

**CONDENSED INTERIM FINANCIAL STATEMENTS  
 UNAUDITED BALANCE SHEETS AS AT 30 JUNE 2007**

	Note	Group		Bank	
		30 June 2007 RM'000	31 December 2006 RM'000	30 June 2007 RM'000	31 December 2006 RM'000
<b>ASSETS</b>					
Cash and short term funds	5	4,242,641	4,669,805	4,242,168	4,669,646
Deposits and placements with banks and other financial institutions		654,011	880,260	654,011	880,260
Securities held-for-trading	6	85,267	-	85,267	-
Securities available-for-sale	7	3,516,708	2,561,479	3,516,708	2,561,479
Securities held-to-maturity	8	339,830	795,560	339,830	795,560
Loans, advances and financing	9	93,689	106,182	93,689	106,182
Other assets	11	77,348	67,097	77,661	67,097
Statutory deposits with Bank Negara Malaysia		111,608	5,105	111,608	5,105
Investment in subsidiary companies		-	-	20	20
Property, plant and equipment		3,541	4,216	3,541	4,216
Deferred tax asset		21,280	21,280	21,280	21,280
<b>TOTAL ASSETS</b>		<u>9,145,923</u>	<u>9,110,984</u>	<u>9,145,783</u>	<u>9,110,845</u>
<b>LIABILITIES</b>					
Deposits from customers	12	3,908,088	3,021,398	3,908,088	3,021,398
Deposits and placements of banks and other financial institutions	13	4,541,290	5,454,780	4,541,290	5,454,780
Other liabilities	14	91,994	64,088	91,992	64,072
Subordinated term loan		28,000	28,000	28,000	28,000
Provision for taxation and zakat		363	211	363	211
<b>TOTAL LIABILITIES</b>		<u>8,569,735</u>	<u>8,568,477</u>	<u>8,569,733</u>	<u>8,568,461</u>
<b>SHAREHOLDERS' EQUITY</b>					
Share Capital		156,500	156,500	156,500	156,500
Reserves		419,688	386,007	419,550	385,884
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>576,188</u>	<u>542,507</u>	<u>576,050</u>	<u>542,384</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>9,145,923</u>	<u>9,110,984</u>	<u>9,145,783</u>	<u>9,110,845</u>
<b>COMMITMENTS AND CONTINGENCIES</b>					
	22	<u>979,633</u>	<u>858,297</u>	<u>979,633</u>	<u>858,297</u>
<b>CAPITAL ADEQUACY</b>					
	23				
Core capital ratio		16.31%	16.26%	16.31%	16.26%
Risk-weighted capital ratio		16.95%	16.90%	16.94%	16.90%
<b>NET ASSETS PER SHARE (RM)</b>		<u>3.72</u>	<u>3.50</u>	<u>3.72</u>	<u>3.50</u>

*The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2006.*

**CONDENSED INTERIM FINANCIAL STATEMENTS  
 UNAUDITED INCOME STATEMENTS  
 FOR THE SIX MONTHS ENDED 30 JUNE 2007**

	Note	Three months ended		Six months ended	
		30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
<b>Group</b>					
Operating revenue		89,937	4,744	168,677	10,345
Interest income	<b>15</b>	75,166	2,527	140,166	6,391
Interest expense	<b>16</b>	(56,538)	(2,059)	(106,615)	(4,106)
Net interest income		18,628	468	33,551	2,285
Income from Islamic Banking operation	<b>25</b>	3,184	-	8,975	-
Other operating income	<b>17</b>	12,067	2,217	20,479	3,954
Net income		33,879	2,685	63,005	6,239
Other operating expenses	<b>18</b>	(10,663)	(1,965)	(20,017)	(3,711)
Operating profit		23,216	720	42,988	2,528
Allowance for losses on loans and advances	<b>19</b>	2,363	2,433	2,439	2,520
Allowance for losses on doubtful debts	<b>20</b>	(6)	-	11	-
Impairment loss	<b>21</b>	(17,924)	676	(22,468)	632
Profit before tax expense and zakat		7,649	3,829	22,970	5,680
Tax expense		(2)	-	(3)	-
Zakat		(79)	-	(152)	-
Net profit for the period		7,568	3,829	22,815	5,680
Earnings per RM1.00 share – basic (sen)		4.88	1.72	14.72	2.55

