

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 OCTOBER 2014

		(Restated)
	Note	As at 31-Jul-14 RM'000
		As at 31-Oct-14 RM'000
Non-current assets		
Property, plant and equipment		3,145
Investment properties		24,142
Other investments		557
Loans, advances and financing		326,182
Deferred tax assets		3,632
		<u>366,251</u>
Current assets		
Securities available-for-sale ("AFS")		321,761
Loans, advances and financing		67,754
Other receivables, deposits and prepayments		2,250
Deposits with licensed banks		80,667
Cash and bank balances		1,187
		<u>477,503</u>
Non-current assets held for sale	A10	12,984
		<u>490,487</u>
Total assets		<u><u>856,738</u></u>
Non-current liabilities		
Deferred tax liabilities		16
Current liabilities		
Other payables and accruals		29,034
Borrowings	B9	30,804
Taxation		780
		<u>61,897</u>
Total liabilities		<u>60,634</u>
Equity		
Share capital		255,159
Reserves		528,468
Total equity		<u>783,627</u>
Total liabilities and equity		<u><u>856,738</u></u>
Net assets per share attributable to equity holders of the Company (RM)		
		<u><u>3.12</u></u>
		<u><u>3.07</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 2014.

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 PERIOD ENDED 31 OCTOBER 2014

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		3 months ended 31-Oct-14 RM'000	(Restated) 3 months ended 31-Oct-13 RM'000	3 months ended 31-Oct-14 RM'000	(Restated) 3 months ended 31-Oct-13 RM'000
<u>Continuing operations</u>					
Operating revenue		16,616	11,127	16,616	11,127
Other income		2,590	354	2,590	354
Staff costs		(2,126)	(2,009)	(2,126)	(2,009)
Depreciation and amortisation		(324)	(755)	(324)	(755)
Allowance for losses on:					
- loans, advances and financing		(1,428)	(716)	(1,428)	(716)
Other operating expenses		(1,534)	(1,191)	(1,534)	(1,191)
		13,794	6,810	13,794	6,810
Finance costs		(147)	(5,630)	(147)	(5,630)
Profit before taxation	A12	13,647	1,180	13,647	1,180
Taxation	B6	(2,446)	(1,402)	(2,446)	(1,402)
Profit/(Loss) for the financial period from continuing operations		11,201	(222)	11,201	(222)
<u>Discontinued operations</u>					
Profit for the financial period from discontinued operations	A11(c)	-	18,919	-	18,919
Profit for the financial period		11,201	18,697	11,201	18,697
Attributable to:					
Equity holders of the Company					
- Continuing operations		11,201	(222)	11,201	(222)
- Discontinued operations		-	13,736	-	13,736
		11,201	13,514	11,201	13,514
Non-controlling interests					
- Discontinued operations		-	5,183	-	5,183
		11,201	18,697	11,201	18,697
Basic earnings per share attributable to equity holders of the Company (sen)					
- Continuing operations		4.39	(0.09)	4.39	(0.09)
- Discontinued operations		-	5.39	-	5.39
	B13	4.39	5.30	4.39	5.30

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2014.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2014

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		(Restated)		(Restated)
	3 months ended	3 months ended	3 months ended	3 months ended
Note	31-Oct-14	31-Oct-13	31-Oct-14	31-Oct-13
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	11,201	18,697	11,201	18,697
Other comprehensive income for the financial period:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Discontinued operations	-	(2,367)	-	(2,367)
Total comprehensive income for the financial period	11,201	16,330	11,201	16,330
Total comprehensive income for the financial period:				
- Continuing operations	11,201	(222)	11,201	(222)
- Discontinued operations	-	16,552	-	16,552
	11,201	16,330	11,201	16,330
Attributable to:				
Equity holders of the Company				
- Continuing operations	11,201	(222)	11,201	(222)
- Discontinued operations	-	11,380	-	11,380
	11,201	11,158	11,201	11,158
Non-controlling interests				
- Discontinued operations	-	5,172	-	5,172
	11,201	16,330	11,201	16,330

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2014.

