403</u>	<u>(103,654)</u>	<u>166,403</u>	<u>(103,654)</u>
Cash flows from financing activities				
Interest paid	(25,834)	(11)	(25,834)	(11)
Net cash used in financing activities	<u>(25,834)</u>	<u>(11)</u>	<u>(25,834)</u>	<u>(11)</u>
Net decrease in cash and cash equivalents	(196,135)	(103,821)	(196,203)	(56,377)
Effects of exchange rate changes	2,349	-	2,349	-
Cash and cash equivalents at beginning of period	466,028	635,136	465,788	591,715
Cash and cash equivalents at end of period	<u>272,242</u>	<u>531,315</u>	<u>271,934</u>	<u>535,338</u>

Cash and cash equivalents comprise:

	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	413,482	673,351	413,174	677,373
Less: Monies held in trust	(141,240)	(142,035)	(141,240)	(142,035)
	<u>272,242</u>	<u>531,316</u>	<u>271,934</u>	<u>535,338</u>

The Interim Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 January 2010 of the Group and the Bank.

Explanatory Notes to the Interim Financial Report for the Financial Period Ended 31 October 2010

1 Basis of Preparation

The unaudited quarterly financial report has been prepared in accordance with FRS 134 "Interim Financial Reporting" and the Revised Guidelines on Financial Reporting for Licensed Institutions ("BNM/GP8").

The interim financial report should be read in conjunction with the audited financial statements of the Bank for the year ended 31 January 2010.

The accounting policies and methods of computation adopted in this interim financial report are consistent with those adopted in the annual financial statements for the year ended 31 January 2010, except for the adoption of the following Financial Reporting Standards ("FRS"), amendments to FRSs, IC Interpretations and Technical Release ("TR"):

FRS 139	Financial Instruments: Recognition and Measurement
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements
IC Interpretation 9	Reassessment of Embedded Derivatives
Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives	
Amendments to FRS 139 Financial Instruments: Recognition and Measurement	
TR i-3	Presentation of Financial Statements of Islamic Financial Institutions
Amendments to FRS 132 Financial Instruments: Presentation	

The adoption of FRS 7, FRS 101, TR i-3 and Amendments to FRS 132 also did not impact the financial results of the Group and the Bank as the changes introduced are presentational in nature. The principal effects of the changes in accounting policies arising from the adoption of FRS 139 and its related amendments to FRSs and IC Interpretations are disclosed in Note 37.

The Amendments to FRS 139 above included an additional transitional arrangement for entities in the financial sector, whereby BNM may prescribe the use of an alternative basis for collective assessment of impairment by banking institutions. This transitional arrangement, as prescribed in BNM's guidelines on Classification and Impairment Provisions for Loans/Financing, and its principal effects is also disclosed in Note 37.

The following revised FRSs, new IC Interpretations and Amendments to FRSs have been issued by the MASB and are effective for annual period commencing on or after 1 July 2010, and have yet to be adopted by the Bank:

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 7	Improving Disclosures about Financial Instruments

2 Audit Report of Preceding Annual Financial Statements

The auditors' report on the Financial Statements for the year ended 31 January 2010 of the Group and the Bank was not subjected to any qualification.

3 Seasonality and Cyclical Factors

The operations of the Group and the Bank were not materially affected either by seasonal or cyclical factors.

4 Exceptional Items/Unusual Events

There was no unusual item affecting assets, liabilities, equity, net income, or cash flows during the third quarter ended 31 October 2010.

5 Variation from Financial Estimates Reported in Preceding Financial Period/Year

There were no changes in estimates of amounts reported in the preceding financial period that would have a material effect in the current quarter results.

6 Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale and repayment of either debt or equity securities during the quarter under review.

7 Dividend Paid

There was no dividend paid during the quarter ended 31 October 2010

8 Deposits with financial institutions

	Group and Bank	
	31-Oct-10	31-Jan-10
	RM'000	RM'000
Licensed banks	21,444	870
Bank Negara Malaysia	-	50,000
	<u>21,444</u>	<u>50,870</u>

9 Securities held-for-trading

	Group and Bank	
	31-Oct-10	31-Jan-10
	RM'000	RM'000
At fair value		
Bankers' acceptance	407,894	298,712
Bank Negara Malaysia Notes	49,810	-
 Quoted Securities		
- Shares	4,179	3,199
	<u>461,883</u>	<u>301,911</u>

10 Securities available-for-sale

	Group and Bank	
	31-Oct-10	31-Jan-10
	RM'000	RM'000
At fair value		
Malaysian Government Securities	30,297	35,160
Malaysian Government Investment Issuance	9,973	-
Cagamas bonds	60,227	130,276
Malaysian Government Treasury Bills	25,879	-
Bank Negara Malaysia Notes	74,707	-
 Quoted securities		
- Shares	131,393	131,872
Unquoted securities		
- Private debt securities	142,667	178,516
- Preference shares	2,200	-
 less: Impairment loss on securities available-for-sale	<u>(4,752)</u>	<u>-</u>
	<u>472,591</u>	<u>475,824</u>

