



HWANG CAPITAL (MALAYSIA) BERHAD (238969-K)

ANNUAL REPORT 2015



Timeless values
new opportunities

Cover Rationale

Timeless values, **new opportunities**

The company will hold on to its core values which have stood the test of time. Like a dandelion, we will venture into new terrain while remaining resilient even in harsh environments. Progressive and strong, we will empower ourselves to grow and thrive wherever opportunity blooms.





CONTENTS

CORPORATE

- 02** Notice of Annual General Meeting
- 04** Statement Accompanying Notice of Annual General Meeting
- 05** Corporate Information
- 06** Group Corporate Structure
- 07** Chairman's Statement
- 09** Group 5-Year Financial Highlights
- 11** Profile of Directors
- 32** Analysis of Shareholdings
- 36** Particulars of Properties Held
Proxy Form

GOVERNANCE

- 14** Corporate Governance Statement
- 24** Statement on Risk Management and Internal Control
- 26** Audit Committee Report
- 30** Other Compliance Information
- 31** Corporate Responsibility Statement

FINANCIALS

- 37** Reports and Financial Statements
- 38** Directors' Report
- 42** Independent Auditors' Report
- 44** Statements of Financial Position
- 46** Income Statements
- 48** Statements of Comprehensive Income
- 49** Statements of Changes in Equity
- 52** Statements of Cash Flows
- 54** Notes to the Financial Statements
- 136** Supplementary Information
- 137** Statement by Directors
- 138** Statutory Declaration

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Third Annual General Meeting of Hwang Capital (Malaysia) Berhad will be held at the Bayan Room, Hotel Equatorial, No. 1, Jalan Bukit Jambul, 11900 Penang on Wednesday, 25 November 2015 at 10.45 a.m. for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 July 2015 and the Reports of the Directors and Auditors thereon.
2. To approve the payment of a final single tier dividend of 10 sen per ordinary share in respect of the financial year ended 31 July 2015. **Resolution 1**
3. To re-elect Hwang Lip Teik as Director retiring under Article 66 of the Articles of Association of the Company and who, being eligible, offers himself for re-election. **Resolution 2**
4. To re-appoint Y.A.M. Tengku Syed Badarudin Jamalullail as Director pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the conclusion of the next Annual General Meeting. **Resolution 3**
5. To approve the payment of Directors' fees of RM180,000 in respect of the financial year ended 31 July 2015. **Resolution 4**
6. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

As Special Business

7. Ordinary Resolution - Retention Of Independent Director **Resolution 6**

“THAT subject to the passing of the Resolution 3, approval be and is hereby given to Y.A.M. Tengku Syed Badarudin Jamalullail, who has served as an Independent Non-Executive Director of the Company for a cumulative period of more than 9 years, to continue to serve as Independent Non-Executive Director of the Company.”
8. To transact any other ordinary business of the Company of which due notice shall have been given.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a final single tier dividend of 10 sen per ordinary share in respect of the financial year ended 31 July 2015, if approved, will be paid on 18 December 2015 to depositors registered in the Record of Depositors at the close of business on 2 December 2015.

A depositor shall qualify for entitlement to the dividend only in respect of:-

- a. shares transferred into the depositor's securities account before 4.00 p.m. on 2 December 2015 in respect of ordinary transfers; and
- b. shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

OOI HUI LING
(MAICSA 7045592)
Company Secretary

Penang
3 November 2015

Notes:-

1. Only members whose names appear in the Record of Depositors as at 18 November 2015 shall be eligible to attend the Meeting or to appoint proxy to attend in his/her stead.
2. A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as a member to speak at the Meeting.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. A member other than an exempt authorised nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the Meeting.
5. The Proxy Form must be deposited at the Company's Registered Office at Level 8, Wisma Sri Pinang, 60 Green Hall, 10200 Penang not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.
6. Explanatory Notes:-

(i) item 1 of the Agenda

This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item is not put forward for voting.

(ii) Resolution 3 – Re-appointment of Y.A.M. Tengku Syed Badarudin Jamalullail

In line with Recommendation 3.1 of the Malaysian Code on Corporate Governance 2012, the Nomination Committee has assessed the independence of Independent Directors including the retiring Independent Non-Executive Director, Y.A.M. Tengku Syed Badarudin Jamalullail. The Nomination Committee is satisfied that Y.A.M. Tengku Syed Badarudin Jamalullail has met the criteria of independence as prescribed by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad; has retained independence of character and judgement; and has the capacity to defend his view without influence of Management.

(iii) Resolution 6 - Retention Of Independent Director

Pursuant to the recommendations of the Malaysian Code on Corporate Governance 2012, the tenure of an Independent Director should not exceed a cumulative term of 9 years. The Board must justify and seek shareholders' approval in the event it retains as an Independent Director, a person who has served in that capacity for more than 9 years.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

6. Explanatory Notes (cont'd):-

(iii) Resolution 6 - Retention Of Independent Director (cont'd)

Y.A.M. Tengku Syed Badarudin Jamalullail ("Tengku") has served the Company as an Independent Non-Executive Director since February 2003 for a cumulative period of over 9 years. The Nomination Committee has assessed the independence of Tengku and recommended to the Board that Tengku be retained as an Independent Director of the Company based on the following justifications:-

- (a) Tengku has the capacity to defend his view without any influence of Management and has retained independence of character and judgment;
- (b) Tengku understands the businesses of the Group, the operating environment and challenges and therefore is able to contribute to the development of strategies and direction of the Group; and
- (c) Tengku devotes time and commitment to attend to the performance of the functions and duties as an Independent Non-Executive Director, including attendance at Board and Board Committees' meetings.

Based on the aforesaid, the Board recommends to the shareholders for approval that Tengku continues to serve as an Independent Non-Executive Director of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Details Of Individuals Who Are Standing For Election As Directors

No individual is seeking election as a Director at the Twenty-Third Annual General Meeting of the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Hwang Lip Teik

Ang Teik Siew (Ang Teik Lim Eric)

Y.A.M. Tengku Syed Badarudin Jamalullail

Teoh Teik Kee

Ooi Chooi Li

AUDIT COMMITTEE

Y.A.M. Tengku Syed Badarudin Jamalullail
Chairman / Independent Non-Executive Director

Teoh Teik Kee
Non-Independent Non-Executive Director

Ooi Chooi Li
Independent Non-Executive Director

COMPANY SECRETARY

Ooi Hui Ling (MAICSA 7045592)

REGISTERED OFFICE

Level 8, Wisma Sri Pinang
60 Green Hall, 10200 Penang
Malaysia
Tel : 604-263 6108
Fax : 604-263 6206



SHARE REGISTRAR

Agriteum Share Registration Services Sdn Bhd
2nd Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang, Malaysia
Tel : 604-228 2321
Fax : 604-227 2391

AUDITORS

PricewaterhouseCoopers
Chartered Accountants

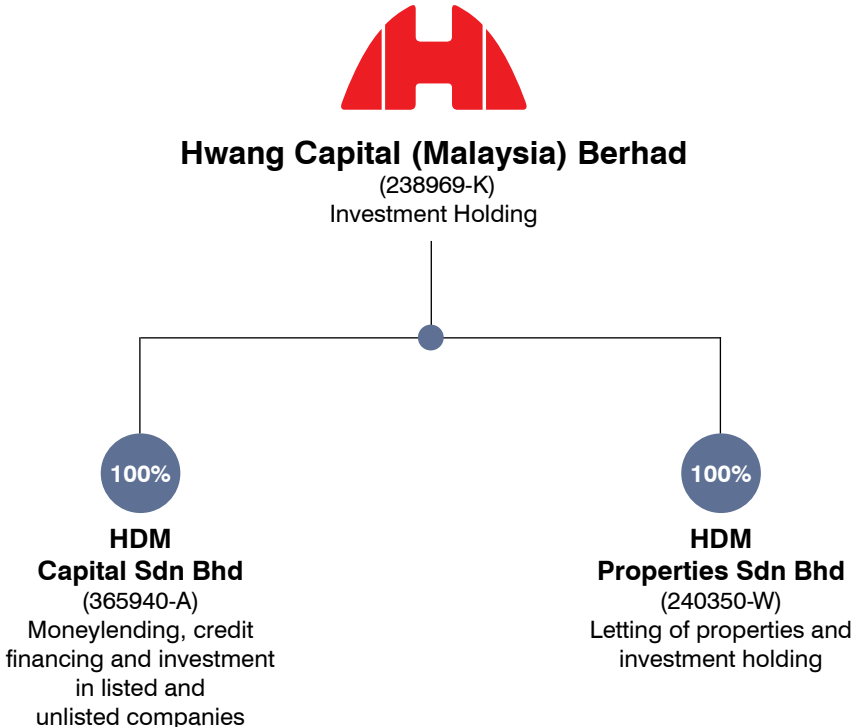
STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market

WEBSITE

www.hwang.com.my

GROUP CORPORATE STRUCTURE



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Company and the Group for the financial year ended 31 July 2015.



CHAIRMAN'S STATEMENT (CONT'D)

FINANCIAL AND BUSINESS REVIEW

For the financial year ended 31 July 2015 ("FY2015"), the Group's operations which comprised moneylending, property letting and investment holding activities registered a higher operating revenue of RM64.78 million compared to RM51.79 million recorded in the financial year 2014 ("FY2014"). The higher operating revenue was primarily contributed by higher full-year contributions from investment income and increase in income generated from moneylending activities.

The pre-tax profit for FY2015 of RM58.85 million increase significantly compared to the pre-tax profit of RM17.88 million recorded for FY2014. The higher earnings were mainly due to full year's contribution from investment income compared to 4 months of contribution in FY2014 as the proceeds from sale of subsidiaries and associated company was received in early April 2014 plus lower finance cost as a result of repayment of the Group's bank borrowings as well as net gain on disposal of investment properties.

DIVIDEND

The Board is pleased to recommend a final single tier dividend of 10 sen per share for approval by shareholders at the forthcoming Annual General Meeting (2014: RM2.525 inclusive of a special dividend of RM2.50).

PROSPECTS

Amidst challenging economic outlook due to the continuous volatility in the currency, stock market and commodities, we are cautiously optimistic that the moneylending segment will continue to generate stable medium to long term income stream for the Group while investment holding and property investment segments of the Group are expected to bring steady yields. The Group remains committed to expand and grow the loan base and will continue to develop its execution capabilities to enhance its clients' service level.

The Group will continue to be vigilant and maintain its prudent risk management approach and implement market strategies to meet clients' requirements and expectations. We will also continue to seek and evaluate viable businesses to further enhance our performance.

The Board expects the Group to perform satisfactorily for the financial year ending 31 July 2016.

A NOTE OF APPRECIATION

I would like to take this opportunity to express my heartfelt gratitude to the management team and staff of the Group for their hard work, unwavering commitment and dedication. My special thanks to the Board members for your constant guidance and support.

Last but not least, I would also like to thank our valued shareholders, clients and bankers for their relentless support.

Hwang Lip Teik
Chairman

GROUP 5-YEAR FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 31 JULY

RESULTS

	Operating Revenue (RM'000)	Profit Before Tax (RM'000)	Profit After Tax (RM'000)
'11	399,333	119,651	91,464
'12	397,958	98,871	75,491
'13	473,439	86,505	65,956
'14	348,701	96,521 ¹	73,284 ²
'15	64,782	47,508⁴	38,672⁵

CAPITAL EMPLOYED

	Paid-up Capital (RM'000)	Shareholders' Funds (RM'000)	Assets Employed (RM'000)
'11	265,845	871,580	4,054,418
'12	265,845	926,875	4,228,569
'13	265,845	961,706	4,811,104
'14	255,159	783,627	844,220
'15	255,159	827,382	840,807

FINANCIAL RATIOS

	Earnings Per Share (Sen)	Net Tangible Assets Per Share (RM)	Gross Dividends Per Share (Sen)	Profit Before Tax Margin (%)	Return on Shareholders' Funds (%)
'11	33.95	2.78	10.0	29.96	10.50
'12	26.17	2.99	10.0	24.84	8.14
'13	20.06	3.13	5.0	18.27	6.86
'14	22.93 ²	3.07	252.50 ³	27.68 ¹	9.35 ²
'15	15.16⁵	3.24	10.0	73.34⁴	4.67⁵

¹ Excluded the effects of net gain on disposals of investment properties (before taxation), subsidiaries and associate of RM401,636,000.

² Excluded the effects of net gain on disposals of investment properties (net of taxation), subsidiaries and associate of RM398,196,000.

³ Included a special single tier dividend of RM2.50 per ordinary share.

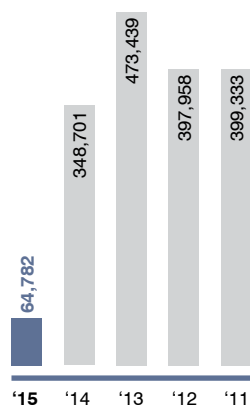
⁴ Excluded the effects of net gain on disposals of investment properties (before taxation) of RM11,347,000.

⁵ Excluded the effects of net gain on disposals of investment properties (net of taxation) of RM11,040,000.

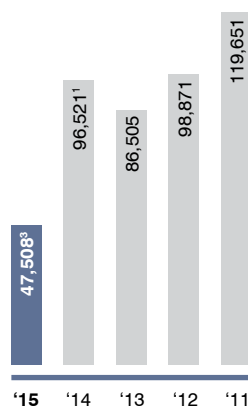
GROUP 5-YEAR FINANCIAL HIGHLIGHTS (CONT'D)

FINANCIAL YEAR ENDED 31 JULY

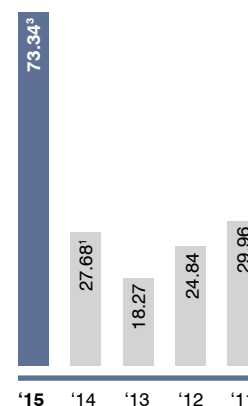
OPERATING REVENUE
(RM'000)



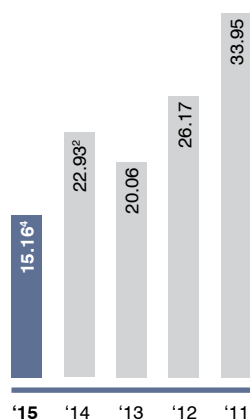
PROFIT BEFORE TAX
(RM'000)



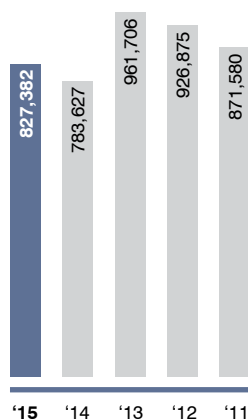
PROFIT BEFORE TAX MARGIN
(%)



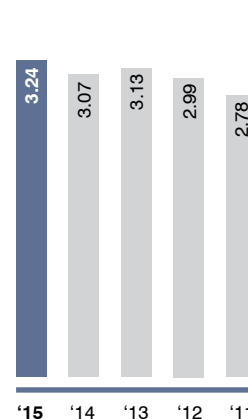
EARNINGS PER SHARE
(SEN)



SHAREHOLDERS' FUNDS
(RM'000)



NET TANGIBLE ASSETS PER SHARE
(RM)



¹ Excluded the effects of net gain on disposals of investment properties (before taxation), subsidiaries and associate of RM401,636,000.

² Excluded the effects of net gain on disposals of investment properties (net of taxation), subsidiaries and associate of RM398,196,000.

³ Excluded the effects of net gain on disposals of investment properties (before taxation) of RM11,347,000.

⁴ Excluded the effects of net gain on disposals of investment properties (net of taxation) of RM11,040,000.

PROFILE OF DIRECTORS



HWANG LIP TEIK

Hwang Lip Teik, aged 58, a Malaysian, was appointed to the Board as an Executive Director on 1 December 1992 and thereafter as Managing Director of the Company in December 2005. He was redesignated to a Non-Independent Non-Executive Director of the Company on 31 January 2007 and assumed the position as Non-Executive Chairman on 1 November 2012. He is the Chairman of the Executive Committee and a member of the Remuneration Committee and Nomination Committee of the Company.

Mr. Hwang joined HwangDBS Investment Bank Berhad (now known as Affin Hwang Investment Bank Berhad) in 1983 as Senior Manager (Trading) in charge of the trading activities of the company and was promoted to an Executive Director in January 1996 and served as Managing Director/Chief Executive Officer from 2007 to January 2011 when he was redesignated to Non-Executive Director. Mr. Hwang is currently the Executive Chairman of HDM Capital Sdn Bhd, a subsidiary of the Company, responsible for the overall strategy and direction of HDM Capital Sdn Bhd.

Mr. Hwang is a deemed major shareholder of the Company and brother of Mr. Hwang Lip Koon, who is also a deemed major shareholder of the Company. He is also the brother in law of Mr. Teoh Teik Kee, a Non-Independent Non-Executive Director of the Company. Mr. Hwang has no conflict of interest with the Company and has not been convicted of any offences in the past 10 years.

Mr. Hwang attended all 4 Board Meetings of the Company held during the financial year.

PROFILE OF DIRECTORS (CONT'D)



ANG TEIK SIEW (ANG TEIK LIM ERIC)

Ang Teik Siew (Ang Teik Lim Eric), aged 62, a national of Singapore, was appointed to the Board of the Company on 2 April 2001 as a Non-Independent Non-Executive Director. He serves as a member of the Executive Committee and Remuneration Committee of the Company.

Mr. Ang graduated with a Bachelor of Business Administration (Honours) from the University of Singapore in 1976. His career in the banking industry commenced in 1978 when he joined DBS Bank, Singapore. He is currently Senior Executive Advisor at DBS Bank. He previously served as the Head of Capital Markets at the bank. He also sits on the Board of Sembcorp Marine Ltd and Raffles Medical Group Ltd, both of which are Singapore listed companies.

Mr. Ang has not been convicted of any offences in the past 10 years and has no conflict of interest with the Company. He also does not have any family relationship with any other Directors or major shareholders of the Company.

Mr. Ang attended all 4 Board Meetings of the Company held during the financial year.



Y.A.M. TENGKU SYED BADARUDIN JAMALULLAIL

Y.A.M. Tengku Syed Badarudin Jamalullail, aged 70, a Malaysian, was appointed as an Independent Non-Executive Director of the Company on 28 February 2003. Tengku is the Chairman of the Nomination Committee, Audit Committee and Remuneration Committee of the Company. He is also a member of the Executive Committee of the Company.

Tengku graduated from Cambridge University in 1968 with a Master of Arts degree in Law and History. From 1968-1978, he was employed and held various executive positions in Fraser & Neave (Malaya) Sdn Bhd. Currently, Tengku is involved in his family businesses and is the Independent Non-Executive Chairman of Fraser & Neave Holdings Berhad as well as a Director of Fraser & Neave Limited.

Tengku does not have any family relationship with any other Directors or major shareholders of the Company, has no conflict of interest with the Company and has also not been convicted of any offences in the past 10 years.

Tengku attended all 4 Board Meetings of the Company held during the financial year.

PROFILE OF DIRECTORS (CONT'D)



TEOH TEIK KEE

Teoh Teik Kee, aged 56, a national of Singapore, was appointed to the Board of the Company on 1 April 2013 as a Non-Independent Non-Executive Director. He serves as a member of the Audit Committee of the Company.

Mr. Teoh graduated with a Bachelor of Science (Honours) in Managerial and Administrative Studies from Aston University, Birmingham, United Kingdom and is a member of The Institute of Chartered Accountants in England and Wales.

Mr. Teoh started his career with KPMG Peat Marwick McLintock, London in 1986 before moving to join Pricewaterhouse, Singapore in 1989. In 1990, he joined DBS Bank as Treasurer and thereafter in 1993 as Senior Manager of DBS Securities Pte Ltd where he served as Head of China desk responsible for the corporate finance activities in China, Hong Kong and Taiwan. From DBS Securities, he joined Hwang-DBS Securities Berhad (now known as Affin Hwang Investment Bank Berhad) in 1996 and had served as General Manager (Shah Alam Branch) before venturing into his own business in 2001. From November 2004 to 2010, he was the Executive Director of ecoWise Holdings Limited, a public listed company in Singapore. Mr. Teoh currently sits on the Board of Luzhou Bio-Chem Technology Limited, a Singapore listed company as well as City e-Solutions Limited, a Hong Kong listed company.

Mr. Teoh is the brother in law of Mr. Hwang Lip Teik and Mr. Hwang Lip Koon, both of whom are deemed major shareholders of the Company. Mr. Hwang Lip Teik is the Non-Executive Chairman of the Company. Mr. Teoh has no conflict of interest with the Company and has not been convicted of any offences in the past 10 years.

Mr. Teoh attended all 4 Board Meetings of the Company held during the financial year.



OOI CHOO LI

Ooi Choo Li, aged 52, a Malaysian, was appointed to the Board of the Company on 23 April 2014 as an Independent Non-Executive Director. She serves as a member of the Audit Committee and Nomination Committee of the Company.

Ms. Ooi graduated from the National University of Singapore in 1987 with a Bachelor of Laws LL.B (Hons) and was admitted as an advocate and solicitor of the Supreme Court of Singapore in March 1988. She was called to the Malaysian Bar in February 1989. She has been practicing law in Malaysia for more than 25 years. Currently, she is a partner of a legal firm in Penang and her areas of practice are in conveyancing and banking laws.

Ms. Ooi has not been convicted of any offences in the past 10 years and has no conflict of interest with the Company. She also does not have any family relationship with any other Directors or major shareholders of the Company.

Ms. Ooi attended all 4 Board Meetings of the Company held during the financial year.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (“the Board”) supports and is committed to the principles of corporate governance as embodied in the Malaysian Code on Corporate Governance 2012 (“the Code”). Towards this end, the Board takes every step to ensure that the principles of corporate governance and best practices are observed and practiced throughout the Group.

The Board is pleased to provide the following statement, which outlines the corporate governance practices that are in place and which sets out how the Company has applied the principles of the Code. Any recommendations of the Code which have not been complied or practiced by the Company are indicated in the body of this statement.

1. CLEAR ROLES AND RESPONSIBILITIES

(a) Board Charter

The Board is guided by its Charter which sets out amongst others the roles, composition and responsibilities of the Board of Directors of the Company, the Board Committees, proceedings of the Board, time commitment, assessment of Directors and training. The conduct of the Board is also governed by the Memorandum & Articles of Association (“M&A”) of the Company and the relevant laws and regulations in Malaysia.

A copy of the Board Charter is available on the Company’s website.

(b) Responsibilities Of The Board And Management

The Board is charged with the responsibility of leading and managing the Group and setting the strategic directions of the Group. The responsibilities of the Board includes:-

- overseeing the conduct of the Group’s businesses;
- reviewing and adopting strategic business plans for key subsidiaries of the Group;
- identifying principal risks and ensures the implementation of appropriate systems to manage these risks;
- succession planning, including appointing, assessing training needs and fixing the compensation of Directors;
- ensures senior management are of sufficient calibre and provide for orderly succession of senior management;
- reviewing the adequacy and the integrity of the Group’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines; and
- reviewing financial statements.

The Company which is an investment holding company, does not have an Executive Director on its Board. However, the Board of the Company provides leadership, discusses strategic business directions and plans for the Group.

The Board monitors the performance of subsidiaries and their business strategies through various management reports which are tabled to the Board and Audit Committee for discussion during Board’s and Audit Committee’s Meetings to ensure that the direction and control of the Group’s businesses are firmly in hand.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

1. CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

(b) Responsibilities Of The Board And Management (cont'd)

The Company is led and managed by an experienced Board comprising members with a wide range of business, banking, audit and legal background. As at the FY2015, the Board comprised 5 Non-Executive Directors, 2 of whom are independent. The Code recommends that the Board should comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director. The Chairman of the Company, Mr. Hwang Lip Teik, is not an Independent Chairman. The Board is comfortable that the current composition of the Board which comprises all Non-Executive Directors, out of which 1/3 are independent is able to exercise objective judgement. The strong composition of Non-Executive Directors coupled with Directors who have in depth knowledge of businesses of the Group provides an effective check and balance to the decision-making process of the Board and to the overall management of the Group. The Board is also satisfied with Mr. Hwang Lip Teik's performance, who has shown strong leadership as Chairman of the Company and ensures the smooth functioning of the Board including providing avenues for all Directors to participate openly in discussion of issues.

