

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

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

		(Restated)	(Restated)
	Note	As at 31-Jul-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		1,251,907	735,346
Deposits and placements with banks and other financial institutions		33,475	29,077
Securities held-for-trading	A8	55,319	170,592
Securities available-for-sale ("AFS")	A9	1,413,331	1,580,107
Securities held-to-maturity	A10	370,268	399,921
Loans, advances and financing	A11	889,092	685,237
Clients' and brokers' balances	A12	225,613	179,126
Derivative assets	B10	36,579	16,505
Other assets	A13	159,307	69,661
Statutory deposits with Central Banks		84,314	72,811
Tax recoverable		15,656	12,403
Deferred tax assets		5,585	6,111
Investment in an associate		4,544	3,708
Property, plant and equipment		51,314	52,859
Investment properties		51,452	52,596
Intangible assets		162,509	162,509
		<u>4,810,265</u>	<u>4,228,569</u>
Non-current asset held for sale	A14	839	-
<b>Total assets</b>		<u><b>4,811,104</b></u>	<u><b>4,054,418</b></u>
<b>Liabilities</b>			
Deposits from customers	A15	690,304	748,431
Deposits and placements of banks and other financial institutions	A16	2,096,449	1,687,061
Clients' and brokers' balances		223,964	199,724
Derivative liabilities	B10	45,883	22,106
Other liabilities	A17	302,790	226,207
Taxation		1,624	1,962
Deferred tax liabilities		12	370
Borrowings	A18	450,637	390,492
<b>Total liabilities</b>		<u><b>3,811,663</b></u>	<u><b>3,164,031</b></u>
<b>Equity</b>			
Share capital		265,845	265,845
Reserves		711,922	677,091
Treasury shares, at cost		<u>(16,061)</u>	<u>(16,061)</u>
		961,706	926,875
Non-controlling interests		37,735	25,341
<b>Total equity</b>		<u><b>999,441</b></u>	<u><b>890,387</b></u>
<b>Total liabilities and equity</b>		<u><b>4,811,104</b></u>	<u><b>4,054,418</b></u>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>		<u><b>3.77</b></u>	<u><b>3.63</b></u>
		<u><b>3.42</b></u>	

*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 YEAR ENDED 31 JULY 2013**

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		3 months ended 31-Jul-13 RM'000	3 months ended 31-Jul-12 RM'000	12 months ended 31-Jul-13 RM'000	12 months ended 31-Jul-12 RM'000
<b>Operating revenue</b>		<b>138,110</b>	113,029	<b>473,439</b>	397,958
Interest income	A19	48,434	46,249	189,342	180,423
Interest expense	A20	<u>(28,251)</u>	(25,011)	<u>(106,981)</u>	(98,231)
<b>Net interest income</b>		<b>20,183</b>	21,238	<b>82,361</b>	82,192
Other operating income	A21	<u>97,296</u>	71,874	<u>301,091</u>	248,562
		<b>117,479</b>	93,112	<b>383,452</b>	330,754
Other operating expenses	A22	<u>(80,588)</u>	(63,940)	<u>(283,096)</u>	(229,020)
		<b>36,891</b>	29,172	<b>100,356</b>	101,734
(Allowance)/Write back of allowance for losses on:					
- loans, advances and financing	A23	(2,212)	(1,431)	(13,703)	(3,429)
- clients' balances and receivables	A24	(53)	(293)	86	482
- other assets		<u>(1,055)</u>	-	<u>(1,055)</u>	-
		<b>33,571</b>	27,448	<b>85,684</b>	98,787
Share of results of an associate, net of tax		<u>316</u>	161	<u>821</u>	84
<b>Profit before taxation</b>		<b>33,887</b>	27,609	<b>86,505</b>	98,871
Taxation	B6	<u>(8,582)</u>	(5,682)	<u>(20,549)</u>	(23,380)
<b>Profit for the financial year</b>		<b>25,305</b>	21,927	<b>65,956</b>	75,491
<b>Attributable to:</b>					
Equity holders of the Company		21,158	18,834	51,193	66,785
Non-controlling interests		<u>4,147</u>	3,093	<u>14,763</u>	8,706
		<b>25,305</b>	21,927	<b>65,956</b>	75,491
<b>Earnings per share attributable to equity holders of the Company (sen)</b>					
- Basic	B13	<u>8.29</u>	7.38	<u>20.06</u>	26.17

*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 COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 JULY 2013**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		(Restated)		(Restated)
	3 months ended	3 months ended	12 months ended	12 months ended
	31-Jul-13	31-Jul-12	31-Jul-13	31-Jul-12
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the financial year</b>	<b>25,305</b>	21,927	<b>65,956</b>	75,491
<b>Other comprehensive income for the financial year:</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Currency translation differences arising from foreign operations	7,993	3,406	5,223	5,588
Securities AFS:				
- net change in fair value	(14,368)	3,998	(1,170)	10,119
- net gain transferred to income statement on disposal	(621)	(1,111)	(2,125)	(7,438)
Share of AFS reserve of an associate	15	-	15	-
Income tax relating to components of other comprehensive income	3,732	(666)	813	(622)
	<b>(3,249)</b>	5,627	<b>2,756</b>	7,647
<b>Total comprehensive income for the financial year</b>	<b>22,056</b>	27,554	<b>68,712</b>	83,138
<b>Attributable to:</b>				
Equity holders of the Company	17,928	24,461	53,968	74,432
Non-controlling interests	4,128	3,093	14,744	8,706
	<b>22,056</b>	27,554	<b>68,712</b>	83,138

*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 YEAR ENDED 31 JULY 2013**

**Attributable to Equity Holders of the Company**

Note	Issued and fully paid ordinary shares of RM1 each		Treasury shares RM'000	Share premium RM'000	Statutory reserve RM'000	AFS reserve RM'000	Foreign exchange reserve RM'000	Retained profits RM'000	Sub-total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Number of shares '000	Nominal value 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	-	-	-	-	-	-	-	766	766	-	766
- as restated	255,159	265,845	(16,061)	33,090	133,839	6,005	(11,896)	516,053	926,875	25,341	952,216
Profit for the financial year	-	-	-	-	-	-	-	51,193	51,193	14,763	65,956
Other comprehensive income for the financial year, net of tax	-	-	-	-	-	(2,448)	5,223	-	2,775	(19)	2,756
Total comprehensive income for the financial year	-	-	-	-	-	(2,448)	5,223	51,193	53,968	14,744	68,712
Transfer to statutory reserve	-	-	-	-	15,022	-	-	(15,022)	-	-	-
Final dividend for the financial year ended 31 July 2012	-	-	-	-	-	-	-	(9,569)	(9,569)	-	(9,569)
Interim dividend for the financial year ended 31 July 2013	-	-	-	-	-	-	-	(9,568)	(9,568)	-	(9,568)
Dividend paid by a subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	-	(2,350)	(2,350)
<b>At 31 July 2013</b>	<b>255,159</b>	<b>265,845</b>	<b>(16,061)</b>	<b>33,090</b>	<b>148,861</b>	<b>3,557</b>	<b>(6,673)</b>	<b>533,087</b>	<b>961,706</b>	<b>37,735</b>	<b>999,441</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	-	-	-	-	-	-	-	906	906	-	906
- as restated	255,159	265,845	(16,061)	33,090	108,377	3,946	(17,484)	493,867	871,580	18,807	890,387
Profit for the financial year	-	-	-	-	-	-	-	66,785	66,785	8,706	75,491
Other comprehensive income for the financial year, net of tax	-	-	-	-	-	2,059	5,588	-	7,647	-	7,647
Total comprehensive income for the financial year	-	-	-	-	-	2,059	5,588	66,785	74,432	8,706	83,138
Transfer to statutory reserve	-	-	-	-	25,462	-	-	(25,462)	-	-	-
Final dividend for the financial year ended 31 July 2011	-	-	-	-	-	-	-	(9,569)	(9,569)	-	(9,569)
Interim dividend for the financial year ended 31 July 2012	-	-	-	-	-	-	-	(9,568)	(9,568)	-	(9,568)
Dividend paid by a subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	-	(2,172)	(2,172)
<b>At 31 July 2012</b>	<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>

