

**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 30 APRIL 2014**

	Note	As at 30-Apr-14 RM'000	As at 31-Jul-13 RM'000
<b>Assets</b>			
Cash and short term funds		12,880	1,251,907
Deposits and placements with banks and other financial institutions		644	33,475
Securities held-for-trading	A8	-	55,319
Securities available-for-sale ("AFS")	A9	1,001,681	1,413,331
Securities held-to-maturity	A10	-	370,268
Loans, advances and financing	A11	378,504	889,092
Clients' and brokers' balances	A12	-	225,613
Derivative assets	B11	-	36,579
Other assets	A13	61,773	159,307
Statutory deposits with Central Banks		-	84,314
Tax recoverable		-	15,656
Deferred tax assets		3,248	5,585
Investment in an associate		-	4,544
Property, plant and equipment		3,137	51,314
Investment properties		37,257	51,452
Intangible assets		5	162,509
		<u>1,499,129</u>	<u>4,810,265</u>
Non-current asset held for sale	A14	-	839
Assets of disposal group classified as held for sale	A24(d)	1,301	-
<b>Total assets</b>		<u><u>1,500,430</u></u>	<u><u>4,811,104</u></u>
<b>Liabilities</b>			
Deposits from customers	A15	-	690,304
Deposits and placements of banks and other financial institutions	A16	-	2,096,449
Clients' and brokers' balances		-	223,964
Derivative liabilities	B11	-	45,883
Other liabilities	A17	675,316	302,790
Taxation		1,102	1,624
Deferred tax liabilities		21	12
Borrowings	A18	48,866	450,637
		<u>725,305</u>	<u>3,811,663</u>
Liabilities of disposal group classified as held for sale	A24(d)	521	-
<b>Total liabilities</b>		<u><u>725,826</u></u>	<u><u>3,811,663</u></u>
<b>Equity</b>			
Share capital		255,159	265,845
Reserves		519,063	711,922
Treasury shares, at cost		-	(16,061)
		<u>774,222</u>	<u>961,706</u>
Non-controlling interests		382	37,735
<b>Total equity</b>		<u><u>774,604</u></u>	<u><u>999,441</u></u>
<b>Total liabilities and equity</b>		<u><u>1,500,430</u></u>	<u><u>4,811,104</u></u>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>		<u><u>3.03</u></u>	<u><u>3.77</u></u>

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

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

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED INCOME STATEMENT**  
**FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2014**

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		3 months	3 months	9 months	9 months
		ended	ended	ended	ended
		(Restated)	(Restated)		
		30-Apr-14	30-Apr-13	30-Apr-14	30-Apr-13
		RM'000	RM'000	RM'000	RM'000
<b>Operating revenue</b>					
- Continuing operations		12,934	11,748	32,580	34,504
- Discontinued operations	A24(f)	75,654	99,278	300,051	300,825
		<u>88,588</u>	<u>111,026</u>	<u>332,631</u>	<u>335,329</u>
<b><u>Continuing operations</u></b>					
Interest income	A19	9,069	10,155	26,731	29,649
Interest expense	A20	(3,834)	(5,000)	(15,064)	(14,968)
<b>Net interest income</b>		<u>5,235</u>	<u>5,155</u>	<u>11,667</u>	<u>14,681</u>
Other operating income	A21	7,545	3,008	13,311	8,980
		<u>12,780</u>	<u>8,163</u>	<u>24,978</u>	<u>23,661</u>
Other operating expenses	A22	(4,878)	(3,671)	(12,973)	(11,147)
		<u>7,902</u>	<u>4,492</u>	<u>12,005</u>	<u>12,514</u>
Allowance for losses on:					
- loans, advances and financing	A23	(1,619)	(1,097)	(4,425)	(7,900)
<b>Profit before taxation</b>		<u>6,283</u>	<u>3,395</u>	<u>7,580</u>	<u>4,614</u>
Taxation	B6	(1,525)	(974)	(4,045)	(1,359)
<b>Profit for the financial period from continuing operations</b>		<u>4,758</u>	<u>2,421</u>	<u>3,535</u>	<u>3,255</u>
<b><u>Discontinued operations</u></b>					
<b>Profit for the financial period from discontinued operations</b>	A24(f)	<u>386,517</u>	<u>11,771</u>	<u>458,582</u>	<u>37,396</u>
<b>Profit for the financial period</b>		<u>391,275</u>	<u>14,192</u>	<u>462,117</u>	<u>40,651</u>
<b>Attributable to:</b>					
Equity holders of the Company					
- Continuing operations		4,758	2,421	3,535	3,255
- Discontinued operations		382,372	8,930	443,762	26,780
		<u>387,130</u>	<u>11,351</u>	<u>447,297</u>	<u>30,035</u>
Non-controlling interests					
- Discontinued operations		4,145	2,841	14,820	10,616
		<u>391,275</u>	<u>14,192</u>	<u>462,117</u>	<u>40,651</u>
<b>Basic earnings per share attributable to equity holders of the Company (sen)</b>					
- Continuing operations		1.86	0.95	1.38	1.28
- Discontinued operations		149.86	3.50	173.92	10.49
	B14	<u>151.72</u>	<u>4.45</u>	<u>175.30</u>	<u>11.77</u>

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

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2014**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-14 RM'000	(Restated) 3 months ended 30-Apr-13 RM'000	9 months ended 30-Apr-14 RM'000	(Restated) 9 months ended 30-Apr-13 RM'000
<b>Profit for the financial period</b>	<b>391,275</b>	14,192	<b>462,117</b>	40,651
<b>Other comprehensive income for the financial period:</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Discontinued operations	A24(f) <b>1,133</b>	2,388	<b>3,108</b>	6,005
<b>Total comprehensive income for the financial period</b>				
- Continuing operations	<b>4,758</b>	2,421	<b>3,535</b>	3,255
- Discontinued operations	<b>387,650</b>	14,159	<b>461,690</b>	43,401
	<b>392,408</b>	16,580	<b>465,225</b>	46,656
<b>Attributable to:</b>				
Equity holders of the Company				
- Continuing operations	<b>4,758</b>	2,421	<b>3,535</b>	3,255
- Discontinued operations	<b>383,492</b>	11,318	<b>446,878</b>	32,785
	<b>388,250</b>	13,739	<b>450,413</b>	36,040
Non-controlling interests				
- Discontinued operations	<b>4,158</b>	2,841	<b>14,812</b>	10,616
	<b>392,408</b>	16,580	<b>465,225</b>	46,656