(c) Code Of Ethics And Business Conduct

The Board has formalised a Code Of Ethics And Business Conduct which sets forth the expectations of the Company for its Directors and describes sound principles and standards of good practice that each Director is expected to uphold. It is formulated to enhance the standard of corporate governance and promote ethical conduct of the Directors with a view to achieve the following objectives:-

- to establish a uniform ethical standard for Directors emphasising conduct free from conflicts of interest; and
- to uphold the spirit of corporate responsibility and accountability in line with the governing laws, regulations and guidelines.

Directors are required to uphold the highest integrity in discharging their duties and in dealing with stakeholders, customers, employees and regulators. Each Director must comply not only with the letter but also the spirit of the Code Of Ethics And Business Conduct.

A summary of the Code Of Ethics And Business Conduct is available on the Company's website.

(d) Promoting Sustainability

The Board is committed to promote sustainability practices in the Group with a good balance of environmental, social and governance aspects of business. A report of the Group's corporate responsibility initiatives are set out in page 31 of this Annual Report.

(e) Board Meetings And Access To Information And Advice

The Board met for a total of 4 times during the FY2015. All Directors fulfilled the requirement of Bursa Malaysia Securities Berhad ("Bursa Securities") in relation to their attendance at Board Meetings. Details of Directors' attendance at Board Meetings are outlined in the Profile of Directors section of this Annual Report.

Directors are provided with Notice of the Board Meetings and board papers for each agenda item in advance of each Board Meeting to ensure that Directors have sufficient time to study them and be prepared for discussion. Any additional information requested by Directors is readily available. The Board also has a formal schedule of matters reserved to it for deliberation and decision. Minutes of Meetings are maintained.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

1. CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

(e) Board Meetings And Access To Information And Advice (cont'd)

The Group has a policy on information to be brought to the Board's attention. In accordance to the policy, all material information are to be tabled to the Board on a timely basis in order for the Board to be kept abreast with the performance and business activities of the Group.

Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are followed and all necessary information are obtained from Directors both for the Company's own records and for purposes of meeting statutory obligations. The Company Secretary played an advisory role to the Board, updates the Board on material changes in the laws and assists the Board in meeting its regulatory obligations. The Company Secretary attends all Board and Board Committees' meetings and ensure that meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are taken and maintained.

Directors also have access to independent professional advice at the Company's expense in furtherance of their duties.

2. STRENGTHEN COMPOSITION

The Board has set up various Committees to assist the Board in the management of the Group's businesses and discharge of its duties. The functions and terms of reference of the Committees as well as authority delegated by the Board to these Committees have been clearly defined by the Board.

The Committees set up by the Board are:-

Committee

- (a) Executive Committee
- (b) Audit Committee
- (c) Nomination Committee
- (d) Remuneration Committee

(a) Executive Committee

The Executive Committee comprises of 2 Non-Independent Non-Executive Directors and 1 Independent Non-Executive Director. It meets as and when necessary.

The Executive Committee evaluates the Group's strategic plans and recommends to the Board new business ventures, expansion and diversification opportunities. It generally assists the Board in overseeing the business affairs of the Group.

(b) Audit Committee

The terms of reference of the Audit Committee, composition of its membership and other pertinent information about the Audit Committee and its activities are highlighted in the Audit Committee Report set out in pages 26 to 29 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

2. STRENGTHEN COMPOSITION (CONT'D)

(c) Nomination Committee

The Nomination Committee comprises 2 Independent Non-Executive Directors and 1 Non-Independent Non-Executive Director. The Nomination Committee is chaired by a Senior Independent Director of the Company. It meets as and when required but the full Committee shall meet at least once a year.

The Nomination Committee is authorized by the Board to:-

- review annually the composition and size of the respective Boards of the Group and determine the appropriate Board balance;
- review and recommend to the respective Boards the required mix of skills, experience, qualification and other core competencies required of a Director and CEO(s)(if any);
- recommend and assess nominees for directorship, Board committees and CEO(s)(if any). This includes taking into consideration Boardroom diversity by ensuring that suitably qualified women candidates are sought as part of its recruitment exercise;
- recommend to the respective Boards the removal of Directors and CEO(s)(if any) if they are ineffective, errant or negligent in discharging their responsibilities;
- establish a mechanism for the annual assessment of the effectiveness of the Board as a whole, the contribution of each Director, the contribution of the Board's various committees;
- ensure that all Directors receive appropriate continuous training; and
- oversee the appointment, management succession planning and performance evaluation of the CEO(s)(if any).

The Nomination Committee is entrusted with the responsibility of conducting an annual evaluation of each Director on their effectiveness and independence. This assessment process includes discussion by the Nomination Committee on the performance of each Director and results of the assessment will be recorded in the respective Evaluation Forms to be kept by the Company Secretary. The recommendations of the Nomination Committee will be presented to the Board for consideration. The Board has adopted the Policy On Directors' Tenure And Effectiveness ("the Policy") which serves as a guide for the Nomination Committee when assessing the effectiveness of each Director and their independence (in the case of Independent Directors). As outlined in the Policy, the following factors would be taken into consideration by the Nomination Committee when evaluating the performance and effectiveness of a Director:-

- depth of knowledge and understanding of the businesses of the Group and whether equipped with appropriate skills to meet job requirements;
- ability to contribute towards the setting of strategic direction of the Group and achievement of the Group's goals;
- time commitment including attendance and participation in Board/Committees' meetings and directorships held in other companies;
- ability to constructively challenge business propositions put forward by Management;
- ensures that adequate systems and controls to safeguard the interests of the Group are in place;
- continuous updating of knowledge and enhancing of skills through attendance of business related trainings; and
- in the case of Independent Directors, met the criteria of independence outlined in the Policy and able to ensure effective checks and balances in the Board's decision making process.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

2. STRENGTHEN COMPOSITION (CONT'D)

(c) Nomination Committee (cont'd)

The Board has yet to formalize a policy on Boardroom diversity and does not set any specific diversity targets in the Boardroom. Nonetheless, The Company already has a well-diversified Board and the current composition of the Board with a female director serves well to Recommendation 2.2 of the Code. The Company recognizes and embraces the benefits of having a diverse Board, and seeing increasing diversity at Board level as an essential element in maintaining a competitive advantage. Diversity will be considered in determining the optimum composition of the Board and all appointments will be based on merit, having due regard to the overall effectiveness of the Board.

The Nomination Committee has met twice during the financial year, to review and recommend the appointment of directors of subsidiary companies as well as to carry out an annual review on:-

- the effectiveness of the Board, the Board Committees and the contribution and performance of each individual Director;
- the composition and size of respective Boards of the Group and the board balance between Executive Directors, Non-Executive Directors and Independent Directors;
- the independency of Independent Directors;
- the required mix of skills, experience, qualification and other core competencies of the respective Boards of the Group; and
- the training programmes attended by the Directors during the financial year.

(d) Remuneration Committee

The Remuneration Committee comprises 1 Independent Non-Executive Director and 2 Non-Independent Non-Executive Directors and is chaired by an Independent Non-Executive Director. It meets as and when required but the full Committee shall meet not less than once a year.

The Remuneration Committee's objective is to provide a formal and transparent procedure for developing remuneration policy for Directors and CEO(s)(if any) and ensure that compensation is competitive and consistent with the Group's culture, objectives and strategy. The Remuneration Committee is authorised by the Board to:-

- recommend a framework for the remuneration of Directors and CEO(s)(if any) for the Board's approval;
- recommend specific remuneration package for Executive Director(s) and CEO(s)(if any) of the Group; and
- recommend remuneration package for Non-Executive Directors.

All Directors are provided with directors' fees. The directors' fees are approved by the shareholders at the Annual General Meeting ("AGM"). Audit Committee Members and Independent Directors of other Board Committees are also remunerated with meeting allowances. The Group also reimburses reasonable expenses incurred by Directors in the course of carrying out their duties as Directors.

The details of the remuneration of the Directors on Group basis for the FY2015 are as follows:-

	Salary (RM)	Fee & Meeting Allowance (RM)	Other Emoluments* (RM)	Total (RM)
Non- Executive Directors#	1,200,000	258,071	1,185,218	2,643,289

CORPORATE GOVERNANCE STATEMENT (CONT'D)

2. STRENGTHEN COMPOSITION (CONT'D)

(d) Remuneration Committee (cont'd)

The number of Directors whose remuneration falls into the following bands is as shown below:-

	No. of Directors
Non-Executive Directors:	
RM50,000 and below	2
RM50,001 – RM100,000	2
RM2,400,001 – RM2,450,000	1
Total	5

Notes:-

- # 1 Non-Executive Director of the Company also serve as Executive Director of a principal subsidiary of the Company. 2 Non-Executive Directors of the Company also serve as Non-Executive Directors of a principal subsidiary of the Company.
- * Other emoluments comprise bonus, allowances, EPF and SOCSO contributions and estimated monetary value of benefits in kind.

3. REINFORCE INDEPENDENCE

(a) Assessment Of Independent Directors

During the financial year, the Nomination Committee has conducted an assessment of the performance of all Directors. The assessment of the Independent Directors also took into consideration whether they were able to exercise independent judgment objectively and whether they met the criteria of independence as prescribed by the Main Market Listing Requirements ("LR") of Bursa Securities. The Nomination Committee was satisfied with the results of the assessment on individual Directors.

(b) Tenure Of Independent Directors

The Code recommends that the tenure of an Independent Director should not exceed a cumulative term of 9 years. The Board must justify and seek shareholders' approval in the event it retains as an Independent Director, a person who has served in that capacity for more than 9 years. Y.A.M. Tengku Syed Badarudin Jamalullail, an Independent Director of the Company has served the Company for over 12 years since February 2003. The Nomination Committee has assessed and is satisfied that Y.A.M. Tengku Syed Badarudin Jamalullail:-

- (a) has the capacity to defend his view without any influence of Management and has retained independence of character and judgment;
- (b) understands the businesses of the Group, the operating environment and challenges and therefore is able to contribute to the development of strategies and direction of the Group; and

CORPORATE GOVERNANCE STATEMENT (CONT'D)

3. REINFORCE INDEPENDENCE (CONT'D)

(b) Tenure Of Independent Directors (cont'd)

(c) is able to devote time and commitment to attend to the performance of the functions and duties as an Independent Director, including attendance at Board and Board Committees' Meetings.

The Board is also satisfied that the length of service of Y.A.M. Tengku Syed Badarudin Jamalullail will not compromise his independence nor impede his duties as an Independent Director and hence will be seeking shareholders' approval at the forthcoming AGM of the Company that Y.A.M. Tengku Syed Badarudin Jamalullail continues to serve as an Independent Director of the Company.

(c) Separation Of Roles Of Chairman And CEO

The Chairman of the Company is a Non-Executive Director and the Company being an investment holding company does not have a CEO position.

(d) Retirement and Re-election of Directors

In accordance with the Company's M&A, all Directors shall retire from office at least once in every 3 years and are eligible to offer themselves for re-election. Directors who are appointed by the Board are subject to election by the shareholders at the next AGM following their appointments. Directors over 70 years of age are required to submit themselves for re-appointment annually in accordance to Section 129(6) of the Companies Act, 1965.

4. FOSTER COMMITMENT

(a) Time Commitment

As provided in the Board Charter, the Board expects its members to allocate sufficient time to carry out their responsibilities. The Board will obtain this commitment from its members at the time of appointment. For existing Directors, they are required to notify the Chairman before accepting new directorship. The notification shall include a commitment that they will continue to be in a position to allocate sufficient time to meet the expectation of their role as a Director. In line with the LR of Bursa Securities, each Director shall not hold more than 5 directorships in listed companies.

(b) Directors' Training

The Board acknowledges the importance of continuous education and training to enable effective discharge of its duties and encourages Directors to attend talks, training programmes and seminars to update themselves on new developments in the business environment. All Directors have attended the Mandatory Accreditation Training Programme. The Board through the Nomination Committee has and will continue to evaluate and determine the training needs of its Directors on an annual basis.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

4. FOSTER COMMITMENT (CONT'D)

(b) Directors' Training (cont'd)

During the FY2015, all Directors have attended training courses. Some of the training programmes / seminars / lectures attended by Directors during the financial year were:-

- Raising the Standards on Disclosure
- Impact of GST on Businesses and Managing GST Risks
- Audit Committee Seminar – Preparing for 2015
- Prioritizing the Board's Agenda – Wrapping up the financial year
- Risk and Uncertainty – Working through the Spectrum of Unknowns
- Malaysia and SEA Beverage Consumption Trends, Goods and Services Tax and The ASEAN Economic Community in 2015 – Implications for the Food & Beverages Industry
- Risk Management & Internal Control
- Advanced Corporate Governance Programme

Visits by the Directors to the Group's businesses and meetings with senior management are also arranged for enhancement of their knowledge particularly in respect of the operations of the Group.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

(a) Financial Reporting

The Board aims to present a balanced and clear assessment of the Group's financial positions and prospects in the financial statements and quarterly announcements to shareholders, investors and regulatory authorities in line with the financial reporting standards.

The Board is assisted by the Audit Committee to oversee the financial reporting processes and the quality of financial reporting of the Group. All quarterly financial reports and financial statements are reviewed and discussed by the Audit Committee before they are tabled to the Board for consideration. The Statement of Directors' Responsibility in respect of the preparation of the annual audited financial statements is set out in paragraph 8 herein.

(b) Assessment Of Independence Of External Auditors

The Company has in placed a Policy and Procedures For Engagement of Statutory Auditors In Relation To Non-Audit Services ("Non-Audit Services Policy"). Under the Non-Audit Services Policy, the assessment of the objectivity and independence of the auditors lies with the Board which delegates the functions to the Audit Committee. Provision of non-audit services by the statutory auditors must be assessed and approved by the Audit Committee of the Company. The Audit Committee assesses and ensures that the provision of non-audit services by the auditors do not interfere with the exercise of independent judgment by the auditors and shall not be in conflict with its functions as statutory auditors. Factors to be considered by the Audit Committee are outlined in the Non-Audit Services Policy. The statutory auditors had given written assurance that for the audit of the financial statements of the Group for the FY2015, they have maintained their independence in accordance with their internal requirement and with the provisions of the By-Laws On Professional Independence of the Malaysian Institute of Accountants.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING (CONT'D)

(c) Relationship with External Auditors

Through the Audit Committee, the Group has established a formal and transparent relationship with the external auditors.

The external auditors are invited to discuss the annual financial statements, their audit plan, audit findings and other special matters when necessary. In addition, the Independent members of the Audit Committee also meet the external auditors without the presence of Management twice a year.

6. RECOGNIZE AND MANAGE RISKS

(a) Internal Control And Risk Management

The Board recognizes that it has overall responsibility for maintaining a system of internal controls and risk management for the Group that provides reasonable assurance of effective and efficient operations, and compliance with laws and regulations, as well as with internal procedures and guidelines.

The Statement On Risk Management And Internal Control which provides an overview of the state of internal control within the Group, is set out in pages 24 and 25 of this Annual Report.

(b) Internal Audit

The Group has outsourced the internal audit function to an external professional services firm which reports directly to the Audit Committee. For reviews undertaken by the Internal Auditors during the financial year, please refer to the Audit Committee Report found at pages 26 to 29 of this Annual Report.

7. CORPORATE DISCLOSURE AND RELATIONS WITH SHAREHOLDERS

The Board recognizes the importance of accountability to its shareholders through proper and equal dissemination of information to its shareholders. Towards this end, the Board has established a Group Policy On Corporate Disclosure which provides guidance to the Board, Management and employees on the Group's disclosure requirements and practices in disseminating material information to and in dealing with stakeholders, analysts, media and the investing public. The disclosure of material information is guided by the provisions of the LR.

The Company reaches out to its shareholders through:-

- (a) the distribution of its annual report
- (b) quarterly financial results announcements
- (c) various disclosures and announcements made to Bursa Securities
- (d) the Company's website at www.hwang.com.my which shareholders can access for information.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

7. CORPORATE DISCLOSURE AND RELATIONS WITH SHAREHOLDERS (CONT'D)

The Company's website at www.hwang.com.my contains the Company's corporate information including the Annual Reports, Board Charter, summarised version of the Directors' Code of Ethics And Business Conduct and movement of share price for the investing public's consumption.

The AGM is the principal forum for dialogue with shareholders, where shareholders are at liberty to raise questions pertaining to the agenda for discussion at the meeting. Notice of the meeting and related documents are sent to shareholders at least 21 days before the meeting is to be held.

In line with the LR, poll voting would be adopted for all resolutions involving interest of related parties.

8. STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the Report of the Auditors set out in pages 42 and 43 of this Annual Report, is made with a view of enabling shareholders to distinguish the respective responsibilities of the Directors and the auditors in relation to the financial statements.

The Directors are required by the Companies Act, 1965 to prepare financial statements which give a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of each financial year and of the results for the financial year.

The Directors consider that in preparing the financial statements set out in pages 44 to 135, which have been prepared on a going concern basis, appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates have been used and that accounting standards which they consider applicable have been followed.

The Directors have the responsibility for taking reasonable steps to ensure that the Company and its subsidiaries cause to be kept such accounting and other records, that will sufficiently explain the transactions of the Company and its subsidiaries, that will at any time enable the financial position of the Company and its subsidiaries to be readily and properly audited, and that will enable the Directors to ensure that the financial statements comply with the requirements of the Companies Act, 1965.

The Directors also have a general responsibility to take such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BOARD RESPONSIBILITY

The Board recognises the importance of maintaining a sound internal control system and risk management practices as well as good corporate governance. The Board affirms its overall responsibility for the internal control system of the Group, which includes the establishment of appropriate control environment and risk management framework as well as review of its adequacy and effectiveness to ensure that the value of shareholders' investments and the assets of the Group are safeguarded.

In view of the inherent limitations in any internal control system, the system is designed to manage rather than eliminate risks. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement, fraud or loss. The internal control system includes internal financial, operational, management information systems, organisation and compliance controls.

The risk management and internal control system of the Group involve management and personnel from both business and support units. The Board is responsible for determining key strategies and policies for significant risks and control issues, whilst functional managers are responsible for the effective implementation of the Board's policies by designing, operating, monitoring and managing risks and control processes.

The Board has received assurance from the Senior Vice President, Corporate Affairs and Investment and the Head of Finance that the risk management and internal control system of the Group are, in all material aspects, operating adequately and effectively.

RISK MANAGEMENT FRAMEWORK

The Board regards risk management as an integral part of the Group's business operations, and that management of business risks continues to play an important role in ensuring that the business creates and protects shareholders' value.

The Group has an ongoing process in place for identifying, evaluating, managing and reporting significant risks that may affect the achievement of its business objectives throughout the financial year under review and up to the date of this report. This process is reviewed by the Board from time to time to ensure that proper management of risks and appropriate measures are taken timely to mitigate any identified weaknesses in the control environment.

KEY INTERNAL CONTROL PROCESSES

The key elements of the internal control system of the Group which have been reviewed by the Board are described below:

- A clearly defined organisational structure with defined lines of job responsibilities and reporting lines, which assists in ensuring effective communication of risk control objectives as well as establishment of authority and accountability.
- Documented Delegation of Authority ("DoA") for key aspects of the businesses which provides a sound framework of authority and accountability within the organisation and facilitates proper corporate decision making at the appropriate level in the organisation's hierarchy. The authority limits as documented in the DoA are subject to periodic review as to its implementation and continuing suitability in meeting the business objectives and operational needs of the Group.
- All material information, which includes material contracts and new business initiatives, are tabled/circulated to the Board on a timely basis in order for the Board to be kept abreast with the performance and business activities of the Group. Information provided includes background or explanatory information relating to the subject matter brought before the Board, financial implications and rationale for the proposal. Minutes of meetings are maintained.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

KEY INTERNAL CONTROL PROCESSES (CONT'D)

The key elements of the internal control system of the Group which have been reviewed by the Board are described below: (cont'd):

- Comprehensive financial information, which covers analysis of financial performance and key financial ratios, are regularly provided to the Board. The finance functions of the Group ensure maintenance of proper accounting records and the reliability of the financial information in accordance with the statutory requirements.
- Financial budget and business plan of the companies in the Group are discussed and reviewed by the Board annually. Variances to the budget are reviewed periodically and the Board is updated with explanations for any major variances.
- Maintaining the professionalism and competence of the human resources of the Group through established recruitment procedures, performance appraisal system and training. All personnel are required to strictly adhere to the Code of Conduct of the Group.
- The internal audit functions of the Group are outsourced to BDO Governance Advisory Sdn. Bhd., which is mandated to perform periodic reviews on the adequacy and integrity of the risk management and internal control system of the Group. The results of reviews of the internal control and risk management processes by the Group internal auditors are reported to the Audit Committee. Periodic follow-up reviews are also conducted to ensure adequate and timely implementation of the Management's action plans. The work of the internal auditors focuses on areas of priority based on their annual risk assessment and the annual strategic audit plans approved by the Audit Committee. The Group internal auditors report to the Audit Committee.
- The Audit Committee holds regular meetings to discuss findings by both the internal and external auditors on the state of the internal control system and risk management processes and to make recommendations for improvement. Thereafter, the minutes of the Audit Committee meetings are tabled to the Board for review.

EFFECTIVENESS OF RISK MANAGEMENT FRAMEWORK AND INTERNAL CONTROL SYSTEM

The Board confirms that there is an ongoing process that has been in place throughout the financial year ended 31 July 2015 for identifying, evaluating and managing significant risks faced by the Group and that it has reviewed the adequacy and effectiveness of the risk management and internal control system within the Group for the financial year and has taken account of any material development up to the date of approval of this Statement. The process is regularly reviewed by the Board. No material losses were incurred during the financial year as a result of weaknesses in internal controls.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised) issued by the Malaysian Institute of Accountants. RPG 5 (Revised) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group.

This statement is made in accordance with the resolution of the Board of Directors dated 18 September 2015.

AUDIT COMMITTEE REPORT

Activities Of The Audit Committee

During the FY2015, 4 meetings were held by the Audit Committee (“Committee”) of the Company. The Committee comprises the following members and details of attendance of each member at the Committee’s meetings held during the year are as follows: -

Composition of The Committee	No. Of Meetings Attended
1. Y.A.M Tengku Syed Badarudin Jamalullail (Chairman/Independent Non-Executive Director)	4 out of 4 meetings
2. Teoh Teik Kee (Member/Non-Independent Non-Executive Director)	4 out of 4 meetings
3. Ooi Chooi Li (Member/Independent Non-Executive Director)	4 out of 4 meetings

During the financial year, the Committee performed the duties as set out in its Terms of Reference. The main areas of focus of the Committee are set out below and where necessary, the Committee directed actions to be taken by Management:-

- The audited financial statements for FY2015 and unaudited quarterly financial results announcements of the Group.
- The external auditor’s scope of work and the audit plan, their audit fees, the results of their examination in external audit reports and management letters, as well as new developments on accounting standards and regulatory requirements.
- The adequacy of the internal audit plans, the implementation of the approved audit plans and resource requirements of the internal audit function.
- The internal audit reports which highlighted the audit issues, recommendations and Management’s response.
- Group’s related party transactions.
- Disclosure requirements in the Annual Report of the Company in compliance with the provisions of the LR of Bursa Securities in relation to the Corporate Governance Statement, Audit Committee Report, Statement on Risk Management and Internal Control and financial results.
- The objectivity, performance and independence of the external auditors and internal auditors.