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 PERIOD ENDED 31 OCTOBER 2014

	Attributable to Equity Holders of the Company											
	Issued and fully paid ordinary shares of RM1 each		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
Number of shares '000	Nominal value RM'000											
At 1 August 2014	255,159	255,159	-	10,686	17,029	-	-	-	500,753	783,627	-	783,627
Profit for the financial period	-	-	-	-	-	-	-	-	11,201	11,201	-	11,201
Total comprehensive income for the financial period	-	-	-	-	-	-	-	-	11,201	11,201	-	11,201
At 31 October 2014	255,159	255,159	-	10,686	17,029	-	-	-	511,954	794,828	-	794,828
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 period	-	-	-	-	-	-	-	-	13,514	13,514	5,183	18,697
Other comprehensive income for the financial period, net of tax	-	-	-	-	-	-	1,288	(3,644)	-	(2,356)	(11)	(2,367)
Total comprehensive income for the financial period	-	-	-	-	-	-	1,288	(3,644)	13,514	11,158	5,172	16,330
At 31 October 2013	255,159	265,845	(16,061)	-	33,090	148,861	4,845	(10,317)	546,601	972,864	42,907	1,015,771

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2014.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2014

	3 months ended 31-Oct-14 RM'000	3 months ended 31-Oct-13 RM'000
Operating activities		
Profit for the financial period	11,201	18,697
Adjustments for:		
Non-cash items	4,176	34,503
Non-operating items - investing	(4,812)	(20,477)
Non-operating items - financing	147	5,230
	<u>10,712</u>	<u>37,953</u>
Changes in working capital:		
Net changes in operating assets	4,867	60,146
Net changes in operating liabilities	(327)	(254,015)
	<u>15,252</u>	<u>(155,916)</u>
Interest paid	-	(23,289)
Taxation paid	(1,521)	(3,373)
Net operating cash flow	<u>13,731</u>	<u>(182,578)</u>
Investing activities		
Net purchase of securities	(68,312)	(17,258)
Interest received from securities	-	21,002
Dividends and income distributions received	2,890	2,767
Rental received	-	12
Proceeds from disposals of other investments	-	3
Property, plant and equipment:		
- purchases	(60)	(463)
- proceeds from disposals	-	80
Net investing cash flow	<u>(65,482)</u>	<u>6,143</u>
Financing activities		
Interest paid	(131)	(5,037)
Net repayment of borrowings	(100)	(700)
Net financing cash flow	<u>(231)</u>	<u>(5,737)</u>
Net change in cash and cash equivalents	<u>(51,982)</u>	<u>(182,172)</u>
Foreign exchange differences	-	(1,740)
Cash and cash equivalents at beginning of the financial period	<u>81,015</u>	<u>1,168,433</u>
Cash and cash equivalents at end of the financial period	<u>29,033</u>	<u>984,521</u>
Cash and cash equivalents at end of the financial period comprise:		
Deposits with licensed banks	28,089	601,060
Cash and bank balances	944	383,461
	<u>29,033</u>	<u>984,521</u>

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2014.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2014

A. Explanatory Notes in accordance with 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 2014. 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 2014.

The presentation and contents of the interim financial report of the Group for the current quarter and financial period ended 31 October 2014 have been realigned as the Company has ceased to be a financial holding company following the disposal of the investment banking subsidiary in the previous financial year and the financial results of the Group for the current financial period under review are derived from non-banking business. Comparative figures have been restated in accordance with the disclosure requirements of Malaysian Financial Reporting Standard ("MFRS") 5, Non-current Assets Held for Sale and Discontinued Operations and to conform with the presentation for the current financial year.

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 2014 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 ending 31 July 2015:

<u>MFRS</u>	<u>Description</u>
• Amendment to MFRS 3	Business Combinations (<i>Annual Improvements to MFRSs 2010-2012 Cycle</i>)
• Amendment to MFRS 3	Business Combinations (<i>Annual Improvements to MFRSs 2011-2013 Cycle</i>)
• Amendments to MFRS 8	Operating Segments
• Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities
• Amendment to MFRS 13	Fair Value Measurement
• Amendment to MFRS 124	Related Party Disclosures
• Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities
• Amendments to MFRS 136	Recoverable Amount Disclosures for Non-financial Assets
• Amendment to MFRS 140	Investment Property
• IC Interpretation 21	Levies
<u>FRSIC Consensus</u>	<u>Description</u>
• FRSIC Consensus 22	Classification of Fixed Deposits and Similar Instruments as Cash and Cash Equivalents

The adoption of the above MFRSs and observance of FRSIC Consensus 22 do not give rise to any material financial effects to the Group.

