

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 JANUARY 2015

		(Restated)
	Note	As at 31-Jul-14 RM'000
		As at 31-Jan-15 RM'000
Non-current assets		
Property, plant and equipment		3,145
Investment properties		24,142
Securities available-for-sale ("AFS")		-
Other investments		557
Loans, advances and financing		326,182
Deferred tax assets		3,632
		341,477
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
		480,248
Non-current assets held for sale	A10	12,984
		480,248
Total assets		844,261
Non-current liabilities		
Deferred tax liabilities		16
Current liabilities		
Other payables and accruals		29,034
Borrowings	B9	30,804
Taxation		780
		60,618
Total liabilities		60,634
Equity		
Share capital		255,159
Reserves		528,468
Total equity		783,627
Total liabilities and equity		844,261
Net assets per share attributable to equity holders of the Company (RM)		
		3.07
		3.17

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 JANUARY 2015

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		3 months ended 31-Jan-15 RM'000	(Restated) 3 months ended 31-Jan-14 RM'000	6 months ended 31-Jan-15 RM'000	(Restated) 6 months ended 31-Jan-14 RM'000
<u>Continuing operations</u>					
Operating revenue		16,490	10,885	33,106	22,012
Other income		11,961	1,062	14,551	1,416
Staff costs		(2,265)	(2,463)	(4,391)	(4,472)
Depreciation and amortisation		(330)	(538)	(654)	(1,293)
Allowance for losses on:					
- loans, advances and financing		(1,440)	(2,090)	(2,868)	(2,806)
Other operating expenses		(1,278)	(1,139)	(2,812)	(2,330)
		23,138	5,717	36,932	12,527
Finance costs		(352)	(5,600)	(499)	(11,230)
Profit before taxation	A12	22,786	117	36,433	1,297
Taxation	B6	(2,335)	(1,118)	(4,781)	(2,520)
Profit/(Loss) for the financial period from continuing operations		20,451	(1,001)	31,652	(1,223)
<u>Discontinued operations</u>					
Profit for the financial period from discontinued operations	A11(c)	-	53,146	-	72,065
Profit for the financial period		20,451	52,145	31,652	70,842
Attributable to:					
Equity holders of the Company					
- Continuing operations		20,451	(1,001)	31,652	(1,223)
- Discontinued operations		-	47,654	-	61,390
		20,451	46,653	31,652	60,167
Non-controlling interests					
- Discontinued operations		-	5,492	-	10,675
		20,451	52,145	31,652	70,842
Basic earnings/(loss) per share attributable to equity holders of the Company (sen)					
- Continuing operations		8.01	(0.39)	12.40	(0.48)
- Discontinued operations		-	18.67	-	24.06
	B13	8.01	18.28	12.40	23.58

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 JANUARY 2015

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		(Restated)		(Restated)
	3 months	3 months	6 months	6 months
	ended	ended	ended	ended
Note	31-Jan-15	31-Jan-14	31-Jan-15	31-Jan-14
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	20,451	52,145	31,652	70,842
Other comprehensive income for the financial period:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
<u>Continuing operations</u>				
Securities AFS:				
- net change in fair value	205	-	205	-
<u>Discontinued operations</u>	-	4,342	-	1,975
A11(c)	205	4,342	205	1,975
Total comprehensive income for the financial period	20,656	56,487	31,857	72,817
Total comprehensive income for the financial period:				
- Continuing operations	20,656	(1,001)	31,857	(1,223)
- Discontinued operations	-	57,488	-	74,040
	20,656	56,487	31,857	72,817
Attributable to:				
Equity holders of the Company				
- Continuing operations	20,656	(1,001)	31,857	(1,223)
- Discontinued operations	-	52,006	-	63,386
	20,656	51,005	31,857	62,163
Non-controlling interests				
- Discontinued operations	-	5,482	-	10,654
	20,656	56,487	31,857	72,817

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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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2015

