

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

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 JANUARY 2013**

		(Restated)	(Restated)
	Note	As at 31-Jan-13 RM'000	As at 31-Jul-12 RM'000
			As at 1-Aug-11 RM'000
<b>Assets</b>			
Cash and short term funds		951,431	735,346
Deposits and placements with banks and other financial institutions		15,419	29,077
Securities held-for-trading	A8	290,857	170,592
Securities available-for-sale ("AFS")	A9	1,250,275	1,580,107
Securities held-to-maturity	A10	388,983	399,921
Loans, advances and financing	A11	777,844	685,237
Clients' and brokers' balances	A12	222,218	179,126
Derivative assets	B10	18,333	16,505
Other assets	A13	131,467	69,661
Statutory deposits with Central Banks		77,940	72,811
Tax recoverable		19,400	12,403
Deferred tax assets		5,103	6,111
Investment in an associate		4,108	3,708
Property, plant and equipment		53,243	52,859
Investment properties		52,475	52,596
Intangible assets		162,509	162,509
<b>Total assets</b>		<b>4,421,605</b>	<b>4,228,569</b>
<b>Liabilities</b>			
Deposits from customers	A14	679,656	748,431
Deposits and placements of banks and other financial institutions	A15	1,856,553	1,687,061
Clients' and brokers' balances		233,756	199,724
Derivative liabilities	B10	27,408	22,106
Other liabilities	A16	242,684	226,207
Taxation		3,239	1,962
Deferred tax liabilities		339	370
Borrowings	A17	407,596	390,492
<b>Total liabilities</b>		<b>3,451,231</b>	<b>3,276,353</b>
<b>Equity</b>			
Share capital		265,845	265,845
Reserves		689,824	677,091
Treasury shares, at cost		(16,061)	(16,061)
		<b>939,608</b>	<b>926,875</b>
Non-controlling interests		30,766	25,341
<b>Total equity</b>		<b>970,374</b>	<b>890,387</b>
<b>Total liabilities and equity</b>		<b>4,421,605</b>	<b>4,228,569</b>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>		<b>3.68</b>	<b>3.63</b>
		<b>3.42</b>	

*The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2012.*

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

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2013**

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		3 months ended 31-Jan-13 RM'000	(Restated) 3 months ended 31-Jan-12 RM'000	(Restated) 6 months ended 31-Jan-13 RM'000	6 months ended 31-Jan-12 RM'000
<b>Operating revenue</b>		<b>110,897</b>	91,540	<b>224,303</b>	174,972
Interest income	A18	46,865	45,507	94,091	90,923
Interest expense	A19	<b>(26,477)</b>	(25,074)	<b>(52,634)</b>	(49,419)
<b>Net interest income</b>		<b>20,388</b>	20,433	<b>41,457</b>	41,504
Other operating income	A20	<b>72,160</b>	52,244	<b>137,857</b>	102,705
		<b>92,548</b>	72,677	<b>179,314</b>	144,209
Other operating expenses	A21	<b>(67,321)</b>	(50,499)	<b>(135,632)</b>	(99,620)
		<b>25,227</b>	22,178	<b>43,682</b>	44,589
(Allowance)/Write back of allowance for losses on:					
- loans, advances and financing	A22	<b>(6,627)</b>	789	<b>(9,155)</b>	(334)
- clients' balances and receivables	A23	<b>89</b>	217	<b>57</b>	352
		<b>18,689</b>	23,184	<b>34,584</b>	44,607
Share of results of an associate, net of tax		<b>258</b>	77	<b>400</b>	(207)
<b>Profit before taxation</b>		<b>18,947</b>	23,261	<b>34,984</b>	44,400
Taxation	B6	<b>(3,968)</b>	(6,004)	<b>(8,525)</b>	(11,598)
<b>Profit for the financial period</b>		<b>14,979</b>	17,257	<b>26,459</b>	32,802
<b>Attributable to:</b>					
Equity holders of the Company		<b>9,463</b>	15,483	<b>18,684</b>	29,633
Non-controlling interests		<b>5,516</b>	1,774	<b>7,775</b>	3,169
		<b>14,979</b>	17,257	<b>26,459</b>	32,802
<b>Earnings per share attributable to equity holders of the Company (sen)</b>					
- Basic	B13	<b>3.71</b>	6.07	<b>7.32</b>	11.61

*The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2012.*

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

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2013**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		(Restated)		(Restated)
	<b>3 months ended</b>	<b>3 months ended</b>	<b>6 months ended</b>	<b>6 months ended</b>
	<b>31-Jan-13</b>	<b>31-Jan-12</b>	<b>31-Jan-13</b>	<b>31-Jan-12</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit for the financial period</b>	<b>14,979</b>	17,257	<b>26,459</b>	32,802
<b>Other comprehensive income for the financial period:</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Currency translation differences arising from foreign operations	2,265	(843)	(296)	2,863
Securities AFS:				
- net change in fair value	2,212	6,953	6,086	3,919
- net gain transferred to income statement on disposal	(590)	(3,281)	(869)	(3,304)
Income tax relating to components of other comprehensive income	(405)	(935)	(1,304)	(155)
	<b>3,482</b>	1,894	<b>3,617</b>	3,323
<b>Total comprehensive income for the financial period</b>	<b>18,461</b>	19,151	<b>30,076</b>	36,125
<b>Attributable to:</b>				
Equity holders of the Company	12,945	17,377	22,301	32,956
Non-controlling interests	5,516	1,774	7,775	3,169
	<b>18,461</b>	19,151	<b>30,076</b>	36,125

*The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2012.*

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

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2013**

**Attributable to Equity Holders of the Company**

	<b>Issued and fully paid ordinary shares of RM1 each</b>										
	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	Non- controlling interests RM'000	Total equity RM'000
At 1 August 2012											
- as previously reported	255,159	265,845	(16,061)	33,090	133,839	6,005	(11,896)	515,287	926,109	25,341	951,450
- effects of transition to MFRS framework	-	-	-	-	-	-	-	766	766	-	766
- as restated	<b>255,159</b>	<b>265,845</b>	<b>(16,061)</b>	<b>33,090</b>	<b>133,839</b>	<b>6,005</b>	<b>(11,896)</b>	<b>516,053</b>	<b>926,875</b>	<b>25,341</b>	<b>952,216</b>
Profit for the financial period	-	-	-	-	-	-	-	18,684	18,684	7,775	26,459
Other comprehensive income for the financial period, net of tax	-	-	-	-	-	3,913	(296)	-	3,617	-	3,617
Total comprehensive income for the financial period	-	-	-	-	-	3,913	(296)	18,684	22,301	7,775	30,076
Final dividend for the financial year ended 31 July 2012	-	-	-	-	-	-	-	(9,568)	(9,568)	-	(9,568)
Dividend paid by a subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	-	(2,350)	(2,350)
<b>At 31 January 2013</b>	<b>255,159</b>	<b>265,845</b>	<b>(16,061)</b>	<b>33,090</b>	<b>133,839</b>	<b>9,918</b>	<b>(12,192)</b>	<b>525,169</b>	<b>939,608</b>	<b>30,766</b>	<b>970,374</b>
At 1 August 2011											
- as previously reported	255,159	265,845	(16,061)	33,090	108,377	3,946	(17,484)	492,961	870,674	18,807	889,481
- effects of transition to MFRS framework	-	-	-	-	-	-	-	906	906	-	906
- as restated	<b>255,159</b>	<b>265,845</b>	<b>(16,061)</b>	<b>33,090</b>	<b>108,377</b>	<b>3,946</b>	<b>(17,484)</b>	<b>493,867</b>	<b>871,580</b>	<b>18,807</b>	<b>890,387</b>
Profit for the financial period	-	-	-	-	-	-	-	29,633	29,633	3,169	32,802
Other comprehensive income for the financial period, net of tax	-	-	-	-	-	460	2,863	-	3,323	-	3,323
Total comprehensive income for the financial period	-	-	-	-	-	460	2,863	29,633	32,956	3,169	36,125
Final dividend for the financial year ended 31 July 2011	-	-	-	-	-	-	-	(9,568)	(9,568)	-	(9,568)
Dividend paid by a subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	-	(2,172)	(2,172)
<b>At 31 January 2012</b>	<b>255,159</b>	<b>265,845</b>	<b>(16,061)</b>	<b>33,090</b>	<b>108,377</b>	<b>4,406</b>	<b>(14,621)</b>	<b>513,932</b>	<b>894,968</b>	<b>19,804</b>	<b>914,772</b>

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2012.

