

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

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED BALANCE SHEET AS AT 30 APRIL 2007**

<b>Group</b>	<b>Note</b>	<b>As at 30-Apr-07 RM'000</b>	<b>As at 31-Jul-06 RM'000</b>
<b>Assets</b>			
Cash and short-term funds		669,246	417,430
Securities held-for-trading	A8	25,951	12,857
Securities available-for-sale	A9	102,999	90,477
Loans, advances and financing	A10	61,548	63,247
Other assets	A11	997,499	456,542
Statutory deposits with Bank Negara Malaysia		395	-
Tax recoverable		4,146	13,257
Interests in jointly controlled entities		645	646
Property, plant and equipment		62,215	67,012
Investment properties		21,439	21,734
Goodwill/Intangible assets		162,618	110,119
Deferred tax assets		512	-
<b>Total assets</b>		<b><u>2,109,213</u></b>	<b><u>1,253,321</u></b>
<b>Liabilities</b>			
Deposits from customers	A12	41,057	-
Deposits and placements of banks and other financial institutions	A13	87,235	-
Obligations on securities sold under repurchase agreements		20,016	-
Borrowings	A14	164,208	150,000
Other liabilities	A15	1,057,348	427,068
Taxation		12,279	62
Deferred tax liabilities		496	735
<b>Total liabilities</b>		<b><u>1,382,639</u></b>	<b><u>577,865</u></b>
<b>Equity</b>			
Share capital		265,326	264,165
Reserves		468,874	418,351
Treasury shares, at cost		<u>(16,024)</u>	<u>(15,025)</u>
Equity attributable to equity holders of the parent		718,176	667,491
Minority interests		8,398	7,965
<b>Total equity</b>		<b><u>726,574</u></b>	<b><u>675,456</u></b>
<b>Total liabilities and equity</b>		<b><u>2,109,213</u></b>	<b><u>1,253,321</u></b>
<b>Net assets per share (RM)</b>		<b><u>2.82</u></b>	<b><u>2.63</u></b>

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 THIRD QUARTER ENDED 30 APRIL 2007**

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		3 months ended 30-Apr-07 RM'000	3 months ended 30-Apr-06 RM'000	9 months ended 30-Apr-07 RM'000	9 months ended 30-Apr-06 RM'000
<b>Group</b>					
Operating revenue		119,077	50,502	252,217	112,565
Interest income	A16	9,444	7,017	22,068	20,549
Interest expense	A17	(3,378)	(401)	(7,271)	(1,424)
<b>Net interest income</b>		<b>6,066</b>	<b>6,616</b>	<b>14,797</b>	<b>19,125</b>
Other operating income	A18	112,923	45,812	239,506	97,524
Net income		118,989	52,428	254,303	116,649
Other operating expenses	A19	(76,679)	(38,027)	(171,238)	(92,234)
		42,310	14,401	83,065	24,415
Write back/(Allowance) for losses on loans, advances and financing	A20	235	590	(2,734)	590
Write back of allowance for bad and doubtful debts on clients' balances and trade receivables	A21	227	4,316	2,547	7,434
		42,772	19,307	82,878	32,439
Share of results of jointly controlled entities, net of tax		(147)	(204)	(443)	(204)
<b>Profit before taxation</b>		<b>42,625</b>	<b>19,103</b>	<b>82,435</b>	<b>32,235</b>
Taxation	B6	(10,913)	(6,480)	(22,186)	(12,455)
<b>Profit for the financial period</b>		<b>31,712</b>	<b>12,623</b>	<b>60,249</b>	<b>19,780</b>
<b>Attributable to:</b>					
Equity holders of the parent		31,965	12,180	58,462	18,432
Minority interests		(253)	443	1,787	1,348
		<b>31,712</b>	<b>12,623</b>	<b>60,249</b>	<b>19,780</b>
<b>Earnings per share attributable to equity holders of the parent (sen)</b>	B14				
- Basic		12.57	4.75	23.02	7.13
- Fully diluted		12.53	4.74	22.97	7.13

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 THIRD QUARTER ENDED 30 APRIL 2007**

**Attributable to Equity Holders of the Parent**

	Issued and fully paid ordinary shares of RM1 each									
	Number of shares '000	Nominal value RM'000	Treasury shares RM'000	Share premium RM'000	Available-for-sale reserve RM'000	Options reserve RM'000	Retained profits RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
<b>Group</b>										
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	-	-	-	-	11,305	-	-	11,305	-	11,305
Net gain transferred to income statement on disposal of securities available-for-sale	-	-	-	-	(1,793)	-	-	(1,793)	-	(1,793)
Net gain recognised directly in equity	-	-	-	-	9,512	-	-	9,512	-	9,512
Profit for the financial period	-	-	-	-	-	-	58,462	58,462	1,787	60,249
Total recognised income for the financial period	-	-	-	-	9,512	-	58,462	67,974	1,787	69,761
Shares repurchased held as treasury shares	(635)	-	(999)	-	-	-	-	(999)	-	(999)
Issue of options	-	-	-	-	-	409	-	409	-	409
Options exercised	1,161	1,161	-	588	-	(14)	-	1,735	-	1,735
Final dividend for the year ended 31 July 2006	-	-	-	-	-	-	(9,140)	(9,140)	-	(9,140)
Interim dividend for the year ending 31 July 2007	-	-	-	-	-	-	(9,294)	(9,294)	-	(9,294)
Final dividend paid by a subsidiary company to minority interests for the year ended 31 July 2006	-	-	-	-	-	-	-	-	(1,354)	(1,354)
<b>As at 30 April 2007</b>	<b>254,664</b>	<b>265,326</b>	<b>(16,024)</b>	<b>32,602</b>	<b>7,701</b>	<b>395</b>	<b>428,176</b>	<b>718,176</b>	<b>8,398</b>	<b>726,574</b>

