

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2015

		(Restated)
	As at	As at
Note	30-Apr-15	31-Jul-14
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	3,012	2,998
Investment properties	23,645	24,142
Intangible assets	550	147
Securities available-for-sale ("AFS")	2,086	-
Other investments	484	557
Loans, advances and financing	310,188	326,182
Deferred tax assets	3,223	3,632
	<u>343,188</u>	<u>357,658</u>
Current assets		
Securities available-for-sale ("AFS")	413,599	321,761
Loans, advances and financing	58,127	67,754
Other receivables, deposits and prepayments	3,864	2,250
Deposits with licensed banks	10,735	80,667
Cash and bank balances	1,029	1,187
	<u>487,354</u>	<u>473,619</u>
Non-current assets held for sale	A10 -	12,984
	<u>487,354</u>	<u>486,603</u>
Total assets	<u>830,542</u>	<u>844,261</u>
Non-current liabilities		
Deferred tax liabilities	181	16
Current liabilities		
Other payables and accruals	10,566	29,034
Borrowings	B9(b) -	30,804
Taxation	1,507	780
	<u>12,073</u>	<u>60,618</u>
Total liabilities	<u>12,254</u>	<u>60,634</u>
Equity		
Share capital	255,159	255,159
Reserves	563,129	528,468
Total equity	<u>818,288</u>	<u>783,627</u>
Total liabilities and equity	<u>830,542</u>	<u>844,261</u>
Net assets per share attributable to equity holders of the Company (RM)		
	<u>3.21</u>	<u>3.07</u>

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

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2015

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		3 months ended 30-Apr-15 RM'000	(Restated) 3 months ended 30-Apr-14 RM'000	9 months ended 30-Apr-15 RM'000	(Restated) 9 months ended 30-Apr-14 RM'000
<u>Continuing operations</u>					
Operating revenue		15,725	13,728	48,831	35,740
Other income		918	2,886	15,674	4,302
Staff costs		(2,322)	(2,567)	(6,713)	(7,039)
Depreciation and amortisation		(346)	(395)	(1,000)	(1,688)
Allowance for losses on:					
- loans, advances and financing		(876)	(1,619)	(3,870)	(4,425)
Other operating expenses		(1,521)	(1,916)	(4,412)	(4,246)
		11,578	10,117	48,510	22,644
Finance costs		-	(3,834)	(499)	(15,064)
Profit before taxation	A12	11,578	6,283	48,011	7,580
Taxation	B6	(2,405)	(1,525)	(7,186)	(4,045)
Profit for the financial period from continuing operations		9,173	4,758	40,825	3,535
<u>Discontinued operations</u>					
Profit for the financial period from discontinued operations	A11(c)	-	386,517	-	458,582
Profit for the financial period		9,173	391,275	40,825	462,117
Attributable to:					
Equity holders of the Company					
- Continuing operations		9,173	4,758	40,825	3,535
- Discontinued operations		-	382,372	-	443,762
		9,173	387,130	40,825	447,297
Non-controlling interests					
- Discontinued operations		-	4,145	-	14,820
		9,173	391,275	40,825	462,117
Basic earnings per share attributable to equity holders of the Company (sen)					
- Continuing operations		3.60	1.86	16.00	1.38
- Discontinued operations		-	149.86	-	173.92
	B13	3.60	151.72	16.00	175.30

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

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2015

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months ended</u>	<u>3 months ended</u>	<u>9 months ended</u>	<u>9 months ended</u>
Note	<u>30-Apr-15</u>	<u>30-Apr-14</u>	<u>30-Apr-15</u>	<u>30-Apr-14</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Profit for the financial period	9,173	391,275	40,825	462,117
Other comprehensive income for the financial period:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
<u>Continuing operations</u>				
Securities AFS:				
- net change in fair value	10	-	215	-
<u>Discontinued operations</u>				
A11(c)	-	1,133	-	3,108
	10	1,133	215	3,108
Total comprehensive income for the financial period	9,183	392,408	41,040	465,225
Total comprehensive income for the financial period:				
- Continuing operations	9,183	4,758	41,040	3,535
- Discontinued operations	-	387,650	-	461,690
	9,183	392,408	41,040	465,225
Attributable to:				
Equity holders of the Company				
- Continuing operations	9,183	4,758	41,040	3,535
- Discontinued operations	-	383,492	-	446,878
	9,183	388,250	41,040	450,413
Non-controlling interests				
- Discontinued operations	-	4,158	-	14,812
	9,183	392,408	41,040	465,225