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

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2013**

	<b>6 months ended 31-Jan-13 RM'000</b>	<b>(Restated) 6 months ended 31-Jan-12 RM'000</b>
<b>Operating activities</b>		
Profit for the financial period	26,459	32,802
<b>Adjustments for:</b>		
Non-cash items	69,556	38,926
Non-operating items - investing	(41,467)	(41,647)
Non-operating items - financing	9,111	8,409
	63,659	38,490
<b>Changes in working capital:</b>		
Net changes in operating assets	(314,746)	187,365
Net changes in operating liabilities	165,640	(13,135)
	(85,447)	212,720
Interest paid	(38,695)	(40,424)
Taxation paid	(14,556)	(17,331)
<b>Net operating cash flow</b>	(138,698)	154,965
<b>Investing activities</b>		
Net disposal/(purchase) of securities	344,475	(49,095)
Interest received from securities	40,331	32,946
Dividends and income distributions received	3,611	3,694
Rental received	36	640
Other investments:		
- purchases	-	(61)
- proceeds from disposals	-	3
Property, plant and equipment:		
- purchases	(3,848)	(2,162)
- proceeds from disposals	19	98
<b>Net investing cash flow</b>	384,624	(13,937)
<b>Financing activities</b>		
Dividends paid	(9,568)	(9,568)
Dividend paid by a subsidiary to non-controlling interests	(2,350)	(2,172)
Interest paid	(9,656)	(6,801)
Net drawdown/(repayment) of borrowings	17,650	(20,200)
<b>Net financing cash flow</b>	(3,924)	(38,741)
<b>Net change in cash and cash equivalents</b>	242,002	102,287
Foreign exchange differences	375	366
<b>Cash and cash equivalents at beginning of the financial period</b>	627,245	580,880
<b>Cash and cash equivalents at end of the financial period</b>	869,622	683,533
<b>Cash and cash equivalents at end of the financial period comprise:</b>		
Cash and short term funds	869,622	683,533

*The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2012.*

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2013**

**A. Explanatory Notes in accordance with the Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting**

**A1 Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with MFRS 134, Interim Financial Reporting and Chapter 9, Part K of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The interim financial report, which also complied with the International Accounting Standard ("IAS") 34, Interim Financial Reporting issued by the International Accounting Standards Board, should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2012. The explanatory notes provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 July 2012.

The Group has adopted the new MFRS framework effective for the accounting period commencing from 1 August 2012, with retrospective application of the relevant new/revised MFRS to 1 August 2011, which is the beginning of the earliest comparative period of the first MFRS-compliant financial statements of the Group (i.e. date of transition to MFRS framework), as if the MFRS framework has always been applied. This interim financial report is the Group's condensed financial statements for part of the period covered by the first MFRS-compliant annual financial statements of the Group for the financial year ending 31 July 2013. MFRS 1, First-time Adoption of MFRS has been applied.

In accordance with MFRS 1, an opening MFRS statement of financial position of the Group as at the date of transition to MFRS framework, i.e. 1 August 2011 has been prepared and presented in this interim financial report. Effects of changes in accounting policies arising from transition to MFRS framework are recognised directly in retained profits at the date of transition to MFRS framework. Comparative information presented have been restated to conform with the presentation for the current financial period. In addition, reconciliations of comparative equity and total comprehensive income have been included in this interim financial report, to explain for the effects of transition to MFRS framework on the reported financial position and financial performance of the Group for the corresponding financial period ended 31 January 2012 (refer to explanatory note A1(d)). There are no material adjustments made to comparative statement of cash flows of the Group for the financial period ended 31 January 2012.

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 2012 except for the adoption of the following new/revised financial reporting standards and interpretations under the MFRS framework ("MFRSs") and observance of the Financial Reporting Standards Implementation Committee ("FRSIC) Consensus 18, Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad ("Bursa Securities") issued by the Malaysian Institute of Accountants ("MIA"), that are effective for the Group for the financial year ending 31 July 2013:

<u>FRS</u>	<u>Description</u>
Amendments to MFRS 1	First-time Adoption on Fixed Dates and Hyperinflation
Amendments to MFRS 7	Financial instruments: Disclosures on Transfers of Financial Assets
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income
MFRS 124	Related Party Disclosures
MFRS 139	Financial Instruments: Recognition and Measurement

The transition to the MFRS framework and observance of FRSIC Consensus 18 do not give rise to any material financial effects to the Group, other than the effects and changes in accounting policies as disclosed below.

**(a) Amendments to MFRS 101, Presentation of Items of Other Comprehensive Income**

The Amendments to MFRS 101 requires entities to separate items presented as other comprehensive income in the statement of other comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future.

Following the adoption of Amendments to MFRS 101, other comprehensive income for the current and corresponding financial period has been classified accordingly in the consolidated statement of other comprehensive income.

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2013**

**A1 Basis of Preparation (cont'd)**

**(b) MFRS 139, Financial Instruments: Recognition and Measurement**

Prior to the transition to MFRS framework, the collective impairment allowance of the investment banking subsidiary was maintained at 1.5% of the total outstanding loans/financing, net of individual impairment allowance, as set out in the BNM Guidelines on Classification and Impairment Provisions for Loans/Financing.

Upon transition to MFRS framework, banking institutions are required to comply with the requirements of MFRS 139 and the revised BNM Guidelines on Classification and Impairment Provisions for Loans/Financing in determining collective impairment allowances. In accordance with MFRS 139, the investment banking subsidiary groups its loans/financing by similar credit risk characteristics and collective impairment allowance is made based on estimated loan loss rates, which are computed based on historical loan loss experience and periodically adjusted based on current observable data. Loans/Financing that have been individually assessed for impairment and found not to be individually impaired are to be grouped for collective assessment of impairment.

Since the transitional basis of collective impairment assessment as previously prescribed by BNM is only applicable to banking institutions in Malaysia, the change in accounting policy arising from removal of the transitional basis of collective impairment assessment upon transition to MFRS framework does not have any material financial effects on the Group, other than the investment banking subsidiary.

The effects of the change in accounting policy for the corresponding financial period ended 31 January 2012, which have been accounted for retrospectively in accordance with MFRS 1, are disclosed in explanatory note A1(d).

**(c) FRSIC Consensus 18, Monies Held in Trust by Participating Organisations of Bursa Securities**

FRSIC Consensus 18 was issued by MIA on 18 September 2012 as a best practice guidance in respect of accounting for monies held in trust by participating organisations of Bursa Securities. The consensus is that recognition of trust monies as part of a participating organisation's assets with corresponding liabilities is inappropriate based on the MFRS framework as the participating organisation does not have any control over the trust monies to obtain the future economic benefits embodied in the trust monies and does not have any contractual or statutory obligation to its clients on the money deposited in the trust account that would result in an outflow of resources from the participating organisation. FRSIC Consensus 18 is solely applicable to clients' trust monies held by participating organisations of Bursa Securities.

