

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2017

	As at 31-Jul-17 RM'000	As at 31-Jul-16 RM'000
Non-current assets		
Property, plant and equipment	2,955	2,550
Investment properties	22,157	22,819
Intangible assets	273	378
Securities available-for-sale ("AFS")	27,650	7,304
Other investments	470	470
Loans, advances and financing	255,066	291,302
Deferred tax assets	3,054	4,189
	<u>311,625</u>	<u>329,012</u>
Current assets		
Securities held-for-trading	4,842	-
Securities AFS	473,456	427,404
Loans, advances and financing	47,426	62,892
Trade receivables	23	98
Other receivables, deposits and prepayments	7,575	5,686
Tax recoverable	672	524
Deposits, cash and bank balances	31,919	24,868
	<u>565,913</u>	<u>521,472</u>
Total assets	<u>877,538</u>	<u>850,484</u>
Non-current liabilities		
Deferred tax liabilities	170	173
Current liabilities		
Other payables and accruals	8,579	12,459
Taxation	70	274
	<u>8,649</u>	<u>12,733</u>
Total liabilities	<u>8,819</u>	<u>12,906</u>
Equity attributable to equity holders of the Company		
Share capital	282,874	255,159
Reserves	585,845	582,419
Total equity	<u>868,719</u>	<u>837,578</u>
Total liabilities and equity	<u>877,538</u>	<u>850,484</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>3.40</u>	<u>3.28</u>

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2016.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		3 months	3 months	12 months	12 months
		ended	ended	ended	ended
		31-Jul-17	31-Jul-16	31-Jul-17	31-Jul-16
		RM'000	RM'000	RM'000	RM'000
Operating revenue		14,189	14,797	55,989	62,839
Other income		2,366	785	4,781	2,656
Personnel costs		(2,059)	(2,839)	(6,784)	(9,275)
Depreciation and amortisation		(291)	(275)	(1,135)	(1,178)
Allowances for impairment loss on:					
- loans, advances and financing		(910)	(2,126)	(5,755)	(7,692)
- trade receivables		-	(107)	-	(107)
Other expenses		(1,598)	(1,593)	(4,887)	(5,267)
		11,697	8,642	42,209	41,976
Finance costs		-	-	-	(24)
Profit before taxation	A11	11,697	8,642	42,209	41,952
Taxation	B6	(1,792)	(1,293)	(6,415)	(6,929)
Profit for the financial year		9,905	7,349	35,794	35,023
Attributable to:					
Equity holders of the Company		9,905	7,349	35,794	35,023
Earnings per share attributable to equity holders of the Company (sen)					
- Basic	B13	3.88	2.88	14.03	13.73

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2016.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-17	3 months ended 31-Jul-16	12 months ended 31-Jul-17	12 months ended 31-Jul-16
	RM'000	RM'000	RM'000	RM'000
Profit for the financial year	9,905	7,349	35,794	35,023
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Securities AFS:				
- net change in fair value	1,604	582	3,098	689
- net gain transferred to income statement on disposal	-	-	(96)	-
	1,604	582	3,002	689
Total comprehensive income for the financial year	11,509	7,931	38,796	35,712
Attributable to:				
Equity holders of the Company	11,509	7,931	38,796	35,712

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2016.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

	Attributable to Equity Holders of the Company						
	Issued and fully paid ordinary shares						
	Number of shares '000	Share capital 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 2016	255,159	255,159	10,686	17,029	1,111	553,593	837,578
Profit for the financial year	-	-	-	-	-	35,794	35,794
Other comprehensive income for the financial year	-	-	-	-	3,002	-	3,002
Total comprehensive income for the financial year	-	-	-	-	3,002	35,794	38,796
Final dividend for the financial year ended 31 July 2016	-	-	-	-	-	(7,655)	(7,655)
Transition to no-par value regime pursuant to Section 618(2) of the Companies Act, 2016	-	27,715	(10,686)	(17,029)	-	-	-
At 31 July 2017	255,159	282,874	-	-	4,113	581,732	868,719

	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 year	-	-	-	-	-	35,023	35,023
Other comprehensive income for the financial year	-	-	-	-	689	-	689
Total comprehensive income for the financial year	-	-	-	-	689	35,023	35,712
Final dividend for the financial year ended 31 July 2015	-	-	-	-	-	(25,516)	(25,516)
At 31 July 2016	255,159	255,159	10,686	17,029	1,111	553,593	837,578

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2016.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