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

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2015

	Attributable to Equity Holders of the Company											
	Issued and fully paid ordinary shares of RM1 each			Capital redemption reserve	Share premium	Statutory reserve	AFS reserve	Foreign exchange reserve	Retained profits	Sub-total	Non- controlling interests	Total equity
	Number of shares '000	Nominal value RM'000	Treasury shares RM'000									
At 1 August 2014	255,159	255,159	-	10,686	17,029	-	-	-	500,753	783,627	-	783,627
Profit for the financial period	-	-	-	-	-	-	-	-	40,825	40,825	-	40,825
Other comprehensive income for the financial period, net of tax	-	-	-	-	-	-	215	-	-	215	-	215
Total comprehensive income for the financial period	-	-	-	-	-	-	215	-	40,825	41,040	-	41,040
Final dividend for the financial year ended 31 July 2014	-	-	-	-	-	-	-	-	(6,379)	(6,379)	-	(6,379)
At 30 April 2015	255,159	255,159	-	10,686	17,029	-	215	-	535,199	818,288	-	818,288
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 ended 31 July 2014	-	-	-	-	-	-	-	-	(637,897)	(637,897)	-	(637,897)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	(52,165)	(52,165)
At 30 April 2014	255,159	255,159	-	10,686	17,029	-	-	-	491,348	774,222	382	774,604

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

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2015

	9 months ended 30-Apr-15 RM'000	9 months ended 30-Apr-14 RM'000
Operating activities		
Profit for the financial period	40,825	462,117
Adjustments for:		
Non-cash items	11,771	63,428
Non-operating items - investing	(23,023)	(464,378)
Non-operating items - financing	499	13,981
	<u>30,072</u>	<u>75,148</u>
Changes in working capital:		
Net changes in operating assets	19,603	(190,500)
Net changes in operating liabilities	(19,440)	(77,470)
	<u>30,235</u>	<u>(192,822)</u>
Interest paid	-	(77,781)
Taxation paid	(5,578)	(6,485)
Net operating cash flow	<u>24,657</u>	<u>(277,088)</u>
Investing activities		
Net purchase of securities	(91,622)	(959,562)
Interest received from securities	-	47,698
Dividends and income distributions received	10,028	9,608
Rental received	-	35
Proceeds from disposals of investment properties	24,331	84,050
Proceeds from disposals of other investments	94	4
Property, plant and equipment:		
- purchases	(501)	(1,924)
- proceeds from disposals	78	522
Purchase of intangible assets	(497)	-
Net cash inflow on disposals of subsidiaries and associate	-	356,899
Net investing cash flow	<u>(58,089)</u>	<u>(462,670)</u>
Financing activities		
Dividend paid	(6,379)	-
Interest paid	(503)	(14,952)
Net repayment of borrowings	(30,800)	(400,800)
Net financing cash flow	<u>(37,682)</u>	<u>(415,752)</u>
Net change in cash and cash equivalents	<u>(71,114)</u>	<u>(1,155,510)</u>
Foreign exchange differences	-	500
Cash and cash equivalents at beginning of the financial period	<u>81,015</u>	<u>1,168,433</u>
Cash and cash equivalents at end of the financial period	<u>9,901</u>	<u>13,423</u>
Cash and cash equivalents at end of the financial period comprise:		
Deposits with licensed banks	9,062	11,693
Cash and bank balances	839	1,730
	<u>9,901</u>	<u>13,423</u>

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2015

A. Explanatory Notes in accordance with Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting

A1 Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting and Chapter 9, Part K of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The interim financial report, which also complied with the International Accounting Standard ("IAS") 34, Interim Financial Reporting issued by the International Accounting Standards Board, should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2014. The explanatory notes provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 July 2014.