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 YEAR ENDED 31 JULY 2013**

	<b>12 months ended 31-Jul-13 RM'000</b>	<b>(Restated) 12 months ended 31-Jul-12 RM'000</b>
<b>Operating activities</b>		
Profit for the financial year	65,956	75,491
<b>Adjustments for:</b>		
Non-cash items	106,776	79,241
Non-operating items - investing	(81,158)	(86,681)
Non-operating items - financing	18,810	16,675
	110,384	84,726
<b>Changes in working capital:</b>		
Net changes in operating assets	(233,239)	289,837
Net changes in operating liabilities	459,063	98,144
	336,208	472,707
Interest paid	(79,667)	(75,872)
Taxation paid	(23,061)	(29,221)
<b>Net operating cash flow</b>	233,480	367,614
<b>Investing activities</b>		
Net disposal/(purchase) of securities	170,358	(371,310)
Proceeds from maturity of securities held-to-maturity	38,554	-
Interest received from securities	74,141	70,358
Dividends and income distributions received	8,249	7,566
Rental received	78	1,187
Other investments:		
- purchases	-	(62)
- proceeds from disposals	-	37
Proceeds from disposal of an investment property	110	-
Property, plant and equipment:		
- purchases	(6,458)	(5,229)
- proceeds from disposals	248	97
<b>Net investing cash flow</b>	285,280	(297,356)
<b>Financing activities</b>		
Dividends paid	(19,137)	(19,137)
Dividend paid by a subsidiary to non-controlling interests	(2,350)	(2,172)
Interest paid	(19,215)	(16,682)
Net drawdown of borrowings	60,550	13,150
<b>Net financing cash flow</b>	19,848	(24,841)
<b>Net change in cash and cash equivalents</b>	538,608	45,417
Foreign exchange differences	2,580	948
<b>Cash and cash equivalents at beginning of the financial year</b>	627,245	580,880
<b>Cash and cash equivalents at end of the financial year</b>	1,168,433	627,245
<b>Cash and cash equivalents at end of the financial year comprise:</b>		
Cash and short term funds	1,168,433	627,245

*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 YEAR ENDED 31 JULY 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 adopted MFRS on 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), as if the MFRS 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 ended 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, 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 are recognised directly in retained profits at the date of transition to MFRS. Comparative information presented have been restated to conform with the presentation for the current financial year. 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 on the reported financial position and financial performance of the Group for the corresponding financial year ended 31 July 2012 (refer to explanatory note A1(d)). There are no material adjustments made to comparative consolidated statement of cash flows of the Group for the financial year ended 31 July 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 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 ended 31 July 2013:

<u>MFRS</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 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 year has been classified accordingly in the consolidated statement of comprehensive income.

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2013**

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

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

Prior to the transition to MFRS, 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 as a transitional provision in the BNM Guidelines on Classification and Impairment Provisions for Loans/Financing.

Upon transition to MFRS, the BNM transitional provision has been removed and 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.

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

The effects of the change in accounting policy for the corresponding financial year ended 31 July 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 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, which is a participating organisation of Bursa Securities, are no longer recognised as assets and similarly, no corresponding liabilities are accounted for in the consolidated 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 consolidated statement of financial position of the Group.

The effects of the change in accounting policy for the corresponding financial year ended 31 July 2012, which have been accounted for retrospectively, are disclosed in explanatory note A1(d).

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2013**

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

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

	As previously reported Dr./ <i>(Cr.)</i> RM'000	Effects of:		As restated Dr./ <i>(Cr.)</i> RM'000
		Transition to MFRS Dr./ <i>(Cr.)</i> RM'000	FRSIC Consensus 18 Dr./ <i>(Cr.)</i> RM'000	
<b>(i) Reconciliation of equity</b>				
<b>As at 31 July 2012</b>				
Retained profits	<u>(515,287)</u>	<u>(766)</u>	<u>-</u>	<u>(516,053)</u>
Cash and short term funds	973,933	-	(238,587)	735,346
Deposits and placements with banks and other financial institutions	31,380	-	(2,303)	29,077
Loans, advances and financing	684,221	1,016	-	685,237
Clients' and brokers' balances (Dr.)	179,097	29	-	179,126
Other assets	69,648	13	-	69,661
Tax recoverable	12,695	(292)	-	12,403
Other liabilities	<u>(467,097)</u>	<u>-</u>	<u>240,890</u>	<u>(226,207)</u>
	<u><b>1,483,877</b></u>	<u><b>766</b></u>	<u><b>-</b></u>	<u><b>1,484,643</b></u>
<b>(ii) Reconciliation of total comprehensive income</b>				
<b>Financial year ended 31 July 2012</b>				
Total comprehensive income	<u>(83,278)</u>	<u>140</u>	<u>-</u>	<u>(83,138)</u>
Allowance/(Write back of allowance) for losses on:				
- loans, advances and financing	3,256	173	-	3,429
- clients' balances and receivables	(499)	17	-	(482)
Taxation	<u>23,430</u>	<u>(50)</u>	<u>-</u>	<u>23,380</u>
	<u><b>26,187</b></u>	<u><b>140</b></u>	<u><b>-</b></u>	<u><b>26,327</b></u>
<b>3 months ended 31 July 2012</b>				
Total comprehensive income	<u>(27,613)</u>	<u>59</u>	<u>-</u>	<u>(27,554)</u>
Allowance/(Write back of allowance) for losses on:				
- loans, advances and financing	1,357	74	-	1,431
- clients' balances and receivables	288	5	-	293
Taxation	<u>5,702</u>	<u>(20)</u>	<u>-</u>	<u>5,682</u>
	<u><b>7,347</b></u>	<u><b>59</b></u>	<u><b>-</b></u>	<u><b>7,406</b></u>



**HWANG-DBS (MALAYSIA) BERHAD**  
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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 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 year ended 31 July 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 year ended 31 July 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 year ended 31 July 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.

