

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED BALANCE SHEET AS AT 31 JANUARY 2007

	Note	As at 31-Jan-07 RM'000	As at 31-Jul-06 RM'000
Group			
Assets			
Cash and short-term funds		327,531	417,430
Securities held-for-trading	A8	31,542	12,857
Securities available-for-sale	A9	101,878	90,477
Loans, advances and financing	A10	76,963	63,247
Other assets	A11	996,291	456,542
Tax recoverable		4,821	13,257
Interests in jointly controlled entities		351	646
Property, plant and equipment		69,613	67,012
Investment properties		21,537	21,734
Goodwill/Intangible assets		162,618	110,119
Total assets		1,793,145	1,253,321
Liabilities			
Borrowings	A12	239,608	150,000
Other liabilities	A13	851,197	427,068
Taxation		562	62
Deferred tax liabilities		2,060	735
Total liabilities		1,093,427	577,865
Equity			
Share capital		264,765	264,165
Reserves		442,327	418,351
Treasury shares, at cost		(16,024)	(15,025)
Equity attributable to equity holders of the parent		691,068	667,491
Minority interests		8,650	7,965
Total equity		699,718	675,456
Total liabilities and equity		1,793,145	1,253,321
Net assets per share (RM)		2.72	2.63

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the year ended 31 July 2006.

Certain comparative figures have been reclassified to conform with the presentation for the current financial period in accordance with the Revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8).

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE SECOND QUARTER ENDED 31 JANUARY 2007

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		3 months ended 31-Jan-07 RM'000	3 months ended 31-Jan-06 RM'000	6 months ended 31-Jan-07 RM'000	6 months ended 31-Jan-06 RM'000
Group					
Operating revenue		89,317	29,166	133,140	62,062
Interest income	A14	5,873	6,083	12,624	13,532
Interest expense	A15	(2,108)	(119)	(3,893)	(1,024)
Net interest income		3,765	5,964	8,731	12,508
Other operating income	A16	86,187	25,508	126,582	51,712
Net income		89,952	31,472	135,313	64,220
Other operating expenses	A17	(57,466)	(26,986)	(94,559)	(54,207)
		32,486	4,486	40,754	10,013
Allowance for losses on loans, advances and financing (Allowance)/Write back of allowance for bad and doubtful debts on clients' balances and trade receivables	A18	(2,969)	-	(2,969)	-
	A19	(8)	1,512	2,319	3,119
		29,509	5,998	40,104	13,132
Share of results of jointly controlled entities, net of tax		(153)	-	(295)	-
Profit before taxation		29,356	5,998	39,809	13,132
Taxation	B6	(8,339)	(2,721)	(11,273)	(5,975)
Profit for the financial period		21,017	3,277	28,536	7,157
Attributable to:					
Equity holders of the parent		19,438	2,921	26,497	6,249
Minority interests		1,579	356	2,039	908
		21,017	3,277	28,536	7,157
Earnings per share attributable to equity holders of the parent (sen)					
	B14				
- Basic		7.66	1.13	10.44	2.41
- Fully diluted		7.64	1.13	10.42	2.41

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the year ended 31 July 2006.

Certain comparative figures have been reclassified to conform with the presentation for the current financial period in accordance with the Revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8).

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 31 JANUARY 2007

Attributable to Equity Holders of the Parent

	Issued and fully paid ordinary shares of RM1 each		Treasury shares RM'000	Share premium RM'000	Available- for-sale reserve RM'000	Retained profits RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
	Number of shares '000	Nominal value RM'000							
Group									
As at 1 August 2006									
As previously reported	254,138	264,165	(15,025)	32,014	-	386,250	667,404	7,965	675,369
Effects arising from adoption of FRSs	-	-	-	-	-	(402)	(402)	-	(402)
Effects arising from adoption of BNM/GP8	-	-	-	-	(1,811)	2,300	489	-	489
As restated	254,138	264,165	(15,025)	32,014	(1,811)	388,148	667,491	7,965	675,456
Net change in fair value of securities available-for-sale, net of tax	-	-	-	-	6,378	-	6,378	-	6,378
Net gain transferred to income statement on disposal of securities available-for-sale	-	-	-	-	(14)	-	(14)	-	(14)
Net gain recognised directly in equity	-	-	-	-	6,364	-	6,364	-	6,364
Profit for the financial period	-	-	-	-	-	26,497	26,497	2,039	28,536
Total recognised income for the financial period	-	-	-	-	6,364	26,497	32,861	2,039	34,900
Shares repurchased held as treasury shares	(635)	-	(999)	-	-	-	(999)	-	(999)
Options exercised	600	600	-	255	-	-	855	-	855
Final dividend for the year ended 31 July 2006	-	-	-	-	-	(9,140)	(9,140)	-	(9,140)
Dividend paid by a subsidiary company to minority interests	-	-	-	-	-	-	-	(1,354)	(1,354)
As at 31 January 2007	254,103	264,765	(16,024)	32,269	4,553	405,505	691,068	8,650	699,718

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the year ended 31 July 2006.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 31 JANUARY 2007

Attributable to Equity Holders of the Parent

	Issued and fully paid ordinary shares of RM1 each		Treasury shares RM'000	Share premium RM'000	Available- for-sale reserve RM'000	Retained profits RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
	Number of shares '000	Nominal value RM'000							
Group									
As at 1 August 2005									
As previously reported	259,618	264,034	(6,837)	31,959	-	361,425	650,581	6,785	657,366
Effects arising from adoption of FRSs	-	-	-	-	-	(24)	(24)	-	(24)
Effects arising from adoption of BNM/GP8	-	-	-	-	(2,781)	1,348	(1,433)	-	(1,433)
As restated	259,618	264,034	(6,837)	31,959	(2,781)	362,749	649,124	6,785	655,909
Net change in fair value of securities available-for-sale, net of tax	-	-	-	-	(805)	-	(805)	-	(805)
Net loss recognised directly in equity	-	-	-	-	(805)	-	(805)	-	(805)
Profit for the financial period	-	-	-	-	-	6,249	6,249	908	7,157
Total recognised income/(expense) for the financial period	-	-	-	-	(805)	6,249	5,444	908	6,352
Shares repurchased held as treasury shares	(491)	-	(627)	-	-	-	(627)	-	(627)
Acquisition of additional equity interest in a subsidiary company	-	-	-	-	-	-	-	(582)	(582)
Final dividend for the year ended 31 July 2005	-	-	-	-	-	(9,333)	(9,333)	-	(9,333)
As at 31 January 2006	259,127	264,034	(7,464)	31,959	(3,586)	359,665	644,608	7,111	651,719

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the year ended 31 July 2006.

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

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SECOND QUARTER ENDED 31 JANUARY 2007

Group	6 months ended 31-Jan-07 RM'000	6 months ended 31-Jan-06 RM'000
Profit for the financial period	28,536	7,157
Adjustments for:		
Non-cash items	15,313	16,384
Non-operating items - investing	(1,653)	(2,169)
Non-operating items - financing	3,893	1,023
	<u>46,089</u>	<u>22,395</u>
Changes in working capital:		
Net changes in operating assets	(585,132)	(179,384)
Net changes in operating liabilities	348,156	238,420
	<u>(190,887)</u>	<u>81,431</u>
Tax paid	(1,873)	(2,678)
Net operating cash flow	<u>(192,760)</u>	<u>78,753</u>
Investing activities		
Dividend received	827	705
Contribution to the Government of Malaysia for a merchant bank licence	(42,500)	(10,000)
Subscription of ordinary shares in a jointly controlled entity	-	(200)
Acquisition of 19% equity interest in Hwang-DBS Resources Sdn. Bhd.	-	(579)
Proceeds from disposal of other investments	18	-
Proceeds from disposal of a freehold land Property, plant and equipment	-	2,463
	<u>(5,399)</u>	<u>(1,040)</u>
Net investing cash flow	<u>(47,054)</u>	<u>(8,651)</u>
Financing activities		
Interest paid	(3,920)	(1,230)
Dividend paid	(9,140)	(9,333)
Dividend paid by a subsidiary company to minority interests	(1,354)	-
Net drawdown/(repayment) of bank borrowings	89,300	(125,000)
Issue of shares	855	-
Shares repurchased	(999)	(627)
	<u>74,742</u>	<u>(136,190)</u>
Net financing cash flow	<u>74,742</u>	<u>(136,190)</u>
Net change in cash and cash equivalents	(165,072)	(66,088)
Cash and cash equivalents at beginning of period	265,601	120,049
Cash and cash equivalents at end of period	<u>100,529</u>	<u>53,961</u>
Cash and cash equivalents at end of financial period comprise:		
Cash and short term funds	100,837	54,412
Bank overdrafts (book balances)	(308)	(451)
	<u>100,529</u>	<u>53,961</u>

The condensed financial statements should be read in conjunction with the most recent audited financial statements for the year ended 31 July 2006.