10 Securities available-for-sale (continued)

	Group and Bank	
	31-Oct-10	31-Jan-10
	RM'000	RM'000
Securities that were reclassified out from held-for-trading to available-for-sale:		
Carrying value as at beginning of financial period/year	49,282	34,401
Sales of securities	(3,060)	
(Loss)/gain on revaluation		
- recognised in available-for-sale revaluation reserves, net of tax	(523)	14,881
Carrying value as at end of financial period/year	<u>45,699</u>	<u>49,282</u>

11 Securities held-to-maturity

	Group and Bank	
	31-Oct-10	31-Jan-10
	RM'000	RM'000
At cost		
Negotiable instruments of deposit	20,000	160,000
Unquoted securities		
- Shares	-	2,200
	<u>20,000</u>	<u>162,200</u>

12 Derivative financial instruments

	Group and Bank	
	31-Oct-10	31-Jan-10
	RM'000	RM'000
Equity related contract - Options		
Notional amount	<u>54,425</u>	<u>33,033</u>
Fair value	<u>14</u>	<u>339</u>

13 Loans, advances and financing

	Group and Bank	
	31-Oct-10	31-Jan-10
	RM'000	RM'000
Share margin financing	297,967	260,443
Term loans	225,158	68,159
Gross loans, advances and financing	<u>523,125</u>	<u>328,602</u>
Less: Collective assessment allowance	(8,034)	-
General allowance	-	(5,117)
Total net loans, advances and financing	<u>515,091</u>	<u>323,485</u>
<u>By residual contractual maturity</u>		
Maturity within 1 year	375,165	310,193
More than one year to three years	147,960	18,409
Gross loans, advances and financing	<u>523,125</u>	<u>328,602</u>
<u>By economic purpose</u>		
Purchase of securities	425,731	296,233
Working capital	97,394	32,369
Gross loans, advances and financing	<u>523,125</u>	<u>328,602</u>

13 Loans, advances and financing (continued)

	Group and Bank	
	31-Oct-10 RM'000	31-Jan-10 RM'000
By interest rate sensitivity		
Fixed rate loans/financing	523,125	328,602
Gross Loans, advances and financing	<u>523,125</u>	<u>328,602</u>
By type of customer		
Domestic business enterprises	322,915	250,384
Domestic non-bank financial institution	13,719	-
Individuals	186,491	78,218
Gross loans, advances and financing	<u>523,125</u>	<u>328,602</u>
Non-performing loans, advances and financing ("NPL")		
Movements in NPL		
At beginning of financial period/year	-	-
Classified as non-performing during the period/year	-	53,394
Recovered/regularised during the period/year	-	(53,394)
At end of financial period/year	<u>-</u>	<u>-</u>
Less: Specific allowance		
Allowance made during the year	-	(5,425)
Amount written back during the year	-	5,425
Net non-performing loans, advances and financing	<u>-</u>	<u>-</u>
Movements in allowance for bad and doubtful debts		
Collective assessment allowance		
Balance at beginning of financial period/year	-	-
- effect of adopting FRS 139	5,117	-
Restated opening balance	5,117	-
Allowance made during the period/year	2,917	-
Balance at end of financial period/year	<u>8,034</u>	<u>-</u>
As % of gross loans, advances and financing less specific allowance	1.5%	-
General allowance		
Balance at beginning of financial period/year		
- as previously stated	-	4,040
Restated opening balance	-	4,040
Allowance made during the period/year	-	1,077
Balance at end of financial period/year	<u>-</u>	<u>5,117</u>
As % of gross loans, advances and financing less specific allowance	-	1.6%
Specific allowance		
Allowance made during the period/year	-	5,425
Amount written back during the period/year	-	(5,425)
Balance at end of financial period/year	<u>-</u>	<u>-</u>

14 Trade receivables

	Group and Bank	
	31-Oct-10 RM'000	31-Jan-10 RM'000
Amount owing by clients	192,186	154,732
Amount owing by brokers	257,776	136,008
	449,962	290,740
Less: Allowance for bad and doubtful receivables		
General allowance	-	(259)
Specific allowance	(72)	(82)
Interest-in-suspense	(872)	(849)
	449,018	289,550

15 Other assets

	Group		Bank	
	31-Oct-10 RM'000	31-Jan-10 RM'000	31-Oct-10 RM'000	31-Jan-10 RM'000
Interest receivables	1,748	4,813	1,750	4,813
Tax recoverable	1,982	1,905	1,960	1,904
Other receivables, deposits and prepayments	12,454	8,041	12,454	8,041
	16,184	14,759	16,164	14,758

