

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

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

	Note	As at 31-Jan-14 RM'000	As at 31-Jul-13 RM'000
Assets			
Cash and short term funds		8,111	1,251,907
Deposits and placements with banks and other financial institutions		639	33,475
Securities held-for-trading	A8	-	55,319
Securities available-for-sale ("AFS")	A9	490	1,413,331
Securities held-to-maturity	A10	-	370,268
Loans, advances and financing	A11	339,417	889,092
Clients' and brokers' balances	A12	-	225,613
Derivative assets	B10	-	36,579
Other assets	A13	3,569	159,307
Statutory deposits with Central Banks		-	84,314
Tax recoverable		7,320	15,656
Deferred tax assets		2,927	5,585
Investment in an associate		-	4,544
Property, plant and equipment		35,855	51,314
Investment properties		3,563	51,452
Intangible assets		5	162,509
		<u>401,896</u>	<u>4,810,265</u>
Non-current asset held for sale	A14	-	839
Assets of disposal group classified as held for sale	A24	4,203,078	-
Total assets		<u>4,604,974</u>	<u>4,811,104</u>
Liabilities			
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	B10	-	45,883
Other liabilities	A17	82,245	302,790
Taxation		1,335	1,624
Deferred tax liabilities		9	12
Borrowings	A18	379,443	450,637
		<u>463,032</u>	<u>3,811,663</u>
Liabilities of disposal group classified as held for sale	A24	3,069,684	-
Total liabilities		<u>3,532,716</u>	<u>3,811,663</u>
Equity			
Share capital		265,845	265,845
Reserves		774,085	711,922
Treasury shares, at cost		(16,061)	(16,061)
		<u>1,023,869</u>	<u>961,706</u>
Non-controlling interests		48,389	37,735
Total equity		<u>1,072,258</u>	<u>999,441</u>
Total liabilities and equity		<u>4,604,974</u>	<u>4,811,104</u>
Net assets per share attributable to equity holders of the Company (RM)		<u>4.01</u>	<u>3.77</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-DBS (MALAYSIA) BERHAD
(Company no. 238969-K)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2014

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		3 months ended 31-Jan-14 RM'000	(Restated) 3 months ended 31-Jan-13 RM'000	6 months ended 31-Jan-14 RM'000	(Restated) 6 months ended 31-Jan-13 RM'000
Operating revenue					
- Continuing Operations		10,237	11,519	20,737	23,814
- Discontinued Operations	A24	101,206	99,378	223,306	200,489
		<u>111,443</u>	<u>110,897</u>	<u>244,043</u>	<u>224,303</u>
<u>Continuing Operations</u>					
Interest income	A19	8,682	9,571	17,668	19,502
Interest expense	A20	(5,600)	(5,009)	(11,230)	(9,968)
Net interest income		<u>3,082</u>	<u>4,562</u>	<u>6,438</u>	<u>9,534</u>
Other operating income	A21	4,513	4,091	8,258	8,447
		<u>7,595</u>	<u>8,653</u>	<u>14,696</u>	<u>17,981</u>
Other operating expenses	A22	(5,385)	(4,497)	(10,587)	(9,950)
		<u>2,210</u>	<u>4,156</u>	<u>4,109</u>	<u>8,031</u>
Allowance for losses on:					
- loans, advances and financing	A23	(2,090)	(5,383)	(2,806)	(6,803)
Profit/(Loss) before taxation		<u>120</u>	<u>(1,227)</u>	<u>1,303</u>	<u>1,228</u>
Taxation	B6	(1,213)	335	(2,688)	(568)
(Loss)/Profit for the financial period from continuing operations		<u>(1,093)</u>	<u>(892)</u>	<u>(1,385)</u>	<u>660</u>
<u>Discontinued Operations</u>					
Profit for the financial period from discontinued operations	A24	<u>53,238</u>	<u>15,871</u>	<u>72,227</u>	<u>25,799</u>
Profit for the financial period		<u>52,145</u>	<u>14,979</u>	<u>70,842</u>	<u>26,459</u>
Attributable to:					
Equity holders of the Company					
- Continuing Operations		(1,048)	(856)	(1,306)	746
- Discontinued Operations		47,701	10,319	61,473	17,938
		<u>46,653</u>	<u>9,463</u>	<u>60,167</u>	<u>18,684</u>
Non-controlling interests					
- Continuing Operations		(45)	(36)	(79)	(86)
- Discontinued Operations		5,537	5,552	10,754	7,861
		<u>5,492</u>	<u>5,516</u>	<u>10,675</u>	<u>7,775</u>
		<u>52,145</u>	<u>14,979</u>	<u>70,842</u>	<u>26,459</u>
Basic earnings/(loss) per share attributable to equity holders of the Company (sen)					
- Continuing Operations		(0.41)	(0.34)	(0.51)	0.29
- Discontinued Operations		18.69	4.05	24.09	7.03
	B13	<u>18.28</u>	<u>3.71</u>	<u>23.58</u>	<u>7.32</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-DBS (MALAYSIA) BERHAD
(Company no. 238969-K)

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended	(Restated) 3 months ended	6 months ended	(Restated) 6 months ended
Note	31-Jan-14	31-Jan-13	31-Jan-14	31-Jan-13
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	52,145	14,979	70,842	26,459
Other comprehensive income for the financial period:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Discontinued Operations	A24 4,342	3,482	1,975	3,617
Total comprehensive income for the financial period				
- Continuing Operations	(1,093)	(892)	(1,385)	660
- Discontinued Operations	57,580	19,353	74,202	29,416
	56,487	18,461	72,817	30,076
Attributable to:				
Equity holders of the Company				
- Continuing Operations	(1,048)	(856)	(1,306)	746
- Discontinued Operations	52,053	13,801	63,469	21,555
	51,005	12,945	62,163	22,301
Non-controlling interests				
- Continuing Operations	(45)	(36)	(79)	(86)
- Discontinued Operations	5,527	5,552	10,733	7,861
	5,482	5,516	10,654	7,775
	56,487	18,461	72,817	30,076

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2014

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	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 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
At 1 August 2012											
- as previously reported	255,159	265,845	(16,061)	33,090	133,839	6,005	(11,896)	515,287	926,109	25,341	951,450
- effects of transition to MFRS	-	-	-	-	-	-	-	766	766	-	766
- as restated	255,159	265,845	(16,061)	33,090	133,839	6,005	(11,896)	516,053	926,875	25,341	952,216
Profit for the financial period	-	-	-	-	-	-	-	18,684	18,684	7,775	26,459
Other comprehensive income for the financial period, net of tax	-	-	-	-	-	3,913	(296)	-	3,617	-	3,617
Total comprehensive income for the financial period	-	-	-	-	-	3,913	(296)	18,684	22,301	7,775	30,076
Final dividend for the financial year ended 31 July 2012	-	-	-	-	-	-	-	(9,568)	(9,568)	-	(9,568)
Dividend paid by a subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	-	(2,350)	(2,350)
At 31 January 2013	255,159	265,845	(16,061)	33,090	133,839	9,918	(12,192)	525,169	939,608	30,766	970,374