Certain comparative figures have been reclassified to conform with the presentation for the current financial period in accordance with the Revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8).

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

Notes to interim financial report for the second quarter and financial period ended 31 January 2007

A. Explanatory Notes in accordance with Financial Reporting Standards ("FRS") 134

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standards ("FRS") 134 on "Interim Financial Reporting", Bank Negara Malaysia's (BNM's) Revised Guidelines on Financial Reporting for Licensed Institutions ("BNM/GP8) and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The interim financial report should be read in conjunction with the most recent audited financial statements for the financial year ended 31 July 2006.

The specific and general allowances for loans, advances and financing of the Group are computed based on BNM's Guidelines on Classification of Non-performing Loans, Advances and Financing and Provision for Substandard, Bad and Doubtful Debts (BNM/GP3).

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 2006 except for the adoption of the following new and revised Financial Reporting Standards ("FRSs") that are effective for the Group's financial year ending 31 July 2007 and the guidelines set out in BNM/GP8:

<u>FRS</u>	<u>Description</u>
FRS 2	Share-based Payments
FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events After the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of FRS 110, 116, 121, 128, 132 and 133 does not have significant financial impact on the financial statements of the Group.

The principal effects of changes in accounting policies and estimates are as follows:

(a) FRS 2, Share-based Payments

FRS 2 requires an entity to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity.

The Company's Executive Share Option Scheme ("ESOS") for eligible executives of the Group is an equity-settled share-based compensation plan. In the prior financial periods, no compensation expense was recognised for share options granted by the Company. With the adoption of FRS 2, services rendered by employees as consideration for share options of the Company is recognised in the income statement, by reference to the fair value of the share options at dates of grant, with a corresponding increase in equity.

FRS 2 applies to shares, share options or other equity instruments which were not vested on 1 August 2006. As the Company has not granted any share options to its employees during the current quarter and financial period ended 31 January 2007 and there were no share options granted previously which remain unvested before 1 August 2006, the adoption of this FRS has not resulted in any compensation expense being recognised.

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

Notes to interim financial report for the second quarter and financial period ended 31 January 2007

A1. Basis of Preparation (cont'd)

(b) FRS 3, Business Combinations and FRS 136, Impairment of Assets

FRS 3 prohibits amortisation of goodwill acquired in a business combination and instead requires the goodwill to be tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset might be impaired in accordance with FRS 136. Any impairment loss is recognised in the income statement and subsequent reversal is not allowed. Previously, the Group amortised goodwill using the straight line method over its estimated useful lives. Goodwill was tested for impairment only when there was any indication of impairment arising from review of its carrying amount at each balance sheet date.

In addition, under FRS 3, negative goodwill, which represents the excess in fair value of net identifiable assets acquired over cost of acquisition is to be recognised immediately in the income statement. Previously, negative goodwill was recorded as reserve on consolidation in non-current assets.

The changes in accounting policies have been applied prospectively. The accumulated amortisation of goodwill as at 1 August 2006 of RM66,639,000 has been eliminated against goodwill and the resultant net carrying amount of goodwill of the Group of RM110,101,000 as at 1 August 2006 ceased to be amortised. This has the effect of increasing the profit before taxation by RM2,029,000 and RM4,891,000 for the current quarter and financial period ended 31 January 2007 respectively. Negative goodwill of approximately RM18,000 has been derecognised with a corresponding increase in retained profits as at 1 August 2006.

(c) FRS 101, Presentation of Financial Statements and FRS 127, Consolidated and Separate Financial Statements

The adoption of FRS 101 and FRS 127 has affected the presentation of minority interests, share of results of joint ventures and other disclosures in the financial statements. In the consolidated balance sheet, minority interests are now presented within equity and movements in minority interests are disclosed in the consolidated statement of changes in equity. In the consolidated income statement, share of results of jointly controlled entities is now presented net of tax and minority interests are presented as an allocation of the profit/(loss) for the financial period respectively. Total recognised income and expenses for the financial period is disclosed in the consolidated statement of changes in equity, showing separately the amounts attributable to minority interests and equity holders of the parent.

The presentation of financial statements in this interim financial report is based on the requirements of FRS 101, FRS 127 and BNM/GP8. Comparative figures have been restated to conform with the presentation for the current financial period (refer to explanatory note A1(j)).

(d) FRS 131, Interests in Joint Ventures

FRS 131, which makes reference to FRS 128, Investments in Associates for application of equity accounting, requires that losses recognised under the equity method in excess of the investor's investment in ordinary shares be applied to the other components of the investor's long-term interests that, in substance, form part of the investor's net investment in the joint ventures. The Group's interest in preference shares of the jointly controlled entities is now taken into consideration in determining the carrying amount of the Group's interests in jointly controlled entities. Previously, equity accounting of the Group's interests in jointly controlled entities only considered the Group's investment in ordinary shares of jointly controlled entities. Equity accounting was discontinued when the carrying amount of investment in the ordinary shares of jointly controlled entities reaches zero, unless the Group has incurred obligations or made payments on behalf of the jointly controlled entities.

The change in accounting policies has been accounted for retrospectively. Additional losses of a jointly controlled entity recognised by the Group as at 1 August 2006 amounted to RM392,000 with a corresponding decrease in retained profits. For the current quarter and financial period ended 31 January 2007, the additional losses recognised by Group amounted to RM156,000 and RM210,000 respectively.

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

Notes to interim financial report for the second quarter and financial period ended 31 January 2007

A1. Basis of Preparation (cont'd)

(e) FRS 138, Intangible Assets

FRS 138 defines intangible assets as identifiable non-monetary assets without physical substance. Intangible assets with infinite useful life are not amortised but will be subject to annual impairment test, irrespective of whether there is any indication of impairment. Intangible assets with finite useful life shall be carried at cost less accumulated amortisation and subject to impairment test when there is an indication of impairment.

The new accounting policy is adopted by the Group prospectively. With the adoption of FRS 138, the Group has classified the contribution made to the Government of Malaysia for a merchant bank licence amounting to RM52,500,000 as intangible assets with infinite useful life in the consolidated balance sheet as at 31 January 2007.

(f) FRS 140, Investment Property

FRS 140 defines an investment property as a property held to earn rentals or for capital appreciation or both. Properties, which are occupied by the Group do not qualify as an investment property in the consolidated balance sheet.

With the adoption of FRS 140, the Group has reclassified certain property, plant and equipment at a total carrying amount of RM6,285,000 as at 1 August 2006 to Investment Property. The Group adopted cost model as the basis of measurement of investment property which requires the assets to be stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated. Previously, all investment properties were not depreciated. The change in accounting policy, which is accounted for retrospectively, has resulted in a decrease of RM28,000 and RM24,000 in retained profits of the Group as at 1 August 2006 and 1 August 2005 respectively to adjust for accumulated depreciation on investment property in prior financial years. For the current quarter and financial period ended 31 January 2007, the resulting impact is an increase in depreciation charge of the Group by approximately RM75,000 and RM150,000 respectively.