16 Deposits from customers

	Group		Bank	
	31-Oct-10 RM'000	31-Jan-10 RM'000	31-Oct-10 RM'000	31-Jan-10 RM'000
<u>By type of deposits</u>				
Short-term deposits	1,066,859	988,177	1,070,931	992,205
Negotiable instruments of deposit	1,692	3,000	1,692	3,000
	1,068,551	991,177	1,072,623	995,205
<u>By type of customers</u>				
Government and statutory bodies	75,235	53,000	75,235	53,000
Business enterprises	160,570	174,525	164,643	178,553
Individuals	27,638	10,676	27,638	10,676
Non-bank financial institutions	805,108	752,976	805,107	752,976
	1,068,551	991,177	1,072,623	995,205

Maturity structure of short term deposits and negotiable instruments of deposit are as follows:

Due within 6 months	1,029,723	892,975	1,033,795	897,003
More than 6 months to 1 year	38,828	98,202	38,828	98,202
	1,068,551	991,177	1,072,623	995,205

17 Deposits and placements of banks and other financial institutions

	Group and Bank	
	31-Oct-10 RM'000	31-Jan-10 RM'000
Licensed banks	109,000	180,646
Licensed investment banks	30,000	70,000
	139,000	250,646

18 Trade payables

	Group and Bank	
	31-Oct-10 RM'000	31-Jan-10 RM'000
Amount owing to clients	170,782	92,680
Amount owing to brokers	233,144	172,840
Client's trust monies	144,608	100,811
	548,534	366,331

19 Other liabilities

	Group		Bank	
	31-Oct-10	31-Jan-10	31-Oct-10	31-Jan-10
	RM'000	RM'000	RM'000	RM'000
Accruals and deposits received	11,378	16,162	8,654	16,133
Remisiers and dealers trust accounts	16,728	14,691	16,728	14,691
Other payables	17,893	37,127	20,592	37,102
	45,999	67,980	45,974	67,926

20 Interest income

Group	Current	Corresponding	Current	Corresponding
	quarter ended	quarter ended	year-to-date	year-to-date
	31-Oct-10	31-Oct-09	31-Oct-10	31-Oct-09
	RM'000	RM'000	RM'000	RM'000
Loans and advances	10,421	4,216	27,933	14,281
Stockbroking clients	38	387	363	706
Short-term funds and deposits with financial institutions	2,849	3,686	8,197	9,437
Securities:				
- Available-for-sale	2,635	2,047	8,660	5,956
- Held-to-maturity	123	368	567	1,192
Others	2	2	4	4
Amortisation of premiums less accretion of discounts	519	61	788	135
	16,587	10,767	46,512	31,711

Bank

Loans and advances	10,421	4,215	27,933	14,281
Stockbroking clients	38	387	363	706
Short-term funds and deposits with financial institutions	2,786	3,672	8,132	9,379
Securities:				
- Available-for-sale	2,635	2,047	8,660	5,956
- Held-to-maturity	123	368	567	1,192
Others	2	2	4	4
Amortisation of premiums less accretion of discounts	519	61	788	135
	16,524	10,752	46,447	31,653

21 Interest expense

Group	Current	Corresponding	Current	Corresponding
	quarter ended	quarter ended	year-to-date	year-to-date
	31-Oct-10	31-Oct-09	31-Oct-10	31-Oct-09
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	9,309	4,830	23,289	12,801
Deposits from banks and other financial institutions	626	4	2,310	17
Others	(12)	(6)	(12)	4
	9,923	4,828	25,587	12,822

Bank

Deposits from customers	9,263	4,830	23,289	12,801
Deposits from banks and other financial institutions	626	4	2,310	17
Others	-	1	-	11
	9,889	4,835	25,599	12,829

22 Non-interest income

<u>Group</u>	Current quarter ended 31-Oct-10 RM'000	Corresponding quarter ended 31-Oct-09 RM'000	Current year-to-date 31-Oct-10 RM'000	Corresponding year-to-date 31-Oct-09 RM'000
Fee income				
- Fees on loans and advances	857	753	3,388	2,799
- Corporate advisory fees	350	310	570	487
- Net brokerage fee	12,547	8,402	29,606	29,415
- Other fee income	869	668	2,230	1,197
	<u>14,623</u>	<u>10,133</u>	<u>35,794</u>	<u>33,898</u>
Net gain arising from securities held -for-trading				
- net gain on disposal	3,390	2,378	9,964	2,984
- unrealised revaluation gain/(loss)	237	(223)	893	81
- gross dividend income	29	-	29	-
	<u>3,656</u>	<u>2,155</u>	<u>10,886</u>	<u>3,065</u>
Net gain arising from securities available-for-sale				
- net gain on disposal	4,637	3,693	6,106	9,686
- gross dividend income	434	402	1,817	1,397
	<u>5,071</u>	<u>4,095</u>	<u>7,923</u>	<u>11,083</u>
Loss on revaluation of derivatives	-	-	(109)	-
	<u>-</u>	<u>-</u>	<u>(109)</u>	<u>-</u>
Total non-interest income	<u>23,350</u>	<u>16,383</u>	<u>54,494</u>	<u>48,046</u>
<u>Bank</u>				
Fee income				
- Fees on loans and advances	857	753	3,388	2,799
- Corporate advisory fees	350	310	570	487
- Net brokerage fee	11,938	8,402	29,606	29,415
- Other fee income	831	613	2,118	1,083
	<u>13,976</u>	<u>10,078</u>	<u>35,682</u>	<u>33,784</u>
Net gain arising from securities held -for-trading				
- net gain on disposal	3,999	2,378	9,964	2,984
- unrealised revaluation gain/(loss)	237	(223)	893	81
- gross dividend income	29	-	29	-
	<u>4,265</u>	<u>2,155</u>	<u>10,886</u>	<u>3,065</u>
Net gain arising from securities available-for-sale				
- net gain on disposal	4,637	3,693	6,106	9,686
- gross dividend income	434	402	1,817	1,397
	<u>5,071</u>	<u>4,095</u>	<u>7,923</u>	<u>11,083</u>
Loss on revaluation of derivatives	-	-	(109)	-
	<u>-</u>	<u>-</u>	<u>(109)</u>	<u>-</u>
Total non-interest income	<u>23,312</u>	<u>16,328</u>	<u>54,382</u>	<u>47,932</u>