	12 months ended 31-Jul-17 RM'000	12 months ended 31-Jul-16 RM'000
Operating activities		
Profit for the financial year	35,794	35,023
Adjustments for:		
Non-cash items	13,080	15,692
Non-operating items - investing	(16,010)	(14,814)
Non-operating items - financing	-	24
	<u>32,864</u>	<u>35,925</u>
Changes in operating assets and liabilities:		
Securities held-for-trading	(4,642)	-
Receivables	43,584	5,005
Payables	(3,886)	820
	<u>67,920</u>	<u>41,750</u>
Taxation paid	(5,635)	(8,240)
Net operating cash flow	<u>62,285</u>	<u>33,510</u>
Investing activities		
Proceeds from disposals of:		
- property, plant and equipment	-	41
- other investments	-	5
Purchases of:		
- property, plant and equipment	(770)	(75)
- intangible assets	(3)	(5)
Net purchase of securities AFS	(63,274)	(7,991)
Income distributions from securities received	16,439	15,408
Net investing cash flow	<u>(47,608)</u>	<u>7,383</u>
Financing activities		
Dividend paid	(7,655)	(25,516)
Interest paid on borrowings	-	(24)
Net financing cash flow	<u>(7,655)</u>	<u>(25,540)</u>
Net change in cash and cash equivalents	<u>7,022</u>	<u>15,353</u>
Cash and cash equivalents at beginning of the financial year	<u>23,984</u>	<u>8,631</u>
Cash and cash equivalents at end of the financial year	<u>31,006</u>	<u>23,984</u>
Cash and cash equivalents at end of the financial year comprise:		
Deposits, cash and bank balances	31,919	24,868
Less:		
Deposits with a licensed bank maturing after one month	(717)	(694)
Clients' monies held in trust	(196)	(190)
	<u>(913)</u>	<u>(884)</u>
	<u>31,006</u>	<u>23,984</u>

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2016.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

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 ("Bursa Securities") 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 2016. 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 2016.

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 2016 except for the adoption of the following revised Malaysian Financial Reporting Standards ("MFRSs"), that are relevant and effective for the Group for the financial year ended 31 July 2017:

<u>MFRS</u>	<u>Description</u>
• Amendment to MFRS 7	Financial Instruments: Disclosures <i>(Annual Improvements to MFRSs 2012-2014 Cycle)</i>
• Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception
• Amendments to MFRS 101	Disclosure Initiative
• Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
• Amendments to MFRS 127	Equity Method in Separate Financial Statements
• Amendment to MFRS 134	Interim Financial Reporting <i>(Annual Improvements to MFRSs 2012-2014 Cycle)</i>

The adoption of the above MFRSs does not give rise to any material financial effects to the Group.

A2 Auditors' Report

The auditors' report of the most recent annual financial statements of the Group for the financial year ended 31 July 2016 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 year ended 31 July 2017.

A5 Changes in Estimates

There are no material changes in accounting estimates used in the preparation of the interim financial report for the current quarter and financial year ended 31 July 2017 as compared with the prior financial year.

A6 Debts and Equity Securities

There are no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the financial year ended 31 July 2017.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

A6 Debts and Equity Securities (cont'd)

Pursuant to Section 618(2) of the Companies Act, 2016, which has come into effect on 31 January 2017, share premium and capital redemption reserve of the Group and of the Company have been transferred to and now form part of the contributed share capital of the Group and of the Company, as disclosed in the consolidated statement of changes in equity of the Group.

A7 Dividends

A final single tier dividend of 3.0 sen per ordinary share, amounting to RM7,654,767 in respect of the previous financial year ended 31 July 2016 was paid on 20 December 2016.

The Board of Directors has not declared or recommended the payment of dividend in respect of the current financial year ended 31 July 2017.

A8 Significant Events

- (a) During the financial year, the immediate and ultimate holding company, Hwang Enterprises Sdn. Bhd. ("HESB") acquired an additional 831,800 ordinary shares of RM1 each in the Company via open market acquisitions, which resulted in an increase in the equity interest of HESB in the Company to 61.18% of the total issued and fully paid share capital from 60.85% as at the previous financial year end.
- (b) On 2 September 2016, the shares of the Company were suspended by Bursa Securities pursuant to Paragraph 16.02(2) of the Bursa Securities Main Market Listing Requirements ("MMLR"). The suspension will only be uplifted by Bursa Securities upon full compliance with the public shareholding spread requirements under Paragraph 8.02(1) of the Bursa Securities MMLR by the Company or as may be determined by Bursa Securities. Bursa Securities has subsequently vide its letter dated 5 August 2016, 8 December 2016 and 29 June 2017 granted the Company 6-month extension of time each until 31 December 2017 to comply with the public shareholding spread requirement.
- (c) On 30 June 2017, the Company received a letter from its controlling shareholder, HESB, on behalf of and together with a director, Hwang Lip Teik (who holds 4.07% of the voting shares of the Company), requesting the Company to undertake a selective capital reduction and repayment ("SCR") exercise pursuant to Section 117 of the Companies Act, 2016, to be followed by an application to Bursa Securities for withdrawal of the listing status of the Company pursuant to paragraph 16.08 of the Bursa Securities MMLR upon completion of the proposed SCR, to address the non-compliance with the 25% public shareholding spread requirement.