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

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

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2014**

**Attributable to Equity Holders of the Company**

	<b>Issued and fully paid ordinary shares of RM1 each</b>											
	Number of shares '000	Nominal value RM'000	Treasury shares RM'000	Capital redemption reserve RM'000	Share premium RM'000	Statutory reserve RM'000	AFS reserve RM'000	Foreign exchange reserve RM'000	Retained profits RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 August 2013	255,159	265,845	(16,061)	-	33,090	148,861	3,557	(6,673)	533,087	961,706	37,735	999,441
Profit for the financial period	-	-	-	-	-	-	-	-	447,297	447,297	14,820	462,117
Other comprehensive income for the financial period, net of tax	-	-	-	-	-	-	(1,213)	992	-	(221)	(8)	(229)
Reclassification of reserves upon disposal of subsidiaries and associate	-	-	-	-	-	(148,861)	(2,344)	5,681	148,861	3,337	-	3,337
Total comprehensive income for the financial period	-	-	-	-	-	(148,861)	(3,557)	6,673	596,158	450,413	14,812	465,225
Cancellation of treasury shares	-	(10,686)	16,061	10,686	(16,061)	-	-	-	-	-	-	-
Interim dividend for the financial year ending 31 July 2014	-	-	-	-	-	-	-	-	(637,897)	(637,897)	-	(637,897)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	(52,165)	(52,165)
<b>At 30 April 2014</b>	<b>255,159</b>	<b>255,159</b>	<b>-</b>	<b>10,686</b>	<b>17,029</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>491,348</b>	<b>774,222</b>	<b>382</b>	<b>774,604</b>
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	-	-	-	-	-	-	-	-	30,035	30,035	10,616	40,651
Other comprehensive income for the financial period, net of tax	-	-	-	-	-	-	8,775	(2,770)	-	6,005	-	6,005
Total comprehensive income for the financial period	-	-	-	-	-	-	8,775	(2,770)	30,035	36,040	10,616	46,656
Final dividend for the financial year ended 31 July 2012	-	-	-	-	-	-	-	-	(9,568)	(9,568)	-	(9,568)
Interim dividend for the financial year ended 31 July 2013	-	-	-	-	-	-	-	-	(9,569)	(9,569)	-	(9,569)
Dividend paid by a subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,350)	(2,350)
<b>At 30 April 2013</b>	<b>255,159</b>	<b>265,845</b>	<b>(16,061)</b>	<b>-</b>	<b>33,090</b>	<b>133,839</b>	<b>14,780</b>	<b>(14,666)</b>	<b>526,951</b>	<b>943,778</b>	<b>33,607</b>	<b>977,385</b>

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(Company no. 238969-K)

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2014**

	Note	9 months ended 30-Apr-14 RM'000	9 months ended 30-Apr-13 RM'000
<b>Operating activities</b>			
Profit for the financial period		462,117	40,651
<b>Adjustments for:</b>			
Non-cash items		63,428	95,976
Non-operating items - investing		(464,378)	(61,177)
Non-operating items - financing		13,981	13,724
		<u>75,148</u>	<u>89,174</u>
<b>Changes in working capital:</b>			
Net changes in operating assets		(190,500)	(371,021)
Net changes in operating liabilities		(77,470)	468,714
		<u>(192,822)</u>	<u>186,867</u>
Interest paid		(77,781)	(61,289)
Taxation paid		(6,485)	(17,003)
		<u>(277,088)</u>	<u>108,575</u>
<b>Investing activities</b>			
Net (purchase)/disposal of securities		(959,562)	122,974
Interest received from securities		47,698	59,777
Dividends and income distributions received		9,608	5,532
Rental received		35	66
Proceeds from disposal of investment properties		84,050	110
Proceeds from disposal of other investments		4	-
Property, plant and equipment:			
- purchases		(1,924)	(5,026)
- proceeds from disposals		522	247
Net cash inflow on disposals of subsidiaries and associate	A24(b)	356,899	-
		<u>(462,670)</u>	<u>183,680</u>
<b>Financing activities</b>			
Dividend paid		-	(9,568)
Dividend paid by a subsidiary to non-controlling interests		-	(2,350)
Interest paid		(14,952)	(14,293)
Net (repayment)/drawdown of borrowings		(400,800)	26,250
		<u>(415,752)</u>	<u>39</u>
<b>Net change in cash and cash equivalents</b>			
		(1,155,510)	292,294
Foreign exchange differences		500	(429)
<b>Cash and cash equivalents at beginning of the financial period</b>		<u>1,168,433</u>	<u>627,245</u>
<b>Cash and cash equivalents at end of the financial period</b>		<u>13,423</u>	<u>919,110</u>
<b>Cash and cash equivalents at end of the financial period comprise:</b>			
Cash and short term funds		<u>13,423</u>	<u>919,110</u>

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

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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 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
Amendment to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets

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.

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2014**

**A4 Exceptional Items**

There are no exceptional items for the current quarter and financial period ended 30 April 2014 other than the following:

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

**A5 Changes in Estimates**

There are no material changes in accounting estimates used in the preparation of the interim financial report for the current quarter and financial period ended 30 April 2014 as compared with the prior financial year.

**A6 Debts and Equity Securities**

There are no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the financial period ended 30 April 2014 except for the cancellation of 10,686,100 of RM1 each on 14 April 2014. The adjusted issued and fully paid share capital of the Company after the cancellation of the treasury shares is 255,158,900 ordinary shares of RM1 each.

**A7 Dividends**

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

Total dividends for the financial year ending 31 July 2014 amounted to single tier dividend of RM2.50 per ordinary share. (Previous financial year ended 31 July 2013: 5.0 sen per ordinary share, less income tax at 25%).

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2014**

**A8 Securities Held-For-Trading**

	<b>As at 30-Apr-14 RM'000</b>	<b>As at 31-Jul-13 RM'000</b>
<b>At fair value:</b>		
<b>Quoted in Malaysia</b>		
Shares, warrants and REITs	-	23,747
Unit trusts	-	11,682
	-	35,429
<b>Unquoted</b>		
Private debt securities	-	19,890
	-	55,319
	-	55,319

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

	<b>As at 30-Apr-14 RM'000</b>	<b>As at 31-Jul-13 RM'000</b>
<b>At fair value:</b>		
<b>Quoted in Malaysia</b>		
REITs	-	33,574
Unit trusts	1,001,191	138,682
<b>Quoted outside Malaysia</b>		
REITs	-	34,574
	1,001,191	206,830
<b>Unquoted</b>		
Malaysian Government Securities	-	80,539
Malaysian Government Sukuk	-	6,851
Malaysian Government Islamic Investment Issues	-	250,894
Malaysian Government Treasury Bills	-	22,089
BNM Islamic Negotiable Notes	-	119,671
Private and Islamic debt securities	-	725,967
	-	1,206,011
	1,001,191	1,412,841
<b>At cost:</b>		
<b>Unquoted</b>		
Shares	490	1,140
Accumulated impairment loss	-	(650)
	490	490
	1,001,681	1,413,331
	1,001,681	1,413,331

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

**A10 Securities Held-To-Maturity**

	<b>As at 30-Apr-14 RM'000</b>	<b>As at 31-Jul-13 RM'000</b>
<b>At amortised cost:</b>		
<b>Unquoted</b>		
Private and Islamic debt securities	-	370,268
	-	370,268
	-	370,268



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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2014**