23 Other non-operating income

	Group and Bank			
	Current quarter ended 31-Oct-10 RM'000	Corresponding quarter ended 31-Oct-09 RM'000	Current year-to-date 31-Oct-10 RM'000	Corresponding year-to-date 31-Oct-09 RM'000
Rental income	52	127	162	249
Gain/(loss) on disposal of assets	-	4	(35)	14
Gain on revaluation of foreign exchange translation	870	488	2,349	740
Others	94	200	438	611
	<u>1,016</u>	<u>819</u>	<u>2,914</u>	<u>1,614</u>

24 Operating expenses

	Group and Bank			
	Current quarter ended 31-Oct-10 RM'000	Corresponding quarter ended 31-Oct-09 RM'000	Current year-to-date 31-Oct-10 RM'000	Corresponding year-to-date 31-Oct-09 RM'000
Group				
<u>Personnel expenses</u>				
Salaries, allowance and bonus	8,039	6,889	20,375	17,123
Contributions to defined contribution plan	1,279	642	2,984	1,900
Other personnel costs	599	799	2,243	1,789
	<u>9,917</u>	<u>8,330</u>	<u>25,602</u>	<u>20,812</u>
<u>Establishment costs</u>				
Depreciation of property, plant and equipment	847	865	2,485	2,696
Amortisation of computer software	129	75	329	278
Rental of premises	933	831	2,724	2,527
Rental of network and equipment	1,036	875	2,854	2,330
Other establishment costs	716	643	2,100	1,882
Property plant and equipment written off	56	2.00	331	2.00
	<u>3,717</u>	<u>3,291</u>	<u>10,823</u>	<u>9,715</u>
<u>Marketing and communication expenses</u>				
Advertising expenses	25	-	398	-
Entertainment	311	158	589	467
Other marketing expenses	8	-	8	-
	<u>344</u>	<u>158</u>	<u>995</u>	<u>467</u>
<u>Administrative and general expenses</u>				
Audit fees	33	33	99	99
Legal and professional fees	33	82	263	198
Printing and stationery	136	122	403	315
Insurance, postages and courier	190	143	545	438
Electricity and water charges	238	224	705	652
Telecommunication expenses	128	111	399	344
Travelling and accommodation	83	57	241	254
Others	2,447	1,945	5,532	4,922
	<u>3,288</u>	<u>2,717</u>	<u>8,187</u>	<u>7,222</u>
Total operating expenses	<u>17,266</u>	<u>14,496</u>	<u>45,607</u>	<u>38,216</u>
	Current quarter ended 31-Oct-10 RM'000	Corresponding quarter ended 31-Oct-09 RM'000	Current year-to-date 31-Oct-10 RM'000	Corresponding year-to-date 31-Oct-09 RM'000
Bank				
<u>Personnel expenses</u>				
Salaries, allowance and bonus	8,039	6,889	20,375	17,123
Contributions to defined contribution plan	1,279	642	2,984	1,900
Other personnel costs	599	799	2,243	1,789
	<u>9,917</u>	<u>8,330</u>	<u>25,602</u>	<u>20,812</u>

24 Operating expenses (continued)

	Current quarter ended 31-Oct-10 RM'000	Corresponding quarter ended 31-Oct-09 RM'000	Current year-to-date 31-Oct-10 RM'000	Corresponding year-to-date 31-Oct-09 RM'000
Bank				
<u>Establishment costs</u>				
Depreciation of property, plant and equipment	847	865	2,485	2,696
Amortisation of computer software	129	75	329	278
Rental of premises	933	831	2,724	2,527
Rental of network and equipment	1,036	875	2,854	2,330
Other establishment costs	716	643	2,100	1,882
Property plant and equipment written off	56	2.00	331	2.00
	<u>3,717</u>	<u>3,291</u>	<u>10,823</u>	<u>9,715</u>
<u>Marketing and communication expenses</u>				
Advertising expenses	25	-	398	-
Entertainment	311	158	589	467
Other marketing expenses	8	-	8	-
	<u>344</u>	<u>158</u>	<u>995</u>	<u>467</u>
<u>Administrative and general expenses</u>				
Audit fees	33	33	99	99
Legal and professional fees	33	82	263	198
Printing and stationery	136	122	403	315
Insurance, postages and courier	190	143	545	438
Electricity and water charges	238	224	705	652
Telecommunication expenses	128	111	399	344
Travelling and accomodation	83	57	241	254
Others	2,446	1,944	5,530	4,921
	<u>3,287</u>	<u>2,716</u>	<u>8,185</u>	<u>7,221</u>
Total operating expenses	<u>17,265</u>	<u>14,495</u>	<u>45,605</u>	<u>38,215</u>