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-DBS (MALAYSIA) BERHAD
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CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2014

	6 months ended 31-Jan-14 RM'000	6 months ended 31-Jan-13 RM'000
Operating activities		
Profit for the financial period	70,842	26,459
Adjustments for:		
Non-cash items	47,520	69,556
Non-operating items - investing	(79,252)	(41,467)
Non-operating items - financing	10,430	9,111
	49,540	63,659
Changes in working capital:		
Net changes in operating assets	(38,673)	(314,746)
Net changes in operating liabilities	(213,997)	165,640
	(203,130)	(85,447)
Interest paid	(45,685)	(38,695)
Taxation paid	(8,332)	(14,556)
Net operating cash flow	(257,147)	(138,698)
Investing activities		
Net disposal of securities	57,957	344,475
Interest received from securities	33,198	40,331
Dividends and income distributions received	4,742	3,611
Rental received	12	36
Proceeds from disposal of investment properties	9,800	-
Proceeds from disposal of other investments	4	-
Property, plant and equipment:		
- purchases	(1,242)	(3,848)
- proceeds from disposals	459	19
Net investing cash flow	104,930	384,624
Financing activities		
Dividends paid	-	(9,568)
Dividend paid by a subsidiary to non-controlling interests	-	(2,350)
Interest paid	(10,824)	(9,656)
Net (repayment)/drawdown of borrowings	(70,800)	17,650
Net financing cash flow	(81,624)	(3,924)
Net change in cash and cash equivalents	(233,841)	242,002
Foreign exchange differences	1,729	375
Cash and cash equivalents at beginning of the financial period	1,168,433	627,245
Cash and cash equivalents at end of the financial period	936,321	869,622
Cash and cash equivalents at end of the financial period comprise:		
Cash and short term funds	936,321	869,622

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 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"), that are effective for the Group for the financial year ending 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
MFRS 13	Fair Value Measurement
Amendments to MFRS 10, MFRS 11 and MFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendment to MFRS 101	Presentation of Financial Statements
Amendment to MFRS 116	Property, Plant and Equipment
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

The adoption of the above MFRSs does 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 except for the stockbroking operation which is dependent on the stock market performance.

A4 Exceptional Items

There are no exceptional items for the current quarter and financial period ended 31 January 2014 other than the net gain on disposal of an investment property held by a 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 period of the Discontinued Operations upon completion of the disposal of the said property on 15 January 2014, as disclosed in explanatory note B7(b).

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 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 January 2014 as compared with the prior financial year.

A6 Debts and Equity Securities

There are no issuance, cancellations, repurchase, resale and repayments of debt and equity securities for the financial period ended 31 January 2014.

A7 Dividends

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

The Board of Directors has not declared or recommended the payment of dividend in respect of the current financial year ending 31 July 2014.

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

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

A8 Securities Held-For-Trading

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

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

	As at 31-Jan-14 RM'000	As at 31-Jul-13 RM'000
At fair value:		
Quoted in Malaysia		
REITs	-	33,574
Unit trusts	-	138,682
Quoted outside Malaysia		
REITs	-	34,574
	-	206,830
Unquoted		
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
	-	1,412,841
At cost:		
Unquoted		
Shares	1,140	1,140
Accumulated impairment loss	(650)	(650)
	490	490
	490	1,413,331
	490	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. A deposit of RM100,000 has been received from the purchaser.

A10 Securities Held-To-Maturity

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

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

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

A11 Loans, Advances and Financing

	As at 31-Jan-14 RM'000	As at 31-Jul-13 RM'000
(a) By Type		
Term loans		
- housing loans	-	26,049
- syndicated term loans	-	190,979
- other term loans	571,106	735,902
Overdrafts	-	4,423
Share margin financing	-	168,036
Staff loans	-	619
Other financing	-	3,876
	<u>571,106</u>	<u>1,129,884</u>
Unearned interest	(221,559)	(216,211)
	<u>349,547</u>	<u>913,673</u>
Allowance for losses:		
- collective impairment	(9,502)	(15,273)
- individual impairment	(628)	(9,308)
Net loans, advances and financing	<u>339,417</u>	<u>889,092</u>
(b) By Type of Customer		
Domestic business enterprises		
- others	35,280	323,677
Individuals	235,299	366,778
Other domestic entities	78,968	85,437
Foreign business enterprises	-	33,500
Foreign individuals	-	104,281
	<u>349,547</u>	<u>913,673</u>
(c) By Geographical Distribution		
Malaysia	349,547	775,948
Cambodia	-	129,043
Hong Kong	-	7,564
Singapore	-	302
Other countries	-	816
	<u>349,547</u>	<u>913,673</u>
(d) By Interest Rate Sensitivity		
Fixed rate		
- other fixed rate loans/financing	349,547	653,048
- housing loans	-	26,049
Variable rate		
- cost-plus	-	234,576
	<u>349,547</u>	<u>913,673</u>

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

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

A11 Loans, Advances and Financing (cont'd)

	As at 31-Jan-14 RM'000	As at 31-Jul-13 RM'000
(e) By Purpose		
Purchase of landed properties		
- residential	-	25,218
- non-residential	-	23,508
Construction	-	5,070
Real estate	-	4,259
Purchase of securities	13,204	255,607
Working capital	24,970	119,130
Personal use	291,825	279,013
Mergers and acquisitions	-	80,895
Others	19,548	120,973
	<u>349,547</u>	<u>913,673</u>
(f) By Residual Contractual Maturity		
Within 1 year	70,130	349,694
1 year to 3 years	7,078	21,755
3 years to 5 years	22,254	95,343
Over 5 years	250,085	446,881
	<u>349,547</u>	<u>913,673</u>
(g) Impaired Loans, Advances and Financing by Purpose		
Purchase of landed properties		
- residential	-	371
- non-residential	-	164
Real estate	-	648
Working capital	1,393	9,564
Personal use	8,482	7,727
Others	-	106
	<u>9,875</u>	<u>18,580</u>
(h) Impaired Loans, Advances and Financing by Geographical Distribution		
Malaysia	9,875	12,592
Cambodia	-	5,988
	<u>9,875</u>	<u>18,580</u>

HWANG-DBS (MALAYSIA) BERHAD
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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2014

A11 Loans, Advances and Financing (cont'd)