Following FRSIC Consensus 18, clients' monies held in trust by the investment banking subsidiary are no longer recognised as assets and similarly, no corresponding liabilities are accounted for in the statement of financial position of the Group. Previously, clients' monies held in trust by the investment banking subsidiary were accounted as assets and the corresponding liabilities were recognised in the statement of financial position of the Group.

The effects of the change in accounting policy for the corresponding financial period ended 31 January 2012, which have been accounted for retrospectively in accordance with MFRS 1, are disclosed in explanatory note A1(d).

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2013**

**A1 Basis of Preparation (cont'd)**

**(d) Effects of Changes in Accounting Policies**

	<b>Effects of:</b>			<b>As restated Dr./ (Cr.) RM'000</b>
	<b>As previously reported Dr./ (Cr.) RM'000</b>	<b>Transition to MFRS framework Dr./ (Cr.) RM'000</b>	<b>FRSIC 18 Dr./ (Cr.) RM'000</b>	
<b>(i) Reconciliation of equity</b>				
<b>As at 31 January 2012</b>				
Retained profits	<u>(513,204)</u>	<u>(728)</u>	<u>-</u>	<u>(513,932)</u>
Cash and short term funds	993,962	-	(218,526)	775,436
Deposits and placements with banks and other financial institutions	11,952	-	(2,270)	9,682
Loans, advances and financing	627,318	976	-	628,294
Clients' and brokers' balances (Dr.)	274,200	17	1,389	275,606
Other assets	44,331	15	2,083	46,429
Deferred tax assets	8,780	(280)	-	8,500
Other liabilities	(354,766)	-	217,324	(137,442)
	<u><b>1,605,777</b></u>	<u><b>728</b></u>	<u><b>-</b></u>	<u><b>1,606,505</b></u>
<b>(ii) Reconciliation of total comprehensive income</b>				
<b>6 months ended 31 January 2012</b>				
Total comprehensive income	<u>(36,303)</u>	<u>178</u>	<u>-</u>	<u>(36,125)</u>
(Allowance)/Write back of allowance for losses on:				
- loans, advances and financing	121	213	-	334
- clients' balances and receivables	(379)	27	-	(352)
Taxation	11,660	(62)	-	11,598
	<u><b>11,402</b></u>	<u><b>178</b></u>	<u><b>-</b></u>	<u><b>11,580</b></u>
<b>3 months ended 31 January 2012</b>				
Total comprehensive income	<u>(19,294)</u>	<u>143</u>	<u>-</u>	<u>(19,151)</u>
(Allowance)/Write back of allowance for losses on:				
- loans, advances and financing	(989)	200	-	(789)
- clients' balances and receivables	(210)	(7)	-	(217)
Taxation	6,054	(50)	-	6,004
	<u><b>4,855</b></u>	<u><b>143</b></u>	<u><b>-</b></u>	<u><b>4,998</b></u>



**HWANG-DBS (MALAYSIA) BERHAD**  
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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2013**

**A2 Auditors' Report**

The auditors' report of the most recent annual financial statements of the Group for the financial year ended 31 July 2012 was not subject to any qualification.

**A3 Seasonal or Cyclical Factors**

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

**A4 Exceptional Items**

There are no exceptional items for the current quarter and financial period ended 31 January 2013.

**A5 Changes in Estimates**

There are no material changes in accounting estimates used in the preparation of the interim financial report for the current quarter and financial period ended 31 January 2013 as compared with the prior financial year.

**A6 Debts and Equity Securities**

There are no issuance, cancellations, repurchase, resale and repayments of debt and equity securities for the financial period ended 31 January 2013.

**A7 Dividends**

A final dividend of 5.0 sen per ordinary share, less 25% income tax, amounting to RM9,568,459 in respect of the previous financial year ended 31 July 2012 was paid on 20 December 2012.

The Board of Directors has declared an interim dividend of 5.0 sen per ordinary share, less 25% income tax, amounting to RM9,568,459 based on the issued and paid-up share capital of the Company as at 31 January 2013, in respect of the current financial year ending 31 July 2013. (Previous financial year ended 31 July 2012: Interim dividend of 5.0 sen was declared)

NOTICE IS HEREBY GIVEN THAT an interim dividend of 5.0 sen per ordinary share, less 25% income tax will be payable to shareholders of the Company registered in the Record of Depositors at the close of business on 16 April 2013. The said dividend will be paid on 8 May 2013.

A depositor shall qualify for entitlement only in respect of:

- (a) shares transferred into the depositor's securities account before 4.00 pm on 16 April 2013 in respect of ordinary transfers; and
- (b) shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2013**

**A8 Securities Held-For-Trading**

	As at 31-Jan-13 RM'000	As at 31-Jul-12 RM'000
<b>At fair value:</b>		
<b>Quoted in Malaysia</b>		
Shares, warrants and REITs	20,713	25,527
Unit trusts	11,835	12,210
	<b>32,548</b>	<b>37,737</b>
<b>Unquoted</b>		
Malaysian Government Securities	-	20,262
Malaysian Government Islamic Investment Issues	-	50,736
BNM Islamic Negotiable Notes	201,796	-
Private debt securities	56,513	61,857
	<b>290,857</b>	<b>170,592</b>
	<b>290,857</b>	<b>170,592</b>

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

	As at 31-Jan-13 RM'000	As at 31-Jul-12 RM'000
<b>At fair value:</b>		
<b>Quoted in Malaysia</b>		
REITs	32,224	14,807
Unit trusts	172,548	167,241
<b>Quoted outside Malaysia</b>		
REITs	4,346	-
	<b>209,118</b>	<b>182,048</b>
<b>Unquoted</b>		
Malaysian Government Securities	31,249	61,652
Malaysian Government Sukuk	6,624	6,632
Malaysian Government Islamic Investment Issues	211,103	251,791
BNM Islamic Negotiable Notes	-	298,115
Private and Islamic debt securities	791,691	779,379
<b>At cost:</b>		
<b>Unquoted</b>		
Shares	1,140	1,140
	<b>1,250,925</b>	<b>1,580,757</b>
Accumulated impairment loss	(650)	(650)
	<b>1,250,275</b>	<b>1,580,107</b>
	<b>1,250,275</b>	<b>1,580,107</b>

Included in the securities AFS are investments in unit trust funds managed by a subsidiary, Hwang Investment Management Berhad at a carrying amount of RM121.2 million as at the end of the reporting period (At 31 July 2012: RM120.9 million).

