

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

A1. Basis of preparation

The unaudited condensed interim financial report has been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: held-for-trading financial assets, available-for-sale financial assets and derivative financial instruments.

The unaudited condensed interim financial report has been prepared in accordance with FRS134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad.

The unaudited interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2005. The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2005.

The significant accounting policies and methods of computation adopted in the unaudited condensed interim financial report are consistent with those adopted in the audited financial statements for the year ended 31 December 2005 except for the adoption of the following new and revised Financial Reporting Standards ("FRS") issued by MASB that are effective for financial period beginning 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting 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

In addition to the above, the Group has also taken the option of early adoption of the FRS 117: Leases for the financial period beginning 1 January 2006.

The adoption of FRS 2, 5, 101, 102, 108, 110, 116, 121, 127, 128, 131, 132 and 133 does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new and revised FRS i.e. FRS 3, 117, 136, 138 and 140 are disclosed in Note A14.

A2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2005 was not subject to any qualification.

A3. Seasonal and cyclical factors

The operations of the Group were not materially affected by any seasonal or cyclical factors in the third quarter ended 30 September 2006.

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

A4. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 30 September 2006 except for the changes in accounting policies and estimates as disclosed in Note A1 and Note A5.

A5. Changes in estimates

The revised FRS 116: Property, Plant and Equipment requires the review of the residual value and the remaining useful life of an item of property, plant and equipment at least at each financial year end. The Group's property subsidiary company revised the residual values of certain buildings and the estimated useful lives of certain plant and machinery from indefinite useful lives to 50 and 10 years respectively with effect from 1 January 2006. The revisions were accounted for as change in accounting estimates and as a result, the depreciation charges for the current quarter has been increased by RM1,532,000.

There were no other changes in estimates that have a material effect in the third quarter ended 30 September 2006 results.

A6. Property, plant and equipment

The valuations of land and buildings have been brought forward, without amendment, from the financial statements for the year ended 31 December 2005.

A7. Subsequent events

(a) On 4 October 2006, MIDF announced that its subsidiary company, Amanah Asset Holding Sdn Bhd ("AAH"), had entered into a Sale and Purchase Agreement ("SPA") with Amanah Saham Nasional Berhad ("ASNB") for the proposed disposal of AAH's 100% equity interest in Asia Unit Trusts Berhad to ASNB.

Currently, both parties are in the process of fulfilling the conditions precedent as per the SPA.

(b) On 10 October 2006, MIDF announced that its subsidiary company, Amanah Equities Sdn Bhd, had on 6 October 2006 entered into a conditional Share Sale Agreement ("SSA") with Sisma Vest Sdn Bhd ("SVSB") for the proposed acquisition of the 4,000,000 ordinary shares of RM1.00 each in MIDF Sisma Holdings Sdn Bhd from SVSB.

Currently, both parties are in the process of fulfilling the conditions precedent as per the SSA.

A8. Changes in composition of the Group

On 16 August 2006, MIDF had announced that, effective 1 July 2006, its 23.11% associate company, Mitsui Sumitomo Insurance (Malaysia) Berhad ("MSIB") had ceased to be an associate company of Amanah Capital Partners Berhad ("ACP") (a wholly-owned subsidiary of MIDF). This was due to the completion of a merger exercise between MSIB and Aviva Insurance Berhad. ACP is now holding 11.56% equity interest in MSIB.

Other than the above, there were no other changes in composition of the Group for the third quarter ended 30 September 2006.

**MALAYSIAN INDUSTRIAL DEVELOPMENT FINANCE BERHAD (No. 3755-M)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2006**

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

A9. Dividend paid

The amount of dividends paid during the financial period ended 30 September 2006 were as follows:

	Cumulative Quarter 1.1.2006 to 30.9.2006 RM'000	Cumulative Quarter 1.1.2005 to 30.9.2005 RM'000
First and final dividend paid on 10 July 2006 in respect of the financial period ended 31 December 2005		
- 6% less 28% tax	41,329	-
Final and special dividend paid on 31 May 2005 in respect of the financial year ended 31 December 2004		
- Final 3% less 28% tax	-	20,630
- Special 3% less 28% tax	-	20,630
	<u>41,329</u>	<u>41,260</u>

A10. Segmental information

Segmental information is presented in respect of the Group's business segments. No geographical segmental information is presented as the Group operates principally in Malaysia.