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 THIRD QUARTER ENDED 30 APRIL 2007**

**Attributable to Equity Holders of the Parent**

	Attributable to Equity Holders of the Parent									
	Issued and fully paid ordinary shares of RM1 each									
<b>Group</b>	Number of shares '000	Nominal value RM'000	Treasury shares RM'000	Share premium RM'000	Available-for-sale reserve RM'000	Options reserve RM'000	Retained profits RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
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	-	-	-	-	845	-	-	845	-	845
Net loss transferred to income statement on disposal of securities available-for-sale	-	-	-	-	1,154	-	-	1,154	-	1,154
Net gain recognised directly in equity	-	-	-	-	1,999	-	-	1,999	-	1,999
Profit for the financial period	-	-	-	-	-	-	18,432	18,432	1,348	19,780
Total recognised income for the financial period	-	-	-	-	1,999	-	18,432	20,431	1,348	21,779
Shares repurchased held as treasury shares	(5,071)	-	(7,371)	-	-	-	-	(7,371)	-	(7,371)
Options exercised	59	59	-	31	-	-	-	90	-	90
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)
Interim dividend for the year ended 31 July 2006	-	-	-	-	-	-	(4,583)	(4,583)	-	(4,583)
<b>As at 30 April 2006</b>	<b>254,606</b>	<b>264,093</b>	<b>(14,208)</b>	<b>31,990</b>	<b>(782)</b>	<b>-</b>	<b>367,265</b>	<b>648,358</b>	<b>7,551</b>	<b>655,909</b>

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 THIRD QUARTER ENDED 30 APRIL 2007**

	<b>9 months ended 30-Apr-07 RM'000</b>	<b>9 months ended 30-Apr-06 RM'000</b>
<b><u>Group</u></b>		
Profit for the financial period	60,249	19,780
<b>Adjustments for:</b>		
Non-cash items	33,198	28,013
Non-operating items - investing	(2,233)	(2,033)
Non-operating items - financing	7,271	1,425
	98,485	47,185
<b>Changes in working capital:</b>		
Net changes in operating assets	(563,387)	(622,308)
Net changes in operating liabilities	658,293	611,565
	193,391	36,442
Tax paid	(2,736)	(3,482)
<b>Net operating cash flow</b>	<b>190,655</b>	<b>32,960</b>
<b>Investing activities</b>		
Dividend received	947	756
Contribution to the Government of Malaysia for a merchant bank licence	(42,500)	(10,000)
Subscription of ordinary shares in a jointly controlled entity	(442)	(992)
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	-	2,463
Property, plant and equipment	(6,144)	(1,222)
<b>Net investing cash flow</b>	<b>(48,121)</b>	<b>(9,574)</b>
<b>Financing activities</b>		
Interest paid	(5,412)	(1,631)
Dividend paid	(9,140)	(13,916)
Dividend paid by a subsidiary company to minority interests	(1,354)	-
Net drawdown/(repayment) of bank borrowings	14,000	(66,000)
Issue of shares	1,735	90
Shares repurchased	(999)	(7,371)
<b>Net financing cash flow</b>	<b>(1,170)</b>	<b>(88,828)</b>
<b>Net change in cash and cash equivalents</b>	141,364	(65,442)
<b>Cash and cash equivalents at beginning of period</b>	265,601	120,049
<b>Cash and cash equivalents at end of period</b>	<b>406,965</b>	<b>54,607</b>
<b>Cash and cash equivalents at end of financial period comprise:</b>		
Cash and short term funds	407,173	79,095
Bank overdrafts (book balances)	(208)	(24,488)
	<b>406,965</b>	<b>54,607</b>

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 third quarter and financial period ended 30 April 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. Share options granted by the Company prior to 1 August 2006 have been fully vested on the grant date. During the current quarter and financial period ended 30 April 2007, the Company has granted 968,000 options to the employees of the Group. The adoption of this FRS has resulted in the recognition of employee compensation expense amounting to RM409,000 in the income statement for the current quarter and financial period ended 30 April 2007.

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

**Notes to interim financial report for the third quarter and financial period ended 30 April 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 RM6,920,000 for the current quarter and financial period ended 30 April 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 30 April 2007, the additional losses recognised by Group amounted to RM156,000 and RM366,000 respectively.

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

**Notes to interim financial report for the third quarter and financial period ended 30 April 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 30 April 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 30 April 2007, the resulting impact is an increase in depreciation charge of the Group by approximately RM75,000 and RM225,000 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 30 April 2007 are prepared in accordance with BNM/GP8 format requirements.



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

**Notes to interim financial report for the third quarter and financial period ended 30 April 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, 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 third quarter and financial period ended 30 April 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 30 April 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 HWANGDBS Investment Bank Berhad (formerly known as Hwang-DBS Investment Bank Berhad and Hwang-DBS Securities Berhad) ("HDBSIB") 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 specific and general allowances for loan losses made in accordance with BNM/GP3 Guidelines amounted to RM2,835,000 for the financial period ended 30 April 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:

	<b>Retained profits</b>		<b>Available-for-sale reserve</b>	
	<b>31-Jul-06</b>	<b>31-Jul-05</b>	<b>31-Jul-06</b>	<b>31-Jul-05</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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>

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**Notes to interim financial report for the third quarter and financial period ended 30 April 2007**

