

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2015

		(Restated)
	As at	As at
Note	31-Jul-15	31-Jul-14
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	2,866	3,145
Investment properties	23,480	24,142
Intangible assets	503	-
Securities available-for-sale ("AFS")	3,752	-
Other investments	473	557
Loans, advances and financing	309,225	326,182
Deferred tax assets	3,515	3,632
	<u>343,814</u>	<u>357,658</u>
Current assets		
Securities available-for-sale ("AFS")	422,276	321,761
Loans, advances and financing	58,169	67,754
Trade receivables	56	-
Other receivables, deposits and prepayments	5,955	2,209
Deposits, cash and bank balances	10,537	81,854
	<u>496,993</u>	<u>473,578</u>
Non-current assets held for sale	-	12,984
	<u>496,993</u>	<u>486,562</u>
	<u>840,807</u>	<u>844,220</u>
Total assets		
Non-current liabilities		
Deferred tax liabilities	174	16
Current liabilities		
Other payables and accruals	12,685	28,993
Borrowings	-	30,804
Taxation	566	780
	<u>13,251</u>	<u>60,577</u>
	<u>13,425</u>	<u>60,593</u>
Total liabilities		
Equity attributable to equity holders of the Company		
Share capital	255,159	255,159
Reserves	572,223	528,468
Total equity	<u>827,382</u>	<u>783,627</u>
Total liabilities and equity	<u>840,807</u>	<u>844,220</u>
Net assets per share attributable to equity holders of the Company (RM)		
	<u>3.24</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 YEAR ENDED 31 JULY 2015

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
			(Restated)		(Restated)
		3 months ended	3 months ended	12 months ended	12 months ended
		31-Jul-15	31-Jul-14	31-Jul-15	31-Jul-14
		RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>					
Operating revenue		15,951	16,070	64,782	51,791
Other income		707	452	16,381	4,754
Personnel costs		(2,319)	(2,017)	(9,032)	(9,056)
Depreciation and amortisation		(357)	(384)	(1,357)	(2,072)
Allowances for impairment loss on:					
- loans, advances and financing		(1,558)	(2,267)	(5,428)	(6,692)
Other expenses		(1,580)	(1,511)	(5,992)	(5,738)
		10,844	10,343	59,354	32,987
Finance costs		-	(45)	(499)	(15,109)
Profit before taxation	A12	10,844	10,298	58,855	17,878
Taxation	B6	(1,957)	(1,260)	(9,143)	(5,305)
Profit for the financial year from continuing operations		8,887	9,038	49,712	12,573
<u>Discontinued operations</u>					
Profit for the financial year from discontinued operations	A11(c)	-	325	-	458,907
Profit for the financial year		8,887	9,363	49,712	471,480
Attributable to:					
Equity holders of the Company					
- Continuing operations		8,887	9,038	49,712	12,573
- Discontinued operations		-	367	-	444,129
		8,887	9,405	49,712	456,702
Non-controlling interests					
- Discontinued operations		-	(42)	-	14,778
		8,887	9,363	49,712	471,480
Basic earnings per share attributable to equity holders of the Company (sen)					
- Continuing operations		3.48	3.54	19.48	4.93
- Discontinued operations		-	0.14	-	174.06
	B13	3.48	3.68	19.48	178.99

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 YEAR ENDED 31 JULY 2015

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-15 RM'000	3 months ended 31-Jul-14 RM'000	12 months ended 31-Jul-15 RM'000	12 months ended 31-Jul-14 RM'000
Profit for the financial year	8,887	9,363	49,712	471,480
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
<u>Continuing operations</u>				
Securities AFS:				
- net change in fair value	207	-	422	-
<u>Discontinued operations</u>	-	-	-	3,108
	207	-	422	3,108
Total comprehensive income for the financial year	9,094	9,363	50,134	474,588
Total comprehensive income for the financial year:				
- Continuing operations	9,094	9,038	50,134	12,573
- Discontinued operations	-	325	-	462,015
	9,094	9,363	50,134	474,588
Attributable to:				
Equity holders of the Company				
- Continuing operations	9,094	9,038	50,134	12,573
- Discontinued operations	-	367	-	447,245
	9,094	9,405	50,134	459,818
Non-controlling interests				
- Discontinued operations	-	(42)	-	14,770
	9,094	9,363	50,134	474,588