(g) BNM/GP8

(1) Presentation of Financial Statements

The consolidated income statement and balance sheet in respect of the current quarter and financial period ended 31 January 2007 are now prepared in accordance with BNM/GP8 format requirements.

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

Notes to interim financial report for the second quarter and financial period ended 31 January 2007

A1. Basis of Preparation (cont'd)

(g) BNM/GP8 (cont'd)

(2) Securities Portfolio

Previously, securities were classified as either "Non-current investments", "Short term investments" or a component of "Funds under management". Non-current investments are stated at cost, adjusted for amortisation of premium or accretion of discount and allowance for diminution in value will be made for non-temporary decline in value. Short term investments are stated at the lower of cost, adjusted for accrued interest, where applicable and market value, determined on a total portfolio basis. Funds under management held in the form of securities are stated at the lower of cost and market value, on a total portfolio basis. Any gain/loss arising from revaluation or sale of securities is recognised in the income statement.

Based on the BNM/GP8 guidelines, equity instruments and debt securities held are classified based on the following categories:

(i) Securities held-for-trading

Securities are classified as held-for-trading if it is acquired principally for the purpose of selling or repurchasing it in the near term or it is part of a portfolio of identified securities that are managed together and for which there is evidence of recent actual pattern of short-term profit-taking. Such securities will be stated at fair value and any gain or loss arising from a change in fair value will be recognised in the income statement.

Interest calculated using the effective interest method is recognised in the income statement. Dividends on equity instruments are recognised in the income statement when the right to receive payment is established.

(ii) Securities available-for-sale

Securities available-for-sale are securities that are not classified as held-for-trading or held-to-maturity and are measured at fair value. Equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured will be stated at cost. Any gain or loss arising from a change in fair value is recognised directly in equity through the statement of changes in equity, except for impairment loss and foreign exchange gain/loss which are recognised in income statement, until the securities are derecognised, at which time the cumulative gain or loss previously recognised in equity will be transferred to the income statement.

Interest calculated using the effective interest method is recognised in the income statement. Dividends on equity instruments are recognised in the income statement when the right to receive payment is established.

(iii) Securities held-to-maturity

Securities held-to-maturity are securities with fixed or determinable payments and fixed maturity that the group has the positive intent and ability to hold to maturity. These securities are measured at amortised cost using the effective interest method. Any gain or loss is recognised in the income statement when the securities are derecognised or impaired and through amortisation process.

The changes in accounting policies have been applied retrospectively. The analysis of the impacts on the financial results and positions of the Group are summarised in explanatory note A1(i).

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

Notes to interim financial report for the second quarter and financial period ended 31 January 2007

A1. Basis of Preparation (cont'd)

(g) BNM/GP8 (cont'd)

(3) Derivatives

Derivatives are measured at fair value and any gain or loss arising from a change in the fair value of derivatives is recognised in the income statement unless it is part of a hedging relationship. Previously, derivatives were not recognised in the financial statements of the Group.

The new accounting policy, which is applied by the Group prospectively with effect from 1 January 2007 has no significant impact on the financial statements of the Group for the current quarter and financial period ended 31 January 2007.

(h) BNM/GP3

The Group has adopted BNM/GP3 guidelines in respect of classification of non-performing accounts, loan loss provisioning and interest income recognition with effect from the date of completion of transformation of Hwang-DBS Investment Bank Berhad into an investment bank on 25 January 2007.

The allowances for bad and doubtful loans, advances and financing of the Group are now computed based on BNM/GP3 requirements. Previously, allowance for bad and doubtful loans, advances and financing of the Group's moneylending subsidiary company is made based on management's assessment of recoverability of loans.

When loans, advances and financing granted by the Group become non-performing, interest accrued and recognised as income prior to the date the loans are classified as non-performing are reversed out of interest income in the income statement and taken to interest-in-suspense for set off against the accrued interest receivable in the balance sheet. Subsequent to suspension, interest earned on the non-performing loans, advances and financing ("NPLs") shall be recognised as income on cash basis.

The financial impact arising from the adoption of BNM/GP3 is an additional specific and general allowances for loan losses of RM2,969,000, resulting in a corresponding reduction in loans, advances and financing as well as a reduction in profit for the current quarter and financial period ended 31 January 2007.

(i) Effects of Changes in Accounting Policies

The effects of changes in accounting policies as mentioned above on the opening reserves and financial results are as follows:

	Retained profits		Available-for-sale reserve	
	31-Jul-06 RM'000	31-Jul-05 RM'000	31-Jul-06 RM'000	31-Jul-05 RM'000
As at 1 August:				
As previously stated	386,250	361,425	-	-
Effects of adopting fair value accounting on:				
- securities available-for-sale	-	-	489	(1,433)
Effects of transfer of previously recognised net loss on securities available-for-sale to equity	2,300	1,348	(2,300)	(1,348)
Effects of adoption of FRSs	(402)	(24)	-	-
	1,898	1,324	(1,811)	(2,781)
As restated	<u>388,148</u>	<u>362,749</u>	<u>(1,811)</u>	<u>(2,781)</u>

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

Notes to interim financial report for the second quarter and financial period ended 31 January 2007

A1. Basis of Preparation (cont'd)

(i) Effects of Changes in Accounting Policies (cont'd)

	6 months ended 31-Jan-06 RM'000
Profit for the financial period before changes in accounting policies	6,622
Effects of transfer of previously recognised net loss on securities available-for-sale to equity	537
Effects of adoption of FRSs	(2)
	535
Profit for the financial period after changes in accounting policies	7,157

(j) Comparative figures

The following comparative amounts as at 31 July 2006 have been restated following the adoption of the applicable FRSs and the guidelines set out in BNM/GP8 as detailed above:

Group	As previously reported RM'000	Effects of changes in accounting policies		Reclassi- -fication BNM/GP8 RM'000	As restated RM'000
		FRSs RM'000	BNM/GP8 RM'000		
Consolidated balance sheet as at 31 July 2006					
Cash and short term funds	-	-	-	417,430	417,430
Securities held-for-trading	-	-	-	12,857	12,857
Securities available-for-sale	-	-	(244)	90,721	90,477
Loans, advances and financing	-	-	-	63,247	63,247
Other assets	-	-	-	456,542	456,542
Tax recoverable	-	-	-	13,257	13,257
Interests in jointly controlled entities	1,038	(392)	-	-	646
Property, plant & equipment	73,297	(6,285)	-	-	67,012
Investment properties	15,477	6,257	-	-	21,734
Goodwill	110,101	18	-	-	110,119
Non-current investments and Clearing Fund	56,198	-	-	(56,198)	-
Funds under management	20,802	-	-	(20,802)	-
Short term investments	34,158	-	-	(34,158)	-
Clients' and brokers' balances (Current assets)	426,641	-	-	(426,641)	-
Trade and other receivables	101,600	-	-	(101,600)	-
Deposits, cash and bank balances	414,284	-	-	(414,284)	-
Clients' and brokers' balances (Current liabilities)	(257,695)	-	-	257,695	-
Trade and other payables	(169,373)	-	-	169,373	-
Other liabilities	-	-	-	(427,068)	(427,068)
Deferred tax liabilities	(1,097)	-	733	(371)	(735)
Reserves	(418,264)	402	(489)	-	(418,351)
	407,167	-	-	-	407,167

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

Notes to interim financial report for the second quarter and financial period ended 31 January 2007

A1. Basis of Preparation (cont'd)

(j) Comparative figures (cont'd)

<u>Group</u>	As previously reported RM'000	Effects of changes in accounting policies		Reclassi- -fication BNM/GP8 RM'000	As restated RM'000
		FRSs RM'000	BNM/GP8 RM'000		
Consolidated income statement for the second quarter ended 31 January 2006					
Operating revenue	(50,591)	-	-	(11,471)	(62,062)
Interest income	-	-	-	(13,532)	(13,532)
Interest expense	-	-	-	1,024	1,024
Other operating income	(12,658)	-	-	(39,054)	(51,712)
Other operating expenses	49,558	2	(621)	5,268	54,207
Finance costs	1,178	-	-	(1,178)	-
Write back of allowance for doubtful debts on clients' and brokers' balances and trade receivables	-	-	-	(3,119)	(3,119)
Profit before taxation	(12,513)	2	(621)	-	(13,132)
Taxation	5,891	-	84	-	5,975
Profit for the financial period	<u>(6,622)</u>	<u>2</u>	<u>(537)</u>	<u>-</u>	<u>(7,157)</u>

A2. Auditors' Report

The auditors' report of the most recent annual financial statements of the Group for the financial year ended 31 July 2006 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 except for the stockbroking operation which is dependent on the stock market performance.

