

**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
(Company no. 238969-K)

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 JULY 2014**

	Note	As at 31-Jul-14 RM'000	As at 31-Jul-13 RM'000
<b>Assets</b>			
Cash and short term funds		81,205	1,251,907
Deposits and placements with banks and other financial institutions		649	33,475
Securities held-for-trading	A8	-	55,319
Securities available-for-sale ("AFS")	A9	321,761	1,413,331
Securities held-to-maturity	A10	-	370,268
Loans, advances and financing	A11	393,936	889,092
Clients' and brokers' balances	A12	-	225,613
Derivative assets	B11	-	36,579
Other assets	A13	2,807	159,307
Statutory deposits with Central Banks		-	84,314
Tax recoverable		-	15,656
Deferred tax assets		3,632	5,585
Investment in an associate		-	4,544
Property, plant and equipment		3,145	51,314
Investment properties		24,142	51,452
Intangible assets		-	162,509
		<u>831,277</u>	<u>4,810,265</u>
Non-current assets held for sale	A14	<u>12,984</u>	<u>839</u>
<b>Total assets</b>		<u><u>844,261</u></u>	<u><u>4,811,104</u></u>
<b>Liabilities</b>			
Deposits from customers	A15	-	690,304
Deposits and placements of banks and other financial institutions	A16	-	2,096,449
Clients' and brokers' balances		-	223,964
Derivative liabilities	B11	-	45,883
Other liabilities	A17	29,034	302,790
Taxation		780	1,624
Deferred tax liabilities		16	12
Borrowings	A18	<u>30,804</u>	<u>450,637</u>
<b>Total liabilities</b>		<u><u>60,634</u></u>	<u><u>3,811,663</u></u>
<b>Equity</b>			
Share capital		255,159	265,845
Reserves		528,468	711,922
Treasury shares, at cost		-	(16,061)
		<u>783,627</u>	<u>961,706</u>
Non-controlling interests		-	37,735
<b>Total equity</b>		<u><u>783,627</u></u>	<u><u>999,441</u></u>
<b>Total liabilities and equity</b>		<u><u>844,261</u></u>	<u><u>4,811,104</u></u>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>			
		<u><u>3.07</u></u>	<u><u>3.77</u></u>

*The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2013.*

**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
(Company no. 238969-K)

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED INCOME STATEMENT**  
**FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		3 months ended	(Restated) 3 months ended	12 months ended	(Restated) 12 months ended
		31-Jul-14	31-Jul-13	31-Jul-14	31-Jul-13
		RM'000	RM'000	RM'000	RM'000
<b>Operating revenue</b>					
- Continuing operations		16,070	12,617	48,650	47,121
- Discontinued operations	A24(c)	-	125,493	300,051	426,318
		<u>16,070</u>	<u>138,110</u>	<u>348,701</u>	<u>473,439</u>
<b><u>Continuing operations</u></b>					
Interest income	A19	9,674	10,391	36,405	40,040
Interest expense	A20	(45)	(5,486)	(15,109)	(20,454)
<b>Net interest income</b>		<u>9,629</u>	<u>4,905</u>	<u>21,296</u>	<u>19,586</u>
Other operating income	A21	6,829	6,094	20,140	15,074
		<u>16,458</u>	<u>10,999</u>	<u>41,436</u>	<u>34,660</u>
Other operating expenses	A22	(3,893)	(4,613)	(16,866)	(15,760)
		<u>12,565</u>	<u>6,386</u>	<u>24,570</u>	<u>18,900</u>
Allowance for losses on:					
- loans, advances and financing	A23	(2,267)	(899)	(6,692)	(8,799)
<b>Profit before taxation</b>		<u>10,298</u>	<u>5,487</u>	<u>17,878</u>	<u>10,101</u>
Taxation	B6	(1,260)	(1,684)	(5,305)	(3,043)
<b>Profit for the financial year from continuing operations</b>		<u>9,038</u>	<u>3,803</u>	<u>12,573</u>	<u>7,058</u>
<b><u>Discontinued operations</u></b>					
<b>Profit for the financial year from discontinued operations</b>	A24(c)	<u>325</u>	<u>21,502</u>	<u>458,907</u>	<u>58,898</u>
<b>Profit for the financial year</b>		<u>9,363</u>	<u>25,305</u>	<u>471,480</u>	<u>65,956</u>
<b>Attributable to:</b>					
Equity holders of the Company					
- Continuing operations		9,038	3,803	12,573	7,058
- Discontinued operations		367	17,355	444,129	44,135
		<u>9,405</u>	<u>21,158</u>	<u>456,702</u>	<u>51,193</u>
Non-controlling interests					
- Discontinued operations		(42)	4,147	14,778	14,763
		<u>9,363</u>	<u>25,305</u>	<u>471,480</u>	<u>65,956</u>
<b>Basic earnings per share attributable to equity holders of the Company (sen)</b>					
- Continuing operations		3.54	1.49	4.93	2.76
- Discontinued operations		0.14	6.80	174.06	17.30
	B14	<u>3.68</u>	<u>8.29</u>	<u>178.99</u>	<u>20.06</u>

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2013.

**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
(Company no. 238969-K)

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-14 RM'000	(Restated) 3 months ended 31-Jul-13 RM'000	(Restated) 12 months ended 31-Jul-14 RM'000	(Restated) 12 months ended 31-Jul-13 RM'000
<b>Profit for the financial year</b>	<b>9,363</b>	25,305	<b>471,480</b>	65,956
<b>Other comprehensive income for the financial year:</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Discontinued operations	-	(3,249)	<b>3,108</b>	2,756
<b>Total comprehensive income for the financial year</b>	<b>9,363</b>	22,056	<b>474,588</b>	68,712
<b>Total comprehensive income for the financial year:</b>				
- Continuing operations	<b>9,038</b>	3,803	<b>12,573</b>	7,058
- Discontinued operations	<b>325</b>	18,253	<b>462,015</b>	61,654
	<b>9,363</b>	22,056	<b>474,588</b>	68,712
<b>Attributable to:</b>				
Equity holders of the Company				
- Continuing operations	<b>9,038</b>	3,803	<b>12,573</b>	7,058
- Discontinued operations	<b>367</b>	14,125	<b>447,245</b>	46,910
	<b>9,405</b>	17,928	<b>459,818</b>	53,968
Non-controlling interests				
- Discontinued operations	<b>(42)</b>	4,128	<b>14,770</b>	14,744
	<b>9,363</b>	22,056	<b>474,588</b>	68,712

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2013.

**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS 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 2014**

**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	Capital redemption reserve 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 2013	255,159	265,845	(16,061)	-	33,090	148,861	3,557	(6,673)	533,087	961,706	37,735	999,441
Profit for the financial year	-	-	-	-	-	-	-	-	456,702	456,702	14,778	471,480
Other comprehensive income for the financial year, net of tax	-	-	-	-	-	-	(1,213)	992	-	(221)	(8)	(229)
Reclassification of reserves upon disposals of subsidiaries and associate	-	-	-	-	-	(148,861)	(2,344)	5,681	148,861	3,337	-	3,337
Total comprehensive income for the financial year	-	-	-	-	-	(148,861)	(3,557)	6,673	605,563	459,818	14,770	474,588
Cancellation of treasury shares	-	(10,686)	16,061	10,686	(16,061)	-	-	-	-	-	-	-
Interim dividend for the financial year ended 31 July 2014	-	-	-	-	-	-	-	-	(637,897)	(637,897)	-	(637,897)
Disposals of subsidiaries	-	-	-	-	-	-	-	-	-	-	(52,505)	(52,505)
<b>At 31 July 2014</b>	<b>255,159</b>	<b>255,159</b>	<b>-</b>	<b>10,686</b>	<b>17,029</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>500,753</b>	<b>783,627</b>	<b>-</b>	<b>783,627</b>
At 1 August 2012	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>-</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>

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2013.