	As at 31-Jan-14 RM'000	As at 31-Jul-13 RM'000
(i) Movements in Impaired Loans, Advances and Financing		
At beginning of the financial period/year	18,580	19,184
Attributable to disposal group	(5,987)	-
Classified as impaired	4,254	18,389
Reclassified as non-impaired	(704)	(5,170)
Amount recovered	(265)	(1,055)
Amount written off	(6,003)	(12,900)
Exchange differences	-	132
At end of the financial period/year	<u>9,875</u>	<u>18,580</u>
Gross impaired loans, advances and financing as a % of gross loans, advances and financing	<u>2.8%</u>	<u>2.0%</u>
(j) Movements in Allowance for Losses		
<u>Collective Impairment</u>		
At beginning of the financial period/year		
- as previously reported	15,273	11,436
- effects of transition to MFRS	-	(1,016)
- as restated	<u>15,273</u>	10,420
Attributable to disposal group	(7,052)	-
Net allowance made	3,151	7,189
Amount written off	(1,870)	(2,426)
Exchange differences	-	90
At end of the financial period/year	<u>9,502</u>	<u>15,273</u>
As a % of gross loans, advances and financing less individual impairment allowance	<u>2.7%</u>	<u>1.7%</u>
<u>Individual Impairment</u>		
At beginning of the financial period/year	9,308	11,521
Attributable to disposal group	(4,666)	-
Allowance made	-	8,172
Amount written back	-	(398)
Amount written off	(4,014)	(10,186)
Exchange differences	-	199
At end of the financial period/year	<u>628</u>	<u>9,308</u>

HWANG-DBS (MALAYSIA) BERHAD
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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2014

A12 Clients' and Brokers' Balances

	As at 31-Jan-14 RM'000	As at 31-Jul-13 RM'000
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

	As at 31-Jan-14 RM'000	As at 31-Jul-13 RM'000
Trade receivables, net of allowance for impairment of RM Nil (At 31 July 2013: RM510,000)	363	126,490
Clearing Guarantee Fund	-	2,114
Clearing Fund	-	1,000
Other receivables, deposits and prepayments	2,645	27,771
Other investments	561	1,932
	3,569	159,307

A14 Non-Current Asset Held For Sale

	As at 31-Jan-14 RM'000	As at 31-Jul-13 RM'000
Investment properties:		
Freehold land	-	839
	-	839

On 29 July 2013, a wholly-owned subsidiary of the Company, HDM Properties Sdn. Bhd. ("HDM") 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.

A15 Deposits from Customers

	As at 31-Jan-14 RM'000	As at 31-Jul-13 RM'000
(a) By Type of Deposit		
Demand deposits	-	2,332
Savings deposits	-	4,700
Fixed deposits	-	675,634
Negotiable instruments of deposits	-	3,481
Other deposits	-	4,157
	-	690,304
(b) By Type of Customer		
Government and statutory bodies	-	310,555
Business enterprises	-	284,000
Individuals	-	80,358
Others	-	15,391
	-	690,304

HWANG-DBS (MALAYSIA) BERHAD
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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2014

A15 Deposits from Customers (cont'd)

	As at 31-Jan-14 RM'000	As at 31-Jul-13 RM'000
(c) By Maturity Structure of Term Deposits		
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

	As at 31-Jan-14 RM'000	As at 31-Jul-13 RM'000
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

	As at 31-Jan-14 RM'000	As at 31-Jul-13 RM'000
Trade payables	-	182,613
Amounts due to clients and dealer's representatives	190	47,499
Other payables and accruals	82,055	72,678
	82,245	302,790
	82,245	302,790

A18 Borrowings

(a) Total borrowings of the Group of RM379.4 million as at 31 January 2014 are unsecured of which RM205.4 million revolving credit lines are covered by corporate guarantees issued by the Company for a subsidiary.

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

	As at 31-Jan-14 RM'000	As at 31-Jul-13 RM'000
Short term borrowings		
Revolving credits	379,443	450,637
Long term borrowings		
	-	-
Total borrowings	379,443	450,637
	379,443	450,637

(c) All borrowings are denominated in Ringgit Malaysia.

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A19 Interest Income

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jan-14 RM'000	(Restated) 3 months ended 31-Jan-13 RM'000	6 months ended 31-Jan-14 RM'000	(Restated) 6 months ended 31-Jan-13 RM'000
Loans, advances and financing	8,608	9,522	17,518	19,395
Money at call and deposit placements with financial institutions	74	49	150	107
	<u>8,682</u>	<u>9,571</u>	<u>17,668</u>	<u>19,502</u>

During the current financial period, interest income earned on impaired loans and receivables of the Continuing Operations of the Group of which impairment allowance has been made amounted to RM37,000 (Financial period ended 31 January 2013: RM Nil).

A20 Interest Expense

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jan-14 RM'000	(Restated) 3 months ended 31-Jan-13 RM'000	6 months ended 31-Jan-14 RM'000	(Restated) 6 months ended 31-Jan-13 RM'000
Borrowings	<u>(5,600)</u>	<u>(5,009)</u>	<u>(11,230)</u>	<u>(9,968)</u>

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A21 Other Operating Income

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jan-14 RM'000	(Restated) 3 months ended 31-Jan-13 RM'000	6 months ended 31-Jan-14 RM'000	(Restated) 6 months ended 31-Jan-13 RM'000
Fee and commission income:				
Arranger fees	1	3	6	122
Rollover fees	340	400	440	878
Commission	127	259	279	575
Other fees	350	565	851	1,305
	818	1,227	1,576	2,880
Net loss on securities held-for-trading:				
- net unrealised gain/(loss)	-	28	-	(81)
Gross dividends:				
- securities AFS	-	49	-	49
Other income:				
Net foreign exchange gain/(loss)	8	23	6	(1)
Rental Income	1,421	1,404	2,824	2,809
Reimbursement of research expenses	1,244	1,195	2,492	2,475
Net gain on disposal of an investment property	711	-	711	-
Others	311	165	649	316
	3,695	2,787	6,682	5,599
Total	4,513	4,091	8,258	8,447

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A22 Other Operating Expenses