The Committee acted as a forum for discussion of internal control, risk management, compliance issues and other related matters that contributed to the Group’s overall governance profile and transparency, as well as Board’s review of the effectiveness of the Group’s system of internal controls.

During the financial year, the Independent members of the Committee met the external auditors twice without the presence of Management.

AUDIT COMMITTEE REPORT (CONT'D)

Internal Audit Functions

The Group has outsourced the internal audit function to an external professional services firm which reports directly to the Committee. The internal auditors adopted risk based approach in arriving at the areas to be reviewed and the scope of the internal audit function is broad and includes those systems of internal controls that are in place to achieve the following objectives:

- Compliance with legislation, regulations, policies and procedures;
- Economy and efficiency of operations;
- Safeguarding of assets;
- Reliability and integrity of financial and operational information; and
- Achievement of operational objectives.

The internal auditors carry out audit assignments based on audit plan that is reviewed and approved by the Committee. During the financial year, internal auditors undertook independent reviews of the system of internal controls and risk management processes in key aspects of business operations of core subsidiary company, HDM Capital Sdn Bhd. The main area of audits were on the credit management of consumer financing and management of information system. Audit findings and areas of concern that need improvements were highlighted in the internal audit reports and reviewed by the Committee. The internal auditors also monitored Management's corrective action plans in order to obtain assurance that all key risks and control concerns have been duly addressed. The total cost incurred in discharging the internal audit function for the FY2015 was RM31,717.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. CONSTITUTION

The Audit Committee was established on 1 March 1996.

2. COMPOSITION

- The Committee shall be appointed by the Board from amongst the Directors of the Company and shall comprise not less than 3 members, all of whom shall be Non-Executive Directors and the majority of whom must be Independent Directors.
- At least 1 member of the Committee:-
 - must be a member of the Malaysian Institute of Accountants; or
 - if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years of working experience and
 - o he must have passed the examination specified in Part I of the 1st Schedule to the Accountants Act, 1967; or
 - o he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule to the Accountants Act, 1967 or
 - fulfils such other requirements as prescribed by Bursa Securities.
- The members of the Committee shall elect the Chairman from among their number who shall be an Independent Director.

AUDIT COMMITTEE REPORT (CONT'D)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (CONT'D)

3. MEETINGS

- The internal auditors and Head of Finance will attend meetings. If necessary, the Committee may request other Directors and senior management to attend any particular meeting. At least twice a year, the Independent members of the Committee shall meet with the external auditors without the presence of Management. The Company Secretary(ies) shall be the secretary(ies) of the Committee.
- Meetings will be held not less than 4 times a year. The external auditors may request a meeting if they consider that one is necessary. The quorum for any meeting shall be majority members of the Committee, with more than half of the members present being Independent Non-Executive Directors.

4. AUTHORITY

The Committee is authorized by the Board:-

- (a) to investigate any activity within its Terms of Reference.
- (b) to have full and unrestricted access to any information it requires from any employees.
- (c) to have access to resources required to perform its duties.
- (d) to have direct communication channels with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees whenever deemed necessary.
- (e) to direct the internal auditors in its activities and resources.
- (f) to obtain external legal or other independent professional advice, if it considers necessary.

5. DUTIES

The duties of the Committee are:-

- (a) to recommend the appointment and reappointment of the external auditors, their audit fee and any questions of their resignation or dismissal to the Board.
- (b) to assess the objectivity, performance and independence of the external auditors (e.g. by reviewing and assessing the various relationships between the external auditors and the Company or any other entity) and internal auditors.
- (c) to establish policies and procedures for the provision of non-audit services by the external auditors and to ensure that there are proper checks and balances in place so that the provision of non-audit services do not interfere with the exercise of independent judgment of the external auditors.
- (d) to review with the external auditors:-
 - the audit plan;
 - their evaluation of the system of internal controls;
 - their audit reports;
 - their management letter and Management's response thereto; and
 - the assistance given by the employees to the external auditors.

AUDIT COMMITTEE REPORT (CONT'D)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (CONT'D)

5. DUTIES (CONT'D)

- (e) to review the financial statements of the Company and the Group before submission to the Board, focusing particularly on: -
 - public announcements of results and dividend payment;
 - any changes in accounting policies and practices;
 - major judgmental areas;
 - significant adjustments resulting from the audit;
 - the going-concern assumption;
 - compliance with applicable approved accounting standards; and
 - compliance with regulatory and statutory requirements.
- (f) to discuss problems and reservations arising from the interim and final audits and any matters the external auditors may wish to discuss (in the absence of Management where necessary).
- (g) to do the following:-
 - to review and approve the internal audit strategic plan, consider major findings and Management's response to findings in the Internal Audit reports and where necessary, the Committee will direct actions to be taken by Management, as well as to review the level of co-ordination between the internal and external auditors;
 - to review the adequacy of the scope, functions, competency and resources of the internal audit function and to ensure that it has the necessary authority to carry out its work;
 - to review the appraisal or assessment of the performance of the staff of the internal audit function;
 - to approve any appointment or termination of internal auditors; and
 - to be informed of the resignation of any senior members of the internal audit function.
- (h) to keep under review the effectiveness and proper monitoring of internal control system.
- (i) to review inspection and examination reports issued by the relevant regulatory authorities and to ensure that appropriate actions are taken in respect of the findings.
- (j) to review related party transactions that may arise within the Company or Group.
- (k) to review and assess with the senior management and external auditors the Statement on Risk Management and Internal Control of the Group for inclusion in the Annual Report.
- (l) to submit to the Board an Audit Committee Report for inclusion in the Annual Report.
- (m) to review the Corporate Governance Statement and best practices for inclusion in the Annual Report.
- (n) to perform such other functions as may be agreed upon by the Committee and the Board.

6. REPORTING PROCEDURES

The Company Secretary(ies) shall circulate the Minutes of meetings of the Committee to all members of the Board.

OTHER COMPLIANCE INFORMATION

1. MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) subsisting as at 31 July 2015 or if not then subsisting, entered into since the end of the previous financial year by the Company or its subsidiaries, which involved the interests of the Directors or major shareholders.

2. SANCTIONS AND PENALTIES

There were no public sanctions/ penalties imposed on the Company, its subsidiaries, Directors or Management by the relevant regulatory bodies during the FY2015.

3. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

As at 30 September 2015, the status of utilisation of proceeds raised from the disposal of 100% equity interest in HwangDBS Investment Bank Berhad and its subsidiaries and associate in the FY2014 is as follows:-

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

Note:-

- (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 12 months from 7 April 2015.

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

CORPORATE RESPONSIBILITY STATEMENT



The Group will continue to commit to corporate social responsibility initiatives focusing on the fields of Marketplace, Community, Workplace and Environment.

It will continue to place emphasis on cultivating a culture steeped in strong business ethical values, good corporate governance and respect by our employees for the environment and community.

Through 2015, the Group made cash contributions to several organisations. The key beneficiaries included The Association of Resource and Education for Autistic Children (Lions REACH), Penang Family Health Development Association, Women's Centre for Change, BOLD Association for Children with Special Needs, The Penang Home for the Infirm and Aged and St. Joseph's Home.

In addition, the Group also organised an outing to Taman Rimba of Penang for the St. Joseph's Home's children. A total of 45 kids participated in this expedition and various activities brought along light-hearted moments for these children during the outing.

Acknowledging the advantages of diversity, the Group embraces employees from different ethnic and social backgrounds and has a relatively balanced mix of gender. The Group maintains a work environment free from discrimination and comply with all applicable laws pertaining to non-discrimination and equal opportunity.

To cultivate a friendly workplace, events such as festive celebrations and annual get-together were organised, to encourage interaction among the employees within the Group.

In 2015 the Group continued to uphold the 3Rs concept of Reuse, Reduce and Recycle. In this aspect, it encourages the conservation of the environment, particularly in the consumption of energy, water and paper by reducing wastage and recycle where possible.

Going forward, we plan to maintain the current initiatives and to extend our corporate responsibility reach.

ANALYSIS OF SHAREHOLDINGS

AS AT 30 SEPTEMBER 2015

Authorised Capital : RM1,000,000,000.00
 Issued and Fully Paid : RM255,158,900.00
 Class of Shares : Ordinary Shares of RM1.00 each fully paid
 No. of Shareholders : 4,338
 Voting Right : One vote per ordinary share

Distribution Schedule of Shareholders

Size of Holdings	No. of Shareholders	%	No. of Shares	% of Issued Share Capital
Less than 100	15	0.35	502	0.00
100 - 1,000	2,048	47.21	1,971,432	0.77
1,001 - 10,000	1,803	41.56	7,250,658	2.84
10,001 - 100,000	399	9.20	12,012,750	4.71
100,001 - less than 5% of issued shares	70	1.61	114,251,558	44.78
5% and above of issued shares	3	0.07	119,672,000	46.90
	4,338	100.00	255,158,900	100.00

Thirty Largest Shareholders

Name of Shareholders	No. of Shares	% of Issued Share Capital
1 DBS Vickers Securities (Malaysia) Pte Ltd	60,000,000	23.51
2 Hwang Enterprises Sdn Bhd	39,672,000	15.55
3 HSBC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Hwang Enterprises Sdn Bhd	20,000,000	7.84
4 Affin Hwang Nominees (Tempatan) Sdn Bhd Yeoh Cheng Kung	12,000,000	4.70
5 Affin Hwang Nominees (Tempatan) Sdn Bhd Yeo Chwee Kee	11,720,100	4.59
6 Tan Lee Peng	11,693,189	4.58
7 Maybank Nominees (Asing) Sdn Bhd DBS Bank For DBS Bank Ltd	10,600,000	4.15
8 Affin Hwang Nominees (Tempatan) Sdn Bhd Lee Uan Cheng	9,685,100	3.80
9 Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Hwang Lip Teik	8,500,000	3.33

ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 30 SEPTEMBER 2015

Thirty Largest Shareholders (cont'd)

Name of Shareholders	No. of Shares	% of Issued Share Capital
10 Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Hwang Enterprises Sdn Bhd	8,000,000	3.14
11 Affin Hwang Nominees (Tempatan) Sdn Bhd Tan Lee Sim	5,900,000	2.31
12 Chua Holdings Sdn Bhd	4,171,658	1.63
13 Affin Hwang Nominees (Tempatan) Sdn Bhd Hock Kheng Industries Sdn Bhd	2,972,903	1.17
14 Song Kim Lee	2,890,000	1.13
15 HSBC Nominees (Asing) Sdn Bhd Exempt An For Credit Suisse (SG BR-TST-Asing)	2,625,900	1.03
16 Wang Hui Tzu	1,950,000	0.76
17 Hwang Lip Teik	1,890,119	0.74
18 Southern Consortium Sdn Bhd	1,772,000	0.69
19 Ong Guat Li	1,511,707	0.59
20 Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lew Weng Ho	1,499,000	0.59
21 Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar	660,000	0.26
22 Tan Lean Phaik	600,000	0.24
23 Looi Siew Lean	586,000	0.23
24 Hwang Yee Tuan	570,500	0.22
25 Chui Kah Peng	551,200	0.22
26 Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank For Joyce Matilda A/P James Devaraj David	549,000	0.22
27 Hong Sai Ngoh	527,000	0.21
28 Lim Kuan Gin	500,000	0.20
29 Yeap Thean Kooi	493,873	0.19
30 Ladies' Own Sdn Bhd	430,000	0.17
Total:	224,521,249	87.99

ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 30 SEPTEMBER 2015

Substantial Shareholders

According to the Register of Substantial Shareholders, the substantial shareholders of the Company as at 30 September 2015 were as follows:-

Name of Shareholders		Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
Hwang Lip Teik	(a)	10,390,119	4.07	68,102,000	26.69
Hwang Lip Koon	(a)	362,500	0.14	68,102,000	26.69
Hwang Enterprises Sdn Bhd		67,672,000	26.52	-	-
DBS Vickers Securities (Malaysia) Pte Ltd (in liquidation)		60,000,000	23.51	-	-
DBS Securities Holding Pte Ltd (in liquidation)	(b)	-	-	60,000,000	23.51
DBS Vickers Securities Holdings Pte Ltd	(c)	-	-	60,000,000	23.51
DBS Bank Ltd	(d)	10,600,000	4.15	60,000,000	23.51
DBS Group Holdings Ltd	(e)	-	-	70,600,000	27.67
Maju Holdings Pte Ltd	(f)	-	-	70,600,000	27.67
Temasek Holdings (Private) Limited	(g)	-	-	70,600,000	27.67
Minister for Finance, Singapore	(h)	-	-	70,600,000	27.67

Notes:

- (a) Deemed interested through Hwang Enterprises Sdn Bhd and Ladies' Own Sdn Bhd
- (b) Deemed interested through DBS Vickers Securities (Malaysia) Pte Ltd (in liquidation)
- (c) Deemed interested through DBS Securities Holding Pte Ltd (in liquidation)
- (d) Deemed interested through DBS Vickers Securities Holdings Pte Ltd
- (e) Deemed interested through DBS Bank Ltd
- (f) Deemed interested through DBS Group Holdings Ltd
- (g) Deemed interested through DBS Group Holdings Ltd and Maju Holdings Pte Ltd
- (h) Deemed interested through Temasek Holdings (Private) Limited

ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 30 SEPTEMBER 2015

Directors' Shareholdings

In the Company

Name of Directors	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Hwang Lip Teik (a)	10,390,119	4.07	68,102,000	26.69
Ang Teik Siew (Ang Teik Lim Eric)	-	-	-	-
Y.A.M. Tengku Syed Badarudin Jamalullail	-	-	-	-
Teoh Teik Kee	256,000	0.10	-	-
Ooi Chooi Li	-	-	-	-

Note:

(a) Deemed interested through Hwang Enterprises Sdn Bhd and Ladies' Own Sdn Bhd

By virtue of his interest in shares in the Company, Hwang Lip Teik is also deemed to have interest in the shares in all the subsidiaries to the extent that the Company has interest.

Save as disclosed above, none of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations.

PARTICULARS OF PROPERTIES HELD

BY HWANG CAPITAL GROUP

Location	Description of Property	Tenure	Approximate Area (Sq. Ft.)	Approximate Age (Years)	Net Book Value as at 31/07/2015 (RM)	Date of Acquisition
Levels 2, 3 & 4, Wisma Sri Pinang, 60 Green Hall, 10200 Penang	Office	Freehold	25,399	31	4,309,457	01/03/1993
Level 7, Wisma Sri Pinang, 60 Green Hall, 10200 Penang	Office	Freehold	9,483	31	1,917,950	10/03/1994
Level 8, Wisma Sri Penang, 60 Green Hall, 10200 Penang	Office	Freehold	8,568	27	1,365,069	10/03/1994
A 7-storey building bearing address Wisma Sri Penang II, 42 Green Hall, 10200 Penang	Office	Freehold	36,187	17	8,953,528	01/08/1996
Unit 19-3A, D'Mayang Condominium, 16, Jalan Mayang, 50450 Kuala Lumpur	Residential	Freehold	1,593	21	579,076	06/10/1995
21, Lorong Perwira 7, Taman Perwira, 14100 Simpang Ampat, Seberang Perai Tengah, Penang	Residential	Freehold	1,092	18 1/2	58,118	29/09/1998
Grant Nos. 44963, 44964 and 44965, Lot Nos. 288, 289 and 290 all of North East District, Tanjung Bungah, Penang	Vacant land	Freehold	39,460	-	1,229,810	12/06/2001
Level 7, Johor Bahru City Square (Office Tower), 106-108, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor	Office	Leasehold 99 years expiring in 2091	18,648	16	5,053,702	20/06/2001
No. 70 A, B & C, Jalan Mawar Satu, Taman Pekan Baru, 08000 Sungai Petani, Kedah	Shoplot	Leasehold 99 years expiring in 2091	5,250	18 1/2	532,357	29/04/2002
No. 2 & 4, Jalan Perda Barat, Bandar Perda, 14000 Bukit Mertajam, Penang	Shoplot	Freehold	3,930	16	1,425,167	11/06/2007

A close-up, artistic photograph of several dandelion seed heads. The seeds are fine and radiate from central points, creating a starburst effect. The background is a soft, out-of-focus light blue and white, suggesting a bright, airy environment. The overall mood is clean and natural.

REPORTS AND FINANCIAL STATEMENTS

38	Directors' Report
42	Independent Auditors' Report
44	Statements of Financial Position
46	Income Statements
48	Statements of Comprehensive Income
49	Statements of Changes in Equity
52	Statements of Cash Flows
54	Notes to the Financial Statements
136	Supplementary Information
137	Statement by Directors
138	Statutory Declaration

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

The directors submit their report together with the audited financial statements of the group and of the company for the financial year ended 31 July 2015.

PRINCIPAL ACTIVITIES

The principal activity of the company during the financial year is that of investment holding. The principal activities of the subsidiaries are as set out in note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year attributable to equity holders of the company	49,712	23,479

In the opinion of the directors, the results of the operations of the group and of the company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except for the net gain on disposals of investment properties, as disclosed in note 15(a) to the financial statements.

DIVIDENDS

The dividend paid by the company since the end of the previous financial year is as follows:

	RM'000
In respect of the financial year ended 31 July 2014:	
Final single tier dividend of 2.5 sen per share, paid on 18 December 2014	6,379

The directors now recommend the payment of a final single tier dividend of 10.0 sen per 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.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

DIRECTORS' REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

SHARE CAPITAL

There was no change in the issued and paid-up share capital of the company during the financial year.

DIRECTORS

The directors in office since the date of the last report are:

Hwang Lip Teik
Ang Teik Siew (Ang Teik Lim Eric)
Y.A.M. Tengku Syed Badarudin Jamalullail
Teoh Teik Kee
Ooi Chooi Li

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the company and its related corporations during the financial year are as follows:

	Number of ordinary shares of RM1 each			
	1 August 2014	Addition	Disposal	31 July 2015
The company				
Direct interest				
Hwang Lip Teik	10,969,119	-	(579,000)	10,390,119
Teoh Teik Kee	256,000	-	-	256,000
Indirect interest				
Hwang Lip Teik	68,102,000	-	-	68,102,000

By virtue of his interests in shares in the company, Hwang Lip Teik is also deemed to have interests in the shares in all the subsidiaries to the extent that the company has interests.

Other than the above, none of the other directors in office at the end of the financial year had any interest in the shares in the company and its related corporations.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than the directors' remuneration as shown in note 29 to the financial statements) by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest other than benefits that may be deemed to have arisen in relation to transactions entered into in the ordinary course of business as disclosed in note 35 to the financial statements.

Neither during nor at the end of the financial year was the company a party to any arrangement whose object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate.

DIRECTORS' REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the group and of the company were made out, the directors took reasonable steps:

- (a) to ascertain the action taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amounts written off or allowed for bad and doubtful debts of the group and of the company inadequate to any material extent or the values attributed to current assets of the group and of the company misleading; and
- (b) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the group and of the company misleading or inappropriate.

In the interval between the end of the financial year and the date of this report:

- (a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the group and of the company for the financial year in which this report is made; and
- (b) no charge has arisen on the assets of any company in the group which secures the liability of any other person nor has any contingent liability arisen in any company in the group.

No contingent or other liability of any company in the group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the company and its subsidiaries to meet their obligations when they fall due.

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

OTHER MATTERS

The supplementary information set out on page 136 have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

DIRECTORS' REPORT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

AUDITORS

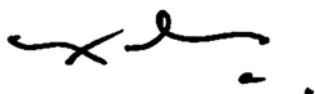
The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

In accordance with a resolution of the Board of Directors dated 18 September 2015.



Y.A.M. TENGKU SYED BADARUDIN JAMALULLAIL

Director



HWANG LIP TEIK

Director

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HWANG CAPITAL (MALAYSIA) BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Hwang Capital (Malaysia) Berhad on pages 44 to 135, which comprise the statements of financial position of the group and of the company as at 31 July 2015, and the statements of income, comprehensive income, changes in equity and cash flows of the group and of the company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out in Notes 1 to 43.

Directors' Responsibility for the Financial Statements

The directors of the company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the group and of the company as of 31 July 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the group and we have received satisfactory information and explanations required by us for those purposes.
- (c) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT (CONT'D)

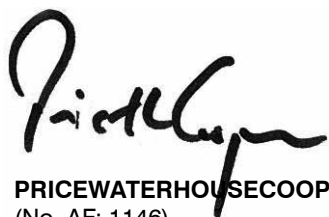
TO THE MEMBERS OF HWANG CAPITAL (MALAYSIA) BERHAD

OTHER REPORTING RESPONSIBILITIES

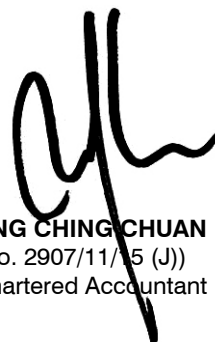
The supplementary information set out on page 136 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants



ONG CHING CHUAN
(No. 2907/11/15 (J))
Chartered Accountant

Penang
18 September 2015

STATEMENTS OF FINANCIAL POSITION

AS AT 31 JULY 2015

	Note	Group		Company	
		2015 RM'000	(Restated) 2014 RM'000	2015 RM'000	(Restated) 2014 RM'000
Non-current assets					
Property, plant and equipment	5	2,866	3,145	65	337
Investment properties	6	23,480	24,142	-	-
Intangible assets	7	503	-	16	-
Investments in subsidiaries	8	-	-	32,000	32,126
Securities available-for-sale ("AFS")	9	3,752	-	1,491	-
Other investments	10	473	557	416	500
Loans, advances and financing	11	309,225	326,182	-	-
Deferred tax assets	12	3,515	3,632	18	-
		343,814	357,658	34,006	32,963
Current assets					
Securities available-for-sale ("AFS")	9	422,276	321,761	422,276	321,761
Loans, advances and financing	11	58,169	67,754	-	-
Trade receivables		56	-	-	-
Amounts due from subsidiaries	35(c)	-	-	227,582	254,517
Other receivables, deposits and prepayments	13	5,955	2,209	73	94
Deposits, cash and bank balances	14	10,537	81,854	7,591	79,043
		496,993	473,578	657,522	655,415
Non-current assets held for sale	15	-	12,984	-	-
		496,993	486,562	657,522	655,415
Total assets		840,807	844,220	691,528	688,378

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION (CONT'D)

AS AT 31 JULY 2015

	Note	Group		Company	
		2015 RM'000	(Restated) 2014 RM'000	2015 RM'000	(Restated) 2014 RM'000
Non-current liabilities					
Deferred tax liabilities	12	174	16	-	16
Current liabilities					
Other payables and accruals	16	12,685	28,993	412	14,852
Borrowings	17	-	30,804	-	-
Taxation		566	780	474	-
		13,251	60,577	886	14,852
Total liabilities		13,425	60,593	886	14,868
Equity attributable to equity holders of the company					
Share capital	18	255,159	255,159	255,159	255,159
Reserves	19	572,223	528,468	435,483	418,351
Total equity		827,382	783,627	690,642	673,510
Total liabilities and equity		840,807	844,220	691,528	688,378

The accompanying notes form an integral part of the financial statements.

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

	Note	Group		Company	
		2015 RM'000	(Restated) 2014 RM'000	2015 RM'000	(Restated) 2014 RM'000
<i>Continuing operations</i>					
Operating revenue	21	64,782	51,791	25,621	9,298
Other income	22	16,381	4,754	2,090	1
Personnel costs	23	(9,032)	(9,056)	(514)	(3,766)
Depreciation and amortisation (Allowances)/Write back of allowances for impairment loss on:	24	(1,357)	(2,072)	(262)	(417)
- loans, advances and financing	25	(5,428)	(6,692)	-	-
- investments in subsidiaries	8	-	-	11	(61)
Other expenses	26	(5,992)	(5,738)	(627)	(1,414)
		59,354	32,987	26,319	3,641
Finance costs	27	(499)	(15,109)	-	(7,101)
Profit/(Loss) before taxation		58,855	17,878	26,319	(3,460)
Taxation	30	(9,143)	(5,305)	(2,840)	(46)
Profit/(Loss) for the financial year from continuing operations		49,712	12,573	23,479	(3,506)
<i>Discontinued operations</i>					
Profit for the financial year from discontinued operations	20(d)	-	458,907	-	850,527
Profit for the financial year		49,712	471,480	23,479	847,021

The accompanying notes form an integral part of the financial statements.