**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
(Company no. 238969-K)

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

	Note	12 months ended 31-Jul-14 RM'000	12 months ended 31-Jul-13 RM'000
<b>Operating activities</b>			
Profit for the financial year		471,480	65,956
<b>Adjustments for:</b>			
Non-cash items		67,416	106,776
Non-operating items - investing		(467,334)	(81,158)
Non-operating items - financing		14,026	18,810
		<u>85,588</u>	<u>110,384</u>
<b>Changes in working capital:</b>			
Net changes in operating assets		(149,875)	(233,239)
Net changes in operating liabilities		(85,761)	459,063
		<u>(150,048)</u>	<u>336,208</u>
Interest paid		(77,781)	(79,667)
Taxation paid		(8,456)	(23,061)
		<u>(236,285)</u>	<u>233,480</u>
<b>Investing activities</b>			
Net (purchase)/disposal of securities		(348,977)	170,358
Proceeds from redemption of securities held-to-maturity		69,334	38,554
Interest received from securities		47,698	74,141
Dividends and income distributions received		12,684	8,249
Rental received		35	78
Proceeds from disposals of investment properties		84,050	110
Proceeds from disposals of other investments		4	-
Property, plant and equipment:			
- purchases		(2,152)	(6,458)
- proceeds from disposals		517	248
Net cash inflow on disposals of subsidiaries and associate	A24(b)	356,930	-
		<u>220,123</u>	<u>285,280</u>
<b>Financing activities</b>			
Dividend paid		(637,897)	(19,137)
Dividend paid by a subsidiary to non-controlling interests		-	(2,350)
Interest paid		(15,159)	(19,215)
Net (repayment)/drawdown of borrowings		(418,700)	60,550
		<u>(1,071,756)</u>	<u>19,848</u>
<b>Net change in cash and cash equivalents</b>			
		(1,087,918)	538,608
Foreign exchange differences		500	2,580
<b>Cash and cash equivalents at beginning of the financial year</b>		<u>1,168,433</u>	<u>627,245</u>
<b>Cash and cash equivalents at end of the financial year</b>		<u>81,015</u>	<u>1,168,433</u>
<b>Cash and cash equivalents at end of the financial year comprise:</b>			
Cash and short term funds		<u>81,015</u>	<u>1,168,433</u>

*The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2013.*

**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
**(Company no. 238969-K)**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

**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 Malaysian Financial Reporting Standard ("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 2013. 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 2013.

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 2013 except for the adoption of the following new/revised Malaysian Financial Reporting Standards ("MFRSs") and observance of the Financial Reporting Standards Implementation Committee ("FRSIC) Consensus issued by the Malaysian Institute of Accountants ("MIA"), that are effective for the Group for the financial year ended 31 July 2014:

<u>MFRS</u>	<u>Description</u>
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosures of Interests in Other Entities
Amendments to MFRS 10, MFRS 11 and MFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
MFRS 13	Fair Value Measurement
Amendment to MFRS 101	Presentation of Financial Statements
Amendment to MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 127 (Revised)	Separate Financial Statements
MFRS 128 (Revised)	Investments in Associates and Joint Ventures
Amendment to MFRS 132	Financial Instruments: Presentation
Amendment to MFRS 134	Interim Financial Reporting
<u>FRSIC Consensus</u>	<u>Description</u>
FRSIC Consensus 21	Determination of Substantively Enacted Tax Rate in Measuring Deferred Tax Assets and Liabilities

The adoption of the above MFRSs and observance of FRSIC Consensus 21 do not give rise to any material financial effects to the Group, other than the enhanced disclosure requirements under MFRS 13, Fair Value Measurement. Please refer to information in respect of the fair value of financial instruments as disclosed in explanatory note A29.

**A2 Auditors' Report**

The auditors' report of the most recent annual financial statements of the Group for the financial year ended 31 July 2013 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.

**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
**(Company no. 238969-K)**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

**A4 Exceptional Items**

There are no exceptional items for the current quarter and financial year ended 31 July 2014 other than the following:

- (a) Net gain on disposal of an investment property held by a former wholly-owned subsidiary, HwangDBS Investment Bank Berhad, less expenses incurred on disposal (net of real property gains tax of RM3.4 million) amounting to RM31.5 million which is included in the profit for the financial year of the discontinued operations upon completion of the disposal of the said property on 15 January 2014, as disclosed in explanatory note B7(c).
- (b) Effects of disposals of subsidiaries and associate, as disclosed in explanatory note A24.

**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 2014 as compared with the prior financial year.

**A6 Debts and Equity Securities**

There are no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the financial year ended 31 July 2014 except for the cancellation of 10,686,100 treasury shares at a nominal value of RM1 each on 14 April 2014. The adjusted issued and fully paid share capital of the Company after the cancellation of the treasury shares is 255,158,900 ordinary shares of RM1 each.

**A7 Dividends**

An interim single tier dividend of RM2.50 per ordinary share, amounting to RM637,897,250 in respect of the current financial year ended 31 July 2014 was paid on 12 May 2014. (Previous financial year ended 31 July 2013: Interim dividend of 5.0 sen per ordinary share, less 25% income tax).

The directors now recommend the payment of a final single tier dividend of 2.5 sen per ordinary share, amounting to RM6,378,973 in respect of the financial year ended 31 July 2014, based on the issued and paid-up share capital of the Company as at 31 July 2014, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company. This proposed dividend will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 July 2015 when approved by the shareholders.

Total dividends for the financial year ended 31 July 2014 amounted to single tier dividend of RM2.525 per ordinary share. (Previous financial year ended 31 July 2013: 5.0 sen per ordinary share, less income tax at 25%).

**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
(Company no. 238969-K)

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

**A8 Securities Held-For-Trading**

	<b>As at 31-Jul-14 RM'000</b>	<b>As at 31-Jul-13 RM'000</b>
<b>At fair value:</b>		
<b>Quoted in Malaysia</b>		
Shares, warrants and REITs	-	23,747
Unit trusts	-	11,682
	-	35,429
<b>Unquoted</b>		
Private debt securities	-	19,890
	-	55,319
	-	55,319

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

	<b>As at 31-Jul-14 RM'000</b>	<b>As at 31-Jul-13 RM'000</b>
<b>At fair value:</b>		
<b>Quoted in Malaysia</b>		
REITs	-	33,574
Unit trusts	321,271	138,682
<b>Quoted outside Malaysia</b>		
REITs	-	34,574
	321,271	206,830
<b>Unquoted</b>		
Malaysian Government Securities	-	80,539
Malaysian Government Sukuk	-	6,851
Malaysian Government Islamic Investment Issues	-	250,894
Malaysian Government Treasury Bills	-	22,089
BNM Islamic Negotiable Notes	-	119,671
Private and Islamic debt securities	-	725,967
	-	1,206,011
	321,271	1,412,841
<b>At cost:</b>		
<b>Unquoted</b>		
Shares	490	1,140
Accumulated impairment loss	-	(650)
	490	490
	321,761	1,413,331
	321,761	1,413,331

On 29 October 2013, a wholly-owned subsidiary of the Company, HDM Capital Sdn. Bhd. entered into an agreement with a third party in relation to the disposal of unquoted shares costing RM650,000, subject to the terms and conditions as stipulated in the said agreement, for a total cash consideration of RM2.4 million. The disposal was completed in April 2014.

**A10 Securities Held-To-Maturity**

	<b>As at 31-Jul-14 RM'000</b>	<b>As at 31-Jul-13 RM'000</b>
<b>At amortised cost:</b>		
<b>Unquoted</b>		
Private and Islamic debt securities	-	370,268
	-	370,268
	-	370,268



**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
(Company no. 238969-K)

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

**A11 Loans, Advances and Financing**

	<b>As at 31-Jul-14 RM'000</b>	<b>As at 31-Jul-13 RM'000</b>
<b>(a) By Type</b>		
Term loans		
- housing loans	-	26,049
- syndicated term loans	-	190,979
- other term loans	<b>637,069</b>	735,902
Overdrafts	-	4,423
Share margin financing	-	168,036
Staff loans	-	619
Other financing	-	3,876
	<u><b>637,069</b></u>	<u>1,129,884</u>
Unearned interest	<b>(230,227)</b>	(216,211)
	<u><b>406,842</b></u>	<u>913,673</u>
Allowance for losses:		
- collective impairment	<b>(11,680)</b>	(15,273)
- individual impairment	<b>(1,226)</b>	(9,308)
Net loans, advances and financing	<u><b>393,936</b></u>	<u>889,092</u>
<b>(b) By Type of Customer</b>		
Domestic business enterprises		
- others	<b>78,861</b>	323,677
Individuals	<b>254,123</b>	366,778
Other domestic entities	<b>73,858</b>	85,437
Foreign business enterprises	-	33,500
Foreign individuals	-	104,281
	<u><b>406,842</b></u>	<u>913,673</u>
<b>(c) By Geographical Distribution</b>		
Malaysia	<b>406,842</b>	775,948
Cambodia	-	129,043
Hong Kong	-	7,564
Singapore	-	302
Other countries	-	816
	<u><b>406,842</b></u>	<u>913,673</u>
<b>(d) By Interest Rate Sensitivity</b>		
Fixed rate		
- other fixed rate loans/financing	<b>368,648</b>	653,048
- housing loans	-	26,049
Variable rate		
- cost-plus	<b>38,194</b>	234,576
	<u><b>406,842</b></u>	<u>913,673</u>