Attributable to Equity Holders of the Company

	Attributable to Equity Holders of the Company											
	Issued and fully paid ordinary shares of RM1 each											
	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 2014	255,159	255,159	-	10,686	17,029	-	-	-	500,753	783,627	-	783,627
Profit for the financial period	-	-	-	-	-	-	-	-	31,652	31,652	-	31,652
Other comprehensive income for the financial year, net of tax	-	-	-	-	-	-	205	-	-	205	-	205
Total comprehensive income for the financial period	-	-	-	-	-	-	205	-	31,652	31,857	-	31,857
Final dividend for the financial year ended 31 July 2014	-	-	-	-	-	-	-	-	(6,379)	(6,379)	-	(6,379)
At 31 January 2015	255,159	255,159	-	10,686	17,029	-	205	-	526,026	809,105	-	809,105
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	-	-	-	-	-	-	-	-	60,167	60,167	10,675	70,842
Other comprehensive income for the financial period, net of tax	-	-	-	-	-	-	(1,708)	3,704	-	1,996	(21)	1,975
Total comprehensive income for the financial period	-	-	-	-	-	-	(1,708)	3,704	60,167	62,163	10,654	72,817
At 31 January 2014	255,159	265,845	(16,061)	-	33,090	148,861	1,849	(2,969)	593,254	1,023,869	48,389	1,072,258

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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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2015

	6 months ended 31-Jan-15 RM'000	6 months ended 31-Jan-14 RM'000
Operating activities		
Profit for the financial period	31,652	70,842
Adjustments for:		
Non-cash items	8,243	47,520
Non-operating items - investing	(19,613)	(79,252)
Non-operating items - financing	499	10,430
	<u>20,781</u>	<u>49,540</u>
Changes in working capital:		
Net changes in operating assets	25,246	(38,673)
Net changes in operating liabilities	(19,228)	(213,997)
	<u>26,799</u>	<u>(203,130)</u>
Interest paid	-	(45,685)
Taxation paid	(2,817)	(8,332)
Net operating cash flow	<u>23,982</u>	<u>(257,147)</u>
Investing activities		
Net (purchase)/disposal of securities	(93,050)	57,957
Interest received from securities	-	33,198
Dividends and income distributions received	6,457	4,742
Rental received	-	12
Proceeds from disposals of investment properties	24,331	9,800
Proceeds from disposals of other investments	69	4
Property, plant and equipment:		
- purchases	(522)	(1,242)
- proceeds from disposals	78	459
Net investing cash flow	<u>(62,637)</u>	<u>104,930</u>
Financing activities		
Dividend paid	(6,379)	-
Interest paid	(503)	(10,824)
Net repayment of borrowings	(30,800)	(70,800)
Net financing cash flow	<u>(37,682)</u>	<u>(81,624)</u>
Net change in cash and cash equivalents	<u>(76,337)</u>	<u>(233,841)</u>
Foreign exchange differences	-	1,729
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>4,678</u>	<u>936,321</u>
Cash and cash equivalents at end of the financial period comprise:		
Deposits with licensed banks	3,480	572,983
Cash and bank balances	1,198	363,338
	<u>4,678</u>	<u>936,321</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 JANUARY 2015

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 January 2015 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 period.

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 JANUARY 2015

A4 Exceptional Items

There are no exceptional items for the current quarter and financial period ended 31 January 2015 other than the net gain on disposal of investment properties held by a wholly-owned subsidiary, HDM Properties Sdn. Bhd. amounting to RM11.0 million (net of real property gains tax of RM0.3 million) which is included in the profit for the financial period upon completion of the disposal of the said properties on 31 December 2014, as disclosed in explanatory note A10.

A5 Changes in Estimates

There are no material changes in accounting estimates used in the preparation of the interim financial report for the current quarter and financial period ended 31 January 2015 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 January 2015.

A7 Dividends

A final single tier dividend of 2.5 sen per ordinary share, amounting to RM6,378,973 in respect of the previous financial year ended 31 July 2014 was paid on 18 December 2014.

The Board of Directors has not declared or recommended the payment of dividend in respect of the current financial year ending 31 July 2015.

A8 Subsequent Events

There are no material events subsequent to the end of the financial period ended 31 January 2015.

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 January 2015.