A4. Exceptional Items

There are no exceptional items for the current quarter and financial period ended 31 January 2007.

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 January 2007 as compared with the prior financial year except for the adoption of BNM/GP3 guidelines on loan loss provisioning as stated in explanatory note A1(h) above.

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

Notes to interim financial report for the second quarter and financial period ended 31 January 2007

A6. Debts and Equity Securities

There are no issuance, cancellations, repurchase, resale and repayments of debt and equity securities for the financial period ended 31 January 2007 except for the following:

- (a) The Company has issued 600,000 ordinary shares of RM1 each for cash at the respective option prices pursuant to the Company's Executive Share Option Scheme ("ESOS"). The cash proceeds arising from the exercise of options during the financial period ended 31 January 2007 amounted to RM854,840. Details of the options exercised are as follows:

Option Price RM	Number of Options Exercised
1.90	38,000
1.54	180,000
1.32	376,000
1.52	6,000
	<u>600,000</u>

- (b) The Company has purchased back 635,100 ordinary shares of RM1 each for cash from the open market at an average price of RM1.57 per share. The share buy-back transactions were financed by internally generated funds. The shares purchased are being held as treasury shares. Details of the share buy-back are as follows:

Month	Number of Shares Purchased	Highest Price RM	Lower Price RM	Average Price RM	Total Amount RM
August 2006	485,500	1.55	1.53	1.55	751,954
September 2006	6,000	1.48	1.48	1.49	8,946
October 2006	110,500	1.59	1.47	1.50	166,184
December 2006	5,000	2.20	2.20	2.22	11,081
January 2007	28,100	2.15	2.15	2.17	60,863
	<u>635,100</u>				<u>999,028</u>

The average price includes brokerage, stamp duties and clearing fees paid.

A7. Dividends

A final dividend of 5.0 sen per ordinary share, less 28% income tax, amounting to RM9,140,184 in respect of the previous financial year ended 31 July 2006 was paid on 27 December 2006.

The Board of Directors has declared an interim dividend of 5.0 sen per ordinary share, less 27% income tax, amounting to RM9,274,756 based on the issued and paid-up share capital of the Company as at 31 January 2007, in respect of the current financial year ending 31 July 2007. (Previous financial year ended 31 July 2006: interim dividend of 2.5 sen per ordinary share, less 28% income tax).

NOTICE IS HEREBY GIVEN THAT an interim dividend of 5.0 sen per ordinary share, less 27% income tax (2006: 2.5 sen per ordinary share, less 28% income tax) will be payable to shareholders of the Company registered in the Record of Depositors at the close of business on 25 April 2007. The said dividend will be paid on 18 May 2007.

A depositor shall qualify for entitlement only in respect of:

- (a) shares transferred into the depositor's securities account before 4.00 pm on 25 April 2007 in respect of ordinary transfers; and
- (b) shares bought on the Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

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

Notes to interim financial report for the second quarter and financial period ended 31 January 2007

A8. Securities Held-For-Trading

	As at 31-Jan-07 RM'000	As at 31-Jul-06 RM'000
Group		
At fair value		
Quoted securities:		
In Malaysia		
Shares and warrants	12,244	9,950
Loan stocks	2,281	2,368
Unit trusts	17,017	539
Total securities held-for-trading	31,542	12,857

A9. Securities Available-For-Sale

	As at 31-Jan-07 RM'000	As at 31-Jul-06 RM'000
Group		
At fair value		
Quoted securities:		
In Malaysia		
Shares and warrants *	25,944	20,276
Unit trusts	26,425	21,301
	52,369	41,577
Unquoted securities:		
In Malaysia		
Bonds	49,603	48,911
	101,972	90,488
At cost		
Unquoted securities:		
In Malaysia		
Shares	4,490	4,490
	106,462	94,978
Amortisation of premium	(584)	(501)
Accumulated impairment losses	(4,000)	(4,000)
Total securities available-for-sale	101,878	90,477

* Included in the Shares and warrants are securities held under Funds under management placed by the Company with a subsidiary company, Hwang-DBS Investment Management Berhad, which is given the discretionary powers within certain guidelines to invest the funds amounting to RM24.9 million as at 31 January 2007 (As at 31 July 2006: RM19.5 million).

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

Notes to interim financial report for the second quarter and financial period ended 31 January 2007

A10. Loans, Advances and Financing

	As at 31-Jan-07 RM'000	As at 31-Jul-06 RM'000
<u>Group</u>		
(i) By Type		
Term loans		
- moneylending business	83,561	66,876
Gross loans, advances and financing	83,561	66,876
Allowances for losses on loans, advances and financing:		
- specific	(5,426)	(3,629)
- general	(1,172)	-
Net loans, advances and financing	76,963	63,247
(ii) By Type of Customer		
Domestic business enterprise		
- others	53,255	36,559
Individuals	30,306	30,317
Gross loans, advances and financing	83,561	66,876
(iii) By Interest Rate Sensitivity		
Fixed rate		
- other fixed rate loans/financing	83,561	66,876
Gross loans, advances and financing	83,561	66,876
(iv) By Purpose		
Purchase of securities	43,066	41,985
Working capital	24,430	7,392
Personal use	16,065	17,499
Gross loans, advances and financing	83,561	66,876

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

Notes to interim financial report for the second quarter and financial period ended 31 January 2007

A10. Loans, Advances and Financing (cont'd)

	As at 31-Jan-07 RM'000	As at 31-Jul-06 RM'000
<u>Group</u>		
(v) Non-performing Loans, Advances and Financing ("NPLs") by Purpose		
Purchase of securities	13,931	13,932
Working capital	959	1,461
Personal use	12,713	-
Gross NPLs	<u>27,603</u>	<u>15,393</u>
(vi) Movements in NPLs		
At beginning of the financial period	15,393	20,205
Non-performing during the financial period	31,972	345
Reclassified as performing during the financial period	(18,786)	(31)
Amount recovered	(976)	(5,126)
At end of the financial period	<u>27,603</u>	<u>15,393</u>
Less: Specific allowance	<u>(5,426)</u>	<u>(3,629)</u>
Net NPLs	<u>22,177</u>	<u>11,764</u>
Net NPL as a % of gross loans, advances and financing less specific allowance	<u>28.4%</u>	<u>18.6%</u>
(vii) Movements in Allowance for Losses on Loans, Advances and Financing		
<u>General Allowance</u>		
At beginning of the financial period	-	-
Allowance made during the financial period	1,172	-
At end of the financial period	<u>1,172</u>	<u>-</u>
As a % of gross loans, advances and financing less specific allowance	<u>1.5%</u>	<u>0.0%</u>
<u>Specific Allowance</u>		
At beginning of the financial period	3,629	3,308
Allowance made during the financial period	1,898	911
Amount written back	(101)	(590)
At end of the financial period	<u>5,426</u>	<u>3,629</u>

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

Notes to interim financial report for the second quarter and financial period ended 31 January 2007