**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
(Company no. 238969-K)

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

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

	<b>As at 31-Jul-14 RM'000</b>	<b>As at 31-Jul-13 RM'000</b>
<b>(e) By Purpose</b>		
Purchase of landed properties		
- residential	-	25,218
- non-residential	-	23,508
Construction	-	5,070
Real estate	-	4,259
Purchase of securities	49,284	255,607
Working capital	29,577	119,130
Personal use	311,318	279,013
Mergers and acquisitions	-	80,895
Others	16,663	120,973
	<b>406,842</b>	<b>913,673</b>
<b>(f) By Residual Contractual Maturity</b>		
Within 1 year	69,416	349,694
1 year to 3 years	7,920	21,755
3 years to 5 years	21,418	95,343
Over 5 years	308,088	446,881
	<b>406,842</b>	<b>913,673</b>
<b>(g) Impaired Loans, Advances and Financing by Purpose</b>		
Purchase of landed properties		
- residential	-	371
- non-residential	-	164
Real estate	-	648
Working capital	1,359	9,564
Personal use	10,238	7,727
Others	-	106
	<b>11,597</b>	<b>18,580</b>
<b>(h) Impaired Loans, Advances and Financing by Geographical Distribution</b>		
Malaysia	11,597	12,592
Cambodia	-	5,988
	<b>11,597</b>	<b>18,580</b>

**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
(Company no. 238969-K)

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

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

	<b>As at 31-Jul-14 RM'000</b>	<b>As at 31-Jul-13 RM'000</b>
<b>(i) Movements in Impaired Loans, Advances and Financing</b>		
At beginning of the financial year	18,580	19,184
Classified as impaired	12,418	18,389
Reclassified as non-impaired	(2,620)	(5,170)
Amount recovered	(828)	(1,055)
Amount written off	(7,941)	(12,900)
Exchange differences	48	132
Disposal of subsidiaries	(8,060)	-
At end of the financial year	<u>11,597</u>	<u>18,580</u>
 Gross impaired loans, advances and financing as a % of gross loans, advances and financing	 <u>2.9%</u>	 <u>2.0%</u>
<b>(j) Movements in Allowance for Losses</b>		
<u>Collective Impairment</u>		
At beginning of the financial year	15,273	10,420
Net allowance made		
- Continuing operations	7,114	5,417
- Discontinued operations	(1,123)	1,772
Amount written off	(3,654)	(2,426)
Exchange differences	13	90
Disposals of subsidiaries	(5,943)	-
At end of the financial year	<u>11,680</u>	<u>15,273</u>
 As a % of gross loans, advances and financing less individual impairment allowance	 <u>2.9%</u>	 <u>1.7%</u>
<u>Individual Impairment</u>		
At beginning of the financial year	9,308	11,521
Allowance made		
- Continuing operations	598	4,642
- Discontinued operations	1,078	3,530
Amount written back		
- Discontinued operations	(114)	(398)
Amount written off	(4,014)	(10,186)
Exchange differences	53	199
Disposals of subsidiaries	(5,683)	-
At end of the financial year	<u>1,226</u>	<u>9,308</u>

**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
(Company no. 238969-K)

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

**A12 Clients' and Brokers' Balances**

	<b>As at</b>	<b>As at</b>
	<b>31-Jul-14</b>	<b>31-Jul-13</b>
	<b>RM'000</b>	<b>RM'000</b>
Clients' and brokers' balances, net of allowance for impairment of RM Nil (At 31 July 2013: RM539,000)	-	225,613
	-	225,613

**A13 Other Assets**

	<b>As at</b>	<b>As at</b>
	<b>31-Jul-14</b>	<b>31-Jul-13</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade receivables, net of allowance for impairment of RM Nil (At 31 July 2013: RM510,000)	-	126,490
Clearing Guarantee Fund	-	2,114
Clearing Fund	-	1,000
Other receivables, deposits and prepayments	2,250	27,771
Other investments	557	1,932
	2,807	159,307

**A14 Non-current Assets Held For Sale**

	<b>As at</b>	<b>As at</b>
	<b>31-Jul-14</b>	<b>31-Jul-13</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Investment properties:</b>		
Freehold land (a)	-	839
Leasehold office units (b)	12,984	-
	12,984	839

(a) On 29 July 2013, a wholly-owned subsidiary of the Company, HDM Properties Sdn. Bhd. ("HDMP") entered into a Sale and Purchase Agreement ("SPA") with a third party to dispose of a freehold land for a total cash consideration of RM1.55 million. The disposal was completed in November 2013.

(b) On 22 July 2014, HDMP entered into a Sale and Purchase Agreement ("SPA") with a third party to dispose of leasehold office units for a total cash consideration of RM24.33 million. A 10% deposit has been received from the purchaser. The transaction is expected to be completed within one year from the end of the reporting period.

**A15 Deposits from Customers**

	<b>As at</b>	<b>As at</b>
	<b>31-Jul-14</b>	<b>31-Jul-13</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(a) By Type of Deposit</b>		
Demand deposits	-	2,332
Savings deposits	-	4,700
Fixed deposits	-	675,634
Negotiable instruments of deposits	-	3,481
Other deposits	-	4,157
	-	690,304

**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
(Company no. 238969-K)

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

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

	<b>As at 31-Jul-14 RM'000</b>	<b>As at 31-Jul-13 RM'000</b>
<b>(b) By Type of Customer</b>		
Government and statutory bodies	-	310,555
Business enterprises	-	284,000
Individuals	-	80,358
Others	-	15,391
	-	690,304
	-	690,304
<b>(c) By Maturity Structure of Term Deposits</b>		
Within 6 months	-	545,797
6 months to 1 year	-	137,475
	-	683,272
	-	683,272

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

	<b>As at 31-Jul-14 RM'000</b>	<b>As at 31-Jul-13 RM'000</b>
Licensed banks	-	484,047
Licensed investment banks	-	67,283
Central Banks	-	280,448
Other financial institutions	-	1,264,671
	-	2,096,449
	-	2,096,449

**A17 Other Liabilities**

	<b>As at 31-Jul-14 RM'000</b>	<b>As at 31-Jul-13 RM'000</b>
Trade payables	-	182,613
Amounts due to clients and dealer's representatives	190	47,499
Other payables and accruals	28,844	72,678
	29,034	302,790
	29,034	302,790

**A18 Borrowings**

(a) Total borrowings of the Group of RM30.8 million as at 31 July 2014 are unsecured and 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-14 RM'000</b>	<b>As at 31-Jul-13 RM'000</b>
<b>Short term borrowings</b>		
Revolving credits	30,804	450,637
<b>Long term borrowings</b>	-	-
<b>Total borrowings</b>	30,804	450,637
	30,804	450,637

(c) All borrowings are denominated in Ringgit Malaysia.

**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
(Company no. 238969-K)

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

**A19 Interest Income**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-14 RM'000	(Restated) 3 months ended 31-Jul-13 RM'000	12 months ended 31-Jul-14 RM'000	(Restated) 12 months ended 31-Jul-13 RM'000
Loans, advances and financing	9,500	10,351	35,837	39,884
Money at call and deposit placements with financial institutions	174	40	568	156
	<u>9,674</u>	<u>10,391</u>	<u>36,405</u>	<u>40,040</u>

During the current financial year, interest income earned on impaired loans and receivables of the continuing operations of the Group of which impairment allowance has been made amounted to RM72,000 (Financial year ended 31 July 2013: RM60,000).

**A20 Interest Expense**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-14 RM'000	(Restated) 3 months ended 31-Jul-13 RM'000	12 months ended 31-Jul-14 RM'000	(Restated) 12 months ended 31-Jul-13 RM'000
Borrowings	(45)	(5,486)	(15,109)	(20,454)

**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
(Company no. 238969-K)

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

**A21 Other Operating Income**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-14 RM'000	(Restated) 3 months ended 31-Jul-13 RM'000	12 months ended 31-Jul-14 RM'000	(Restated) 12 months ended 31-Jul-13 RM'000
<b>Fee and commission income:</b>				
Arranger fees	35	13	41	135
Rollover fees	64	492	798	1,691
Commission	117	216	515	1,018
Other fees	1,733	1,231	3,349	3,285
	<b>1,949</b>	<b>1,952</b>	<b>4,703</b>	<b>6,129</b>
<b>Net gain/(loss) on securities held-for-trading:</b>				
- net loss on disposal	-	-	-	(344)
- net unrealised gain	-	-	-	280
	-	-	-	(64)
<b>Net gain on securities AFS:</b>				
- net gain on disposal	-	-	2,420	-
<b>Gross dividends/income distributions:</b>				
- securities AFS	3,075	88	5,166	235
<b>Other income:</b>				
Net foreign exchange gain	-	60	1	33
Rental Income	1,374	1,335	5,608	5,501
Net gain on disposal of an investment property	-	-	711	46
Others	431	2,659	1,531	3,194
	<b>1,805</b>	<b>4,054</b>	<b>7,851</b>	<b>8,774</b>
<b>Total</b>	<b>6,829</b>	<b>6,094</b>	<b>20,140</b>	<b>15,074</b>