A10 Non-current Assets Held For Sale

	As at 31-Jan-15 RM'000	As at 31-Jul-14 RM'000
Investment properties:		
Leasehold office units	<u>-</u>	<u>12,984</u>

On 22 July 2014, a wholly-owned subsidiary, HDM Properties Sdn. Bhd. entered into a Sale and Purchase Agreement with a third party to dispose of the leasehold office units for a total cash consideration of RM24.33 million. The disposal was completed on 31 December 2014.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2015

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 ("HDCB");
- 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 Research Sdn. Bhd. were 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 January 2014 is as follows:

		Individual Quarter (Restated) 3 months ended 31-Jan-14 RM'000	Cumulative Quarter (Restated) 6 months ended 31-Jan-14 RM'000
Operating revenue		102,151	225,197
Other income		49,714	45,898
Staff costs		(30,645)	(63,139)
Depreciation and amortisation		(2,122)	(2,827)
Allowances for losses on			
- loans, advances and financing		(422)	(931)
- clients' balances and receivables		(11)	530
Other operating expenses		(54,686)	(116,572)
		<u>63,979</u>	<u>88,156</u>
Share of results of an associate, net of tax		661	1,121
Profit before taxation	A12	64,640	89,277
Taxation	B6	(11,494)	(17,212)
Profit for the financial period from discontinued operations		<u>53,146</u>	<u>72,065</u>

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2015

A11 Discontinued Operations (cont'd)

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

	<u>Individual Quarter</u> (Restated) 3 months ended 31-Jan-14 RM'000	<u>Cumulative Quarter</u> (Restated) 6 months ended 31-Jan-14 RM'000
Profit for the financial period from discontinued operations	<u>53,146</u>	<u>72,065</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	7,348	3,704
Securities AFS:		
- net change in fair value	(3,960)	(2,083)
- net gain transferred to income statement on disposal	(51)	(228)
Share of AFS reserve of an associate	8	16
Income tax relating to components of other comprehensive income	997	566
	<u>4,342</u>	<u>1,975</u>
Total comprehensive income for the financial period from discontinued operations	<u><u>57,488</u></u>	<u><u>74,040</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 January 2014 are as follows:

	(Restated) 6 months ended 31-Jan-14 RM'000
Net operating cash flow	(327,122)
Net investing cash flow	<u>103,835</u>
	<u><u>(223,287)</u></u>

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2015

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-Jan-15 RM'000	(Restated) 3 months ended 31-Jan-14 RM'000	6 months ended 31-Jan-15 RM'000	(Restated) 6 months ended 31-Jan-14 RM'000
<u>Continuing operations</u>				
Interest income	10,024	8,678	20,366	17,662
Gross dividends/income distributions	3,567	-	6,457	-
Rental income	1,152	1,421	2,545	2,824
Net gain on disposals of investment properties	11,347	711	11,347	711
Net gain on disposals of other investments	11	-	11	-
Net loss on liquidation of subsidiaries	-	(2)	-	(2)
Net gain on disposals of securities AFS	-	-	2,087	-
Net foreign exchange gain	-	8	-	6
Interest expense	(352)	(5,600)	(499)	(11,230)
Rental of premises	(49)	(41)	(97)	(82)
Loans, advances and financing:				
- collective impairment allowance made	(1,508)	(2,168)	(2,997)	(3,151)
- bad debts written off	(58)	(93)	(140)	(120)
- bad debts recovered	127	171	270	465
<u>Discontinued operations</u>				
Interest income	-	36,685	-	74,873
Gross dividends/income distributions	-	1,976	-	4,552
Rental income	-	-	-	12
Net gain on disposal of an investment property	-	34,904	-	34,904
Net loss on disposal of other investments	-	(23)	-	(23)
Net gain/(loss) on securities held-for-trading:				
- net gain on disposal	-	5,067	-	12,277
- net unrealised gain/(loss)	-	209	-	(251)
Net gain on disposals of securities AFS	-	53	-	237
Net gain on derivatives:				
- net gain on disposal	-	6	-	334
- net unrealised gain	-	1,701	-	1,965
Net gain on disposals of securities held-to-maturity	-	3,220	-	3,220
Net foreign exchange gain	-	2,770	-	986
Interest expense	-	(20,386)	-	(41,724)
Other investments written off	-	(56)	-	(56)
Rental of premises	-	(2,525)	-	(5,022)
Depreciation and amortisation	-	(2,122)	-	(2,827)
Loans, advances and financing:				
- net individual impairment allowance made	-	(295)	-	(972)
- collective impairment allowance (made)/written back	-	(127)	-	41
Clients' balances and receivables:				
- net individual impairment allowance (made)/written back	-	(74)	-	152
- bad debts written off	-	(61)	-	(61)
- bad debts recovered	-	124	-	439