A2 Auditors' Report

The auditors' report of the most recent annual financial statements of the Group for the financial year ended 31 July 2014 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.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2014

A4 Exceptional Items

There are no exceptional items for the current quarter and financial period ended 31 October 2014.

A5 Changes in Estimates

There are no material changes in accounting estimates used in the preparation of the interim financial report for the current quarter and financial period ended 31 October 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 period ended 31 October 2014.

A7 Dividends

No dividend has been paid since the end of the previous financial year.

A final single tier dividend of 2.5 sen gross per share proposed for the previous financial year ended 31 July 2014 has been approved by the shareholders of the Company at the Twenty-Second Annual General Meeting held on 26 November 2014. The dividend will be paid on 18 December 2014 to depositors registered in the Record of Depositors at the close of business on 2 December 2014.

A8 Subsequent Events

There are no material events subsequent to the end of the financial period ended 31 October 2014.

A9 Changes in the Composition of the Group

There are no changes in the composition of the Group for the current quarter and financial period ended 31 October 2014.

A10 Non-current Assets Held For Sale

	As at 31-Oct-14 RM'000	As at 31-Jul-14 RM'000
Investment properties:		
Leasehold office units	<u>12,984</u>	<u>12,984</u>

On 22 July 2014, a wholly-owned subsidiary, HDM Properties Sdn. Bhd. 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 previous financial year ended 31 July 2014.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2014

A11 Discontinued Operations

(a) Disposals of subsidiaries and associate

The discontinued operations comprised the following entities which were disposed of by the Company in the previous financial year ended 31 July 2014:

- 100% direct equity interest in a subsidiary, HwangDBS Commercial Bank Plc;
- 100% indirect equity interest held by HDCB in a subsidiary, HwangDBS Securities (Cambodia) Plc;
- 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;
- 49% direct equity interest in an associate, Asian Islamic Investment Management Sdn. Bhd.; and
- 51% direct equity interest in a subsidiary, HwangDBS Vickers Research Sdn. Bhd.

for a total cash consideration of RM1,527.23 million.

(b) Applicable reportable segments of subsidiaries disposed of

The applicable reportable segments of the subsidiaries disposed of, as presented in the audited financial statements for the previous financial year ended 31 July 2014, were as follows:

Entity	Reportable segment *
HwangDBS Investment Bank Berhad	Stockbroking and Investment banking
HwangDBS Commercial Bank Plc	Commercial banking
Hwang Investment Management Berhad	Investment management

* The applicable reportable segments of the discontinued operations are collectively presented as Banking and Investment Management segment in explanatory note A14.

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

(c) Financial results of discontinued operations

The analysis of financial results of the discontinued operations for the comparative corresponding quarter and financial period ended 31 October 2013 is as follows:

	Note	(Restated) 3 months ended 31-Oct-13 RM'000
Operating revenue		123,046
Other income		(3,816) *
Staff costs		(32,494)
Depreciation and amortisation		(705)
Allowances for losses on		
- loans, advances and financing		(509)
- clients' balances and receivables		541
Other operating expenses		<u>(61,886)</u>
		24,177
Share of results of an associate, net of tax		<u>460</u>
Profit before taxation	A12	24,637
Taxation	B6	<u>(5,718)</u>
Profit for the financial period from discontinued operations		<u>18,919</u>

* Other income mainly comprised non-trade net loss on foreign exchange and loss on securities held-for-trading incurred by the former investment banking subsidiary.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2014

A11 Discontinued Operations (cont'd)

(c) Financial results of discontinued operations (cont'd)

	(Restated) 3 months ended 31-Oct-13 RM'000
Profit for the financial period from discontinued operations	<u>18,919</u>
Other comprehensive income for the financial period from discontinued operations:	
<i>Items that may be reclassified subsequently to profit or loss</i>	
Currency translation differences arising from foreign operations	(3,644)
Securities AFS:	
- net change in fair value	1,877
- net gain transferred to income statement on disposal	(177)
Share of AFS reserve of an associate	8
Income tax relating to components of other comprehensive income	<u>(431)</u>
	<u>(2,367)</u>
Total comprehensive income for the financial period from discontinued operations	<u><u>16,552</u></u>

