

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

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

	As at 31-Oct-15 RM'000	As at 31-Jul-15 RM'000
Non-current assets		
Property, plant and equipment	2,758	2,866
Investment properties	23,315	23,480
Intangible assets	462	503
Securities available-for-sale ("AFS")	3,866	3,752
Other investments	470	473
Loans, advances and financing	313,425	309,225
Deferred tax assets	3,748	3,515
	<u>348,044</u>	<u>343,814</u>
Current assets		
Securities available-for-sale ("AFS")	436,066	422,276
Loans, advances and financing	56,352	58,169
Trade receivables	129	56
Other receivables, deposits and prepayments	2,897	5,955
Tax recoverable	40	-
Deposits, cash and bank balances	6,796	10,537
	<u>502,280</u>	<u>496,993</u>
Total assets	<u>850,324</u>	<u>840,807</u>
Non-current liabilities		
Deferred tax liabilities	173	174
Current liabilities		
Other payables and accruals	13,028	12,685
Taxation	367	566
	<u>13,395</u>	<u>13,251</u>
Total liabilities	<u>13,568</u>	<u>13,425</u>
Equity attributable to equity holders of the Company		
Share capital	255,159	255,159
Reserves	581,597	572,223
Total equity	<u>836,756</u>	<u>827,382</u>
Total liabilities and equity	<u>850,324</u>	<u>840,807</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>3.28</u>	<u>3.24</u>

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2015.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2015

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		3 months ended 31-Oct-15 RM'000	3 months ended 31-Oct-14 RM'000	3 months ended 31-Oct-15 RM'000	3 months ended 31-Oct-14 RM'000
Operating revenue		16,419	16,616	16,419	16,616
Other income		527	2,686	527	2,686
Personnel costs		(1,916)	(2,126)	(1,916)	(2,126)
Depreciation and amortisation		(317)	(324)	(317)	(324)
Allowances for impairment loss on:					
- loans, advances and financing		(2,274)	(1,487)	(2,274)	(1,487)
Other expenses		(1,301)	(1,571)	(1,301)	(1,571)
		11,138	13,794	11,138	13,794
Finance costs		-	(147)	-	(147)
Profit before taxation	A10	11,138	13,647	11,138	13,647
Taxation	B6	(1,857)	(2,446)	(1,857)	(2,446)
Profit for the financial period		9,281	11,201	9,281	11,201
Attributable to:					
Equity holders of the Company		9,281	11,201	9,281	11,201
Earnings per share attributable to equity holders of the Company (sen)					
- Basic	B13	3.64	4.39	3.64	4.39

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2015.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2015

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Oct-15 RM'000	3 months ended 31-Oct-14 RM'000	3 months ended 31-Oct-15 RM'000	3 months ended 31-Oct-14 RM'000
Profit for the financial period	<u>9,281</u>	<u>11,201</u>	<u>9,281</u>	<u>11,201</u>
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Securities AFS:				
- net change in fair value	<u>93</u>	<u>-</u>	<u>93</u>	<u>-</u>
Total comprehensive income for the financial period	<u>9,374</u>	<u>11,201</u>	<u>9,374</u>	<u>11,201</u>
Attributable to:				
Equity holders of the Company	<u>9,374</u>	<u>11,201</u>	<u>9,374</u>	<u>11,201</u>

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2015.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2015

	Attributable to Equity Holders of the Company						
	Issued and fully paid ordinary shares of RM1 each						
	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
At 1 August 2015	255,159	255,159	10,686	17,029	422	544,086	827,382
Profit for the financial period	-	-	-	-	-	9,281	9,281
Other comprehensive income for the financial period	-	-	-	-	93	-	93
Total comprehensive income for the financial period	-	-	-	-	93	9,281	9,374
At 31 October 2015	255,159	255,159	10,686	17,029	515	553,367	836,756
At 1 August 2014	255,159	255,159	10,686	17,029	-	500,753	783,627
Profit for the financial period	-	-	-	-	-	11,201	11,201
Total comprehensive income for the financial period	-	-	-	-	-	11,201	11,201
At 31 October 2014	255,159	255,159	10,686	17,029	-	511,954	794,828