The presentation and contents of the interim financial report of the Group for the current quarter and financial period ended 30 April 2015 have been realigned as the Company has ceased to be a financial holding company following the disposal of the investment banking subsidiary in the previous financial year and the financial results of the Group for the current financial period under review are derived from non-banking business. Comparative figures have been restated and certain profit or loss items for the current quarter have been adjusted in accordance with the disclosure requirements of Malaysian Financial Reporting Standard ("MFRS") 5, Non-current Assets Held for Sale and Discontinued Operations and/or to conform with the presentation for the current financial period.

The accounting policies and methods of computation adopted for this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 31 July 2014 except for the adoption of the following new/revised Malaysian Financial Reporting Standards ("MFRSs") and observance of the Financial Reporting Standards Implementation Committee ("FRSIC) Consensus issued by the Malaysian Institute of Accountants ("MIA"), that are relevant and effective for the Group for the financial year ending 31 July 2015:

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

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

A2 Auditors' Report

The auditors' report of the most recent annual financial statements of the Group for the financial year ended 31 July 2014 was not subject to any qualification.

A3 Seasonal or Cyclical Factors

The operations of the Group were not materially affected by any seasonal or cyclical factors.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2015

A4 Exceptional Items

There are no exceptional items for the current quarter and financial period ended 30 April 2015 other than the net gain on disposal of investment properties by a wholly-owned subsidiary, HDM Properties Sdn. Bhd. amounting to RM11.0 million (net of real property gains tax of RM0.3 million) which is included in the profit for the financial period upon completion of the disposal of the said properties on 31 December 2014, as disclosed in explanatory note A10.

A5 Changes in Estimates

There are no material changes in accounting estimates used in the preparation of the interim financial report for the current quarter and financial period ended 30 April 2015 as compared with the prior financial year.

A6 Debts and Equity Securities

There are no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the financial period ended 30 April 2015.

A7 Dividends

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

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

A8 Subsequent Events

There are no material events subsequent to the end of the financial period ended 30 April 2015.

A9 Changes in the Composition of the Group

There are no changes in the composition of the Group for the current quarter and financial period ended 30 April 2015.

A10 Non-current Assets Held For Sale

	As at 30-Apr-15 RM'000	As at 31-Jul-14 RM'000
Investment properties:		
Leasehold office units	<u>-</u>	<u>12,984</u>

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2015

A11 Discontinued Operations

(a) Disposals of subsidiaries and associate

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

- 100% direct equity interest in a subsidiary, HwangDBS Commercial Bank Plc ("HDCB");
- 100% indirect equity interest held by HDCB in a subsidiary, HwangDBS Securities (Cambodia) Plc;
- 100% direct equity interest in a subsidiary, HwangDBS Investment Bank Berhad ("HDBSIB");
- 100% indirect equity interest held by HDBSIB in a subsidiary, HDM Nominees (Tempatan) Sdn. Bhd.;
- 100% indirect equity interest held by HDBSIB in a subsidiary, HDM Nominees (Asing) Sdn. Bhd.;
- 100% direct equity interest in a subsidiary, HDM Futures Sdn. Bhd.;
- 53% direct equity interest in a subsidiary, Hwang Investment Management Berhad;
- 49% direct equity interest in an associate, Asian Islamic Investment Management Sdn. Bhd.; and
- 51% direct equity interest in a subsidiary, HwangDBS Vickers Research Sdn. Bhd.

for a total cash consideration of RM1,527.23 million.

(b) Applicable reportable segments of subsidiaries disposed of

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

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

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

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

(c) Financial results of discontinued operations

The analysis of financial results of the discontinued operations for the comparative corresponding quarter and financial period ended 30 April 2014 is as follows:

	Note	Individual Quarter (Restated) 3 months ended 30-Apr-14 RM'000	Cumulative Quarter (Restated) 9 months ended 30-Apr-14 RM'000
Operating revenue		75,937	301,134
Other income		367,117	413,015
Staff costs		(19,400)	(82,539)
Depreciation and amortisation		(11)	(2,838)
Write back of allowance/(allowance) for losses on:			
- loans, advances and financing		493	(438)
- clients' balances and receivables		305	835
Other operating expenses		(35,298)	(151,870)
		<u>389,143</u>	<u>477,299</u>
Share of results of an associate, net of tax		1,269	2,390
Profit before taxation	A12	<u>390,412</u>	<u>479,689</u>
Taxation	B6	(3,895)	(21,107)
Profit for the financial period from discontinued operations ^		<u>386,517</u>	<u>458,582</u>