On 20 July 2017, the board of directors of the Company, save for Hwang Lip Teik and Hwang Lip Koon (collectively, "Interested directors") and Teoh Teik Kee (being a person connected to the Interested directors) had deliberated on the contents of the said letter from the controlling shareholder of the Company and resolved to table the proposed SCR to the shareholders of the Company for their consideration and approval.

Under the proposed SCR, the entitled shareholders are shareholders of the Company other than HESB and Hwang Lip Teik ("non-entitled shareholders"), holding a total of 88,667,000 ordinary shares, which represent 34.75% of the total issued and fully paid share capital of the Company. The entitled shareholders will receive a total cash payment of RM260,680,980, which represents a cash amount of RM2.94 per ordinary share. Upon successful completion of the proposed SCR, the share capital of the Group and of the Company will be reduced from RM282,873,798, comprising 255,158,900 ordinary shares to RM22,192,818 comprising 166,491,900 ordinary shares, by way of cancellation of 88,667,000 ordinary shares currently held by the entitled shareholders.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

A9 Subsequent Events

There are no material events subsequent to the financial year ended 31 July 2017 except that on 7 August 2017, the Company and HESB received irrevocable undertakings from a substantial shareholder of the Company, DBS Vickers Securities (Malaysia) Pte. Ltd. (In liquidation) and a deemed substantial shareholder of the Company, DBS Bank Ltd. to vote in favour of the special resolution pertaining to the proposed SCR (as disclosed in explanatory note A8(c)) to be tabled at the extraordinary general meeting ("EGM").

The circular to shareholders in relation to the proposed SCR, which sets out the details of the proposed SCR together with amongst others, notice of EGM dated 24 August 2017, have been despatched to the entitled shareholders on even date.

A10 Changes in the Composition of the Group

There are no changes in the composition of the Group for the current quarter and financial year ended 31 July 2017.

A11 Items of Income and Expenses

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-17	3 months ended 31-Jul-16	12 months ended 31-Jul-17	12 months ended 31-Jul-16
	RM'000	RM'000	RM'000	RM'000
Interest income	9,085	10,263	37,377	42,063
Income distributions from securities	4,464	3,850	16,550	15,435
Rental income	367	486	1,400	2,389
Net gain on disposals of other investments	-	-	-	2
Net unrealised gain on securities held-for-trading	(101)	-	200	-
Net gain on disposal of securities AFS	-	-	122	-
Net foreign exchange gain	3	26	44	19
Interest expense	-	-	-	(24)
Write back of incentive expense no longer payable (included in other income)	1,715	-	1,715	-
Trade receivables:				
- individual impairment allowance	-	(107)	-	(107)
Loans, advances and financing:				
- net individual impairment allowance (made)/ written back	(192)	-	258	-
- collective impairment allowance made	(688)	(1,972)	(5,725)	(7,593)
- bad debts written off	(221)	(284)	(919)	(552)
- bad debts recovered	191	130	631	453

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 year ended 31 July 2017.

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

A12 Commitments and Contingencies

	As at 31-Jul-17 RM'000	As at 31-Jul-16 RM'000
(a) Loan commitments	<u>1,500</u>	<u>-</u>
(b) Capital expenditure commitments	<u>-</u>	<u>403</u>
(c) Non-cancellable operating lease commitments		
- future minimum lease payable	280	244
- future minimum lease receivable	<u>1,945</u>	<u>1,943</u>

A13 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

The segmental information are as follows:

	Money- lending RM'000	Investment holding RM'000	Property investment RM'000	Inter- segment elimination RM'000	Group RM'000
12 months ended 31 July 2017					
Revenue					
External revenue *	37,324	17,265	1,400	-	55,989
Inter-segment revenue	-	7,244	276	(7,520)	-
Total revenue	<u>37,324</u>	<u>24,509</u>	<u>1,676</u>	<u>(7,520)</u>	<u>55,989</u>
Segment profit	<u>18,552</u>	<u>23,503</u>	<u>154</u>	<u>-</u>	<u>42,209</u>
12 months ended 31 July 2016					
Revenue					
External revenue *	44,897	15,553	2,389	-	62,839
Inter-segment revenue	-	10,677	293	(10,970)	-
Total revenue	<u>44,897</u>	<u>26,230</u>	<u>2,682</u>	<u>(10,970)</u>	<u>62,839</u>
Segment profit	<u>16,314</u>	<u>24,220</u>	<u>1,418</u>	<u>-</u>	<u>41,952</u>