**A1. Basis of Preparation (cont'd)**

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

	<b>9 months ended 30-Apr-06 RM'000</b>
Profit for the financial period before changes in accounting policies	20,259
Effects of transfer of previously recognised net gain on securities available-for-sale to equity	(476)
Effects of adoption of FRSs	(3)
	(479)
Profit for the financial period after changes in accounting policies	19,780

**(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:

<b>Group</b>	<b>As previously reported RM'000</b>	<b>Effects of changes in accounting policies</b>		<b>Reclassi- -fication BNM/GP8 RM'000</b>	<b>As restated RM'000</b>
		<b>FRSs RM'000</b>	<b>BNM/GP8 RM'000</b>		
<b>Consolidated balance sheet as at 31 July 2006</b>					
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

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**Notes to interim financial report for the third quarter and financial period ended 30 April 2007**

**A1. Basis of Preparation (cont'd)**

**(j) Comparative figures (cont'd)**

<b>Group</b>	<b>As previously reported RM'000</b>	<b>Effects of changes in accounting policies</b>		<b>Reclassi- -fication BNM/GP8 RM'000</b>	<b>As restated RM'000</b>
		<b>FRSs RM'000</b>	<b>BNM/GP8 RM'000</b>		
<b>Consolidated income statement for the third quarter ended 30 April 2006</b>					
Operating revenue	(93,691)	-	-	(18,874)	(112,565)
Interest income	-	-	-	(20,549)	(20,549)
Interest expense	-	-	-	1,424	1,424
Other operating income	(20,961)	-	-	(76,563)	(97,524)
Other operating expenses	79,940	3	691	11,600	92,234
Finance costs	1,579	-	-	(1,579)	-
Allowance for losses on loans, advances and financing	-	-	-	(590)	(590)
Write back of allowance for doubtful debts on clients' and brokers' balances and trade receivables	-	-	-	(7,434)	(7,434)
Profit before taxation	(32,929)	3	691	-	(32,235)
Taxation	12,670	-	(215)	-	12,455
Profit for the financial period	<u>(20,259)</u>	<u>3</u>	<u>476</u>	<u>-</u>	<u>(19,780)</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 30 April 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 30 April 2007 as compared with the prior financial year except for the following:

- (i) adoption of BNM/GP3 guidelines on loan loss provisioning as stated in explanatory note A1(h) above.
- (ii) revision of annual rates of depreciation of property, plant and equipment with effect from 1 August 2006 as follows:

<b>Category</b>	<b>Current %</b>	<b>Previous %</b>
Computer equipment	20% - 33 1/3%	20%
Office equipment	20%	10%
Furniture, fixtures & fittings	10% - 20%	10%
Renovations	10% - 20%	10%

The effects of revision in the annual rates of depreciation, which are accounted for as changes in accounting estimates, is an increase in depreciation charge and a reduction in profit before taxation by RM4,540,000 for the current quarter and financial period ended 30 April 2007.

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**Notes to interim financial report for the third quarter and financial period ended 30 April 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 30 April 2007 except for the following:

- (a) The Company has issued 1,161,000 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 30 April 2007 amounted to RM1,735,080. Details of the options exercised are as follows:

<b>Option Price RM</b>	<b>Number of Options Exercised</b>
1.90	153,000
1.54	390,000
1.32	578,000
1.52	14,000
2.29	26,000
	<u><u>1,161,000</u></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:

<b>Month</b>	<b>Number of Shares Purchased</b>	<b>Highest Price RM</b>	<b>Lower Price RM</b>	<b>Average Price RM</b>	<b>Total Amount RM</b>
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><u>635,100</u></u>				<u><u>999,028</u></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.

An interim dividend of 5.0 sen per ordinary share, less 27% income tax, amounting to RM9,293,663 in respect of the current financial year ending 31 July 2007 was paid on 18 May 2007. (Previous financial year ended 31 July 2006: Interim dividend of 2.5 sen per ordinary share, less 28% income tax).

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**A8. Securities Held-For-Trading**

<u>Group</u>	As at 30-Apr-07 RM'000	As at 31-Jul-06 RM'000
<b>At fair value</b>		
<b>Quoted securities:</b>		
In Malaysia		
Shares and warrants	14,474	9,950
Loan stocks	2,090	2,368
Unit trusts	9,387	539
Total securities held-for-trading	<u>25,951</u>	<u>12,857</u>

**A9. Securities Available-For-Sale**

<u>Group</u>	As at 30-Apr-07 RM'000	As at 31-Jul-06 RM'000
<b>At fair value</b>		
<b>Money market instruments:</b>		
Malaysian Government treasury bills	29,638	-
Negotiable instruments of deposits	24,998	-
	<u>54,636</u>	<u>-</u>
<b>Quoted securities:</b>		
In Malaysia		
Shares and warrants *	26,182	20,276
Unit trusts	11,670	21,301
	<u>92,488</u>	<u>41,577</u>
<b>Unquoted securities:</b>		
In Malaysia		
Bonds	10,021	48,410
	<u>102,509</u>	<u>89,987</u>
<b>At cost</b>		
<b>Unquoted securities:</b>		
In Malaysia		
Shares	4,490	4,490
	<u>106,999</u>	<u>94,477</u>
Accumulated impairment losses	(4,000)	(4,000)
Total securities available-for-sale	<u>102,999</u>	<u>90,477</u>

\* Included in the Shares and warrants are securities held under Funds under management placed by the Company with a subsidiary company, HWANGDBS Investment Management Berhad (formerly known as Hwang-DBS Investment Management Berhad), which is given the discretionary powers within certain guidelines to invest the funds amounting to RM24.6 million as at 30 April 2007 (As at 31 July 2006: RM19.5 million).