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2015

A11 Discontinued Operations (cont'd)

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

	<u>Individual Quarter 3 months ended 30-Apr-14 RM'000</u>	<u>Cumulative Quarter 9 months ended 30-Apr-14 RM'000</u>
Profit for the financial period from discontinued operations [^]	<u>386,517</u>	<u>458,582</u>
Other comprehensive income for the financial period from discontinued operations:		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Currency translation differences arising from foreign operations	(2,712)	992
Securities AFS:		
- net change in fair value	830	(1,253)
- net gain transferred to income statement on disposal	(168)	(396)
Share of AFS reserve of an associate	4	20
Income tax relating to components of other comprehensive income	(158)	408
Reclassification adjustments upon disposals of subsidiaries and associate	<u>3,337</u>	<u>3,337</u>
	<u>1,133</u>	<u>3,108</u>
Total comprehensive income for the financial period from discontinued operations	<u><u>387,650</u></u>	<u><u>461,690</u></u>
[^] Profit for the financial period from discontinued operations comprised:		
Financial results of discontinued operations	20,577	92,642
Net gain on disposals of subsidiaries and associate	<u>365,940</u>	<u>365,940</u>
	<u><u>386,517</u></u>	<u><u>458,582</u></u>

(d) Net cash flows attributable to the discontinued operations

The net cash flows attributable to the discontinued operations, which were consolidated up to the respective dates of disposals of the entities disposed of, for the comparative corresponding financial period ended 30 April 2014 are as follows:

	9 months ended 30-Apr-14 RM'000
Net operating cash flow	(189,932)
Net investing cash flow	<u>181,347</u>
	<u><u>(8,585)</u></u>

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2015

A11 Discontinued Operations (cont'd)

(e) Net cash inflow on disposals of subsidiaries and associate

The net cash inflow on disposals of subsidiaries and associate completed in the financial period ended 30 April 2014 is as follows:

	At date of disposal RM'000
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 (Dr.)	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 (Cr.)	(296,795)
Derivative liabilities	(28,575)
Other liabilities	(294,802)
Taxation	(2,445)
Non-controlling interests	(52,164)
	<u>1,132,485</u>
Reclassification of AFS reserve to profit or loss	(2,344)
Reclassification of foreign exchange reserve to profit or loss	5,681
	<u>1,135,822</u>
Net gain on disposals of subsidiaries and associate	365,940
Net disposal consideration	<u>1,501,762</u>
Cash and cash equivalents of subsidiaries disposed of	(1,144,863)
Net cash inflow on disposals of subsidiaries and associate	<u><u>356,899</u></u>
	RM'000
Cash consideration	1,526,822
Expenses paid/payable on disposals of subsidiaries and associate	(25,060)
Net disposal consideration	<u><u>1,501,762</u></u>