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2015.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2015

	3 months ended 31-Oct-15 RM'000	3 months ended 31-Oct-14 RM'000
Operating activities		
Profit for the financial period	9,281	11,201
Adjustments for:		
Non-cash items	4,432	4,176
Non-operating items - investing	(3,678)	(4,812)
Non-operating items - financing	-	147
	<u>10,035</u>	<u>10,712</u>
Changes in operating assets and liabilities:		
Net changes in receivables	(1,939)	4,867
Net changes in payables	402	(327)
	<u>8,498</u>	<u>15,252</u>
Taxation paid	(2,330)	(1,521)
Net operating cash flow	<u>6,168</u>	<u>13,731</u>
Investing activities		
Net purchase of securities	(13,811)	(68,312)
Proceeds from disposals of other investments	5	-
Dividends and income distributions received	3,912	2,890
Purchases of property, plant and equipment	(4)	(60)
Net investing cash flow	<u>(9,898)</u>	<u>(65,482)</u>
Financing activities		
Interest paid on borrowings	-	(131)
Net repayment of borrowings	-	(100)
Net financing cash flow	<u>-</u>	<u>(231)</u>
Net change in cash and cash equivalents	<u>(3,730)</u>	<u>(51,982)</u>
Cash and cash equivalents at beginning of the financial period	<u>8,631</u>	<u>81,015</u>
Cash and cash equivalents at end of the financial period	<u>4,901</u>	<u>29,033</u>
Cash and cash equivalents at end of the financial period comprise:		
Deposits, cash and bank balances	6,796	30,526
Less:		
Deposits with licensed banks maturing after one month	(676)	(1,303)
Clients' monies held in trust	(1,219)	(190)
	<u>(1,895)</u>	<u>(1,493)</u>
	<u>4,901</u>	<u>29,033</u>

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2015.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2015

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

A1 Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting and Chapter 9, Part K of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The interim financial report, which also complied with the International Accounting Standard ("IAS") 34, Interim Financial Reporting issued by the International Accounting Standards Board, should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2015. The explanatory notes provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 July 2015.

The accounting policies and methods of computation adopted for this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 31 July 2015.

A2 Auditors' Report

The auditors' report of the most recent annual financial statements of the Group for the financial year ended 31 July 2015 was not subject to any qualification.

A3 Seasonal or Cyclical Factors

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

A4 Exceptional Items

There are no exceptional items for the current quarter and financial period ended 31 October 2015.

A5 Changes in Estimates

There are no material changes in accounting estimates used in the preparation of the interim financial report for the current quarter and financial period ended 31 October 2015 as compared with the prior financial year.

A6 Debts and Equity Securities

There are no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the financial period ended 31 October 2015.

A7 Dividends

No dividend has been paid since the end of the previous financial year. The Board of Directors has not declared or recommended the payment of dividend in respect of the current financial year ending 31 July 2016.

A final single tier dividend of 10.0 sen gross per share proposed for the previous financial year ended 31 July 2015 has been approved by the shareholders of the Company at the Twenty-Third Annual General Meeting held on 25 November 2015. The dividend will be paid on 18 December 2015 to depositors registered in the Record of Depositors at the close of business on 2 December 2015.

A8 Subsequent Events

There are no material events subsequent to the end of the financial period ended 31 October 2015.