*The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2006.*

**CONDENSED INTERIM FINANCIAL STATEMENTS  
 UNAUDITED INCOME STATEMENTS  
 FOR THE SIX MONTHS ENDED 30 JUNE 2007**

	Note	Three months ended		Six months ended	
		30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
<b>Bank</b>					
Operating revenue		89,917	4,744	168,657	10,345
Interest income	<b>15</b>	75,166	2,527	140,166	6,391
Interest expense	<b>16</b>	(56,538)	(2,059)	(106,615)	(4,106)
Net interest income		18,628	468	33,551	2,285
Income from Islamic Banking operation	<b>25</b>	3,184	-	8,975	-
Other operating income	<b>17</b>	12,047	2,217	20,459	3,954
Net income		33,859	2,685	62,985	6,239
Other operating expenses	<b>18</b>	(10,661)	(1,965)	(20,015)	(3,711)
Operating profit		23,198	720	42,970	2,528
Allowance for losses on loans and advances	<b>19</b>	2,363	2,433	2,439	2,520
Allowance for losses on doubtful debts	<b>20</b>	(6)	-	11	-
Impairment loss	<b>21</b>	(17,924)	676	(22,468)	632
Profit before tax expense and zakat		7,631	3,829	22,952	5,680
Tax expense		-	-	-	-
Zakat		(79)	-	(152)	-
Net profit for the period		7,552	3,829	22,800	5,680
Earnings per RM1.00 share – basic (sen)		4.87	1.72	14.71	2.55

*The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2006.*

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2007**

Group	Non-distributable					
	Share Capital	Share Premium	Statutory Reserve *	Securities available-for-sale Reserve #	Accumulated Losses	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2005	223,000	33,000	32,928	1,683	(265,498)	25,113
Capital Reduction	(211,850)	(33,000)	-	-	244,850	-
<b>At 01 January 2006 (restated)</b>	11,150	-	32,928	1,683	(20,648)	25,113
Net profit for the period	-	-	-	-	5,680	5,680
Unrealised net losses on revaluation of securities available-for-sale	-	-	-	(2,053)	-	(2,053)
<b>At 30 June 2006 (restated)</b>	11,150	-	32,928	(370)	(14,968)	28,740
Issued during the year:						
- Rights issue	2,787	25,088	-	-	-	27,875
- Acquisition of businesses	65,881	88,280	-	-	-	154,161
- Cash	75,182	100,743	-	-	-	175,925
Issue of Perpetual Preference Shares	1,500	148,500	-	-	-	150,000
Net profit for the year	-	-	-	-	3,679	3,679
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	2,127	-	2,127
Transfer to Statutory Reserve	-	-	4,618	-	(4,618)	-
<b>At 31 December 2006</b>	156,500	362,611	37,546	1,757	(15,907)	542,507
Net profit for the period	-	-	-	-	22,815	22,815
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	10,866	-	10,866
<b>At 30 June 2007</b>	156,500	362,611	37,546	12,623	6,908	576,188

\* The statutory reserve is maintained in compliance with Section 36 of the Banking and Financial Institution Act, 1989 and is not distributable as cash dividends

# The securities available-for-sale reserve arose from the change in the fair value of the securities available-for-sale in compliance with the revised BNMGP8 requirement.

*The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2006.*

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2007**

<b>Bank</b>	<b>Non-distributable</b>					
	Share Capital	Share Premium	Statutory Reserve *	Securities available- for-sale Reserve #	Accumulated Losses	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2005	223,000	33,000	32,928	1,683	(265,498)	25,113
Capital Reduction	(211,850)	(33,000)	-	-	244,850	-
<b>At 01 January 2006 (restated)</b>	11,150	-	32,928	1,683	(20,648)	25,113
Net profit for the period	-	-	-	-	5,680	5,680
Unrealised net losses on revaluation of securities available-for-sale	-	-	-	(2,053)	-	(2,053)
<b>At 30 June 2006 (restated)</b>	11,150	-	32,928	(370)	(14,968)	28,740
Issued during the year:						
- Rights issue	2,787	25,088	-	-	-	27,875
- Acquisition of businesses	65,881	88,280	-	-	-	154,161
- Cash	75,182	100,743	-	-	-	175,925
Issue of Perpetual Preference Shares	1,500	148,500	-	-	-	150,000
Net profit for the year	-	-	-	-	3,556	3,556
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	2,127	-	2,127
Transfer to Statutory Reserve	-	-	4,618	-	(4,618)	-
<b>At 31 December 2006</b>	156,500	362,611	37,546	1,757	(16,030)	542,384
Net profit for the period	-	-	-	-	22,800	22,800
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	10,866	-	10,866
<b>At 30 June 2007</b>	<u>156,500</u>	<u>362,611</u>	<u>37,546</u>	<u>12,623</u>	<u>6,770</u>	<u>576,050</u>

\* The statutory reserve is maintained in compliance with Section 36 of the Banking and Financial Institution Act, 1989 and is not distributable as cash dividends

# The securities available-for-sale reserve arose from the change in the fair value of the securities available-for-sale in compliance with the revised BNMGP8 requirement.