An interim dividend of 5.0 sen per ordinary share, less 25% income tax, amounting to RM9,568,459 in respect of the current financial year ended 31 July 2013 was paid on 8 May 2013. (Previous financial year ended 31 July 2012: Interim dividend of 5.0 sen per ordinary share, less 25% income tax).

The directors do not recommend the payment of a final dividend for the financial year ended 31 July 2013.

Total dividends for the financial year ended 31 July 2013 amounted to 5.0 sen per ordinary share, less income tax at 25%. (Previous financial year ended 31 July 2012: 10.0 sen per ordinary share, less income tax at 25%).

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

**A8 Securities Held-For-Trading**

	<b>As at 31-Jul-13 RM'000</b>	<b>As at 31-Jul-12 RM'000</b>
<b>At fair value:</b>		
<b>Quoted in Malaysia</b>		
Shares, warrants and REITs	23,747	25,527
Unit trusts	11,682	12,210
	<b>35,429</b>	<b>37,737</b>
<b>Unquoted</b>		
Malaysian Government Securities	-	20,262
Malaysian Government Islamic Investment Issues	-	50,736
Private debt securities	19,890	61,857
	<b>55,319</b>	<b>170,592</b>

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

	<b>As at 31-Jul-13 RM'000</b>	<b>As at 31-Jul-12 RM'000</b>
<b>At fair value:</b>		
<b>Quoted in Malaysia</b>		
REITs	33,574	14,807
Unit trusts	138,682	167,241
<b>Quoted outside Malaysia</b>		
REITs	34,574	-
	<b>206,830</b>	<b>182,048</b>
<b>Unquoted</b>		
Malaysian Government Securities	80,539	61,652
Malaysian Government Sukuk	6,851	6,632
Malaysian Government Islamic Investment Issues	250,894	251,791
Malaysian Government Treasury Bills	22,089	-
BNM Islamic Negotiable Notes	119,671	298,115
Private and Islamic debt securities	725,967	779,379
	<b>1,206,011</b>	<b>1,397,569</b>
	<b>1,412,841</b>	<b>1,579,617</b>
<b>At cost:</b>		
<b>Unquoted</b>		
Shares	1,140	1,140
Accumulated impairment loss	(650)	(650)
	<b>490</b>	<b>490</b>
	<b>1,413,331</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 and the associate at a carrying amount of RM107.1 million (At 31 July 2012: RM120.9 million) and RM5.1 million (At 31 July 2012: RM Nil) respectively as at the end of the reporting period.

**A10 Securities Held-To-Maturity**

	<b>As at 31-Jul-13 RM'000</b>	<b>As at 31-Jul-12 RM'000</b>
<b>At amortised cost:</b>		
<b>Unquoted</b>		
Private and Islamic debt securities	<b>370,268</b>	<b>399,921</b>

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**A11 Loans, Advances and Financing**

	<b>As at</b>	<b>(Restated)</b>
	<b>31-Jul-13</b>	<b>As at</b>
	<b>RM'000</b>	<b>31-Jul-12</b>
		<b>RM'000</b>
<b>(a) By Type</b>		
Term loans		
- housing loans	<b>26,049</b>	15,290
- bridging loans	-	3,550
- syndicated term loans	<b>190,979</b>	125,131
- other term loans	<b>735,902</b>	514,449
Overdrafts	<b>4,423</b>	2,655
Share margin financing	<b>168,036</b>	201,562
Staff loans	<b>619</b>	364
Other financing	<b>3,876</b>	575
	<u><b>1,129,884</b></u>	<u>863,576</u>
Unearned interest	<u><b>(216,211)</b></u>	<u>(156,398)</u>
	<b>913,673</b>	707,178
Allowance for losses:		
- collective impairment	<b>(15,273)</b>	(10,420)
- individual impairment	<b>(9,308)</b>	(11,521)
Net loans, advances and financing	<u><b>889,092</b></u>	<u>685,237</u>
<b>(b) By Type of Customer</b>		
Domestic business enterprises		
- others	<b>323,677</b>	235,119
Individuals	<b>366,778</b>	274,260
Other domestic entities	<b>85,437</b>	111,627
Foreign business enterprises	<b>33,500</b>	10,379
Foreign individuals	<b>104,281</b>	75,793
	<u><b>913,673</b></u>	<u>707,178</u>
<b>(c) By Geographical Distribution</b>		
Malaysia	<b>775,948</b>	621,458
Cambodia	<b>129,043</b>	76,665
Hong Kong	<b>7,564</b>	7,527
Singapore	<b>302</b>	1,017
Other countries	<b>816</b>	511
	<u><b>913,673</b></u>	<u>707,178</u>
<b>(d) By Interest Rate Sensitivity</b>		
Fixed rate		
- other fixed rate loans/financing	<b>653,048</b>	551,488
- housing loans	<b>26,049</b>	15,290
Variable rate		
- cost-plus	<b>234,576</b>	140,400
	<u><b>913,673</b></u>	<u>707,178</u>

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

	<b>As at 31-Jul-13 RM'000</b>	<b>(Restated) As at 31-Jul-12 RM'000</b>
<b>(e) By Purpose</b>		
Purchase of landed properties		
- residential	25,218	14,438
- non-residential	23,508	17,244
Construction	5,070	5,292
Real estate	4,259	2,873
Purchase of securities	255,607	277,707
Working capital	119,130	89,655
Personal use	279,013	204,044
Mergers and acquisitions	80,895	-
Others	120,973	95,925
	<b>913,673</b>	<b>707,178</b>
<b>(f) By Residual Contractual Maturity</b>		
Within 1 year	349,694	305,846
1 year to 3 years	21,755	28,774
3 years to 5 years	95,343	94,300
Over 5 years	446,881	278,258
	<b>913,673</b>	<b>707,178</b>
<b>(g) Impaired Loans, Advances and Financing by Purpose</b>		
Purchase of landed properties		
- residential	371	14
- non-residential	164	-
Real estate	648	587
Purchase of securities	-	1,636
Working capital	9,564	8,344
Personal use	7,727	8,510
Others	106	93
	<b>18,580</b>	<b>19,184</b>
<b>(h) Impaired Loans, Advances and Financing by Geographical Distribution</b>		
Malaysia	12,592	16,185
Cambodia	5,988	2,999
	<b>18,580</b>	<b>19,184</b>