A11. Other Assets

<u>Group</u>	As at 31-Jan-07 RM'000	As at 31-Jul-06 RM'000
Clients' and brokers' balances, net of allowance for doubtful debts	972,772	426,641
Trade receivables, net of allowance for doubtful debts	8,474	4,867
Initial deposit for a merchant bank licence	-	10,000
Clearing Fund	1,000	1,000
Clearing Guarantee Fund	1,802	-
Other receivables, deposits and prepayments	9,369	11,151
Other investments	2,813	2,831
Interest receivable	61	52
	<u>996,291</u>	<u>456,542</u>

Movements in Allowance for Doubtful Debts on Clients' Balances and Trade Receivables

General Allowance

At beginning of the financial period	1,587	1,945
Allowance made during the financial period	376	(358)
At end of the financial period	<u>1,963</u>	<u>1,587</u>

Specific Allowance

At beginning of the financial period	35,837	45,043
Allowance made during the financial period	976	1,602
Amount written back	(3,518)	(8,979)
Amount written off	(4,491)	(1,829)
At end of the financial period	<u>28,804</u>	<u>35,837</u>

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

Notes to interim financial report for the second quarter and financial period ended 31 January 2007

A12. Borrowings

- (a) Borrowings of the Group as at 31 January 2007 are unsecured. RM150 million revolving credit line is covered by a standby letter of credit issued by a deemed substantial shareholder of the Company, DBS Bank Ltd. and the balance of short term borrowings amounting to RM89.6 million is covered by corporate guarantee issued by the Company for its subsidiary companies.
- (b) Analysis between short term and long term borrowings are as follows:

	As at 31-Jan-07 RM'000	As at 31-Jul-06 RM'000
<u>Group</u>		
Short term borrowings:		
Revolving credits	239,300	150,000
Bank overdrafts (book balances)	308	-
	<u>239,608</u>	<u>150,000</u>
 Long term borrowings	<u>-</u>	<u>-</u>
 Total borrowings	<u>239,608</u>	<u>150,000</u>

- (c) All borrowings are denominated in Ringgit Malaysia.

A13. Other Liabilities

	As at 31-Jan-07 RM'000	As at 31-Jul-06 RM'000
<u>Group</u>		
Clients' and brokers' balances	605,953	257,695
Trade payables	41,954	15,629
Other payables and accruals	202,661	153,087
Interest payable	629	657
	<u>851,197</u>	<u>427,068</u>

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

Notes to interim financial report for the second quarter and financial period ended 31 January 2007

A14. Interest Income

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months	3 months	6 months	6 months
	ended	ended	ended	ended
	31-Jan-07	31-Jan-06	31-Jan-07	31-Jan-06
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Loans, advances and financing				
- Interest income other than recoveries from NPLs	2,586	2,229	4,221	5,031
- Recoveries from NPLs	49	77	359	77
Money at call and deposit placements with financial institutions	959	446	2,897	1,088
Securities available-for-sale	643	652	1,285	1,302
Margin receivables	3,719	3,821	7,093	8,300
Others	388	126	625	313
	<u>8,344</u>	<u>7,351</u>	<u>16,480</u>	<u>16,111</u>
Amortisation of premium	(42)	(39)	(83)	(78)
Interest suspended	(2,429)	(1,229)	(3,773)	(2,501)
Total interest income net of interest suspended	<u><u>5,873</u></u>	<u><u>6,083</u></u>	<u><u>12,624</u></u>	<u><u>13,532</u></u>

A15. Interest Expense

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months	3 months	6 months	6 months
	ended	ended	ended	ended
	31-Jan-07	31-Jan-06	31-Jan-07	31-Jan-06
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Bank borrowings	(1,850)	(71)	(3,585)	(749)
Others	(258)	(48)	(308)	(275)
Total interest expense	<u><u>(2,108)</u></u>	<u><u>(119)</u></u>	<u><u>(3,893)</u></u>	<u><u>(1,024)</u></u>

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

Notes to interim financial report for the second quarter and financial period ended 31 January 2007

A16. Other Operating Income

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jan-07 RM'000	3 months ended 31-Jan-06 RM'000	6 months ended 31-Jan-07 RM'000	6 months ended 31-Jan-06 RM'000
<u>Group</u>				
(a) Fee and commission income:				
Brokerage	45,042	13,331	64,910	28,716
Unit trust management and incentive fees	10,060	4,285	15,470	9,405
Corporate finance advisory fees	1,808	649	2,366	1,911
Service charges and fees	369	408	668	844
Underwriting commission and placement income	70	186	70	397
Other fees	684	1,213	1,457	2,256
	<u>58,033</u>	<u>20,072</u>	<u>84,941</u>	<u>43,529</u>
(b) Net gain/(loss) arising from sale of securities:				
- held-for-trading	3,748	1,563	5,250	1,714
- available-for-sale	1,827	(974)	1,995	(1,546)
	<u>5,575</u>	<u>589</u>	<u>7,245</u>	<u>168</u>
(c) Net unrealised gain on revaluation of securities:				
- held-for-trading	1,300	2,693	2,741	2,198
(d) Gross dividends from securities:				
- held-for-trading	335	195	1,633	1,427
- available-for-sale	438	233	490	612
	<u>773</u>	<u>428</u>	<u>2,123</u>	<u>2,039</u>
(e) Other income:				
Net income from sales/cancellation of trust units	19,460	1,008	27,604	2,335
Net foreign exchange gain	418	128	645	172
Rental Income	215	217	431	433
Others	413	373	852	838
	<u>20,506</u>	<u>1,726</u>	<u>29,532</u>	<u>3,778</u>
 Total other operating income	 <u><u>86,187</u></u>	 <u><u>25,508</u></u>	 <u><u>126,582</u></u>	 <u><u>51,712</u></u>

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

Notes to interim financial report for the second quarter and financial period ended 31 January 2007

A17. Other Operating Expenses

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months ended 31-Jan-07</u> RM'000	<u>3 months ended 31-Jan-06</u> RM'000	<u>6 months ended 31-Jan-07</u> RM'000	<u>6 months ended 31-Jan-06</u> RM'000
Personnel costs				
- Salaries, allowances and bonuses	(12,471)	(7,435)	(22,253)	(14,760)
- Contributions to a defined contribution plan	(1,884)	(961)	(3,048)	(1,814)
- Others	(4,361)	(2,927)	(9,510)	(3,453)
	<u>(18,716)</u>	<u>(11,323)</u>	<u>(34,811)</u>	<u>(20,027)</u>
Establishment related costs				
- Depreciation	(2,006)	(1,855)	(3,957)	(3,768)
- Rental of premises	(805)	(656)	(1,465)	(1,296)
- Rental of equipment	(814)	(627)	(1,521)	(1,290)
- Repairs and maintenance of premises and equipment	(263)	(177)	(488)	(436)
- Information technology expenses	(340)	(297)	(761)	(632)
- Others	(934)	(841)	(1,860)	(1,753)
	<u>(5,162)</u>	<u>(4,453)</u>	<u>(10,052)</u>	<u>(9,175)</u>
Promotion and marketing related expenses				
- Promotion and business development	(2,478)	(934)	(3,922)	(1,995)
- Travelling and accommodation	(215)	(98)	(400)	(212)
- Others	(3,013)	(1,047)	(3,775)	(2,659)
	<u>(5,706)</u>	<u>(2,079)</u>	<u>(8,097)</u>	<u>(4,866)</u>
Administrative and general expenses				
- Professional and consultancy fees	(1,217)	(1,356)	(1,428)	(1,622)
- Communication expenses	(1,081)	(712)	(1,999)	(1,671)
- Incentives and commission	(20,161)	(1,398)	(29,645)	(5,486)
- Regulatory charges	(2,577)	(824)	(3,628)	(1,775)
- Commission on standby letters of credit	(263)	-	(525)	(155)
- Amortisation of goodwill	-	(3,279)	-	(6,557)
- Others	(2,583)	(1,562)	(4,374)	(2,873)
	<u>(27,882)</u>	<u>(9,131)</u>	<u>(41,599)</u>	<u>(20,139)</u>
Total other operating expenses	<u>(57,466)</u>	<u>(26,986)</u>	<u>(94,559)</u>	<u>(54,207)</u>