(d) Net cash flows attributable to the discontinued operations

The net cash flows attributable to the discontinued operations for the comparative corresponding financial period ended 31 October 2013 are as follows:

	(Restated) 3 months ended 31-Oct-13 RM'000
Net operating cash flow	(178,240)
Net investing cash flow	7,162
	<u><u>(171,078)</u></u>

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2014

A12 Items of Income and Expenses

Profit before taxation of the Group is stated after crediting/(charging):

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Oct-14	(Restated) 3 months ended 31-Oct-13	3 months ended 31-Oct-14	(Restated) 3 months ended 31-Oct-13
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
Interest income	10,342	8,984	10,342	8,984
Gross dividends/income distributions	2,890	-	2,890	-
Rental income	1,393	1,403	1,393	1,403
Net gain on disposals of securities AFS	2,087	-	2,087	-
Net foreign exchange loss	-	(2)	-	(2)
Interest expense	(147)	(5,630)	(147)	(5,630)
Rental of premises	(48)	(41)	(48)	(41)
Loans, advances and financing:				
- collective impairment allowance made	(1,489)	(983)	(1,489)	(983)
- bad debts written off	(82)	(27)	(82)	(27)
- bad debts recovered	143	294	143	294
<u>Discontinued operations</u>				
Interest income	-	38,188	-	38,188
Gross dividends/income distributions	-	2,576	-	2,576
Rental income	-	12	-	12
Net gain/(loss) on securities held-for-trading:				
- net gain on disposal	-	7,210	-	7,210
- net unrealised loss	-	(460)	-	(460)
Net gain on disposals of securities AFS	-	184	-	184
Net gain on derivatives:				
- net gain on disposal	-	328	-	328
- net unrealised gain	-	264	-	264
Net foreign exchange loss	-	(1,784)	-	(1,784)
Interest expense	-	(21,338)	-	(21,338)
Rental of premises	-	(2,497)	-	(2,497)
Depreciation and amortisation	-	(705)	-	(705)
Loans, advances and financing:				
- net individual impairment allowance made	-	(677)	-	(677)
- collective impairment allowance written back	-	168	-	168
Clients' balances and receivables:				
- net individual impairment allowance written back	-	226	-	226
- bad debts recovered	-	315	-	315

A13 Commitments and Contingencies

	As at 31-Oct-14 RM'000	As at 31-Jul-14 RM'000
(a) Loan commitments	4,504	12,000
(b) Capital expenditure commitments	189	189
(c) Non-cancellable operating lease commitments		
- future minimum lease payable	158	217
- future minimum lease receivable	4,490	5,882

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2014

A14 Segmental Information

The Group is organised into the following operating segments:

Continuing operations

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

Discontinued operations

- Banking and investment management - stockbroking, investment banking, commercial banking, management of unit trust funds and provision of fund management services
- Others - include other non-core operations of the Group

During the financial period, the investment holding activities have been identified as a new reportable segment. Previously, the investment holding activities were included in other segment of the Group. The comparative segmental information has been restated to conform to the current financial period's presentation.

The segmental information are as follows:

	Continuing operations					Discontinued operations					Total	Elimination	Group
	Money-lending	Investment holding	Others	Inter-segment elimination	Sub-total	Banking and investment management	Others	Inter-segment elimination	Sub-total				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 months ended 31 October 2014													
Revenue													
External revenue *	11,979	3,244	1,393	-	16,616	-	-	-	-	16,616	-	16,616	
Inter-segment revenue	-	3,180	86	(3,266)	-	-	-	-	-	-	-	-	
Total revenue	11,979	6,424	1,479	(3,266)	16,616	-	-	-	-	16,616	-	16,616	
Segment profit/(loss)	4,666	8,212	769	-	13,647	-	-	-	-	13,647	-	13,647	

* External revenue of the Group comprises all types of revenue derived from moneylending, investment holding and rental income from property investment.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2014

A14 Segmental Information (cont'd)