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 YEAR ENDED 31 JULY 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 year	-	-	-	-	-	-	-	-	49,712	49,712	-	49,712
Other comprehensive income for the financial year	-	-	-	-	-	-	422	-	-	422	-	422
Total comprehensive income for the financial year	-	-	-	-	-	-	422	-	49,712	50,134	-	50,134
Final dividend for the financial year ended 31 July 2014	-	-	-	-	-	-	-	-	(6,379)	(6,379)	-	(6,379)
At 31 July 2015	255,159	255,159	-	10,686	17,029	-	422	-	544,086	827,382	-	827,382
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 year	-	-	-	-	-	-	-	-	456,702	456,702	14,778	471,480
Other comprehensive income for the financial year, net of tax	-	-	-	-	-	-	(1,213)	992	-	(221)	(8)	(229)
Reclassification of reserves upon disposals of subsidiaries and associate	-	-	-	-	-	(148,861)	(2,344)	5,681	148,861	3,337	-	3,337
Total comprehensive income for the financial year	-	-	-	-	-	(148,861)	(3,557)	6,673	605,563	459,818	14,770	474,588
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)
Disposals of subsidiaries	-	-	-	-	-	-	-	-	-	-	(52,505)	(52,505)
At 31 July 2014	255,159	255,159	-	10,686	17,029	-	-	-	500,753	783,627	-	783,627

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 YEAR ENDED 31 JULY 2015

	12 months ended 31-Jul-15 RM'000	12 months ended 31-Jul-14 RM'000
Operating activities		
Profit for the financial year	49,712	471,480
Adjustments for:		
Non-cash items	15,572	67,415
Non-operating items - investing	(26,581)	(467,334)
Non-operating items - financing	499	14,026
	<u>39,202</u>	<u>85,587</u>
Changes in operating assets and liabilities:		
Net changes in receivables	17,235	(149,874)
Net changes in payables	(17,319)	(85,761)
	<u>39,118</u>	<u>(150,048)</u>
Interest paid	-	(77,781)
Taxation paid	(9,262)	(8,456)
Net operating cash flow	<u>29,856</u>	<u>(236,285)</u>
Investing activities		
Net purchase of securities	(101,758)	(348,977)
Proceeds from disposals of:		
- property, plant and equipment	78	517
- investment properties	24,331	84,050
- other investments	110	4
Proceeds from redemption of securities held-to-maturity	-	69,334
Interest received from securities	-	47,698
Dividends and income distributions received	13,701	12,684
Rental received	-	35
Purchases of:		
- property, plant and equipment:	(519)	(2,152)
- intangible assets	(501)	-
Net cash inflow on disposals of subsidiaries and associate	A11(e) -	356,930
Net investing cash flow	<u>(64,558)</u>	<u>220,123</u>
Financing activities		
Dividend paid	(6,379)	(637,897)
Interest paid on borrowings	(503)	(15,159)
Net repayment of borrowings	(30,800)	(418,700)
Net financing cash flow	<u>(37,682)</u>	<u>(1,071,756)</u>
Net change in cash and cash equivalents	<u>(72,384)</u>	<u>(1,087,918)</u>
Foreign exchange differences	-	500
Cash and cash equivalents at beginning of the financial year	<u>81,015</u>	<u>1,168,433</u>
Cash and cash equivalents at end of the financial year	<u>8,631</u>	<u>81,015</u>
Cash and cash equivalents at end of the financial year comprise:		
Deposits, cash and bank balances	10,537	81,854
Less:		
Deposits with licensed banks maturing after one month	(671)	(649)
Clients' monies held in trust	(1,235)	(190)
	<u>(1,906)</u>	<u>(839)</u>
	<u>8,631</u>	<u>81,015</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 YEAR ENDED 31 JULY 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 structure and contents of the interim financial report of the Group for the current quarter and financial year ended 31 July 2015 have been realigned to the presentation format of non-financial institutions as the financial results of the Group for the current financial year are derived from non-banking business following disposal of the investment banking subsidiary in the previous financial year and the Company has ceased to be a financial holding company. Comparative figures have been restated to conform with the presentation for the current financial year.