INCOME STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

	Note	Group		Company	
		2015 RM'000	(Restated) 2014 RM'000	2015 RM'000	(Restated) 2014 RM'000
Attributable to:					
Equity holders of the company					
- Continuing operations		49,712	12,573	23,479	(3,506)
- Discontinued operations		-	444,129	-	850,527
		49,712	456,702	23,479	847,021
Non-controlling interests					
- Discontinued operations		-	14,778	-	-
		49,712	471,480	23,479	847,021
Basic earnings per share attributable to equity holders of the company (sen)					
	31				
- Continuing operations		19.48	4.93		
- Discontinued operations		-	174.06		
		19.48	178.99		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit for the financial year		49,712	471,480	23,479	847,021
Other comprehensive income:	32				
Items that may be reclassified subsequently to profit or loss					
<i>Continuing operations</i>					
Securities AFS:					
- net change in fair value		422	-	32	-
<i>Discontinued operations</i>		-	3,108	-	-
		422	3,108	32	-
Total comprehensive income for the financial year		50,134	474,588	23,511	847,021
Total comprehensive income for the financial year					
- <i>Continuing operations</i>		50,134	12,573	23,511	(3,506)
- <i>Discontinued operations</i>		-	462,015	-	850,527
		50,134	474,588	23,511	847,021
Attributable to:					
Equity holders of the company					
- <i>Continuing operations</i>		50,134	12,573	23,511	(3,506)
- <i>Discontinued operations</i>		-	447,245	-	850,527
		50,134	459,818	23,511	847,021
Non-controlling interests					
- <i>Discontinued operations</i>		-	14,770	-	-
		50,134	474,588	23,511	847,021

The accompanying notes form an integral part of the financial statements.

STATEMENTS 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							
Note	Number of shares '000	Nominal value RM'000	Capital redemption reserve RM'000	Share premium RM'000	AFS reserve RM'000	Retained profits RM'000	Total equity RM'000
Group							
At 1 August 2014	255,159	255,159	10,686	17,029	-	500,753	783,627
Profit for the financial year	-	-	-	-	-	49,712	49,712
Other comprehensive income for the financial year	32	-	-	-	422	-	422
Total comprehensive income for the financial year	-	-	-	-	422	49,712	50,134
Final dividend in respect of the financial year ended 31 July 2014	33	-	-	-	-	(6,379)	(6,379)
At 31 July 2015	255,159	255,159	10,686	17,029	422	544,086	827,382

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

Attributable to equity holders of the company													
Group	Note	Issued and fully paid ordinary shares of RM1 each		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
		Number of shares '000	Nominal value 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 year		-	-	-	-	-	-	-	-	456,702	456,702	14,778	471,480
Other comprehensive income for the financial year, net of tax	32	-	-	-	-	-	-	(1,213)	992	-	(221)	(8)	(229)
Reclassification of reserves upon disposals of subsidiaries and associate	32	-	-	-	-	-	(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	18	-	(10,686)	16,061	10,686	(16,061)	-	-	-	-	-	-	-
Interim dividend in respect of the financial year ended 31 July 2014	33	-	-	-	-	-	-	-	-	(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 accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

	Note	Issued and fully paid ordinary shares of RM1 each			Non-distributable			Distributable	
		Number of shares '000	Nominal value RM'000	Treasury shares RM'000	Capital redemption reserve RM'000	Share premium RM'000	AFS reserve RM'000	Retained profits RM'000	Total equity RM'000
Company									
At 1 August 2014		255,159	255,159	-	10,686	17,029	-	390,636	673,510
Profit for the financial year		-	-	-	-	-	-	23,479	23,479
Other comprehensive income for the financial year	32	-	-	-	-	-	32	-	32
Total comprehensive income for the financial year		-	-	-	-	-	32	23,479	23,511
Final dividend in respect of the financial year ended 31 July 2014	33	-	-	-	-	-	-	(6,379)	(6,379)
At 31 July 2015		255,159	255,159	-	10,686	17,029	32	407,736	690,642
At 1 August 2013		255,159	265,845	(16,061)	-	33,090	-	181,512	464,386
Profit for the financial year		-	-	-	-	-	-	847,021	847,021
Total comprehensive income for the financial year		-	-	-	-	-	-	847,021	847,021
Cancellation of treasury shares	18	-	(10,686)	16,061	10,686	(16,061)	-	-	-
Interim dividend in respect of the financial year ended 31 July 2014	33	-	-	-	-	-	-	(637,897)	(637,897)
At 31 July 2014		255,159	255,159	-	10,686	17,029	-	390,636	673,510

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
OPERATING ACTIVITIES					
Profit for the financial year		49,712	471,480	23,479	847,021
Adjustments for:					
Depreciation and amortisation:					
- property, plant and equipment		550	3,972	213	417
- investment properties		662	399	-	-
- intangible assets		145	-	49	-
Net gain on disposals of:					
- property, plant and equipment		(40)	(216)	-	-
- investment properties		(11,347)	(35,615)	-	-
Property, plant and equipment written off		29	71	-	-
Net gain arising from disposal of:					
- securities held-for-trading		-	(20,553)	-	-
- derivatives		-	(344)	-	-
- securities AFS		(2,087)	(2,824)	(2,087)	-
- securities held-to-maturity		-	(3,220)	-	-
Net unrealised loss/(gain) on:					
- securities held-for-trading		-	1,567	-	-
- derivatives		-	(4,192)	-	-
Net unrealised gain on foreign exchange		-	(1,831)	-	-
Other investments:					
- net (gain)/loss on disposals		(26)	23	(26)	-
- write offs		-	89	-	-
Goodwill on consolidation written off		-	5	-	-
Net gain on disposals of subsidiaries and associate		-	(366,021)	-	(850,527)
Net loss on liquidation of subsidiaries		-	2	-	-
Allowances/(Write back of allowances) for impairment loss on:					
- loans, advances and financing		5,734	7,826	-	-
- clients' balances and receivables		-	(366)	-	-
- other investments		-	(39)	-	-
- investments in subsidiaries		-	-	(11)	61
Interest expense		499	68,685	-	7,101
Interest income on securities		-	(45,070)	-	-
Dividends and income distributions		(13,772)	(12,493)	(13,701)	(5,166)
Rental income		-	(35)	-	-
Share of results of an associate, net of tax		-	(2,390)	-	-
Taxation		9,143	26,677	2,840	46
		(10,510)	(385,893)	(12,723)	(848,068)
		39,202	85,587	10,756	(1,047)

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
OPERATING ACTIVITIES (continued)					
Changes in operating assets and liabilities:					
Decrease/(Increase) in receivables		17,235	(149,874)	(1)	(49)
(Decrease)/Increase in payables		(17,319)	(85,761)	(14,440)	12,075
Cash generated from/(used in) operations		39,118	(150,048)	(3,685)	10,979
Interest paid		-	(77,781)	-	-
Taxation (paid)/refunded		(9,262)	(8,456)	(2,400)	7,277
Net operating cash flow		29,856	(236,285)	(6,085)	18,256
INVESTING ACTIVITIES					
Proceeds from disposals of:					
- property, plant and equipment		78	517	-	-
- investment properties		24,331	84,050	-	-
- other investments		110	4	110	-
Purchases of:					
- property, plant and equipment	5	(519)	(2,152)	(6)	(155)
- intangible assets		(501)	-	-	-
Net purchase of securities AFS		(101,758)	(348,977)	(99,887)	(321,271)
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	13,701	5,166
Rental received		-	35	-	-
Net cash inflow on disposals of subsidiaries and associate	20(e)	-	356,930	-	1,502,526
Proceeds from novation of subordinated term loan to a former subsidiary		-	-	-	5,000
Repayment of advances by/(advances to) subsidiaries		-	-	26,935	(254,517)
Capital distributions by subsidiaries (in liquidation)		-	-	137	107
Net investing cash flow		(64,558)	220,123	(59,010)	936,856
FINANCING ACTIVITIES					
Dividend paid		(6,379)	(637,897)	(6,379)	(637,897)
Interest paid on borrowings		(503)	(15,159)	-	(7,730)
Net repayment of borrowings		(30,800)	(418,700)	-	(240,900)
Net financing cash flow		(37,682)	(1,071,756)	(6,379)	(886,527)
Net change in cash and cash equivalents		(72,384)	(1,087,918)	(71,474)	68,585
Foreign exchange differences		-	500	-	-
Cash and cash equivalents at beginning of the financial year		81,015	1,168,433	78,394	9,809
Cash and cash equivalents at end of the financial year	34	8,631	81,015	6,920	78,394

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

1 GENERAL INFORMATION

The principal activity of the company during the financial year is that of investment holding. The principal activities of the subsidiaries are as set out in note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The company's registered office and principal place of business is located at:

Level 8 Wisma Sri Pinang
60 Green Hall
10200 Penang

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the group and of the company have been prepared under the historical cost convention except as disclosed in the summary of significant accounting policies in note 3 to the financial statements and are in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

The structure and contents of the financial statements of the group and of the company for the current financial year 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 (note 42).

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the financial year. It also requires directors to exercise their judgment in the process of applying the accounting policies of the group and of the company. Although these estimates and assumptions are based on the management and directors' best knowledge of current events and actions, actual results may differ from those estimates.

The area involving a higher degree of judgment or complexity, or area where assumptions and estimates are significant to the financial statements is disclosed in note 4 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

- (a) New financial reporting standards, amendments to the published standards and interpretations (“MFRSs”) and Consensus adopted

The relevant new/revised MFRSs and the Financial Reporting Standards Implementation Committee (“FRSIC”) Consensus issued by the Malaysian Institute of Accountants (“MIA”) that are relevant and effective for the financial statements of the group and of the company commencing from 1 August 2014 are as follows:

<u>MFRS</u>	<u>Description</u>
• Amendment to MFRS 3	Business Combinations <i>(Annual Improvements to MFRSs 2010-2012 Cycle)</i> <i>(Annual Improvements to MFRSs 2011-2013 Cycle)</i>
• Amendments to MFRS 8	Operating Segments <i>(Annual Improvements to MFRSs 2010-2012 Cycle)</i>
• 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 the Consensus do not have any significant impact on the financial statements of the group and of the company.

- (b) MFRSs which are relevant to the group and the company and have not been early adopted

Effective for accounting period beginning on or after 1 January 2016

- Amendments to MFRS 5, Non-current Assets Held For Sale and Discontinued Operations
(Annual Improvements to MFRSs 2012-2014 Cycle)
Introduce specific guidance for cases when an entity reclassifies an asset from held-for-sale to held-for-distribution to owners (or vice-versa), or when a held-for-distribution plan is discontinued. The amendments clarify that change of disposal method is considered a continuation of the original plan of disposal and does not change the date of classification of assets as either held-for-sale or held-for-distribution.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

- (b) MFRSs which are relevant to the group and the company and have not been early adopted (cont'd)

Effective for accounting period beginning on or after 1 January 2016 (cont'd)

- Amendment to MFRS 7, Financial Instruments: Disclosures
(Annual Improvements to MFRSs 2012-2014 Cycle)
Provides additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.
- Amendments to MFRS 10, MFRS 12 and MFRS 128, Investment Entities: Applying the Consolidation Exception
Provide clarifications on the exemption from preparing consolidated financial statements for an intermediate parent entity, a subsidiary providing services that relate to the parent's investment activities, application of the equity method by a non-investment entity investor to an investment entity investee and the disclosures required.
- Amendments to MFRS 101, Disclosure Initiative
The narrow-focus improvements to disclosure requirements aim to improve the effectiveness of disclosures and are designed to encourage entities to apply professional judgment in determining the information to be disclosed in the financial statements.
- Amendments to MFRS 116 and MFRS 138, Clarification of Acceptable Methods of Depreciation and Amortisation
Provide additional guidance on the methods to calculate depreciation or amortisation of property, plant and equipment or intangible assets respectively. The Amendments to MFRS 116 prohibit revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed. The Amendments to MFRS 138, on the other hand, introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate.
- Amendments to MFRS 127, Equity Method in Separate Financial Statements
Allow an entity to elect for using equity method in its separate financial statement to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.
- Amendment to MFRS 134, Interim Financial Reporting
(Annual Improvements to MFRSs 2012-2014 Cycle)
Clarifies the meaning of disclosure of information 'elsewhere in the interim financial report' as used in the standard. It requires such disclosures to be either in the interim financial statements or incorporated by cross-reference from the interim financial statements to some other statement that is available to users of the financial statements on the same terms as the interim financial statements and at the same time.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

- (b) MFRSs which are relevant to the group and the company and have not been early adopted (cont'd)

Effective for accounting period beginning on or after 1 January 2018

- MFRS 15, Revenue from Contracts with Customers
Deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The core principle of the standard is that an entity recognises revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of the goods or services and thus, has the ability to direct the use and obtain the benefits from the goods or services. The standard includes new disclosures (quantitative and/or qualitative information) in respect of the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

MFRS 15 will be replacing MFRS 118, Revenue and the related interpretations.

- MFRS 9, Financial Instruments
(*Complete version issued in November 2014*)
It retains but simplifies the mixed measurement model in MFRS 139, Financial Instruments: Recognition and Measurement as well as establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception, to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in OCI rather than income statement, unless this creates an accounting mismatch.

There is now a new expected credit losses model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The adoption of the above MFRSs is not expected to have any significant impact on the financial statements of the group and of the company except for MFRS 9 and MFRS 15, of which the financial effects of adoption will be assessed by the group and the company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies set out below are consistent with those applied in the previous financial year other than the adoption of MFRSs as disclosed in note 2(a) to the financial statements.

(a) Basis of consolidation

The consolidated financial statements of the group include the financial statements of the company and all its subsidiaries made up to the end of the financial year.

Subsidiaries are all those entities over which the group has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are consolidated using the acquisition method. Subsidiaries are consolidated from the date the group obtains control over the subsidiaries to the date control ceases. The consideration transferred for acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. Any gain arising from bargain purchase is recognised in profit or loss.

Any contingent consideration to be transferred is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is classified as a financial instrument within the scope of MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139. Contingent consideration that is classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gain or loss arising from inter-company transactions are eliminated and the consolidated financial statements reflect external transactions only. Losses resulting from intragroup transactions, which indicate an impairment loss, will be recognised in the consolidated income statements. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

When an entity loses control of a subsidiary, the assets and liabilities and related equity components of the former subsidiary will be derecognised. Any investment retained in a former subsidiary is measured at its fair value at the date when control is lost. Any gain or loss arising from loss of control of a subsidiary, which comprises the difference between the fair value of considerations received and the group's share of its net assets as of the date when control is lost (including the cumulative amount of any exchange differences) that relate to the former subsidiary and gain or loss arising from re-measurement of investment retained in the former subsidiary to its fair value, is recognised in profit or loss. Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

Non-controlling interests represent that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the group. It is measured at fair value or the non-controlling interests' proportionate share of the subsidiary's net identifiable assets at the acquisition date, on a case by case basis and changes in the subsidiary's equity since that date. All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interests, even if the attribution of losses results in the non-controlling interests having a deficit balance.

(b) Investments in subsidiaries

In the separate financial statements of the company, investments in subsidiaries are stated at cost less accumulated impairment losses. When the company loses control of a subsidiary, the difference between the fair value of considerations received and the carrying amount is recognised as the gain or loss on derecognition of a subsidiary in profit or loss of the company.

The accounting policy on the recognition and measurement of impairment loss is disclosed in note 3(h) to the financial statements.

(c) Associates

Associates are entities in which the group exercises significant influence, but which it does not control, generally accompanying a shareholding of between 20% to 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not power to exercise control over those policies.

In the consolidated financial statements, the group's interest in associate is accounted for using the equity method of accounting. Equity accounting involves recognising the group's share of post-acquisition profit or loss and other comprehensive income of associates in the income statement and other comprehensive income respectively. Goodwill relating to an associate is included in the carrying amount of the investment. In the separate financial statements of the company, associates are stated at cost less accumulated impairment losses.

On the loss of significant influence over an associate, the difference between the fair value of any investment retained and any proceeds from disposing of part interest in the associate and the group's share of its net assets as of the date when significant influence is lost (including the cumulative amount of any exchange differences that relate to the former associate) is recognised as the group's gain or loss on derecognition of an associate in profit or loss of the group. In the separate financial statements of the company, on the loss of significant influence over an associate, the difference between the fair value of considerations received and the carrying amount of the associate is recognised as the gain or loss on derecognition of an associate in profit or loss of the company. The investment retained in a former associate, if any, shall be recognised at fair value in the financial statements of the group and of the company.

When the group's share of losses in an associate equals or exceeds its interests in the associate, the group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate.

The accounting policy on the recognition and measurement of impairment loss is disclosed in note 3(h) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Intangible assets

(i) Goodwill

Goodwill represents the excess of the fair values of considerations transferred for purchase of subsidiaries or businesses, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over the fair value of the net identifiable assets acquired at the date of acquisition.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is tested for impairment annually. Goodwill is allocated to cash-generating units ("CGUs") or groups of CGUs that are expected to benefit from the synergies of the business combination in which the goodwill arose for the purpose of impairment testing.

(ii) Computer software

Computer software which are not integral parts of the related hardware are classified as intangible assets with finite useful lives.

Computer software are stated at cost less accumulated amortisation and impairment losses. Computer software are amortised over their estimated useful life of five years on the straight line basis. Estimated useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains or losses on derecognition of computer software are determined by comparing proceeds with carrying amounts of assets and are included in profit or loss.

(iii) Other intangible assets

Intangible assets that have an indefinite useful life, or are not yet ready for use, are initially recognised when they are separable or arise from contractual or other legal rights, when it is probable that future economic benefits attributable to the assets will flow to the group and the cost can be measured reliably.

Other intangible assets are stated at cost less accumulated impairment losses and tested for impairment annually. The assets are allocated to CGUs or groups of CGUs that are expected to benefit from synergies of business activities for the purpose of impairment testing.

The accounting policy on the recognition and measurement of impairment loss is disclosed in note 3(h) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Capital work in progress is not depreciated. Depreciation of assets under capital work in progress commences when the assets are ready for their intended use and transferred to the respective classes of assets. Depreciation of other property, plant and equipment is calculated to write off the cost of each property, plant and equipment over its expected useful life on the straight line basis. The principal annual depreciation rates are as follows:

	%
Apartments, buildings and office units	2
Furniture, fixtures and fittings	10 - 20
Office equipment	20
Computer equipment	20 - 33 1/3
Motor vehicles	20
Renovations	10 - 20

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amounts of assets and are included in profit or loss.

The accounting policy on the recognition and measurement of impairment losses is disclosed in note 3(h) to the financial statements.

(f) Investment properties

Investment properties are properties which the group holds with the intention to earn rentals or for capital appreciation or both, and are not occupied by the group. These include land held for a currently undetermined future use. Such properties are initially recognised at cost including any directly attributable expenditure. Subsequently, investment properties are stated at cost less accumulated depreciation and impairment losses.

Freehold land is not depreciated. Buildings and office units are depreciated at a principal annual rate of 2% on the straight line basis to write off the cost of each asset over its expected useful life.

Transfer to, or from investment properties when, and only when, there is a change in use of the properties is made at the carrying amounts of the properties at the date of transfer.

Gains or losses on disposals of investment properties are determined by comparing proceeds with carrying amounts of assets and are included in profit or loss.

The accounting policy on the recognition and measurement of impairment loss is disclosed in note 3(h) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Other investments

Other investments, which mainly comprise transferable corporate club membership and investments in commemorative notes and coins, are stated at cost less accumulated impairment losses.

On disposal of an investment, the gain or loss representing the difference between the net disposal proceeds and the carrying amount of investment is credited or charged to profit or loss.

The accounting policy on the recognition and measurement of impairment loss is disclosed in note 3(h) to the financial statements.

(h) Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation/depreciation and are tested annually for impairment. Other non-current non-financial assets, except for deferred tax assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows (cash-generating units). Any impairment loss is charged to profit or loss in the period in which it arises.

Non-financial assets, other than goodwill, of which an impairment loss is recognised in prior financial years, are reviewed for possible reversal of the impairment at the end of each reporting period. Reversal of impairment loss is recognised in profit or loss to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, had no impairment loss been recognised. No reversal of impairment loss on goodwill is allowed in a subsequent period.

(i) Non-current assets or disposal groups held for sale

Non-current assets, which include property, plant and equipment, investment properties, intangible assets, investments in subsidiaries and other investments or disposal groups, that are expected to be recovered principally through a sale transaction rather than through continuing use are classified as held for sale and are stated at the lower of the carrying amount and fair value less costs to sell. An asset classified as held for sale, or included within a disposal group that is classified as held for sale, is not depreciated.

Impairment losses on initial or subsequent write down of the assets or disposal groups are recognised in profit or loss. Gains on subsequent increase in fair value less costs to sell are recognised in profit or loss to the extent of the cumulative impairment losses previously recognised.

(j) Financial instruments

Financial instruments are recognised when the group or the company has become a party to the contractual provisions of the instruments. Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Financial instruments are offset and the net amount presented in the statement of financial position when the group or the company currently has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial instruments (cont'd)

All regular way purchases and sales of financial assets are recognised on the settlement date.

Interest, dividends, gains and losses relating to financial instruments classified as financial assets and liabilities are reported as income or expense. Distributions to holders of financial instruments classified as equity are debited directly to equity.

Net gains or losses on financial instruments comprise net gains or losses on disposal and net unrealised mark-to-market gains or losses.

(k) Non-derivative financial assets

(i) Classification

Non-derivative financial assets are classified into the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale. Classification of financial assets is determined at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are assets which are classified as held-for-trading or are designated as such at initial recognition. Financial assets held-for-trading are acquired principally for the purpose of selling or repurchasing in the near term or are part of a portfolio of identified financial assets that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

The group and the company did not designate any financial assets at fair value through profit or loss at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Financial assets held-to-maturity

Financial assets held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group and the company have the positive intent and ability to hold to maturity.

If more than an insignificant amount of the financial assets held-to-maturity portfolio are sold or reclassified before maturity (other than under certain specified conditions) during the current financial year or the last two preceding financial years, the entire category would be tainted and reclassified as financial assets available-for-sale at fair value. The difference between the carrying value and fair value of the financial assets at the date of reclassification is recognised in other comprehensive income.

The group and the company did not hold any financial assets held-to-maturity during and at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Non-derivative financial assets (cont'd)

(i) Classification (cont'd)

Financial assets available-for-sale ("AFS")

Financial assets AFS are non-derivative financial assets that are designated as available-for-sale or are not classified to any other categories of financial assets.

Financial assets AFS, which are not expected to be realised within twelve months from the end of the reporting period, are classified as non-current assets.

(ii) Recognition and measurement

Financial assets are recognised initially at fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets.

Financial assets at fair value through profit or loss and available-for-sale are subsequently carried at fair value, except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured in which case the investments are stated at cost. Any gain and loss arising from changes in the fair value of the financial assets at fair value through profit or loss is included in profit or loss in the period which they arise. Any gain or loss arising from the changes in fair value of the financial assets AFS is recognised in other comprehensive income, except for impairment losses and foreign exchange gains or losses on monetary items which are recognised in profit or loss.

Financial assets held-to-maturity and loans and receivables are subsequently measured at amortised cost using the effective interest method, less allowances for impairment loss.