**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
(Company no. 238969-K)

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

**A22 Other Operating Expenses**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-14 RM'000	(Restated) 3 months ended 31-Jul-13 RM'000	12 months ended 31-Jul-14 RM'000	(Restated) 12 months ended 31-Jul-13 RM'000
<b>Personnel costs:</b>				
- Salaries, allowances and bonus	(1,681)	(2,203)	(7,637)	(7,424)
- Contributions to a defined contribution plan	(248)	(321)	(1,109)	(864)
- Others	(88)	(37)	(310)	(237)
	<u>(2,017)</u>	<u>(2,561)</u>	<u>(9,056)</u>	<u>(8,525)</u>
<b>Establishment related costs:</b>				
- Depreciation	(383)	(268)	(2,072)	(1,409)
- Rental of premises	(24)	(41)	(166)	(159)
- Repairs and maintenance of premises	(11)	(11)	(41)	(39)
- Information technology expenses	(39)	(37)	(142)	(123)
- Others	(181)	(95)	(755)	(382)
	<u>(638)</u>	<u>(452)</u>	<u>(3,176)</u>	<u>(2,112)</u>
<b>Promotion and marketing related expenses:</b>				
- Promotion and business development	-	(77)	(206)	(309)
- Incentives and commission	(514)	(742)	(1,803)	(2,211)
- Others	(25)	(19)	(125)	(126)
	<u>(539)</u>	<u>(838)</u>	<u>(2,134)</u>	<u>(2,646)</u>
<b>Administrative and general expenses:</b>				
- Professional and consultancy fees	(221)	(214)	(430)	(538)
- Communication expenses	(26)	(22)	(126)	(95)
- Regulatory charges	(31)	(7)	(54)	(28)
- Directors' fees	(43)	(81)	(334)	(313)
- Others	(378)	(438)	(1,556)	(1,503)
	<u>(699)</u>	<u>(762)</u>	<u>(2,500)</u>	<u>(2,477)</u>
<b>Total</b>	<u>(3,893)</u>	<u>(4,613)</u>	<u>(16,866)</u>	<u>(15,760)</u>

**A23 Allowance for Losses on Loans, Advances and Financing**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-14 RM'000	(Restated) 3 months ended 31-Jul-13 RM'000	12 months ended 31-Jul-14 RM'000	(Restated) 12 months ended 31-Jul-13 RM'000
Individual impairment:				
- made	(598)	-	(598)	(4,642)
Collective impairment:				
- made	(2,219)	(1,650)	(7,114)	(5,417)
Bad debts:				
- recovered	635	775	1,294	1,548
- written off	(85)	(24)	(274)	(288)
	<u>(2,267)</u>	<u>(899)</u>	<u>(6,692)</u>	<u>(8,799)</u>



**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
**(Company no. 238969-K)**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

**A24 Disposals of Subsidiaries and Associate**

(a) (i) On 14 March 2014, the Company completed the disposals of the following entities, as disclosed in explanatory note B7(d):

- 100% direct equity interest in a subsidiary, HwangDBS Commercial Bank Plc ("HDCB"); and
- 100% indirect equity interest held by HDCB in a subsidiary, HwangDBS Securities (Cambodia) Plc ("HSC")

for a total cash consideration of USD40 million (equivalent to RM131.12 million).

(ii) On 7 April 2014, the Company completed the disposals of the following entities, as disclosed in explanatory note B7(e):

- 100% direct equity interest in a subsidiary, HwangDBS Investment Bank Berhad ("HDBSIB");
- 100% indirect equity interest held by HDBSIB in a subsidiary, HDM Nominees (Tempatan) Sdn. Bhd.;
- 100% indirect equity interest held by HDBSIB in a subsidiary, HDM Nominees (Asing) Sdn. Bhd.;
- 100% direct equity interest in a subsidiary, HDM Futures Sdn. Bhd.;
- 53% direct equity interest in a subsidiary, Hwang Investment Management Berhad; and
- 49% direct equity interest in an associate, Asian Islamic Investment Management Sdn. Bhd.

for a total cash consideration of RM1,395.72 million, upon finalisation of post closing price adjustments on 9 July 2014, in accordance with the conditional Share Sale and Purchase Agreement entered into by the Company with Affin Holdings Berhad.

(iii) On 6 May 2014, the Company completed the disposal of its 51% direct equity interest in a subsidiary, HwangDBS Vickers Research Sdn. Bhd. ("HDBS Vickers") for a cash consideration of RM394,000, as disclosed in explanatory note B7(g).

The Group has classified the entities disposed of, which are part of a single co-ordinated plan to dispose of major line of business of the Group, as discontinued operations.

(b) **Details of disposals of subsidiaries and associate**

	<b>At date of disposal RM'000</b>
Cash and short term funds	1,230,227
Deposits and placements with banks and other financial institutions	22,968
Securities held-for-trading	130,018
Securities available-for-sale ("AFS")	1,442,023
Securities held-to-maturity	304,602
Loans, advances and financing	544,576
Clients' and brokers' balances (Dr.)	307,680
Derivative assets	21,178
Other assets	137,318
Statutory deposits with Central Banks	71,854
Tax recoverable	93
Deferred tax assets	1,289
Investment in an associate	6,954
Property, plant and equipment	13,369
Intangible assets	162,502
Deposits from customers	(854,724)
Deposits and placements of banks and other financial institutions	(1,733,007)
Clients' and brokers' balances (Cr.)	(296,795)
Derivative liabilities	(28,575)
Other liabilities	(295,451)
Taxation	(2,426)
Non-controlling interests	(52,505)
	1,133,168
Reclassification of AFS reserve to profit or loss	(2,344)
Reclassification of foreign exchange reserve to profit or loss	5,681
	1,136,505
Net gain on disposals of subsidiaries and associate	366,021
<b>Net disposal consideration</b>	<b>1,502,526</b>
Cash and cash equivalents of subsidiaries disposed of	(1,145,596)
<b>Net cash inflow on disposals of subsidiaries and associate</b>	<b>356,930</b>

**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
 (Company no. 238969-K)

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

**A24 Disposals of Subsidiaries and Associate (cont'd)**

**(b) Details of disposals of subsidiaries and associate (cont'd)**

	<b>RM'000</b>
<b>Cash consideration *</b>	1,527,231
Expenses incurred on disposals of subsidiaries and associate	<u>(24,705)</u>
<b>Net disposal consideration</b>	<b><u>1,502,526</u></b>

\* Cash consideration received includes reimbursement of net gain on disposals of investment properties by HDBSIB amounted to RM35,139,000 and disposal consideration for disposal of a subsidiary, HDBS Vickers amounting to RM394,000.

**(c) Discontinued operations**

The analysis of financial results of the discontinued operations, which are included in the results of the Group up to the respective dates of disposal of the entities, is as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	(Restated)		(Restated)	
	3 months ended	3 months ended	12 months ended	12 months ended
Note	31-Jul-14 RM'000	31-Jul-13 RM'000	31-Jul-14 RM'000	31-Jul-13 RM'000
<b>Operating revenue</b>	-	125,493	<b>300,051</b>	426,318
Interest income	-	38,443	<b>97,869</b>	150,946
Interest expense	-	(23,165)	<b>(54,658)</b>	(88,171)
<b>Net interest income</b>	-	15,278	<b>43,211</b>	62,775
Other operating income	<b>87</b>	94,785	<b>616,368</b>	293,419
	<b>87</b>	110,063	<b>659,579</b>	356,194
Other operating expenses	<b>(133)</b>	(79,558)	<b>(182,723)</b>	(274,738)
	<b>(46)</b>	30,505	<b>476,856</b>	81,456
Write back of allowance/(allowance) for losses on:				
- loans, advances and financing	<b>597</b>	(1,313)	<b>159</b>	(4,904)
- clients' balances and receivables	-	(53)	<b>835</b>	86
- other assets	<b>39</b>	(1,055)	<b>39</b>	(1,055)
	<b>590</b>	28,084	<b>477,889</b>	75,583
Share of results of an associate, net of tax	-	316	<b>2,390</b>	821
<b>Profit before taxation</b>	<b>590</b>	28,400	<b>480,279</b>	76,404
Taxation	B6	<b>(265)</b>	(6,898)	<b>(21,372)</b>
<b>Profit for the financial year from discontinued operations*</b>		<b>325</b>	21,502	<b>458,907</b>
		21,502	<b>458,907</b>	58,898