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2013**

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

	As at 31-Jul-13 RM'000	(Restated) As at 31-Jul-12 RM'000
<b>(i) Movements in Impaired Loans, Advances and Financing</b>		
At beginning of the financial year	19,184	18,401
Classified as impaired	18,389	29,892
Reclassified as non-impaired	(5,170)	(22,616)
Amount recovered	(1,055)	(2,115)
Amount written off	(12,900)	(4,428)
Exchange differences	132	50
At end of the financial year	<u>18,580</u>	<u>19,184</u>
 Gross impaired loans, advances and financing as a % of gross loans, advances and financing	 <u>2.0%</u>	 <u>2.7%</u>
<b>(j) Movements in Allowance for Losses</b>		
<u>Collective Impairment</u>		
At beginning of the financial year		
- as previously reported	11,436	12,393
- effects of transition to MFRS	(1,016)	(1,189)
- as restated	<u>10,420</u>	<u>11,204</u>
Net allowance made	7,189	3,163
Amount written off	(2,426)	(3,980)
Exchange differences	90	33
At end of the financial year	<u>15,273</u>	<u>10,420</u>
 As a % of gross loans, advances and financing less individual impairment allowance	 <u>1.7%</u>	 <u>1.5%</u>
<u>Individual Impairment</u>		
At beginning of the financial year	11,521	10,422
Allowance made	8,172	1,221
Amount written back	(398)	(137)
Amount written off	(10,186)	-
Exchange differences	199	15
At end of the financial year	<u>9,308</u>	<u>11,521</u>

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**A12 Clients' and Brokers' Balances**

	<b>As at</b>	(Restated)
	<b>31-Jul-13</b>	<b>As at</b>
	<b>RM'000</b>	<b>31-Jul-12</b>
		<b>RM'000</b>
Clients' and brokers' balances, net of allowance for impairment of RM539,000 (At 31 July 2012: RM553,000)	<b>225,613</b>	179,126

**A13 Other Assets**

	<b>As at</b>	(Restated)
	<b>31-Jul-13</b>	<b>As at</b>
	<b>RM'000</b>	<b>31-Jul-12</b>
		<b>RM'000</b>
Trade receivables, net of allowance for impairment of RM510,000 (At 31 July 2012: RM363,000)	<b>126,490</b>	44,113
Statutory deposit	-	150
Clearing Guarantee Fund	<b>2,114</b>	2,058
Clearing Fund	<b>1,000</b>	1,000
Other receivables, deposits and prepayments	<b>27,771</b>	19,357
Other investments	<b>1,932</b>	2,983
	<b>159,307</b>	69,661

**A14 Non-current asset held for sale**

Non-current asset held for sale as at 31 July 2013 comprised an investment property held by a wholly-owned subsidiary of the Company, HDM Properties Sdn. Bhd. ("HDMP"). During the current quarter and financial year ended 31 July 2013, HDMP entered into a sale and purchase agreement dated 29 July 2013 with a third party to dispose of the said property at a sale consideration of RM1.55 million, of which a 10% deposit has been received from the purchaser.

**A15 Deposits from Customers**

	<b>As at</b>	<b>As at</b>
	<b>31-Jul-13</b>	<b>31-Jul-12</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(a) By Type of Deposit</b>		
Demand deposits	<b>2,332</b>	1,863
Savings deposits	<b>4,700</b>	2,954
Fixed deposits	<b>675,634</b>	735,474
Negotiable instruments of deposits	<b>3,481</b>	2,943
Other deposits	<b>4,157</b>	5,197
	<b>690,304</b>	748,431
<b>(b) By Type of Customer</b>		
Government and statutory bodies	<b>310,555</b>	37,103
Business enterprises	<b>284,000</b>	641,599
Individuals	<b>80,358</b>	56,028
Others	<b>15,391</b>	13,701
	<b>690,304</b>	748,431

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**A15 Deposits from Customers (cont'd)**

	<b>As at 31-Jul-13 RM'000</b>	<b>As at 31-Jul-12 RM'000</b>
<b>(c) By Maturity Structure of Term Deposits</b>		
Within 6 months	545,797	721,722
6 months to 1 year	137,475	21,892
	<b>683,272</b>	<b>743,614</b>

**A16 Deposits and Placements of Banks and Other Financial Institutions**

	<b>As at 31-Jul-13 RM'000</b>	<b>As at 31-Jul-12 RM'000</b>
Licensed banks	484,047	255,183
Licensed investment banks	67,283	45,844
Central Banks	280,448	-
Other financial institutions	1,264,671	1,386,034
	<b>2,096,449</b>	<b>1,687,061</b>

**A17 Other Liabilities**

	<b>As at 31-Jul-13 RM'000</b>	<b>(Restated) As at 31-Jul-12 RM'000</b>
Trade payables	182,613	108,931
Amounts due to clients and dealer's representatives	47,499	48,103
Other payables and accruals	72,678	69,173
	<b>302,790</b>	<b>226,207</b>

**A18 Borrowings**

(a) Total borrowings of the Group of RM450.6 million as at 31 July 2013 are unsecured of which RM209.1 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-Jul-13 RM'000</b>	<b>As at 31-Jul-12 RM'000</b>
<b>Short term borrowings</b>		
Revolving credits	450,637	390,492
<b>Long term borrowings</b>		
	-	-
<b>Total borrowings</b>	<b>450,637</b>	<b>390,492</b>

(c) All borrowings are denominated in Ringgit Malaysia.

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2013**

**A19 Interest Income**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-13 RM'000	3 months ended 31-Jul-12 RM'000	12 months ended 31-Jul-13 RM'000	12 months ended 31-Jul-12 RM'000
Loans, advances and financing	21,144	19,057	78,830	73,031
Money at call and deposit placements with financial institutions	7,878	5,071	25,848	19,122
Securities AFS	11,546	12,328	46,754	44,975
Securities held-to-maturity	6,009	6,600	24,874	26,174
Others	104	138	954	468
	<u>46,681</u>	<u>43,194</u>	<u>177,260</u>	<u>163,770</u>
Securities held-for-trading	475	1,292	5,298	7,843
Derivative financial instruments	1,278	1,763	6,784	8,810
	<u>48,434</u>	<u>46,249</u>	<u>189,342</u>	<u>180,423</u>

**A20 Interest Expense**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-13 RM'000	3 months ended 31-Jul-12 RM'000	12 months ended 31-Jul-13 RM'000	12 months ended 31-Jul-12 RM'000
Deposits and placements of banks and other financial institutions	(15,102)	(13,147)	(58,194)	(49,766)
Deposits from customers	(6,512)	(5,802)	(22,955)	(24,671)
Borrowings	(5,086)	(4,302)	(18,810)	(16,675)
Others	(146)	(128)	(558)	(595)
	<u>(26,846)</u>	<u>(23,379)</u>	<u>(100,517)</u>	<u>(91,707)</u>
Derivative financial instruments	(1,405)	(1,632)	(6,464)	(6,524)
	<u>(28,251)</u>	<u>(25,011)</u>	<u>(106,981)</u>	<u>(98,231)</u>