The accounting policies and methods of computation adopted for this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 31 July 2014 except for the adoption of the following new/revised Malaysian Financial Reporting Standards ("MFRSs") and observance of the Financial Reporting Standards Implementation Committee ("FRSIC) Consensus issued by the Malaysian Institute of Accountants ("MIA"), that are relevant and effective for the Group for the financial year ended 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 (<i>Annual Improvements to MFRSs 2011-2013 Cycle</i>)
• Amendment to MFRS 124	Related Party Disclosures (<i>Annual Improvements to MFRSs 2010-2012 Cycle</i>)
• 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 (<i>Annual Improvements to MFRSs 2011-2013 Cycle</i>)
• 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 YEAR ENDED 31 JULY 2015

A4 Exceptional Items

There are no exceptional items for the current quarter and financial year ended 31 July 2015 other than the net gain on disposals 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 year upon completion of the disposals 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 year ended 31 July 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 year ended 31 July 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 directors now recommend the payment of a final single tier dividend of 10.0 sen per ordinary share, amounting to RM25,515,890 in respect of the financial year ended 31 July 2015, based on the issued and paid-up share capital of the Company as at 31 July 2015, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company. This proposed dividend will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 July 2016 when approved by the shareholders.

Total dividends for the financial year ended 31 July 2015 amounted to single tier dividend of 10.0 sen per ordinary share (Previous financial year ended 31 July 2014: single tier dividends of RM2.525 per ordinary share).

A8 Subsequent Events

There are no material events subsequent to the end of the financial year ended 31 July 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 year ended 31 July 2015.

A10 Non-current Assets Held For Sale

	As at 31-Jul-15 RM'000	As at 31-Jul-14 RM'000
Investment properties:		
Leasehold office units	-	<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 YEAR ENDED 31 JULY 2015

A11 Discontinued Operations

(a) Disposals of subsidiaries and associate (2014 only)

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

<u>Entity</u>	<u>Reportable segment</u> *
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, which were included in the results of the Group up to the respective dates of disposal of the entities, in the previous corresponding quarter and financial year ended 31 July 2014 is as follows:

		<u>Individual Quarter</u> (Restated) 3 months ended 31-Jul-14 RM'000	<u>Cumulative Quarter</u> (Restated) 12 months ended 31-Jul-14 RM'000
Operating revenue		-	301,134
Other income		87	413,102
Personnel costs		-	(82,539)
Depreciation and amortisation		-	(2,838)
Write back of allowances/(allowances) for impairment loss on:			
- loans, advances and financing		597	159
- clients' balances and receivables		-	835
- other investments		39	39
Other expenses		(133)	(152,003)
		<hr/>	<hr/>
		590	477,889
Share of results of an associate, net of tax		-	2,390
		<hr/>	<hr/>
Profit before taxation	A12	590	480,279
Taxation	B6	(265)	(21,372)
		<hr/>	<hr/>
Profit for the financial year from discontinued operations ^		325	458,907

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

A11 Discontinued Operations (cont'd)

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

	<u>Individual Quarter 3 months ended 31-Jul-14 RM'000</u>	<u>Cumulative Quarter 12 months ended 31-Jul-14 RM'000</u>
Profit for the financial year from discontinued operations ^	325	458,907
Other comprehensive income from discontinued operations:		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Currency translation differences arising from foreign operations	-	992
Securities AFS:		
- net change in fair value	-	(1,253)
- net gain transferred to income statement on disposal	-	(396)
Share of AFS reserve of an associate	-	20
Income tax relating to components of other comprehensive income	-	408
Reclassification adjustments upon disposals of subsidiaries and associate	-	3,337
	-	3,108
Total comprehensive income for the financial year from discontinued operations	<u>325</u>	<u>462,015</u>

^ Profit for the financial year from discontinued operations comprised:

Financial results of discontinued operations	244	92,886
Net gain on disposals of subsidiaries and associate	81	366,021
	<u>325</u>	<u>458,907</u>

(d) Net cash flows attributable to 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, in the previous financial year ended 31 July 2014 are as follows:

	<u>12 months ended 31-Jul-14 RM'000</u>
Net operating cash flow	(189,932)
Net investing cash flow	181,347
	<u>(8,585)</u>

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 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, which were completed in the previous financial year ended 31 July 2014, is as follows:

	At date of disposal RM'000
Deposits, cash and bank balances	1,253,195
Securities held-for-trading	130,018
Securities AFS	1,442,023
Securities held-to-maturity	304,602
Loans, advances and financing	544,576
Clients' and brokers' balances (Dr.)	307,680
Derivative assets	21,178
Other receivables, deposits and prepayments	136,043
Other investments	1,275
Statutory deposits with Central Banks	71,854
Tax recoverable	93
Deferred tax assets	1,289
Investment in an associate	6,954
Property, plant and equipment	13,369
Intangible assets	162,502
Deposits from customers	(854,724)
Deposits and placements of banks and other financial institutions	(1,733,007)
Clients' and brokers' balances (Cr.)	(296,795)
Derivative liabilities	(28,575)
Other payables and accruals	(295,451)
Taxation	(2,426)
Non-controlling interests	(52,505)
	<u>1,133,168</u>
Reclassification of AFS reserve to profit or loss	(2,344)
Reclassification of foreign exchange reserve to profit or loss	5,681
	<u>1,136,505</u>
Net gain on disposals of subsidiaries and associate	366,021
Net disposal consideration	<u>1,502,526</u>
Cash and cash equivalents of subsidiaries disposed of	<u>(1,145,596)</u>
Net cash inflow on disposals of subsidiaries and associate	<u>356,930</u>
	RM'000
Total cash consideration	1,527,231
Expenses incurred on disposals of subsidiaries and associate	(24,705)
Net disposal consideration	<u>1,502,526</u>

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

A12 Items of Income and Expenses

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-15 RM'000	(Restated) 3 months ended 31-Jul-14 RM'000	12 months ended 31-Jul-15 RM'000	(Restated) 12 months ended 31-Jul-14 RM'000
<u>Continuing operations</u>				
Interest income	10,275	9,674	40,708	36,405
Gross dividends/income distributions	3,744	3,075	13,772	5,166
Rental income	634	1,373	3,841	5,607
Net gain on disposals of investment properties	-	-	11,347	711
Net gain on disposals of other investments	5	-	26	-
Net loss on liquidation of subsidiaries	-	-	-	(2)
Net gain on disposals of securities AFS	-	-	2,087	2,420
Net foreign exchange gain	1	-	-	1
Interest expense	-	(45)	(499)	(15,109)
Rental of premises	(56)	(24)	(209)	(166)
Loans, advances and financing:				
- net individual impairment allowance made	(38)	(598)	(38)	(598)
- collective impairment allowance made	(1,557)	(2,218)	(5,413)	(7,113)
- bad debts written off	(58)	(85)	(283)	(274)
- bad debts recovered	95	634	306	1,293
<u>Discontinued operations</u>				
Interest income	-	-	-	97,870
Gross dividends/income distributions	-	-	-	7,327
Rental income	-	-	-	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	-	81	-	366,021
Net gain/(loss) on securities held-for-trading:				
- net gain on disposal	-	-	-	20,553
- net unrealised loss	-	-	-	(1,567)
Net gain on disposals of securities AFS	-	-	-	404
Net gain on derivatives:				
- net gain on disposal	-	-	-	344
- net unrealised gain	-	-	-	4,192
Net gain on disposals of securities held-to-maturity	-	-	-	3,220
Net foreign exchange loss	-	-	-	(938)
Interest expense	-	-	-	(54,659)
Other investments written off	-	-	-	(89)
Rental of premises	-	-	-	(6,650)
Loans, advances and financing:				
- net individual impairment allowance made	-	-	-	(964)
- collective impairment allowance written back	-	597	-	1,123
Clients' balances and receivables:				
- net individual impairment allowance written back	-	-	-	407
- bad debts written off	-	-	-	(41)
- bad debts recovered	-	-	-	469