25 Allowance/(write-back) for losses on
loans and financing

	Current quarter ended 31-Oct-10 RM'000	Corresponding quarter ended 31-Oct-09 RM'000	Group and Bank Current year-to-date 31-Oct-10 RM'000	Corresponding year-to-date 31-Oct-09 RM'000
Collective assessment allowance				
- Provided during the financial period	51	-	2,917	-
General allowance				
- Write-back during the financial period	-	(720)	-	(760)
	<u>51</u>	<u>(720)</u>	<u>2,917</u>	<u>(760)</u>

26 (Writeback)/allowance of bad and doubtful debts on trade receivables

	Group and Bank			
	Current	Corresponding	Current	Corresponding
	quarter ended	quarter ended	year-to-date	year-to-date
	31-Oct-10	31-Oct-09	31-Oct-10	31-Oct-09
	RM'000	RM'000	RM'000	RM'000
General allowance				
- (Written back)/provided during the financial period	-	(29)	(259)	63
Specific allowance				
- Provided/(written back) during the financial period	10	(7)	(11)	(80)
Bad debts:				
- Recovered	(10)	(4)	(41)	(85)
	<u>-</u>	<u>(40)</u>	<u>(311)</u>	<u>(102)</u>

27 Provision for impairment loss

	Group and Bank			
	Current	Corresponding	Current	Corresponding
	quarter ended	quarter ended	year-to-date	year-to-date
	31-Oct-10	31-Oct-09	31-Oct-10	31-Oct-09
	RM'000	RM'000	RM'000	RM'000
Provision for impairment loss on securities:				
- Available-for-sale	4,752	-	4,752	-
	<u>4,752</u>	<u>-</u>	<u>4,752</u>	<u>-</u>

28 Capital adequacy

The following is the computation of the capital adequacy ratio of the Bank:

(a) Risk weighted capital ratios and Tier I and Tier II capital

	31-Oct-10	31-Jan-10
	RM'000	RM'000
<u>Tier 1 Capital</u>		
Paid-up share capital	513,000	513,000
Retained profit	69,055	69,055
Statutory reserve	33,934	33,934
Other reserves	926	926
	<u>616,915</u>	<u>616,915</u>
Less: Deferred tax assets	(31,637)	(31,637)
Total Tier 1 capital (a)	<u>585,278</u>	<u>585,278</u>
<u>Tier 2 Capital</u>		
Collective assessment	8,034	5,117
Total Tier 2 capital (b)	<u>8,034</u>	<u>5,117</u>
Total capital base (a) + (b)	<u>593,312</u>	<u>590,395</u>
Total risk-weighted assets	<u>942,498</u>	<u>1,013,343</u>
%		
Core capital ratio	62.10%	57.76%
Risk weighted capital ratio	62.95%	58.26%

The capital adequacy ratios of the Bank are computed in accordance with BNM's revised Risk-Weighted Capital Adequacy Framework (RWCAF-Basel II). The Bank have adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% (2009 - 8%) for the risk-weighted capital ratio.

28 Capital adequacy (continued)

The breakdown of risk-weighted assets (RWA) by each major risk category is as follows:

	31-Oct-10 RM'000	31-Jan-10 RM'000
Credit risk	378,622	464,471
Market risk	397,349	366,302
Operational risk	166,527	182,570
	<u>942,498</u>	<u>1,013,343</u>

The detailed disclosures on the capital base and risk-weighted assets, are presented in accordance with para 4.3 of BNM's Guidelines on Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirement (Pillar 3).

(b) Risk weighted assets and capital requirements for credit risk, market risk, operational risk and large exposures risk