**A10 Securities Held-To-Maturity**

	As at 31-Jan-13 RM'000	As at 31-Jul-12 RM'000
<b>At amortised cost:</b>		
<b>Unquoted</b>		
Private and Islamic debt securities	388,983	399,921
	<b>388,983</b>	<b>399,921</b>
	<b>388,983</b>	<b>399,921</b>

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2013**

**A11 Loans, Advances and Financing**

	<b>As at 31-Jan-13 RM'000</b>	<b>(Restated) As at 31-Jul-12 RM'000</b>
<b>(a) By Type</b>		
Term loans		
- housing loans	21,260	15,290
- bridging loans	3,550	3,550
- syndicated term loans	126,566	125,131
- other term loans	654,948	514,449
Overdrafts	3,868	2,655
Share margin financing	171,821	201,562
Staff loans	421	364
Other financing	1,981	575
	<b>984,415</b>	<b>863,576</b>
Unearned interest	(182,418)	(156,398)
	<b>801,997</b>	<b>707,178</b>
Allowance for losses:		
- collective impairment	(13,133)	(10,420)
- individual impairment	(11,020)	(11,521)
Net loans, advances and financing	<b>777,844</b>	<b>685,237</b>
<b>(b) By Type of Customer</b>		
Domestic business enterprises		
- others	271,608	235,119
Individuals	321,019	274,260
Other domestic entities	97,031	111,627
Foreign business enterprises	14,643	10,379
Foreign individuals	97,696	75,793
	<b>801,997</b>	<b>707,178</b>
<b>(c) By Geographical Distribution</b>		
Malaysia	689,733	621,458
Cambodia	103,412	76,665
Hong Kong	7,616	7,527
Singapore	534	1,017
Other countries	702	511
	<b>801,997</b>	<b>707,178</b>
<b>(d) By Interest Rate Sensitivity</b>		
Fixed rate		
- other fixed rate loans/financing	598,671	551,488
- housing loans	21,260	15,290
Variable rate		
- cost-plus	182,066	140,400
	<b>801,997</b>	<b>707,178</b>

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2013**

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

	As at 31-Jan-13 RM'000	(Restated) As at 31-Jul-12 RM'000
<b>(e) By Purpose</b>		
Purchase of landed properties		
- residential	20,657	14,438
- non-residential	21,764	17,244
Construction	7,215	5,292
Real estate	4,057	2,873
Purchase of securities	271,149	277,707
Working capital	105,658	89,655
Personal use	232,558	204,044
Others	138,939	95,925
	<u>801,997</u>	<u>707,178</u>
<b>(f) By Residual Contractual Maturity</b>		
Within 1 year	275,536	305,846
1 year to 3 years	32,532	28,774
3 years to 5 years	98,697	94,300
Over 5 years	395,232	278,258
	<u>801,997</u>	<u>707,178</u>
<b>(g) Impaired Loans, Advances and Financing by Purpose</b>		
Purchase of landed properties		
- residential	-	14
Real estate	625	587
Purchase of securities	-	1,636
Working capital	13,247	8,344
Personal use	7,177	8,510
Others	105	93
	<u>21,154</u>	<u>19,184</u>
<b>(h) Impaired Loans, Advances and Financing by Geographical Distribution</b>		
Malaysia	15,490	16,185
Cambodia	5,664	2,999
	<u>21,154</u>	<u>19,184</u>
<b>(i) Movements in Impaired Loans, Advances and Financing</b>		
At beginning of the financial period/year	19,184	18,401
Classified as impaired	12,559	29,892
Reclassified as non-impaired	(2,610)	(22,616)
Amount recovered	(565)	(2,115)
Amount written off	(7,407)	(4,428)
Exchange differences	(7)	50
At end of the financial period/year	<u>21,154</u>	<u>19,184</u>
Gross impaired loans, advances and financing as a % of gross loans, advances and financing	<u>2.6%</u>	<u>2.7%</u>

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2013**

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

	As at 31-Jan-13 RM'000	(Restated) As at 31-Jul-12 RM'000
<b>(j) Movements in Allowance for Losses</b>		
<u>Collective Impairment</u>		
At beginning of the financial period/year		
- as previously reported	11,436	12,393
- effects of transition to MFRS framework	(1,016)	(1,189)
- as restated	<u>10,420</u>	<u>11,204</u>
Net allowance made	3,346	3,163
Amount written off	(635)	(3,980)
Exchange differences	2	33
At end of the financial period/year	<u><u>13,133</u></u>	<u><u>10,420</u></u>
As a % of gross loans, advances and financing less individual impairment allowance	<u><u>1.7%</u></u>	<u><u>1.5%</u></u>
 <u>Individual Impairment</u>		
At beginning of the financial period/year	11,521	10,422
Allowance made	6,160	1,221
Amount written back	(48)	(137)
Amount written off	(6,636)	-
Exchange differences	23	15
At end of the financial period/year	<u><u>11,020</u></u>	<u><u>11,521</u></u>

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2013**

**A12 Clients' and Brokers' Balances**

	As at 31-Jan-13 RM'000	(Restated) As at 31-Jul-12 RM'000
Clients' and brokers' balances, net of allowances for impairment of RM555,000 (At 31 July 2012: RM553,000)	<u>222,218</u>	<u>179,126</u>

**A13 Other Assets**

	As at 31-Jan-13 RM'000	(Restated) As at 31-Jul-12 RM'000
Trade receivables, net of allowances for impairment of RM363,000 (At 31 July 2012: RM363,000)	78,613	44,113
Statutory deposit	150	150
Clearing Guarantee Fund	2,086	2,058
Clearing Fund	1,000	1,000
Other receivables, deposits and prepayments	46,635	19,357
Other investments	2,983	2,983
	<u>131,467</u>	<u>69,661</u>

**A14 Deposits from Customers**

	As at 31-Jan-13 RM'000	As at 31-Jul-12 RM'000
<b>(a) By Type of Deposit</b>		
Demand deposits	4,562	1,863
Savings deposits	5,417	2,954
Fixed deposits	661,392	735,474
Negotiable instruments of deposits	4,129	2,943
Other deposits	4,156	5,197
	<u>679,656</u>	<u>748,431</u>
<b>(b) By Type of Customer</b>		
Government and statutory bodies	185,277	37,103
Business enterprises	417,769	641,599
Individuals	57,673	56,028
Others	18,937	13,701
	<u>679,656</u>	<u>748,431</u>
<b>(c) By Maturity Structure of Term Deposits</b>		
Within 6 months	547,531	721,722
6 months to 1 year	122,146	21,892
	<u>669,677</u>	<u>743,614</u>

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2013**

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

	<b>As at 31-Jan-13 RM'000</b>	<b>As at 31-Jul-12 RM'000</b>
Licensed banks	155,679	255,183
Licensed investment banks	39,356	45,844
Central Banks	155,343	-
Other financial institutions	<u>1,506,175</u>	<u>1,386,034</u>
	<u><b>1,856,553</b></u>	<u><b>1,687,061</b></u>

**A16 Other Liabilities**

	<b>As at 31-Jan-13 RM'000</b>	(Restated) <b>As at 31-Jul-12 RM'000</b>
Trade payables	135,201	108,931
Amounts due to clients and dealer's representatives	45,948	48,103
Other payables and accruals	<u>61,535</u>	<u>69,173</u>
	<u><b>242,684</b></u>	<u><b>226,207</b></u>

**A17 Borrowings**

(a) Total borrowings of the Group of RM407.6 million as at 31 January 2013 are unsecured of which RM178.6 million revolving credit lines are covered by corporate guarantees issued by the Company for a subsidiary.

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

	<b>As at 31-Jan-13 RM'000</b>	<b>As at 31-Jul-12 RM'000</b>
<b>Short term borrowings</b>		
Revolving credits	407,596	390,492
<b>Long term borrowings</b>	-	-
<b>Total borrowings</b>	<u><b>407,596</b></u>	<u><b>390,492</b></u>

(c) All borrowings are denominated in Ringgit Malaysia.