Inter-segment pricing is determined based on terms mutually agreed between the respective companies.

	Segment Revenue Cumulative Quarter		Segment Results Cumulative Quarter	
	1.1.2006 to 30.9.2006 RM'000	1.1.2005 to 30.9.2005 RM'000	1.1.2006 to 30.9.2006 RM'000	1.1.2005 to 30.9.2005 RM'000
Capital markets and securities	288,713	339,872	55,201	65,449
Asset management	15,243	15,767	8,606	4,007
Development finance	56,842	59,801	(2,715)	20,197
Property holding	46,451	42,965	10,799	7,671
Investment holding	4,031	(9,445)	(13,117)	(10,118)
	<u>411,280</u>	<u>448,960</u>	<u>58,774</u>	<u>87,206</u>
Share of profit of associated companies	-	-	4,957	8,930
Consolidation adjustment	-	-	45,596	9,044
	<u>411,280</u>	<u>448,960</u>	<u>109,327</u>	<u>105,180</u>

A11. Capital commitments

	As at 30.9.2006 RM'000	As at 30.9.2005 RM'000
Authorised and contracted for	244	85
Authorised but not contracted for	982	2,929
	<u>1,226</u>	<u>3,014</u>

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

A12. Commitments and contingent liabilities

	As at 30.9.2006 RM'000	As at 30.9.2005 RM'000
Company	545,775	594,400
Subsidiaries	952,091	1,552,229
	1,497,866	2,146,629

In the normal course of business, the Group and the Company made various commitments and incurred certain contingent liabilities with legal recourse to their customers. No material losses were anticipated as a result of these transactions which amounted to RM1,497.9 million as at 30 September 2006 (31 December 2005: RM1,526.8 million).

A13. Issuance or repayment of debt and equity securities

The issued and paid-up ordinary share capital of the Company has increased from RM956,373,513 since the financial year ended 31 December 2005 to RM956,691,513 as at 30 September 2006 arising from the issuance of 318,000 new ordinary shares of RM1.00 each pursuant to the exercise of options granted under the Employees' Share Option Scheme at an option price of RM1.00. Other than this, there were no share buy-backs, share cancellations, shares held as treasury shares, and resale of treasury shares in the current financial period to date.

During the financial period under review, the Company issued/ repaid the following debt securities:

Issue	Tenure	Issue Date	Amount (RM'000)	Repayment Date
<u>RM150 million CP/MTN (2003 – 2010)</u>				
Commercial Paper	6 months	23 September 2005	30,000	23 March 2006
<u>Revolving Underwritten Facility (1999 – 2006)</u>				
Commercial Paper	6 months	4 July 2005	40,000	4 January 2006
Commercial Paper	3 months	15 December 2005	20,000	15 March 2006
Commercial Paper	6 months	4 January 2006	40,000	4 July 2006
Commercial Paper	3 months	15 March 2006	20,000	15 June 2006
<u>RM50 million Murabahah CP/MTN (2003 – 2010)</u>				
CP-AI-Murabahah	3 months	4 August 2006	5,000	3 November 2006
CP-AI-Murabahah	3 months	1 September 2006	5,000	1 December 2006

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

A14. Change in Accounting Policies and Prior Year Adjustments

(a) Change in Accounting Policies

During the period ended 30 September 2006, the Group has adopted the new and revised FRSs issued by MASB that are applicable with effect from 1 January 2006 which resulted in changes in accounting policies as follows:

1) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest and other disclosures. Minority interest is now presented within total equity in the consolidated balance sheet and as an allocation from net profit for the period in the consolidated income statement. The movement of minority interest is now presented in the consolidated statement of changes in equity.