* 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 YEAR ENDED 31 JULY 2017

A14 Fair value of financial instruments

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)

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

Financial instruments measured at fair value

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

	Carrying amount RM'000	Fair value hierarchy		
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
31-Jul-17				
<u>Financial assets</u>				
Securities held-for-trading				
- Quoted securities	4,842	4,842	-	-
Securities AFS				
- Quoted securities	501,106	501,106	-	-
	<u>505,948</u>	<u>505,948</u>	<u>-</u>	<u>-</u>
31-Jul-16				
<u>Financial assets</u>				
Securities AFS				
- Quoted securities	434,708	434,708	-	-
	<u>434,708</u>	<u>434,708</u>	<u>-</u>	<u>-</u>

Financial instruments not measured at fair value

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

	As at 31-Jul-17		As at 31-Jul-16	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Loans, advances and financing	<u>302,492</u>	<u>303,260</u>	<u>354,194</u>	<u>356,027</u>

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

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

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

The Group closed the financial year ended 31 July 2017 ("FY2017") with a total operating revenue of RM56.0 million, which is 11% lower than the revenue of RM62.8 million recorded for the previous financial year ended 31 July 2016 ("FY2016"), primarily attributed to the moneylending and property investment segments. Compared to FY2016, interest income, commission income and rental income of the Group were lower in FY2017. These were however, mitigated by higher returns from investment holding activities. For the fourth quarter of FY2017, the Group registered a total operating revenue of RM14.2 million, marginally below the revenue of RM14.8 million posted in the previous corresponding quarter mainly due to reduction in interest income from moneylending activities, partly offset by increased returns from investment holding activities.

Notwithstanding the lower operating revenue, the Group posted a marginally higher pretax profit of RM42.2 million for FY2017, compared to the pretax profit of RM42.0 million recorded for the previous financial year. The increase in earnings mainly arise from the current quarter. Pretax profit of the Group for the fourth quarter of FY2017 was RM11.7 million, up by 35% from the pretax profit of RM8.6 million for the previous corresponding quarter. The combined positive effects arising from the reduction in loan loss provisioning and lower operating expenses, net of write back of expenses no longer payable in the current quarter and financial year under review surpassed the unfavourable effects from the lower operating revenue.

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

(a) Moneylending

The earnings of the moneylending segment has improved for the current quarter and financial year under review compared to the previous corresponding quarter and FY2016 respectively. Pretax profit of the segment for quarter 4, FY2017 was RM6.2 million (vs. Quarter 3, FY2017: RM2.9 million) whilst pretax profit for FY2017 was RM18.6 million (vs. FY2016: RM16.3 million) respectively. The increased profitability of the segment was largely attributable to the reduction in loan loss provisioning and lower operating expenses net of write back of expenses no longer payable, partly negated by the decline in net interest income for the current quarter and financial year. The earnings of the segment for the current financial year was also impacted by decrease in fee-based income.

(b) Investment holding

Consistent with the previous quarters of FY2017, the investment holding segment turned in a pretax profit of RM5.5 million, which was closely below the pretax profit of RM5.6 million recorded for the previous corresponding quarter. Year-to-date, the cumulative pretax profit of the segment was RM23.5 million for FY2017, which represents a 3% year-on-year decrease from the pretax profit of RM24.2 million for FY2016. The marginally lower earnings of the segment for the current quarter and financial year was mainly due to lower interest income from advances to subsidiaries, partially offset by higher returns on investments. In addition, marked-to-market gain on securities, net gain on disposal of securities and reduction in personnel costs have also partly countered the effects of lower interest income on the results of the segment for the current financial year under review.

(c) Property investment

The property investment segment, which suffered from continuing decline in quarterly earnings, breakeven in the current quarter with a pretax profit of RM0.01 million, compared to the pretax profit of RM0.2 million for the previous corresponding quarter. The segment posted a pretax profit of RM0.2 million for the full year of FY2017 in contrast to the pretax profit of RM1.4 million recorded for the previous financial year. The weaker results of the segment for the current quarter and financial year were as a consequence of the reduction in lower rental income from property letting and increase in direct operating expenses on properties.