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2013**

**A18 Interest Income**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jan-13 RM'000	3 months ended 31-Jan-12 RM'000	6 months ended 31-Jan-13 RM'000	6 months ended 31-Jan-12 RM'000
Loans, advances and financing	18,734	17,965	37,327	36,681
Money at call and deposit placements with financial institutions	6,178	4,588	11,364	9,671
Securities AFS	11,876	11,720	24,741	22,315
Securities held-to-maturity	6,361	6,591	12,862	13,114
Others	77	102	489	191
	<u>43,226</u>	<u>40,966</u>	<u>86,783</u>	<u>81,972</u>
Securities held-for-trading	1,545	2,113	3,379	4,096
Derivative financial instruments	2,094	2,428	3,929	4,855
	<u>46,865</u>	<u>45,507</u>	<u>94,091</u>	<u>90,923</u>

**A19 Interest Expense**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jan-13 RM'000	3 months ended 31-Jan-12 RM'000	6 months ended 31-Jan-13 RM'000	6 months ended 31-Jan-12 RM'000
Deposits and placements of banks and other financial institutions	(14,774)	(12,254)	(29,071)	(23,966)
Deposits from customers	(5,168)	(7,000)	(10,686)	(13,428)
Borrowings	(4,587)	(4,053)	(9,111)	(8,409)
Others	(141)	(154)	(271)	(336)
	<u>(24,670)</u>	<u>(23,461)</u>	<u>(49,139)</u>	<u>(46,139)</u>
Derivative financial instruments	(1,807)	(1,613)	(3,495)	(3,280)
	<u>(26,477)</u>	<u>(25,074)</u>	<u>(52,634)</u>	<u>(49,419)</u>



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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2013**

**A20 Other Operating Income**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jan-13 RM'000	3 months ended 31-Jan-12 RM'000	6 months ended 31-Jan-13 RM'000	6 months ended 31-Jan-12 RM'000
<b>Fee and commission income:</b>				
Brokerage	11,353	14,423	23,766	31,855
Fund management and incentive fees	33,831	14,869	52,980	28,422
Advisory and arranger fees	1,271	604	2,590	1,024
Underwriting commission and placement income	29	46	854	136
Rollover fees	607	638	1,302	1,356
Other fees and commission	2,104	1,376	4,460	2,906
	<u>49,195</u>	<u>31,956</u>	<u>85,952</u>	<u>65,699</u>
<b>Net gain/(loss) on securities held-for-trading:</b>				
- net gain on disposal	1,973	5,800	4,014	7,761
- net unrealised (loss)/gain	(532)	2,891	(266)	4,609
	<u>1,441</u>	<u>8,691</u>	<u>3,748</u>	<u>12,370</u>
<b>Net gain/(loss) on derivatives:</b>				
- net loss on disposal	(3,204)	(1,615)	(6,370)	(3,245)
- net unrealised (loss)/gain	(1,392)	4,495	1,021	4,273
	<u>(4,596)</u>	<u>2,880</u>	<u>(5,349)</u>	<u>1,028</u>
<b>Net gain on securities AFS:</b>				
- net gain on disposal	585	2,711	860	2,745
	<u>585</u>	<u>2,711</u>	<u>860</u>	<u>2,745</u>
<b>Gross dividends/income distributions:</b>				
- securities held-for-trading	110	150	196	899
- securities AFS	1,255	878	2,493	2,171
	<u>1,365</u>	<u>1,028</u>	<u>2,689</u>	<u>3,070</u>
<b>Other income:</b>				
Initial service charge	15,317	5,873	36,790	11,809
Net foreign exchange gain	7,723	(2,170)	10,787	983
Rental Income	244	514	453	1,029
Others	886	761	1,927	3,972
	<u>24,170</u>	<u>4,978</u>	<u>49,957</u>	<u>17,793</u>
<b>Total</b>	<u><u>72,160</u></u>	<u><u>52,244</u></u>	<u><u>137,857</u></u>	<u><u>102,705</u></u>

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2013**

**A21 Other Operating Expenses**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jan-13 RM'000	3 months ended 31-Jan-12 RM'000	6 months ended 31-Jan-13 RM'000	6 months ended 31-Jan-12 RM'000
<b>Personnel costs:</b>				
- Salaries, allowances and bonus	(20,613)	(22,368)	(40,633)	(41,381)
- Contributions to defined contribution plans	(3,289)	(2,921)	(6,066)	(5,416)
- Others	(4,375)	(3,680)	(9,385)	(8,920)
	<u>(28,277)</u>	<u>(28,969)</u>	<u>(56,084)</u>	<u>(55,717)</u>
<b>Establishment related costs:</b>				
- Depreciation	(1,880)	(1,893)	(3,669)	(3,860)
- Rental of premises	(1,296)	(1,172)	(2,601)	(2,363)
- Rental of equipment	(668)	(685)	(1,326)	(1,330)
- Repairs and maintenance of premises and equipment	(667)	(332)	(1,031)	(876)
- Information technology expenses	(809)	(746)	(1,634)	(1,563)
- Others	(1,248)	(1,248)	(2,436)	(2,461)
	<u>(6,568)</u>	<u>(6,076)</u>	<u>(12,697)</u>	<u>(12,453)</u>
<b>Promotion and marketing related expenses:</b>				
- Promotion and business development	(2,334)	(530)	(4,521)	(1,248)
- Travelling and accommodation	(293)	(156)	(532)	(345)
- Others	(2,712)	(1,453)	(5,310)	(3,203)
	<u>(5,339)</u>	<u>(2,139)</u>	<u>(10,363)</u>	<u>(4,796)</u>
<b>Administrative and general expenses:</b>				
- Professional and consultancy fees	(1,242)	(872)	(1,674)	(1,642)
- Communication expenses	(2,389)	(1,688)	(4,633)	(3,214)
- Incentives and commission	(19,926)	(7,337)	(42,920)	(14,862)
- Regulatory charges	(1,442)	(1,419)	(2,817)	(2,927)
- Others	(2,138)	(1,999)	(4,444)	(4,009)
	<u>(27,137)</u>	<u>(13,315)</u>	<u>(56,488)</u>	<u>(26,654)</u>
<b>Total</b>	<u>(67,321)</u>	<u>(50,499)</u>	<u>(135,632)</u>	<u>(99,620)</u>

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jan-13 RM'000	(Restated) 3 months ended 31-Jan-12 RM'000	6 months ended 31-Jan-13 RM'000	(Restated) 6 months ended 31-Jan-12 RM'000
Individual impairment:				
- made	(4,907)	(147)	(6,160)	(432)
- written back	23	52	48	52
	(4,884)	(95)	(6,112)	(380)
Collective impairment:				
- made	(1,900)	(12)	(3,346)	(1,025)
Bad debts:				
- recovered	253	985	438	1,331
- written off	(96)	(89)	(135)	(260)
	<u>(6,627)</u>	<u>789</u>	<u>(9,155)</u>	<u>(334)</u>

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jan-13 RM'000	(Restated) 3 months ended 31-Jan-12 RM'000	6 months ended 31-Jan-13 RM'000	(Restated) 6 months ended 31-Jan-12 RM'000
Individual impairment:				
- made	(135)	(20)	(59)	(41)
- written back	174	158	57	214
	39	138	(2)	173
Bad debts:				
- recovered	50	79	59	179
	<u>89</u>	<u>217</u>	<u>57</u>	<u>352</u>

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2013**

**A24 Commitments and Contingencies**

The commitments and contingencies and the related risk-weighted exposures of the Group are as follows:

	As at 31-Jan-13			As at 31-Jul-12		
	Principal amount RM'000	Credit equivalent amount* RM'000	Risk- weighted amount RM'000	Principal amount RM'000	Credit equivalent amount* RM'000	Risk- weighted amount RM'000
<b>Contingencies</b>						
Direct credit substitutes	5,000	5,000	1,000	5,000	5,000	1,000
<b>Commitments</b>						
Forward asset purchases	5,117	5,117	5,117	10,328	10,328	5,164
Obligations under underwriting agreement	-	-	-	10,000	5,000	5,000
Commitments to extend credits with maturity of <sup>(1)</sup> :						
- up to 1 year	418,687	5,977	5,977	468,107	24,000	24,000
- over 1 year	27,426	22,426	13,713	14,605	11,772	7,303
	<b>451,230</b>	<b>33,520</b>	<b>24,807</b>	<b>503,040</b>	<b>51,100</b>	<b>41,467</b>
<b>Derivative financial instruments</b>						
Foreign exchange related contracts:						
- up to 1 year	2,056,586	40,423	24,161	1,220,649	32,444	13,734
- over 1 year to 5 years	444,908	53,699	15,353	170,361	16,149	3,230
Interest rate related contracts:						
- up to 1 year	1,443,000	1,852	849	2,460,000	4,249	970
- over 1 year to 5 years	100,000	5,217	2,608	253,000	2,069	1,909
	<b>4,044,494</b>	<b>101,191</b>	<b>42,971</b>	<b>4,104,010</b>	<b>54,911</b>	<b>19,843</b>
<b>Total</b>	<b>4,500,724</b>	<b>139,711</b>	<b>68,778</b>	<b>4,612,050</b>	<b>111,011</b>	<b>62,310</b>