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2015

A12 Items of Income and Expenses

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-15 RM'000	(Restated) 3 months ended 30-Apr-14 RM'000	9 months ended 30-Apr-15 RM'000	(Restated) 9 months ended 30-Apr-14 RM'000
<u>Continuing operations</u>				
Interest income	10,067	9,069	30,433	26,731
Gross dividends/income distributions	3,571	2,091	10,028	2,091
Rental income	662	1,410	3,207	4,234
Net gain on disposals of investment properties	-	-	11,347	711
Net gain on disposals of other investments	10	-	21	-
Net loss on liquidation of subsidiaries	-	-	-	(2)
Net gain on disposals of securities AFS	-	2,420	2,087	2,420
Net foreign exchange (loss)/gain	(1)	(5)	(1)	1
Interest expense	-	(3,834)	(499)	(15,064)
Rental of premises	(56)	(60)	(153)	(142)
Loans, advances and financing:				
- collective impairment allowance made	(858)	(1,744)	(3,856)	(4,895)
- bad debts written off	(85)	(69)	(225)	(189)
- bad debts recovered	67	194	211	659
<u>Discontinued operations</u>				
Interest income	-	22,997	-	97,870
Gross dividends/income distributions	-	2,775	-	7,327
Rental income	-	23	-	35
Net gain on disposal of an investment property	-	-	-	34,904
Net loss on disposal of other investments	-	-	-	(23)
Net gain on disposals of subsidiaries and associate	-	365,940	-	365,940
Net gain/(loss) on securities held-for-trading:				
- net gain on disposal	-	8,276	-	20,553
- net unrealised loss	-	(1,316)	-	(1,567)
Net gain on disposals of securities AFS	-	167	-	404
Net gain on derivatives:				
- net gain on disposal	-	10	-	344
- net unrealised gain	-	2,226	-	4,191
Net gain on disposals of securities held-to-maturity	-	-	-	3,220
Net foreign exchange loss	-	(1,924)	-	(938)
Interest expense	-	(12,934)	-	(54,658)
Other investments written off	-	(33)	-	(89)
Rental of premises	-	(1,628)	-	(6,650)
Depreciation and amortisation	-	(11)	-	(2,838)
Loans, advances and financing:				
- net individual impairment allowance written back/(made)	-	8	-	(964)
- collective impairment allowance written back	-	485	-	526
Clients' balances and receivables:				
- net individual impairment allowance written back	-	255	-	407
- bad debts written off	-	20	-	(41)
- bad debts recovered	-	30	-	469

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2015

A13 Commitments and Contingencies

	As at 30-Apr-15 RM'000	As at 31-Jul-14 RM'000
(a) Loan commitments	<u>-</u>	<u>12,000</u>
(b) Capital expenditure commitments	<u>-</u>	<u>189</u>
(c) Non-cancellable operating lease commitments		
- future minimum lease payable	108	217
- future minimum lease receivable	<u>1,844</u>	<u>5,882</u>

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2015

A14 Segmental Information

The Group is organised into the following operating segments:

Continuing operations

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

Discontinued operations

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

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

The segmental information are as follows:

	Continuing operations						Discontinued operations				Total	Elimination	Group	
	Money-lending	Investment holding	Property investment	Others	Inter-segment elimination	Sub-total	Banking and investment management	Others	Inter-segment elimination	Sub-total				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
9 months ended 30 April 2015														
Revenue														
External revenue *	35,165	10,459	3,207	-	-	48,831	-	-	-	-	48,831	-	-	48,831
Inter-segment revenue	-	8,651	240	-	(8,891)	-	-	-	-	-	-	-	-	-
Total revenue	<u>35,165</u>	<u>19,110</u>	<u>3,447</u>	<u>-</u>	<u>(8,891)</u>	<u>48,831</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,831</u>	<u>-</u>	<u>-</u>	<u>48,831</u>
Segment profit/(loss)	<u>14,544</u>	<u>20,312</u>	<u>13,180</u>	<u>(14)</u>	<u>(11)</u>	<u>48,011</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,011</u>	<u>-</u>	<u>-</u>	<u>48,011</u>

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

HWANG CAPITAL (MALAYSIA) BERHAD
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A14 Segmental Information (cont'd)

	<u>Continuing operations</u>						<u>Discontinued operations</u>				<u>Total</u>	<u>Elimination</u>	<u>Group</u>
	<u>Money-lending</u>	<u>Investment holding</u>	<u>Property investment</u>	<u>Others</u>	<u>Inter-segment elimination</u>	<u>Sub-total</u>	<u>Banking and investment management</u>	<u>Others</u>	<u>Inter-segment elimination</u>	<u>Sub-total</u>			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
9 months ended 30 April 2014 (Restated)													
Revenue													
External revenue *	29,090	2,417	1,073	-	-	32,580	296,137	3,914	-	300,051	332,631	-	332,631
Inter-segment revenue	-	488	3,231	-	(559)	3,160	906	2,218	(2,041)	1,083	4,243	(4,243)	-
Total revenue	<u>29,090</u>	<u>2,905</u>	<u>4,304</u>	<u>-</u>	<u>(559)</u>	<u>35,740</u>	<u>297,043</u>	<u>6,132</u>	<u>(2,041)</u>	<u>301,134</u>	<u>336,874</u>	<u>(4,243)</u>	<u>332,631</u>
Segment profit/(loss)	<u>14,140</u>	<u>(9,226)</u>	<u>2,892</u>	<u>78</u>	<u>(304)</u>	<u>7,580</u>	<u>114,278</u>	<u>366,044</u>	<u>(3,023)</u>	<u>477,299</u>	<u>484,879</u>	<u>-</u>	<u>484,879</u>
Share of results of an associate, net of tax										2,390	2,390		2,390
Profit before taxation										<u>479,689</u>	<u>487,269</u>		<u>487,269</u>