(iii) Derecognition

Financial assets are derecognised when the contractual rights of the group or of the company to the cash flows from the financial assets expire or when the group or the company transfers the financial assets to another party without retaining control or transfers substantially all the risks and rewards of the assets.

When financial assets AFS are derecognised, the cumulative gains or losses previously recognised in other comprehensive income shall be transferred to profit or loss. Any gain or loss arising from derecognition of financial assets held-for-trading and held-to-maturity is recognised in profit or loss.

(iv) Reclassification

Non-derivative financial assets may be reclassified out of the fair value through profit or loss category only in rare circumstances if the assets are no longer held for the purposes of selling or repurchasing in the near term. In addition, financial assets that would have met the definition of loans and receivables may be reclassified out of the held-for-trading or AFS categories to loans and receivables if the group and the company have the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Non-derivative financial assets (cont'd)

(iv) Reclassification (cont'd)

Reclassifications are made at the fair values of the financial assets at the date of the reclassification. The fair values of the financial assets become the new cost or amortised cost, as applicable, and the fair value gains or losses previously recognised before the reclassification date will not be reversed.

The accounting policy on the recognition and measurement of impairment losses is disclosed in note 3(n) to the financial statements.

(l) Non-derivative financial liabilities

(i) Classification

Non-derivative financial liabilities are classified into the following categories: at fair value through profit or loss, at amortised cost and financial guarantee contracts. Classification of financial liabilities is determined at initial recognition.

The group and the company did not designate any financial liabilities at fair value through profit or loss at initial recognition.

(ii) Recognition and measurement

Financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liabilities.

Financial liabilities at fair value through profit or loss are subsequently carried at fair value. Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method.

The accounting policy on the recognition and measurement of financial guarantee contracts is disclosed in note 3(q) to the financial statements.

(iii) Derecognition

Financial liabilities are derecognised when the obligations of the group or the company as specified in a contract expire or are discharged or cancelled.

(m) Derivative financial instruments

Derivative financial instruments are initially recognised at fair values on the date on which derivative contracts are entered into and are subsequently remeasured at their fair values. Derivative financial instruments are presented separately in the statements of financial position as assets (positive changes in fair values) and liabilities (negative changes in fair values). Gains or losses arising from changes in the fair value of the derivatives are recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Derivative financial instruments (cont'd)

An embedded derivative is a component of a hybrid financial instrument that also contains a non-derivative host contract. An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss.

(n) Impairment of financial assets

Classification of loans and receivables as impaired

Loans and receivables are classified as impaired when they fulfill either of the following criteria:

- principal or interest or both are past due for 3 months or more;
- where a loan is in arrears for less than 3 months, the loan exhibits indications of credit weaknesses;
- individual impairment allowance has been made; or
- where an impaired loan and receivable has been rescheduled or restructured, the asset will continue to be classified as impaired until repayments based on the revised and/or restructured terms have been observed continuously for a period of 6 months.

Objective evidence of impairment

The group and the company assess at end of each reporting period whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment loss is incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

The criteria that the group and the company use to determine that there is objective evidence of impairment loss include indications that the obligor is experiencing significant financial difficulty, high probability that the obligor will enter bankruptcy or other distressed financial reorganisation, default or delinquency in interest or principal payments, breach of loan covenants, a significant downgrade in credit ratings by external rating agencies and events that would adversely affect the repayment capability of the obligor.

In the case of investments in equity instruments classified as financial assets AFS, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether objective evidence of impairment exists.

Impairment assessment

The group and the company first assess whether objective evidence of impairment exists for financial assets which are individually significant, and collectively for financial assets which are not individually significant, taking into account the historical loss experience of such assets. If the group and the company determine that no objective evidence of impairment exists for an individually assessed financial asset, the financial asset is included in a group with similar credit risk characteristics and collectively assessed for impairment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Impairment of financial assets (cont'd)

Impairment assessment (cont'd)

Determination of impairment loss in respect of the relevant categories of financial assets is as follows:

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the assets' original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. If the assets have variable interest rates, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in subsequent periods, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

(ii) Financial assets carried at fair value

When a decline in fair value of financial assets AFS has been recognised in other comprehensive income and there is objective evidence that the assets are impaired, the cumulative loss that had been recognised in other comprehensive income will be reclassified from equity to profit or loss even though the assets have not been derecognised. The amount of cumulative loss is the difference between the acquisition price (net of principal repayment and amortisation) and current fair value, less any impairment loss on those assets previously recognised in profit or loss.

If, in subsequent periods, the fair value of a debt instrument classified as financial assets AFS increases and the increase can be objectively related to an event occurring after the impairment was recognised in profit or loss, that portion of impairment loss is reversed through profit or loss. For equity instruments, no reversal of impairment loss through profit or loss is allowed when there is an increase in fair value of the equity instruments in subsequent periods.

When a financial asset or portion of a financial asset is uncollectible, the amount will be written off against the related allowance for impairment loss. Financial assets are written off after taking into consideration the realisable value of collateral, if any, when in the judgment of the management, there is no prospect of recovery.

(o) Income taxes

Current tax expense is determined according to the tax laws of each jurisdiction in which the group operates and is calculated at the current tax rate based on taxable profits.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements unless the temporary differences arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Income taxes (cont'd)

Deferred tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax assets and liabilities relating to the fair value re-measurement of financial assets AFS are recognised in other comprehensive income, where applicable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax relates to the same tax authority.

(p) Provisions

Provisions are recognised when the group or the company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Where the group or the company expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(q) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially recognised as a liability at fair value, net of transaction costs on the date the guarantee was given. Subsequent to initial recognition, changes in the liability under such guarantee, which is measured at the higher of amount initially recognised less accumulated amortisation and the best estimate of the amount required to settle any present obligation arising at the end of the reporting period, are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of the group's entities are measured using the currency of the primary economic environment in which the entities operate (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the company.

(ii) Transactions and balances

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies as at the end of the reporting period are translated into Ringgit Malaysia at the rates of exchange ruling on that date. All gains and losses on foreign exchange are included in profit or loss.

(iii) Foreign operations

The results and financial position of foreign operations which have a functional currency different from the company's presentation currency and which is not a currency of a hyperinflationary economy, are translated into the presentation currency as follows:

- assets and liabilities of foreign operations are translated at the closing rate at the end of the reporting period;
- income and expenses of foreign operations are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the rates on the dates of the transactions);
- non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate prevailing at the date of the initial transaction; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is disposed of, exchange differences that were recorded in other comprehensive income and accumulated in a separate component of equity are reclassified from equity to profit or loss as part of the gain or loss on disposal.

(s) Recognition of interest income and expense

Interest income and expense are recognised on an accrual basis using the effective interest method. Effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount. When calculating the effective interest rate, significant fees and transaction costs integral to the effective interest rate, as well as premiums or discounts, are considered.

For impaired financial assets where the value of the financial asset has been written down as a result of an impairment loss, interest income continues to be recognised on the recoverable amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Recognition of fees and other income

Continuing operations

Rollover fee for loans, advances and financing is recognised upon rollover of loans.

Fees and commissions are generally recognised on an accrual basis when services have been provided. Fee and commission income are presented net of direct fee and commission expense, where applicable, to reflect the substance of transactions.

Dividend income and income distributions are recognised when the rights to receive payment are established.

Rental income and all other income are recognised on an accrual basis.

Discontinued operations

Brokerage was recognised when contracts were executed.

Advisory fees were recognised as income on completion of each stage of the engagement and issuance of invoice.

Initial service charge and fees earned from management of unit trust funds were recognised as income on an accrual basis based on the pre-agreed rates. Fees earned from provision of fund management services were recognised on an accrual basis, at the rates provided for in the investment mandates of funds managed.

Underwriting commission and placement income were recognised when all conditions precedent were fulfilled.

Rollover fee for share margin financing was recognised upon rollover of specific contracts.

Dividend income and income distributions were recognised when the rights to receive payment were established.

Rental income and all other income were recognised on an accrual basis.

(u) Employee benefits

(i) Short term employee benefits

Short term employee benefits are accrued in the financial year in which the associated services are rendered by employees of the group and of the company.

(ii) Post-employment benefits

The contributions by the group and the company to defined contribution plans, which comprise Employees Provident Fund and private retirement funds (applicable only to the discontinued operations), are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the group and the company have no further payment obligations.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Operating lease

(i) As lessee

Leases of assets by the group where substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on the straight line basis over the period of the lease.

(ii) As lessor

Leases where the group retains substantially all the risks and rewards of ownership of the assets are classified as operating leases. Rental income is recognised over the term of the lease on an accrual basis.

(w) Discontinued operations

A component of the group is classified as a discontinued operation when either it has been disposed of or is classified as held for sale and it represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations. When an operation is classified as a discontinued operation, the comparative income statements, statements of comprehensive income, segmental information together with the related explanatory notes are restated as if the operation had been discontinued from the start of the comparative period.

(x) Shares repurchased

Shares repurchased are accounted for using the treasury stock method. The shares repurchased are held as treasury shares at cost and set off against shareholders' equity until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in the equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of the treasury shares.

Upon cancellation of treasury shares, an amount equivalent to the nominal value of the share capital cancelled will be transferred to capital redemption reserve in accordance with Section 67A of the Companies Act, 1965.

(y) Dividends

Dividends on ordinary shares are recognised as liabilities when approved for payment.

(z) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and short term deposits maturing within one month, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(aa) Contingent liabilities and contingent assets

The group and the company do not recognise a contingent liability but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the group and the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the group and the company. The group and the company do not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

(ab) Segment reporting

Disclosure of information about reportable operating segments is based on the internal reporting provided to the chief operating decision-maker. The group has determined the board of directors of the company as the chief operating decision-maker, which is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The reportable operating segments of the group are distinguishable business units engaged in providing different products or services. These businesses are managed and assessed separately as each requires a differentiated strategy focusing on the specific products or services provided for the economic, competitive and regulatory environment in which it operates.

Revenue from external customers is attributed to countries based on the locations of customers. All material transactions between operating segments are eliminated as part of the consolidation process.

(ac) Fair value measurement

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.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENT

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities of the group within the next financial year are in respect of impairment of loans and receivables. The group makes allowances for impairment loss based on assessment of recoverability. In evaluating the recoverability of debts, management's judgment is made about the future and other key factors in respect of the amount and timing of cash flows recoverable from impaired loans and receivables. Among the factors considered are the group's aggregate exposure to the borrowers, net realisable value of the underlying collateral and the borrowers' capacity to generate sufficient cash flows to service debt obligations.

5 PROPERTY, PLANT AND EQUIPMENT

Group

	Apartments, buildings and office units RM'000	Furniture, fixtures and fittings RM'000	Office equipment RM'000	Computer equipment RM'000	Motor vehicles RM'000	Reno- vations RM'000	Total RM'000
2015							
Cost							
At 1 August 2014	3,353	416	376	1,711	5,338	479	11,673
Additions	-	21	7	191	260	6	485
Disposals/Write offs	-	(13)	(25)	(5)	(80)	(34)	(157)
Reclassified to intangible assets (note 7)	-	-	-	(932)	-	-	(932)
At 31 July 2015	3,353	424	358	965	5,518	451	11,069
Accumulated depreciation							
At 1 August 2014	1,342	267	267	1,429	4,897	326	8,528
Charge for the financial year	67	29	30	74	323	27	550
Disposals/Write offs	-	(13)	(25)	(5)	(42)	(5)	(90)
Reclassified to intangible assets (note 7)	-	-	-	(785)	-	-	(785)
At 31 July 2015	1,409	283	272	713	5,178	348	8,203
Net book value							
At 31 July 2015	1,944	141	86	252	340	103	2,866

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group

	Apartments, buildings and office units RM'000	Furniture, fixtures and fittings RM'000	Office equipment RM'000	Computer equipment RM'000	Motor vehicles RM'000	Reno- vations RM'000	Total RM'000
2014							
Cost							
At 1 August 2013	49,998	12,088	12,971	45,078	9,950	12,789	142,874
Additions	-	222	263	1,483	12	207	2,187
Disposals/Write offs	-	(1,607)	(1,400)	(10,468)	(555)	(2,916)	(16,946)
Disposals of subsidiaries	-	(10,299)	(11,473)	(34,401)	(4,067)	(9,609)	(69,849)
Reclassified to investment properties (note 6)	(46,281)	-	-	-	-	-	(46,281)
Reclassified to non-current assets held for sale (note 15)	(364)	-	-	-	-	-	(364)
Exchange differences	-	12	15	19	(2)	8	52
At 31 July 2014	3,353	416	376	1,711	5,338	479	11,673
Accumulated depreciation							
At 1 August 2013	14,450	9,024	11,210	38,509	7,858	10,509	91,560
Charge for the financial year	687	406	359	1,552	588	380	3,972
Disposals/Write offs	-	(1,575)	(1,392)	(10,455)	(458)	(2,885)	(16,765)
Disposals of subsidiaries	-	(7,595)	(9,920)	(28,192)	(3,090)	(7,683)	(56,480)
Reclassified to investment properties (note 6)	(13,716)	-	-	-	-	-	(13,716)
Reclassified to non-current assets held for sale (note 15)	(79)	-	-	-	-	-	(79)
Exchange differences	-	7	10	15	(1)	5	36
At 31 July 2014	1,342	267	267	1,429	4,897	326	8,528
Net book value							
At 31 July 2014	2,011	149	109	282	441	153	3,145

During the financial year, the group acquired property, plant and equipment with an aggregate cost of RM485,000 (2014: RM2,187,000) of which RM1,000 (2014: RM35,000) was accrued for. Cash payments made by the group for purchase of assets amounted to RM519,000 (2014: RM2,152,000).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company

	2015			2014		
	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost						
At 1 August	119	1,521	1,640	119	1,366	1,485
Additions	5	1	6	-	155	155
Reclassified to intangible assets (note 7)	(116)	-	(116)	-	-	-
At 31 July	8	1,522	1,530	119	1,521	1,640
Accumulated depreciation						
At 1 August	52	1,251	1,303	2	884	886
Charge for the financial year	1	212	213	50	367	417
Reclassified to intangible assets (note 7)	(51)	-	(51)	-	-	-
At 31 July	2	1,463	1,465	52	1,251	1,303
Net book value						
At 31 July	6	59	65	67	270	337

In the previous financial year, plant and equipment amounted to RM155,000 were transferred from the former investment banking subsidiary to the company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

6 INVESTMENT PROPERTIES

Group

	Note	Freehold land RM'000	Buildings and office units RM'000	Total RM'000
2015				
Cost				
At 1 August 2014/31 July 2015		1,230	33,074	34,304
Accumulated depreciation				
At 1 August 2014		-	10,162	10,162
Charge for the financial year		-	662	662
At 31 July 2015		-	10,824	10,824
Net book value				
At 31 July 2015		1,230	22,250	23,480
2014				
Cost				
At 1 August 2013		41,113	12,024	53,137
Reclassified from property, plant and equipment	5	-	46,281	46,281
Reclassified to non-current assets held for sale	15	(39,883)	(25,231)	(65,114)
At 31 July 2014		1,230	33,074	34,304
Accumulated depreciation				
At 1 August 2013		-	1,685	1,685
Charge for the financial year		-	399	399
Reclassified from property, plant and equipment	5	-	13,716	13,716
Reclassified to non-current assets held for sale	15	-	(5,638)	(5,638)
At 31 July 2014		-	10,162	10,162
Net book value				
At 31 July 2014		1,230	22,912	24,142

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

6 INVESTMENT PROPERTIES (CONT'D)

Group

- (a) Included in the net book value of buildings and office units of the group are 99-year leasehold building and office unit (with unexpired lease periods of more than 50 years) amounted to RM5,586,000 as at the end of the reporting period (2014: RM5,740,000).
- (b) The direct operating expenses incurred on the investment properties held by the group which are rented to third parties during the financial year amounted to RM301,000 for the financial year (2014: RM262,000). The expenses incurred by the group on other investment properties amounted to RM23,000 for the financial year (2014: RM9,000).

7 INTANGIBLE ASSETS (2015 ONLY)

	Note	2015	
		Group RM'000	Company RM'000
Computer software			
Cost			
At 1 August 2014		-	-
Additions		501	-
Reclassified from property, plant and equipment	5	932	116
At 31 July 2015		1,433	116
Accumulated amortisation			
At 1 August 2014		-	-
Charge for the financial year		145	49
Reclassified from property, plant and equipment	5	785	51
At 31 July 2015		930	100
Net carrying amount			
At 31 July 2015		503	16

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

8 INVESTMENTS IN SUBSIDIARIES

Company

	2015 RM'000	2014 RM'000
At cost:		
Unquoted shares in Malaysia	32,000	33,561
Accumulated impairment losses	-	(1,435)
	32,000	32,126

Impairment losses as at the previous financial year end were in respect of subsidiaries in liquidation, based on fair value less cost to sell. During the financial year, investments in the subsidiaries in liquidation, net of accumulated impairment losses were derecognised upon conclusion of the final shareholder's meeting. Write back of impairment loss amounting to RM11,000 (2014: additional impairment loss of RM61,000) is recognised in profit or loss for the financial year.

Details of the subsidiaries are as follows:

Name of subsidiary	Country ⁽¹⁾	Equity ownership interest/ voting rights		Principal activity
		2015 %	2014 %	
Direct subsidiaries:				
HDM Capital Sdn. Bhd.	Malaysia	100	100	Moneylending, credit financing and investment in listed and unlisted companies
HDM Properties Sdn. Bhd.	Malaysia	100	100	Letting of properties and investment holding
HDM Private Equity Sdn. Bhd. (In Liquidation) ⁽²⁾	Malaysia	-	100	Dormant
HDM Capital Management Sdn. Bhd. (In Liquidation) ⁽³⁾	Malaysia	100	100	Dormant

⁽¹⁾ Principal place of business/Country of incorporation

⁽²⁾ The subsidiary, which has commenced member's voluntary winding-up on 27 November 2013, was dissolved on 5 April 2015.

⁽³⁾ The subsidiary, which has commenced member's voluntary winding-up on 27 November 2013, was dissolved subsequent to the end of the reporting period on 12 August 2015.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

9 SECURITIES AVAILABLE-FOR-SALE (“AFS”)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<i>Non-current</i>				
At fair value:				
Quoted in Malaysia				
Real Estate Investment Trusts (“REITs”)	1,491	-	1,491	-
Quoted outside Malaysia				
Real Estate Investment Trusts (“REITs”)	2,261	-	-	-
	3,752	-	1,491	-
<i>Current</i>				
At fair value:				
Quoted in Malaysia				
Unit trusts	422,276	321,271	422,276	321,271
At cost:				
Unquoted shares	-	490	-	490
	422,276	321,761	422,276	321,761
Total	426,028	321,761	423,767	321,761

10 OTHER INVESTMENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At cost:				
Transferable corporate club membership	19	19	-	-
Investments in commemorative notes and coins	416	500	416	500
Others	38	38	-	-
	473	557	416	500

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

11 LOANS, ADVANCES AND FINANCING

Group

	2015 RM'000	2014 RM'000
Loans and financing receivable	611,453	637,069
Unearned interest	(232,651)	(230,227)
	378,802	406,842
Allowances for impairment loss:		
- collective impairment	(10,144)	(11,680)
- individual impairment	(1,264)	(1,226)
	367,394	393,936
Current	58,169	67,754
Non-current	309,225	326,182
	367,394	393,936

(a) Maturity structure

Within 1 year	58,169	67,754
1 year to 3 years	11,319	7,191
3 years to 5 years	15,030	19,638
Over 5 years	282,876	299,353
	367,394	393,936

Included in loans and financing receivable, net of unearned interest, are unsecured loans and financing amounted to RM319,471,000 (2014: RM300,313,000), which are repayable by way of monthly instalments via salary deduction.

(b) Movements in impaired loans, advances and financing

At beginning of the financial year	11,597	18,580
Classified as impaired	8,826	12,418
Reclassified as non-impaired	(1,662)	(2,620)
Amount recovered	(518)	(828)
Amount written off	(7,230)	(7,941)
Exchange differences	-	48
Disposals of subsidiaries	-	(8,060)
At end of the financial year	11,013	11,597

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

11 LOANS, ADVANCES AND FINANCING (CONT'D)

Group

(c) Movements in allowances for impairment loss

	2015 RM'000	2014 RM'000
Collective impairment		
At beginning of the financial year	11,680	15,273
Net allowance made/(written back):		
- <i>Continuing operations</i>	5,413	7,113
- <i>Discontinued operations</i>	-	(1,123)
Amount written off	(6,949)	(3,654)
Exchange differences	-	14
Disposals of subsidiaries	-	(5,943)
At end of the financial year	10,144	11,680
Individual impairment		
At beginning of the financial year	1,226	9,308
Allowance made:		
- <i>Continuing operations</i>	38	598
- <i>Discontinued operations</i>	-	1,078
Amount written back:		
- <i>Discontinued operations</i>	-	(114)
Amount written off	-	(4,014)
Exchange differences	-	53
Disposals of subsidiaries	-	(5,683)
At end of the financial year	1,264	1,226

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

12 DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Subject to income tax:				
Deferred tax assets	3,515	3,632	18	-
Deferred tax liabilities	(174)	(16)	-	(16)
	3,341	3,616	18	(16)
Deferred tax assets (before offsetting)				
Loans, advances and financing	2,435	2,920	-	-
Accruals	1,269	777	18	-
	3,704	3,697	18	-
Offsetting	(189)	(65)	-	-
Deferred tax assets (after offsetting)	3,515	3,632	18	-
Deferred tax liabilities (before offsetting)				
Property, plant and equipment	(363)	(81)	-	(16)
Offsetting	189	65	-	-
Deferred tax liabilities (after offsetting)	(174)	(16)	-	(16)
Deferred tax assets				
- to be recovered within 12 months	3,515	3,632	18	-
Deferred tax liabilities				
- to be settled after 12 months	(174)	(16)	-	(16)
Net	3,341	3,616	18	(16)

Deferred tax is calculated based on tax rate of 24% (2014: 25%), which will be effective from year of assessment 2016.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

12 DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Movements in deferred tax are as follows:

	Property, plant and equipment RM'000	Loans, advances and financing RM'000	Accruals RM'000	Securities AFS RM'000	Foreign exchange translation gain RM'000	Others RM'000	Total RM'000
Group							
2015							
At 1 August 2014	(81)	2,920	777	-	-	-	3,616
Recognised in profit or loss	(282)	(485)	492	-	-	-	(275)
At 31 July 2015	(363)	2,435	1,269	-	-	-	3,341
2014							
At 1 August 2013	(1,610)	2,055	9,357	(1,189)	(3,883)	843	5,573
Recognised in profit or loss:							
- <i>Continuing operations</i>	(24)	865	289	-	-	-	1,130
- <i>Discontinued operations</i>	374	-	(232)	-	(1,502)	(846)	(2,206)
	350	865	57	-	(1,502)	(846)	(1,076)
Recognised in other comprehensive income:							
- <i>Discontinued operations</i>	-	-	-	408	-	-	408
Disposals of subsidiaries (note 20(e))	1,179	-	(8,637)	781	5,385	3	(1,289)
At 31 July 2014	(81)	2,920	777	-	-	-	3,616

	Property, plant and equipment	
	2015 RM'000	2014 RM'000
Company		
At 1 August	(16)	(12)
Recognised in profit or loss	34	(4)
At 31 July	18	(16)

The deductible temporary differences which have no expiry date and for which no deferred tax asset is recognised in the financial statements amounted to RM772,000 as at the end of the reporting period (2014: RM999,000).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

13 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Financial assets				
Other receivables and deposits	5,447	1,704	7	32
Non-financial assets				
Prepayments	508	505	66	62
	5,955	2,209	73	94

14 DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits with licensed banks:				
- maturing within one month	7,518	80,018	6,500	78,067
- maturing after one month	671	649	671	649
	8,189	80,667	7,171	78,716
Bank balances	2,345	1,183	420	326
	10,534	81,850	7,591	79,042
Cash in hand	3	4	-	1
	10,537	81,854	7,591	79,043

Included in deposits and bank balances of the group are monies held in trust for clients (note 16(a)) as follows:

	Group	
	2015 RM'000	2014 RM'000
Deposit with a licensed bank maturing within one month	1,017	-
Bank balances	218	190
	1,235	190

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

15 NON-CURRENT ASSETS HELD FOR SALE

Group

	Note	Freehold land RM'000	Apartments, buildings and office units RM'000	Total RM'000
2015				
At 1 August 2014		-	12,984	12,984
Disposals:				
- investment properties		-	(12,984)	(12,984)
At 31 July 2015		-	-	-
2014				
At 1 August 2013		839	-	839
Reclassified from property, plant and equipment	5	-	285	285
Reclassified from investment properties	6	39,883	19,593	59,476
Disposals:				
- property, plant and equipment		-	(191)	(191)
- investment properties		(40,722)	(6,703)	(47,425)
		(40,722)	(6,894)	(47,616)
At 31 July 2014		-	12,984	12,984

- (a) In the previous financial year, 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 leasehold office units at a carrying amount of RM12,984,000 for a total cash consideration of RM24,331,000. The disposal was completed in December 2014. The net gain on disposal of the said properties amounted to RM11,347,000, as disclosed in note 22 to the financial statements.
- (b) In the previous financial year, HDMP entered into a SPA with a third party to dispose of a freehold apartment previously held as property, plant and equipment, at a carrying amount of RM191,000 for a total cash consideration of RM330,000. The disposal was completed in November 2013.
- (c) In the previous financial year, a former wholly-owned subsidiary of the company, HwangDBS Investment Bank Berhad entered into a SPA with a third party to dispose of a freehold investment property at a carrying amount of RM46,586,000 for a total cash consideration of RM82,500,000. The disposal was completed in January 2014.
- (d) In the financial year ended 31 July 2013, HDMP entered into a SPA with a third party to dispose of a freehold land at a carrying amount of RM839,000 for a total cash consideration of RM1,550,000. The disposal was completed in November 2013.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

16 OTHER PAYABLES AND ACCRUALS

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Amounts due to clients	(a)	1,235	190	-	-
Contributions payable to a defined contribution plan		480	773	10	457
Deposit received for non-current assets held for sale		-	2,433	-	-
Accrued ancillary costs arising from disposal of business		-	11,300	-	11,300
Rental deposits		422	767	-	-
Others	(b)	10,548	13,530	402	3,095
		12,685	28,993	412	14,852

(a) Comprise monies held in trust for clients of the moneylending subsidiary.