	<u>Continuing operations</u>					<u>Discontinued operations</u>				<u>Total</u> RM'000	<u>Elimination</u> RM'000	<u>Group</u> RM'000
	<u>Money- lending</u> RM'000	<u>Investment holding</u> RM'000	<u>Others</u> RM'000	<u>Inter- segment elimination</u> RM'000	<u>Sub-total</u> RM'000	<u>Banking and investment management</u> RM'000	<u>Others</u> RM'000	<u>Inter- segment elimination</u> RM'000	<u>Sub-total</u> RM'000			
3 months ended 31 October 2013 (Restated)												
Revenue												
External revenue *	9,668	55	231	-	9,954	121,278	1,368	-	122,646	132,600	-	132,600
Inter-segment revenue	-	-	1,183	(10)	1,173	358	764	(722)	400	1,573	(1,573)	-
Total revenue	<u>9,668</u>	<u>55</u>	<u>1,414</u>	<u>(10)</u>	<u>11,127</u>	<u>121,636</u>	<u>2,132</u>	<u>(722)</u>	<u>123,046</u>	<u>134,173</u>	<u>(1,573)</u>	<u>132,600</u>
Segment profit/(loss)	4,627	(4,171)	689	35	1,180	24,361	91	(275)	24,177	25,357	-	25,357
Share of results of an associate, net of tax									460	460		460
Profit before taxation									<u>24,637</u>	<u>25,817</u>		<u>25,817</u>

* External revenue of the Group comprised 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.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2014

A15 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
31-Oct-14				
<u>Financial assets</u>				
Securities AFS				
- Quoted securities	<u>392,161</u>	<u>392,161</u>	<u>-</u>	<u>-</u>
31-Jul-14				
<u>Financial assets</u>				
Securities AFS				
- Quoted securities	<u>321,271</u>	<u>321,271</u>	<u>-</u>	<u>-</u>

Financial instruments not measured at fair value

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

	As at 31-Oct-14		As at 31-Jul-14	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Securities available-for-sale	-	-	490	2,577
Loans, advances and financing	<u>388,045</u>	<u>384,290</u>	<u>393,936</u>	<u>388,626</u>

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

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

The Group reported a total operating revenue of RM16.6 million for the first quarter of the financial year ending 31 July 2015 ("FY2015"), which represents a 49% increase from RM11.1 million recorded by the continuing operations in the previous corresponding quarter. The increase in operating revenue for the current quarter under review is mainly driven by higher investment income, coupled with increase in interest income and fee-based income generated from the moneylending activities. With the completion of the disposals of the core financial businesses of the Group in the preceding financial year ended 31 July 2014 ("FY2014"), there was no operating revenue generated from the discontinued operations in the current quarter under review. The total operating revenue of the discontinued operations in the previous corresponding quarter amounted to approximately RM123.0 million.

Setting aside the pretax profit recorded by the discontinued operations in the previous corresponding quarter ended 31 October 2013 of RM24.6 million, the pretax profit of the Group improved markedly for the first three months of FY2015 to RM13.6 million from the pretax profit of RM1.2 million posted by the continuing operations in the corresponding quarter last year. The key contributing factors to the increased profitability for the current quarter are primarily the effects of interest savings from reduction in gearing of the Group, net gain arising from disposal of securities available-for-sale, higher investment income and increase in fee-based income.

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

(a) Moneylending

The performance of the moneylending segment remains stable with a pretax profit of RM4.7 million in the first quarter ended 31 October 2014 relative to RM4.6 million recorded in the previous corresponding quarter. During the current quarter under review, fee-based income and interest income have increased on the back of growth in consumer financing portfolio. The loans/financing portfolio of the segment as at 31 October 2014 is at RM401.2 million (As at 31 October 2013: RM353.1 million). The increase in income of the segment was however, partly offset by higher personnel costs and increased impairment allowances for the current quarter.

(b) Investment holding

The investment holding segment posted a pretax profit of RM8.2 million in the current quarter under review in contrast to a pretax loss of RM4.2 million recorded in the previous corresponding quarter. The return of the segment to profitability is largely attributable to net gain arising from disposal of securities available-for-sale, effects of interest savings from reduction in gearing and higher investment income.

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

The Group registered a pretax profit of RM13.6 million for the first quarter of FY2015, which surpassed the pretax profit of RM10.3 million (excluding the pretax profit of RM0.3 million attributable to discontinued operations) for the preceding quarter ended 31 July 2014 mainly due to net gain on disposal of securities available-for-sale, lower loan impairment allowances and relatively higher interest income for the current quarter under review.