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**A10. Loans, Advances and Financing**

<u>Group</u>	As at 30-Apr-07 RM'000	As at 31-Jul-06 RM'000
<b>(i) By Type</b>		
Term loans		
- moneylending business	67,911	66,876
	<u>67,911</u>	<u>66,876</u>
Allowances for losses on loans, advances and financing:		
- specific	(5,426)	(3,629)
- general	(937)	-
Net loans, advances and financing	<u><b>61,548</b></u>	<u><b>63,247</b></u>
<b>(ii) By Type of Customer</b>		
Domestic business enterprise		
- others	36,531	36,559
Individuals	31,380	30,317
	<u><b>67,911</b></u>	<u><b>66,876</b></u>
<b>(iii) By Interest Rate Sensitivity</b>		
Fixed rate		
- other fixed rate loans/financing	67,911	66,876
	<u><b>67,911</b></u>	<u><b>66,876</b></u>
<b>(iv) By Purpose</b>		
Purchase of securities	48,642	41,985
Working capital	3,512	7,392
Personal use	15,757	17,499
	<u><b>67,911</b></u>	<u><b>66,876</b></u>

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

	As at 30-Apr-07 RM'000	As at 31-Jul-06 RM'000
<b>Group</b>		
<b>(v) Non-performing Loans, Advances and Financing ("NPLs") by Purpose</b>		
Purchase of securities	13,931	13,932
Working capital	959	1,461
Gross NPLs	<b>14,890</b>	<b>15,393</b>
<b>(vi) Movements in NPLs</b>		
At beginning of the financial period	15,393	20,205
Non-performing during the financial period	31,991	345
Reclassified as performing during the financial period	(31,431)	(31)
Amount recovered	(1,063)	(5,126)
At end of the financial period	<b>14,890</b>	<b>15,393</b>
Less: Specific allowance	(5,426)	(3,629)
Net NPLs	<b>9,464</b>	<b>11,764</b>
Net NPL as a % of gross loans, advances and financing less specific allowance	<b>15.1%</b>	<b>18.6%</b>
<b>(vii) Movements in Allowance for Losses on Loans, Advances and Financing</b>		
<u>General Allowance</u>		
At beginning of the financial period	-	-
Allowance made during the financial period	937	-
At end of the financial period	<b>937</b>	-
As a % of gross loans, advances and financing less specific allowance	<b>1.5%</b>	<b>0.0%</b>
<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	<b>5,426</b>	<b>3,629</b>



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Notes to interim financial report for the third quarter and financial period ended 30 April 2007

**A11. Other Assets**

	As at 30-Apr-07 RM'000	As at 31-Jul-06 RM'000
<b><u>Group</u></b>		
Clients' and brokers' balances, net of allowance for doubtful debts	977,159	426,641
Trade receivables, net of allowance for doubtful debts	5,981	4,867
Initial deposit for a merchant bank licence	-	10,000
Clearing Fund	1,000	1,000
Clearing Guarantee Fund	1,816	-
Other receivables, deposits and prepayments	8,460	11,151
Other investments	2,813	2,831
Interest receivable	270	52
	<b>997,499</b>	<b>456,542</b>

**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	661	(358)
At end of the financial period	<b>2,248</b>	<b>1,587</b>

Specific Allowance

At beginning of the financial period	35,837	45,043
Allowance made during the financial period	810	1,602
Amount written back	(4,145)	(8,979)
Amount written off	(8,442)	(1,829)
At end of the financial period	<b>24,060</b>	<b>35,837</b>

**A12. Deposits from Customers**

	As at 30-Apr-07 RM'000	As at 31-Jul-06 RM'000
<b><u>Group</u></b>		
<b>(i) By type of deposit</b>		
Fixed deposits	<b>41,057</b>	-
<b>(ii) By type of customer</b>		
Business enterprises	17,500	-
Others	23,557	-
	<b>41,057</b>	-

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**A13. Deposits and Placements of Banks and Other Financial Institutions**

<u>Group</u>	<b>As at 30-Apr-07 RM'000</b>	<b>As at 31-Jul-06 RM'000</b>
Licensed banks	20,000	-
Licensed investment banks	20,000	
Other financial institutions	47,235	
	<u><b>87,235</b></u>	<u><b>-</b></u>

**A14. Borrowings**

- (a) Borrowings of the Group as at 30 April 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 RM14.2 million is covered by corporate guarantee issued by the Company for its subsidiary company.
- (b) Analysis between short term and long term borrowings are as follows:

<u>Group</u>	<b>As at 30-Apr-07 RM'000</b>	<b>As at 31-Jul-06 RM'000</b>
<b>Short term borrowings:</b>		
Revolving credits	164,000	150,000
Bank overdrafts (book balances)	208	-
	<u>164,208</u>	<u>150,000</u>
<b>Long term borrowings</b>	<u>-</u>	<u>-</u>
<b>Total borrowings</b>	<u><b>164,208</b></u>	<u><b>150,000</b></u>

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

**A15. Other Liabilities**

<u>Group</u>	<b>As at 30-Apr-07 RM'000</b>	<b>As at 31-Jul-06 RM'000</b>
Clients' and brokers' balances	606,765	257,695
Trade payables	195,756	15,629
Other payables and accruals	243,017	153,087
Interest payable	2,516	657
Dividend payable	9,294	-
	<u><b>1,057,348</b></u>	<u><b>427,068</b></u>