(b) Represent amounts payable arising from the operations of the group and of the company.

17 BORROWINGS (2014 ONLY)

Group

2014
RM'000

Unsecured

Revolving credits 30,804

Borrowings of the group as at the previous financial year end were covered by corporate guarantees issued by the company for a subsidiary.

18 SHARE CAPITAL

Group and Company

2015
RM'000

2014
RM'000

Authorised:

Ordinary shares of RM1 each 1,000,000 1,000,000

Issued and fully paid:

Ordinary shares of RM1 each 255,159 255,159

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

18 SHARE CAPITAL (CONT'D)

Group and Company

	2015 RM'000	2014 RM'000
Movements in issued and fully paid share capital are as follows:		
At beginning of the financial year	255,159	265,845
Cancellation of treasury shares	-	(10,686)
At end of the financial year	255,159	255,159

The company cancelled 10,686,100 treasury shares at a nominal value of RM1 each in the previous financial year. An amount equivalent to the nominal value of the share capital cancelled was transferred to the capital redemption reserve in accordance with Section 67A of the Companies Act, 1965. The transfer to capital redemption reserve and the premium paid on the shares repurchased were made out of the share premium.

Treasury shares

Details of shares repurchased by the company from the open market and held as treasury shares were as follows:

	No. of shares RM'000	Cost RM'000	Average price * RM
2014			
At beginning of the financial year	10,686	16,061	1.50
Cancellation of treasury shares	(10,686)	(16,061)	
At end of the financial year	-	-	

* Average price includes stamp duty, brokerage and clearing fees.

19 RESERVES

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Capital redemption reserve	(a)	10,686	10,686	10,686	10,686
Share premium		17,029	17,029	17,029	17,029
AFS reserve	(b)	422	-	32	-
		28,137	27,715	27,747	27,715
Retained profits	(c)	544,086	500,753	407,736	390,636
		572,223	528,468	435,483	418,351

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

19 RESERVES (CONT'D)

- (a) Capital redemption reserve arose from cancellation of treasury shares and is non-distributable in the form of dividends.
- (b) AFS reserve represents unrealised gains or losses arising from changes in fair values of securities classified as available-for-sale, net of tax, where applicable.
- (c) Under the single-tier tax system, dividends paid, credited or distributed to shareholders are exempted from tax in the hands of the shareholders as single-tier dividends.

The company has sufficient tax exempt income to pay tax exempt dividend amounting to RM104,276,000 out of its retained profits as at the end of the reporting period. The remaining portion of the retained profits can be distributed as dividends under the single-tier tax system.

20 DISPOSALS OF SUBSIDIARIES AND ASSOCIATE (2014 ONLY)

- (a) Subsidiaries and associate disposed of
 - (i) On 14 March 2014, the company completed the disposals of the following entities for a total cash consideration of USD40 million (equivalent to RM131.12 million):
 - 100% direct equity interest in a subsidiary, HwangDBS Commercial Bank Plc (“HDCB”); and
 - 100% indirect equity interest held by HDCB in a subsidiary, HwangDBS Securities (Cambodia) Plc
 - (ii) On 7 April 2014, the company completed the disposals of the following entities for a total cash consideration of RM1,395.72 million:
 - 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; and
 - 49% direct equity interest in an associate, Asian Islamic Investment Management Sdn. Bhd.
 - (iii) On 6 May 2014, the company completed the disposal of its 51% direct equity interest in a subsidiary, HwangDBS Vickers Research Sdn. Bhd. (“HDBS Vickers”) for a cash consideration of RM394,000.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

20 DISPOSALS OF SUBSIDIARIES AND ASSOCIATE (2014 ONLY) (CONT'D)

(b) Applicable reportable segments of subsidiaries disposed of

The applicable reportable segments of the subsidiaries disposed of, as presented in the previous financial year, 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 note 38 to the financial statements.

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

(c) Effects of disposals of subsidiaries and associate

	2014 RM'000
Total cash consideration	1,527,231
Expenses incurred on disposals #	(24,705)
Net cash consideration	1,502,526
Cost of investments in subsidiaries and associate	(651,999)
Net gain on disposals of subsidiaries and associate - company level	850,527
Inter-company elimination of net gain on disposal of a subsidiary	(394)
Post-acquisition reserves of subsidiaries and associate	(480,775)
Reclassification of AFS reserve to profit or loss	2,344
Reclassification of foreign exchange reserve to profit or loss	(5,681)
Net gain on disposals of subsidiaries and associate - group level	366,021

Included in the expenses incurred on disposals was auditors' remuneration (non-statutory audit) amounted to RM350,000.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

20 DISPOSALS OF SUBSIDIARIES AND ASSOCIATE (2014 ONLY) (CONT'D)

(d) Analysis of financial results of discontinued operations

Group

	Note	(Restated) 2014 RM'000
Operating revenue	20(g)	301,134
Other income		413,102
Personnel costs		(82,539)
Depreciation and amortisation		(2,838)
Write back of allowances for impairment losses on:		
- loans, advances and financing		159
- clients' balances and receivables		835
- other investments		39
Other expenses		(152,003)
		477,889
Share of results of an associate, net of tax		2,390
Profit before taxation		480,279
Taxation	30	(21,372)
Profit for the financial year from discontinued operations ^		458,907
Other comprehensive income from discontinued operations:	32	
<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 profit or loss 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		462,015
^ Profit for the financial year from discontinued operations comprised:		
Financial results of discontinued operations		92,886
Net gain on disposals of subsidiaries and associate		366,021
		458,907
Company		
		2014 RM'000
Profit for the financial year from discontinued operations comprised:		
Net gain on disposals of subsidiaries and associate		850,527

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

20 DISPOSALS OF SUBSIDIARIES AND ASSOCIATE (2014 ONLY) (CONT'D)

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

Group

	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:	
- purchased goodwill	110,002
- merchant bank licence	52,500
	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)
	1,133,168
Reclassification of AFS reserve to profit or loss	(2,344)
Reclassification of foreign exchange reserve to profit or loss	5,681
	1,136,505
Net gain on disposals of subsidiaries and associate	366,021
Net disposal consideration	1,502,526
Cash and cash equivalents of subsidiaries disposed of	(1,145,596)
Net cash inflow on disposals of subsidiaries and associate	356,930

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

20 DISPOSALS OF SUBSIDIARIES AND ASSOCIATE (2014 ONLY) (CONT'D)

Group

(f) Net cash flows attributable to discontinued operations

	2014 RM'000
Net operating cash flow	(189,932)
Net investing cash flow	181,347
	<u>(8,585)</u>

(g) Operating revenue of discontinued operations

	2014 RM'000
<i>Discontinued operations</i>	
Interest income	95,003
Fees and commission income	125,937
Initial service charge	50,786
Gains arising from disposals of securities and derivatives	30,179
Others	(771)
	<u>301,134</u>

(h) The group's share of results of a former associate for the previous financial year, which was not material to the group, is as follows:

	2014 RM'000
<i>Discontinued operations</i>	
Profit for the financial year	2,390
Other comprehensive income	20
Total comprehensive income	<u>2,410</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

20 DISPOSALS OF SUBSIDIARIES AND ASSOCIATE (2014 ONLY) (CONT'D)

Group

- (i) Non-controlling interests ("NCI") in a subsidiary disposed of

The summarised financial information (before intra-group elimination) of a former investment management subsidiary which has material NCI to the group in the previous financial year is set out below.

	2014 RM'000
<i>Discontinued operations</i>	
Revenue	135,214
Profit for the financial year	31,050
<u>Total comprehensive income for the financial year</u>	<u>31,033</u>
Attributable to NCI:	
Profit for the financial year	14,593
Other comprehensive income for the financial year	(8)
<u>Total comprehensive income for the financial year</u>	<u>14,585</u>
Summarised cash flows:	
Net operating cash flow	52,027
Net investing cash flow	(29,057)
	<u>22,970</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

21 OPERATING REVENUE

	Group		Company	
	2015 RM'000	(Restated) 2014 RM'000	2015 RM'000	(Restated) 2014 RM'000
<i>Continuing operations</i>				
Interest income:				
- loans, advances and financing	40,098	35,837	-	-
- deposits with licensed banks	442	478	442	478
- advances to subsidiaries	-	-	11,478	3,654
	40,540	36,315	11,920	4,132
Dividends and income distributions:				
- securities AFS (quoted in Malaysia)	13,701	5,068	13,701	5,068
- securities AFS (unquoted)	-	98	-	98
	13,701	5,166	13,701	5,166
Fees and commission income	6,700	4,703	-	-
Rental income	3,841	5,607	-	-
	64,782	51,791	25,621	9,298

Interest income earned on impaired loans, advances and financing of the group's continuing operations, of which impairment allowance has been made, amounted to RM9,000 (2014: RM72,000).

22 OTHER INCOME

	Group		Company	
	2015 RM'000	(Restated) 2014 RM'000	2015 RM'000	(Restated) 2014 RM'000
<i>Continuing operations</i>				
Interest income on deposits with licensed banks	168	90	-	-
Net gain on disposals of:				
- investment properties	11,347	711	-	-
- securities AFS (unquoted)	2,087	2,420	2,087	-
Dividends and income distributions:				
- securities AFS (quoted outside Malaysia)	71	-	-	-
Net foreign exchange gain	-	1	-	1
Others	2,708	1,532	3	-
	16,381	4,754	2,090	1

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

23 PERSONNEL COSTS

Included in personnel costs of the group's continuing operations and of the company are the following:

- (a) contributions paid/payable to a defined contribution plan amounting to RM1,121,000 (2014: RM1,109,000) and RM24,000 (2014: RM457,000) respectively.
- (b) directors' remuneration amounting to RM2,409,000 (2014: RM5,720,000) and RM332,000 (2014: RM3,676,000) respectively.

24 DEPRECIATION AND AMORTISATION

	Group		Company	
	2015 RM'000	(Restated) 2014 RM'000	2015 RM'000	(Restated) 2014 RM'000
<i>Continuing operations</i>				
Depreciation:				
- property, plant and equipment	(550)	(1,697)	(213)	(417)
- investment properties	(662)	(375)	-	-
Amortisation:				
- intangible assets	(145)	-	(49)	-
	(1,357)	(2,072)	(262)	(417)

25 ALLOWANCES FOR IMPAIRMENT LOSSES ON LOANS, ADVANCES AND FINANCING

	Group	
	2015 RM'000	2014 RM'000
<i>Continuing operations</i>		
Allowances for impairment loss:		
- individual impairment	(38)	(598)
- collective impairment	(5,413)	(7,113)
	(5,451)	(7,711)
Bad debts:		
- written off	(283)	(274)
- recovered	306	1,293
	(5,428)	(6,692)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

26 OTHER EXPENSES

	Group		Company	
	2015 RM'000	(Restated) 2014 RM'000	2015 RM'000	(Restated) 2014 RM'000
<i>Continuing operations</i>				
Auditors' remuneration:				
- statutory audit	(116)	(107)	(66)	(60)
- audit related	(16)	(25)	(9)	(20)
- others	(8)	(12)	(8)	(8)
	(140)	(144)	(83)	(88)
Other professional and consultancy fees	(422)	(286)	(27)	8
Directors' fees	(214)	(334)	(180)	(334)
Rental of premises	(209)	(166)	-	-
Property, plant and equipment:				
- net gain on disposals	40	139	-	-
- write offs	(29)	(3)	-	-
Net gain on disposals of other investments	26	-	26	-
Repairs and maintenance of premises and equipment	(51)	(41)	-	-
Incentives and commission expense	(2,934)	(2,228)	-	-
Information technology expenses	(231)	(142)	(5)	(8)
Communication expenses	(130)	(126)	(7)	(5)
Regulatory charges	(31)	(54)	(31)	(52)
Others	(1,667)	(2,353)	(320)	(935)
	(5,992)	(5,738)	(627)	(1,414)

27 FINANCE COSTS

	Group		Company	
	2015 RM'000	(Restated) 2014 RM'000	2015 RM'000	(Restated) 2014 RM'000
<i>Continuing operations</i>				
Interest expense on borrowings	(499)	(15,109)	-	(7,101)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

28 ITEMS OF INCOME AND EXPENSES

Group

Profit before taxation of the group (which comprises continuing and discontinued operations) is stated after crediting/(charging):

	2015 RM'000	2014 RM'000
Auditors' remuneration:		
- statutory audit	(116)	(133)
- audit related	(16)	(25)
- others	(8)	(61)
	(140)	(219)
Directors' remuneration (note 29)	(2,643)	(6,674)
Personnel costs ⁽¹⁾	(9,032)	(91,595)
Interest income ⁽²⁾	40,708	133,192
Interest expense	(499)	(68,685)
Depreciation and amortisation:		
- property, plant and equipment	(550)	(3,972)
- investment properties	(662)	(399)
- intangible assets	(145)	-
Net gain/(loss) on disposals of:		
- property, plant and equipment	40	216
- investment properties	11,347	35,615
- other investments	26	(23)
- subsidiaries and associate	-	366,021
Net loss on liquidation of subsidiaries	-	(2)
Property, plant and equipment written off	(29)	(71)
Other investments written off	-	(89)
Rental of:		
- premises	(209)	(3,675)
- equipment	-	(1,606)
Net gain/(loss) on securities held-for-trading:		
- net gain on disposal	-	20,553
- net unrealised loss	-	(1,567)
Net gain on derivatives:		
- net gain on disposal	-	344
- net unrealised gain	-	4,192
Net gain on disposal of securities AFS	2,087	2,824
Net gain on disposal of securities held-to-maturity	-	3,220

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

28 ITEMS OF INCOME AND EXPENSES (CONT'D)

Group

Profit before taxation of the group (which comprises continuing and discontinued operations) is stated after crediting/(charging) (cont'd):

	2015 RM'000	2014 RM'000
Dividends and income distributions:		
- securities held-for-trading	-	1,950
- securities AFS (quoted in Malaysia)	13,701	8,878
- securities AFS (quoted outside Malaysia)	71	1,567
- securities AFS (unquoted)	-	98
	13,772	12,493
Rental income from investment properties	3,841	2,502
Net foreign exchange loss	-	(937)
Loans, advances and financing:		
- net individual impairment allowance made	(38)	(1,562)
- collective impairment allowance made	(5,413)	(5,990)
- bad debts written off	(283)	(274)
- bad debts recovered	306	1,293
	(5,428)	(6,533)
Clients' balances and receivables:		
- net individual impairment allowance written back	-	407
- bad debts written off	-	(41)
- bad debts recovered	-	469
	-	835
Write back of impairment loss on other investments ⁽³⁾	-	39
Goodwill on consolidation written off	-	(5)

⁽¹⁾ Included in personnel costs of the group are the contributions paid/payable to defined contribution plans amounted to RM1,121,000 (2014: RM9,783,000).

⁽²⁾ Included interest earned on impaired loans, advances and financing of the group, of which impairment allowance has been made, amounted to RM9,000 (2014: RM127,000).

⁽³⁾ Write back of impairment loss on investments in preference shares of Bursa Malaysia Derivatives Berhad ("BMDB") previously held by the group, based on the amount receivable from BMDB.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

29 DIRECTORS' REMUNERATION

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-Executive Directors⁽¹⁾:				
Fees	(214)	(748)	(180)	(334)
Other emoluments ⁽²⁾	(2,409)	(5,906)	(332)	(3,676)
	(2,623)	(6,654)	(512)	(4,010)
Estimated monetary value of benefits-in-kind	(20)	(20)	(13)	(13)
	(2,643)	(6,674)	(525)	(4,023)

⁽¹⁾ Certain non-executive directors served as executive directors of principal subsidiaries of the company. The company does not have any executive director during the financial year.

⁽²⁾ Included in directors' other emoluments, which are included in personnel costs of the group and of the company, are contributions paid/payable to a defined contribution plan of RM286,000 (2014: RM754,000) and RM Nil (2014: RM457,000) respectively.

30 TAXATION

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<i>Continuing operations</i>				
In respect of the current financial year:				
Malaysian income tax	(8,420)	(6,223)	(2,874)	-
Real property gains tax	(307)	-	-	-
Deferred tax	(273)	1,155	34	18
	(9,000)	(5,068)	(2,840)	18
In respect of prior financial years:				
Malaysian income tax	(141)	(212)	-	(42)
Deferred tax	(2)	(25)	-	(22)
	(143)	(237)	-	(64)
	(9,143)	(5,305)	(2,840)	(46)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

30 TAXATION (CONT'D)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<i>Discontinued operations</i>				
In respect of the current financial year:				
Malaysian income tax	-	(15,850)	-	-
Foreign income tax	-	(71)	-	-
Real property gains tax	-	(3,440)	-	-
Deferred tax	-	(1,968)	-	-
	-	(21,329)	-	-
In respect of prior financial years:				
Malaysian income tax	-	195	-	-
Deferred tax	-	(238)	-	-
	-	(43)	-	-
	-	(21,372)	-	-
Total	(9,143)	(26,677)	(2,840)	(46)
Profit/(Loss) before taxation:				
- <i>Continuing operations</i>	58,855	17,878	26,319	(3,460)
- <i>Discontinued operations (note 20(d))</i>	-	480,279	-	850,527
	58,855	498,157	26,319	847,067
Effective tax rate (%)	15.5	5.4	10.8	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

30 TAXATION (CONT'D)

The numerical reconciliations between the applicable statutory income tax rate and the effective tax rate are as follows:

	Group		Company	
	2015 %	2014 %	2015 %	2014 %
Applicable statutory income tax rate	25.0	25.0	25.0	25.0
Tax effects in respect of:				
Expenses not deductible for tax purposes	0.9	0.6	0.8	0.3
Income not subject to tax	(11.6)	(21.1)	(15.0)	(25.3)
Temporary differences and tax losses not recognised	(0.1)	0.2	-	-
Recognition of previously unrecognised temporary differences	0.3	-	-	-
Change in tax rates	0.2	-	-	-
Real property gains tax	0.5	0.7	-	-
Under accrual for taxation in respect of prior financial years	0.2	0.1	-	-
Others	0.1	(0.1)	-	-
Effective tax rate	15.5	5.4	10.8	-

31 BASIC EARNINGS PER SHARE

Group

Basic earnings per share is calculated by dividing the profit for the financial year attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the financial year.

	2015	2014
Profit for the financial year attributable to equity holders of the company (RM'000)		
- <i>Continuing operations</i>	49,712	12,573
- <i>Discontinued operations</i>	-	444,129
	49,712	456,702
Weighted average number of ordinary shares in issue ('000)	255,159	255,159
Basic earnings per share attributable to equity holders of the company (sen)		
- <i>Continuing operations</i>	19.48	4.93
- <i>Discontinued operations</i>	-	174.06
	19.48	178.99

As at the end of the current and previous financial year, the company does not have any dilutive potential ordinary shares in issue.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

32 OTHER COMPREHENSIVE INCOME

Group

	Gross RM'000	Tax RM'000	Net RM'000
2015			
<i>Continuing operations</i>			
Items that may be reclassified subsequently to profit or loss			
Securities AFS:			
- net change in fair value	422	-	422

2014

Discontinued operations

Items that may be reclassified subsequently to profit or loss

Currency translation differences arising from foreign operations	992	-	992
Securities AFS:			
- net change in fair value	(1,253)	309	(944)
- net gain transferred to profit or loss on disposal	(396)	99	(297)
Share of AFS reserve of an associate	20	-	20
Reclassification adjustments upon disposals of subsidiaries and associate	3,337	-	3,337
	2,700	408	3,108

Company

	Gross RM'000	Tax RM'000	Net RM'000
2015			
Items that may be reclassified subsequently to profit or loss			
Securities AFS:			
- net change in fair value	32	-	32

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

33 DIVIDENDS PER SHARE

Group and Company

	2015		2014	
	Dividend per share RM	Amount of net dividend RM'000	Dividend per share RM	Amount of net dividend RM'000
Paid:				
Interim single tier dividend	-	-	2.500	637,897
Proposed:				
Final single tier dividend	0.10	25,516	0.025	6,379
	0.10	25,516	2.525	644,276

At the forthcoming Annual General Meeting of the company, a final single tier dividend of 10.0 sen per 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, will be proposed for the shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend, which 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.

34 CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits, cash and bank balances	10,537	81,854	7,591	79,043
Less: Deposits with licensed banks maturing after one month	(671)	(649)	(671)	(649)
Clients' monies held in trust	(1,235)	(190)	-	-
	(1,906)	(839)	(671)	(649)
	8,631	81,015	6,920	78,394

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

35 RELATED PARTY DISCLOSURES

In addition to the related party disclosures mentioned elsewhere in the financial statements, the other significant related party transactions and balances are as disclosed below.