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2015

A13 Commitments and Contingencies

	As at 31-Jan-15 RM'000	As at 31-Jul-14 RM'000
(a) Loan commitments	<u>-</u>	<u>12,000</u>
(b) Capital expenditure commitments	<u>357</u>	<u>189</u>
(c) Non-cancellable operating lease commitments		
- future minimum lease payable	102	217
- future minimum lease receivable	<u>2,281</u>	<u>5,882</u>

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2015

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
- Property investment - property letting and investment 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, investment holding and property investment activities have been identified as new reportable segments. Previously, the investment holding and property investment activities were included in other segment of the Group. The comparative segmental information has been restated to conform with the presentation for the current financial period.

The segmental information are as follows:

	Continuing operations						Discontinued operations				Total	Elimination	Group	
	Money-lending	Investment holding	Property investment	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	RM'000
6 months ended 31 January 2015														
Revenue														
External revenue *	23,689	6,872	2,545	-	-	33,106	-	-	-	-	33,106	-	33,106	
Inter-segment revenue	-	5,947	169	-	(6,116)	-	-	-	-	-	-	-	-	
Total revenue	23,689	12,819	2,714	-	(6,116)	33,106	-	-	-	-	33,106	-	33,106	
Segment profit/(loss)	9,396	14,292	12,764	(13)	(6)	36,433	-	-	-	-	36,433	-	36,433	

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

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2015

A14 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>Investment holding</u>	<u>Property investment</u>	<u>Others</u>	<u>Inter-segment elimination</u>	<u>Sub-total</u>	<u>Banking and investment management</u>	<u>Others</u>	<u>Inter-segment elimination</u>	<u>Sub-total</u>			
	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
6 months ended 31 January 2014													
(Restated)													
Revenue													
External revenue *	19,093	96	457	-	-	19,646	221,779	2,618	-	224,397	244,043	-	244,043
Inter-segment revenue	-	-	2,386	-	(20)	2,366	748	1,576	(1,524)	800	3,166	(3,166)	-
Total revenue	<u>19,093</u>	<u>96</u>	<u>2,843</u>	<u>-</u>	<u>(20)</u>	<u>22,012</u>	<u>222,527</u>	<u>4,194</u>	<u>(1,524)</u>	<u>225,197</u>	<u>247,209</u>	<u>(3,166)</u>	<u>244,043</u>
Segment profit/(loss)	<u>7,741</u>	<u>(8,688)</u>	<u>2,183</u>	<u>27</u>	<u>34</u>	<u>1,297</u>	<u>91,086</u>	<u>142</u>	<u>(3,072)</u>	<u>88,156</u>	<u>89,453</u>	<u>-</u>	<u>89,453</u>
Share of results of an associate, net of tax										<u>1,121</u>	<u>1,121</u>		<u>1,121</u>
Profit before taxation										<u>89,277</u>	<u>90,574</u>		<u>90,574</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 letting and reimbursement of research expenses.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2015

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-Jan-15				
<u>Financial assets</u>				
Securities AFS				
- Quoted securities	<u>417,104</u>	<u>417,104</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-Jan-15		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>365,939</u>	<u>364,116</u>	<u>393,936</u>	<u>388,626</u>

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2015

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

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

For the first half of the financial year 2015, the Group registered a total operating revenue of RM33.1 million, which surpassed RM22.0 million recorded in the previous corresponding period. On a quarter-to-quarter basis, operating revenue for the current quarter under review is 51% higher at RM16.5 million compared to the previous corresponding quarter ended 31 January 2014. The revenue of the Group for the current quarter and financial period is boosted by higher returns from investing activities, coupled with increase in contributions from the moneylending segment, which recorded a higher interest income and fee-based income in the current financial period, partly offset by lower property rental income in the current quarter.

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 and financial period under review. The total operating revenue of the discontinued operations for the previous corresponding quarter and financial period amounted to approximately RM102.2 million and RM225.2 million respectively.