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**A16. Interest Income**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-07 RM'000	3 months ended 30-Apr-06 RM'000	9 months ended 30-Apr-07 RM'000	9 months ended 30-Apr-06 RM'000
<b><u>Group</u></b>				
Loans, advances and financing				
- Interest income other than recoveries from NPLs	1,460	2,038	5,682	7,078
- Recoveries from NPLs	2,142	408	2,500	485
Money at call and deposit placements with financial institutions	1,088	381	3,965	1,459
Securities held-for-trading	174	-	174	-
Securities available-for-sale	477	642	1,762	1,944
Securities held-to-maturity	95	-	95	-
Margin receivables	4,186	4,283	11,278	12,583
Others	782	426	1,428	740
	<u>10,404</u>	<u>8,178</u>	<u>26,884</u>	<u>24,289</u>
Amortisation of premium less accretion of discount	(20)	(42)	(103)	(119)
Interest suspended	(940)	(1,119)	(4,713)	(3,621)
Total interest income net of interest suspended	<u><b>9,444</b></u>	<u><b>7,017</b></u>	<u><b>22,068</b></u>	<u><b>20,549</b></u>

**A17. Interest Expense**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-07 RM'000	3 months ended 30-Apr-06 RM'000	9 months ended 30-Apr-07 RM'000	9 months ended 30-Apr-06 RM'000
<b><u>Group</u></b>				
Deposits and placements of banks and other financial institutions	(721)	-	(721)	-
Deposits from customers	(317)	-	(317)	-
Obligations on securities sold under repurchase agreements	(56)	-	(56)	-
Borrowings	(1,904)	(340)	(5,489)	(1,089)
Others	(380)	(61)	(688)	(335)
Total interest expense	<u><b>(3,378)</b></u>	<u><b>(401)</b></u>	<u><b>(7,271)</b></u>	<u><b>(1,424)</b></u>

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**A18. Other Operating Income**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-07 RM'000	3 months ended 30-Apr-06 RM'000	9 months ended 30-Apr-07 RM'000	9 months ended 30-Apr-06 RM'000
<b><u>Group</u></b>				
(a) Fee and commission income:				
Brokerage	66,111	27,051	131,021	55,768
Unit trust management and incentive fees	6,829	4,302	22,299	13,707
Advisory fees	813	1,572	3,178	3,483
Service charges and fees	152	223	820	1,067
Underwriting commission and placement income	82	252	152	649
Other fees	828	427	2,285	2,683
	<u>74,815</u>	<u>33,827</u>	<u>159,755</u>	<u>77,357</u>
(b) Net gain/(loss) arising from sale of securities:				
- held-for-trading	6,078	1,941	11,329	3,654
- available-for-sale	2,405	220	4,400	(1,326)
	<u>8,483</u>	<u>2,161</u>	<u>15,729</u>	<u>2,328</u>
(c) Net unrealised gain on revaluation of securities:				
- held-for-trading	3,522	1,475	6,265	3,672
(d) Gross dividends from securities:				
- held-for-trading	44	1	534	1,428
- available-for-sale	102	61	1,734	673
	<u>146</u>	<u>62</u>	<u>2,268</u>	<u>2,101</u>
(e) Other income:				
Net income from sales/cancellation of trust units	24,986	7,159	52,590	9,493
Net foreign exchange gain	426	509	1,071	682
Rental Income	211	216	642	650
Others	334	403	1,186	1,241
	<u>25,957</u>	<u>8,287</u>	<u>55,489</u>	<u>12,066</u>
 Total other operating income	 <u><u>112,923</u></u>	 <u><u>45,812</u></u>	 <u><u>239,506</u></u>	 <u><u>97,524</u></u>

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**A19. Other Operating Expenses**

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months ended 30-Apr-07</u> RM'000	<u>3 months ended 30-Apr-06</u> RM'000	<u>9 months ended 30-Apr-07</u> RM'000	<u>9 months ended 30-Apr-06</u> RM'000
Personnel costs				
- Salaries, allowances and bonuses	(18,240)	(9,734)	(40,493)	(24,494)
- Contributions to a defined contribution plan	(2,375)	(1,001)	(5,423)	(2,815)
- Others	(6,575)	(4,678)	(16,085)	(8,131)
	<u>(27,190)</u>	<u>(15,413)</u>	<u>(62,001)</u>	<u>(35,440)</u>
Establishment related costs				
- Depreciation	(6,586)	(1,827)	(10,543)	(5,596)
- Rental of premises	(786)	(623)	(2,250)	(1,919)
- Rental of equipment	(794)	(709)	(2,315)	(1,999)
- Repairs and maintenance of premises and equipment	(317)	(202)	(805)	(638)
- Information technology expenses	(372)	(267)	(1,133)	(899)
- Others	(903)	(864)	(2,763)	(2,617)
	<u>(9,758)</u>	<u>(4,492)</u>	<u>(19,809)</u>	<u>(13,668)</u>
Promotion and marketing related expenses				
- Promotion and business development	(4,717)	(1,643)	(8,639)	(3,637)
- Travelling and accommodation	(183)	(112)	(583)	(324)
- Others	(1,444)	(1,071)	(5,219)	(3,730)
	<u>(6,344)</u>	<u>(2,826)</u>	<u>(14,441)</u>	<u>(7,691)</u>
Administrative and general expenses				
- Professional and consultancy fees	(637)	(340)	(2,064)	(1,962)
- Communication expenses	(1,329)	(875)	(3,328)	(2,546)
- Incentives and commission	(26,438)	(8,020)	(56,083)	(13,506)
- Regulatory charges	(3,510)	(1,387)	(7,139)	(3,161)
- Commission on standby letters of credit	(262)	-	(788)	(155)
- Amortisation of goodwill	-	(3,279)	-	(9,836)
- Others	(1,211)	(1,395)	(5,585)	(4,269)
	<u>(33,387)</u>	<u>(15,296)</u>	<u>(74,987)</u>	<u>(35,435)</u>
Total other operating expenses	<u><b>(76,679)</b></u>	<u><b>(38,027)</b></u>	<u><b>(171,238)</b></u>	<u><b>(92,234)</b></u>