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jan-14 RM'000	(Restated) 3 months ended 31-Jan-13 RM'000	6 months ended 31-Jan-14 RM'000	(Restated) 6 months ended 31-Jan-13 RM'000
Personnel costs:				
- Salaries, allowances and bonus	(3,057)	(2,373)	(5,728)	(5,511)
- Contributions to defined contribution plans	(453)	(320)	(846)	(612)
- Others	(85)	(92)	(162)	(201)
	<u>(3,595)</u>	<u>(2,785)</u>	<u>(6,736)</u>	<u>(6,324)</u>
Establishment related costs:				
- Depreciation	(549)	(316)	(1,316)	(632)
- Rental of premises	(85)	(82)	(170)	(165)
- Repairs and maintenance of premises and equipment	(11)	(9)	(20)	(19)
- Information technology expenses	(43)	(55)	(81)	(82)
- Others	(99)	(97)	(198)	(195)
	<u>(787)</u>	<u>(559)</u>	<u>(1,785)</u>	<u>(1,093)</u>
Promotion and marketing related expenses:				
- Promotion and business development	(78)	(78)	(155)	(155)
- Travelling and accommodation	(3)	(20)	(5)	(25)
- Incentives and commission	(384)	(380)	(901)	(973)
- Others	(29)	(29)	(51)	(94)
	<u>(494)</u>	<u>(507)</u>	<u>(1,112)</u>	<u>(1,247)</u>
Administrative and general expenses:				
- Professional and consultancy fees	(83)	(120)	(161)	(190)
- Communication expenses	(53)	(36)	(82)	(67)
- Regulatory charges	(9)	(10)	(17)	(17)
- Directors' fees	(81)	(76)	(162)	(157)
- Others	(283)	(404)	(532)	(855)
	<u>(509)</u>	<u>(646)</u>	<u>(954)</u>	<u>(1,286)</u>
Total	<u>(5,385)</u>	<u>(4,497)</u>	<u>(10,587)</u>	<u>(9,950)</u>

A23 Allowance for Losses on Loans, Advances and Financing

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jan-14 RM'000	(Restated) 3 months ended 31-Jan-13 RM'000	6 months ended 31-Jan-14 RM'000	(Restated) 6 months ended 31-Jan-13 RM'000
Individual impairment:				
- made	-	(4,014)	-	(4,642)
Collective impairment:				
- made	(2,168)	(1,525)	(3,151)	(2,463)
Bad debts:				
- recovered	171	252	465	437
- written off	(93)	(96)	(120)	(135)
	<u>(2,090)</u>	<u>(5,383)</u>	<u>(2,806)</u>	<u>(6,803)</u>

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A24 Discontinued Operations and Disposal Group Classified As Held For Sale

As disclosed in explanatory notes B7(c) and B7(e), the Company has entered into agreements with third parties in relation to the proposed disposals of the equity interests of the Group in the following entities ("proposed disposals"):

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

Arising from the proposed disposals, the Group has classified the entities, which are part of a single co-ordinated plan to dispose of major line of business of the Group, as Discontinued Operations and disposal group held for sale. The disposal of HCB together with its subsidiary, HwangDBS Securities (Cambodia) Plc was completed on 14 March 2014 and the proposed disposals of the remaining entities are expected to be completed in April 2014.

The applicable reportable segments of the disposal group as presented in explanatory note A28 are 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

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

- (a) The major classes of assets and liabilities of the disposal group classified as held for sale are as follows:

	Note	As at 31-Jan-14 RM'000
Cash and short term funds		1,006,205
Deposits and placements with banks and other financial institutions		21,810
Securities held-for-trading		171,740
Securities available-for-sale ("AFS")		1,430,699
Securities held-to-maturity		310,358
Loans, advances and financing		552,122
Clients' and brokers' balances		233,097
Derivative assets	B10	35,675
Other assets		173,211
Statutory deposits with Central Banks		80,013
Tax recoverable		4,529
Deferred tax assets		1,293
Investment in an associate		5,682
Property, plant and equipment		12,912
Intangible assets		162,502
		<u>4,201,848</u>
Non-current asset held for sale		1,230 *
Assets of disposal group classified as held for sale		<u>4,203,078</u>
Deposits from customers		825,772
Deposits and placements of banks and other financial institutions		1,753,202
Clients' and brokers' balances		226,795
Derivative liabilities	B10	47,103
Other liabilities		210,861
Taxation		4,518
Deferred tax liabilities		1,433
Liabilities of disposal group classified as held for sale		<u>3,069,684</u>

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A24 Discontinued Operations and Disposal Group Classified As Held For Sale (cont'd)

(a) The major classes of assets and liabilities of the disposal group classified as held for sale are as follows (cont'd):

* On 18 December 2013, a wholly-owned subsidiary of the Company, HwangDBS Investment Bank Berhad entered into a Sale and Purchase Agreement with a related company, HDM Properties Sdn. Bhd. to dispose of a freehold land for a cash consideration of RM5.0 million. The disposal was completed in March 2014.

(b) The analysis of financial results of the Discontinued Operations is as follows:

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		3 months ended 31-Jan-14 RM'000	(Restated) 3 months ended 31-Jan-13 RM'000	6 months ended 31-Jan-14 RM'000	(Restated) 6 months ended 31-Jan-13 RM'000
Operating revenue		101,206	99,378	223,306	200,489
Interest income		36,681	37,716	74,867	75,446
Interest expense		(20,386)	(21,890)	(41,724)	(43,523)
Net interest income		16,295	15,826	33,143	31,923
Other operating income		114,636	70,029	195,131	133,373
		130,931	85,855	228,274	165,296
Other operating expenses		(66,522)	(64,784)	(139,723)	(129,645)
(Allowance)/Write back of allowance for losses on:		64,409	21,071	88,551	35,651
- loans, advances and financing		(422)	(1,244)	(931)	(2,352)
- clients' balances and receivables		(11)	89	530	57
		63,976	19,916	88,150	33,356
Share of results of an associate, net of tax		661	258	1,121	400
Profit before taxation		64,637	20,174	89,271	33,756
Taxation	B6	(11,399)	(4,303)	(17,044)	(7,957)
Profit for the financial period from discontinued operations		53,238	15,871	72,227	25,799
Other comprehensive income for the financial period:					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Currency translation differences arising from foreign operations		7,348	2,265	3,704	(296)
Securities AFS:					
- net change in fair value		(3,960)	2,212	(2,083)	6,086
- net gain transferred to income statement on disposal		(51)	(590)	(228)	(869)
Share of AFS reserve of an associate		8	-	16	-
Income tax relating to components of other comprehensive income		997	(405)	566	(1,304)
		4,342	3,482	1,975	3,617
Total comprehensive income for the financial period		57,580	19,353	74,202	29,416

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A24 Discontinued Operations and Disposal Group Classified As Held For Sale (cont'd)

(c) The net cash flows attributable to the Discontinued Operations are as follows:

	6 months ended 31-Jan-14 RM'000	6 months ended 31-Jan-13 RM'000
Operating activities	(327,673)	(115,229)
Investing activities	103,840	385,256
Financing activities	-	(2,350)
	<u>(223,833)</u>	<u>267,677</u>

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A25 Commitments and Contingencies

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

	As at 31-Jan-14 [^]			As at 31-Jul-13		
	Principal amount RM'000	Credit equivalent amount* RM'000	Risk- weighted amount RM'000	Principal amount RM'000	Credit equivalent amount* RM'000	Risk- weighted amount RM'000
Commitments						
Obligations under underwriting agreement	19,917	9,958	9,958	-	-	-
Commitments to extend credits with maturity of ⁽¹⁾ :						
- up to 1 year	286,175	-	-	353,243	5,385	5,385
- over 1 year	101,536	54,501	50,768	101,522	53,033	50,760
	407,628	64,459	60,726	454,765	58,418	56,145
Derivative financial instruments						
Foreign exchange related contracts:						
- up to 1 year	1,316,659	37,819	26,478	1,573,044	49,452	34,946
- over 1 year to 5 years	893,824	96,349	37,179	792,008	94,027	31,881
Interest rate related contracts:						
- up to 1 year	200,000	519	180	253,000	180	180
- over 1 year to 5 years	100,000	5,003	2,502	100,000	5,892	2,946
	2,510,483	139,690	66,339	2,718,052	149,551	69,953
Total	2,918,111	204,149	127,065	3,172,817	207,969	126,098

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

[^] The commitments and contingencies are in respect of disposal group classified as held for sale.