A9 Changes in the Composition of the Group

There are no changes in the composition of the Group for the current quarter and financial period ended 31 October 2015.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2015

A10 Items of Income and Expenses

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

	Individual Quarter		Cumulative Quarter	
	3 months ended 31-Oct-15	3 months ended 31-Oct-14	3 months ended 31-Oct-15	3 months ended 31-Oct-14
	RM'000	RM'000	RM'000	RM'000
Interest income	10,373	10,342	10,373	10,342
Gross dividends/income distributions	3,841	2,890	3,841	2,890
Rental income	634	1,393	634	1,393
Net gain on disposals of other investments	2	-	2	-
Net gain on disposals of securities AFS	-	2,087	-	2,087
Net foreign exchange gain	5	-	5	-
Interest expense	-	(147)	-	(147)
Loans, advances and financing:				
- collective impairment allowance made	(2,380)	(1,489)	(2,380)	(1,489)
- bad debts written off	(42)	(82)	(42)	(82)
- bad debts recovered	148	84	148	84

Other than as disclosed above, other disclosure items as required under Item 16, Appendix 9B of the Bursa Malaysia Securities Berhad Main Market Listing Requirements are not applicable to the Group for the current quarter and financial period ended 31 October 2015.

A11 Commitments and Contingencies

	As at 31-Oct-15	As at 31-Jul-15
	RM'000	RM'000
(a) Loan commitments	3,838	269
(b) Non-cancellable operating lease commitments		
- future minimum lease payable	209	277
- future minimum lease receivable	856	1,350

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2015

A12 Segmental Information

The Group is organised into the following operating segments:

- 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

The segmental information are as follows:

	Money- lending RM'000	Investment holding RM'000	Property investment RM'000	Others RM'000	Inter- segment elimination RM'000	Group RM'000
3 months ended 31 October 2015						
Revenue						
External revenue *	11,907	3,878	634	-	-	16,419
Inter-segment revenue	-	2,702	73	-	(2,775)	-
Total revenue	11,907	6,580	707	-	(2,775)	16,419
Segment profit	4,566	6,173	399	-	-	11,138
3 months ended 31 October 2014						
Revenue						
External revenue *	11,979	3,244	1,393	-	-	16,616
Inter-segment revenue	-	3,180	86	-	(3,266)	-
Total revenue	11,979	6,424	1,479	-	(3,266)	16,616
Segment profit/(loss)	4,666	8,212	770	(1)	-	13,647

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2015

A13 Fair value of financial instruments

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

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

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

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

Financial instruments measured at fair value

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

	Carrying amount RM'000	Fair value hierarchy		
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
31-Oct-15				
<u>Financial assets</u>				
Securities AFS				
- Quoted securities	439,932	439,932	-	-
31-Jul-15				
<u>Financial assets</u>				
Securities AFS				
- Quoted securities	426,028	426,028	-	-

Financial instruments not measured at fair value

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

	As at 31-Oct-15		As at 31-Jul-15	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Loans, advances and financing	369,777	371,531	367,394	369,245

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2015

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

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

For the first quarter of the financial year ending 31 July 2016 ("FY2016"), the Group registered a total operating revenue of RM16.4 million, which is marginally lower compared to the revenue of RM16.6 million recorded in the corresponding quarter of the previous financial year ended 31 July 2015 ("FY2015"). The reduction in operating revenue is primarily attributable to the contraction in property letting rental income subsequent to the disposals of properties in the previous financial year as well as lower fee-based income generated from the moneylending activities, partially mitigated by higher investment income from investment holding activities in the current quarter under review.

Pretax profit of the Group for the first quarter of FY2016 is 18% lower at RM11.1 million compared to the pretax profit of RM13.6 million in the previous corresponding quarter of FY2015, mainly due to absence of net gain on disposal of securities in the current quarter, coupled with a lower property letting rental income and increase in collective impairment allowance on consumer financing receivables in the current quarter. These were, however, partly cushioned by higher investment income in the current quarter.

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

(a) Moneylending

The moneylending segment experienced a 2% decline in earnings with a pretax profit of RM4.6 million in the current quarter under review, against the pretax profit of RM4.7 million in the previous corresponding three-month period. Higher collective impairment allowance on consumer financing receivables and lower fee-based income for the current quarter have led to reduction in earnings of the segment. These negative effects were however, cushioned to a certain extent by an increase in interest income as well as reduction in finance costs and personnel costs for the current quarter.