**A11 Loans, Advances and Financing**

	<b>As at 30-Apr-14 RM'000</b>	<b>As at 31-Jul-13 RM'000</b>
<b>(a) By Type</b>		
Term loans		
- housing loans	-	26,049
- syndicated term loans	-	190,979
- other term loans	<b>612,677</b>	735,902
Overdrafts	-	4,423
Share margin financing	-	168,036
Staff loans	-	619
Other financing	-	3,876
	<u><b>612,677</b></u>	<u>1,129,884</u>
Unearned interest	<b>(222,953)</b>	(216,211)
	<u><b>389,724</b></u>	<u>913,673</u>
Allowance for losses:		
- collective impairment	<b>(10,592)</b>	(15,273)
- individual impairment	<b>(628)</b>	(9,308)
Net loans, advances and financing	<u><b>378,504</b></u>	<u>889,092</u>
<b>(b) By Type of Customer</b>		
Domestic business enterprises		
- others	<b>73,278</b>	323,677
Individuals	<b>239,937</b>	366,778
Other domestic entities	<b>76,509</b>	85,437
Foreign business enterprises	-	33,500
Foreign individuals	-	104,281
	<u><b>389,724</b></u>	<u>913,673</u>
<b>(c) By Geographical Distribution</b>		
Malaysia	<b>389,724</b>	775,948
Cambodia	-	129,043
Hong Kong	-	7,564
Singapore	-	302
Other countries	-	816
	<u><b>389,724</b></u>	<u>913,673</u>
<b>(d) By Interest Rate Sensitivity</b>		
Fixed rate		
- other fixed rate loans/financing	<b>389,724</b>	653,048
- housing loans	-	26,049
Variable rate		
- cost-plus	-	234,576
	<u><b>389,724</b></u>	<u>913,673</u>

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2014**

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

	<b>As at 30-Apr-14 RM'000</b>	<b>As at 31-Jul-13 RM'000</b>
<b>(e) By Purpose</b>		
Purchase of landed properties		
- residential	-	25,218
- non-residential	-	23,508
Construction	-	5,070
Real estate	-	4,259
Purchase of securities	<b>51,458</b>	255,607
Working capital	<b>24,715</b>	119,130
Personal use	<b>296,899</b>	279,013
Mergers and acquisitions	-	80,895
Others	<b>16,652</b>	120,973
	<b><u>389,724</u></b>	<b><u>913,673</u></b>
<b>(f) By Residual Contractual Maturity</b>		
Within 1 year	<b>66,862</b>	349,694
1 year to 3 years	<b>7,316</b>	21,755
3 years to 5 years	<b>21,888</b>	95,343
Over 5 years	<b>293,658</b>	446,881
	<b><u>389,724</u></b>	<b><u>913,673</u></b>
<b>(g) Impaired Loans, Advances and Financing by Purpose</b>		
Purchase of landed properties		
- residential	-	371
- non-residential	-	164
Real estate	-	648
Working capital	<b>1,388</b>	9,564
Personal use	<b>9,205</b>	7,727
Others	-	106
	<b><u>10,593</u></b>	<b><u>18,580</u></b>
<b>(h) Impaired Loans, Advances and Financing by Geographical Distribution</b>		
Malaysia	<b>10,593</b>	12,592
Cambodia	-	5,988
	<b><u>10,593</u></b>	<b><u>18,580</u></b>

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

	<b>As at 30-Apr-14 RM'000</b>	<b>As at 31-Jul-13 RM'000</b>
<b>(i) Movements in Impaired Loans, Advances and Financing</b>		
At beginning of the financial period/year	18,580	19,184
Classified as impaired	9,960	18,389
Reclassified as non-impaired	(2,503)	(5,170)
Amount recovered	(707)	(1,055)
Amount written off	(6,725)	(12,900)
Exchange differences	48	132
Disposal of subsidiaries	(8,060)	-
At end of the financial period/year	<u>10,593</u>	<u>18,580</u>
Gross impaired loans, advances and financing as a % of gross loans, advances and financing	<u>2.7%</u>	<u>2.0%</u>
<b>(j) Movements in Allowance for Losses</b>		
<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>	<u>10,420</u>
Net allowance made		
- Continuing operations	4,895	5,417
- Discontinued operations	(526)	1,772
Amount written off	(2,523)	(2,426)
Exchange differences	13	90
Disposal of subsidiaries	(6,540)	-
At end of the financial period/year	<u>10,592</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
Allowance made		
- Continuing operations	-	4,641
- Discontinued operations	1,078	3,531
Amount written back		
- Discontinued operations	(114)	(398)
Amount written off	(4,014)	(10,186)
Exchange differences	53	199
Disposal of subsidiaries	(5,683)	-
At end of the financial period/year	<u>628</u>	<u>9,308</u>

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**A12 Clients' and Brokers' Balances**

	<b>As at 30-Apr-14 RM'000</b>	<b>As at 31-Jul-13 RM'000</b>
Clients' and brokers' balances, net of allowance for impairment of RM Nil (At 31 July 2013: RM539,000)	-	225,613
	-	225,613

**A13 Other Assets**

	<b>As at 30-Apr-14 RM'000</b>	<b>As at 31-Jul-13 RM'000</b>
Trade receivables, net of allowance for impairment of RM Nil (At 31 July 2013: RM510,000)	-	126,490
Clearing Guarantee Fund	-	2,114
Clearing Fund	-	1,000
Other receivables, deposits and prepayments	61,213	27,771
Other investments	560	1,932
	61,773	159,307

**A14 Non-Current Asset Held For Sale**

	<b>As at 30-Apr-14 RM'000</b>	<b>As at 31-Jul-13 RM'000</b>
<b>Investment properties:</b>		
Freehold land	-	839
	-	839

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

**A15 Deposits from Customers**

	<b>As at 30-Apr-14 RM'000</b>	<b>As at 31-Jul-13 RM'000</b>
<b>(a) By Type of Deposit</b>		
Demand deposits	-	2,332
Savings deposits	-	4,700
Fixed deposits	-	675,634
Negotiable instruments of deposits	-	3,481
Other deposits	-	4,157
	-	690,304
<b>(b) By Type of Customer</b>		
Government and statutory bodies	-	310,555
Business enterprises	-	284,000
Individuals	-	80,358
Others	-	15,391
	-	690,304

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

	<b>As at 30-Apr-14 RM'000</b>	<b>As at 31-Jul-13 RM'000</b>
<b>(c) By Maturity Structure of Term Deposits</b>		
Within 6 months	-	545,797
6 months to 1 year	-	137,475
	-	683,272
	-	683,272

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

	<b>As at 30-Apr-14 RM'000</b>	<b>As at 31-Jul-13 RM'000</b>
Licensed banks	-	484,047
Licensed investment banks	-	67,283
Central Banks	-	280,448
Other financial institutions	-	1,264,671
	-	2,096,449
	-	2,096,449

**A17 Other Liabilities**

	<b>As at 30-Apr-14 RM'000</b>	<b>As at 31-Jul-13 RM'000</b>
Trade payables	-	182,613
Amounts due to clients and dealer's representatives	190	47,499
Dividend payable	637,897	-
Other payables and accruals	37,229	72,678
	675,316	302,790
	675,316	302,790

**A18 Borrowings**

(a) Total borrowings of the Group of RM48.9 million as at 30 April 2014 are unsecured and covered by corporate guarantees issued by the Company for a subsidiary.

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

	<b>As at 30-Apr-14 RM'000</b>	<b>As at 31-Jul-13 RM'000</b>
<b>Short term borrowings</b>		
Revolving credits	48,866	450,637
<b>Long term borrowings</b>	-	-
<b>Total borrowings</b>	48,866	450,637
	48,866	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 30-Apr-14 RM'000	(Restated) 3 months ended 30-Apr-13 RM'000	9 months ended 30-Apr-14 RM'000	(Restated) 9 months ended 30-Apr-13 RM'000
Loans, advances and financing	8,819	10,138	26,337	29,533
Money at call and deposit placements with financial institutions	250	17	394	116
	<u>9,069</u>	<u>10,155</u>	<u>26,731</u>	<u>29,649</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 RM55,000 (Financial period ended 30 April 2013: RM Nil).