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

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

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2013**

**A25 Other Commitments**

	As at 31-Jan-13 RM'000	As at 31-Jul-12 RM'000
Capital expenditure commitments	15,077	19,942
Non-cancellable operating lease commitments	6,976	8,155
	22,053	28,097

**A26 Capital Adequacy**

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

With effect from January 2013, the investment banking subsidiary, HDBSIB is required to comply with the revised Capital Adequacy Framework, as set out in the Capital Adequacy Framework (Basel II - Risk-Weighted Assets) and Capital Adequacy Framework (Capital Components) issued by Bank Negara Malaysia at both entity and consolidated levels. HDBSIB adopts the Standardised Approach for credit and market risks, and the Basic Indicator Approach for operational risk.

The capital components and capital adequacy ratios of HDBSIB and the investment banking group, which are computed in accordance with the revised Capital Adequacy Framework, are as follows:

	Investment Banking Group As at 31-Jan-13 RM'000	HDBSIB As at 31-Jan-13 RM'000
<b><u>Common Equity Tier I (CET 1) Capital</u></b>		
Issued and fully paid ordinary shares	500,000	500,000
Retained profits	202,415	199,016
AFS reserve	6,005	6,005
Statutory reserve	133,839	133,839
	842,259	838,860
Less: Regulatory adjustments	(168,877)	(168,877)
CET 1 Capital	673,382	669,983
<b><u>Additional Tier 1 Capital</u></b>		
Non-controlling interests	204	-
Tier 1 Capital	673,586	669,983
<b><u>Tier 2 Capital</u></b>		
Non-controlling interests	48	-
Collective impairment allowances	4,981	4,981
Less: Regulatory adjustments	-	(399)
Tier 2 Capital	5,029	4,582
<b>Total Capital</b>	678,615	674,565
CET1 Capital ratio	31.2%	31.1%
Tier 1 Capital ratio	31.2%	31.1%
Total Capital ratio	31.4%	31.3%

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**A26 Capital Adequacy (cont'd)**

(i) HwangDBS Investment Bank Berhad ("HDBSIB") (cont'd)

The capital adequacy ratios of HDBSIB as at the previous financial year end, which were computed in accordance with Risk-Weighted Capital Adequacy Framework (Basel II - Risk-Weighted Assets Computation) issued by BNM, are as follows:

	(Restated) <b>As at 31-Jul-12 RM'000</b>
<b><u>Tier I capital</u></b>	
Issued and fully paid share capital	500,000
Retained profits	218,670
Statutory reserve	133,839
Total Tier I capital	852,509
Less: Goodwill	(110,002)
Eligible Tier I capital	742,507
<b><u>Tier II capital</u></b>	
Collective impairment allowances	4,511
Total Tier II capital	4,511
Total capital	747,018
Less: Investment in subsidiaries	(3,081)
Other deductions	(248)
<b>Capital base</b>	<b>743,689</b>
<b>Before deducting proposed dividend:</b>	
Core capital ratio	36.0%
Risk-weighted capital ratio	36.0%
<b>After deducting proposed dividend:</b>	
Core capital ratio	34.9%
Risk-weighted capital ratio	35.0%

There is no comparative figures in respect of the capital adequacy ratios of the investment banking group as at the previous financial year end.

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

The solvency ratio of HDCB, which is the regulatory capital adequacy ratio as prescribed by the National Bank of Cambodia, is computed based on the net worth of HDCB divided by its risk-weighted assets and items not recognised in the statement of financial position. The solvency ratio of HDCB is as follows:

	<b>As at 31-Jan-13</b>	<b>As at 31-Jul-12</b>
Solvency ratio	<b>69.1%</b>	<b>82.9%</b>

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2013**

**A27 Segmental Information**

The Group is organised into the following operating segments:

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

The segmental information are as follows:

	Stock- broking RM'000	Investment banking RM'000	Investment manage- ment RM'000	Money- lending RM'000	Commercial banking RM'000	Others RM'000	Inter- segment elimination RM'000	Group RM'000
<b>6 months ended 31 January 2013</b>								
<b>Revenue</b>								
External revenue *	41,613	61,295	90,534	22,275	5,311	3,275	-	224,303
Inter-segment revenue	-	858	(105)	-	-	36,985	(37,738)	-
<b>Total revenue</b>	<b>41,613</b>	<b>62,153</b>	<b>90,429</b>	<b>22,275</b>	<b>5,311</b>	<b>40,260</b>	<b>(37,738)</b>	<b>224,303</b>
Net interest income/(expense)	11,308	14,152	1,094	15,545	4,246	(4,888)	-	41,457
Other operating income	28,286	11,996	91,138	3,116	435	40,235	(37,349)	137,857
	39,594	26,148	92,232	18,661	4,681	35,347	(37,349)	179,314
Other operating expenses	(42,132)	(10,854)	(70,507)	(4,610)	(3,649)	(8,135)	4,255	(135,632)
	(2,538)	15,294	21,725	14,051	1,032	27,212	(33,094)	43,682
(Allowance)/Write back of allowance for losses on:								
- loans, advances and financing	357	(827)	-	(6,803)	(1,847)	-	(35)	(9,155)
- clients' balances and receivables	57	-	-	-	-	(4)	4	57
<b>Segment profit/(loss)</b>	<b>(2,124)</b>	<b>14,467</b>	<b>21,725</b>	<b>7,248</b>	<b>(815)</b>	<b>27,208</b>	<b>(33,125)</b>	<b>34,584</b>
Share of results of an associate, net of tax								400
<b>Profit before taxation</b>								<b>34,984</b>
<b>6 months ended 31 January 2012 (Restated)</b>								
<b>Revenue</b>								
External revenue *	54,782	49,051	40,455	22,337	3,869	4,478	-	174,972
Inter-segment revenue	-	927	43	-	-	41,576	(42,546)	-
<b>Total revenue</b>	<b>54,782</b>	<b>49,978</b>	<b>40,498</b>	<b>22,337</b>	<b>3,869</b>	<b>46,054</b>	<b>(42,546)</b>	<b>174,972</b>
Net interest income/(expense)	12,464	13,320	586	16,455	3,492	(4,813)	-	41,504
Other operating income	50,422	10,524	41,108	2,502	226	45,990	(48,067)	102,705
	62,886	23,844	41,694	18,957	3,718	41,177	(48,067)	144,209
Other operating expenses	(44,945)	(9,654)	(32,445)	(5,450)	(2,597)	(8,740)	4,211	(99,620)
	17,941	14,190	9,249	13,507	1,121	32,437	(43,856)	44,589
(Allowance)/Write back of allowance for losses on:								
- loans, advances and financing	397	486	-	(566)	(621)	-	(30)	(334)
- clients' balances and receivables	341	11	-	-	-	(3)	3	352
<b>Segment profit/(loss)</b>	<b>18,679</b>	<b>14,687</b>	<b>9,249</b>	<b>12,941</b>	<b>500</b>	<b>32,434</b>	<b>(43,883)</b>	<b>44,607</b>
Share of results of an associate, net of tax								(207)
<b>Profit before taxation</b>								<b>44,400</b>

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

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2013**

**A28 Subsequent Events**

There are no material events subsequent to the end of the financial period ended 31 January 2013.