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**A21 Other Operating Income**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-13 RM'000	3 months ended 31-Jul-12 RM'000	12 months ended 31-Jul-13 RM'000	12 months ended 31-Jul-12 RM'000
<b>Fee and commission income:</b>				
Brokerage	20,641	14,932	58,440	63,794
Fund management and incentive fees	29,377	16,333	105,912	58,612
Advisory and arranger fees	978	1,262	3,898	3,722
Underwriting commission and placement income	352	1,592	1,921	2,553
Rollover fees	666	393	2,450	2,338
Other fees and commission	2,018	2,385	8,824	7,217
	<u>54,032</u>	<u>36,897</u>	<u>181,445</u>	<u>138,236</u>
<b>Net gain/(loss) on securities held-for-trading:</b>				
- net gain on disposal	9,624	14,219	18,055	28,442
- net unrealised gain/(loss)	738	(6,869)	(2,478)	(946)
	<u>10,362</u>	<u>7,350</u>	<u>15,577</u>	<u>27,496</u>
<b>Net gain/(loss) on derivatives:</b>				
- net gain/(loss) on disposal	124	(3,089)	(9,368)	(9,017)
- net unrealised gain/(loss)	(4,285)	2,092	6,091	9,680
	<u>(4,161)</u>	<u>(997)</u>	<u>(3,277)</u>	<u>663</u>
<b>Net gain on securities AFS:</b>				
- net gain on disposal	728	1,013	2,225	6,626
<b>Gross dividends/income distributions:</b>				
- securities held-for-trading	296	752	1,249	2,373
- securities AFS	2,196	2,042	6,320	5,419
	<u>2,492</u>	<u>2,794</u>	<u>7,569</u>	<u>7,792</u>
<b>Other income:</b>				
Initial service charge	21,591	18,736	76,343	51,825
Net foreign exchange gain	10,660	5,031	16,129	8,684
Rental Income	221	421	912	1,965
Insurance claim	-	-	-	2,395
Others	1,371	629	4,168	2,880
	<u>33,843</u>	<u>24,817</u>	<u>97,552</u>	<u>67,749</u>
<b>Total</b>	<u>97,296</u>	<u>71,874</u>	<u>301,091</u>	<u>248,562</u>

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**A22 Other Operating Expenses**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-13 RM'000	3 months ended 31-Jul-12 RM'000	12 months ended 31-Jul-13 RM'000	12 months ended 31-Jul-12 RM'000
<b>Personnel costs:</b>				
- Salaries, allowances and bonus	(26,095)	(21,091)	(85,461)	(85,591)
- Contributions to defined contribution plans	(3,531)	(2,913)	(12,665)	(11,381)
- Others	(7,598)	(5,265)	(23,766)	(19,414)
	<u>(37,224)</u>	<u>(29,269)</u>	<u>(121,892)</u>	<u>(116,386)</u>
<b>Establishment related costs:</b>				
- Depreciation	(1,834)	(1,776)	(7,372)	(7,451)
- Rental of premises	(1,346)	(1,243)	(5,257)	(4,828)
- Rental of equipment	(587)	(660)	(2,546)	(2,679)
- Repairs and maintenance of premises and equipment	(348)	(425)	(1,734)	(1,683)
- Information technology expenses	(643)	(816)	(3,112)	(3,144)
- Others	(1,216)	(1,265)	(4,795)	(4,892)
	<u>(5,974)</u>	<u>(6,185)</u>	<u>(24,816)</u>	<u>(24,677)</u>
<b>Promotion and marketing related expenses:</b>				
- Promotion and business development	(4,255)	(1,257)	(11,465)	(4,265)
- Travelling and accommodation	(331)	(193)	(1,064)	(713)
- Others	(589)	(2,229)	(8,907)	(7,211)
	<u>(5,175)</u>	<u>(3,679)</u>	<u>(21,436)</u>	<u>(12,189)</u>
<b>Administrative and general expenses:</b>				
- Professional and consultancy fees	(1,542)	(1,131)	(4,228)	(3,287)
- Communication expenses	(2,083)	(1,957)	(8,840)	(6,944)
- Incentives and commission	(23,378)	(17,930)	(85,554)	(51,179)
- Regulatory charges	(2,604)	(1,569)	(7,056)	(6,098)
- Others	(2,608)	(2,220)	(9,274)	(8,260)
	<u>(32,215)</u>	<u>(24,807)</u>	<u>(114,952)</u>	<u>(75,768)</u>
<b>Total</b>	<u><u>(80,588)</u></u>	<u><u>(63,940)</u></u>	<u><u>(283,096)</u></u>	<u><u>(229,020)</u></u>

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**A23 (Allowance)/Write Back of Allowance for Losses on Loans, Advances and Financing**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-13 RM'000	(Restated) 3 months ended 31-Jul-12 RM'000	12 months ended 31-Jul-13 RM'000	(Restated) 12 months ended 31-Jul-12 RM'000
Individual impairment:				
- made	(1,608)	(518)	(8,172)	(1,221)
- written back	158	14	398	137
	(1,450)	(504)	(7,774)	(1,084)
Collective impairment:				
- made	(1,514)	(567)	(7,189)	(3,163)
Bad debts:				
- recovered	776	(210)	1,548	1,266
- written off	(24)	(150)	(288)	(448)
	<u>(2,212)</u>	<u>(1,431)</u>	<u>(13,703)</u>	<u>(3,429)</u>

**A24 (Allowance)/Write Back of Allowance for Losses on Clients' Balances and Receivables**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-13 RM'000	(Restated) 3 months ended 31-Jul-12 RM'000	12 months ended 31-Jul-13 RM'000	(Restated) 12 months ended 31-Jul-12 RM'000
Individual impairment:				
- made	(284)	(386)	(214)	(508)
- written back	149	67	81	298
	(135)	(319)	(133)	(210)
Bad debts:				
- recovered	82	26	219	692
	<u>(53)</u>	<u>(293)</u>	<u>86</u>	<u>482</u>

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**A25 Commitments and Contingencies**

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

	As at 31-Jul-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
<b>Commitments</b>						
Forward asset purchases	-	-	-	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	<b>353,243</b>	<b>5,385</b>	<b>5,385</b>	468,107	24,000	24,000
- over 1 year	<b>101,522</b>	<b>53,033</b>	<b>50,760</b>	14,605	11,772	7,303
	<b>454,765</b>	<b>58,418</b>	<b>56,145</b>	503,040	51,100	41,467
<b>Derivative financial instruments</b>						
Foreign exchange related contracts:						
- up to 1 year	<b>1,573,044</b>	<b>49,452</b>	<b>34,946</b>	1,220,649	32,444	13,734
- over 1 year to 5 years	<b>792,008</b>	<b>94,027</b>	<b>31,881</b>	170,361	16,149	3,230
Interest rate related contracts:						
- up to 1 year	<b>253,000</b>	<b>180</b>	<b>180</b>	2,460,000	4,249	970
- over 1 year to 5 years	<b>100,000</b>	<b>5,892</b>	<b>2,946</b>	253,000	2,069	1,909
	<b>2,718,052</b>	<b>149,551</b>	<b>69,953</b>	4,104,010	54,911	19,843
<b>Total</b>	<b>3,172,817</b>	<b>207,969</b>	<b>126,098</b>	4,612,050	111,011	62,310