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B3 Commentary

(a) Current Year's Prospects

The decision of the Central Bank in November 2014 to maintain the Overnight Policy Rate (OPR) unchanged at 3.25% provides short term certainty and stability in business funding cost. Notwithstanding, the Group anticipates growth in consumer financing business to ease in the coming quarters under a more stringent regulatory environment and as private consumption growth is expected to moderate.

Pending potential new business being identified, the Group will continue to invest in liquid assets with steady yields.

Barring unforeseen circumstances, the Board of Directors expects the Group to record satisfactory performance in the remaining quarters of the financial year ending 31 July 2015.

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

Not applicable.

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

Not applicable.

B5 Profit Forecast and Profit Guarantee

Not applicable.

B6 Taxation

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	(Restated)	(Restated)	(Restated)	(Restated)
	3 months ended 31-Oct-14	3 months ended 31-Oct-13	3 months ended 31-Oct-14	3 months ended 31-Oct-13
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
In respect of the current financial year:				
Malaysian income tax	(2,597)	(1,754)	(2,597)	(1,754)
Deferred tax	151	352	151	352
	(2,446)	(1,402)	(2,446)	(1,402)
<u>Discontinued operations</u>				
In respect of the current financial year:				
Malaysian income tax	-	(9,542)	-	(9,542)
Foreign income tax	-	(44)	-	(44)
Deferred tax	-	3,868	-	3,868
	-	(5,718)	-	(5,718)
	(2,446)	(7,120)	(2,446)	(7,120)

The effective tax rate of the Group for the current quarter and financial period ended 31 October 2014 is lower than the statutory tax rate mainly due to 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 that 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, which is pending completion, is not expected to have any material effect on the net assets, gearing ratio and earnings per share of the Group for the financial year ending 31 July 2015.

B8 Status of utilisation of proceeds raised from corporate proposals

The status of utilisation of proceeds raised from a corporate proposal pending completion as at 31 October 2014 is as follows:

Disposals of 100% equity interest in HwangDBS Investment Bank Berhad and its subsidiaries and associate in the financial year ended 31 July 2014

Purpose	Note	Proposed utilisation RM'000	Amount utilised RM'000	Unutilised RM'000
Special cash dividend to shareholders		637,897	637,897	-
General working capital requirements	(i)	73,683	21,378	52,305
General investment in liquid assets		75,000	75,000	-
Potential acquisition of new business	(i)	250,000	-	250,000
Repayment of borrowings		310,000	310,000	-
Expenses incurred on disposals of subsidiaries and associate		14,000	14,000	-
		1,360,580	1,058,275	302,305

- (i) The intended timeframe for utilisation is within 12 months from the date of completion of disposals of subsidiaries and associate on 7 April 2014.

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

B9 Group Borrowings and Debt Securities

- (a) Total borrowings of the Group of RM30.7 million as at 31 October 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:

	As at 31-Oct-14 RM'000	As at 31-Jul-14 RM'000
Short term borrowings		
Revolving credits	30,720	30,804
Long term borrowings	-	-
Total borrowings	30,720	30,804

- (c) All borrowings are denominated in Ringgit Malaysia.

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B10 Disclosure of Realised and Unrealised Profits or Losses

	As at 31-Oct-14 RM'000	As at 31-Jul-14 RM'000
Total retained profits of the Company and its subsidiaries:		
- realised	509,475	500,406
- unrealised	3,767	3,616
	513,242	504,022
Consolidation adjustments	(1,288)	(3,269)
Total Group retained profits	511,954	500,753

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 Group did not hold any derivative financial instruments as at 31 October 2014 and 31 July 2014.

B12 Changes in Material Litigation

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

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Oct-14	3 months ended 31-Oct-13	3 months ended 31-Oct-14	3 months ended 31-Oct-13
Profit for the financial period attributable to equity holders of the Company (RM'000)	11,201	13,514	11,201	13,514
Weighted average number of ordinary shares in issue ('000)	255,159	255,159	255,159	255,159
Basic earnings per share (sen)	4.39	5.30	4.39	5.30

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

By Order of the Board

Ooi Hui Ling
Company Secretary

Penang
26 November 2014