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2015

A15 Fair value of financial instruments

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

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

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

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

Financial instruments measured at fair value

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

	Carrying amount RM'000	Fair value hierarchy		
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
30-Apr-15				
<u>Financial assets</u>				
Securities AFS				
- Quoted securities	<u>415,685</u>	<u>415,685</u>	<u>-</u>	<u>-</u>
31-Jul-14				
<u>Financial assets</u>				
Securities AFS				
- Quoted securities	<u>321,271</u>	<u>321,271</u>	<u>-</u>	<u>-</u>

Financial instruments not measured at fair value

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

	As at 30-Apr-15		As at 31-Jul-14	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Securities available-for-sale	-	-	490	2,577
Loans, advances and financing	<u>368,315</u>	<u>369,006</u>	<u>393,936</u>	<u>388,626</u>

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2015

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

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

Total operating revenue of the Group for the nine months ended 30 April 2015 increased to RM48.8 million from RM35.7 million recorded by the continuing operations in the previous corresponding financial period while the revenue for the third quarter of the financial year 2015 advanced by 15% to RM15.7 million compared to the corresponding quarter of the previous financial year. Key drivers for the higher operating revenue of the Group for the current quarter under review are increased returns from investing activities and higher interest income from the moneylending segment, partly offset by lower rental income from property letting in the current quarter. Period-to-date, increase in operating revenue of the Group is primarily driven by increased returns from investing activities, higher interest income and fee-based income generated from the moneylending segment, partly offset by lower rental income from property letting in the current financial period under review.

With the completion of the disposals of the core financial businesses of the Group in the preceding financial year ended 31 July 2014 ("FY2014"), there was no operating revenue generated from the discontinued operations in the current quarter and financial period under review. The total operating revenue of the discontinued operations for the previous corresponding quarter and financial period amounted to approximately RM75.9 million and RM301.1 million respectively.

The pretax profit of the Group before the exceptional gain (as disclosed in explanatory note A4) for the current financial period is RM36.7 million vs. a pretax profit of RM7.6 million recorded by the continuing operations in the previous corresponding financial period. For the third quarter ended 30 April 2015, the pretax profit of the Group is RM11.6 million in comparison to the pretax profit of RM6.3 million posted by the continuing operations in the previous corresponding quarter. The steady increase in earnings of the Group in the current quarter is on the back of revenue growth as well as the effects of interest savings from reduction in gearing of the Group, lower loan loss provisioning and reduction in operating expenses, partially offset by absence of net gain arising from disposal of securities available-for-sale ("AFS") in the current quarter under review. The improved earnings for the cumulative nine months ended 30 April 2015 is mainly attributable to higher operating revenue and the effects of interest savings from reduction in gearing of the Group, compared to the corresponding financial period in FY2014.

In the previous corresponding quarter and financial period ended 30 April 2014, the pretax profit of the Group comprised pretax profit of the discontinued operations (excluding the exceptional gains arising from disposals of subsidiaries and associate in the third quarter of FY2014 and disposal of an investment property in the second quarter of FY2014 respectively) amounted to approximately RM24.4 million and RM78.8 million respectively.

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

(a) Moneylending

The pretax profit of the moneylending segment for the current financial period under review is marginally higher at RM14.5 million compared to a pretax profit of RM14.1 million recorded in the previous corresponding financial period. The contributions from increase in net interest income and fee-based income generated from consumer financing activities as well as reduction in loan loss provisioning in the current financial period were partially negated by higher personnel costs and absence of net gain arising from disposal of securities AFS.