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**A20. Write back/(Allowance) for Losses on Loans, Advances and Financing**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-07 RM'000	3 months ended 30-Apr-06 RM'000	9 months ended 30-Apr-07 RM'000	9 months ended 30-Apr-06 RM'000
<b>Group</b>				
Allowance for bad and doubtful debts:				
Specific allowance				
- made during the financial period	-	-	(1,898)	-
- written back	-	590	101	590
General allowance	235	-	(937)	-
	<b>235</b>	<b>590</b>	<b>(2,734)</b>	<b>590</b>

**A21. 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 30-Apr-07 RM'000	3 months ended 30-Apr-06 RM'000	9 months ended 30-Apr-07 RM'000	9 months ended 30-Apr-06 RM'000
<b>Group</b>				
Allowance for bad and doubtful debts:				
Specific allowance				
- made during the financial period	(260)	(60)	(810)	(136)
- written back	1,052	4,649	4,145	7,407
General allowance	(285)	(148)	(661)	269
	507	4,441	2,674	7,540
Bad debts:				
- recovered	-	15	153	34
- written off	(280)	(140)	(280)	(140)
	<b>227</b>	<b>4,316</b>	<b>2,547</b>	<b>7,434</b>

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**A22. 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:

	<b>As at 30-Apr-07</b>		
	<b>Notional Amount RM'000</b>	<b>Credit Equivalent Amount* RM'000</b>	<b>Risk Weighted Amount RM'000</b>
<b><u>Group</u></b>			
Foreign exchange related contracts:			
- less than one year	91,555	2	-
Committed capital in DBS HDM Capital Sdn. Bhd. ("DHC") in accordance with the Subscription Agreements between the Company and DHC	23,766	-	-
Underwriting commitments	17,843	8,922	8,922
Undrawn margin facilities	265,114	-	-
Capital expenditure commitments	12,547	-	-
Non-cancellable operating lease commitments	8,245	-	-
	<b>419,070</b>	<b>8,924</b>	<b>8,922</b>

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

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**A23. Capital Adequacy**

The Group is not required to maintain any capital adequacy ratio requirements except for the investment banking subsidiary company, HDBSIB. The following disclosure of capital adequacy ratios is in respect of HDBSIB:

	<b>As at 30-Apr-07 RM'000</b>	<b>As at 31-Jul-06 RM'000</b>
The components of Tier I and Tier II capital are as follows:		
<b><u>Tier I capital</u></b>		
Paid-up share capital	500,000	500,000
Retained profits	197,928	197,928
General reserves	233	-
	698,161	697,928
Less: Deferred tax assets	(265)	-
Less: Goodwill	(110,002)	(110,002)
Total Tier I - Core capital	587,894	587,926
<b><u>Tier II capital</u></b>		
General allowance for bad and doubtful debts	2,248	1,587
Total Tier II capital	2,248	1,587
Total capital	590,142	589,513
Less: Investment in subsidiary companies	(3,081)	(3,081)
<b>Capital base</b>	<b>587,061</b>	<b>586,432</b>
Core capital ratio	44.9%	84.8%
Risk-weighted capital ratio	44.9%	84.8%
Core capital ratio (net of proposed dividend)	44.9%	83.5%
Risk-weighted capital ratio (net of proposed dividend)	44.9%	83.5%



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**A24. 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
<b>Group</b>										
<b>As at 30 April 2007</b>										
<b>Assets</b>										
Cash and short-term funds	383,244	-	-	-	-	286,002	669,246	-	669,246	2.82%
Securities held-for-trading	-	-	-	-	-	-	-	25,951	25,951	
Securities available-for-sale	-	24,998	29,638	-	10,021	38,342	102,999	-	102,999	3.68%
Loans, advances and financing										
- performing	-	45,878	7,143	-	-	-	53,021	-	53,021	8.72%
- non-performing *	-	-	-	-	-	8,527	8,527	-	8,527	
Other assets ^	214,266	1,816	-	-	-	1,033,387	1,249,469	-	1,249,469	8.92%
<b>Total assets</b>	<b>597,510</b>	<b>72,692</b>	<b>36,781</b>	<b>-</b>	<b>10,021</b>	<b>1,366,258</b>	<b>2,083,262</b>	<b>25,951</b>	<b>2,109,213</b>	
<b>Liabilities</b>										
Deposits from customers	15,500	15,500	10,057	-	-	-	41,057	-	41,057	3.13%
Deposits and placements of banks and other financial institutions	20,000	20,000	47,235	-	-	-	87,235	-	87,235	3.60%
Obligations on securities sold under repurchase agreements	20,016	-	-	-	-	-	20,016	-	20,016	3.13%
Borrowings	14,000	150,000	-	-	-	208	164,208	-	164,208	4.31%
Other liabilities #	222,267	-	-	-	-	847,856	1,070,123	-	1,070,123	2.49%
<b>Total liabilities</b>	<b>291,783</b>	<b>185,500</b>	<b>57,292</b>	<b>-</b>	<b>-</b>	<b>848,064</b>	<b>1,382,639</b>	<b>-</b>	<b>1,382,639</b>	
<b>Equity</b>										
Equity attributable to equity holders of the parent	-	-	-	-	-	718,176	718,176	-	718,176	
Minority interests	-	-	-	-	-	8,398	8,398	-	8,398	
<b>Total equity and liabilities</b>	<b>291,783</b>	<b>185,500</b>	<b>57,292</b>	<b>-</b>	<b>-</b>	<b>1,574,638</b>	<b>2,109,213</b>	<b>-</b>	<b>2,109,213</b>	
On-balance sheet interest sensitivity gap	305,727	(112,808)	(20,511)	-	10,021	(208,380)	(25,951)	25,951	-	
<b>Total interest sensitivity gap</b>	<b>305,727</b>	<b>(112,808)</b>	<b>(20,511)</b>	<b>-</b>	<b>10,021</b>	<b>(208,380)</b>	<b>(25,951)</b>	<b>25,951</b>	<b>-</b>	

\* 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, Statutory deposits with Bank Negara Malaysia, Tax recoverable, Interests in jointly controlled entities, Property, plant and equipment, Investment properties, Goodwill/Intangible assets and Deferred tax assets as disclosed in the Consolidated Balance Sheet.