As at 31 October 2010

Risk type	Gross Exposures RM'000	Net Exposures RM'000	Risk Weighted Assets RM'000	Capital Require- ments RM'000
(i) Credit risk				
<i>On-Balance Sheet Exposures</i>				
Banks, Development Financial Institutions ('DFIs') & Multilateral Development Banks ('MDBs')				
Banks ('MDBs')	464,230	453,939	90,907	7,273
Corporates	629,614	221,522	78,570	6,285
Regulatory Retail	98,606	-	-	-
Other Assets	346,751	294,670	138,546	11,084
Total On-Balance Sheet Exposures	<u>1,539,201</u>	<u>970,131</u>	<u>308,023</u>	<u>24,642</u>
<i>Off-Balance Sheet Exposures</i>				
Credit-related off-balance sheet exposures				
	77,862	70,940	70,599	5,648
Total Off-Balance Sheet Exposures	<u>77,862</u>	<u>70,940</u>	<u>70,599</u>	<u>5,648</u>
Total On and Off-Balance Sheet Exposures	<u>1,617,063</u>	<u>1,041,071</u>	<u>378,622</u>	<u>30,290</u>
(ii) Market risk				
	Long Position RM'000	Short Position RM'000		
Interest Rate Risk	598,560	-	35,388	2,831
Equity Risk	135,586	-	361,961	28,957
Total	<u>734,146</u>	<u>-</u>	<u>397,349</u>	<u>31,788</u>
(iii) Operational risk			166,527	13,322
Total RWA and capital requirements			<u>942,498</u>	<u>75,400</u>

28 Capital adequacy (continued)

(b) Risk weighted assets and capital requirements for credit risk, market risk, operational risk and large exposures risk

As at 31 January 2010

Risk type	Gross Exposures RM'000	Net Exposures RM'000	Risk Weighted Assets RM'000	Capital Requirements RM'000
(i) Credit risk				
<i>On-Balance Sheet Exposures</i>				
Banks, Development Financial Institutions (DFIs) & Multilateral Development Banks (MDBs)	803,630	803,630	159,901	12,792
Corporates	587,545	321,185	113,124	9,050
Regulatory Retail	62,225	16	12	1
Other Assets	222,814	222,814	112,082	8,967
Total On-Balance Sheet Exposures	1,676,214	1,347,645	385,119	30,810
<i>Off-Balance Sheet Exposures</i>				
Credit-related off-balance sheet exposures	85,578	85,578	79,352	6,348
Total Off-Balance Sheet Exposures	85,578	85,578	79,352	6,348
Total On and Off-Balance Sheet Exposures	1,761,792	1,433,223	464,471	37,158
(ii) Market risk				
	Long Position RM'000	Short Position RM'000		
Interest Rate Risk	323,696	-	21,401	1,712
Equity Risk	135,410	-	344,901	27,592
Total	459,106	-	366,302	29,304
(iii) Operational risk			182,570	14,606
Total RWA and capital requirements			1,013,343	81,068

28 Capital adequacy (continued)

(c) Credit risk exposures by risk weights

As at 31 October 2010

Risk Weights	Exposures after Netting and Credit Risk Mitigation					Total Risk Weighted Assets
	Banks, FDIs and MDBs	Corporates	Regulatory Retail	Other Assets	Total Exposures	
0%	9,694	-	-	1,984	11,678	-
20%	454,536	83,595	-	257,776	795,907	159,182
50%	-	119,300	-	-	119,300	59,650
75%	-	-	29,051	-	29,051	21,788
100%	-	51,011	-	86,991	138,002	138,002
Total	464,230	253,906	29,051	346,751	1,093,938	378,622
Risk-weighted assets by exposures	90,907	127,380	21,788	138,546	378,622	
Average risk weight	20%	50%	75%	40%	35%	
Deduction from Capital Base	-	-	-	-	-	

As at 31 January 2010

Risk Weights	Exposures after Netting and Credit Risk Mitigation					Total Risk Weighted Assets
	Banks, DFIs and MDBs	Corporates	Regulatory Retail	Other Assets	Total Exposures	
0%	4,125	35,160	-	1,926	41,211	-
20%	799,505	103,322	-	136,008	1,038,835	207,767
50%	-	180,486	-	-	180,486	90,243
75%	-	-	24,921	-	24,921	18,691
100%	-	62,890	-	84,880	147,770	147,770
Total	803,630	381,858	24,921	222,814	1,433,223	464,471
Risk-weighted assets by exposures	159,901	173,797	18,691	112,082	464,471	
Average risk weight	20%	46%	75%	50%	32%	
Deduction from Capital Base	-	-	-	-	-	

ECM LIBRA INVESTMENT BANK BERHAD (682-X)

Interim Financial Statements for the period ended 31 October 2010.