The presentation of the comparative financial statements of the Group have been restated to conform with the current period's presentation.

2) FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets

The adoption of FRS 3 Business Combinations and the consequential changes to FRS 136 Impairment of Assets and FRS 138 Intangible Assets, has resulted in a change in the accounting policy relating to purchased goodwill.

Goodwill acquired in a business combination is now stated at cost less any accumulated impairment losses. The adoption of these new FRSs has resulted in the Group ceasing annual amortisation of goodwill. Instead, goodwill is allocated to cash-generating units and the carrying amount is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill impairment is determined by comparing its carrying amount against its recoverable amount in accordance with FRS 136. Any impairment loss is recognised in the income statement and subsequent reversal is not allowed.

This change in accounting policy has been accounted for prospectively for business combinations where the agreement date is on or after 1 January 2006. For business combinations entered into prior to that date, the transitional provisions of FRS 3 requires the Group to eliminate the carrying accumulated amortisation as at 1 January 2006 of RM13,332,000 against the carrying amount of goodwill. The carrying amount of goodwill for the Group as at 1 January 2006 of RM125,432,000 ceased to be amortised. This has the effect of reducing the amortisation charge of the Group by RM10,380,000 for the period ended 30 September 2006. No impairment loss on goodwill has been recognised in the period ended 30 September 2006.

Negative goodwill, which represents the excess in fair value of the net identifiable assets acquired over the cost of the acquisition, is now recognised immediately to the income statement. Prior to 1 January 2006, negative goodwill not exceeding the fair values of the non-monetary assets acquired, was recognised in the income statement over the weighted average useful life of those assets that were depreciable/amortisable and negative goodwill in excess of the fair values of the non-monetary assets acquired was recognised in the income statement immediately. In accordance with the transitional provisions of FRS 3, the negative goodwill as at 1 January 2006 of RM148,984,000 was derecognised with a corresponding increase in retained earnings. This has the effect of reducing the amortisation of negative goodwill of the Group by RM18,005,000 for the period ended 30 September 2006.

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

A14. Change in Accounting Policies and Prior Year Adjustments (Cont'd)

3) FRS 140: Investment Property

The adoption of FRS 140 has resulted in a change in the accounting policy for investment properties as well as the reclassification of the leasehold land previously recognised as investment properties to prepaid lease payment.

Investment properties are now stated at cost and the Group had measured all its investment properties in accordance with FRS 116's requirements. The adoption of FRS116 in respect of the investment properties had resulted in the buildings to be depreciated over a period of not more than 45 years. Prior to 1 January 2006, the investment properties were stated at cost less accumulated impairment losses.

The adoption of this FRS has resulted in a decrease in the opening retained profits as at 1 January 2006 of RM28,798,000. This has the effect of reducing the profit before tax of the Group by RM1,210,000 for the period ended 30 September 2006.

4) FRS 117: Leases

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represents prepaid lease payments and are amortised on a straight-line basis over the lease term. A lease of land and building is apportioned into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease. Prior to 1 January 2006, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses.

Upon the adoption of the revised FRS 117 at 1 January 2006, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions of FRS 117.

The reclassification of leasehold land as prepaid lease payments from the investment properties has been accounted for retrospectively and has resulted in a decrease in the opening retained profits of RM2,301,000. This has the effect of reducing the profit before tax of the Group by RM129,000 for the period ended 30 September 2006.