\* 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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**A26 Other Commitments**

	<b>As at 31-Jul-13 RM'000</b>	<b>As at 31-Jul-12 RM'000</b>
Capital expenditure commitments	15,340	19,942
Non-cancellable operating lease commitments	6,474	8,155
	<b>21,814</b>	<b>28,097</b>

**A27 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 at both entity and consolidated levels.

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:

	<b>As at 31-Jul-13</b>	
	<b>Investment Banking Group RM'000</b>	<b>HDBSIB RM'000</b>
<b>Common Equity Tier I (CET 1) Capital</b>		
Issued and fully paid ordinary shares	500,000	500,000
Retained profits	216,854	214,038
AFS reserve	3,564	3,564
Statutory reserve	148,861	148,861
	<b>869,279</b>	<b>866,463</b>
Less: Regulatory adjustments	(164,925)	(164,925)
CET 1 Capital	<b>704,354</b>	<b>701,538</b>
<b>Additional Tier 1 Capital</b>		
Non-controlling interests	208	-
Tier 1 Capital	<b>704,562</b>	<b>701,538</b>
<b>Tier 2 Capital</b>		
Non-controlling interests	49	-
Collective impairment allowances	5,476	5,476
Less: Regulatory adjustments	-	(399)
Tier 2 Capital	<b>5,525</b>	<b>5,077</b>
<b>Total Capital</b>	<b>710,087</b>	<b>706,615</b>
CET1 Capital ratio	30.046%	30.020%
Tier 1 Capital ratio	30.055%	30.020%
Total Capital ratio	<b>30.291%</b>	<b>30.237%</b>

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**A27 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	<u>852,509</u>
Less: Goodwill	<u>(110,002)</u>
Eligible Tier I capital	<u>742,507</u>
<b><u>Tier II capital</u></b>	
Collective impairment allowances	<u>4,511</u>
Total Tier II capital	<u>4,511</u>
Total capital	747,018
Less: Investment in subsidiaries	(3,081)
Other deductions	(248)
<b>Capital base</b>	<u><u>743,689</u></u>
<b>Before deducting proposed dividend:</b>	
Core capital ratio	35.786%
Risk-weighted capital ratio	<u><u>35.843%</u></u>
<b>After deducting proposed dividend:</b>	
Core capital ratio	34.702%
Risk-weighted capital ratio	<u><u>34.759%</u></u>

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 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-Jul-13</b>	<b>As at 31-Jul-12</b>
Solvency ratio	<u><u>63.569%</u></u>	<u><u>82.877%</u></u>

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**A28 Segmental Information**

The Group is organised into the following operating segments:

- (i) Stockbroking - stockbroking, share margin financing and dealing in securities
- (ii) Investment banking - debt 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>12 months ended 31 July 2013</b>								
<b>Revenue</b>								
External revenue *	102,709	121,839	184,227	46,014	11,795	6,855	-	473,439
Inter-segment revenue	-	1,644	(278)	-	-	48,814	(50,180)	-
<b>Total revenue</b>	<b>102,709</b>	<b>123,483</b>	<b>183,949</b>	<b>46,014</b>	<b>11,795</b>	<b>55,669</b>	<b>(50,180)</b>	<b>473,439</b>
Net interest income/(expense)	21,563	27,669	2,263	31,721	9,361	(10,216)	-	82,361
Other operating income	76,551	26,257	185,064	6,880	884	55,682	(50,227)	301,091
	98,114	53,926	187,327	38,601	10,245	45,466	(50,227)	383,452
Other operating expenses	(91,450)	(21,274)	(147,167)	(7,035)	(7,823)	(16,699)	8,352	(283,096)
	6,664	32,652	40,160	31,566	2,422	28,767	(41,875)	100,356
(Allowance)/Write back of allowance for losses on:								
- loans, advances and financing	570	(1,535)	-	(8,799)	(3,903)	-	(36)	(13,703)
- clients' balances and receivables	233	(147)	-	-	-	(6)	6	86
- other assets	-	-	-	-	-	(1,055)	-	(1,055)
- investments in subsidiaries	318	-	-	-	-	(32)	(286)	-
<b>Segment profit/(loss)</b>	<b>7,785</b>	<b>30,970</b>	<b>40,160</b>	<b>22,767</b>	<b>(1,481)</b>	<b>27,674</b>	<b>(42,191)</b>	<b>85,684</b>
Share of results of an associate, net of tax								821
<b>Profit before taxation</b>								<b>86,505</b>

**12 months ended 31 July 2012 (Restated)**

<b>Revenue</b>								
External revenue *	109,428	115,093	112,126	45,353	8,322	7,636	-	397,958
Inter-segment revenue	-	1,789	(222)	-	-	45,683	(47,250)	-
<b>Total revenue</b>	<b>109,428</b>	<b>116,882</b>	<b>111,904</b>	<b>45,353</b>	<b>8,322</b>	<b>53,319</b>	<b>(47,250)</b>	<b>397,958</b>
Net interest income/(expense)	24,082	25,793	1,493	33,418	7,316	(9,910)	-	82,192
Other operating income	94,914	33,804	113,511	5,738	(256)	53,275	(52,424)	248,562
	118,996	59,597	115,004	39,156	7,060	43,365	(52,424)	330,754
Other operating expenses	(91,726)	(20,837)	(91,959)	(9,603)	(6,028)	(17,399)	8,532	(229,020)
	27,270	38,760	23,045	29,553	1,032	25,966	(43,892)	101,734
(Allowance)/Write back of allowance for losses on:								
- loans, advances and financing	625	101	-	(2,564)	(1,562)	-	(29)	(3,429)
- clients' balances and receivables	833	(351)	-	-	-	(6)	6	482
<b>Segment profit/(loss)</b>	<b>28,728</b>	<b>38,510</b>	<b>23,045</b>	<b>26,989</b>	<b>(530)</b>	<b>25,960</b>	<b>(43,915)</b>	<b>98,787</b>
Share of results of an associate, net of tax								84
<b>Profit before taxation</b>								<b>98,871</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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**A29 Subsequent Events**

There are no material events subsequent to the end of the financial year ended 31 July 2013 except as disclosed in explanatory note B7(b)(II).

**A30 Changes in the Composition of the Group**

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

**A31 Changes in Contingent Liabilities or Contingent Assets**

Please refer to explanatory note A25.



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

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

For the financial year ended 31 July 2013 ("FY2013"), the Group reported a total operating revenue of RM473.4 million, representing a 19% increase compared to RM398.0 million recorded in the previous financial year. Contributing to the growth in operating revenue of the Group for the current financial year under review are higher income generated from its investment management activities, increase in net gain from dealings in foreign exchange as well as higher interest income from investment banking and commercial banking segments, partially offset by lower gain on securities trading and reduction in brokerage income. On a similar trend, operating revenue of the Group for the fourth quarter of FY2013 is higher by 22% at RM138.1 million relative to RM113.0 million for the corresponding quarter last year mainly attributable to higher income generated from its investment management activities, increase in both brokerage income and net gain from dealings in foreign exchange.