**A20 Interest Expense**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-14 RM'000	(Restated) 3 months ended 30-Apr-13 RM'000	9 months ended 30-Apr-14 RM'000	(Restated) 9 months ended 30-Apr-13 RM'000
Borrowings	<u>(3,834)</u>	<u>(5,000)</u>	<u>(15,064)</u>	<u>(14,968)</u>

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**A21 Other Operating Income**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-14 RM'000	(Restated) 3 months ended 30-Apr-13 RM'000	9 months ended 30-Apr-14 RM'000	(Restated) 9 months ended 30-Apr-13 RM'000
<b>Fee and commission income:</b>				
Arranger fees	-	-	6	122
Rollover fees	294	321	734	1,199
Commission	119	227	398	802
Other fees	765	749	1,616	2,054
	<u>1,178</u>	<u>1,297</u>	<u>2,754</u>	<u>4,177</u>
<b>Net gain/(loss) on securities held-for-trading:</b>				
- net loss on disposal	-	(344)	-	(344)
- net unrealised gain	-	361	-	280
	<u>-</u>	<u>17</u>	<u>-</u>	<u>(64)</u>
<b>Net gain on securities AFS:</b>				
- net gain on disposal	<u>2,420</u>	<u>-</u>	<u>2,420</u>	<u>-</u>
<b>Gross dividends:</b>				
- securities AFS	<u>2,091</u>	<u>98</u>	<u>2,091</u>	<u>147</u>
<b>Other income:</b>				
Net foreign exchange gain/(loss)	(5)	(26)	1	(27)
Rental Income	1,410	1,357	4,234	4,166
Net gain on disposal of an investment property	-	46	711	46
Others	451	219	1,100	535
	<u>1,856</u>	<u>1,596</u>	<u>6,046</u>	<u>4,720</u>
<b>Total</b>	<u><u>7,545</u></u>	<u><u>3,008</u></u>	<u><u>13,311</u></u>	<u><u>8,980</u></u>

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2014**

**A22 Other Operating Expenses**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-14 RM'000	(Restated) 3 months ended 30-Apr-13 RM'000	9 months ended 30-Apr-14 RM'000	(Restated) 9 months ended 30-Apr-13 RM'000
<b>Personnel costs:</b>				
- Salaries, allowances and bonus	(2,165)	(1,596)	(5,956)	(5,221)
- Contributions to a defined contribution plan	(320)	(226)	(861)	(543)
- Others	(82)	(26)	(222)	(200)
	<u>(2,567)</u>	<u>(1,848)</u>	<u>(7,039)</u>	<u>(5,964)</u>
<b>Establishment related costs:</b>				
- Depreciation	(935)	(533)	(2,228)	(1,141)
- Rental of premises	(60)	(41)	(142)	(118)
- Repairs and maintenance of premises and equipment	(10)	(9)	(30)	(28)
- Information technology expenses	(29)	(24)	(103)	(86)
- Others	(381)	(97)	(574)	(287)
	<u>(1,415)</u>	<u>(704)</u>	<u>(3,077)</u>	<u>(1,660)</u>
<b>Promotion and marketing related expenses:</b>				
- Promotion and business development	(51)	(77)	(206)	(232)
- Incentives and commission	(387)	(496)	(1,289)	(1,469)
- Others	(54)	(19)	(100)	(107)
	<u>(492)</u>	<u>(592)</u>	<u>(1,595)</u>	<u>(1,808)</u>
<b>Administrative and general expenses:</b>				
- Professional and consultancy fees	(55)	(141)	(209)	(324)
- Communication expenses	(32)	(19)	(100)	(73)
- Regulatory charges	(7)	(5)	(23)	(21)
- Directors' fees	(129)	(75)	(291)	(232)
- Others	(181)	(287)	(639)	(1,065)
	<u>(404)</u>	<u>(527)</u>	<u>(1,262)</u>	<u>(1,715)</u>
<b>Total</b>	<u>(4,878)</u>	<u>(3,671)</u>	<u>(12,973)</u>	<u>(11,147)</u>

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-14 RM'000	(Restated) 3 months ended 30-Apr-13 RM'000	9 months ended 30-Apr-14 RM'000	(Restated) 9 months ended 30-Apr-13 RM'000
Individual impairment:				
- made	-	-	-	(4,642)
Collective impairment:				
- made	(1,744)	(1,304)	(4,895)	(3,767)
Bad debts:				
- recovered	194	336	659	773
- written off	(69)	(129)	(189)	(264)
	<u>(1,619)</u>	<u>(1,097)</u>	<u>(4,425)</u>	<u>(7,900)</u>



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**A24 Discontinued Operations and Disposal Group Classified As Held For Sale**

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

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

for a total cash consideration of RM131.12 million.

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

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

for a total cash consideration of RM1,300.36 million, subject to price adjustments to be determined in accordance with the conditional Share Sale and Purchase Agreement entered into by the Company with Affin Holdings Berhad.

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

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

	<b>At date of disposal RM'000</b>
Cash and short term funds	1,229,494
Deposits and placements with banks and other financial institutions	22,968
Securities held-for-trading	130,018
Securities available-for-sale ("AFS")	1,442,023
Securities held-to-maturity	304,602
Loans, advances and financing	543,979
Clients' and brokers' balances	307,680
Derivative assets	21,178
Other assets	136,808
Statutory deposits with Central Banks	71,854
Tax recoverable	218
Deferred tax assets	1,431
Investment in an associate	6,954
Property, plant and equipment	13,289
Intangible assets	162,502
Deposits from customers	(854,725)
Deposits and placements of banks and other financial institutions	(1,733,007)
Clients' and brokers' balances	(296,795)
Derivative liabilities	(28,575)
Other liabilities	(294,802)
Taxation	(2,445)
Non-controlling interests	(52,164)
	1,132,485
Reclassification of AFS reserve to profit or loss	(2,344)
Reclassification of foreign exchange reserve to profit or loss	5,681
	1,135,822
Net gain on disposals of subsidiaries and associate	365,940
<b>Net disposal consideration</b>	<b>1,501,762</b>
Cash and cash equivalents of subsidiaries disposed of	(1,144,863)
<b>Net cash inflow on disposals of subsidiaries and associate</b>	<b>356,899</b>

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

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

	Note	RM'000
<b>Cash consideration</b>		
- received *		1,466,617
- estimated price adjustments	A24(a)(ii)	<u>60,205</u>
		<b>1,526,822</b>
Expenses paid/payable on disposals of subsidiaries and associate		<u>(25,060)</u>
<b>Net disposal consideration</b>		<b><u>1,501,762</u></b>

\* Cash consideration received includes reimbursement of net gain on disposals of investment properties by HwangDBS IB amounted to RM35,139,000.

(c) **Disposal group classified as held for sale**

As disclosed in explanatory note B7(g), the Company entered into a conditional Share Sale and Purchase Agreement with Alliance Investment Bank Berhad to dispose of its 51% equity interest, representing 1,275,000 ordinary shares of RM1 each in a subsidiary, HwangDBS Vickers Research Sdn. Bhd. ("HDBS Vickers") for a cash consideration of RM393,945 ("proposed disposal"). The proposed disposal was completed on 6 May 2014.