(a) Related parties and relationship

The related parties of, and their relationship with the group and the company are as follows:

Relationship	Related parties
Subsidiaries	Subsidiaries of the company as disclosed in note 8 to the financial statements
Former subsidiaries	Former subsidiaries of the company, which were disposed of in the previous financial year, as disclosed in note 20(a) to the financial statements.
Former associate	Former associate of the company, Asian Islamic Investment Management Sdn. Bhd. which was disposed of on 7 April 2014.
<u>Other related parties</u>	
Key management personnel	All directors of the company who make critical decisions in relation to the strategic direction of the group and of the company (including their close family members)
Deemed substantial shareholder of the company	DBS Bank Ltd.
Subsidiaries of a deemed substantial shareholder of the company	(i) DBS Vickers Securities (Singapore) Pte Ltd. (ii) DBS Vickers (Hong Kong) Limited

(b) Significant related party transactions

Group

	2014 RM'000
<i>Income from other related parties:</i>	
Reimbursement of research expenses	1,847
Fee income	119
Brokerage	441
Interest income on derivatives	1,512
	3,919
<i>Expenses paid to a former associate:</i>	
Fund management and incentive fees	(3,676)
	243

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

35 RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant related party transactions (cont'd)

Company

	2015 RM'000	2014 RM'000
<i>Other transactions with subsidiaries:</i>		
Capital distributions by subsidiaries (in liquidation)	137	107
<i>Other transactions with a former subsidiary:</i>		
Novation of subordinated term loan to a former subsidiary	-	5,000
	137	5,107

Key management personnel compensation

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Short term employee benefits	2,166	5,974	345	3,232
Post-employment benefits	286	872	-	457
Directors' fees	214	748	180	334
	2,666	7,594	525	4,023

(c) Significant related party balances

Company

	Subsidiaries	
	2015 RM'000	2014 RM'000
Amounts due from subsidiaries (non-trade)	227,582	254,517

Amounts due from subsidiaries as at the end of the reporting period are unsecured, repayable on demand and carry an effective interest rate of 4.75% (2014: 4.75%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

36 COMMITMENTS AND CONTINGENCIES

Group

	2015 RM'000	2014 RM'000
(a) Loan commitments		
Commitments to extend credits	269	12,000
(b) Capital expenditure commitments		
In respect of property, plant and equipment:		
Contracted but not provided for	-	189
Future minimum lease payable:		
- not later than 1 year	253	217
- later than 1 year but not later than 5 years	24	-
	277	217
Future minimum lease receivable:		
- not later than 1 year	1,350	4,659
- later than 1 year but not later than 5 years	-	1,223
	1,350	5,882

The lease commitments are in respect of rental of premises.

Company

	2014 RM'000
(c) Contingencies	
Corporate guarantees provided by the company to cover outstanding borrowings of a subsidiary (note 17)	30,804

37 CAPITAL MANAGEMENT

Group and Company

The objectives of the group and of the company when managing capital are:

- To safeguard the ability of the group and of the company to continue in operations as going concerns; and
- To ensure availability of funds for future business operations.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

37 CAPITAL MANAGEMENT (CONT'D)

Group and Company

The group and the company monitor capital based on business funding requirements and using gearing ratio, where applicable. The gearing ratios of the group and of the company are calculated based on borrowings, net of cash and cash equivalents divided by total equity. As at the end of the reporting period, the group and the company did not have any gearing. The company may adjust the dividend payments to shareholders or return excess capital to shareholders for capital management purposes.

Subsequent to the disposals of the banking subsidiaries, derivative trading subsidiary and investment management subsidiary in the previous financial year, as disclosed in note 20(a) to the financial statements, the group is no longer subject to regulatory capital adequacy requirement.

Other than the above, there have been no significant changes to the capital management approaches of the group and of the company during the financial year.

38 SEGMENTAL INFORMATION

Group

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 (2014 only)

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

The revenue of other segments of the group's discontinued operations was mainly derived from dealings in options and futures, nominees services, research activities and investment holding, none of which constituted a separate reportable segment.

No operating segments have been aggregated to form the reportable segments of the group other than that the discontinued operations, which constituted reportable segments in the previous financial year (note 20(b)), are collectively presented as Banking and investment management segment in the current financial year.

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 segments of the group.

The comparative segmental information has been restated to conform with the presentation for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

38 SEGMENTAL INFORMATION (CONT'D)

Group

Basis of measurement

The segment performance reported to the board of directors of the company is measured in a manner consistent with the amounts reported in the consolidated financial statements.

Segment performance

	Money- lending RM'000	Investment holding RM'000	Property investment RM'000	Others RM'000	Eliminations RM'000	Group RM'000
<i>Continuing operations</i>						
2015						
External revenue	46,798	14,143	3,841	-	-	64,782
Inter-segment revenue	-	11,478	313	-	(11,791)	-
Total revenue	46,798	25,621	4,154	-	(11,791)	64,782
Segment profit/(loss)	18,991	26,319	13,570	(14)	(11)	58,855
Share of results of an associate, net of tax						-
Profit before taxation						58,855
Net interest income/(expense)	29,117	11,920	(828)	-	-	40,209
Depreciation and amortisation	(367)	(262)	(728)	-	-	(1,357)
Net gain on disposals of: - investment properties	-	-	11,347	-	-	11,347
Segment assets	383,037	659,528	25,862	-	(227,620)	840,807
Segment liabilities	(232,605)	(886)	(7,554)	-	227,620	(13,425)
Additions to non-current assets	980	6	-	-	-	986

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

38 SEGMENTAL INFORMATION (CONT'D)

Group

Segment performance (cont'd)

	Continuing operations						Discontinued operations						Total RM'000	Elimi- nations RM'000	Group RM'000
	Money- lending RM'000	Invest- ment holding RM'000	Property invest- ment RM'000	Others RM'000	Elimi- nations RM'000	Sub- total RM'000	Banking and investment management RM'000	Others RM'000	Elimi- nations RM'000	Sub- total RM'000					
2014 (Restated)															
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	40,540	9,298	5,782	-	(3,829)	51,791	297,043	6,132	(2,041)	301,134	352,925	(4,224)	348,701		
Segment profit/(loss)	18,030	(3,460)	3,549	6	(247)	17,878	114,757	366,155	(3,023)	477,889	495,767	-	495,767		
Share of results of an associate, net of tax										2,390	2,390		2,390		
Profit before taxation										480,279	498,157		498,157		
Net interest income/(expense)	25,765	(2,969)	(1,502)	2	-	21,296	42,181	1,030	-	43,211	64,507	-	64,507		
Depreciation and amortisation	(589)	(417)	(1,062)	-	(4)	(2,072)	(2,759)	(80)	1	(2,838)	(4,910)	539	(4,371)		
Net gain on disposals of:															
- investment properties	-	-	711	-	-	711	38,674	-	-	38,674	39,385	(3,770)	35,615		
- subsidiaries and associate	-	-	-	-	-	-	-	366,021	-	366,021	366,021	-	366,021		
Segment assets	400,469	656,252	41,905	151	(254,557)	844,220	-	-	-	-	844,220	-	844,220		
Segment liabilities	(264,338)	(14,868)	(35,944)	-	254,557	(60,593)	-	-	-	-	(60,593)	-	(60,593)		
Additions to non-current assets	1,093	155	5,259	-	(259)	6,248	1,724	17	-	1,741	7,989	(5,802)	2,187		

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

38 SEGMENTAL INFORMATION (CONT'D)

Group

Geographical information

	Revenue	
	2015 RM'000	2014 RM'000
Malaysia		
- Continuing operations	64,782	48,650
- Discontinued operations	-	271,721
	64,782	320,371
Foreign countries		
- Discontinued operations	-	28,330
	64,782	348,701

	Non-current assets *	
	2015 RM'000	(Restated) 2014 RM'000
Malaysia	27,322	27,844

* Non-current assets include property, plant and equipment, investment properties, intangible assets and other investments.

Major customers

During the financial year, revenue amounting to RM8,496,000 (2014: RM11,016,000) is derived from transactions with a single external customers (2014: two single external customers) reported in the moneylending segment.

39 FINANCIAL RISK MANAGEMENT

The operations of the group are subject to a variety of financial risks, including credit risk, market risk and liquidity risk. The group's financial risk management is guided by the principal objective of minimising exposure to the risks associated with the operating, investing and financing activities of the group. Prudent risk management policies and procedures are in place for the control and management of risks associated with the day-to-day operations of the group and of the company.

The board of directors is ultimately responsible for assuming the risks inherent in the business activities and defining the policies for governing those activities. The Board committee that is responsible to support the Board in the oversight of the group's risk management is the Executive Committee ("EXCO").

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

39 FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk

Credit risk refers to the potential risk of financial loss arising from defaults by counterparties in meeting their obligations and is controlled by management through the application of credit approvals, background checks, setting of credit limits and monitoring procedures. The group's exposure to credit risk arises primarily from lending/financing activities and investing activities. The primary objective of credit risk management is to ensure that exposure to credit risk is always kept within the group's capacity to withstand potential financial losses.

Loans and financing portfolio is monitored on an ongoing basis through management reporting procedures and review of repayments of loans/financing to enable identification of indications of impairment. The exposure limit for each loan/financing is set according to the creditworthiness of the borrower. The character, integrity, credibility and reputation of the borrowers are reviewed by management to judge the debtor's reliability and capability to fulfill the financial obligations to the group. Management conducts comprehensive credit checks and assesses its expected returns before loans/financing are granted. To further mitigate the risk exposures of loans, advances and financing, the group may seek reputable guarantors to guarantee repayment by the debtors as well as securing repayment modes in addition to the collateral obtained.

Credit risk arising from investing activities of the group and of the company is managed by prior approval of investments, placements in unit trust funds managed by reputable fund managers and periodic monitoring of the investment portfolio.

(b) Market risk

Market risk is the risk of losses arising from changes in market prices or rates, such as interest rates, equity prices and foreign exchange rates.

Exposure to interest rate risk arises mainly from mismatch in the contractual repricing or maturity dates of interest sensitive assets and liabilities. The group and the company manage interest rate risk by maintaining a mix of interest bearing and non-interest bearing/sensitive assets and liabilities.

The risk of unfavourable price changes is managed by cautious review of the investments and collateral held with continuous monitoring of their performance and risk profiles by qualified personnel.

The group and the company do not have significant exposure to foreign exchange risk as the operations are predominantly carried out in the functional currency of the company.

(c) Liquidity risk

Liquidity risk is the risk of loss due to inability of the group and of the company to access to sufficient funds at a reasonable cost, to meet payment obligations when they fall due.

The group and the company manage the funding needs and allocates funds in such a manner that the business units maintain optimum levels of liquidity sufficient to meet operational requirements. Any excess funds from operating cash cycles, which are temporary in nature, are invested in short term deposits with licensed banks and unit trust funds at competitive yields.

The group and the company practise prudent liquidity risk management to ensure that there is adequate cash flow to meet all its obligations. Sufficient credit facilities are maintained with licensed banks for contingent working capital and funding requirements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

40 FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The carrying amounts of financial assets AFS are as disclosed in the statements of financial position of the group and of the company.

Loans and receivables of the group and of the company consist of the following:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Financial assets				
Loans, advances and financing	367,394	393,936	-	-
Trade receivables	56	-	-	-
Amounts due from subsidiaries	-	-	227,582	254,517
Other receivables and deposits (note 13)	5,447	1,704	7	32
Deposits, cash and bank balances	10,537	81,854	7,591	79,043
	383,434	477,494	235,180	333,592

Financial liabilities at amortised cost of the group and of the company consist of the following:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Financial liabilities				
Other payables and accruals	(12,685)	(28,993)	(412)	(14,852)
Borrowings	-	(30,804)	-	-
	(12,685)	(59,797)	(412)	(14,852)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

40 FINANCIAL INSTRUMENTS (CONT'D)

(b) Maximum exposure to credit risk

The financial assets of the group and of the company are subject to credit risk except for cash in hand.

For financial assets recognised in the statements of financial position which are subject to credit risk, the maximum exposure to credit risk equals their carrying amounts. For credit related commitments or contingencies not recognised in the statements of financial position, the maximum exposure to credit risk is the full amount of the irrevocable committed facilities or the maximum amount the group would have to pay if the obligations arising from financial instruments issued being called upon.

The table below presents the maximum exposure to credit risk of the group as at the end of the reporting period (without taking into account of any collateral held or other credit enhancements) in respect of items not recognised in the statements of financial position:

	Group	
	2015	2014
	RM'000	RM'000
Commitments	269	12,000

The maximum exposure to credit risk of the company arising from corporate guarantees issued by the company to cover outstanding borrowings of a subsidiary (note 36) amounted to RM30,804,000 as at the previous financial year end. There is no indication that the subsidiary will default on the borrowings as at the end of the reporting period.

(c) Collateral and other credit enhancements obtained

The main types of collateral and other credit enhancements obtained by the group in respect of loans and receivables are as follows:

Classes of loans and receivables	Types of collateral
Corporate loans/financing	<ul style="list-style-type: none"> • Properties • Securities quoted on stock exchanges • Unquoted securities • Cash deposits
Retail loans/financing	<ul style="list-style-type: none"> • Properties • Securities quoted on stock exchanges • Cash deposits

Consumer loans/financing, trade and other receivables are generally unsecured.

Pledges of collateral are negotiated with the counterparties for the purpose of reducing credit risk. The group takes into consideration the marketability and counterparty of the collateral as well as the adequacy of debt coverage in assessing the acceptability of collateral. The collateral obtained by the group is valued periodically depending on the types of collateral. Quoted securities are valued based on quoted and observable market prices. Properties are valued based on valuation by independent professional valuers or recent transacted prices of properties in the adjacent locations.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

40 FINANCIAL INSTRUMENTS (CONT'D)

(d) Credit quality of financial assets

Exposures of the group and of the company to credit risk as at the end of the reporting period (without taking into account of any collateral held or other credit enhancements and allowances for impairment losses) are as follows:

	Neither past due nor impaired RM'000	Past due but not impaired RM'000	Impaired RM'000
Group			
2015			
Securities AFS	426,028	-	-
Loans, advances and financing	350,750	17,039	11,013
Trade receivables	-	56	-
Other receivables and deposits (note 13)	5,447	-	-
Deposits and bank balances (note 14)	10,534	-	-
	792,759	17,095	11,013
2014			
Securities AFS	321,761	-	-
Loans, advances and financing	377,952	17,293	11,597
Other receivables and deposits (note 13)	1,704	-	-
Deposits and bank balances (note 14)	81,850	-	-
	783,267	17,293	11,597

All financial assets held by the company as at the end of the reporting period are neither past due nor individually impaired.

The financial effect of collateral (quantification of the extent to which collateral and other credit enhancements mitigate credit risk) held for loans, advances and financing of the group is 15% (2014: 26%).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

40 FINANCIAL INSTRUMENTS (CONT'D)

(e) Credit quality of financial assets that are neither past due nor impaired

Securities AFS

The composition of the securities AFS portfolio of the group is as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Quoted:				
REITs	3,752	-	1,491	-
Unit trusts - money market funds	422,276	321,271	422,276	321,271
	426,028	321,271	423,767	321,271
Unquoted:				
Equity instruments	-	490	-	490
	426,028	321,761	423,767	321,761

As at the end of the reporting period, the unrealised gain on the quoted securities AFS held by the group and the company amounted to RM422,000 and RM32,000 respectively.

Loans, advances and financing

The credit quality of the loans, advances and financing of the group that are neither past due nor impaired (without taking into account of any collateral held or other credit enhancements and allowances for impairment losses) is analysed as follows:

	Group	
	2015 RM'000	2014 RM'000
Loans, advances and financing which were:		
- neither past due nor impaired in the preceding 6 months	321,560	321,944
- past due or impaired in the preceding 6 months	29,190	56,008
	350,750	377,952

Other receivables and deposits

Other receivables and deposits of the group as at the end of the reporting period mainly comprise consumer loans/financing repayments receivable from a collection agent. As at the previous financial year end, other receivables of the group mainly comprise consumer loans/financing repayments receivable from a collection agent and real property gains tax retention sum in respect of non-current assets held for sale.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

40 FINANCIAL INSTRUMENTS (CONT'D)

(e) Credit quality of financial assets that are neither past due nor impaired (cont'd)

Deposits and bank balances

Analysis of deposits and bank balances of the group and of the company by counterparty is as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits and bank balances maintained with:				
Licensed banks in Malaysia	3,016	3,783	1,090	975
Licensed investment banks in Malaysia	7,518	78,067	6,501	78,067
	10,534	81,850	7,591	79,042

(f) Aging analysis of financial assets that are past due but not impaired

The aging analysis of loans and receivables that are past due but not impaired as at the end of the reporting period (without taking into account of any collateral held or other credit enhancements and allowances for impairment losses) are as follows:

	Past due period			Total RM'000
	Less than 1 month RM'000	1 month to < 2 months RM'000	2 months to < 3 months RM'000	
Group				
2015				
Loans, advances and financing				
Consumer loans/financing	1,789	3,021	1,970	6,780
Corporate loans	10,259	-	-	10,259
	12,048	3,021	1,970	17,039
Trade receivables	27	26	3	56
	12,075	3,047	1,973	17,095
2014				
Loans, advances and financing				
Consumer loans/financing	1,588	6,738	2,385	10,711
Retail loans	6,582	-	-	6,582
	8,170	6,738	2,385	17,293

Loans and receivables, which are past due for less than 3 months are not usually considered impaired unless the loans and receivables exhibit indications of credit weaknesses. Past due loans and receivables are closely monitored by management to secure debt repayment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

40 FINANCIAL INSTRUMENTS (CONT'D)

(g) Analysis of individually impaired financial assets

	Gross impaired accounts RM'000	Individually assessed impaired accounts RM'000	Individual impairment allowance RM'000
Group			
2015			
Loans, advances and financing			
Consumer loans/financing	9,749	-	-
Corporate loans	1,264	1,264	1,264
	11,013	1,264	1,264
2014			
Loans, advances and financing			
Consumer loans/financing	10,238	-	-
Corporate loans	1,359	1,359	1,226
	11,597	1,359	1,226

(h) Movements in impairment allowances by classes of financial assets

Collective impairment allowance

	Loans, advances and financing				Total RM'000
	Share margin financing* RM'000	Corporate loans/ financing* RM'000	Consumer loans/ financing RM'000	Retail loans/ financing RM'000	
Group					
2015					
At beginning of the financial year	-	-	11,680	-	11,680
Net allowance made	-	-	5,413	-	5,413
Amount written off	-	-	(6,949)	-	(6,949)
At end of the financial year	-	-	10,144	-	10,144
2014					
At beginning of the financial year	1,849	3,661	8,221	1,542	15,273
Net allowance (written back)/made	(18)	(1,051)	7,113	(54)	5,990
Amount written off	-	-	(3,654)	-	(3,654)
Exchange differences	-	4	-	10	14
Disposals of subsidiaries	(1,831)	(2,614)	-	(1,498)	(5,943)
At end of the financial year	-	-	11,680	-	11,680

* The receivables were previously held by discontinued operations of the group.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

40 FINANCIAL INSTRUMENTS (CONT'D)

(h) Movements in impairment allowances by classes of financial assets (cont'd)

Individual impairment allowance

	Loans, advances and financing		Clients' and brokers' balances* RM'000	Trade receiva- bles* RM'000	Securities AFS RM'000
	Corporate loans/ financing RM'000	Retail loans/ financing RM'000			
Group					
2015					
At beginning of the financial year	1,226	-	-	-	-
Allowance made	38	-	-	-	-
Amount written back	-	-	-	-	-
Amount written off	-	-	-	-	-
At end of the financial year	1,264	-	-	-	-
2014					
At beginning of the financial year	5,203	4,105	539	510	650
Allowance made	608	1,068	125	-	-
Amount written back	(5)	(109)	(361)	(171)	(650)
Amount written off	(4,014)	-	-	(339)	-
Exchange differences	5	48	-	-	-
Disposals of subsidiaries	(571)	(5,112)	(303)	-	-
At end of the financial year	1,226	-	-	-	-

* The receivables were previously held by discontinued operations of the group.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

40 FINANCIAL INSTRUMENTS (CONT'D)

(i) Credit risk concentration

The group and the company determine credit risk concentration by industry sector as disclosed below.

	Securities AFS RM'000	Loans, advances and financing RM'000	Trade receivables RM'000	Other receivables and deposits RM'000	Deposits and bank balances RM'000	Total exposure arising from financial assets RM'000	Commitments and contingencies RM'000
Group							
2015							
Manufacturing	-	-	14	-	-	14	-
Electricity, gas and water	-	-	-	36	-	36	-
Real estate	3,752	-	-	134	-	3,886	-
Finance and insurance	422,276	426	42	5,069	10,534	438,347	-
Government and government agencies	-	-	-	184	-	184	-
Transport, storage and communication	-	-	-	17	-	17	-
Purchase of securities	-	24,986	-	-	-	24,986	-
Personal use	-	322,162	-	-	-	322,162	269
Others	-	19,820	-	7	-	19,827	-
	426,028	367,394	56	5,447	10,534	809,459	269

Risk concentration for commitments and contingencies represents the full amount of the irrevocable committed facilities or the maximum amount the group would have to pay if the obligations arising from financial instruments issued being called upon.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

40 FINANCIAL INSTRUMENTS (CONT'D)

(i) Credit risk concentration (cont'd)

	Securities AFS RM'000	Loans, advances and financing RM'000	Trade receivables RM'000	Other receivables and deposits RM'000	Deposits and bank balances RM'000	Total exposure arising from financial assets RM'000	Commitments and contingencies RM'000
Group							
2014							
Manufacturing	-	133	-	-	-	133	-
Electricity, gas and water	-	-	-	36	-	36	-
Real estate	-	-	-	53	-	53	-
Finance and insurance	321,271	295	-	943	81,850	404,359	-
Government and government agencies	-	-	-	5	-	5	-
Wholesale & retail trade and restaurants & hotels	-	24,925	-	1	-	24,926	5,000
Transport, storage and communication	-	-	-	174	-	174	-
Purchase of securities	-	11,090	-	-	-	11,090	7,000
Personal use	-	337,832	-	-	-	337,832	-
Others	490	19,661	-	492	-	20,643	-
	321,761	393,936	-	1,704	81,850	799,251	12,000

Risk concentration for commitments and contingencies represents the full amount of the irrevocable committed facilities or the maximum amount the group would have to pay if the obligations arising from financial instruments issued being called upon.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

40 FINANCIAL INSTRUMENTS (CONT'D)

(i) Credit risk concentration (cont'd)

	Securities AFS RM'000	Amount due from subsidiaries RM'000	Other receivables and deposits RM'000	Deposits and bank balances RM'000	Total exposure arising from financial assets RM'000	Commitments and contingencies RM'000
Company						
2015						
Real estate	1,491	6,750	-	-	8,241	-
Finance and insurance	422,276	220,832	7	7,591	650,706	-
	423,767	227,582	7	7,591	658,947	-
2014						
Real estate	-	32,450	-	-	32,450	-
Finance and insurance	321,271	222,067	32	79,042	622,412	30,804
Others	490	-	-	-	490	-
	321,761	254,517	32	79,042	655,352	30,804

As at the end of the reporting period, the group has no significant concentration of credit risk that may arise from exposures to a single counterparty other than the aggregate exposure to a major customer (2014: two major customers) which account for approximately 16% (2014: 28%) of the loans, advances and financing of the group. The company has significant concentration of credit risk arising from investment in a unit trust fund and outstanding advances to the moneylending subsidiary, which account for approximately 81% (2014: 83%) of the total financial assets of the company, which are subject to credit risk.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

40 FINANCIAL INSTRUMENTS (CONT'D)

(j) Interest rate risk

The tables below summarise the exposure of the group and of the company to interest rate risk. The financial assets and financial liabilities at carrying amount are categorised by the earlier of contractual re-pricing or maturity dates.