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

A13 Commitments and Contingencies

	As at 31-Jul-15 RM'000	As at 31-Jul-14 RM'000
(a) Loan commitments	<u>269</u>	<u>12,000</u>
(b) Capital expenditure commitments	<u>-</u>	<u>189</u>
(c) Non-cancellable operating lease commitments		
- future minimum lease payable	277	217
- future minimum lease receivable	<u>1,350</u>	<u>5,882</u>

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 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 dormant subsidiaries of the Company

Discontinued operations

- Banking and investment management - stockbroking, investment banking, commercial banking and investment management
- Others - include investment holding and other non-core operations of the Group

During the financial year, investment holding (continuing operations) and property investment activities have been identified as new reportable segments. Previously, the investment holding (continuing operations) 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 year.

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
12 months ended 31 July 2015														
Revenue														
External revenue *	46,798	14,143	3,841	-	-	64,782	-	-	-	-	64,782	-	-	64,782
Inter-segment revenue	-	11,478	313	-	(11,791)	-	-	-	-	-	-	-	-	-
Total revenue	<u>46,798</u>	<u>25,621</u>	<u>4,154</u>	<u>-</u>	<u>(11,791)</u>	<u>64,782</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,782</u>	<u>-</u>	<u>-</u>	<u>64,782</u>
Segment profit/(loss)	<u>18,991</u>	<u>26,319</u>	<u>13,570</u>	<u>(14)</u>	<u>(11)</u>	<u>58,855</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,855</u>	<u>-</u>	<u>-</u>	<u>58,855</u>
Share of results of an associate, net of tax														-
Profit before taxation														<u>58,855</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
(Company no. 238969-K)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

A14 Segmental Information (cont'd)

	<u>Continuing operations</u>						<u>Discontinued operations</u>				<u>Total</u>	<u>Elimination</u>	<u>Group</u>
	<u>Money-lending</u>	<u>Investment holding</u>	<u>Property investment</u>	<u>Others</u>	<u>Inter-segment elimination</u>	<u>Sub-total</u>	<u>Banking and investment management</u>	<u>Others</u>	<u>Inter-segment elimination</u>	<u>Sub-total</u>			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
12 months ended 31 July 2014													
(Restated)													
Revenue													
External revenue *	40,540	5,644	2,466	-	-	48,650	296,137	3,914	-	300,051	348,701	-	348,701
Inter-segment revenue	-	3,654	3,316	-	(3,829)	3,141	906	2,218	(2,041)	1,083	4,224	(4,224)	-
Total revenue	<u>40,540</u>	<u>9,298</u>	<u>5,782</u>	<u>-</u>	<u>(3,829)</u>	<u>51,791</u>	<u>297,043</u>	<u>6,132</u>	<u>(2,041)</u>	<u>301,134</u>	<u>352,925</u>	<u>(4,224)</u>	<u>348,701</u>
Segment profit/(loss)	<u>18,030</u>	<u>(3,460)</u>	<u>3,549</u>	<u>6</u>	<u>(247)</u>	<u>17,878</u>	<u>114,757</u>	<u>366,155</u>	<u>(3,023)</u>	<u>477,889</u>	<u>495,767</u>	<u>-</u>	<u>495,767</u>
Share of results of an associate, net of tax										2,390	2,390		2,390
Profit before taxation										<u>480,279</u>	<u>498,157</u>		<u>498,157</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 YEAR ENDED 31 JULY 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 instruments of the Group, which are measured at fair value, classified by level of the fair value hierarchy.