*The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2006.*

**CONDENSED INTERIM FINANCIAL STATEMENTS  
 UNAUDITED CONDENSED CASH FLOW STATEMENTS  
 FOR THE SIX MONTHS ENDED 30 JUNE 2007**

	<b>Group</b>		<b>Bank</b>	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Profit before tax expense	22,970	5,680	22,952	5,680
Adjustments for non-cash items	(18,857)	(3,379)	(18,854)	(3,379)
Operating profit before changes in working capital	4,113	2,301	4,098	2,301
Changes in working capital:				
Net changes in operating assets	(659,453)	(1,009)	(659,766)	(1,009)
Net changes in operating liabilities	1,952	(1,534)	1,966	(1,534)
Net cash used in operating activities	(653,388)	(242)	(653,702)	(242)
Net cash (used in)/generated from investing activities	(25)	29,943	(25)	29,943
Net change in cash and cash equivalents	(653,413)	29,701	(653,727)	29,701
Cash and cash equivalents at beginning of the period	5,550,065	37,016	5,549,906	36,996
Cash and cash equivalents at end of the period	4,896,652	66,717	4,896,179	66,697

*The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2006.*

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**Explanatory Notes Pursuant to Bank Negara Malaysia Guidelines on Financial Reporting for Licensed Institutions ("BNM/GP8") – September 2004.**

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**1. Basis of Preparation**

The unaudited condensed interim financial statements for the six months ended 30<sup>th</sup> June 2007 have 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 and available-for-sale financial assets. The unaudited condensed interim financial statements have been prepared in accordance with Financial Reporting Standard 134 ("FRS 134"): Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"). The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Bank for the year ended 31 December 2006. The explanatory notes attached to the interim financial statements provide an explanation of events and performance of the Group and the Bank since the year ended 31 December 2006.

The significant accounting policies and methods of computation applied in the unaudited condensed financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2006.

The specific and general allowance for bad and doubtful debts and financing of the Group and the Bank are computed in conformity with Bank Negara Malaysia's Garispanduan 3 ("BNM/GP3") which is consistent with the adoption made in the previous audited annual financial statements.

**2. Auditors' report on Preceding Annual Financial Statements**

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2006 was not qualified.

**3. Performance Review**

The Group and the Bank recorded a lower pre-tax profit of RM7.65 million for the 2<sup>nd</sup> quarter ended 30<sup>th</sup> June 2007 and is 50% lower than the preceding first quarter pre-tax profit of RM15.32 million. The decrease in earnings was primarily due to higher net specific impairment loss made for securities available-for-sale.

Cumulative pre-tax profit for the six months period ended 30<sup>th</sup> June 2007 amounted to RM22.97 million, an increase of 304% when compared with the pre-tax profit of RM5.680 million for the previous corresponding six month period.

**4. Prospects for 2007**

The transformation of the merchant bank into a full fledged investment bank effective from 3 January 2007 has laid the foundation to support the Bank's mission to become a major player in offering competitive and innovative investment banking solutions to valued customers.

Competition in the banking industry is expected to intensify due to the involvement of more players to the industry. However, the management is confident that it has the strength to capitalize on the expected improvement in the debt and equity market conditions.

Barring any unforeseen circumstances, the Group and the Bank are expected to record satisfactory performance in 2007.

**Financial Reporting for Licensed Institutions ("BNM/GP8")**

**5. Cash and short-term funds**

	Group		Bank	
	30 June 2007 RM'000	31 December 2006 RM'000	30 June 2007 RM'000	31 December 2006 RM'000
Cash and balances with banks and other financial institutions	21,861	25,682	21,388	25,523
Money at call and deposit placements maturing within one month	4,220,780	4,644,123	4,220,780	4,644,123
	<u>4,242,641</u>	<u>4,669,805</u>	<u>4,242,168</u>	<u>4,669,646</u>

**6. Securities held-for-trading**

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
<b>At fair value</b>		
Quoted securities:		
Bank Negara Malaysia Notes	9,924	-
Government Investment Issues	75,343	-
Total securities held-for-trading	<u>85,267</u>	<u>-</u>

**7. Securities available-for-sale**

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
<b>At fair value</b>		
Quoted securities:		
Malaysian Government Securities	30,299	20,099
Malaysian Islamic Treasury Bills	9,870	-
Government Investment Issues	45,206	23,911
Bank Negara Malaysia Notes	549,661	-
Shares in Malaysia	5,400	9,910
	<u>640,436</u>	<u>53,920</u>
Unquoted Securities:		
Cagamas Berhad bonds	9,995	9,967
Khazanah Nasional Berhad bonds	202,094	61,433
Private debt securities	2,447,822	2,368,216
Other acceptances discounted	-	1,557
Negotiable Instruments of Deposits	216,361	66,386
	<u>2,876,272</u>	<u>2,507,559</u>
Total securities available-for-sale	<u>3,516,708</u>	<u>2,561,479</u>