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

A14. Change in Accounting Policies and Prior Year Adjustments (Cont'd)

(b) Adjustments due to Change in Accounting Policies

The changes in accounting policies were applied retrospectively and have the following impact on the Retained Profits of the Group:

(i) Effects on retained profits:

	2006 RM'000	2005 RM'000
At 1 January, as previously stated	378,271	389,006
Prior year adjustments in respect of:		
- Adoption of FRS 117	(2,301)	(2,086)
- Adoption of FRS 140	(28,798)	(26,377)
	(31,099)	(28,463)
As restated, before opening balance adjustments	347,172	360,543
Opening balance adjustment in respect of FRS 3 adoption	148,984	-
As restated, after opening balance adjustments	496,156	360,543

(ii) Effects on net profit for the period:

	30.9.2006 RM'000	30.9.2005 RM'000
Net profit before changes in accounting policy	76,866	73,953
- Adoption of FRS 117	(129)	(129)
- Adoption of FRS 140	(1,210)	(1,210)
	(1,339)	(1,339)
	75,527	72,614

B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

B1. Performance review

The Group registered a pre-tax profit of RM109.327 million for the period ended 30 September 2006, an increase of 4% as compared to the previous corresponding period's pre-tax profit of RM105.180 million. The increase in the pre-tax profit was mainly due to:

- i) gain on deemed disposal of Mitsui Sumitomo Insurance (Malaysia) Berhad ("MSIB") of RM44.844 million as MSIB has ceased to be an associate company effective 1 July 2006; offset by
- ii) non-recognition from the net amortisation of negative goodwill amounting to RM7.625 million due to the adoption of the new FRS 3: Business Combinations;
- iii) more stringent policy on provisioning for loan loss at the development finance division which resulted in a pre-tax loss of RM2.715 million as compared to a pre-tax profit of RM20.197 million recorded in the previous corresponding period;
- iv) lower contribution from capital market and securities division amounting to RM55.201 million as compared to RM65.449 million recorded in the previous corresponding period;
- v) lower contribution from MISB amounting to RM3.939 million as compared to RM7.943 million recorded in the previous corresponding period as MISB has ceased to be an associate company effective 1 July 2006; and
- vi) lower recoveries from the loans sold to Danaharta of RM4.671 million as compared to RM7.403 million recorded in the previous corresponding period.

B2. Variation of results against preceding quarter

The Group recorded a profit before tax of RM54.087 million for the three months ended 30 September 2006 as compared to RM23.153 million profit before tax in the preceding second quarter.

The higher profit recorded in the current quarter was mainly due to gain on deemed disposal of MSIB of RM44.844 million as MSIB has ceased to be an associate company as well as higher contribution from the property division as a result of increased sales. However, this was offset by lower profit contribution from capital market and securities division and losses incurred by development finance division for the 3rd quarter which was due to a more stringent policy on specific provisioning for loan losses.

B3. Current year prospects

While the business environment for the Group will continue to be challenging in the current year, the Directors expect the Group to remain profitable.

B4. Profit forecast

There was no profit forecast nor profit guarantee issued.

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	30.9.2006	30.9.2005	1.1.2006 to 30.9.2006	1.1.2005 to 30.9.2005
	RM'000	RM'000	RM'000	RM'000
Current taxation	13,199	8,126	33,800	32,566
(Over)/under provision in prior years	-	-	-	-
	<u>13,199</u>	<u>8,126</u>	<u>33,800</u>	<u>32,566</u>

The effective rate of taxation of the Group was higher than the statutory rate of tax applicable mainly due to certain expenses being disallowed for taxation purposes.

B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

B6. Profit on sale of investments and / or properties

There was no profit on sale of investments and properties for the current quarter under review, except for the disposal of factory units in industrial estates and the disposal of investments by certain subsidiary companies in their ordinary course of business.

B7. Quoted securities

The particulars of purchase or disposal of quoted securities by all companies, except for those companies whose principal activity involves share investment and trading, and the financial institutions of the Group, are as follows:

(a) Purchases and disposals:

	Individual Quarter		Cumulative Quarter	
	30.9.2006 RM'000	30.9.2005 RM'000	1.1.2006 to 30.9.2006 RM'000	1.1.2005 to 30.9.2005 RM'000
Purchases	-	864	-	1,404
Disposals:				
Proceeds from sale	5,479	1,109	22,019	8,799
Cost	(3,730)	(3,947)	(16,495)	(19,979)
Gain/(Loss) on disposal	1,749	(2,838)	5,524	(11,180)