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

Notes to interim financial report for the second quarter and financial period ended 31 January 2007

A18. Allowance for Losses on Loans, Advances and Financing

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jan-07 RM'000	3 months ended 31-Jan-06 RM'000	6 months ended 31-Jan-07 RM'000	6 months ended 31-Jan-06 RM'000
<u>Group</u>				
Allowance for bad and doubtful debts:				
Specific allowance				
- made during the financial period	(1,898)	-	(1,898)	-
- written back	101	-	101	-
General allowance	(1,172)	-	(1,172)	-
	<u>(2,969)</u>	<u>-</u>	<u>(2,969)</u>	<u>-</u>

A19. (Allowance)/Write back of Allowance for Bad and Doubtful Debts on Clients' Balances and Trade Receivables

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jan-07 RM'000	3 months ended 31-Jan-06 RM'000	6 months ended 31-Jan-07 RM'000	6 months ended 31-Jan-06 RM'000
<u>Group</u>				
Allowance for bad and doubtful debts:				
Specific allowance				
- made during the financial period	(856)	(146)	(976)	(182)
- written back	1,178	1,532	3,518	2,865
General allowance	(483)	126	(376)	417
	<u>(161)</u>	<u>1,512</u>	<u>2,166</u>	<u>3,100</u>
Bad debts:				
- recovered	153	-	153	19
	<u>(8)</u>	<u>1,512</u>	<u>2,319</u>	<u>3,119</u>

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

Notes to interim financial report for the second quarter and financial period ended 31 January 2007

A20. Commitments and Contingencies

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

The risk-weighted exposures of the Group are as follows:

	As at 31-Jan-07		
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000
<u>Group</u>			
Foreign exchange related contracts:			
- less than one year	149,261	4	1
Committed capital in DBS HDM Capital Sdn. Bhd. ("DHC") in accordance with the Subscription Agreements between the Company and DHC	24,208	-	-
Undrawn margin facilities	244,458	-	-
Capital expenditure commitments	12,257	-	-
Non-cancellable operating lease commitments	8,139	-	-
	438,323	4	1

* The credit equivalent amount is arrived at using the credit conversion factors as specified by Bank Negara Malaysia.

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

Notes to interim financial report for the second quarter and financial period ended 31 January 2007

A21. Capital Adequacy

The Group is not required to maintain any capital adequacy ratio requirements except for the investment banking subsidiary company, Hwang-DBS Investment Bank Berhad ("HDBSIB"). The following disclosure of capital adequacy ratios is in respect of HDBSIB:

	As at 31-Jan-07 RM'000	As at 31-Jul-06 RM'000
The components of Tier I and Tier II capital are as follows:		
<u>Tier I capital</u>		
Paid-up share capital	500,000	500,000
Retained profits	188,928	197,928
Available-for-sale reserve	(979)	(979)
	687,949	696,949
Less: Goodwill/Intangible Assets	(162,502)	(110,002)
Total Tier I - Core capital	525,447	586,947
<u>Tier II capital</u>		
General allowance for bad and doubtful debts	1,963	1,587
Total Tier II capital	1,963	1,587
Total capital	527,410	588,534
Less: Investment in subsidiary companies	(3,081)	(3,081)
Capital base	524,329	585,453
Core capital ratio	42.7%	84.7%
Risk-weighted capital ratio	42.7%	84.7%
Core capital ratio (net of proposed dividend)	42.7%	83.4%
Risk-weighted capital ratio (net of proposed dividend)	42.7%	83.4%

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

Notes to interim financial report for the second quarter and financial period ended 31 January 2007

A22. Interest Rate Risk

	Non-trading book						Trading book 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				Sub-total RM'000
Group										
As at 31 January 2007										
Assets										
Cash and short-term funds	236,251	-	-	-	-	91,280	327,531	-	327,531	2.43%
Securities held-for-trading	-	-	-	-	-	-	-	31,542	31,542	
Securities available-for-sale	-	-	-	-	49,019	52,859	101,878	-	101,878	5.13%
Loans, advances and financing										
- performing	45,576	3,353	7,029	-	-	-	55,958	-	55,958	8.87%
- non-performing *	-	-	-	-	-	21,005	21,005	-	21,005	
Other assets ^	188,158	1,803	-	-	-	1,065,270	1,255,231	-	1,255,231	8.90%
Total assets	469,985	5,156	7,029	-	49,019	1,230,414	1,761,603	31,542	1,793,145	
Liabilities										
Borrowings	89,300	-	150,000	-	-	308	239,608	-	239,608	4.49%
Other liabilities #	192,629	-	-	-	-	661,190	853,819	-	853,819	2.45%
Total liabilities	281,929	-	150,000	-	-	661,498	1,093,427	-	1,093,427	
Equity										
Equity attributable to equity holders of the parent	-	-	-	-	-	691,068	691,068	-	691,068	
Minority interests	-	-	-	-	-	8,650	8,650	-	8,650	
Total equity and liabilities	281,929	-	150,000	-	-	1,361,216	1,793,145	-	1,793,145	
On-balance sheet interest sensitivity gap	188,056	5,156	(142,971)	-	49,019	(130,802)	(31,542)	31,542	-	
Total interest sensitivity gap	188,056	5,156	(142,971)	-	49,019	(130,802)	(31,542)	31,542	-	

* The amounts represent non-performing loans, advances and financing, net of specific and general allowances and interest in suspense in accordance with BNM/GP3 Guidelines.

^ Other assets include Other assets, Tax recoverable, Interests in jointly controlled entities, Property, plant and equipment, Investment properties and Goodwill/Intangibles as disclosed in the Consolidated Balance Sheet.

Other liabilities include Other liabilities, Taxation and Deferred tax liabilities as disclosed in the Consolidated Balance Sheet.

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

Notes to interim financial report for the second quarter and financial period ended 31 January 2007

A22. Interest Rate Risk (cont'd)

	Non-trading book						Sub-total RM'000	Trading book 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										
As at 31 July 2006										
Assets										
Cash and short-term funds	359,445	-	-	-	-	57,985	417,430	-	417,430	2.98%
Securities held-for-trading	-	-	-	-	-	-	-	12,857	12,857	
Securities available-for-sale	-	-	-	-	48,410	42,067	90,477	-	90,477	5.13%
Loans, advances and financing										
- performing	8,786	7,144	35,553	-	-	-	51,483	-	51,483	8.80%
- non-performing *	-	-	-	-	-	11,764	11,764	-	11,764	
Other assets ^	154,852	-	-	-	-	514,458	669,310	-	669,310	8.95%
Total assets	523,083	7,144	35,553	-	48,410	626,274	1,240,464	12,857	1,253,321	
Liabilities										
Borrowings	-	-	150,000	-	-	-	150,000	-	150,000	4.57%
Other liabilities #	147,290	-	-	-	-	280,575	427,865	-	427,865	2.50%
Total liabilities	147,290	-	150,000	-	-	280,575	577,865	-	577,865	
Equity										
Equity attributable to equity holders of the parent	-	-	-	-	-	667,491	667,491	-	667,491	
Minority interests	-	-	-	-	-	7,965	7,965	-	7,965	
Total equity and liabilities	147,290	-	150,000	-	-	956,031	1,253,321	-	1,253,321	
On-balance sheet interest sensitivity gap	375,793	7,144	(114,447)	-	48,410	(329,757)	(12,857)	12,857	-	
Total interest sensitivity gap	375,793	7,144	(114,447)	-	48,410	(329,757)	(12,857)	12,857	-	

* The amounts represent non-performing loans, advances and financing, net of specific and general allowances and interest in suspense in accordance with BNM/GP3 Guidelines.

^ Other assets include Other assets, Tax recoverable, Interests in jointly controlled entities, Property, plant and equipment, Investment properties and Goodwill/Intangibles as disclosed in the Consolidated Balance Sheet.