Despite the increase in operating revenue for the current financial year, the pretax profit of the Group slipped by 13% to RM86.5 million from RM98.9 million posted in the previous financial year. The financial performance of the Group for the current financial year is negatively affected by reduction in net gain on securities trading, lower brokerage income and net loss on derivatives portfolio coupled with increases in operating expenses, loan loss provisioning and impairment allowance on other assets, partially cushioned by higher income from investment management activities. In contrast, the Group turned in a higher pretax profit of RM33.9 million for the current quarter under review against RM27.6 million recorded in the previous corresponding quarter, mainly led by increase in brokerage income, higher net gain from dealings in foreign exchange as well as higher fee-based income from its investment management activities, net of agents' commission expense, partly offset by increase in operating expenses for the current quarter.

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

(a) Stockbroking

In the fourth quarter ended 31 July 2013, the stockbroking segment benefited from an approximately 50% increase in Bursa value traded to RM156.75 billion from RM104.74 billion recorded in the corresponding quarter of the last financial year. Consequently, pretax profit of the segment for the current quarter increased markedly to RM9.3 million compared to RM3.7 million in the previous corresponding quarter, primarily driven by higher brokerage income and net gain on securities trading, partially negated by increase in personnel costs.

Notwithstanding the improved financial performance for the current quarter under review, the pretax profit of the segment of RM7.8 million for FY2013 still lagged behind RM28.7 million recorded in the financial year 2012 largely as a result of reduction in brokerage income and decline in net gain on securities held-for-trading coupled with absence of insurance claim receipt in the current financial year.

(b) Investment banking

The investment banking segment experienced a 18% decrease in pretax profit to RM10.2 million for the current quarter under review from RM12.5 million in the previous corresponding quarter, mainly due to lower net gain arising from sale of securities, net loss incurred on derivatives and decrease in underwriting commission, partly mitigated by fair value gain on securities portfolio and increase in net gain from dealings in foreign exchange.

Year-to-date, the pretax profit of the segment is 20% lower at RM31.0 million compared to RM38.5 million mainly due to lower net gain on securities portfolio, marked-to-market loss incurred on derivatives, partly offset by increase in net gain from dealings in foreign exchange.

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

(c) Investment management

The investment management segment continued with its strong growth momentum in the final quarter of FY2013 by posting a pretax profit of RM11.2 million, which is 59% higher than RM7.0 million recorded in the corresponding three-month period last year and closed off FY2013 with a commendable cumulative pretax profit of RM40.2 million, representing a 74% increase compared to RM23.0 million posted in the previous financial year.

The key drivers for the strong financial results of the segments for the current quarter under review and FY2013 are increases in fund management fee, incentive fee and initial service charge, net of agents' commission expense, on the back of growing net assets value of funds managed. As at 31 July 2013, the assets under management of the segment stood at RM21.95 billion (As at 31 July 2012: RM16.12 billion). Operating expenses of the segment, mainly personnel costs and marketing related expenses have also increased in line with the higher revenue base for the same financial period under review.

(d) Moneylending

Pretax profit of the moneylending segment for the fourth quarter of FY2013 is higher at RM9.2 million in comparison to RM8.4 million recorded in the previous corresponding quarter, emanating from lower marketing related expenses, reduction in personnel costs and lower loan loss provisioning.

Compared to the preceding financial year 2012, the pretax profit of the segment for FY2013 is however, lower by RM4.2 million or 16% at RM22.8 million, primarily attributed to higher loan loss provisioning and increase in interest expense on borrowings, partially mitigated by lower marketing related expenses and increase in fee-based income for the current financial year under review.

(e) Commercial banking

The commercial banking segment posted a marginally smaller pretax loss of RM0.9 million for the current quarter under review compared to pretax loss of RM1.1 million for the corresponding quarter last year, mainly as a consequence of increase in net interest income, partly offset by higher loan loss provisioning and personnel costs for the current quarter.

The pretax loss of RM1.5 million incurred by the segment for the twelve months ended 31 July 2013 is higher than the pretax loss of RM0.5 million for the previous corresponding twelve-month period. This is largely attributed to increase in loan loss provisioning and higher personnel costs, partially cushioned by increase in net interest income and absence of net loss on disposal of securities in the current twelve months ended 31 July 2013.

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

The Group registered a pretax profit of RM33.9 million, an increase of RM16.3 million from RM17.6 million recorded in the preceding third quarter ended 30 April 2013. The increase in profitability is mainly due to higher brokerage income, increase in income generated from investment management activities, net of agents' commission expense, higher net gain arising from dealings in foreign exchange and net gain on securities held-for-trading, partly offset by net loss on derivatives, increase in personnel costs and impairment allowance on other assets.

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**B3 Commentary**

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

The Malaysian economy is expected to remain resilient driven by the ongoing implementation of infrastructure projects under the Government's Economic Transformation Programs, healthy domestic consumer spending and the Central Bank's accommodative monetary policy that remains supportive of growth. The steady local economic conditions and macroeconomic indicators in Malaysia will help to mitigate the downside risks arising from uncertain external environment as the recovery pace in the major economies in the US, Eurozone and China remains patchy.

The Malaysian stock market is expected to remain volatile in the new financial year due to uncertainties in the global financial markets. Consequently, the Group's stockbroking business will continue to be challenged by volatile trading activities in the local bourse as well as higher operating costs and fine brokerage rates amid intense competition in the industry. Whilst the Group has experienced an increase in trading volume in the last financial quarter ended 31 July 2013, the Group expects the performance of the stockbroking segment to be significantly affected by the level of stock market activities and retail sentiments in the local bourse. The stockbroking division will carry on its plan to put in place strategies to enhance its infrastructure and distribution channels.

The investment banking segment will continue to tap into business opportunities in the capital market and promote its fee based activities to its core and target clients as well as prudently grow its loans and deposits portfolio to support its investment banking business.

The investment management segment continues to be upbeat in its performance and contribution to the Group and projects to grow steadily in the new financial year. The segment will continue to focus on increasing its assets under management (AUM) and revenue by launching new and innovative funds, consolidating and re-packaging the existing funds, focusing on growing the Private Retirement Funds and exploring new markets abroad. The segment will strive to deliver consistent performance, meet the various investment objectives and customers' expectations and maintain its status as one of the leading market players in the industry.

Operating conditions in the moneylending segment will continue to be exigent with increasing number of players offering highly competitive rates to customers. The more stringent lending regulations and tightened credit criteria imposed by the authorities will impinge the growth momentum of the consumer financing activities. Whilst competition is expected to remain intense and net interest margin expected to be under pressure, the moneylending segment will continue to develop its marketing team and execution capabilities to enhance its clients' service level.