**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
(Company no. 238969-K)

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

**A24 Disposals of Subsidiaries and Associate (cont'd)**

**(c) Discontinued operations (cont'd)**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-14 RM'000	(Restated) 3 months ended 31-Jul-13 RM'000	12 months ended 31-Jul-14 RM'000	12 months ended 31-Jul-13 RM'000
<b>Profit for the financial year from discontinued operations*</b>	<b>325</b>	21,502	<b>458,907</b>	58,898
<b>Other comprehensive income for the financial year from discontinued operations: Items that may be reclassified subsequently to profit or loss</b>				
Currency translation differences arising from foreign operations	-	7,993	992	5,223
Securities AFS:				
- net change in fair value	-	(14,368)	(1,253)	(1,170)
- net gain transferred to income statement on disposal	-	(621)	(396)	(2,125)
Share of AFS reserve of an associate	-	15	20	15
Income tax relating to components of other comprehensive income	-	3,732	408	813
Reclassification adjustments upon disposals of subsidiaries and associate	-	-	3,337	-
	-	(3,249)	3,108	2,756
<b>Total comprehensive income for the financial year from discontinued operations</b>	<b>325</b>	18,253	<b>462,015</b>	61,654

\* Profit for the financial year from discontinued operations comprises:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-14 RM'000	(Restated) 3 months ended 31-Jul-13 RM'000	12 months ended 31-Jul-14 RM'000	12 months ended 31-Jul-13 RM'000
Financial results of discontinued operations	244	21,502	92,886	58,898
Net gain on disposals of subsidiaries and associate	81	-	366,021	-
	<b>325</b>	21,502	<b>458,907</b>	58,898

**(d) Net cash flows attributable to the discontinued operations**

The net cash flows attributable to the discontinued operations up to the respective dates of disposals of the entities, are as follows:

	12 months ended 31-Jul-14 RM'000	12 months ended 31-Jul-13 RM'000
Net operating cash flow	(189,932)	272,710
Net investing cash flow	181,347	290,205
Net financing cash flow	-	(2,350)
	<b>(8,585)</b>	560,565

**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
**(Company no. 238969-K)**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

**A24 Disposals of Subsidiaries and Associate (cont'd)**

**(e) Applicable reportable segments of subsidiaries disposed of**

The applicable reportable segments of the subsidiaries disposed of, as presented in explanatory note A28 are as follows:

<b>Entity</b>	<b>Reportable segment</b>
HwangDBS Investment Bank Berhad	Stockbroking and Investment banking
HwangDBS Commercial Bank Plc	Commercial banking
Hwang Investment Management Berhad	Investment management

Other subsidiaries disposed of comprising HDM Nominees (Asing) Sdn. Bhd., HDM Nominees (Tempatan) Sdn. Bhd., HwangDBS Securities (Cambodia) Plc, HDM Futures Sdn. Bhd. and HDBS Vickers are included in other segments of the Group.

**A25 Commitments and Contingencies**

The commitments and contingencies and the related risk-weighted exposures of the Group in respect of the former banking subsidiaries as at the previous financial year end were as follows:

	<b>As at 31-Jul-13</b>		
	<b>Principal amount RM'000</b>	<b>Credit equivalent amount * RM'000</b>	<b>Risk- weighted amount RM'000</b>
<b>Commitments</b>			
Commitments to extend credits with maturity of <sup>(1)</sup> :			
- up to 1 year	353,243	5,385	5,385
- over 1 year	101,522	53,033	50,760
	454,765	58,418	56,145
<b>Derivative financial instruments</b>			
Foreign exchange related contracts:			
- up to 1 year	1,573,044	49,452	34,946
- over 1 year to 5 years	792,008	94,027	31,881
Interest rate related contracts:			
- up to 1 year	253,000	180	180
- over 1 year to 5 years	100,000	5,892	2,946
	2,718,052	149,551	69,953
<b>Total</b>	3,172,817	207,969	126,098

\* The credit equivalent amounts in respect of commitments and contingencies of the former investment banking subsidiary were 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 former commercial banking subsidiary, of which the credit equivalent amount and risk-weighted amount were computed in accordance with the relevant guidelines issued by the National Bank of Cambodia.

**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
(Company no. 238969-K)

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

**A26 Other Commitments**

	<b>As at 31-Jul-14 RM'000</b>	<b>As at 31-Jul-13 RM'000</b>
Loan commitments	12,000	454,765
Capital expenditure commitments	189	15,340
Non-cancellable operating lease commitments	217	6,474
	<b>12,406</b>	<b>476,579</b>

**A27 Capital Adequacy**

**Discontinued operations**

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

The capital components and capital adequacy ratios of the former investment banking subsidiary, HDBSIB were computed in accordance 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 adopted 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 former investment banking group as at 31 July 2013, which were computed in accordance with the revised Capital Adequacy Framework, were as follows:

	<b>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>

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

The solvency ratio of HDCB, which was the regulatory capital adequacy ratio prescribed by the National Bank of Cambodia, was 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 as at 31 July 2013 was as follows:

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

**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
(Company no. 238969-K)

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

**A28 Segmental Information**

The Group is organised into the following operating segments:

**Continuing operations**

- Moneylending - moneylending and credit financing activities
- Others - include investment holding and other non-core operations of the Group

**Discontinued operations**

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

The segmental information are as follows:

	<u>Continuing operations</u>				<u>Discontinued operations</u>							Total RM'000	Elimination RM'000	Group RM'000
	Money-lending RM'000	Others RM'000	Inter-segment elimination RM'000	Sub-total RM'000	Stock-broking RM'000	Investment banking RM'000	Investment manage- ment RM'000	Commercial banking RM'000	Others RM'000	Inter-segment elimination RM'000	Sub-total RM'000			
<b>12 months ended 31 July 2014</b>														
<b>Revenue</b>														
External revenue *	40,540	8,110	-	48,650	85,061	67,960	135,391	7,725	3,914	-	300,051	348,701	-	348,701
Inter-segment revenue	-	6,970	(3,829)	3,141	-	1,083	(177)	-	2,218	(2,041)	1,083	4,224	(4,224)	-
<b>Total revenue</b>	<b>40,540</b>	<b>15,080</b>	<b>(3,829)</b>	<b>51,791</b>	<b>85,061</b>	<b>69,043</b>	<b>135,214</b>	<b>7,725</b>	<b>6,132</b>	<b>(2,041)</b>	<b>301,134</b>	<b>352,925</b>	<b>(4,224)</b>	<b>348,701</b>
Net interest income/(expense)	25,765	(4,469)	-	21,296	14,163	20,026	2,008	5,984	1,030	-	43,211	64,507	-	64,507
Other operating income	8,657	11,748	(265)	20,140	99,964	12,244	136,983	377	372,161	(5,361)	616,368	636,508	(3,347)	633,161
Other operating expenses	34,422	7,279	(265)	41,436	114,127	32,270	138,991	6,361	373,191	(5,361)	659,579	701,015	(3,347)	697,668
	(9,700)	(7,073)	(93)	(16,866)	(63,579)	(10,103)	(99,731)	(4,573)	(7,075)	2,338	(182,723)	(199,589)	3,347	(196,242)
	24,722	206	(358)	24,570	50,548	22,167	39,260	1,788	366,116	(3,023)	476,856	501,426	-	501,426
(Allowance)/Write back of allowance for losses on:														
- loans, advances and financing	(6,692)	-	-	(6,692)	18	1,158	-	(1,017)	-	-	159	(6,533)	-	(6,533)
- clients' balances and receivables	-	(50)	50	-	664	171	-	-	-	-	835	835	-	835
- other assets	-	-	-	-	-	-	-	-	39	-	39	39	-	39
- investments in subsidiaries	-	(61)	61	-	-	-	-	-	-	-	-	-	-	-
<b>Segment profit/(loss)</b>	<b>18,030</b>	<b>95</b>	<b>(247)</b>	<b>17,878</b>	<b>51,230</b>	<b>23,496</b>	<b>39,260</b>	<b>771</b>	<b>366,155</b>	<b>(3,023)</b>	<b>477,889</b>	<b>495,767</b>	<b>-</b>	<b>495,767</b>
Share of results of an associate, net of tax											2,390	2,390		2,390
<b>Profit before taxation</b>											<b>480,279</b>	<b>498,157</b>		<b>498,157</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.