Other liabilities include Other liabilities, Taxation and Deferred tax liabilities as disclosed in the Consolidated Balance Sheet.

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

Notes to interim financial report for the second quarter and financial period ended 31 January 2007

A23. Segmental Information

The Group is organised into the following business segments:

- (i) Stockbroking and related activities - stockbroking, nominee services and dealing in options and futures
- (ii) Financial services - investment banking activities, management of unit trust and corporate funds and investment advisory
- (iii) Property investment - letting of properties
- (iv) Investment holding - investment holding
- (v) Moneylending - moneylending and investment in listed and unlisted companies
- (vi) Others - include dormant operations, none of which is of a sufficient size to be reported separately

Primary reporting format - Business segment

6 months ended 31 January 2007	Stockbroking and related activities RM'000	Financial services RM'000	Property Investment RM'000	Investment Holding RM'000	Money- Lending RM'000	Others RM'000	Consolidation Adjustments RM'000	Group RM'000
Revenue								
External revenue *	81,961	47,264	432	597	2,320	566	-	133,140
Inter-segment revenue ^		31	2,121	16,984	-	690	(19,826)	-
Total revenue	81,961	47,295	2,553	17,581	2,320	1,256	(19,826)	133,140
Results								
Segment results	39,303	3,805	1,601	(1,577)	(2,591)	(76)	(238)	40,227
Unallocated income								148
Unallocated expenses								(271)
								40,104
Share of results of jointly controlled entities, net of tax								(295)
Profit before taxation								39,809
Taxation								(11,273)
Profit for the financial period								28,536

* External revenue of the Group comprises all types of revenue derived from stockbroking, financial services and moneylending activities, rental income from property investment, interest and dividend income from investment holding and reimbursement of research expenses.

^ Inter-segment transactions have been entered into in the normal course of business.

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

Notes to interim financial report for the second quarter and financial period ended 31 January 2007

A23. Segmental information (cont'd)

Primary reporting format - Business segment (cont'd)

6 months ended 31 January 2006	Stockbroking and related activities RM'000	Financial services RM'000	Property Investment RM'000	Investment Holding RM'000	Money- Lending RM'000	Others RM'000	Consolidation Adjustments RM'000	Group RM'000
Revenue								
External revenue *	40,862	14,502	433	670	5,103	492	-	62,062
Inter-segment revenue ^	-	26	2,146	13,581	-	574	(16,327)	-
Total revenue	<u>40,862</u>	<u>14,528</u>	<u>2,579</u>	<u>14,251</u>	<u>5,103</u>	<u>1,066</u>	<u>(16,327)</u>	<u>62,062</u>
Results								
Segment results	7,311	5,464	1,783	(1,942)	2,519	(20)	(1,729)	13,386
Unallocated income								110
Unallocated expenses								(364)
Profit before taxation								<u>13,132</u>
Taxation								(5,975)
Profit for the financial period								<u><u>7,157</u></u>

* External revenue of the Group comprises all types of revenue derived from stockbroking, financial services and moneylending activities, rental income from property investment, interest and dividend income from investment holding and reimbursement of research expenses.

* Inter-segment transactions have been entered into in the normal course of business.

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

Notes to interim financial report for the second quarter and financial period ended 31 January 2007

A24. Valuation of Property, Plant and Equipment

Not applicable.

A25. Subsequent Events

There are no material events subsequent to the end of the financial period ended 31 January 2007 to 28 March 2007 (a date which is not earlier than 7 days from the date of issue of this announcement) except for the following:

- (a) On 2 February 2007, a jointly controlled entity of the Company, DBS HDM Capital Sdn Bhd ("DHC") made a first capital call for the unpaid premium of RM99.99 per share on 4,420 Redeemable Convertible Preference Shares ("RCPS") of RM0.01 each in DHC, which were subscribed by the Company on 9 February 2006. The total amount paid by the Company on 15 February 2007 for the first capital call was RM441,956, thereby increasing the Company's investments in ordinary shares and preference shares of DHC to RM1,233,874.
- (b) On 15 February 2007, a subsidiary company, HDM Properties Sdn. Bhd. agreed in principle to purchase a property from a third party for RM1,700,000 and an earnest deposit of RM34,000 has been paid to the vendor. The Sale and Purchase Agreement has not been executed at the date of this announcement.
- (c) In January 2007, the Company offered 968,000 share options at an option price of RM2.29 per ordinary share pursuant to the Company's ESOS. The compensation expense recognised by the Group on grant dates in February 2007 pursuant to FRS 2, Share-based Payments amounted to RM409,000.
- (d) In February and March 2007, the Company issued 321,000 ordinary shares of RM1 each for cash at the option price ranging from RM1.32 to RM2.29 pursuant to the Company's Executive Share Option Scheme ("ESOS"). The cash proceeds arising from the exercise of options in February and March 2007 amounted to RM495,900.

A26. 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 January 2007 except that on 25 January 2007, a wholly-owned subsidiary company, Hwang-DBS Securities Berhad was granted a licence to carry on merchant banking business by the Minister of Finance II pursuant to Section 6(4) of the Banking and Financial Institutions Act, 1989 and changed its name to Hwang-DBS Investment Bank Berhad on the same day.

A27. Changes in Contingent Liabilities or Contingent Assets

There are no contingent liabilities or contingent assets as at the end of the current quarter except for contingent liabilities arising from corporate guarantee granted by the Company to financial institutions of RM89.6 million, being the amount of banking facilities drawn down by subsidiary companies for working capital purposes (As at 31 July 2006: RM NIL).

A28. Related Party Transactions

Approval for recurrent related party transactions, which had been entered into in the ordinary course of business, has been obtained in the shareholders' mandate at the general meeting of the Company in accordance with the Listing Requirements of Bursa Securities.

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

Notes to interim financial report for the second quarter and financial period ended 31 January 2007

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

B1. Review of Performance of the Company and its Principal Subsidiaries

For the half year ended 31 January 2007, the Group registered a profit before tax of RM39.8 million, which represents a 203% increase compared to RM13.1 million recorded for the previous corresponding financial period. The Group's profit before tax for the current quarter is RM29.4 million compared to RM6.0 million for the previous corresponding financial quarter. The increase in pretax earnings is primarily attributed to higher brokerage income which was driven by the significant increase in value traded in Bursa Malaysia Securities Berhad ("Bursa Securities") coupled with cessation of amortisation of goodwill. The increase in pretax earnings are however, partially offset by allowances made for losses on loans, advances and financing in line with the general guidelines of BNM/GP3 by the moneylending subsidiary company as well as higher interest expense on bank borrowings.

The Group achieved a 115% revenue growth by posting a total operating revenue of RM133.1 million for the financial period under review against RM62.1 million recorded for the previous corresponding financial period. The Group's operating revenue for the current quarter is RM89.3 million compared to RM29.2 million for the previous corresponding financial quarter. Higher brokerage income from stockbroking operations and higher unit trust management fee as well as increase in unit trust sales have contributed to the revenue growth for the current quarter and financial period ended 31 January 2007.

In the opinion of the Board of Directors, no item, transaction or event of a material and unusual nature has arisen which would affect substantially the results of the operations of the Group for the period from 31 January 2007 to the date of issue of this announcement.

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

The profit before tax of the Group increased by 181% from RM10.5 million in the immediate preceding quarter to RM29.4 million for the current quarter. The increase is mainly due to higher brokerage income from stockbroking operations in line with the active market sentiments in Bursa Securities, offset by higher allowances made for losses on loans, advances and financing based on BNM/GP3 guidelines by the moneylending subsidiary company.

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

Notes to interim financial report for the second quarter and financial period ended 31 January 2007

B3. Commentary

(a) Current Year's Prospects

The Group's stockbroking business will continue to be the key contributor to the Group's earnings for the rest of the current financial year ending 31 July 2007. The outlook on the local equity market performance remains positive given the country's strong economic fundamentals.