For the third quarter ended 30 April 2015, the pretax profit of the moneylending segment of RM5.1 million lagged behind the pretax profit of RM6.4 million reported in the previous corresponding quarter last year. This was mainly attributable to higher personnel costs and absence of net gain arising from disposal of securities AFS in the current quarter, partly cushioned by higher net interest income and lower loan loss provisioning in the current quarter.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2015

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

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

(b) Investment holding

The investment holding segment continued to post a steady pretax profit of RM6.0 million in the three months ended 30 April 2015 against a pretax loss of RM0.5 million incurred in the previous corresponding quarter. The cumulative pretax profit of the segment for the current financial period is at RM20.3 million in contrast to a pretax loss of RM9.2 million in the corresponding financial period in FY2014.

Increase in profitability of the segment for the current quarter and financial period is mainly attributable to revenue growth, the effects of interest savings from reduction in gearing and decrease in personnel costs. The earnings for the current financial period is also boosted by net gain on disposal of securities AFS.

(c) Property investment

Excluding the exceptional gain (as disclosed in explanatory note A4), the property investment segment registered a pretax profit of RM1.8 million for the current financial period, which is relatively lower than the pretax profit of RM2.0 million (excluding net gain on disposals of properties of RM0.9 million) in the previous corresponding financial period. For the third quarter ended 30 April 2015, the segment posted a pretax profit of RM0.4 million against a pretax profit of RM0.7 million in the previous corresponding quarter. The contraction in earnings of the segment was as a consequence of the reduction in rental income from property letting subsequent to the disposals of investment properties in the current financial period, partly mitigated by lower finance costs and operating expenses.

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

The Group posted a pretax profit of RM11.6 million for the current quarter, which is marginally higher than the pretax profit of RM11.4 million (excluding the exceptional gain as disclosed in explanatory note A4) recorded in the second quarter ended 31 January 2015. In the current quarter under review, lower loan loss provisioning and decrease in finance costs contributed positively to the earnings of the Group while the reduction in rental income from property letting and the relatively higher operating costs have partially offset the positive effects on the profitability of the Group for the current quarter under review.

B3 Commentary

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

Consumer financing for personal use is anticipated to grow albeit at a slower pace in the remaining quarter of the financial year 2015 given that private consumption, which is supported by steady rise in income and employment, is expected to moderate as the Malaysian households adjust to the introduction of the Goods and Services Tax (GST). Notwithstanding, consumer financing with a relatively longer maturity is expected to continue generating steady medium to long term income stream for the Group.

The Group continues to evaluate new business opportunities. Currently, there is no planned acquisition or disposal of investment properties by the Group.

Barring unforeseen circumstances, the Board of Directors is of the view that the Group will perform satisfactorily for the financial year ending 31 July 2015.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2015

B3 Commentary (cont'd)

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

Not applicable.

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

Not applicable.

B5 Profit Forecast and Profit Guarantee

Not applicable.

B6 Taxation

The analysis of the tax expense for the current quarter and financial period ended 30 April 2015 are as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months ended 30-Apr-15</u> RM'000	<u>3 months ended 30-Apr-14</u> RM'000	<u>9 months ended 30-Apr-15</u> RM'000	<u>9 months ended 30-Apr-14</u> RM'000
<u>Continuing operations</u>				
In respect of the current financial year:				
Malaysian income tax	(1,942)	(1,622)	(6,164)	(4,574)
Real property gains tax	-	-	(307)	-
Deferred tax	(322)	334	(574)	766
	(2,264)	(1,288)	(7,045)	(3,808)
In respect of prior financial years:				
Malaysian income tax	(141)	(212)	(141)	(212)
Deferred tax	-	(25)	-	(25)
	(141)	(237)	(141)	(237)
	(2,405)	(1,525)	(7,186)	(4,045)
<u>Discontinued operations</u>				
In respect of the current financial year:				
Malaysian income tax	-	(5,809)	-	(15,728)
Foreign income tax	-	(11)	-	(71)
Real property gains tax	-	-	-	(3,439)
Deferred tax	-	1,730	-	(2,064)
	-	(4,090)	-	(21,302)
In respect of prior financial years:				
Malaysian income tax	-	195	-	195
	-	(3,895)	-	(21,107)
	(2,405)	(5,420)	(7,186)	(25,152)