**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
(Company no. 238969-K)

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

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

	<u>Continuing operations</u>				<u>Discontinued operations</u>							<u>Total</u>	<u>Elimination</u>	<u>Group</u>
	<u>Money-lending</u>	<u>Others</u>	<u>Inter-segment elimination</u>	<u>Sub-total</u>	<u>Stock-broking</u>	<u>Investment banking</u>	<u>Investment management</u>	<u>Commercial banking</u>	<u>Others</u>	<u>Inter-segment elimination</u>	<u>Sub-total</u>			
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>12 months ended 31 July 2013 (Restated)</b>														
<b>Revenue</b>														
External revenue *	46,014	1,107	-	47,121	102,709	121,839	184,227	11,795	5,748	-	426,318	473,439	-	473,439
Inter-segment revenue	-	45,701	(41,033)	4,668	-	1,644	(278)	-	3,113	(2,835)	1,644	6,312	(6,312)	-
<b>Total revenue</b>	<b>46,014</b>	<b>46,808</b>	<b>(41,033)</b>	<b>51,789</b>	<b>102,709</b>	<b>123,483</b>	<b>183,949</b>	<b>11,795</b>	<b>8,861</b>	<b>(2,835)</b>	<b>427,962</b>	<b>479,751</b>	<b>(6,312)</b>	<b>473,439</b>
Net interest income/(expense)	31,721	(12,135)	-	19,586	21,563	27,669	2,263	9,361	1,919	-	62,775	82,361	-	82,361
Other operating income	9,259	46,824	(41,009)	15,074	76,551	26,257	185,064	884	8,904	(4,241)	293,419	308,493	(4,977)	303,516
Other operating expenses	40,980	34,689	(41,009)	34,660	98,114	53,926	187,327	10,245	10,823	(4,241)	356,194	390,854	(4,977)	385,877
	(9,414)	(6,387)	41	(15,760)	(91,450)	(21,274)	(147,167)	(7,823)	(10,358)	3,334	(274,738)	(290,498)	4,977	(285,521)
	31,566	28,302	(40,968)	18,900	6,664	32,652	40,160	2,422	465	(907)	81,456	100,356	-	100,356
(Allowance)/Write back of allowance for losses on:														
- loans, advances and financing	(8,799)	-	-	(8,799)	570	(1,535)	-	(3,903)	-	(36)	(4,904)	(13,703)	-	(13,703)
- clients' balances and receivables	-	(6)	6	-	233	(147)	-	-	-	-	86	86	-	86
- other assets	-	-	-	-	-	-	-	-	(1,055)	-	(1,055)	(1,055)	-	(1,055)
- investments in subsidiaries	-	(32)	32	-	318	-	-	-	-	(318)	-	-	-	-
<b>Segment profit/(loss)</b>	<b>22,767</b>	<b>28,264</b>	<b>(40,930)</b>	<b>10,101</b>	<b>7,785</b>	<b>30,970</b>	<b>40,160</b>	<b>(1,481)</b>	<b>(590)</b>	<b>(1,261)</b>	<b>75,583</b>	<b>85,684</b>	<b>-</b>	<b>85,684</b>
Share of results of an associate, net of tax											821	821		821
<b>Profit before taxation</b>											<b>76,404</b>	<b>86,505</b>		<b>86,505</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.

**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
(Company no. 238969-K)

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

**A29 Fair value of financial instruments**

Fair value of an asset or a liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. In addition, the fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

There have been no significant changes to the methods and assumptions used in estimating the fair values of financial instruments since the end of the previous financial year.

The fair value hierarchy, which reflects the significance of the inputs used in fair value measurement, is as follows:

- Level 1 - Quoted price (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted price included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - Inputs for the assets and liabilities that are not based on observable market data (unobservable inputs)

**Financial instruments measured at fair value**

The table below presents the financial assets and liabilities of the Group, which are measured at fair value, classified by level of the fair value hierarchy.

	Carrying amount RM'000	Fair value hierarchy		
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
<b>31-July-14</b>				
<b><u>Financial assets</u></b>				
Securities AFS				
- Quoted securities	321,271	321,271	-	-
<b>31-Jul-13</b>				
<b><u>Financial assets</u></b>				
Securities held-for-trading				
- Quoted securities	35,429	35,429	-	-
- Unquoted debt securities	19,890	-	19,890	-
Securities AFS				
- Quoted securities	206,830	206,830	-	-
- Unquoted debt securities	1,206,011	-	1,206,011	-
Derivative assets	36,579	-	36,579	-
	<u>1,504,739</u>	<u>242,259</u>	<u>1,262,480</u>	<u>-</u>
<b><u>Financial liabilities</u></b>				
Derivative liabilities	45,883	-	45,883	-

**Financial instruments not measured at fair value**

The fair values of significant financial instruments of the Group, which are not measured at fair value, approximate their carrying amounts, except as disclosed below:

	As at 31-Jul-14		As at 31-Jul-13	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Securities held-to-maturity	-	-	370,268	399,827
Loans, advances and financing	<u>393,936</u>	<u>388,626</u>	<u>889,092</u>	<u>897,595</u>



**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
**(Company no. 238969-K)**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

**A30 Subsequent Events**

There are no material events subsequent to the end of the financial year ended 31 July 2014.

**A31 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 2014 except for the following:

- (a) As disclosed in explanatory note B7(b), the wholly-owned direct and indirect dormant subsidiaries of the Company, HwangDBS Custodian Services Sdn. Bhd. (In Liquidation), HDM Management Services Sdn. Bhd. (In Liquidation) and HDM Research & Publication Sdn. Bhd. (In Liquidation) have been dissolved on 22 February 2014.
- (b) As disclosed in explanatory note B7(d), following the completion of the disposal of 100% equity interest in HwangDBS Commercial Bank Plc ("HDCB") and its subsidiary, HwangDBS Securities (Cambodia) Plc ("HSC") on 14 March 2014, HDCB and HSC ceased to be subsidiaries of the Company.
- (c) As disclosed in explanatory note B7(e), following the Pre-Closing Reorganisation and completion of the Disposal (as defined in explanatory note B7(e)) on 7 April 2014, HDBSIB together with its subsidiaries ceased to be subsidiaries of the Company and Asian Islamic Investment Management Sdn. Bhd. ceased to be an associate of the Company respectively.
- (d) As disclosed in explanatory note B7(g), following the completion of the disposal of 51% equity interest in HwangDBS Vickers Research Sdn. Bhd. ("HDBS Vickers") on 6 May 2014, HDBS Vickers ceased to be a subsidiary of the Company.

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

Please refer to explanatory note A25.

**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
**(Company no. 238969-K)**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

**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**

**Continuing operations**

The continuing operations registered a marginally higher operating revenue of RM48.7 million for the financial year ended 31 July 2014 ("FY2014") compared to RM47.1 million recorded in the previous financial year 2013 ("FY2013"). The higher operating revenue is primarily contributed by an increase in income arising from investments of proceeds from disposals of the core financial businesses of the Group, partially offset by lower interest income from moneylending business. On a similar trend, operating revenue of the continuing operations of RM16.1 million for the fourth quarter of FY2014 is 27% higher than RM12.6 million posted in the FY2013, mainly supported by an increase in investment income for the current quarter.

The pretax profit of the continuing operations at RM17.9 million for FY2014 represents a year-on-year increase of 77% compared to the pretax profit of RM10.1 million recorded for FY2013. The improved earnings are largely attributable to increase in income arising from investments of proceeds from disposals of core financial businesses of the Group as well as net gain on disposals of securities and lower loan loss impairment, partly offset by a relatively higher operating expenses for the current quarter under review. On a quarter-yearly basis, the continuing operations reported a pretax profit of RM10.3 million for the current quarter relative to the pretax profit of RM5.5 million recorded a year earlier on the back of a higher investment income and the positive effects of interest savings on significant reduction in gearing of the Group, partially negated by higher marketing related expenses and loan loss impairment for the current quarter.

**Discontinued operations**

Total operating revenue of the discontinued operations for FY2014 is RM300.1 million in comparison to RM426.3 million recorded in FY2013 mainly as a consequence of the completion of disposals of core financial businesses of the Group in the preceding quarter and the unfavourable effects arising from dealings in foreign exchange, partly mitigated by higher gains on dealings in securities, increase in fund management fee from investment management activities and increase in stockbroking brokerage income for the current financial period prior to the completion of disposals of discontinued operations.

Excluding the exceptional gains (as disclosed in explanatory notes A4(a) and A24(c)), the discontinued operations posted an uptick in the pretax profit to RM79.4 million for FY2014 from RM76.4 million in the previous financial year 2013. The increased earnings for FY2014 is mainly emanating from a relatively higher stockbroking brokerage income, income from investment management activities, net gain on securities trading and net interest income, partly offset by net loss from dealings in foreign exchange prior to the completion of the disposals of discontinued operations in the third quarter of the current financial year. These positive contributions were however, reduced by the effects of cessation of consolidation of discontinued operations subsequent to the completion of disposals of subsidiaries and associates. Pretax profit of the segment for the current quarter under review mainly comprises post closing price adjustments, as explained in explanatory note A24(a)(ii) and adjustments to expenses previously accrued in relation to disposals of subsidiaries and associate.

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

**Continuing operations**

(a) Moneylending

The pretax profit of the moneylending segment for the current quarter under review contracted by 58% to RM3.9 million from RM9.2 million recorded in the previous corresponding fourth quarter of FY2013. Reduction in net interest income coupled with higher marketing related expenses and increase in loan loss impairment have collectively weakened the financial performance of the segment for the current quarter.