On 25 January 2007, the wholly-owned subsidiary company, Hwang-DBS Investment Bank Berhad (formerly known as Hwang-DBS Securities Berhad) was granted a licence to carry out merchant banking business. With the successful transformation of the stockbroking subsidiary company from a universal broker into an investment bank, the Group will be aggressively diversifying its revenue base and will strive to leverage on the established and wide regional platform of the Company's joint-venture partner, DBS Bank, to build its presence in the targeted market segments. The investment banking business is expected to contribute significantly to the Group's results in the medium to long term.

The Group's performance for the second half of the financial year ending 31 July 2007 is expected to be better than the first half.

(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.

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

Notes to interim financial report for the second quarter and financial period ended 31 January 2007

B6. Taxation

The analysis of the tax expense for the current quarter and financial period ended 31 January 2007 are as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jan-07 RM'000	3 months ended 31-Jan-06 RM'000	6 months ended 31-Jan-07 RM'000	6 months ended 31-Jan-06 RM'000
Group				
In respect of the current financial period:-				
Malaysian income tax	(7,991)	(2,671)	(11,053)	(6,016)
Deferred tax	(339)	(397)	(211)	(447)
	<u>(8,330)</u>	<u>(3,068)</u>	<u>(11,264)</u>	<u>(6,463)</u>
In respect of prior financial year:-				
Malaysian income tax	(9)	347	(9)	488
Tax expense	<u>(8,339)</u>	<u>(2,721)</u>	<u>(11,273)</u>	<u>(5,975)</u>

The effective tax rates for the current quarter and financial period ended 31 January 2007 are higher than the statutory tax rate mainly due to certain expenses which are not deductible for tax purposes.

The Technical Division of the IRB has yet to approve and confirm the amount of tax credit in connection with the acquisition of the business of Taiping Securities Sdn. Bhd. (Special Administrators Appointed), now known as Taiping Recovery Sdn. Bhd. (In Liquidation) by Hwang-DBS Investment Bank Berhad in a prior financial year. The effect of the resultant tax credit has yet to be utilised and recognised in the financial statements.

B7. Sale of Unquoted Investments and/or Properties

There are no disposal of unquoted investments and properties for the current quarter and financial period ended 31 January 2007 except for a Sale and Purchase Agreement entered into by a subsidiary company, HDM Properties Sdn. Bhd. with a third party on 10 November 2006 for the disposal of an office premise for RM3,960,000. The sale was completed on 9 February 2007.

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

Notes to interim financial report for the second quarter and financial period ended 31 January 2007

B8. Purchase and Sales of Quoted Securities

- (a) Total purchases and disposals of quoted securities by the Group other than the investment banking subsidiary company, Hwang-DBS Investment Bank Berhad ("HDBSIB") and the profit arising therefrom are as follows:

	Current quarter ended 31-Jan-07 RM'000	Financial period ended 31-Jan-06 RM'000
(i) Total Purchase Consideration	<u>12,572</u>	<u>15,933</u>
(ii) Total Sales Proceeds	<u>12,635</u>	<u>15,495</u>
(iii) Total Profit on Disposal	<u>1,810</u>	<u>1,977</u>

- (b) Total investments in quoted securities held by the Group other than HDBSIB as at 31 January 2007 are as follows:

	RM'000
(i) At Cost	<u>23,459</u>
(ii) At Book Value	<u>25,944</u>
(iii) At Market Value	<u>25,944</u>

B9. Status of Corporate Proposals

There are no corporate proposals announced but not completed as at the date of this announcement. On 27 December 2006, a wholly-owned subsidiary company, Hwang-DBS Investment Bank Berhad ("HDBSIB") paid RM42.5 million to the Government of Malaysia, which represents the remaining payment of a total contribution of RM52.5 million for a merchant bank licence to transform HDBSIB into an investment bank. An initial deposit of RM10,000,000 was paid on 5 January 2006.

HDBSIB received a joint letter from Bank Negara Malaysia and the Securities Commission ("SC") dated 28 December 2006 informing that the Minister of Finance II has granted approval for a merchant bank licence to be issued to HDBSIB. A merchant bank licence pursuant to Section 6(4) of the Banking and Financial Institutions Act, 1989 was granted to HDBSIB to carry on merchant banking business in Malaysia with effect from 25 January 2007. With the new merchant bank licence and its existing dealer's licence issued by the SC, the stockbroking subsidiary company was successfully transformed from a universal broker into an investment bank.

B10. Group Borrowings and Debt Securities

Please refer to explanatory note A12.

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

Notes to interim financial report for the second quarter and financial period ended 31 January 2007

B11. Off-Balance Sheet Financial Instruments

The value of financial instruments with off-balance sheet risk as at 28 March 2007 (the latest practicable date which is not earlier than 7 days from date of issue of this announcement) classified by the remaining periods to maturity are as follows:

Group

Item	Principal amount RM'000	1 month or less RM'000
Foreign exchange related contracts: - forward contracts	73,186	73,186

Credit risk

Credit risk or counterparty risk is the exposure to loss due to counterparty's default on credit obligations. As the foreign exchange related contracts are executed by the Group with reputable local financial institutions, there is remote credit risk arising from those contracts. As at 28 March 2007, the amount of credit risk to the Group, measured in terms of the cost to replace profitable contracts is negligible. The amount will increase or decrease over the contracted periods, mainly as a function of movements in market rates and time.

Market risk

Market risk is the risk of loss arising from changes in prices of financial instruments in the markets in which the Group operates. The contractual amount of foreign exchange related contracts only provide a measure of the Group's involvement in these types of financial instruments and do not represent the amount subject to risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. The outstanding foreign exchange related contracts as at 28 March 2007 are due for maturity within 2 to 5 days and as such, these contracts do not pose significant market risk to the Group.

Related accounting policies

Foreign exchange related contracts are measured at fair value and are carried as assets when the changes in fair value are positive and as liabilities when the changes in fair value are negative. Any gain/loss arising from changes in fair value of foreign exchange related contracts is recognised in the income statement in the period in which they arise unless it is part of a hedging relationship.

B12. Changes in Material Litigation

There are no changes to the status of material litigation since the last annual balance sheet date up to 28 March 2007 (the latest practicable date which is not earlier than 7 days from date of issue of this announcement) except for the following:

- (a) The claim filed by a client of Hwang-DBS Investment Bank Berhad ("HDBSIB") in July 2002 against HDBSIB for damages of RM10 million for defamation which was fixed for trial on 6 November 2006 had been postponed by the court to 16 July 2007.
- (b) The claim filed by HDBSIB against one of its clients to recover an outstanding sum of RM8.99 million in July 2001 of which the said client has filed a counterclaim in August 2001 for damages to be assessed against HDBSIB alleging that a third party had wrongfully traded on his accounts and further alleging breach of fiduciary duty on HDBSIB's part is now fixed for trial on 10, 11 and 12 October 2007.

B13. Dividends

Please refer to explanatory note A7.

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

Notes to interim financial report for the second quarter and financial period ended 31 January 2007

B14. Earnings Per Share Attributable to Equity Holders of the Parent

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 31-Jan-07	3 months ended 31-Jan-06	6 months ended 31-Jan-07	6 months ended 31-Jan-06
Profit for the financial period attributable to equity holders of the parent (RM'000)	19,438	2,921	26,497	6,249
Weighted average number of ordinary shares in issue ('000)	253,888	259,245	253,790	259,361
Basic earnings per share (sen)	7.66	1.13	10.44	2.41
Profit for the financial period attributable to equity holders of the parent (RM'000)	19,438	2,921	26,497	6,249
Weighted average number of ordinary shares in issue ('000):				
- in issue during the financial period (as above)	253,888	259,245	253,790	259,361
- adjustment made for share options	542	-	494	-
	254,430	259,245	254,284	259,361
Diluted earnings per share (sen)	7.64	1.13	10.42	2.41

By Order of the Board

Chen Mun Peng
Tan Lee Peng
Company Secretaries

Penang
4 April 2007