The economy in Cambodia is projected to grow from 7.2% in year 2013 to 7.5% in year 2014. Consequently, the Group expects the commercial banking segment to continue expanding its loans and deposits portfolio targeting and concentrating on the retail and SME through its increased branch distribution network. The commercial bank will also introduce trade services to widen its product offerings to existing and new customers and embark on more advertising and promotional activities to increase its branding and visibility to the general public to grow its customer base.

The Group will maintain its prudent risk management approach and take proactive measures to preserve its strong asset quality and is committed to continuously build its core businesses and implement market strategies to meet clients' requirements and expectations.

The Company had on 4 September 2013 announced that it had entered into an exclusivity agreement with Affin Holdings Berhad with a view to dispose of its equity interests in certain subsidiaries and associate as disclosed in explanatory note B7(b)(II). Application has been submitted to the relevant authority for approval in relation to the proposed disposals. Following the completion of the proposed disposals, the Group will be left with remaining businesses of moneylending and commercial banking in Cambodia.

The Board of Directors is of the view that the Group will turn in a satisfactory performance for the financial year ending 31 July 2014.

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**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 year ended 31 July 2013 are as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-13 RM'000	(Restated) 3 months ended 31-Jul-12 RM'000	12 months ended 31-Jul-13 RM'000	(Restated) 12 months ended 31-Jul-12 RM'000
In respect of the current financial year:				
Malaysian income tax	(5,640)	(1,635)	(18,550)	(21,397)
Foreign income tax	(33)	(23)	(118)	(83)
Deferred tax	(2,909)	(4,024)	(2,359)	(1,863)
	<u>(8,582)</u>	<u>(5,682)</u>	<u>(21,027)</u>	<u>(23,343)</u>
In respect of prior financial years:				
Malaysian income tax	-	-	(870)	1,465
Deferred tax	-	-	1,348	(1,502)
	-	-	478	(37)
	<u>(8,582)</u>	<u>(5,682)</u>	<u>(20,549)</u>	<u>(23,380)</u>

The effective tax rate for the financial year ended 31 July 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 and over accrual for taxation in respect of prior financial years.

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

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**B7 Status of Corporate Proposals**

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

- (a) 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 does not have any material effect on the net assets, gearing ratio and earnings per share of the Group for the financial year ended 31 July 2013.

- (b) (I) On 15 April 2013, the Company obtained permission from Bank Negara Malaysia via its letter dated 12 April 2013 for the Company to commence preliminary negotiations with AMMB Holdings Berhad and Affin Holdings Berhad for the potential disposal of its equity interest in its wholly-owned investment banking subsidiary, HwangDBS Investment Bank Berhad. BNM's approval to commence negotiations is valid for a period of 6 months.

The Company has also commenced preliminary negotiations with AMMB Holdings Berhad and Affin Holdings Berhad for the potential disposal of its equity interests in other financial services businesses of the Group.

- (II) On 4 September 2013, the Company entered into an exclusivity agreement with Affin Holdings Berhad ("AHB") in relation to the proposed disposals of its equity interests in the following entities:
- (i) 100% direct equity interest in a subsidiary, HwangDBS Investment Bank Berhad ("HDBSIB");
  - (ii) 100% indirect equity interest held by HDBSIB in a subsidiary, HDM Nominees (Asing) Sdn. Bhd.;
  - (iii) 100% indirect equity interest held by HDBSIB in a subsidiary, HDM Nominees (Tempatan) Sdn. Bhd.;
  - (iv) 100% direct equity interest in a subsidiary, HDM Futures Sdn. Bhd.;
  - (v) 53% direct equity interest in a subsidiary, Hwang Investment Management Berhad; and
  - (vi) 49% direct equity interest in an associate, Asian Islamic Investment Management Sdn. Bhd.

Application has been submitted to the relevant authority for approval in relation to the proposed disposals. The proposed disposals are expected to be completed in the first half of year 2014.

**B8 Group Borrowings and Debt Securities**

Please refer to explanatory note A18.

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

	As at 31-Jul-13 RM'000	(Restated) As at 31-Jul-12 RM'000
Total retained profits of the Company and its subsidiaries:		
- realised	555,512	524,596
- unrealised	6,328	8,070
	561,840	532,666
Total share of accumulated losses of associate:		
- realised	(409)	(1,230)
	561,431	531,436
Consolidation adjustments	(28,344)	(15,383)
Total Group retained profits	533,087	516,053

The disclosure of realised and unrealised profits or losses is made in accordance with the directive 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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**B10 Disclosure of Derivatives**

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

	<b>As at 31-Jul-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	22,932	(1,618)	2,186	(2,150)
- currency swaps	3,442	(28,817)	6,435	(3,458)
- currency options	1	(1)	10	(10)
- cross currency interest rate swaps	8,117	(14,878)	4,188	(10,364)
Interest rate related contracts:				
- futures contracts	298	-	640	(10,322)
- interest rate swaps	2,087	(569)	3,686	(6,124)
	<b>36,877</b>	<b>(45,883)</b>	<b>17,145</b>	<b>(32,428)</b>
Less:				
Fair value of futures contracts included in other assets	(298)	-	(640)	10,322
	<b>36,579</b>	<b>(45,883)</b>	<b>16,505</b>	<b>(22,106)</b>

(b) The principal amount and fair value of derivatives held by the Group at 31 July 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	-	673,926	78,596	-	752,522
- currency swaps	-	831,511	78,650	-	910,161
- currency options	-	339	-	-	339
- cross currency interest rate swaps	6,014	67,268	186,795	447,967	702,030
<b>Interest rate related contracts</b>					
- futures contracts	105	105,000	-	-	105,000
- interest rate swaps	-	148,000	-	100,000	248,000
	<b>6,119</b>	<b>1,826,044</b>	<b>344,041</b>	<b>547,967</b>	<b>2,718,052</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	17,867	3,447	-	21,314
- currency swaps	(21,977)	(3,398)	-	(25,375)
- currency options	-	-	-	-
- cross currency interest rate swaps	1,208	(5,212)	(2,757)	(6,761)
<b>Interest rate related contracts</b>				
- futures contracts	298	-	-	298
- interest rate swaps	(364)	-	1,882	1,518
	<b>(2,968)</b>	<b>(5,163)</b>	<b>(875)</b>	<b>(9,006)</b>

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**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 period, the amount of credit risk of the Group, measured in terms of the cost to replace profitable contracts is RM36.9 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 RM68.3 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.



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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2013**

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-13	(Restated) 3 months ended 31-Jul-12	12 months ended 31-Jul-13	(Restated) 12 months ended 31-Jul-12
Profit for the financial year attributable to equity holders of the Company (RM'000)	<u>21,158</u>	18,834	<u>51,193</u>	66,785
Weighted average number of ordinary shares in issue ('000)	<u>255,159</u>	255,159	<u>255,159</u>	255,159
<b>Basic earnings per share (sen)</b>	<u><u>8.29</u></u>	<u>7.38</u>	<u><u>20.06</u></u>	<u>26.17</u>

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

**By Order of the Board**

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

**Penang  
30 September 2013**