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

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A26 Other Commitments

	As at 31-Jan-14 RM'000	As at 31-Jul-13 RM'000
Capital expenditure commitments		
- Continuing Operations	284	367
- Disposal group classified as held for sale	14,175	14,973
	<u>14,459</u>	<u>15,340</u>
Non-cancellable operating lease commitments		
- Continuing Operations	160	353
- Disposal group classified as held for sale	4,985	6,121
	<u>5,145</u>	<u>6,474</u>
	<u>19,604</u>	<u>21,814</u>

A27 Capital Adequacy

Discontinued Operations

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

The capital adequacy ratios of the investment banking subsidiary, HwangDBS IB are 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 adopts the Standardised Approach for credit and market risks, and the Basic Indicator Approach for operational risk at both entity and consolidated levels.

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

	Investment Banking Group		HwangDBS IB	
	31-Jan-14 RM'000	31-Jul-13 RM'000	31-Jan-14 RM'000	31-Jul-13 RM'000
Common Equity Tier I (CET 1) Capital				
Issued and fully paid ordinary shares	500,000	500,000	500,000	500,000
Retained profits	216,854	216,854	214,038	214,038
AFS reserve	3,564	3,564	3,564	3,564
Statutory reserve	148,861	148,861	148,861	148,861
	<u>869,279</u>	<u>869,279</u>	<u>866,463</u>	<u>866,463</u>
Less: Regulatory adjustments	(164,925)	(164,925)	(165,005)	(164,925)
CET 1 Capital	<u>704,354</u>	<u>704,354</u>	<u>701,458</u>	<u>701,538</u>
Additional Tier 1 Capital				
Non-controlling interests	218	208	-	-
Tier 1 Capital	<u>704,572</u>	<u>704,562</u>	<u>701,458</u>	<u>701,538</u>
Tier 2 Capital				
Non-controlling interests	52	49	-	-
Collective impairment allowances	5,365	5,476	5,365	5,476
Less: Regulatory adjustments	-	-	(319)	(399)
Tier 2 Capital	<u>5,417</u>	<u>5,525</u>	<u>5,046</u>	<u>5,077</u>
Total Capital	<u>709,989</u>	<u>710,087</u>	<u>706,504</u>	<u>706,615</u>
CET1 Capital ratio	30.123%	30.046%	30.098%	30.020%
Tier 1 Capital ratio	30.132%	30.055%	30.098%	30.020%
Total Capital ratio	<u>30.364%</u>	<u>30.291%</u>	<u>30.315%</u>	<u>30.237%</u>

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

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

	As at 31-Jan-14	As at 31-Jul-13
Solvency ratio	<u>62.786%</u>	<u>63.569%</u>

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A28 Segmental Information

The Group is organised into the following operating segments:

Continuing Operations

- Moneylending - moneylending 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 other non-core operations of the Group

The segmental information are as follows:

	<u>Continuing Operations</u>				<u>Discontinued Operations</u>							Grand total RM'000	Elimination RM'000	Group RM'000
	Money-lending RM'000	Others RM'000	Inter-segment elimination RM'000	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	Total RM'000			
6 months ended 31 January 2014														
Revenue														
External revenue *	19,093	1,644	-	20,737	59,456	51,213	104,419	6,691	1,527	-	223,306	244,043	-	244,043
Inter-segment revenue	-	3,788	-	3,788	-	870	(122)	-	174	(122)	800	4,588	(4,588)	-
Total revenue	<u>19,093</u>	<u>5,432</u>	<u>-</u>	<u>24,525</u>	<u>59,456</u>	<u>52,083</u>	<u>104,297</u>	<u>6,691</u>	<u>1,701</u>	<u>(122)</u>	<u>224,106</u>	<u>248,631</u>	<u>(4,588)</u>	<u>244,043</u>
Net interest income/(expense)	12,692	(6,254)	-	6,438	10,417	15,086	1,659	5,175	806	-	33,143	39,581	-	39,581
Other operating income	2,228	6,140	(110)	8,258	79,598	11,252	105,540	346	1,730	(3,335)	195,131	203,389	(3,922)	199,467
Other operating expenses	14,920	(114)	(110)	14,696	90,015	26,338	107,199	5,521	2,536	(3,335)	228,274	242,970	(3,922)	239,048
	(4,373)	(6,232)	18	(10,587)	(45,985)	(9,764)	(77,866)	(3,971)	(2,400)	263	(139,723)	(150,310)	3,922	(146,388)
	<u>10,547</u>	<u>(6,346)</u>	<u>(92)</u>	<u>4,109</u>	<u>44,030</u>	<u>16,574</u>	<u>29,333</u>	<u>1,550</u>	<u>136</u>	<u>(3,072)</u>	<u>88,551</u>	<u>92,660</u>	<u>-</u>	<u>92,660</u>
(Allowance)/Write back of allowance for losses on:														
- loans, advances and financing	(2,806)	-	-	(2,806)	(23)	134	-	(1,042)	-	-	(931)	(3,737)	-	(3,737)
- clients' balances and receivables	-	(50)	50	-	463	67	-	-	-	-	530	530	-	530
Segment profit/(loss)	<u>7,741</u>	<u>(6,396)</u>	<u>(42)</u>	<u>1,303</u>	<u>44,470</u>	<u>16,775</u>	<u>29,333</u>	<u>508</u>	<u>136</u>	<u>(3,072)</u>	<u>88,150</u>	<u>89,453</u>	<u>-</u>	<u>89,453</u>
Share of results of an associate, net of tax											1,121	1,121		1,121
Profit before taxation											<u>89,271</u>	<u>90,574</u>		<u>90,574</u>

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

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A28 Segmental Information (cont'd)