(b) Investments in quoted shares are as follows:

	As at 30.9.2006 RM'000	As at 30.9.2005 RM'000
(i) At cost	8,284	43,642
(ii) At carrying value / net book value	13,860	20,041
(iii) At market value	13,860	20,041

B8. Status of corporate proposals announced

(a) On 2 December 2005, MIDF announced that a subsidiary company, MIDF Aberdeen Asset Management Sdn Bhd has been placed under members' voluntary winding-up and that Mr Lim Tian Huat and Mr Duar Tuan Kiat of Messrs. Ernst & Young were appointed as Liquidators of the Company on 1 December 2006. The voluntary winding-up is currently ongoing.

(b) On 17 April 2006, MIDF announced that its subsidiary company, Amanah Capital Properties (Pulau Pinang) Sdn Bhd, had entered into a Sale and Purchase Agreement ("SPA") with JKP Sdn Bhd for the proposed disposal of the unexpired lease over the land and the 21-storey office building erected thereon known as Menara UMNO ("Proposed Disposal").

The Proposed Disposal is on-going and both parties are in the process of fulfilling the conditions precedent of the SPA.

(c) On 16 May 2006, MIDF announced that the Company proposed to amend its Memorandum of Association to expand the range of financial products and services that MIDF is able to offer in addition to its existing facilities as a development financial institution. The proposed amendment was approved by the shareholders at the Extraordinary General Meeting of the Company held on 20 June 2006.

B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

B8. Status of corporate proposals announced (Continued)

(d) On 3 July and 11 July 2006, MIDF announced that the Company received the following approvals respectively from:

- i) The Minister of Finance, vide a letter dated 30 June 2006 issued by Bank Negara Malaysia and the SC, for the proposed establishment of an Investment Bank within the MIDF Group by its wholly-owned subsidiary, Utama Merchant Bank Berhad ("UMBB") pursuant to the Banking and Financial Institutions Act, 1989 and the Securities Commission Act, 1993 ("SCA"); and
- ii) The SC, vide a letter dated 6 July 2006 (which was received on 10 July 2006), under Section 32 of the SCA, for the proposed acquisitions to be undertaken for the establishment of an Investment Bank within the MIDF Group by its wholly-owned subsidiary, UMBB.

On 9 October 2006, MIDF announced that ACP (a wholly-owned subsidiary of MIDF) and UMBB (a wholly-owned subsidiary of ACP) had on 6 October 2006, collectively entered into the relevant conditional Business Acquisitions Agreements with Amanah Short Deposits Berhad ("ASD") (a wholly-owned subsidiary of ACP), Malaysia Discounts Berhad ("MDB") (a wholly-owned subsidiary of ACP) and MIDF Sisma Securities Sdn Bhd ("MIDFSS") (effectively an 80% owned subsidiary of ACP), for the relevant acquisitions by UMBB of all assets and liabilities of ASD, MDB and MIDFSS as defined under the relevant conditional Business Acquisitions Agreements.

At present, all parties are in the process of fulfilling the conditions precedent of the Business Acquisitions Agreements.

(e) On 31 July 2006, MIDF announced that its subsidiary company, ACP had on 28 July 2006 entered into a Share Sale Agreement with MIDF for the acquisition of the entire equity interest of UMBB from MIDF. The acquisition is undertaken with the intention to consolidate the financial services activities of MIDF group of companies to ACP. In addition, the UMBB acquisition is part of the several corporate exercises to be undertaken by MIDF group of companies to transform UMBB into an investment bank.

B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

B8. Status of corporate proposals announced (Continued)

- (f) On 16 August 2006, MIDF announced that Mitsui Sumitomo Insurance (Malaysia) Berhad (“MSIB”) has ceased to be an associate company of ACP effective from 1 July 2006 following the completion of a merger exercise between MSIB and Aviva Insurance Berhad (“AIB”), which involved the acquisition by MSIB of AIB’s business for a certain consideration to be satisfied by the issuance of new MSIB’s shares.