The pretax profit of the Group before the exceptional gain (as disclosed in explanatory note A4) for the current financial period is RM25.1 million vs. a pretax profit of RM1.3 million recorded by the continuing operations in the previous corresponding financial period. For the second quarter ended 31 January 2015, the pretax profit of the Group before the exceptional gain (as disclosed in explanatory note A4) is RM11.4 million in comparison to the pretax profit of RM0.1 million posted by the continuing operations in the previous corresponding quarter. Contributing to the increased earnings of the Group for the current quarter and financial period ended 31 January 2015 are mainly the higher operating revenue as well as the effects of interest savings from reduction in gearing of the Group and net gain arising from disposal of securities available-for-sale.

In the previous corresponding quarter and financial period ended 31 January 2014, the pretax profit of the Group comprised pretax profit of the discontinued operations (before an exceptional gain of RM34.9 million arising from disposal of an investment property in the second quarter of FY2014) amounted to approximately RM29.8 million and RM54.4 million respectively.

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

(a) Moneylending

Against the backdrop of a highly competitive industry, the moneylending segment registered an encouraging 21% increase in pretax profit to RM9.4 million for the six months ended 31 January 2015, compared with the pretax profit of RM7.7 million recorded in the previous corresponding financial period. Essentially, the increase in profitability of the segment is primarily driven by higher interest income and fee-based income on an enlarged consumer financing portfolio, partially offset by increase in finance costs and personnel costs in the current financial period under review. The loans/financing portfolio of the segment amounted to RM378.3 million as at 31 January 2015 (As at 31 January 2014: RM349.5 million).

On a quarterly basis, the pretax profit of the segment for the first half of the financial year 2015 is higher at RM4.7 million relative to the pretax profit of RM3.1 million for the previous corresponding quarter, supported by higher interest income and fee-based income on an enlarged consumer financing portfolio, coupled with a reduction in collective impairment allowance in the current quarter. These were, however, partially offset by an increase in finance costs and personnel costs in the current quarter under review.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2015

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

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

(b) Investment holding

The investment holding segment reported a sharp rebound to profitability with a pretax profit of RM14.3 million for the first six months of the financial year 2015 from a pretax loss of RM8.7 million in the previous corresponding financial period. This was primarily attributable to an increase in returns on investments, net gain arising from disposal of securities available-for-sale, effects of interest savings from reduction in gearing and lower personnel costs.

On a similar trend, the pretax profit of the segment for the second quarter of the financial year 2015 climbed up to RM6.1 million in contrast to a pretax loss of RM4.5 million recorded in the previous corresponding quarter. The key contributing factors to the profitability of the segment is mainly an increase in returns on investments, effects of interest savings from reduction in gearing and lower personnel costs.

(c) Property investment

Excluding the exceptional gain (as disclosed in explanatory note A4), the property investment segment posted a steady pretax profit of RM1.4 million for the current financial period under review, which is marginally higher than the pretax profit of RM1.3 million (excluding net gain on disposals of properties of RM0.9 million) in the previous corresponding financial period. This was mainly due to reduction in operating expenses, partly offset by lower rental income for the current financial period.

Excluding the exceptional gain (as disclosed in explanatory note A4), the segment posted a pretax profit of RM0.6 million for the second quarter ended 31 January 2015, which approximates the pretax profit of RM0.7 million (excluding net gain on disposals of properties of RM0.9 million) recorded for the previous corresponding quarter.

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

Excluding the exceptional gain (as disclosed in explanatory note A4), the pretax profit of the Group of RM11.4 million for the current quarter under review is 16% lower compared to the pretax profit of RM13.6 million recorded in the preceding quarter ended 31 October 2014. The contraction in pretax profit in the current quarter under review is largely a consequence of the absence of net gain on disposal of securities available-for-sale, reduction in net interest income and fee-based income generated from the moneylending activities as well as lower property rental income. These were, however, partly mitigated by higher returns from investing activities and lower operating expenses for the current quarter.

B3 Commentary

(a) Current Year's Prospects

The decision of the Central Bank in March 2015 to maintain the Overnight Policy Rate (OPR) at 3.25% will continue to be supportive of growth in domestic demand and provide short term certainty in business funding cost. Nevertheless, the Malaysian households are expected to be challenged by a higher cost of living due to inflationary pressure and implementation of the goods and services tax (GST) in year 2015. Growth in personal consumption and consumer financing are anticipated to be slower in the second half of the financial year 2015.

The Group continues to evaluate new business opportunities and in the mean time, invests in liquid assets with steady yields.

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2015

B3 Commentary (cont'd)

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

Not applicable.