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

There are no changes in the composition of the Group for the current quarter and financial period ended 31 January 2013.

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

Please refer to explanatory note A24.



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

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

The Group reported a total operating revenue of RM224.3 million for the first half year of financial year 2013, representing a 28% increase compared to RM175.0 million recorded for the corresponding financial period ended 31 January 2012. Operating revenue for the second quarter ended 31 January 2013 advanced to RM110.9 million from RM91.5 million in the previous corresponding quarter in financial year 2012. The higher operating revenue of the Group for the current quarter and financial period ended 31 January 2013 is primarily emanating from income generated from investment management activities, favourable effects of foreign exchange transactions and increase in interest income from securities portfolio of the investment banking segment as well as higher interest income earned from loan portfolio of the commercial banking segment. These were however, partially negated by reduction in stockbroking brokerage income and lower net gain arising from securities and derivatives trading activities of the investment banking segment.

Despite the increase in operating revenue of the Group for the six months ended 31 January 2013, the pretax profit of the Group for the current financial period under review declined by 21% to RM35.0 million, compared to RM44.4 million in the previous corresponding financial period ended 31 January 2012. On a similar note, the pretax profit of the Group for the second quarter of financial year 2013 is lower at RM18.9 million relative to pretax profit of RM23.2 million in the corresponding quarter a year earlier.

The Group attributed the lower profitability for the current quarter and financial period ended 31 January 2013 to mainly lower net gain on securities held-for-trading and net loss incurred on derivatives portfolio, reduction in stockbroking brokerage income, higher marketing expenses as well as increase in loan loss provisioning. These reductions were however, partially mitigated by increase in income generated from investment management activities of the Group, net of agents' commission expenses and higher net gain on foreign exchange.

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

(a) Stockbroking

For the six months ended 31 January 2013, the stockbroking segment incurred a pretax loss of RM2.1 million against a pretax profit of RM18.7 million for the corresponding financial period last year. On a similar trend, the segment recorded a pretax loss of RM1.1 million for the second quarter of financial year 2013 in contrast with pretax profit of RM10.7 million for the previous corresponding financial quarter.

Value traded on Bursa Malaysia Securities Berhad decreased to RM191.2 billion for the first half year of financial year 2013 from RM202.8 billion in the previous corresponding financial period and this has impacted the stockbroking brokerage income of the segment. In addition, lower net gain from securities trading activities, increase in marketing related expenses coupled with absence of dividend income of RM6.2 million from the nominees subsidiaries and absence of insurance claim of RM2.4 million during the current financial period have further eroded the profitability of the segment. The weaker performance of the segment for the current financial period is however, partly cushioned by lower incentive costs for the financial period.

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2013**

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

(b) Investment banking

The investment banking segment posted a pretax profit of RM14.5 million for the current financial period, which is marginally lower compared to the pretax profit of RM14.7 million for the corresponding financial period last year. On a quarter-to-quarter basis, the pretax profit of the segment for the current three-month period of RM6.8 million is 24% lower compared to RM8.9 million recorded in the previous corresponding quarter.

The financial performance of the segment for the current quarter and financial period is mainly affected by lower net marked-to-market gain on trading book portfolio, lower net unrealised foreign exchange gain on securities portfolio as well as higher net realised loss incurred on maturity of interest rate related derivative contracts, partially cushioned by increase in fee based income as well as higher net foreign exchange gain arising from foreign exchange transactions.

(c) Investment management

For the six months ended 31 January 2013, the investment management segment has maintained its growth momentum by achieving a more than two folds increase in pretax profit to RM21.7 million, compared to the pretax profit of RM9.2 million for the previous corresponding financial period. For the current quarter under review, pretax profit of the segment is RM14.7 million in comparison to the pretax profit of RM5.1 million in the previous corresponding quarter last year.

The encouraging financial performance of the segment is primarily boosted by the significant growth in the funds under management. The net assets value of funds managed by the segment have grown from RM12.6 billion as at 31 January 2012 to RM19.7 billion as at 31 January 2013. The enlarged funds under management have lifted management fee income and increased incentive fees whilst favourable investors' response to three new unit trust funds launched in the current financial period under review has contributed to a higher initial service charge. The increase in income of the segment is however, partially offset by higher agent commission expense, personnel costs and marketing related costs.

(d) Moneylending

For the first six months of financial year 2013, the moneylending segment posted a 44% decrease in pretax profit to RM7.2 million as compared to the pretax profit of RM12.9 million for the previous corresponding financial period. Pretax profit for the current quarter ended 31 January 2013 is RM1.8 million against the pretax profit of RM6.9 million for the corresponding quarter in the last financial year. The lower earnings are mainly attributable to the current quarter under review as a result of higher loan loss provisioning and tightening of net interest income, partly cushioned by lower personnel costs for the current financial period.

(e) Commercial banking

The commercial banking segment incurred a pretax loss of RM0.8 million for the first half year ended 31 January 2013 in contrast to a pretax profit of RM0.5 million for the previous corresponding financial period. For the current quarter under review, the segment incurred a pretax loss of RM0.5 million as compared to a pretax profit of RM0.3 million for the corresponding period last year. The loss incurred for the current quarter and financial period under 31 January 2013 is largely attributable to increase in loan loss provisioning and higher operating expenses, partially offset by higher net interest income and fee based income. The increase in net interest income is supported by its enlarged loans portfolio. As at 31 January 2013, the loans portfolio of the commercial banking segment stands at RM103.4 million (As at 31 January 2012: RM58.7 million).

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2013**

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

The Group registered a higher pretax profit of RM18.9 million for the second quarter of financial year 2013 as compared to the pretax profit of RM16.0 million recorded for the preceding first quarter ended 31 October 2012. The higher earnings of the Group for the current quarter under review is mainly supported by increase in fee income generated from investment management activities and higher net foreign exchange gain for the current quarter, partly offset by marked-to-market loss on derivatives portfolio, reduction in initial service charge and increase in loan loss provisioning.

**B3 Commentary**

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

The Malaysian economy is expected to remain resilient with growth prospects driven primarily by steady domestic economic fundamentals riding on the Government's stimulus initiatives and accommodative monetary policy.

The stockbroking and investment banking business, however, will remain challenging amidst heightened competition, lower trading activity and volatile capital markets. The retail business is expected to remain subdued. Against this backdrop, the Group will step up marketing and promotional activities to expand its businesses and streamline operations to stay competitive to meet the challenges ahead.

The investment management segment is expected to grow steadily and will continue to increase its funds under management by acquiring new private and corporate mandates, launching new funds, explore new markets abroad and increase the size of the existing portfolios. The investment management subsidiary will also continue to focus on expanding and strengthening its distribution channels by enhancing its system infrastructure to support the business activities.

The Group's moneylending activities will focus on enhancing its marketing and distribution channels and product offerings to boost its interest based income, amidst a competitive operating landscape.

With the establishment of the fourth commercial banking branch in Cambodia, the banking subsidiary is on track on its plans to expand its distribution network to reach out to its SME and retail customers and steadily grow its loans and deposits portfolio.

The Board of Directors is of the view that the performance of the Group for the next six months of the financial year ending 31 July 2013 will continue to be affected by the volatile and challenging economic environment.