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

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**A24. Interest Rate Risk (cont'd)**

	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
<b>Group</b>										
<b>As at 31 July 2006</b>										
<b>Assets</b>										
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%
<b>Total assets</b>	<b>523,083</b>	<b>7,144</b>	<b>35,553</b>	<b>-</b>	<b>48,410</b>	<b>626,274</b>	<b>1,240,464</b>	<b>12,857</b>	<b>1,253,321</b>	
<b>Liabilities</b>										
Borrowings	-	-	150,000	-	-	-	150,000	-	150,000	4.57%
Other liabilities #	147,290	-	-	-	-	280,575	427,865	-	427,865	2.50%
<b>Total liabilities</b>	<b>147,290</b>	<b>-</b>	<b>150,000</b>	<b>-</b>	<b>-</b>	<b>280,575</b>	<b>577,865</b>	<b>-</b>	<b>577,865</b>	
<b>Equity</b>										
Equity attributable to equity holders of the parent	-	-	-	-	-	667,491	667,491	-	667,491	
Minority interests	-	-	-	-	-	7,965	7,965	-	7,965	
<b>Total equity and liabilities</b>	<b>147,290</b>	<b>-</b>	<b>150,000</b>	<b>-</b>	<b>-</b>	<b>956,031</b>	<b>1,253,321</b>	<b>-</b>	<b>1,253,321</b>	
On-balance sheet interest sensitivity gap	375,793	7,144	(114,447)	-	48,410	(329,757)	(12,857)	12,857	-	
<b>Total interest sensitivity gap</b>	<b>375,793</b>	<b>7,144</b>	<b>(114,447)</b>	<b>-</b>	<b>48,410</b>	<b>(329,757)</b>	<b>(12,857)</b>	<b>12,857</b>	<b>-</b>	

\* The amounts represent non-performing loans, advances and financing, net of specific and general allowances and interest in suspense.

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

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

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**A25. 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**

9 months ended 30 April 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
<b>Revenue</b>								
External revenue *	164,325	79,896	642	747	5,747	860	-	252,217
Inter-segment revenue ^	-	50	3,150	17,423	-	1,045	(21,668)	-
<b>Total revenue</b>	<b>164,325</b>	<b>79,946</b>	<b>3,792</b>	<b>18,170</b>	<b>5,747</b>	<b>1,905</b>	<b>(21,668)</b>	<b>252,217</b>
<b>Results</b>								
Segment results	83,360	762	2,834	(1,444)	(523)	(146)	(1,591)	83,252
Unallocated income								38
Unallocated expenses								(412)
								<u>82,878</u>
Share of results of jointly controlled entities, net of tax								(443)
Profit before taxation								82,435
Taxation								(22,186)
<b>Profit for the financial period</b>								<b><u>60,249</u></b>

\* 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.

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**A25. Segmental information (cont'd)**

**Primary reporting format - Business segment (cont'd)**

9 months ended 30 April 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
<b>Revenue</b>								
External revenue *	75,381	27,759	650	751	7,227	797	-	112,565
Inter-segment revenue ^	-	40	3,218	125,280	-	940	(129,478)	-
Total revenue	<u>75,381</u>	<u>27,799</u>	<u>3,868</u>	<u>126,031</u>	<u>7,227</u>	<u>1,737</u>	<u>(129,478)</u>	<u>112,565</u>
<b>Results</b>								
Segment results	23,205	5,012	2,678	(640)	4,385	(62)	(1,660)	32,918
Unallocated income								14
Unallocated expenses								(493)
								<u>32,439</u>
Share of results of jointly controlled entities, net of tax								(204)
Profit before taxation								<u>32,235</u>
Taxation								(12,455)
Profit for the financial period								<u><u>19,780</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.

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**Notes to interim financial report for the third quarter and financial period ended 30 April 2007**

**A26. Valuation of Property, Plant and Equipment**

Not applicable.

**A27. Subsequent Events**

There are no material events subsequent to the end of the financial period ended 30 April 2007.

**A28. 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 30 April 2007 except that on 25 January 2007, the wholly-owned stockbroking 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. The name was subsequently changed to HWANGDBS Investment Bank Berhad on 8 May 2007.

**A29. 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 RM14.2 million, being the amount of banking facilities drawn down by subsidiary companies for working capital purposes (As at 31 July 2006: RM NIL).

**A30. 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.

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**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**

The Group achieved a profit before tax of RM82.4 million for the 9 months ended 30 April 2007, which represents a 156% increase from RM32.2 million for the previous corresponding financial period. For the current quarter ended 30 April 2007, the Group posted a profit before tax of RM42.6 million, which represents a 123% increase compared to RM19.1 million for the previous corresponding financial quarter. Significant increase in brokerage income in line with sustainable upward momentum in trading value in Bursa Malaysia Securities Berhad and cessation of amortisation of goodwill are the main contributors to the Group's higher pretax profit for the current quarter and financial period ended 30 April 2007. The effects of the increase in pretax profit are partially reduced by higher depreciation charge arising from the change in rates of depreciation for certain property, plant and equipment, lower writeback of allowance for doubtful debts arising from recoveries of margin debts and higher interest expense on bank borrowings. The stockbroking operations remain the key contributor accounting for 93% of the Group's pretax profit for the current financial period, followed by the unit trusts and fund management operations.