The proposed disposal is consequential to the disposal of the investment banking business of the Group. HDBS Vickers has been classified as discontinued operations and disposal group held for sale as at 30 April 2014. The financial results of the continuing operations and discontinued operations of the Group for the current quarter ended 30 April 2014 and corresponding quarter ended 30 April 2013 have been restated to conform with the presentation for the current financial period.

(d) **Major classes of assets and liabilities of disposal group classified as held for sale**

	As at 30-Apr-14 RM'000
Cash and short term funds	733
Other assets	472
Tax recoverable	16
Property, plant and equipment	<u>80</u>
<b>Assets of disposal group classified as held for sale</b>	<b><u>1,301</u></b>
Other liabilities	<u>521</u>
<b>Liabilities of disposal group classified as held for sale</b>	<b><u>521</u></b>

(e) **Applicable reportable segments of disposal group classified as held for sale and subsidiaries disposed of**

The applicable reportable segments of the subsidiaries disposed of, 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, HDM Futures Sdn. Bhd. and HDBS Vickers Research Sdn. Bhd. are included in other segments of the Group.

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

**(f) Discontinued operations**

The discontinued operations of the Group comprise entities disposed of and disposal group held for sale, as disclosed in explanatory notes A24(a) and (c) respectively.

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

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		3 months ended 30-Apr-14 RM'000	(Restated) 3 months ended 30-Apr-13 RM'000	9 months ended 30-Apr-14 RM'000	(Restated) 9 months ended 30-Apr-13 RM'000
<b>Operating revenue</b>		<b>75,654</b>	99,278	<b>300,051</b>	300,825
Interest income		22,996	37,048	97,869	112,503
Interest expense		(12,934)	(21,483)	(54,658)	(65,006)
<b>Net interest income</b>		<b>10,062</b>	15,565	<b>43,211</b>	47,497
Other operating income		420,059	64,203	616,281	198,634
		<b>430,121</b>	79,768	<b>659,492</b>	246,131
Other operating expenses		(41,776)	(64,477)	(182,590)	(195,180)
		<b>388,345</b>	15,291	<b>476,902</b>	50,951
Write back of allowance/(allowance) for losses on:					
- loans, advances and financing		493	(1,239)	(438)	(3,591)
- clients' balances and receivables		305	82	835	139
		<b>389,143</b>	14,134	<b>477,299</b>	47,499
Share of results of an associate, net of tax		1,269	105	2,390	505
<b>Profit before taxation</b>		<b>390,412</b>	14,239	<b>479,689</b>	48,004
Taxation	B6	(3,895)	(2,468)	(21,107)	(10,608)
<b>Profit for the financial period from discontinued operations*</b>		<b>386,517</b>	11,771	<b>458,582</b>	37,396
<b>Other comprehensive income for the financial period:</b>					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Currency translation differences arising from foreign operations		(2,712)	(2,474)	992	(2,770)
Securities AFS:					
- net change in fair value		830	7,112	(1,253)	13,198
- net gain transferred to income statement on disposal		(168)	(635)	(396)	(1,504)
Share of AFS reserve of an associate		4	-	20	-
Income tax relating to components of other comprehensive income		(158)	(1,615)	408	(2,919)
Reclassification adjustments upon disposals of subsidiaries and associate		3,337	-	3,337	-
		<b>1,133</b>	2,388	<b>3,108</b>	6,005
<b>Total comprehensive income for the financial period</b>		<b>387,650</b>	14,159	<b>461,690</b>	43,401

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

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

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<b>3 months ended</b>	<b>3 months ended</b>	<b>9 months ended</b>	<b>9 months ended</b>
	<b>30-Apr-14</b>	<b>30-Apr-13</b>	<b>30-Apr-14</b>	<b>30-Apr-13</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Financial results of discontinued operations	20,577	11,771	92,642	37,396
Net gain on disposals of subsidiaries and associate	365,940	-	365,940	-
	<b>386,517</b>	<b>11,771</b>	<b>458,582</b>	<b>37,396</b>

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

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

	<b>9 months ended</b>	<b>9 months ended</b>
	<b>30-Apr-14</b>	<b>30-Apr-13</b>
	<b>RM'000</b>	<b>RM'000</b>
Operating activities	(189,932)	137,929
Investing activities	181,347	187,748
Financing activities	-	(2,350)
	<b>(8,585)</b>	<b>323,327</b>

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

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

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

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**A26 Other Commitments**

	<b>As at 30-Apr-14 RM'000</b>	<b>As at 31-Jul-13 RM'000</b>
Capital expenditure commitments		
- Continuing operations	250	367
- Disposal group classified as held for sale	34	14,973
	284	15,340
Non-cancellable operating lease commitments		
- Continuing operations	35	353
- Disposal group classified as held for sale	29	6,121
	64	6,474
	348	21,814

**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. HwangDBS IB 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 as at 31 July 2013, which are computed in accordance with the revised Capital Adequacy Framework, are as follows:

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

(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 as at 31 July 2013 is as follows:

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

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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 investment holding and other non-core operations of the Group

The segmental information are as follows:

	<b>Continuing operations</b>				<b>Discontinued operations</b>							<b>Grand total</b>	<b>Elimination</b>	<b>Group</b>	
	<b>Money-lending</b>	<b>Others</b>	<b>Inter-segment elimination</b>	<b>Total</b>	<b>Stock-broking</b>	<b>Investment banking</b>	<b>Investment management</b>	<b>Commercial banking</b>	<b>Others</b>	<b>Inter-segment elimination</b>	<b>Total</b>				
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>9 months ended 30 April 2014</b>															
<b>Revenue</b>															
External revenue *	29,090	3,490	-	32,580	87,195	65,826	135,391	7,725	3,914	-	300,051	332,631	-	332,631	
Inter-segment revenue	-	3,719	(559)	3,160	-	1,083	(177)	-	2,218	(2,041)	1,083	4,243	(4,243)	-	
<b>Total revenue</b>	<b>29,090</b>	<b>7,209</b>	<b>(559)</b>	<b>35,740</b>	<b>87,195</b>	<b>66,909</b>	<b>135,214</b>	<b>7,725</b>	<b>6,132</b>	<b>(2,041)</b>	<b>301,134</b>	<b>336,874</b>	<b>(4,243)</b>	<b>332,631</b>	
Net interest income/(expense)	19,078	(7,411)	-	11,667	14,163	20,026	2,008	5,984	1,030	-	43,211	54,878	-	54,878	
Other operating income	6,276	7,196	(161)	13,311	103,734	12,244	136,977	378	855,902	(492,954)	616,281	629,592	(3,366)	626,226	
	25,354	(215)	(161)	24,978	117,897	32,270	138,985	6,362	856,932	(492,954)	659,492	684,470	(3,366)	681,104	
Other operating expenses	(6,789)	(5,991)	(193)	(12,973)	(67,349)	(10,103)	(99,608)	(4,573)	(7,065)	6,108	(182,590)	(195,563)	3,366	(192,197)	
	18,565	(6,206)	(354)	12,005	50,548	22,167	39,377	1,789	849,867	(486,846)	476,902	488,907	-	488,907	
(Allowance)/Write back of allowance for losses on:															
- loans, advances and financing	(4,425)	-	-	(4,425)	18	561	-	(1,017)	-	-	(438)	(4,863)	-	(4,863)	
- clients' balances and receivables	-	(50)	50	-	664	171	-	-	-	-	835	835	-	835	
<b>Segment profit/(loss)</b>	<b>14,140</b>	<b>(6,256)</b>	<b>(304)</b>	<b>7,580</b>	<b>51,230</b>	<b>22,899</b>	<b>39,377</b>	<b>772</b>	<b>849,867</b>	<b>(486,846)</b>	<b>477,299</b>	<b>484,879</b>	<b>-</b>	<b>484,879</b>	
Share of results of an associate, net of tax											2,390	2,390		2,390	
<b>Profit before taxation</b>											<b>479,689</b>	<b>487,269</b>		<b>487,269</b>	