29 Interest rate risk

As at 31 October 2010	-----Non-trading book----->						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			
ASSETS									
Cash and bank balances	359,425	-	-	-	-	53,749	-	413,174	2.75
Deposits with financial institutions	-	20,937	507	-	-	-	-	21,444	2.87
Securities held-for-trading	-	-	-	-	-	-	461,883	461,883	-
Securities available-for-sale	38,377	75,633	48,654	112,546	63,788	2,200	131,393	472,591	3.86
Securities held-to-maturity	-	20,000	-	-	-	-	-	20,000	2.99
Derivative financial instrument	-	-	-	-	-	-	14	14	-
Loan, advances and financing									
- Performing	150,832	92,498	131,835	147,960	-	(8,034) *	-	515,091	8.37
Statutory deposits with BNM	-	-	-	-	-	9,636	-	9,636	-
Trade receivables	4,191	-	-	-	-	444,827	-	449,018	9.00
Other assets ^	-	-	-	-	-	103,739	-	103,739	-
TOTAL ASSETS	552,825	209,068	180,996	260,506	63,788	606,117	593,290	2,466,590	
LIABILITIES AND EQUITY									
LIABILITIES									
Deposits from customers	661,660	186,982	223,981	-	-	-	-	1,072,623	2.97
Deposits and placements of banks and other financial institutions	30,000	109,000	-	-	-	-	-	139,000	3.01
Trade payables	-	-	-	-	-	548,534	-	548,534	-
Other liabilities #	-	-	-	-	-	46,203	-	46,203	-
TOTAL LIABILITIES	691,660	295,982	223,981	-	-	594,737	-	1,806,360	
Shareholders' funds	-	-	-	-	-	660,230	-	660,230	-
TOTAL EQUITY AND LIABILITIES	691,660	295,982	223,981	-	-	1,254,967	-	2,466,590	
On-balance sheet interest sensitivity gap	(138,835)	(86,914)	(42,985)	260,506	63,788	(648,850)	593,290	-	
Total interest sensitivity gap	(138,835)	(86,914)	(42,985)	260,506	63,788	(648,850)	593,290	-	

^ Other assets include other assets, property, plant and equipment, intangible assets and deferred tax assets as disclosed in the Statement of Financial Position.

Other liabilities include other liabilities and amount owing to related companies as disclosed in the Statement of Financial Position.

* The negative balance represents collective assessment allowance for loans, advances and financing.

ECM LIBRA INVESTMENT BANK BERHAD (682-X)

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29 Interest rate risk

<-----Non-trading book----->

As at 31 January 2010	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	Trading book RM '000	Total RM '000	Effective interest rate %
ASSETS									
Cash and bank balances	555,643	-	-	-	-	33,066	-	588,709	2.02
Deposits with licensed financial institutions	-	50,167	660	43	-	-	-	50,870	2.07
Securities held-for-trading	-	-	-	-	-	-	301,911	301,911	-
Securities available-for-sale	70,000	9,972	130,118	91,154	42,708	-	131,872	475,824	3.60
Securities held-to-maturity	30,000	130,000	-	-	-	2,200	-	162,200	2.20
Derivative financial instrument	-	-	-	-	-	-	339	339	-
Loan, advances and financing									
- Performing	260,626	116	49,451	18,409	-	(5,117) *	-	323,485	8.06
Statutory deposits with BNM	-	-	-	-	-	4,073	-	4,073	-
Trade receivables	7,296	-	-	-	-	282,254	-	289,550	9.00
Other assets ^	-	-	-	-	-	112,085	-	112,085	-
TOTAL ASSETS	923,565	190,255	180,229	109,606	42,708	428,561	434,122	2,309,046	
LIABILITIES AND EQUITY									
LIABILITIES									
Deposits from customers	647,446	197,311	150,448	-	-	-	-	995,205	2.19
Deposits and placements of banks and other financial institutions	130,000	100,646	20,000	-	-	-	-	250,646	2.19
Trade payables	-	-	-	-	-	366,331	-	366,331	-
Other liabilities #	-	-	-	-	-	68,170	-	68,170	-
TOTAL LIABILITIES	777,446	297,957	170,448	-	-	434,501	-	1,680,352	
Shareholders' funds	-	-	-	-	-	628,694	-	628,694	-
TOTAL EQUITY AND LIABILITIES	777,446	297,957	170,448	-	-	1,063,195	-	2,309,046	
On-balance sheet interest sensitivity gap	146,119	(107,702)	9,781	109,606	42,708	(634,634)	434,122	-	
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-	
Total interest sensitivity gap	146,119	(107,702)	9,781	109,606	42,708	(634,634)	434,122	-	

^ Other assets include other assets, property, plant and equipment, intangible assets and deferred tax assets as disclosed in the Statement of Financial Position.

Other liabilities include other liabilities and amount owing to related companies as disclosed in the Statement of Financial Position.

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

30 Valuation of Property, Plant and Equipment

There was no valuation of property, plant and equipment of the Group and the Bank in the quarter under review.

31 Material Subsequent Event

There were no material events subsequent to 31 October 2010.

32 Changes in the Composition of the Bank

There are no changes in the composition of the Group and the Bank during the quarter under review.