	Carrying amount RM'000	Fair value hierarchy		
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
31-Jul-15				
<u>Financial assets</u>				
Securities AFS				
- Quoted securities	<u>426,028</u>	<u>426,028</u>	<u>-</u>	<u>-</u>
31-Jul-14				
<u>Financial assets</u>				
Securities AFS				
- Quoted securities	<u>321,271</u>	<u>321,271</u>	<u>-</u>	<u>-</u>

Financial instruments not measured at fair value

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

	As at 31-Jul-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>367,394</u>	<u>369,245</u>	<u>393,936</u>	<u>388,626</u>

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 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

The Group closed the financial year ended 31 July 2015 ("FY2015") with a commendable total operating revenue of RM64.8 million, which is 25% above the revenue of the continuing operations of the Group amounted to RM51.8 million for the previous financial year ended 31 July 2014 ("FY2014"), mainly boosted by higher full-year returns from investing activities and increase in income generated from moneylending activities, partially offset by lower rental income from property letting activities. Operating revenue of the Group is primarily derived from moneylending segment, followed by the investment holding segment. In contrast, operating revenue for the fourth quarter of FY2015 is marginally lower at RM16.0 million against RM16.1 million for the previous corresponding quarter as the positive contributions from the higher investment returns were eroded by lower property rental income in the current quarter under review.

With the completion of the disposals of the core financial businesses of the Group in FY2014, there was no operating revenue generated from the discontinued operations in the current quarter and financial year under review. The total operating revenue of the discontinued operations for the previous corresponding quarter and financial year amounted to approximately RM Nil and RM301.1 million respectively.

Excluding the exceptional gain (as disclosed in explanatory note A4), the pretax profit of the Group for FY2015 improved markedly to RM47.5 million, compared to the pretax profit (continuing operations) of RM17.9 million for FY2014, benefited from revenue growth and interest savings from significant reduction in utilisation of bank borrowings as a source of financing in FY2015. For the current quarter under review, the Group posted a 5% increase in pretax profit to RM10.8 million from the pretax profit of RM10.3 million recorded in the corresponding quarter of the preceding financial year, as a consequence of lower loan loss provisioning, partly offset by higher operating costs in the current quarter.

The pretax profit of the Group for the fourth quarter of FY2014 comprised pretax profit from discontinued operations amounted to RM0.6 million. Excluding the exceptional gains arising from disposals of an investment property, subsidiaries and associate, the cumulative pretax profit of the discontinued operations of the Group in FY2014 amounted to RM79.4 million.

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

(a) Moneylending

For the three months ended 31 July 2015, the pretax profit of the moneylending segment strengthened to RM4.4 million from RM3.9 million recorded in the previous corresponding quarter, mainly contributed by a higher net interest income from consumer financing coupled with a decline in loan loss provisioning, the effects of which are partly weakened by decrease in fee-based income and a relatively higher operating costs in the current quarter under review.

Year-to-date, the moneylending segment achieved a higher pretax profit of RM19.0 million compared to the pretax profit of 18.0 million recorded for FY2014, largely attributable to increase in both net interest income and fee-based income from consumer financing as well as reduction in loan loss provisioning, partly offset by absence of net gain on disposal of securities and a higher operating costs in the current financial year.

(b) Investment holding

The investment holding segment maintained its earnings record in the preceding quarter by registering a stable pretax profit of RM6.0 million in the final quarter of FY2015. Compared to the pretax profit of RM5.8 million posted in the previous corresponding quarter ended 31 July 2014, the pretax profit for the current quarter is slightly higher primarily driven by increase in returns on investments.

Pretax profit of the segment for FY2015 totalled RM26.3 million against the pretax loss of RM3.5 million previously posted for FY2014. The return to profitability in the current financial year was mainly attributed to revenue growth, effects of interest savings, net gain on disposal of securities as well as reduction in personnel costs.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 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):

(c) Property investment

The property investment segment reported a pretax profit of RM2.2 million for FY2015 (excluding the exceptional gain as disclosed in explanatory note A4), which is 18% lower than the pretax profit of RM2.7 million recorded in FY2014 (excluding net gain on disposals of properties of RM0.9 million). On a similar trend, the segment's pretax profit of RM0.4 million for the current quarter under review is below the pretax profit of RM0.7 million for the previous corresponding quarter a year ago.

The lower earnings for the current quarter and financial year under review are flow-through effects from disposals of investment properties in the second quarter of FY2015 (as disclosed in explanatory note A4), which resulted in lower rental income, partly mitigated by reduction in finance costs and operating expenses.