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

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

	<b>Continuing operations</b>				<b>Discontinued operations</b>							<b>Grand total</b>	<b>Elimination</b>	<b>Group</b>
	<b>Money-lending</b>	<b>Others</b>	<b>Inter-segment elimination</b>	<b>Total</b>	<b>Stock-broking</b>	<b>Investment banking</b>	<b>Investment management</b>	<b>Commercial banking</b>	<b>Others</b>	<b>Inter-segment elimination</b>	<b>Total</b>			
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>9 months ended 30 April 2013 (Restated)</b>														
<b>Revenue</b>														
External revenue *	33,710	794	-	34,504	63,995	91,341	132,784	8,458	4,247	-	300,825	335,329	-	335,329
Inter-segment revenue	-	36,558	(33,018)	3,540	-	1,244	(176)	-	2,327	(2,150)	1,245	4,785	(4,785)	-
<b>Total revenue</b>	<b>33,710</b>	<b>37,352</b>	<b>(33,018)</b>	<b>38,044</b>	<b>63,995</b>	<b>92,585</b>	<b>132,608</b>	<b>8,458</b>	<b>6,574</b>	<b>(2,150)</b>	<b>302,070</b>	<b>340,114</b>	<b>(4,785)</b>	<b>335,329</b>
Net interest income/(expense)	23,657	(8,976)	-	14,681	16,464	21,152	1,595	6,728	1,558	-	47,497	62,178	-	62,178
Other operating income	4,648	37,285	(32,953)	8,980	43,757	17,364	132,825	711	6,564	(2,587)	198,634	207,614	(3,773)	203,841
Other operating expenses	28,305	28,309	(32,953)	23,661	60,221	38,516	134,420	7,439	8,122	(2,587)	246,131	269,792	(3,773)	266,019
	(6,798)	(4,334)	(15)	(11,147)	(62,600)	(16,099)	(105,435)	(5,725)	(7,804)	2,483	(195,180)	(206,327)	3,773	(202,554)
	21,507	23,975	(32,968)	12,514	(2,379)	22,417	28,985	1,714	318	(104)	50,951	63,465	-	63,465
(Allowance)/Write back of allowance for losses on:														
- loans, advances and financing	(7,900)	-	-	(7,900)	386	(1,619)	-	(2,322)	-	(36)	(3,591)	(11,491)	-	(11,491)
- clients' balances and receivables	-	(4)	4	-	139	-	-	-	-	-	139	139	-	139
Write back of impairment allowance on investment in a subsidiary	-	-	-	-	318	-	-	-	-	(318)	-	-	-	-
<b>Segment profit/(loss)</b>	<b>13,607</b>	<b>23,971</b>	<b>(32,964)</b>	<b>4,614</b>	<b>(1,536)</b>	<b>20,798</b>	<b>28,985</b>	<b>(608)</b>	<b>318</b>	<b>(458)</b>	<b>47,499</b>	<b>52,113</b>	<b>-</b>	<b>52,113</b>
Share of results of an associate, net of tax											505	505		505
<b>Profit before taxation</b>											<b>48,004</b>	<b>52,618</b>		<b>52,618</b>

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



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**A29 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
<b>30-Apr-14</b>				
<b><u>Financial assets</u></b>				
Securities AFS				
- Quoted securities	1,001,191	1,001,191	-	-
<b>31-Jul-13</b>				
<b><u>Financial assets</u></b>				
Securities held-for-trading				
- Quoted securities	35,429	35,429	-	-
- Unquoted debt securities	19,890	-	19,890	-
Securities AFS				
- Quoted securities	206,830	206,830	-	-
- Unquoted debt securities	1,206,011	-	1,206,011	-
Derivative assets	36,579	-	36,579	-
	<u>1,504,739</u>	<u>242,259</u>	<u>1,262,480</u>	<u>-</u>
<b><u>Financial liabilities</u></b>				
Derivative liabilities	45,883	-	45,883	-

**Financial instruments not measured at fair value**

As at the financial period ended 30 April 2014, the fair values of significant financial instruments of the Group, which are not measured at fair value, approximate their carrying amounts, except as disclosed below:

	As at 30-Apr-14		As at 31-Jul-13	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Securities held-to-maturity	-	-	370,268	399,827
Loans, advances and financing	<u>378,504</u>	<u>389,339</u>	<u>889,092</u>	<u>897,595</u>

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**A30 Subsequent Events**

There are no material events subsequent to the end of the financial period ended 30 April 2014 except as disclosed in explanatory note B7(g).

**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 30 April 2014 except for the following:

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

**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**

For the nine months ended 30 April 2014, the continuing operations reported a total operating revenue of RM32.6 million compared to RM34.5 million recorded in the previous corresponding financial period. The reduction in operating revenue is primarily due to decline in interest and fee based income from the moneylending activities, partially compensated by higher investment income. In contrast, operating revenue of the continuing operations for the third quarter ended 30 April 2014 is higher at RM12.9 million compared to RM11.8 million recorded in the previous corresponding quarter, supported by higher investment income for the current quarter under review, which mitigated the effects of reduction in interest income from moneylending activities.

Notwithstanding the lower operating revenue for the financial period ended 30 April 2014, the continuing operations posted a pretax profit of RM7.6 million, which represents a 64% increase from the pretax profit of RM4.6 million recorded for the corresponding financial period a year earlier. Key contributing factors to the higher pretax profit are higher net gain on disposals of securities and investment properties, coupled with increase in investment income and lower loan loss provisioning. These were, however, partially negated by effects of reduction in net interest income, higher personnel and establishment costs for the current financial period under review. Pretax profit of the continuing operations for the third quarter of the financial year 2014 is RM6.3 million relative to pretax profit of RM3.4 million recorded for the quarter ended 30 April 2013. The improvement in profitability for the current quarter is mainly attributable to higher net gain on disposal of securities and increase in investment income, partly offset by higher personnel costs and increase in loan loss provisioning.

**Discontinued operations**

The discontinued operations reported a lower total operating revenue of RM75.7 million for the third quarter of the financial year 2014 in comparison to RM99.3 million in the previous corresponding quarter ended 30 April 2013, impacted by the completion of disposals of stockbroking, investment banking, investment management and commercial banking segments in the current quarter under review. Interest income, income from investment management activities and brokerage income are relatively lower in the current quarter, partially offset by increase in gains arising from securities trading. Nonetheless, period-to-date, the discontinued operations registered a total operating revenue of RM300.1 million, which is close to RM300.8 million recorded for the previous corresponding financial period. Gains on securities trading and fee income from investment management activities are relatively higher than in the previous corresponding financial period, partly offset by lower interest income, reduction in initial service fee from investment management activities and unfavourable foreign exchange differences in the current financial period.