**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
**(Company no. 238969-K)**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

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

The performance of the Group's key operating segments are analysed as follows (cont'd):

**Continuing operations**

(a) Moneylending (cont'd)

The moneylending segment closed the current financial year with a cumulative pretax profit of RM18.0 million, which represents a 21% decline from RM22.8 million recorded in the preceding financial year, mainly affected by the lower profitability of the segment in the current quarter under review. Period-to-date, the segment experienced a reduction in net interest income and fee based income while marketing related expenses are higher, partially cushioned by lower loan loss impairment and net gain on disposals of securities in the current financial year. As at 31 July 2014, the loan/financing portfolio of the segment stood at RM406.8 million (As at 31 July 2013: RM348.8 million). Impaired loans/financing ratio as at 31 July 2014 is lower at 2.9%, compared to 3.6% as at the previous financial year end.

**Discontinued operations**

(b) Stockbroking

Excluding the exceptional gain (as disclosed in explanatory notes A4(a)), the stockbroking segment reported a pretax profit of RM16.3 million for FY2014, which is more than two folds of the pretax profit of RM7.8 million recorded in FY2013. Increased earnings of the segment is primarily attributed to higher net gain on securities trading, increase in brokerage income and positive effects of foreign exchange differences, partly offset by higher personnel costs for the current financial period prior to the completion of disposal of the investment banking subsidiary. The stronger results were however curtailed by the effects of cessation of consolidation of discontinued operations with effect from April 2014.

(c) Investment banking

The investment banking segment achieved a pretax profit of RM23.5 million prior to the completion of disposal of the investment banking subsidiary, compared to the full year pretax profit of RM31.0 million for FY2013. The segment has benefited from increase in net interest income, net gain on derivatives portfolio, lower personnel costs and write back of loan loss impairment, partially offset by reduction in fee based income and unfavourable differences on foreign exchange in the current financial period. The overall lower profitability of the segment is mainly due to the effects of cessation of consolidation of discontinued operations with effect from April 2014. Pretax profit of the segment for the current quarter under review mainly comprises the effects of post closing price adjustments, as explained in explanatory note A24(a)(ii).

(d) Investment management

Notwithstanding that the the former investment management subsidiary ceased to be a subsidiary with effect from April 2014, the investment management segment registered a commendable pretax profit of RM39.3 million for FY2014, which is close to the full year pretax profit of RM40.2 million posted a year earlier. This was mainly attributed to higher fund management fee income and initial service fee coupled with lower agents' commission expense and reduction in marketing related expenses, partly offset by increase in personnel costs for the current financial period. Pretax loss of the segment for the current quarter under review represents the effects of post closing price adjustments, as explained in explanatory note A24(a)(ii).

(e) Commercial banking

The commercial banking segment reported a pretax profit of RM0.8 million for the current financial period, prior to the completion of the disposal of the commercial banking subsidiary in March 2014, in contrast to a full year pretax loss of RM1.5 million for FY2013. Excluding the effects of cessation of HwangDBS Commercial Bank Plc as a subsidiary in the third quarter of FY2014, the return of the segment to profitability in the current financial period is largely due to increase in net interest income supported by growth in loan portfolio and lower loan loss impairment, partially offset by increased personnel costs compared to the previous corresponding financial period.

**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
**(Company no. 238969-K)**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

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

**Continuing operations**

Compared to the pretax profit of RM6.3 million for the preceding quarter ended 30 April 2014, the pretax profit for the current quarter under review is 64% higher at RM10.3 million primarily due to the positive effects of interest savings on significant reduction in gearing of the Group.

**Discontinued operations**

The discontinued operations have ceased to be subsidiaries or associate of the Company in the preceding third quarter of FY2014. The pretax profit for the current quarter under review mainly comprises effects of post closing price adjustments, as explained in explanatory note A24(a)(ii) and adjustments to expenses previously accrued in relation to disposals of subsidiaries and associate.

**B3 Commentary**

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

Loan growth in the consumer financing business is expected to moderate in the financial year ending 31 July 2015 in response to the various macroprudential measures implemented by the regulatory authority to address household debt concerns, coupled with further compression of interest margin arising from upward revision in benchmark overnight policy rate (OPR) by the Central Bank in mid-July 2014. Interest margin is expected to remain under pressure due to the rising competition in the consumer financing industry.

The Group is still in the process of identifying potential new business.

Barring unforeseen circumstances, the Board of Directors expects the Group's performance for the financial year ending 31 July 2015 to be satisfactory.

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

Not applicable.

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

Not applicable.

**B5 Profit Forecast and Profit Guarantee**

Not applicable.

**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
(Company no. 238969-K)

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

**B6 Taxation**

The analysis of the tax expense for the current quarter and financial year ended 31 July 2014 are as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-14 RM'000	(Restated) 3 months ended 31-Jul-13 RM'000	12 months ended 31-Jul-14 RM'000	(Restated) 12 months ended 31-Jul-13 RM'000
<b><u>Continuing operations</u></b>				
In respect of the current financial year:				
Malaysian income tax	(1,649)	(1,412)	(6,223)	(2,929)
Deferred tax	389	(272)	1,155	(103)
	<u>(1,260)</u>	<u>(1,684)</u>	<u>(5,068)</u>	<u>(3,032)</u>
In respect of prior financial years:				
Malaysian income tax	-	-	(212)	(11)
Deferred tax	-	-	(25)	-
	<u>-</u>	<u>-</u>	<u>(237)</u>	<u>(11)</u>
	<u>(1,260)</u>	<u>(1,684)</u>	<u>(5,305)</u>	<u>(3,043)</u>
<b><u>Discontinued operations</u></b>				
In respect of the current financial year:				
Malaysian income tax	(122)	(4,228)	(15,850)	(15,621)
Foreign income tax	-	(33)	(71)	(118)
Real property gains tax	-	-	(3,440)	-
Deferred tax	95	(2,637)	(1,968)	(2,256)
	<u>(27)</u>	<u>(6,898)</u>	<u>(21,329)</u>	<u>(17,995)</u>
In respect of prior financial years:				
Malaysian income tax	-	-	195	(859)
Deferred tax	(238)	-	(238)	1,348
	<u>(238)</u>	<u>-</u>	<u>(43)</u>	<u>489</u>
	<u>(265)</u>	<u>(6,898)</u>	<u>(21,372)</u>	<u>(17,506)</u>
	<u>(1,525)</u>	<u>(8,582)</u>	<u>(26,677)</u>	<u>(20,549)</u>

The effective tax rate of the Group for the current quarter ended 31 July 2014 is lower than the statutory tax rate mainly due to net gain on disposals of subsidiaries and associate as well as certain income which are not subject to tax. The effective tax rate of the Group for the financial year ended 31 July 2014 is lower than the statutory tax rate mainly due to net gain on disposals of subsidiaries and associate as well as certain income which are not subject to tax, partially offset by real property gains tax relating to disposal of an investment property.

**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
**(Company no. 238969-K)**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

**B7 Status of Corporate Proposals**

The status of corporate proposals announced as of the date of this announcement are as follows:

**Corporate proposals announced but not completed as of the date of this announcement**

- (a) On 27 November 2013, the Company announced that the following wholly-owned direct dormant subsidiaries of the Company have commenced member's voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965:

- HDM Private Equity Sdn. Bhd. (In Liquidation) ("HPE")
- HDM Capital Management Sdn. Bhd. (In Liquidation) ("HCM")

The member's voluntary winding-up of HPE and HCM 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 2014.

**Corporate proposals announced and completed as of the date of this announcement**

- (b) On 31 January 2013, the Company announced that the following wholly-owned direct and indirect dormant subsidiaries of the Company have commenced member's voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965:

- HwangDBS Custodian Services Sdn. Bhd. (In Liquidation) ("HDBS Custodian")
- HDM Management Services Sdn. Bhd. (In Liquidation) ("HMS")
- HDM Research & Publication Sdn. Bhd. (In Liquidation) ("R&P")

On 22 November 2013, HDBS Custodian, HMS & R&P had held the final shareholder's meeting, and the Return by Liquidator Relating to Final Meeting ("Returns") have been lodged with the Companies Commission of Malaysia ("CCM") and the Official Receiver on the said date. HDBS Custodian, HMS & R&P have since been dissolved upon the expiry of 3 months from date of lodgement of the Returns with CCM and the Official Receiver pursuant to Section 272(5) of the Companies Act, 1965.

The member's voluntary winding-up of HDBS Custodian, 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 2014.

- (c) On 18 October 2013, a wholly-owned subsidiary of the Company, HwangDBS Investment Bank Berhad ("HDBSIB") entered into a Sale and Purchase Agreement ("SPA") with a third party for the disposal of a freehold investment property, free from encumbrances and subject to the terms and conditions as stipulated in the SPA, for a total cash consideration of RM82.5 million. The disposal was completed on 15 January 2014.