	Continuing Operations				Discontinued Operations							Grand total RM'000	Elimination RM'000	Group RM'000
	Money-lending RM'000	Others RM'000	Inter-segment elimination RM'000	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	Total RM'000			
6 months ended 31 January 2013 (Restated)														
Revenue														
External revenue *	22,275	1,539	-	23,814	41,613	61,295	90,534	5,311	1,736	-	200,489	224,303	-	224,303
Inter-segment revenue	-	36,809	(32,980)	3,829	-	858	(105)	-	176	(71)	858	4,687	(4,687)	-
Total revenue	<u>22,275</u>	<u>38,348</u>	<u>(32,980)</u>	<u>27,643</u>	<u>41,613</u>	<u>62,153</u>	<u>90,429</u>	<u>5,311</u>	<u>1,912</u>	<u>(71)</u>	<u>201,347</u>	<u>228,990</u>	<u>(4,687)</u>	<u>224,303</u>
Net interest income/(expense)	15,545	(6,011)	-	9,534	11,308	14,152	1,094	4,246	1,123	-	31,923	41,457	-	41,457
Other operating income	3,116	38,320	(32,989)	8,447	28,286	11,996	91,138	435	1,915	(397)	133,373	141,820	(3,963)	137,857
Other operating expenses	18,661	32,309	(32,989)	17,981	39,594	26,148	92,232	4,681	3,038	(397)	165,296	183,277	(3,963)	179,314
	(4,610)	(5,360)	20	(9,950)	(42,132)	(10,854)	(70,507)	(3,649)	(2,775)	272	(129,645)	(139,595)	3,963	(135,632)
(Allowance)/Write back of allowance for losses on:	14,051	26,949	(32,969)	8,031	(2,538)	15,294	21,725	1,032	263	(125)	35,651	43,682	-	43,682
- loans, advances and financing	(6,803)	-	-	(6,803)	357	(827)	-	(1,847)	-	(35)	(2,352)	(9,155)	-	(9,155)
- clients' balances and receivables	-	(4)	4	-	57	-	-	-	-	-	57	57	-	57
Segment profit/(loss)	<u>7,248</u>	<u>26,945</u>	<u>(32,965)</u>	<u>1,228</u>	<u>(2,124)</u>	<u>14,467</u>	<u>21,725</u>	<u>(815)</u>	<u>263</u>	<u>(160)</u>	<u>33,356</u>	<u>34,584</u>	<u>-</u>	<u>34,584</u>
Share of results of an associate, net of tax											400	400		400
Profit before taxation											<u>33,756</u>	<u>34,984</u>		<u>34,984</u>

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

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

A29 Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction.

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.

Financial instruments measured at fair value

The Group classifies financial instruments measured at fair value based on the following fair value hierarchy, which reflects the significance of the inputs used in fair value measurement:

- 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)

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-14[^]				
<u>Financial assets</u>				
Securities held-for-trading				
- Quoted securities	36,950	36,950	-	-
- Unquoted debt securities	134,790	-	134,790	-
Securities AFS				
- Quoted securities	267,790	267,790	-	-
- Unquoted debt securities	1,162,909	-	1,162,909	-
Derivative assets	35,675	-	35,675	-
	<u>1,638,114</u>	<u>304,740</u>	<u>1,333,374</u>	<u>-</u>
<u>Financial liabilities</u>				
Derivative liabilities	47,103	-	47,103	-
31-Jul-13				
<u>Financial assets</u>				
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>
<u>Financial liabilities</u>				
Derivative liabilities	45,883	-	45,883	-

[^] Included in assets and liabilities of disposal group classified as held for sale respectively.

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A29 Fair value of financial instruments (cont'd)

Financial instruments not measured at fair value

As at the financial period ended 31 January 2014, the fair values of significant financial instruments of the Group (excluding disposal group classified as held for sale), which are not measured at fair value, approximate their carrying amounts, except as disclosed below:

	As at 31-Jan-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	339,417	348,657	889,092	897,595

Disposal group classified as held-for-sale

The fair values of significant financial instruments of the disposal group classified as held for sale, which are not measured at fair value, approximate their carrying amounts as at 31 January 2014, except as disclosed below:

	As at 31-Jan-14	
	Carrying amount RM'000	Fair value RM'000
Securities held-to-maturity	310,358	332,637

A30 Subsequent Events

There are no material events subsequent to the end of the financial period ended 31 January 2014 except as disclosed in explanatory notes B7(a), B7(c), B7(e) and B7(f).

A31 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 2014.

A32 Changes in Contingent Liabilities or Contingent Assets

Please refer to explanatory note A25.

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

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

Continuing Operations

Operating revenue of the Continuing Operations for the six months ended 31 January 2014 is RM20.7 million compared to RM23.8 million in the previous corresponding financial period. On a similar trend, operating revenue for the current quarter under review is lower at RM10.2 million compared to RM11.5 million in the previous corresponding quarter. This was primarily attributed to reduction in interest income and fee based income of the moneylending segment.

Pretax profit of the Continuing Operations of RM1.3 million for the first half year of the financial year 2014 is marginally higher than RM1.2 million posted in the previous corresponding financial period, mainly due to lower loan loss provisioning and net gain on disposals of properties, partially offset by reduction in net interest income, lower fee based income and relatively higher operating expenses. Pretax profit of the Continuing Operations for the three months ended 31 January 2014 is RM0.1 million in contrast to a pretax loss of RM1.2 million in the previous corresponding quarter, mainly attributable to lower loan loss provisioning and net gain on disposals of properties, partially offset by reduction in net interest income and higher personnel costs.

Discontinued Operations

Operating revenue of the Discontinued Operations for the first half year of the financial year 2014 is higher at RM223.3 million compared to RM200.5 million. The increase in operating revenue is mainly driven by higher fund management fee income, increased gains on securities trading activities and higher stockbroking brokerage income, partly offset by unfavourable effects from dealings in foreign exchange. For the current quarter under review, the operating revenue of the Discontinued Operations increased marginally to RM101.2 million from RM99.4 million in the previous corresponding quarter, mainly due to increased gains on securities trading activities and higher stockbroking brokerage income, partially offset by unfavourable effects from dealing in foreign exchange, reduction in interest income and initial service fee income.

Pretax profit of the Discontinued Operations before the exceptional net gain (as disclosed in explanatory note A4) is RM54.4 million for the financial period ended 31 January 2014, representing a 61% increase compared to RM33.8 million recorded in the corresponding six months ended 31 January 2013. The higher profitability is largely contributed collectively by increase in fund management fee income, higher net gain on disposal of securities, net gain on derivatives portfolio coupled with increase in stockbroking brokerage income, partly offset by reduction in net gain on foreign exchange and higher personnel costs. For the second quarter of the financial year 2014, the pretax profit of the Discontinued Operations before the exceptional net gain is RM29.7 million compared to RM20.2 million recorded in the previous corresponding quarter ended 31 January 2013. This was mainly attributed to net gain on derivatives portfolio, higher net gain on disposal of securities as well as increase in stockbroking brokerage income, partially offset by lower net gain on foreign exchange.