Excluding the exceptional gains (as disclosed in explanatory notes A4(a) and A24(f)), the discontinued operations posted a pretax profit of RM24.5 million for the third quarter ended 30 April 2014 compared to pretax profit of RM14.2 million in the third quarter of the previous financial year 2013. On a similar trend, pretax profit of the discontinued operations of RM78.8 million for the nine months ended 30 April 2014 is 64% higher than the pretax profit of RM48.0 million recorded for the previous corresponding financial period. Increase in pretax profit for the current quarter under review is on the back of lower operating expenses due to completion of disposals of subsidiaries in the current quarter, higher net gain on securities trading and lower net loss on foreign exchange, partially offset by reduction in net interest income, income from investment management activities and brokerage income linked to subsidiaries disposed of in the current quarter under review.

Profitability of the current financial period under review is largely boosted by increases in net gain on securities trading and net gain on derivatives portfolio as well as higher fee income, net of agents' commission from investment management activities, lower establishment costs and write back of loan loss provisioning. These were, however, partly offset by the reduction in net interest income, net loss from dealings in foreign exchange and higher personnel costs.

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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:

**Continuing operations**

(a) Moneylending

The pretax profit of the moneylending segment is flattish at approximately RM6.4 million for both the current quarter under review as well as the previous corresponding quarter last year. The effects of reduction in net interest income and higher loan loss provisioning for the current quarter were countered by higher net gain on disposal of securities.

Cumulatively, the pretax profit of the moneylending segment of RM14.1 million for the nine months ended 30 April 2014 is marginally higher than pretax profit of RM13.6 million recorded in the corresponding financial period of the financial year 2013. Absence of individual impairment loan loss provisioning, increase in net gain on disposal of securities and higher income from consumer financing activities have collectively contributed to higher earnings for the current financial period under review, partially offset by the reduction in net interest income and fee based income as well as higher collective impairment loan loss provisioning.

**Discontinued operations**

(b) Stockbroking

The stockbroking segment registered a pretax profit of RM6.8 million for the third quarter ended 30 April 2014 compared to the pretax profit of RM0.6 million for the previous corresponding quarter, primarily attributable to increased net gain on securities trading, reduction in establishment costs and higher net gain on foreign exchange, partially offset by lower brokerage income and decrease in net interest income for the current quarter under review.

For the financial period ended 30 April 2014, the segment recorded a pretax profit before the exceptional net gain (as disclosed in explanatory note A4(a)) of RM16.3 million against the pretax loss of RM1.5 million for the previous corresponding financial period. Contributing to the profitability of the segment for the current financial period are mainly increases in net gain on securities trading, brokerage income and net gain on foreign exchange as well as lower establishment costs, partly offset by decline in net interest income and higher personnel costs.

(c) Investment banking

The investment banking segment reported a pretax profit of RM6.1 million for the current quarter, which is marginally lower than the pretax profit of RM6.3 million recorded for the previous corresponding quarter. During the current quarter under review, net gain on derivatives portfolio, net gain on disposal of securities and net interest income are relatively lower compared to the previous corresponding quarter, partially cushioned by lower foreign exchange loss, lower marked-to-market loss on securities portfolio, reduction in personnel costs and write back of loan loss provisioning.

The segment experienced a 10% increase in pretax profit for the current financial period to RM22.9 million from the pretax profit of RM20.8 million recorded for the previous corresponding financial period as a consequence of the increase in net gain on derivatives portfolio, higher investment income, lower personnel costs and write back of loan loss provisioning, partially offset by net loss on foreign exchange and reduction in 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 (continued):

**Discontinued operations (cont'd)**

(d) Investment management

The pretax profit of the investment management surged by 38% to RM10.0 million for the current quarter under review compared to the pretax profit of RM7.3 million recorded in the previous corresponding quarter amid lower operating expenses as a result of the completion of disposal of the segment in the current quarter, partly offset by reduction in fund management fee and initial service fee income, net of agents' commission.

Period-to-date, the pretax profit of the segment improved markedly to RM39.4 million from RM29.0 million recorded for the previous financial period ended 30 April 2013. This was primarily due to increase in fund management fee income, lower marketing related expenses and net gain on foreign exchange, partially offset by increase in personnel costs and decline in initial service fee income, net of agents' commission for the current financial period under review.

(e) Commercial banking

For the current quarter under review, the commercial banking segment reported a pretax profit of 0.3 million, which is close to the pretax profit of RM0.2 million for the previous corresponding quarter. Lower operating costs as a result of the completion of the disposal of the segment in the current quarter and reduction in loan loss provisioning have led to increase in profitability, partly negated by decline in net interest income.

For the nine months ended 30 April 2014, the segment rebound to profitability with a pretax profit of RM0.8 million against the pretax loss of RM0.6 million for the previous corresponding financial period, mainly attributed to higher net interest income, decrease in operating costs and lower loan loss provisioning, partially offset by reduction in fee income for the current financial period.

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

**Continuing operations**

The continuing operations posted a pretax profit of RM6.3 million for the third quarter ended 30 April 2014 compared to the pretax profit of RM0.1 million recorded for the preceding second quarter ended 31 January 2014. The improved profitability of the continuing operations is mainly due to lower interest expense on borrowings as well as reduction in personnel costs for the current quarter under review.

**Discontinued operations**

Excluding the exceptional gains (as disclosed in explanatory notes A4(a) and A24(f)), the pretax profit of the discontinued operations of RM24.5 million for the third quarter of the financial year 2014 is 18% lower compared to the pretax profit of RM29.7 million recorded in the preceding quarter ended 31 January 2014. This is mainly attributable to reduction in net interest income and fee based income and net loss from dealings in foreign exchange, partially mitigated by decrease in operating costs.

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2014**

**B3 Commentary**

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

The Malaysia's economy is expected to remain on a steady growth path in the remaining quarters of year 2014, anchored by sustainable growth in domestic demand.

**Continuing operations**

The moneylending business remains highly competitive and challenging. However, the Group is able to differentiate itself through products which are tailored to meet customers' requirements and fast turnaround loan processing time. The Group is committed to increase its marketing efforts to expand its loans and financing portfolio.

The Group is in the process of identifying potential new business, which is not expected to have any material effect on the financial performance of the Group for the current financial year.