As such, ACP is now holding 11.56% of the enlarged issued and paid-up share capital of MSIB compared to 23.11% of the issued and paid-up share capital of MSIB prior to the abovementioned merger exercise.

In addition to the above, Mitsui Sumitomo Insurance Co. Ltd. (“MSIJ”) being the majority shareholder, has granted the minority shareholders the option to sell (“Put Option”) the shares in MSIB to MSIJ or its nominees at RM6.19 per share (“Offer Price”) and subject to and upon the terms and conditions of the Put Option. The salient terms and conditions of the Put Option are as follows:

- | | | |
|--------------------|---|--|
| (i) Effective date | : | 31 May 2006 |
| (ii) Tenure | : | 4 years from and inclusive of the effective date |
| (iii) Terms | : | The minority shareholders of MSIB may |
- (a) On 30 June 2008 and 31 December 2008 (or if it is not a business day, on the immediate preceding business day) sell in aggregate up to 50% of the Option Shares which they hold on the date of exercise of the Put Option at the Exercise Price to MSIJ or its nominee which shall be its wholly-owned subsidiary; and
- (b) On 30 June 2009 and 31 December 2009 (or if it is not a business day, on the immediate preceding business day) sell any of the remaining Option Shares that they still hold to MSIJ or its nominee which shall be its wholly-owned subsidiary.
- | | | |
|----------------------|---|--|
| (iv) Transferability | : | The Put Option is not transferable unless with the prior written consent of MSIJ |
|----------------------|---|--|

B9. Group Borrowings

Group Borrowings and debt securities are as follows:

		As at 30.9.2006 RM'000	As at 30.9.2005 RM'000
(a) Short Term			
Secured		19,050	19,050
Unsecured		175,475	195,879
		194,525	214,929
(b) Long Term			
Secured		36,562	40,440
Unsecured		1,031,010	1,066,732
		1,067,572	1,107,172
Total borrowings		1,262,097	1,322,101

- (c) Included in the group borrowings are loans obtained from a Japanese financial institution, denominated in Yen, equivalent to RM162.914 million. The foreign exchange risk on the above loans is borne by the Government of Malaysia.

B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

B10. Off-balance sheet financial instruments

The Group has entered into interest rate swap contracts for hedging purposes that entitled it to receive interest at floating rates on notional principal amount and obliged it to pay interest at fixed rates on the same amount. Under the interest rate swaps, the Group agrees with other parties to exchange, at quarterly or at half-yearly intervals, the difference between fixed rate and floating rate interest amount calculated by reference to the agreed notional principal amount.

The floating rates of the Group's interest rate swap contracts are linked to the Kuala Lumpur Inter Bank Offer Rate. The remaining terms and notional principal amount of the outstanding interest rate swap contracts of the Group at the balance sheet date were as follows:

Liabilities:	RM'000
3.42 years	<u>36,562</u>

Credit Risk

The above financial instruments were executed with creditworthy financial institutions in Malaysia. On the basis of the financial strength of these institutions, the Company considers the default risk as very low.

B11. Changes in material litigation/arbitration

The material litigation since the last annual balance sheet date is as follows:

(a) Amanah Ventures Sdn Bhd ("AVSB")

AVSB vs Mejati Technologies Sdn. Bhd. ("Mejati") & Dato' Ishak Abdul Hamid ("Dato' Ishak")

This action was brought by AVSB against the Defendants for a claim of RM9,178,969.74, together with interest representing the Redemption Price for 5.0 million RCULS pursuant to a Subscription-Cum-Shareholders Agreement and a Guarantee and Indemnity Agreement executed between the parties. The High Court has allowed AVSB's summary judgment application and cost. The Defendants have filed an appeal against the summary judgment. The Court dismissed the Defendants appeal with costs on 27 September 2005. An order for the winding up of Mejati has been made by High Court Kuala Lumpur on 12 April 2006 at the application of Danaharta Urus Sdn Bhd and supported by AVSB. Dato' Ishak has been declared a bankrupt on 25 July 2006 and the Solicitors would proceed to prepare and file Proof of Debt Form with the Official Assignee's Office.