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

Continuing Operations

(a) Moneylending

The moneylending segment posted a 71% increase in pretax profit to RM3.1 million compared to RM1.8 million recorded in the previous corresponding three-month period last year. For the first six months of the financial year 2014, pretax profit of the segment of RM7.7 million is marginally higher compared to RM7.2 million recorded in the previous corresponding financial period.

For the current quarter under review, the segment has benefited from the absence of individual impairment loan loss provisioning, which has resulted in higher pretax profit. This was however, partially offset by the decline in net interest income and fee based income.

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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):

Discontinued Operations

(b) Stockbroking

The stockbroking segment recorded a pretax profit before the exceptional net gain of RM9.6 million against the pretax loss of RM2.1 million for the corresponding financial period a year earlier. On a similar trend, the segment recorded a pretax profit before the exceptional net gain of RM4.5 million for the current quarter under review against the pretax loss of RM1.1 million for the corresponding quarter ended 31 January 2013.

The stockbroking segment attributed the profitability for the current quarter and financial period ended 31 January 2014 to higher brokerage income and increased net gain on securities trading, partially offset by higher personnel costs. The increase in brokerage income for the current financial period under review is against the backdrop of a 41% increase in Bursa value traded to RM269.31 billion from RM191.22 billion in the previous corresponding financial period.

(c) Investment banking

For the first six months of the financial year 2014, the investment banking segment reported a 16% increase in pretax profit of RM16.8 million compared to RM14.5 million recorded in the corresponding six months ended 31 January 2013. This was mainly attributed to the higher pretax profit of RM12.2 million achieved in the current quarter under review relative to the pretax profit of RM6.8 million for the previous corresponding quarter.

Higher earnings of the investment banking segment for the first half year of the financial year 2014 is largely contributed by net gain on derivatives portfolio, net gain on disposal of securities held-to-maturity, higher net interest income and lower loan loss provisioning, the effects of which are partially offset by lower net gain on foreign exchange for the current financial period. On a quarter-to-quarter basis, the increase in pretax profit is mainly attributable to net gain on derivatives portfolio and net gain on disposal of securities held-to-maturity, partially offset by decline in net gain on foreign exchange for the current quarter under review.

(d) Investment management

For the current quarter under review, the investment management segment turned in a marginally higher pretax profit of RM15.0 million compared to RM14.7 million recorded in the previous corresponding quarter. The cumulative pretax profit of the segment for the period to date amounted to RM29.3 million, a 35% increase from RM21.7 million posted in the previous corresponding financial period. As at 31 January 2014, the assets under management increased to RM24.76 billion (As at 31 January 2013: RM19.69 billion).

The segment's higher profitability for the current financial period under review is mainly driven by increase in fund management fee income, higher initial service fee income and lower agents' commission expenses, partly offset by increase in personnel costs.

(e) Commercial banking

The commercial banking segment posted a pretax profit of RM0.1 million for the current quarter ended 31 January 2014 in contrast to the pretax loss of RM0.5 million in the previous corresponding quarter. The pretax profit of the segment for the six months ended 31 January 2014 is RM0.5 million against the pretax loss of RM0.8 million recorded in the previous corresponding financial period.

The improved financial performance of the segment is mainly attributable to increase in net interest income supported by growth in loan portfolio and relatively lower loan loss provisioning, partly offset by higher personnel costs. As at 31 January 2014, the loan portfolio of the segment is at RM138.2 million (As at 31 January 2013: RM103.4 million).

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

Continuing Operations

Compared to the preceding quarter ended 31 October 2013, the pretax profit of the Continuing Operations is lower at RM0.1 million against RM1.2 million recorded in the preceding three-month period, mainly due to higher collective impairment allowance linked to the moneylending segment.

Discontinued Operations

Pretax profit of the Discontinued Operations before the exceptional net gain for the second quarter ended 31 January 2014 is higher at RM29.7 million compared to RM24.6 million recorded in the preceding quarter ended 31 October 2013. The increase in profitability is primarily attributed to reduction in agents' commission of the investment management segment, partially offset by higher establishment costs and decrease in net interest income.

B3 Commentary

(a) Current Year's Prospects

The Malaysian economy is expected to remain steady, supported by the Government's Economic Transformation Programs (ETP) and the Central Bank's accommodative monetary policy.

Continuing Operations

After the Proposed Disposal as disclosed in explanatory notes B7(c) and B7(e), the Board will focus on the growth of the Group's moneylending segment and continue to develop its marketing strategies and execution capabilities to enhance its clients' service level. In addition, the Group will pursue and explore other potential new business ventures when the opportunity arises.

Discontinued Operations

The Malaysian stock market will remain volatile given the uncertain global equities outlook as the US begins a gradual tapering process of its quantitative easing program. Nevertheless, any orderly foreign fund outflows will likely be absorbed by ample domestic liquidity. The Group's stockbroking segment will continue to be driven by erratic trading volume and competitive brokerage rates while the investment banking business will continue to hinge on its treasury and fee-based activities arising from business opportunities in the capital market. Overall, the Group's stockbroking and investment banking businesses will continue to operate in a challenging industry environment.

The investment management segment will continue to grow its business and will capitalise on its regional growth opportunities to further expand its asset and client base. The segment will continue to remain focus on increasing its AUM and revenue, launching of new and innovative funds, consolidating and re-packaging the existing funds and mandates as well as focusing on growing the Private Retirement Funds in the current financial year under review. The segment will also embark on investing in and strengthening its system infrastructure and distribution channels to meet the various business requirements.

The commercial banking segment will continue to grow its loans and deposits portfolio by concentrating on the retail and housing sectors as well as the SMEs amidst increasing competition within the banking industry in Cambodia.

The Group will continue to maintain its prudent risk management approach and take measures to preserve its asset base.

The Board of Directors is of the view that the Group will perform satisfactorily in the remaining quarters of the financial year ending 31 July 2014.

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B3 Commentary (cont'd)

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

Not applicable.

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

Not applicable.

B5 Profit Forecast and Profit Guarantee

Not applicable.

B6 Taxation

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	(Restated)	(Restated)	(Restated)	(Restated)
	3 months	3 months	6 months	6 months
	ended	ended	ended	ended
	31-Jan-14	31-Jan-13	31-Jan-14	31-Jan-13
	RM'000	RM'000	RM'000	RM'000
<u>Continuing Operations</u>				
In respect of the current financial year:				
Malaysian income tax	(1,293)	379	(3,120)	(725)
Deferred tax	80	(44)	432	157
	(1,213)	335	(2,688)	(568)
<u>Discontinued Operations</u>				
In respect of the current financial year:				
Malaysian income tax	(282)	(2,034)	(9,751)	(8,076)
Foreign income tax	(16)	(28)	(60)	(53)
Real property gains tax	(3,439)	-	(3,439)	-
Deferred tax	(7,662)	(2,241)	(3,794)	172
	(11,399)	(4,303)	(17,044)	(7,957)
	(12,612)	(3,968)	(19,732)	(8,525)

The effective tax rate of the Group for the current quarter and financial period ended 31 January 2014 is lower than the statutory tax rate mainly due to certain income which are not subject to tax, partially offset by certain expenses which are not deductible for tax purposes and real property gains tax relating to disposal of an investment property during the current quarter.