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

**(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.

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2014**

**B6 Taxation**

The analysis of the tax expense for the current quarter and financial period ended 30 April 2014 are as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-14 RM'000	(Restated) 3 months ended 30-Apr-13 RM'000	9 months ended 30-Apr-14 RM'000	(Restated) 9 months ended 30-Apr-13 RM'000
<b><u>Continuing operations</u></b>				
In respect of the current financial period:				
Malaysian income tax	(1,622)	(975)	(4,574)	(1,517)
Deferred tax	334	12	766	169
	<b>(1,288)</b>	<b>(963)</b>	<b>(3,808)</b>	<b>(1,348)</b>
In respect of prior financial years:				
Malaysian income tax	(212)	(11)	(212)	(11)
Deferred tax	(25)	-	(25)	-
	<b>(237)</b>	<b>(11)</b>	<b>(237)</b>	<b>(11)</b>
	<b>(1,525)</b>	<b>(974)</b>	<b>(4,045)</b>	<b>(1,359)</b>
<b><u>Discontinued operations</u></b>				
In respect of the current financial period:				
Malaysian income tax	(5,809)	(3,134)	(15,728)	(11,393)
Foreign income tax	(11)	(32)	(71)	(85)
Real property gains tax	-	-	(3,439)	-
Deferred tax	1,730	209	(2,064)	381
	<b>(4,090)</b>	<b>(2,957)</b>	<b>(21,302)</b>	<b>(11,097)</b>
In respect of prior financial years:				
Malaysian income tax	195	(859)	195	(859)
Deferred tax	-	1,348	-	1,348
	<b>195</b>	<b>489</b>	<b>195</b>	<b>489</b>
	<b>(3,895)</b>	<b>(2,468)</b>	<b>(21,107)</b>	<b>(10,608)</b>
	<b>(5,420)</b>	<b>(3,442)</b>	<b>(25,152)</b>	<b>(11,967)</b>

The effective tax rate of the Group for the current quarter ended 30 April 2014 is lower than the statutory tax rate mainly due to net gain on disposals of subsidiaries and associate as well as certain income which are not subject to tax. The effective tax rate of the Group for the financial period ended 30 April 2014 is lower than the statutory tax rate mainly due to net gain on disposals of subsidiaries and associate as well as certain income which are not subject to tax, partially offset by real property gains tax relating to disposal of an investment property.

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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2014**

**B7 Status of Corporate Proposals**

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

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

- (a) 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.

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

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

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

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

The member's voluntary winding-up of HDBS Custodian, HMS and R&P does not have any material effect on the net assets, gearing ratio and earnings per share of the Group for the financial year ending 31 July 2014.

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

The National Bank of Cambodia had on 11 February 2014 permitted the transfer of all 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.

- (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)**

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

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

(e)

On 22 January 2014, the Company entered into a conditional Share Sale and Purchase Agreement with Affin in relation to the 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 HwangDBS IB 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 Disposal was completed on 7 April 2014.

(f) On 11 February 2014, the Company announced that the Company proposed to change its name to "Hwang Capital (Malaysia) Berhad", which is conditional upon the completion of the 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 Company changed its name from Hwang-DBS (Malaysia) Berhad to Hwang Capital (Malaysia) Berhad with effect from 16 April 2014 upon issuance of the Certificate of Incorporation on Change of Name of Company by CCM.

(g) On 3 April 2014, the Company entered into a conditional Share Sale and Purchase Agreement with Alliance Investment Bank Berhad, a wholly-owned subsidiary of Alliance Bank Malaysia Berhad, to dispose of its 51% equity interest, representing 1,275,000 ordinary shares of RM1 each in a subsidiary, HDBS Vickers for a cash consideration of RM393,945, subsequent to the completion of the Proposed Pre-Closing Reorganisation, as disclosed in explanatory note B7(e).

The disposal, which was completed on 6 May 2014, 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.

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

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

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

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

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

<b>Purpose</b>	<b>Note</b>	<b>Proposed utilisation RM'000</b>	<b>Amount utilised RM'000</b>	<b>Unutilised RM'000</b>
Special cash dividend to shareholders	(i)	637,897	-	637,897
General working capital requirements	(ii)	13,463	2,152	11,311
General investment in liquid assets		75,000	75,000	-
Potential acquisition of new business	(ii)	250,000	-	250,000
Repayment of borrowings		310,000	310,000	-
Expenses incurred for disposals of subsidiaries and associate	(iii)	14,000	2,231	11,769
		<b>1,300,360</b>	<b>389,383</b>	<b>910,977</b>

- (i) As disclosed in explanatory note A7, special cash dividend to shareholders was paid on 12 May 2014.
- (ii) The intended timeframe for utilisation is within 12 months from the date of completion of disposals of subsidiaries and associate, as disclosed in explanatory note B7(e).
- (iii) The initial intended timeframe for utilisation of proceeds to defray expenses for disposals of subsidiaries and associate, as disclosed in the circular to shareholder dated 12 March 2014, is within 1 month from the completion of the disposals. Pending the finalisation of the price adjustments to be determined in accordance with the conditional Share Sale and Purchase Agreement entered into by the Company with Affin Holdings Berhad, it is envisaged that the proceeds allocated to defray expenses for disposals of subsidiaries and associate will be fully utilised within 3 months from 30 April 2014.

Proceeds not utilised as at 30 April 2014 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 30 APRIL 2014**

**B9 Group Borrowings and Debt Securities**

Please refer to explanatory note A18.

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

	<b>As at 30-Apr-14 RM'000</b>	<b>As at 31-Jul-13 RM'000</b>
Total retained profits of the Company and its subsidiaries:		
- realised	489,267	555,512
- unrealised	3,227	6,328
	<u>492,494</u>	<u>561,840</u>
Total share of accumulated losses of associate:		
- realised	-	(409)
	<u>492,494</u>	<u>561,431</u>
Consolidation adjustments	<u>(1,146)</u>	<u>(28,344)</u>
Total Group retained profits	<u><u>491,348</u></u>	<u><u>533,087</u></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.

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**B11 Disclosure of Derivatives**

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

	<b>As at 30-Apr-14</b>		<b>As at 31-Jul-13</b>	
	<b>Fair value</b>		<b>Fair value</b>	
	<b>Derivative assets RM'000</b>	<b>Derivative liabilities RM'000</b>	<b>Derivative assets RM'000</b>	<b>Derivative liabilities RM'000</b>
Foreign exchange related contracts:				
- currency forwards	-	-	22,932	(1,618)
- currency swaps	-	-	3,442	(28,817)
- currency options	-	-	1	(1)
- cross currency interest rate swaps	-	-	8,117	(14,878)
Interest rate related contracts:				
- futures contracts	-	-	298	-
- interest rate swaps	-	-	2,087	(569)
	-	-	<u>36,877</u>	<u>(45,883)</u>
Less:				
Fair value of futures contracts included in other assets	-	-	<u>(298)</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u><u>36,579</u></u>	<u><u>(45,883)</u></u>

**B12 Changes in Material Litigation**

The Group does not have any material litigation as at 30 April 2014 which would materially affect the financial position or business of the Group.

**B13 Dividends**

Please refer to explanatory note A7.

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**B14 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>9 months</u>	<u>9 months</u>
	<u>ended</u>	<u>ended</u>	<u>ended</u>	<u>ended</u>
	<u>30-Apr-14</u>	<u>30-Apr-13</u>	<u>30-Apr-14</u>	<u>30-Apr-13</u>
Profit for the financial period attributable to equity holders of the Company (RM'000)	<u>387,130</u>	11,351	<u>447,297</u>	<u>30,035</u>
Weighted average number of ordinary shares in issue ('000)	<u>255,159</u>	255,159	<u>255,159</u>	<u>255,159</u>
<b>Basic earnings per share (sen)</b>	<u><u>151.72</u></u>	<u>4.45</u>	<u><u>175.30</u></u>	<u>11.77</u>

There were no dilutive potential ordinary shares in issue as at 30 April 2014 and 30 April 2013.

**By Order of the Board**

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

**Penang**  
**26 June 2014**