	Interest bearing					Non-interest sensitive RM'000	Non-interest bearing RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000				
Group									
2015									
Financial assets									
Securities AFS	-	-	-	-	-	-	426,028	426,028	-
Loans, advances and financing:									
- non-impaired	57,384	27	748	26,395	283,235	(10,144)*	-	357,645	11.04
- impaired	-	-	-	-	-	9,749	-	9,749	-
Trade receivables	-	-	-	-	-	-	56	56	-
Other receivables and deposits (note 13)	-	-	113	-	-	-	5,334	5,447	3.25
Deposits, cash and bank balances	7,527	-	671	-	-	-	2,339	10,537	3.37
	64,911	27	1,532	26,395	283,235	(395)	433,757	809,462	
Financial liabilities									
Other payables and accruals	(1,017)	-	-	-	-	-	(11,668)	(12,685)	3.83
Interest sensitivity gap	63,894	27	1,532	26,395	283,235	(395)	422,089	796,777	

* The negative balance represents collective impairment allowance on loans, advances and financing.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

40 FINANCIAL INSTRUMENTS (CONT'D)

(j) Interest rate risk (cont'd)

	Interest bearing						Non-interest bearing RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000			
Group									
2014									
Financial assets									
Securities AFS	-	-	-	-	-	-	321,761	321,761	-
Loans, advances and financing:									
- non-impaired	66,978	38,237	603	26,963	262,464	(11,680)*	-	383,565	10.22
- impaired	-	-	-	-	-	10,371	-	10,371	-
Other receivables and deposits (note 13)	487	-	109	-	-	-	1,108	1,704	3.23
Deposits, cash and bank balances	80,018	-	649	-	-	-	1,187	81,854	3.14
	147,483	38,237	1,361	26,963	262,464	(1,309)	324,056	799,255	
Financial liabilities									
Other payables and accruals	-	-	-	-	-	-	(28,993)	(28,993)	-
Borrowings	(30,804)	-	-	-	-	-	-	(30,804)	4.62
	(30,804)	-	-	-	-	-	(28,993)	(59,797)	
Interest sensitivity gap	116,679	38,237	1,361	26,963	262,464	(1,309)	295,063	739,458	

* The negative balance represents collective impairment allowance on loans, advances and financing.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

40 FINANCIAL INSTRUMENTS (CONT'D)

(j) Interest rate risk (cont'd)

	Interest bearing		Non- interest bearing RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>3 - 12 months RM'000			
Company					
2015					
Financial assets					
Securities AFS	-	-	423,767	423,767	-
Amounts due from subsidiaries	227,582	-	-	227,582	4.75
Other receivables and deposits (note 13)	-	-	7	7	-
Deposits, cash and bank balances	6,500	671	420	7,591	3.31
	234,082	671	424,194	658,947	
Financial liabilities					
Other payables and accruals	-	-	(412)	(412)	-
Interest sensitivity gap	234,082	671	423,782	658,535	
2014					
Financial assets					
Securities AFS	-	-	321,761	321,761	-
Amounts due from subsidiaries	254,517	-	-	254,517	4.75
Other receivables and deposits (note 13)	-	-	32	32	-
Deposits, cash and bank balances	78,067	649	327	79,043	3.15
	332,584	649	322,120	655,353	
Financial liabilities					
Other payables and accruals	-	-	(14,852)	(14,852)	-
Interest sensitivity gap	332,584	649	307,268	640,501	

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

40 FINANCIAL INSTRUMENTS (CONT'D)

(k) Exposure to foreign exchange risk

The RM equivalent carrying amounts of the financial instruments denominated in a foreign currency, are as set out below.

	2015	
	Group RM'000	Company RM'000
Financial assets (denominated in Singapore Dollar)		
Securities AFS	2,261	-
Other receivables	74	3
	2,335	3
Net open position	2,335	3

As at the previous financial year end, all financial instruments held by the group and the company are denominated in the functional currency of the company.

(l) Market risk sensitivity analysis

Interest rate risk

The table below shows the sensitivity of the financial instruments of the group and of the company as at the end of the reporting period to reasonably possible changes in interest rates, on the basis that all other variables remain constant.

	Group		Company	
	Increase/(Decrease)		Increase/(Decrease)	
	+ 100 basis points RM'000	- 100 basis points RM'000	+ 100 basis points RM'000	- 100 basis points RM'000
2015				
Impact on profit before taxation	-	-	-	-
2014				
Impact on profit before taxation	72	(72)	2,545	(2,545)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

40 FINANCIAL INSTRUMENTS (CONT'D)

(I) Market risk sensitivity analysis (cont'd)

Foreign exchange risk

The table below shows the analysis of the impacts arising from reasonable possible changes in the foreign exchange rates to which the group has exposure as at the end of the reporting period, on the basis that all other variables remain constant.

	Changes in foreign exchange rates	Effects on:	
		Profit before taxation RM'000	Other comprehensive income RM'000
Group			
2015			
Singapore Dollar	+/- 5%	+/- 4	+/- 113

Price risk

The table below shows the analysis of the impacts arising from reasonable possible changes in the prices of the equity instruments (including unit trust funds) which are held by the group and the company as at the end of the reporting period.

	Changes in equity prices	Effects on other comprehensive income	
		Group RM'000	Company RM'000
2015			
Quoted REITs	+/- 5%	+/- 187	+/- 74
Quoted unit trust funds	+/- 1%	+/- 4,223	+/- 4,223
		+/- 4,410	+/- 4,297
2014			
Quoted unit trust funds	+/- 1%	+/- 3,213	+/- 3,213

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

40 FINANCIAL INSTRUMENTS (CONT'D)

(m) Liquidity risk disclosure based on remaining contractual maturity

The tables below analyse the undiscounted cash flows obligations of the financial liabilities as well as commitments and contingencies of the group and of the company based on the remaining contractual maturity.

	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	No specific maturity RM'000	Total RM'000
Group					
2015					
Other payables and accruals	(491)	(42)	(762)	(11,390)	(12,685)
Commitments	(269)	-	-	-	(269)
Total	(760)	(42)	(762)	(11,390)	(12,954)
2014					
Other payables and accruals	(1,350)	(11,354)	(6,723)	(9,566)	(28,993)
Borrowings	(30,804)	-	-	-	(30,804)
	(32,154)	(11,354)	(6,723)	(9,566)	(59,797)
Commitments	(12,000)	-	-	-	(12,000)
Total	(44,154)	(11,354)	(6,723)	(9,566)	(71,797)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

40 FINANCIAL INSTRUMENTS (CONT'D)

(m) Liquidity risk disclosure based on remaining contractual maturity (cont'd)

	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	No specific maturity RM'000	Total RM'000
Company					
2015					
Other payables and accruals	-	-	-	(412)	(412)
Total	-	-	-	(412)	(412)
2014					
Other payables and accruals	-	(11,300)	(3,316)	(236)	(14,852)
Contingencies	(30,804)	-	-	-	(30,804)
Total	(30,804)	(11,300)	(3,316)	(236)	(45,656)

(n) Offsetting of financial assets and financial liabilities

As at the end of the reporting period and the previous financial year end, the financial instruments held by the group and the company are not subject to any netting arrangement.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

41 FAIR VALUE MEASUREMENT

(a) Estimation of fair values

The methods and assumptions used in estimating the fair values of financial instruments and non-financial instruments not measured at fair value but for which fair value is disclosed are as follows:

(i) Securities AFS

The estimated fair values of securities are generally based on quoted and observable market prices. In the absence of such quoted prices, the fair values are based on the expected cash flows of the securities discounted by indicative market yields for similar instruments as at the end of the reporting period.

(ii) Loans, advances and financing

For floating rate loans and fixed rate loans/financing with remaining period to maturity of less than one year, the carrying amounts are generally reasonable estimates of their fair values.

For fixed rate loans/financing with remaining period to maturity of one year and above, fair values are estimated by discounting the estimated future cash flows using the prevailing market rates of loans with similar credit risks and maturities.

The fair values of impaired loans/financing are represented by their carrying amounts, net of impairment allowances, being the expected recoverable amounts of the loans.

(iii) Amounts due from subsidiaries

The estimated fair values of the amounts due from subsidiaries, which are repayable on demand, approximate the carrying amounts.

(iv) Deposits, cash and bank balances

The carrying amounts of cash and bank balances are reasonable estimates of fair values.

For deposits with licensed banks with maturities of less than one year, the carrying amounts are reasonable estimates of fair values. For deposits with maturities of one year and above, the estimated fair values are based on discounted cash flows using prevailing money market interest rates at which similar deposits and placements would be made with licensed banks of similar credit risk and remaining period to maturity.

(v) Other financial assets

The carrying amounts of other financial assets less any impairment allowances are assumed to approximate their fair values as these items due are not materially sensitive to the shift in market interest rates.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

41 FAIR VALUE MEASUREMENT (CONT'D)

(a) Estimation of fair values (cont'd)

The methods and assumptions used in estimating the fair values of financial instruments and non-financial instruments not measured at fair value but for which fair value is disclosed are as follows (cont'd):

(vi) Borrowings

The estimated fair value of borrowings with maturity of less than one year approximates the carrying value.

(vii) Other financial liabilities

The carrying amounts of other financial liabilities are assumed to approximate their fair values as these items are not materially sensitive to the shift in market interest rates.

(viii) Investment properties

The fair values of investment properties are estimated based on market value as determined by independent professionally qualified valuers using the comparison method, which entails comparing and adopting as a yardstick, recent transactions and sale evidences involving other properties in the vicinity.

(b) Fair value hierarchy

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).

Where fair value is determined using quoted prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted and observable market prices are not available, fair values are estimated using valuation techniques that mainly employ observable market data, based on a range of methodologies and assumptions regarding risk characteristics of the instruments, including but not limited to yield curves, discount rates, foreign exchange rates, estimates of future cash flows, differences in conditions, location as well as tenure and other factors as inputs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

41 FAIR VALUE MEASUREMENT (CONT'D)

(b) Fair value hierarchy (cont'd)

Financial instruments measured at fair value

The tables below present the financial instruments of the group, which are measured at fair value, classified by level of the fair value hierarchy.

	Fair value hierarchy		
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group			
2015			
Financial assets			
Securities AFS			
Quoted REITs	3,752	-	-
Quoted unit trusts	422,276	-	-
	426,028	-	-
2014			
Financial assets			
Securities AFS			
Quoted unit trusts	321,271	-	-
	321,271	-	-
Company			
2015			
Financial assets			
Securities AFS			
Quoted REITs	1,491	-	-
Quoted unit trusts	422,276	-	-
	423,767	-	-
2014			
Financial assets			
Securities AFS			
Quoted unit trusts	321,271	-	-
	321,271	-	-

There was no transfer between Level 1 and 2 during the current and previous financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

41 FAIR VALUE MEASUREMENT (CONT'D)

(b) Fair value hierarchy (cont'd)

Financial instruments not measured at fair value

As at the end of the reporting period, the fair values of financial instruments of the group and of the company, which are not measured at fair value, approximate their carrying amounts, except as disclosed below:

	Carrying amount RM'000	Fair value hierarchy		
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group				
2015				
Financial assets				
Loans, advances and financing	367,394	-	369,245	-
2014				
Financial assets				
Securities AFS				
Unquoted securities	490	2,577	-	-
Loans, advances and financing	393,936	-	388,626	-
Company				
2014				
Financial assets				
Securities AFS				
Unquoted securities	490	2,577	-	-

The unquoted securities AFS held by the group and the company as at the previous financial year end have been disposed of during the financial year. The fair values of unquoted shares as at the previous financial year end were based on the sales consideration for the said shares.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

41 FAIR VALUE MEASUREMENT (CONT'D)

(b) Fair value hierarchy (cont'd)

Non-financial assets not measured at fair value but for which fair value is disclosed

As at the end of the reporting period, the fair values of investment properties of the group and of the company, which are not measured at fair value, are as follows:

	Carrying amount RM'000	Fair value hierarchy		
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group				
2015				
Investment properties				
Freehold land	1,230	-	6,700	-
Buildings and office units	22,250	-	29,231	-
	23,480	-	35,931	-
2014				
Investment properties				
Freehold land	1,230	-	6,700	-
Buildings and office units	22,912	-	29,231	-
	24,142	-	35,931	-

The highest and best use of the freehold land is for commercial tourism. The freehold land is currently vacant as the group has not determined the future use of the land.

42 COMPARATIVE FIGURES

Arising from the realignment of the structure and contents of the financial statements of the group and of the company for the current financial year, as disclosed in note 2 to the financial statements, the comparative figures have been restated to conform with the presentation for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

42 COMPARATIVE FIGURES (CONT'D)

	As previously reported Dr./(Cr.) RM'000	Reclassi- fication Dr./(Cr.) RM'000	As restated Dr./(Cr.) RM'000
Statements of financial position as at 31 July 2014			
Group			
Other investments	-	557	557
Loans, advances and financing			
- total	393,936	(393,936)	-
- non-current	-	326,182	326,182
- current	-	67,754	67,754
Securities available-for-sale ("AFS")			
- total	321,761	(321,761)	-
- current	-	321,761	321,761
Other receivables, deposits and prepayments	-	2,209	2,209
Other assets	2,807	(2,807)	-
Deposits, cash and bank balances	-	81,854	81,854
Deposits and placements with banks and other financial institutions	649	(649)	-
Cash and short term funds	81,205	(81,205)	-
Other payables and accruals	-	(28,993)	(28,993)
Other liabilities	(29,034)	29,034	-
	771,324	-	771,324
Company			
Other investments	-	500	500
Securities available-for-sale ("AFS")			
- total	321,761	(321,761)	-
- current	-	321,761	321,761
Amounts due from subsidiaries	-	254,517	254,517
Other receivables, deposits and prepayments	-	94	94
Other assets	255,111	(255,111)	-
Deposits, cash and bank balances	-	79,043	79,043
Deposits and placements with banks and other financial institutions	649	(649)	-
Cash and short term funds	78,394	(78,394)	-
Other payables and accruals	-	(14,852)	(14,852)
Other liabilities	(14,852)	14,852	-
	641,063	-	641,063

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

42 COMPARATIVE FIGURES (CONT'D)

	As previously reported Dr./ (Cr.) RM'000	Reclassi- fication Dr./ (Cr.) RM'000	As restated Dr./ (Cr.) RM'000
Income statements for the financial year ended 31 July 2014			
Group			
Operating revenue	-	(51,791)	(51,791)
Other income	-	(4,754)	(4,754)
Interest income	(36,405)	36,405	-
Other operating income	(20,140)	20,140	-
Personnel costs	-	9,056	9,056
Depreciation and amortisation	-	2,072	2,072
Other expenses	-	5,738	5,738
Other operating expenses	16,866	(16,866)	-
Finance costs	-	15,109	15,109
Interest expense	15,109	(15,109)	-
	(24,570)	-	(24,570)
Company			
Operating revenue	-	(9,298)	(9,298)
Other income	-	(1)	(1)
Interest income	(4,132)	4,132	-
Other operating income	(5,167)	5,167	-
Personnel costs	-	3,766	3,766
Depreciation and amortisation	-	417	417
Other expenses	-	1,414	1,414
Other operating expenses	5,597	(5,597)	-
Finance costs	-	7,101	7,101
Interest expense	7,101	(7,101)	-
	3,399	-	3,399

43 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 18 September 2015.

SUPPLEMENTARY INFORMATION

Realised and unrealised profits or losses disclosure

The breakdown of retained profits of the group and of the company into realised and unrealised profits or losses, which is prepared 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, is as follows:

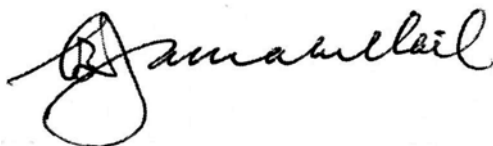
	Group	
	2015	2014
	RM'000	RM'000
Retained profits of the company and its subsidiaries		
- realised	544,775	500,406
- unrealised	3,341	3,616
	548,116	504,022
Consolidation adjustments	(4,030)	(3,269)
	544,086	500,753
	Company	
	2015	2014
	RM'000	RM'000
Retained profits		
- realised	407,718	390,652
- unrealised	18	(16)
	407,736	390,636

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Y.A.M. Tengku Syed Badarudin Jamalullail and Hwang Lip Teik, being two of the directors of Hwang Capital (Malaysia) Berhad, state that, in the opinion of the directors, the financial statements set out on pages 44 to 135 are drawn up so as to exhibit a true and fair view of the state of affairs of the group and of the company as at 31 July 2015 and of the financial performance and cash flows of the group and of the company for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965.

In accordance with a resolution of the Board of Directors dated 18 September 2015.



Y.A.M. TENGKU SYED BADARUDIN JAMALULLAIL
Director



HWANG LIP TEIK
Director

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Lee Huey Suan, being the officer primarily responsible for the financial management of Hwang Capital (Malaysia) Berhad, do solemnly and sincerely declare that the financial statements set out on pages 44 to 135 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

lysuan

LEE HUEY SUAN

Subscribed and solemnly declared at Penang on 18 September 2015.

Before me

Peter Huang
Commissioner for Oaths
388-3-1 & 2, Bellisa Row
Jalan Burma, 10360 Pulau Pinang

RESURUHJAYA SIKAPAH
No: P 006
Nama: HUANG PETER
MALAYSIA

bayaran: RM 4.00 diterima

PROXY FORM



I/We, _____ NRIC No. _____
(IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

being a member of the abovenamed Company, hereby appoint _____
(IN BLOCK LETTERS)

NRIC No. _____ of _____
(FULL ADDRESS)

or failing him _____ NRIC No. _____
(IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

as *my/our proxy to vote for *me/us on *my/our behalf at the Twenty-Third Annual General Meeting of the Company, to be held at the Bayan Room, Hotel Equatorial, No. 1, Jalan Bukit Jambul, 11900 Penang on Wednesday, 25 November 2015 at 10.45 a.m. and at any adjournment thereof.

*My/our proxy is to vote as indicated below with an "X":-

RESOLUTIONS		FOR	AGAINST
To approve the payment of a final single tier dividend of 10 sen per ordinary share	(Resolution 1)		
To re-elect Hwang Lip Teik as Director retiring under Article 66 of the Articles of Association of the Company	(Resolution 2)		
To re-appoint Y.A.M. Tengku Syed Badarudin Jamalullail in accordance with Section 129(6) of the Companies Act, 1965	(Resolution 3)		
To approve the payment of Directors' fees	(Resolution 4)		
To re-appoint Messrs PricewaterhouseCoopers as Auditors and to authorise the Directors to fix their remuneration	(Resolution 5)		
As special business, to pass the ordinary resolution on Retention Of Independent Director	(Resolution 6)		

**Strike out whichever not applicable*

Dated this _____ day of _____ 2015.

In the event two (2) proxies are appointed, the percentage of shareholdings to be represented by each proxy is as follows:-

Name of Proxies	%

Signature/Common Seal

No. Of Shares Held : _____

Notes :-

- Only members whose names appear in the Record of Depositors as at 18 November 2015 shall be eligible to attend the Meeting or to appoint proxy to attend in his/her stead.
- A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as a member to speak at the Meeting.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- A member other than an exempt authorised nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the Meeting.
- A member who wishes to appoint more than one (1) proxy to attend the Meeting must specify the proportion of the shareholdings to be represented by each proxy. If the proportion of shareholdings is not specified, the appointment shall be invalid.
- Unless voting instructions are indicated with an "X" in the spaces provided above, the proxy may abstain from voting or vote on any resolutions as he/she thinks fit.
- If the appointor is a corporation, this form must be executed under the Common Seal or under the hand of its duly authorised attorney.
- To be valid, this form must be deposited at the Registered Office of the Company at Level 8, Wisma Sri Pinang, 60 Green Hall, 10200 Penang not less than forty-eight (48) hours before the time for holding the Meeting.

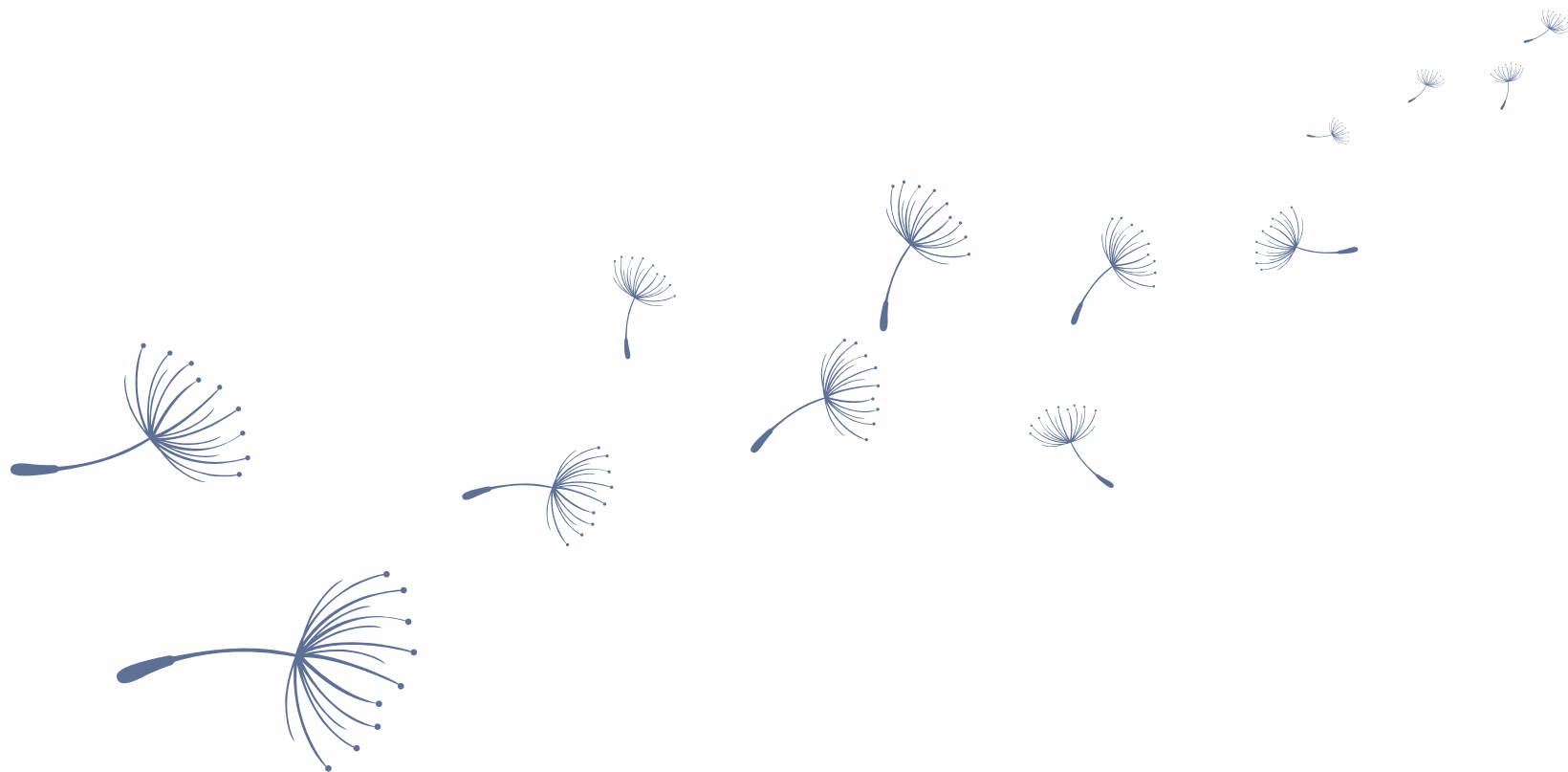
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Hwang Capital (Malaysia) Berhad
(238969-K)

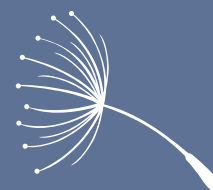
Level 8, Wisma Sri Pinang
60 Green Hall, 10200 Penang
Malaysia

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In the face of adversary, be ready to adapt, be flexible to accept,
go with the flow and forever at peace.
~ Lao-Tze ~

柔静处下，随遇而安。
~老子~



HWANG CAPITAL (MALAYSIA) BERHAD (238969-K)

Level 8, Wisma Sri Pinang
60 Green Hall
10200 Penang
Malaysia