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B7 Status of Corporate Proposals

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

- (a) 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 been dissolved at 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 ending 31 July 2014.

- (b) On 18 October 2013, a wholly-owned subsidiary of the Company, HwangDBS Investment Bank Berhad ("HwangDBS IB") 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.
- (c) 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 ("HCB") for a total cash consideration of USD40 million. The proposal will involve the disposal of the 100% equity interest in HCB and its subsidiary, HwangDBS Securities (Cambodia) Plc.

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

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

- HDM Private Equity Sdn. Bhd. ("HPE")
- HDM Capital Management Sdn. Bhd. ("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 ending 31 July 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 proposed disposal by the Company of its 100% equity interest in HwangDBS IB and its subsidiaries and associate, following the Proposed Pre-Closing Reorganisation, as defined below ("Proposed 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 Proposed Disposal, subject to the relevant requirements imposed by other regulatory authorities.

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B7 Status of Corporate Proposals (cont'd)

(e)

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

Proposed Pre-Closing Reorganisation

(i) HwangDBS IB 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 HwangDBS IB:

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

Proposed HwangDBS IB Disposal

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

(i) 100% direct equity interest in HwangDBS IB;

(ii) subsidiaries and associate of HwangDBS IB, following the Proposed 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 Proposed HwangDBS IB Disposal was approved by the shareholders of the Company at the extraordinary general meeting held on 27 March 2014 and the Proposed Disposal is expected to be completed in April 2014.

(f) On 11 February 2014, the Company announced that the Company is proposing to change its name to "Hwang Capital (Malaysia) Berhad", which is conditional upon the completion of the Proposed 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 use of the proposed new name "Hwang Capital (Malaysia) Berhad" was approved by CCM on 29 January 2014.

The proposed change of name was approved by the shareholders of the Company at the extraordinary general meeting held on 27 March 2014 and will take effect after the completion of the Proposed Disposal and upon the issuance of the Certificate of Incorporation on Change of Name of Company by CCM.

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B8 Group Borrowings and Debt Securities

Please refer to explanatory note A18.

B9 Disclosure of Realised and Unrealised Profits or Losses

	As at 31-Jan-14 RM'000	As at 31-Jul-13 RM'000
Total retained profits of the Company and its subsidiaries:		
- realised	628,469	555,512
- unrealised	3,167	6,328
	631,636	561,840
Total share of retained profits/(accumulated losses) of associate:		
- realised	712	(409)
	632,348	561,431
Consolidation adjustments	(39,094)	(28,344)
Total Group retained profits	593,254	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.

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B10 Disclosure of Derivatives

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

	As at 31-Jan-14		As at 31-Jul-13	
	Fair value		Fair value	
	Derivative assets*	Derivative liabilities*	Derivative assets	Derivative liabilities
	RM'000	RM'000	RM'000	RM'000
Foreign exchange related contracts:				
- currency forwards	18,273	(527)	22,932	(1,618)
- currency swaps	3,654	(21,973)	3,442	(28,817)
- currency options	1	(1)	1	(1)
- cross currency interest rate swaps	11,750	(24,588)	8,117	(14,878)
Interest rate related contracts:				
- futures contracts	-	-	298	-
- interest rate swaps	1,997	(14)	2,087	(569)
	35,675	(47,103)	36,877	(45,883)
Less:				
Fair value of futures contracts included in other assets	-	-	(298)	-
	35,675	(47,103)	36,579	(45,883)

* Included in assets and liabilities of disposal group classified as held for sale respectively.

(b) The principal amount and fair value of derivatives held by the Group at 31 January 2014 classified by the remaining periods to maturity are as follows:

Type of Derivatives	Cash requirement RM'000	1 year or less RM'000	> 1 to 3 years RM'000	> 3 years RM'000	Total RM'000
(i) Principal amount					
Foreign exchange related contracts					
- currency forwards	-	467,160	125,074	-	592,234
- currency swaps	-	808,021	125,170	-	933,191
- currency options	-	567	-	-	567
- cross currency interest rate swaps	10,113	40,911	243,957	399,623	684,491
Interest rate related contracts					
- interest rate swaps	-	200,000	-	100,000	300,000
	10,113	1,516,659	494,201	499,623	2,510,483

Type of Derivatives	1 year or less RM'000	> 1 to 3 years RM'000	> 3 years RM'000	Total RM'000
(ii) Fair value				
Foreign exchange related contracts				
- currency forwards	12,207	5,539	-	17,746
- currency swaps	(12,878)	(5,441)	-	(18,319)
- currency options	-	-	-	-
- cross currency interest rate swaps	297	(6,827)	(6,308)	(12,838)
Interest rate related contracts				
- interest rate swaps	(10)	-	1,993	1,983
	(384)	(6,729)	(4,315)	(11,428)

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B10 Disclosure of Derivatives (cont'd)

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

Credit risk

Derivative contracts are subject to credit risk, which refers to the potential risk of financial loss arising from defaults by counterparties in meeting their obligations. As at the end of the reporting period, the amount of credit risk of the Group, measured in terms of the cost to replace profitable contracts is RM35.7 million (At 31 July 2013: RM36.9 million). The amount will increase or decrease over the contracted periods, mainly as a function of movements in market rates and time.

Market risk

Market risk is the risk of loss arising from changes in market interest rates, foreign exchange rates and equity prices underlying derivative contracts. The contractual amounts of derivatives only provide a measure of the Group's involvement in the respective type of derivatives and do not represent the amount subject to risk. As at the end of the reporting period, the net exposure of the Group to market risk, which were not hedged amounted to RM187.1 million (At 31 July 2013: RM68.3 million).

Liquidity risk

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

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

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

B11 Changes in Material Litigation

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

B12 Dividends

Please refer to explanatory note A7.

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

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

B13 Earnings/(Loss) Per Share Attributable to Equity Holders of the Company

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jan-14	3 months ended 31-Jan-13	6 months ended 31-Jan-14	6 months ended 31-Jan-13
Profit for the financial period attributable to equity holders of the Company (RM'000)	<u>46,653</u>	9,463	<u>60,167</u>	<u>18,684</u>
Weighted average number of ordinary shares in issue ('000)	<u>255,159</u>	255,159	<u>255,159</u>	<u>255,159</u>
Basic earnings per share (sen)	<u><u>18.28</u></u>	<u>3.71</u>	<u><u>23.58</u></u>	<u>7.32</u>

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

By Order of the Board

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

**Penang
31 March 2014**