(b) Investment holding

Pretax profit of the investment holding segment of RM6.2 million for the first three months of FY2016 is 25% below the pretax profit of RM8.2 million for the previous corresponding quarter last year, largely attributed to absence of net gain on disposal of securities, increase in personnel costs and lower interest income on advances to subsidiaries, partially offset by higher investment income in the current quarter under review.

(c) Property investment

On a quarterly basis, the property investment segment recorded a lower pretax profit of RM0.4 million compared to the pretax profit RM0.8 million in the previous corresponding quarter of FY2015. The reduction in earnings for the current quarter is as a consequence of the lower rental income subsequent to the disposals of properties in the preceding financial year, partially alleviated by lower finance costs and decrease in operating expenses.

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

The Group reported a pretax profit of RM11.1 million for the current quarter under review, which exceeded the pretax profit of RM10.8 million recorded in the immediate preceding fourth quarter of FY2015, mainly benefited from a relatively higher fee-based income, net of incentives and commission expense as well as a lower operating expenses, partially offset by the effects of a higher collective impairment allowance on consumer financing receivables.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2015

B3 Commentary

(a) Current Year's Prospects

The moneylending segment will continue to focus on growing its core consumer financing business and maintaining the credit quality of the loans and financing portfolio amidst an uncertain economic environment.

The investment holding and property investment segments are committed to contribute positively to the Group's profitability with stable returns. Meanwhile, the Group continues to evaluate new business opportunities.

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

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

Not applicable.

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

Not applicable.

B5 Profit Forecast and Profit Guarantee

Not applicable.

B6 Taxation

The analysis of the tax expense for the current quarter and financial period ended 31 October 2015 are as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Oct-15	3 months ended 31-Oct-14	3 months ended 31-Oct-15	3 months ended 31-Oct-14
	RM'000	RM'000	RM'000	RM'000
In respect of the current financial year:				
Malaysian income tax	(2,091)	(2,597)	(2,091)	(2,597)
Deferred tax	234	151	234	151
	<u>(1,857)</u>	<u>(2,446)</u>	<u>(1,857)</u>	<u>(2,446)</u>

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2015

B7 Status of Corporate Proposals

There are no corporate proposals announced but not completed as at date of this announcement.

B8 Status of utilisation of proceeds raised from corporate proposals

The status of utilisation of proceeds raised from a corporate proposal as at 31 October 2015 is as follows:

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

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

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

Proceeds not utilised as at 31 October 2015 are invested in unit trusts and deposits with financial institutions.

B9 Group Borrowings and Debt Securities

The Group did not have any outstanding borrowings as at 31 October 2015 and 31 July 2015.

B10 Disclosure of Realised and Unrealised Profits or Losses

	As at 31-Oct-15 RM'000	As at 31-Jul-15 RM'000
Total retained profits of the Company and its subsidiaries:		
- realised	553,822	544,775
- unrealised	3,575	3,341
	<u>557,397</u>	<u>548,116</u>
Consolidation adjustments	(4,030)	(4,030)
Total Group retained profits	<u>553,367</u>	<u>544,086</u>

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

B11 Disclosure of Derivatives

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

B12 Changes in Material Litigation

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

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2015

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Oct-15	3 months ended 31-Oct-14	3 months ended 31-Oct-15	3 months ended 31-Oct-14
Profit for the financial period attributable to equity holders of the Company (RM'000)	9,281	11,201	9,281	11,201
Weighted average number of ordinary shares in issue ('000)	255,159	255,159	255,159	255,159
Basic earnings per share (sen)	3.64	4.39	3.64	4.39

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

By Order of the Board

Ooi Hui Ling
Company Secretary

Penang
25 November 2015