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

Compared to the preceding quarter, the pretax profit of the Group has declined from the RM11.6 million recorded in the third quarter of FY2015 to RM10.8 million for the current quarter, mainly attributable to an increase in loan loss provisioning on consumer financing.

B3 Commentary

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

Domestic business environment and economic conditions are expected to remain challenging in the financial year 2016. Credit financing and private consumption are expected to grow moderately as there is ample liquidity in the domestic financial system.

The moneylending segment is expected to continue generating stable medium to long term income stream from its consumer financing business while the investment holding and property investment segments are expected to bring in steady yields. The Group continues to evaluate new business opportunities.

Barring unforeseen circumstances, the Board of Directors expects the Group to perform satisfactorily for the financial year ending 31 July 2016.

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

Not applicable.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

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 year ended 31 July 2015 are as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months ended 31-Jul-15</u>	<u>3 months ended 31-Jul-14</u>	<u>12 months ended 31-Jul-15</u>	<u>12 months ended 31-Jul-14</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Continuing operations</u>				
In respect of the current financial year:				
Malaysian income tax	(2,256)	(1,649)	(8,420)	(6,223)
Real property gains tax	-	-	(307)	-
Deferred tax	301	389	(273)	1,155
	<u>(1,955)</u>	<u>(1,260)</u>	<u>(9,000)</u>	<u>(5,068)</u>
In respect of prior financial years:				
Malaysian income tax	-	-	(141)	(212)
Deferred tax	(2)	-	(2)	(25)
	<u>(2)</u>	<u>-</u>	<u>(143)</u>	<u>(237)</u>
	<u>(1,957)</u>	<u>(1,260)</u>	<u>(9,143)</u>	<u>(5,305)</u>
<u>Discontinued operations</u>				
In respect of the current financial year:				
Malaysian income tax	-	(122)	-	(15,850)
Foreign income tax	-	-	-	(71)
Real property gains tax	-	-	-	(3,440)
Deferred tax	-	95	-	(1,968)
	<u>-</u>	<u>(27)</u>	<u>-</u>	<u>(21,329)</u>
In respect of prior financial years:				
Malaysian income tax	-	-	-	195
Deferred tax	-	(238)	-	(238)
	<u>-</u>	<u>(238)</u>	<u>-</u>	<u>(43)</u>
	<u>-</u>	<u>(265)</u>	<u>-</u>	<u>(21,372)</u>
	<u>(1,957)</u>	<u>(1,525)</u>	<u>(9,143)</u>	<u>(26,677)</u>

The effective tax rate of the Group for the current quarter and financial year ended 31 July 2015 is lower than the statutory tax rate mainly due to certain income which are not subject to tax, partially offset by expenses not deductible for tax purpose.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 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 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.

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 ended 31 July 2015.

B8 Status of utilisation of proceeds raised from corporate proposals

The status of utilisation of proceeds raised from a corporate proposal as at 31 July 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 twelve 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 31 July 2015 are invested in unit trusts and deposits with financial institutions.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

B9 Group Borrowings and Debt Securities

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

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

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

B10 Disclosure of Realised and Unrealised Profits or Losses

	As at 31-Jul-15 RM'000	As at 31-Jul-14 RM'000
Total retained profits of the Company and its subsidiaries:		
- realised	544,775	500,406
- unrealised	3,341	3,616
	<u>548,116</u>	<u>504,022</u>
Consolidation adjustments	(4,030)	(3,269)
Total Group retained profits	<u>544,086</u>	<u>500,753</u>

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

B11 Disclosure of Derivatives

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

B12 Changes in Material Litigation

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-15	3 months ended 31-Jul-14	12 months ended 31-Jul-15	12 months ended 31-Jul-14
Profit for the financial year attributable to equity holders of the Company (RM'000)	<u>8,887</u>	<u>9,405</u>	<u>49,712</u>	<u>456,702</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>3.48</u></u>	<u><u>3.68</u></u>	<u><u>19.48</u></u>	<u><u>178.99</u></u>

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

By Order of the Board

Ooi Hui Ling
Company Secretary

Penang
18 September 2015