(b) Malaysian Industrial Development Finance Berhad ("MIDF")

MIDF vs Utama Banking Group Berhad ("UBG")

Vide the Share Sale Agreement dated 6 May 2004 between MIDF and UBG, UBG had agreed to dispose of all its 85.1% interest in the issued and paid-up capital of Utama Merchant Bank Berhad ("UMBB") to MIDF.

Arising from a dispute on recoverability of specific items under sundry receivables in the completion account of UMBB, the parties had executed a Supplementary Share Sale Agreement dated 22 December 2004 to refer the dispute to arbitration.

The arbitration was partly conducted on 13 to 17 February 2006 where Claimant's witnesses gave evidence. The Respondent's witnesses gave their evidence on 10, 11 and 13 July 2006 with submission being fixed on 18 and 19 September 2006. The submission was deferred to 23 and 24 November 2006.

B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

B12. Dividends

The directors had approved the payment of an interim dividend of 3% less 28% income tax per ordinary share of RM1.00 each for the financial year ending 31 December 2006. The book closure date of Register of Members to determine the entitlement to dividend was on 9 and 10 October 2006 and the payment of dividend was made on 31 October 2006.

An interim dividend of 3% less 28% income tax was declared for the corresponding period last year.

B13. Earnings per share

(a) Basic

The basic earnings per share to ordinary shareholders is calculated by dividing the Group's profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the financial period.

	Individual Quarter		Cumulative Quarter	
	30.9.2006	30.9.2005	1.1.2006 to 30.9.2006	1.1.2005 to 30.9.2005
(Loss) / Profit for the period attributable to ordinary shareholders (RM'000)	40,015	19,551	73,944	71,099
Weighted average number of shares ('000)	956,692	955,957	956,508	952,599
Basic earnings per share (sen)	<u>4.18</u>	<u>2.05</u>	<u>7.73</u>	<u>7.46</u>

(b) Diluted

The calculation of the diluted earnings per share is based on the profit for the period attributable to ordinary shareholders, divided by the adjusted weighted average number of MIDF shares in issue and issuance under the exercise of share options as set out below:

	Individual Quarter		Cumulative Quarter	
	30.9.2006 RM'000	30.9.2005 RM'000	1.1.2006 to 30.9.2006 RM'000	1.1.2005 to 30.9.2005 RM'000
Weighted average number of shares	956,692	955,957	956,508	952,599
Effects of share options	<u>1,071</u>	<u>6,052</u>	<u>1,071</u>	<u>6,052</u>
	<u>957,763</u>	<u>962,009</u>	<u>957,579</u>	<u>958,651</u>
Diluted earning per share (sen)	<u>4.18</u>	<u>2.03</u>	<u>7.72</u>	<u>7.42</u>

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

B14. Comparative Figures

The following comparatives have been restated due to the adoption of the new and revised FRSs and to be consistent with the presentation of the current quarter, as shown below:

	As Restated RM'000	As Previously Stated RM'000
(i) Balance Sheet as at 31 December 2005		
Investment Properties	68,291	113,714
Prepaid Lease Payments	20,030	-
Property, Plant and Equipment - Others	158,132	163,838
Retained Profits	(347,172)	(378,271)
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	As Restated RM'000	As Previously Stated RM'000
(ii) Income statement for the quarter ended 30 September 2005		
Interest income	290,810	357,871
Interest expense	(204,890)	(252,324)
Net income from Islamic banking business	23,626	-
Other income	138,695	131,292
Expenditure	(121,559)	(146,653)
Allowances of losses on loans, advances and financing	(10,828)	-
Impairment losses on securities	(19,604)	-
Exceptional item	-	7,403
Share of results in associates	8,930	12,718
Taxation	(32,566)	(36,354)
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BY ORDER OF THE BOARD

**Shahnaz Radhiah binti Zulkifli
29 November 2006**