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

Not applicable.

B5 Profit Forecast and Profit Guarantee

Not applicable.

B6 Taxation

The analysis of the tax expense for the current quarter and financial period ended 31 January 2015 are as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	(Restated)		(Restated)	
	3 months ended 31-Jan-15	3 months ended 31-Jan-14	6 months ended 31-Jan-15	6 months ended 31-Jan-14
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
In respect of the current financial year:				
Malaysian income tax	(1,625)	(1,198)	(4,222)	(2,952)
Real property gains tax	(307)	-	(307)	-
Deferred tax	(403)	80	(252)	432
	(2,335)	(1,118)	(4,781)	(2,520)
<u>Discontinued operations</u>				
In respect of the current financial year:				
Malaysian income tax	-	(377)	-	(9,919)
Foreign income tax	-	(16)	-	(60)
Real property gains tax	-	(3,439)	-	(3,439)
Deferred tax	-	(7,662)	-	(3,794)
	-	(11,494)	-	(17,212)
	(2,335)	(12,612)	(4,781)	(19,732)

The effective tax rate of the Group for the current quarter and financial period ended 31 January 2015 is lower than the statutory tax rate mainly due to certain income which are not subject to tax.

HWANG CAPITAL (MALAYSIA) BERHAD
(FORMERLY KNOWN AS HWANG-DBS (MALAYSIA) BERHAD)
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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2015

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")

On 29 December 2014, HPE had held the final shareholder's meeting and the Return by Liquidator Relating to Final Meeting ("Return") has been lodged with the Companies Commission of Malaysia ("CCM") and the Official Receiver on 5 January 2015. HPE will be dissolved at the expiry of 3 months from date of lodgement of the Return with CCM and the Official Receiver pursuant to Section 272(5) of the Companies Act, 1965.

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 as at 31 January 2015 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		73,683	73,683	-
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	1,110,580	250,000

- (i) The initial intended timeframe for utilisation of the proceeds allocated for potential acquisition of new business was within 12 months from the date of completion of disposals of subsidiaries and associate on 7 April 2014. Pending identification of a potential viable business, the timeframe for utilisation of the proceeds has been extended for another twelve months.

Proceeds not utilised as at 31 January 2015 are invested in unit trusts and deposits with financial institutions.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2015

B9 Group Borrowings and Debt Securities

- (a) Total borrowings of the Group of RM30.8 million as at 31 July 2014 were unsecured and were 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-Jan-15 RM'000	As at 31-Jul-14 RM'000
Short term borrowings		
Revolving credits	-	30,804
Long term borrowings	-	-
Total borrowings	<u>-</u>	<u>30,804</u>

- (c) All borrowings as at 31 July 2014 were denominated in Ringgit Malaysia.

B10 Disclosure of Realised and Unrealised Profits or Losses

	As at 31-Jan-15 RM'000	As at 31-Jul-14 RM'000
Total retained profits of the Company and its subsidiaries:		
- realised	526,400	500,406
- unrealised	3,365	3,616
	<u>529,765</u>	<u>504,022</u>
Consolidation adjustments	(3,739)	(3,269)
Total Group retained profits	<u>526,026</u>	<u>500,753</u>

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 January 2015 and 31 July 2014.

B12 Changes in Material Litigation

The Group does not have any material litigation as at 31 January 2015 which would materially affect the financial position or business of the Group.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2015

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months</u>	<u>3 months</u>	<u>6 months</u>	<u>6 months</u>
	<u>ended</u>	<u>ended</u>	<u>ended</u>	<u>ended</u>
	<u>31-Jan-15</u>	<u>31-Jan-14</u>	<u>31-Jan-15</u>	<u>31-Jan-14</u>
Profit for the financial period attributable to equity holders of the Company (RM'000)	<u>20,451</u>	46,653	<u>31,652</u>	60,167
Weighted average number of ordinary shares in issue ('000)	<u>255,159</u>	255,159	<u>255,159</u>	255,159
Basic earnings per share (sen)	<u>8.01</u>	<u>18.28</u>	<u>12.40</u>	<u>23.58</u>

There were no dilutive potential ordinary shares in issue as at 31 January 2015 and 31 January 2014.

By Order of the Board

Ooi Hui Ling
Company Secretary

Penang
26 March 2015