The effective tax rate of the Group for the current quarter and financial period ended 30 April 2015 is lower than the statutory tax rate mainly due to certain income which are not subject to tax.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2015

B7 Status of Corporate Proposals

There are no corporate proposals announced but not completed as at date of this announcement except that on 27 November 2013, the Company announced that the following wholly-owned direct dormant subsidiaries of the Company have commenced member's voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965:

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

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

On 8 May 2015, HCM had held the final shareholder's meeting and the Return has been lodged with CCM and the Official Receiver on 12 May 2015. HCM will be dissolved at the expiry of 3 months from date of lodgement of the Return with CCM and the Official Receiver pursuant to Section 272(5) of the Companies Act, 1965.

The member's voluntary winding-up of HCM, which is pending completion, is not expected to have any material effect on the net assets, gearing ratio and earnings per share of the Group for the financial year ending 31 July 2015.

B8 Status of utilisation of proceeds raised from corporate proposals

The status of utilisation of proceeds raised from a corporate proposal as at 30 April 2015 is as follows:

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

Purpose	Note	Proposed utilisation RM'000	Amount utilised RM'000	Unutilised RM'000
Special cash dividend to shareholders		637,897	637,897	-
General working capital requirements		73,683	73,683	-
General investment in liquid assets		75,000	75,000	-
Potential acquisition of new business	(i)	250,000	-	250,000
Repayment of borrowings		310,000	310,000	-
Expenses incurred on disposals of subsidiaries and associate		14,000	14,000	-
		<u>1,360,580</u>	<u>1,110,580</u>	<u>250,000</u>

- (i) The initial intended timeframe for utilisation of the proceeds allocated for potential acquisition of new business was within 12 months from the date of completion of disposals of subsidiaries and associate on 7 April 2014. Pending identification of a potential viable business, the timeframe for utilisation of the proceeds has been extended for another twelve months from 7 April 2015.

Proceeds not utilised as at 30 April 2015 are invested in unit trusts and deposits with financial institutions.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2015

B9 Group Borrowings and Debt Securities

- (a) Total borrowings of the Group of RM30.8 million as at 31 July 2014 were unsecured and were covered by corporate guarantees issued by the Company for a subsidiary.
- (b) Analysis between short term and long term borrowings are as follows:

	As at 30-Apr-15 RM'000	As at 31-Jul-14 RM'000
Short term borrowings		
Revolving credits	-	30,804
Long term borrowings	-	-
Total borrowings	<u>-</u>	<u>30,804</u>

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

B10 Disclosure of Realised and Unrealised Profits or Losses

	As at 30-Apr-15 RM'000	As at 31-Jul-14 RM'000
Total retained profits of the Company and its subsidiaries:		
- realised	536,186	500,406
- unrealised	3,042	3,616
	<u>539,228</u>	<u>504,022</u>
Consolidation adjustments	(4,029)	(3,269)
Total Group retained profits	<u>535,199</u>	<u>500,753</u>

The disclosure of realised and unrealised profits or losses is made in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Securities") and the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures pursuant to Bursa Securities Listing Requirements, issued by the Malaysian Institute of Accountants.

B11 Disclosure of Derivatives

The Group did not hold any derivative financial instruments as at 30 April 2015 and 31 July 2014.

B12 Changes in Material Litigation

The Group does not have any material litigation as at 30 April 2015 which would materially affect the financial position or business of the Group.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2015

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-15	3 months ended 30-Apr-14	9 months ended 30-Apr-15	9 months ended 30-Apr-14
Profit for the financial period attributable to equity holders of the Company (RM'000)	<u>9,173</u>	<u>387,130</u>	<u>40,825</u>	<u>447,297</u>
Weighted average number of ordinary shares in issue ('000)	<u>255,159</u>	<u>255,159</u>	<u>255,159</u>	<u>255,159</u>
Basic earnings per share (sen)	<u><u>3.60</u></u>	<u>151.72</u>	<u><u>16.00</u></u>	<u>175.30</u>

There were no dilutive potential ordinary shares in issue as at 30 April 2015 and 30 April 2014.

By Order of the Board

Ooi Hui Ling
Company Secretary

Penang
24 June 2015