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

The Group rebound from the downward trends in the previous quarters by registering a pretax profit of RM11.7 million, which is 41% higher than the pretax profit RM8.3 million posted in the preceding quarter. Reduction in loan loss provisioning and lower operating expenses have collectively lifted the earnings of the Group for the current quarter.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

B3 Commentary

(a) Current Year's Prospects

The restriction on salary deduction of government servants has been uplifted in the current quarter. Notwithstanding, the risk inherent in the moneylending business is expected to increase as observed from high household debts in the country. The Group will continue to be cautious on consumer financing and focus more on its term loan business.

The investment holding segment will continue to expand its investment portfolio progressively. No significant change in the operations of the property investment segment is expected.

The Group will continue to evaluate potential viable business opportunities to complement its existing businesses. The Group may review its business and operations upon completion of the proposed corporate proposal as set out in explanatory note B7, to remain competitive and in the best interest of the Group.

(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 July 2017 are as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jul-17	3 months ended 31-Jul-16	12 months ended 31-Jul-17	12 months ended 31-Jul-16
	RM'000	RM'000	RM'000	RM'000
In respect of the current financial year:				
Malaysian income tax	(1,370)	(1,530)	(5,187)	(7,542)
Deferred tax	(423)	305	(1,132)	746
	(1,793)	(1,225)	(6,319)	(6,796)
In respect of prior financial years:				
Malaysian income tax	-	1	(96)	(62)
Deferred tax	1	(69)	-	(71)
	1	(68)	(96)	(133)
	(1,792)	(1,293)	(6,415)	(6,929)

The effective tax rate of the Group for the current quarter and financial year ended 31 July 2017 is lower than the statutory tax rate mainly due to certain income which are not subject to tax, partially offset by expenses not deductible for tax purpose.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

B7 Status of Corporate Proposals

There are no corporate proposals announced but not completed as at date of this announcement except for the proposed selective capital reduction and repayment ("SCR") announced by the Company on 24 August 2017. The circular to shareholders in relation to the proposed SCR, which sets out the details of the proposed SCR together with amongst others, notice of EGM dated 24 August 2017, have been despatched to the entitled shareholders on even date, as disclosed in explanatory note A9.

The proposed SCR has no material effects on the net assets, gearing ratio and earnings per share of the Group for the financial year ended 31 July 2017. However, the net assets per share and earnings of per share of the Group for the financial year ending 31 July 2018 ("FY2018") are expected to increase, assuming no significant change in the financial position and performance of the Group in FY2018, as a consequence of the cancellation of 88,667,000 ordinary shares of the Company upon completion of the proposed SCR.

B8 Status of utilisation of proceeds raised from corporate proposals

The status of utilisation of proceeds raised from a corporate proposal as at 31 July 2017 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 ("timeframe") 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 has since been further extended to 30 June 2018 as the Company is still in the process of exploring new business opportunities.

Proceeds not utilised as at 31 July 2017 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 July 2017 and 31 July 2016.

B10 Disclosure of Realised and Unrealised Profits or Losses

	As at 31-Jul-17 RM'000	As at 31-Jul-16 RM'000
Total retained profits of the Company and its subsidiaries:		
- realised	582,876	553,601
- unrealised	2,886	4,022
	<u>585,762</u>	<u>557,623</u>
Consolidation adjustments	(4,030)	(4,030)
Total Group retained profits	<u>581,732</u>	<u>553,593</u>

The disclosure of realised and unrealised profits or losses is made in accordance with the directive issued by 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.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

B11 Disclosure of Derivatives

The Group did not hold any derivative financial instruments as at 31 July 2017 and 31 July 2016.

B12 Changes in Material Litigation

The Group did not have any material litigation as at 31 July 2017 which would materially affect the financial position or business of the Group.

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months ended</u> <u>31-Jul-17</u>	<u>3 months ended</u> <u>31-Jul-16</u>	<u>12 months ended</u> <u>31-Jul-17</u>	<u>12 months ended</u> <u>31-Jul-16</u>
Profit for the financial year attributable to equity holders of the Company (RM'000)	<u>9,905</u>	<u>7,349</u>	<u>35,794</u>	<u>35,023</u>
Weighted average number of ordinary shares in issue ('000)	<u>255,159</u>	<u>255,159</u>	<u>255,159</u>	<u>255,159</u>
Basic earnings per share (sen)	<u><u>3.88</u></u>	<u><u>2.88</u></u>	<u><u>14.03</u></u>	<u><u>13.73</u></u>

There were no dilutive potential ordinary shares in issue as at 31 July 2017 and 31 July 2016.

By Order of the Board

Ooi Hui Ling
 Company Secretary

Penang
 11 September 2017