For the current quarter and financial period under review, the Group posted a total operating revenue of RM119.1 million and RM252.2 million respectively compared to RM50.5 million and RM112.6 million for the previous corresponding quarter and financial period. The increase in operating revenue is mainly attributable to higher brokerage income from the stockbroking operations and increase in unit trust sales for the financial period under review.

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 30 April 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 Group recorded a 45% increase in profit before tax of RM42.6 million compared to RM29.4 million in the immediate preceding quarter. The increase is mainly due to higher brokerage income from stockbroking operations, partially offset by increase in depreciation charge arising from the change in rates of depreciation for certain property, plant and equipment coupled with lower allowances made for losses on loans, advances and financing by the moneylending subsidiary.

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**B3. Commentary**

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

The current buoyant local stock market conditions are expected to continue and this will augur well for the stockbroking operations of the Group for the remaining quarter of the current financial year.

On the investment banking business, the Group is in the process of consolidating its existing debt capital market and equity capital market services with a new wholesale banking platform. By leveraging on the regional network and expertise of its partner, DBS Bank, the Group is confident of building its presence in the targeted market segments. The investment banking business is expected to contribute to the Group's results in the medium to long term.

The Group's asset and fund management activities continue to make good progress with current assets under management exceeding RM5 billion.

**(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.

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**Notes to interim financial report for the third quarter and financial period ended 30 April 2007**

**B6. Taxation**

The analysis of the tax expense for the current quarter and financial period ended 30 April 2007 are as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-07 RM'000	3 months ended 30-Apr-06 RM'000	9 months ended 30-Apr-07 RM'000	9 months ended 30-Apr-06 RM'000
<b>Group</b>				
In respect of the current financial period:-				
Malaysian income tax	(13,572)	(7,091)	(24,625)	(13,107)
Deferred tax	2,368	613	2,157	166
	<u>(11,204)</u>	<u>(6,478)</u>	<u>(22,468)</u>	<u>(12,941)</u>
In respect of prior financial year:-				
Malaysian income tax	296	(2)	287	486
Real property gains tax	(5)	-	(5)	-
	<u>(10,913)</u>	<u>(6,480)</u>	<u>(22,186)</u>	<u>(12,455)</u>

The effective tax rates for the current quarter and financial period ended 30 April 2007 are lower than the statutory tax rate due to certain income, mainly capital gains which are not subject to tax, offset by effects of 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 HDBSIB 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 30 April 2007 except for the following:

- (a) a Sale and Purchase Agreement entered into by a subsidiary company, HDM Properties Sdn. Bhd. ("HDMP") 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.
- (b) on 15 February 2007, HDMP agreed in principle to purchase a property from a third party for RM1.7 million 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.



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**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, HDBSIB and the profit arising therefrom are as follows:

	<b>Current quarter ended 30-Apr-07 RM'000</b>	<b>Financial period ended 30-Apr-07 RM'000</b>
(i) Total Purchase Consideration	<u>12,585</u>	<u>28,518</u>
(ii) Total Sales Proceeds	<u>15,739</u>	<u>31,234</u>
(iii) Total Profit on Disposal	<u>1,822</u>	<u>3,799</u>

- (b) Total investments in quoted securities held by the Group other than HDBSIB as at 30 April 2007 are as follows:

	<b>RM'000</b>
(i) At Cost	<u>21,329</u>
(ii) At Book Value	<u>26,182</u>
(iii) At Market Value	<u>26,182</u>

**B9. Status of Corporate Proposals**

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

**B10. Group Borrowings and Debt Securities**

Please refer to explanatory note A14.

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**B11. Off-Balance Sheet Financial Instruments**

The value of financial instruments with off-balance sheet risk as at the balance sheet date classified by the remaining periods to maturity are as follows:

**Group**

<b>Item</b>	<b>Principal amount RM'000</b>	<b>1 month or less RM'000</b>
Foreign exchange related contracts: - forward contracts	91,555	91,555

**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 the balance sheet date, 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 the balance sheet date are due for maturity within 3 to 7 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 except for the following:

- (a) The claim filed by a client of 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.

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended 30-Apr-07	3 months ended 30-Apr-06	9 months ended 30-Apr-07	9 months ended 30-Apr-06
Profit for the financial period attributable to equity holders of the parent (RM'000)	31,965	12,180	58,462	18,432
Weighted average number of ordinary shares in issue ('000)	254,362	256,674	253,965	258,485
<b>Basic earnings per share (sen)</b>	<b>12.57</b>	<b>4.75</b>	<b>23.02</b>	<b>7.13</b>
Profit for the financial period attributable to equity holders of the parent (RM'000)	31,965	12,180	58,462	18,432
Weighted average number of ordinary shares in issue ('000):				
- in issue during the financial period (as above)	254,362	256,674	253,965	258,485
- adjustment made for share options	761	134	547	37
	255,123	256,808	254,512	258,522
<b>Diluted earnings per share (sen)</b>	<b>12.53</b>	<b>4.74</b>	<b>22.97</b>	<b>7.13</b>

**By Order of the Board**

**Chen Mun Peng**  
**Tan Lee Peng**  
**Company Secretaries**

**Penang**  
**4 June 2007**