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2013**

**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.

**B6 Taxation**

The analysis of the tax expense for the current quarter and financial period ended 31 January 2013 are as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		(Restated)		(Restated)
	<b>3 months ended</b>	<b>3 months ended</b>	<b>6 months ended</b>	<b>6 months ended</b>
	<b>31-Jan-13</b>	<b>31-Jan-12</b>	<b>31-Jan-13</b>	<b>31-Jan-12</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
In respect of the current financial year:				
Malaysian income tax	(1,655)	(5,852)	(8,801)	(9,941)
Foreign income tax	(28)	(21)	(53)	(39)
Deferred tax	(2,285)	(131)	329	(1,365)
	<u>(3,968)</u>	<u>(6,004)</u>	<u>(8,525)</u>	<u>(11,345)</u>
In respect of prior financial years:				
Malaysian income tax	-	-	-	(253)
	<u>(3,968)</u>	<u>(6,004)</u>	<u>(8,525)</u>	<u>(11,598)</u>

The effective tax rate for the current quarter and financial period ended 31 January 2013 is lower than the statutory tax rate mainly due to certain income which are not subject to tax, partially offset by certain expenses which are not deductible for tax purposes.

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2013**

**B7 Status of Corporate Proposals**

There are no corporate proposals announced but not completed as at date of this announcement except that on 31 January 2013, the Company announced that the following wholly-owned dormant subsidiaries of the Company have commenced member's voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965:

- (i) HwangDBS Custodian Services Sdn. Bhd. ("HCS")
- (ii) HDM Management Services Sdn. Bhd. ("HMS")
- (iii) HDM Research & Publication Sdn. Bhd. ("R&P")

The member's voluntary winding-up of HCS, HMS and R&P will not have any material effect on the net assets, gearing ratios and earnings per share of the Group for the financial year ending 31 July 2013.

**B8 Group Borrowings and Debt Securities**

Please refer to explanatory note A17.

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

	As at 31-Jan-13 RM'000	(Restated) As at 31-Jul-12 RM'000
Total retained profits of the Company and its subsidiaries:		
- realised	538,774	524,596
- unrealised	8,155	8,070
	546,929	532,666
Total share of accumulated losses of associate:		
- realised	(830)	(1,230)
	546,099	531,436
Consolidation adjustments	(20,930)	(15,383)
Total Group retained profits	525,169	516,053

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

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2013**

**B10 Disclosure of Derivatives**

(a) The derivative financial instruments held by the Group as at the end of the reporting period are as follows:

	<b>As at 31-Jan-13</b>		<b>As at 31-Jul-12</b>	
	<b>Fair value</b>		<b>Fair value</b>	
	<b>Derivative assets RM'000</b>	<b>Derivative liabilities RM'000</b>	<b>Derivative assets RM'000</b>	<b>Derivative liabilities RM'000</b>
Foreign exchange related contracts:				
- currency forwards	9,520	(380)	2,186	(2,150)
- currency swaps	1,078	(14,378)	6,435	(3,458)
- currency options	5	(5)	10	(10)
- cross currency interest rate swaps	5,128	(9,713)	4,188	(10,364)
Interest rate related contracts:				
- futures contracts	512	(3,264)	640	(10,322)
- interest rate swaps	2,602	(2,932)	3,686	(6,124)
	<b>18,845</b>	<b>(30,672)</b>	<b>17,145</b>	<b>(32,428)</b>
Less:				
Fair value of futures contracts included in other assets	<b>(512)</b>	<b>3,264</b>	<b>(640)</b>	<b>10,322</b>
	<b>18,333</b>	<b>(27,408)</b>	<b>16,505</b>	<b>(22,106)</b>

(b) The principal amount and fair value of derivatives held by the Group at 31 January 2013 classified by the remaining periods to maturity are as follows:

Type of Derivatives	Cash requirement RM'000	1 year or less RM'000	> 1 to 3 years RM'000	> 3 years RM'000	Total RM'000
<b>(i) Principal amount</b>					
<b>Foreign exchange related contracts</b>					
- currency forwards	-	709,855	1,160	-	711,015
- currency swaps	-	1,198,793	1,160	-	1,199,953
- currency options	-	1,992	-	-	1,992
- cross currency interest rate swaps	8,885	145,946	119,230	323,358	588,534
<b>Interest rate related contracts</b>					
- futures contracts	342	675,000	-	-	675,000
- interest rate swaps	-	768,000	-	100,000	868,000
	<b>9,227</b>	<b>3,499,586</b>	<b>121,550</b>	<b>423,358</b>	<b>4,044,494</b>

Type of Derivatives	1 year or less RM'000	> 1 to 3 years RM'000	> 3 years RM'000	Total RM'000
<b>(ii) Fair value</b>				
<b>Foreign exchange related contracts</b>				
- currency forwards	9,126	14	-	9,140
- currency swaps	(13,287)	(13)	-	(13,300)
- currency options	-	-	-	-
- cross currency interest rate swaps	4,133	(6,883)	(1,835)	(4,585)
<b>Interest rate related contracts</b>				
- futures contracts	(2,752)	-	-	(2,752)
- interest rate swaps	(1,544)	-	1,214	(330)
	<b>(4,324)</b>	<b>(6,882)</b>	<b>(621)</b>	<b>(11,827)</b>

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2013**

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

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

Credit risk

Derivative contracts are subject to credit risk, which refers to the potential risk of financial loss arising from defaults by counterparties in meeting their obligations. As at the end of the reporting , the amount of credit risk of the Group, measured in terms of the cost to replace profitable contracts is RM18.8 million (At 31 July 2012: RM17.1 million). The amount will increase or decrease over the contracted periods, mainly as a function of movements in market rates and time.

Market risk

Market risk is the risk of loss arising from changes in market interest rates, foreign exchange rates and equity prices underlying derivative contracts. The contractual amounts of derivatives only provide a measure of the Group's involvement in the respective type of derivatives and do not represent the amount subject to risk. As at the end of the reporting period, the net exposure of the Group to market risk, which were not hedged amounted to RM312.3 million (At 31 July 2012: RM216.9 million).

Liquidity risk

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

(d) There have been no changes since the end of the previous financial year in respect of the following:

- (i) the types of derivative contracts entered into, the rationale for entering into such contracts and the expected benefits accruing from these contracts;
- (ii) the risk management policies in place for mitigating and controlling the risks associated with these derivative contracts; and
- (iii) related accounting policies.

**B11 Changes in Material Litigation**

There are no changes to the status of material litigation since the date of the last annual statement of financial position except for a claim filed by a client of HDBSIB in July 2002 against HDBSIB for damages of RM10 million. The client alleged that HDBSIB had defamed him by wrongfully reporting him to Bursa Securities as a defaulter. The client filed an appeal on 21 September 2010 after the High Court dismissed the client's claim on 14 September 2010. The Court of Appeal dismissed the client's appeal with costs on 5 December 2012.

**B12 Dividends**

Please refer to explanatory note A7.

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2013**

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jan-13	(Restated) 3 months ended 31-Jan-12	6 months ended 31-Jan-13	(Restated) 6 months ended 31-Jan-12
Profit for the financial year attributable to equity holders of the Company (RM'000)	<u>9,463</u>	15,483	<u>18,684</u>	<u>29,633</u>
Weighted average number of ordinary shares in issue ('000)	<u>255,159</u>	255,159	<u>255,159</u>	<u>255,159</u>
<b>Basic earnings per share (sen)</b>	<u><u>3.71</u></u>	<u>6.07</u>	<u><u>7.32</u></u>	<u>11.61</u>

There were no dilutive potential ordinary shares in issue as at 31 January 2013 and 31 January 2012.

**By Order of the Board**

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

**Penang  
27 March 2013**