33 Commitments and Contingencies

(a) Capital Commitments

As at 31 October 2010, the Group and Bank has commitments in respect of capital expenditure as follows: -

	RM'000
Authorised and contracted for	<u>7,790</u>

(b) Other Commitments and Contingencies

In the normal course of business, the Bank 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 Bank are as follows:

	Nominal Amount RM'000	Credit Equivalent Amount * RM'000	Risk Weighted Amount RM'000
<u>As at 31 October 2010</u>			
Commitments to extend credits with maturity of less than 1 year:			
- margin facilities	299,889	59,978	52,714
- term loan facilities	89,423	17,885	17,885
	<u>389,312</u>	<u>77,863</u>	<u>70,599</u>
<u>As at 31 January 2010</u>			
Commitments to extend credits with maturity of less than 1 year:			
- margin facilities	310,037	62,007	55,781
- term loan facilities	117,852	23,571	23,571
	<u>427,889</u>	<u>85,578</u>	<u>79,352</u>

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

34 Performance Review on the Results of the Bank

For the current quarter under review, the Bank recorded an operating profit before tax of RM13.7 million. This is mainly contributed by net brokerage income of RM11.9 million as well as net interest income of RM6.7 million. In addition, investment and trading income of RM9.3 million was achieved during the financial quarter partially offset by operating expenses of RM17.3 million and an allowance of RM4.8 million made for impairment of a pre-merger asset in the current quarter. This has resulted in profit before tax of RM8.9 million being recorded for the current quarter.

35 Review of Performance of Current Financial Quarter against Preceding Financial Quarter

For the financial quarter under review, the Bank recorded an operating profit of RM13.7 million, an increase of 98.6% as compared to the RM6.9 million achieved in immediate preceding quarter. Net brokerage income was higher at RM11.9 million in the third quarter as compared to RM8.3 million in the preceding financial quarter. In addition, higher investment and trading income of RM9.3 million was achieved in current quarter as compared to RM4.6 million in the preceding quarter; this was partially offset by higher operating expenses of RM1.9 million from RM15.4 million in the preceding quarter to RM17.3 million in the current quarter as well as an allowance of RM4.8 million made for impairment of a pre-merger asset in the current quarter. Consequently, the Bank achieved profit before tax of RM8.9 million in current quarter as compared to RM6.6 million for the immediate preceding quarter.

36 Bank's Prospects

With the Bank's strong fundamentals and balance sheet position, the Bank is expected to record a satisfactory performance in the current financial year.

37 Change in accounting policies and prior year adjustments

(a) The adoption of new FRSs, amendments to FRSs, IC Interpretations and TR during the financial period have resulted in the following changes in accounting policies:

- i) FRS 139 Financial Instruments: Recognition and Measurement
- ii) IC Interpretation 9 Reassessment of Embedded Derivatives
- iii) Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
- iv) Amendments to FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes the principles for the recognition, derecognition and measurement of an entity's financial instruments and for hedge accounting. However, since the adoption of BNM's revised BNM/GP8 - Guidelines on Financial Reporting for Licensed Institutions on 1 January 2005, certain principles in connection with the recognition, derecognition and measurement of financial instruments, including derivative instruments, and hedge accounting which are similar to those prescribed by FRS 139 have already been adopted by the Bank. Therefore, the full adoption of FRS 139 on 1 January 2010 has resulted in the following material changes in accounting policies as follows:

1) Impairment of loans and advances

The adoption of FRS 139 has resulted in a change in the accounting policy relating to the assessment for impairment of financial assets, particularly loans and advances. The existing accounting policies relating to the assessment of impairment of other financial assets of the Bank are already largely in line with those of FRS 139. Prior to the adoption of FRS 139, allowances for impaired loans and advances (previously referred to as non-performing loans) were computed in conformity with the BNM/GP3 Guidelines on Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts. Upon the adoption of FRS 139, the Bank assesses at the end of each reporting period whether there is any objective evidence that a loan or group of loans is impaired. The loan or group of loans is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the loan (an incurred "loss event") and that the loss event has an impact on future estimated cash flows of the loan or group of loans that can be reliably estimated.

37 Change in accounting policies and prior year adjustments (continued)

1) Impairment of loans and advances (continued)

The Bank first assesses individually whether objective evidence of impairment exists individually for loans which are individually significant, and collectively for loans which are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed loan, the loan is included in a group of loans with similar credit risk characteristics and collectively assessed for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the loan's carrying amount and the present value of the estimated future cash flows. The carrying amount of the loan is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

In the Amendments to FRS 139 listed above, MASB has included an additional transitional arrangement for entities in the financial sector, whereby BNM may prescribe an alternative basis for collective assessment of impairment by banking institutions. This transitional arrangement is prescribed in BNM's guidelines on Classification and Impairment Provisions for Loans/Financing issued on 8 January 2010, whereby banking institutions are required to maintain collective assessment impairment allowances of at least 1.5% of total outstanding loans/financing, net of individual impairment allowance. Subject to the written approval by BNM, banking institutions are allowed to maintain a lower collective assessment impairment allowance. The collective assessment impairment allowance of the Bank as at the reporting date have been arrived at based on this transitional arrangement issued by BNM.

(b) Comparative Figures

(i) FRS 101 Presentation of Financial Statements

As a result of the adoption of the revised FRS 101, income statements of the Bank for the comparative financial period ended 31 October 2009 have been re-presented as two separate statements, i.e. an income statement displaying components of profit or loss and a statement of comprehensive income. All non-owner changes in equity which were previously presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Consequently, components of comprehensive income are not presented in the statement of changes in equity. Since these changes only affect presentation aspects, there is no impact on earnings per ordinary share.