- (d) On 8 November 2013, the Company entered into a Share Sale and Purchase Agreement with a third party, Phillip MFIs Pte Ltd, a member of the PhillipCapital Group, in relation to the disposal of 40 million ordinary shares of USD1 each in a wholly-owned subsidiary, HwangDBS Commercial Bank Plc ("HDCB") for a total cash consideration of USD40 million. The proposal involved the disposal of the 100% equity interest in HDCB and its wholly-owned subsidiary, HwangDBS Securities (Cambodia) Plc ("HSC").

The National Bank of Cambodia had on 11 February 2014 permitted the transfer of all HDCB shares to Phillip MFIs Pte Ltd. The Ministry of Commerce of Cambodia had on 20 February 2014 approved the registration of transfer of HDCB shares in the name of Phillip MFIs Pte Ltd. The disposal was completed on 14 March 2014.

- (e) On 10 January 2014, the Minister of Finance, via Bank Negara Malaysia, has granted its approval under the Financial Services Act 2013 for the disposal by the Company of its 100% equity interest in HDBSIB and its subsidiaries and associate, following the Pre-Closing Reorganisation, as defined below ("Disposal") to Affin Holdings Berhad ("Affin"), subject to the necessary approvals being obtained from other regulatory authorities. The Securities Commission, Malaysia has also granted its approval in relation to the Disposal, subject to the relevant requirements imposed by other regulatory authorities.

**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
**(Company no. 238969-K)**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

**B7 Status of Corporate Proposals (cont'd)**

The status of corporate proposals announced as of the date of this announcement are as follows (cont'd):

**Corporate proposals announced and completed as of the date of this announcement (cont'd)**

(e)

On 22 January 2014, the Company entered into a conditional Share Sale and Purchase Agreement with Affin in relation to the Disposal which comprises the Pre-Closing Reorganisation and the HDBSIB Disposal as follows:

**Pre-Closing Reorganisation**

(i) HDBSIB acquiring the following entities from the Company:

- 100% equity interest in HDM Futures Sdn. Bhd. ("HDM Futures");
- 53% equity interest in Hwang Investment Management Berhad ("HwangIM"); and
- 49% equity interest in Asian Islamic Investment Management Sdn. Bhd. ("AIIMAN")

(ii) the Company acquiring the following entity from HDBSIB:

- 51% equity interest in HwangDBS Vickers Research Sdn. Bhd. ("HDBS Vickers").

**HDBSIB Disposal**

The HDBSIB Disposal entails the disposal by the Company to Affin, of its 100% equity interest in HDBSIB and HDBSIB's subsidiaries and associate, after the Pre-Closing Reorganisation, consisting of:

(i) 100% direct equity interest in HDBSIB;

(ii) subsidiaries and associate of HDBSIB, following the Pre-Closing Reorganisation, consisting of:

- 100% equity interest in HDM Nominees (Tempatan) Sdn. Bhd.;
- 100% equity interest in HDM Nominees (Asing) Sdn. Bhd.;
- 100% equity interest in HDM Futures;
- 53% equity interest in HwangIM; and
- 49% equity interest in AIIMAN.

The Disposal was completed on 7 April 2014. The total cash consideration amounted to RM1,395.72 million.

(f) On 11 February 2014, the Company announced that the Company proposed to change its name to "Hwang Capital (Malaysia) Berhad", which is conditional upon the completion of the Disposal as disclosed in explanatory note B7(e), to complement the re-branding of the Company and to better reflect the change of business focus of the Company subsequent to the completion of the corporate exercise involving the disposal by the Company of its core businesses.

The Company changed its name from Hwang-DBS (Malaysia) Berhad to Hwang Capital (Malaysia) Berhad with effect from 16 April 2014 upon issuance of the Certificate of Incorporation on Change of Name of Company by CCM.

(g) On 3 April 2014, the Company entered into a conditional Share Sale and Purchase Agreement with Alliance Investment Bank Berhad, a wholly-owned subsidiary of Alliance Bank Malaysia Berhad, to dispose of its 51% equity interest, representing 1,275,000 ordinary shares of RM1 each in a subsidiary, HDBS Vickers for a cash consideration of RM394,000, subsequent to the completion of the Pre-Closing Reorganisation, as disclosed in explanatory note B7(e). The disposal was completed on 6 May 2014.

(h) On 9 July 2014, Bursa Malaysia Securities Berhad granted a waiver to the Company from being classified as a Practice Note ("PN") 17 company and concurred that the Company will not be considered as a Cash Company pursuant to PN 16 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, upon completion of the Disposal, as disclosed in explanatory note B7(e).

**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
(Company no. 238969-K)

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

**B8 Status of utilisation of proceeds raised from corporate proposals**

The status of utilisation of proceeds raised from corporate proposals are as follows:

- (a) Disposals of 100% equity interest in HDCB and its subsidiary, HSC, as disclosed in explanatory note B7(d)

<b>Purpose</b>	<b>Proposed utilisation RM'000</b>	<b>Amount utilised RM'000</b>	<b>Deviation RM'000</b>
General working capital requirements	130,918	131,098	(180)
Expenses incurred for disposals of subsidiaries	200	20	180
	<b><u>131,118</u></b>	<b><u>131,118</u></b>	<b><u>-</u></b>

- (b) Disposals of 100% equity interest in HDBSIB and its subsidiaries and associate, following the Proposed Pre-Closing Reorganisation, as disclosed in explanatory note B7(e)

<b>Purpose</b>	<b>Note</b>	<b>Proposed utilisation RM'000</b>	<b>Amount utilised RM'000</b>	<b>Unutilised RM'000</b>
Special cash dividend to shareholders	(i)	637,897	637,897	-
General working capital requirements	(ii)	73,683	13,731	59,952
General investment in liquid assets		75,000	75,000	-
Potential acquisition of new business	(ii)	250,000	-	250,000
Repayment of borrowings		310,000	310,000	-
Expenses incurred on disposals of subsidiaries and associate		14,000	13,345	655
		<b><u>1,360,580</u></b>	<b><u>1,049,973</u></b>	<b><u>310,607</u></b>

- (i) As disclosed in explanatory note A7, special cash dividend to shareholders was paid on 12 May 2014.
- (ii) The intended timeframe for utilisation is within 12 months from the date of completion of disposals of subsidiaries and associate, as disclosed in explanatory note B7(e).

Included in the proceeds allocated for general working capital requirements is post closing price adjustments, as disclosed in explanatory note A24(a)(ii), amounting to RM60,220,000 received by the Company in the current quarter under review.

Proceeds not utilised as at 31 July 2014 are invested in unit trusts and deposits with financial institutions.



**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
(Company no. 238969-K)

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

**B9 Group Borrowings and Debt Securities**

Please refer to explanatory note A18.

**B10 Disclosure of Realised and Unrealised Profits or Losses**

	<b>As at 31-Jul-14 RM'000</b>	<b>As at 31-Jul-13 RM'000</b>
Total retained profits of the Company and its subsidiaries:		
- realised	500,406	555,512
- unrealised	3,616	6,328
	504,022	561,840
Total share of accumulated losses of associate:		
- realised	-	(409)
	504,022	561,431
Consolidation adjustments	(3,269)	(28,344)
Total Group retained profits	500,753	533,087

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.

**B11 Disclosure of Derivatives**

The derivative financial instruments held by the Group are as follows:

	<b>As at 31-Jul-14 Fair value</b>		<b>As at 31-Jul-13 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)
- currency swaps	-	-	3,442	(28,817)
- currency options	-	-	1	(1)
- cross currency interest rate swaps	-	-	8,117	(14,878)
Interest rate related contracts:				
- futures contracts	-	-	298	-
- interest rate swaps	-	-	2,087	(569)
	-	-	36,877	(45,883)
Less:				
Fair value of futures contracts included in other assets	-	-	(298)	-
	-	-	36,579	(45,883)

**HWANG CAPITAL (MALAYSIA) BERHAD**  
**(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)**  
(Company no. 238969-K)

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

**B12 Changes in Material Litigation**

The Group does not have any material litigation as at 31 July 2014 which would materially affect the financial position or business of the Group.

**B13 Dividends**

Please refer to explanatory note A7.

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-14	3 months ended 31-Jul-13	12 months ended 31-Jul-14	12 months ended 31-Jul-13
Profit for the financial year attributable to equity holders of the Company (RM'000)	<u>9,405</u>	21,158	<u>456,702</u>	<u>51,193</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>3.69</u></u>	<u>8.29</u>	<u><u>178.99</u></u>	<u>20.06</u>

There were no dilutive potential ordinary shares in issue as at 31 July 2014 and 31 July 2013.

**By Order of the Board**

**Ooi Hui Ling**  
**Company Secretary**

**Penang**  
**25 September 2014**