## 8. Securities held-to-maturity

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
<b>At amortised cost</b>		
Quoted securities:		
Malaysian Government Securities	97,157	100,936
Malaysian Islamic Treasury Bills	9,722	-
Bank Negara Malaysia Notes	24,763	-
Government Investment Issues	-	135,500
	<u>131,642</u>	<u>236,436</u>
Unquoted Securities:		
Cagamas Berhad bonds	43,582	353,671
Khazanah Nasional Berhad bonds	-	14,883
Private debt securities	199,127	196,877
Negotiable Instruments of Deposits	114,954	144,764
Shares in Malaysia	3,365	3,365
	<u>361,028</u>	<u>713,560</u>
	<u>492,670</u>	<u>949,996</u>
Less: Accumulated impairment loss	(152,840)	(154,436)
Total securities held-to-maturity	<u>339,830</u>	<u>795,560</u>

## 9. Loans, advances and financing

### i) By type

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
Term loans		
- Syndicated term loans	12,030	12,380
- Other term loans	93,698	113,360
Claims on customers under acceptance credits	2,053	1,725
Staff loans	3,559	3,777
Revolving credits	69,928	62,863
Share margin financing	16,337	17,595
	<u>197,605</u>	<u>211,700</u>
Less: Unearned interest on acceptance credits	(16)	(11)
Gross loans, advances and financing	<u>197,589</u>	<u>211,689</u>
Less: Allowance for bad and doubtful debts		
- General	(3,471)	(3,471)
- Specific	(100,429)	(102,036)
Net loans, advances and financing	<u>93,689</u>	<u>106,182</u>

**ii) By type of customer**

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
Domestic business enterprises		
- Small medium enterprises	73,424	66,904
- Others	96,489	108,510
Individuals	24,068	28,919
Other domestic entities	3,608	7,356
Gross loans, advances and financing	<u>197,589</u>	<u>211,689</u>

**iii) By interest/profit rate sensitivity**

	Group and Bank	
	30 June 2007 RM'000	31 December 2007 RM'000
Fixed rate:		
- Staff loans	3,559	3,777
- Other fixed rate loans	16,337	17,595
Variable rate:		
- Cost plus	177,693	190,317
Gross loans, advances and financing	<u>197,589</u>	<u>211,689</u>

**iv) By economic sector**

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
Primary agriculture	49,029	49,000
Mining and quarrying	1,000	1,000
Manufacturing	34,354	52,589
Construction	38,811	31,748
Wholesale & retail trade and restaurants & hotels	8,593	8,341
Transport, storage and communication	9,727	9,728
Finance, insurance and business services	29,595	24,200
Education, health and others	2,412	2,426
Others	24,068	32,657
Gross loans, advances and financing	<u>197,589</u>	<u>211,689</u>

## 10. Non-Performing Loans ("NPL")

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
<b>i) Movements in non-performing loans, advances and financing</b>		
At beginning of year	123,836	137,312
Classified as non-performing during the year	41	4,124
Through business acquisition	-	188
Reclassified as performing during the year	-	(14,701)
Amount converted to securities	(15,548)	-
Amount recovered	(3,331)	(3,087)
At end of period/year	104,998	123,836
Specific allowance ("SA")	(100,429)	(102,036)
Net non-performing loan, advances and financing	4,569	21,800
Net NPL as % of gross loans, advances and financing less specific allowance	4.70%	19.88%
<b>ii) Movements in allowance for bad and doubtful debts</b>		
	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
<b>General allowance</b>		
At beginning of year	3,471	3,471
Allowance made/(written back) during the year	-	-
At end of period/year	3,471	3,471
As % of gross loans and advances less specific allowance	3.57%	3.17%
<b>Specific allowance</b>		
At beginning of year	102,036	84,220
Allowance made during the year	54	19,950
Through business acquisition	-	188
Amount written-back	(1,661)	(2,322)
At end of period/year	100,429	102,036
<b>iii) NPL by economic sector</b>		
	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
Primary agriculture	44,000	44,000
Manufacturing	15,322	33,089
Construction	25,716	25,715
Wholesale & retail trade and restaurants & hotels	-	-
Finance, insurance and business services	9,550	9,560
Others	10,410	11,472
	104,998	123,836

## 11. Other Assets

	Group		Bank	
	30 June 2007 RM'000	31 December 2006 RM'000	30 June 2007 RM'000	31 December 2006 RM'000
Other debtors, deposits and prepayment	45,106	44,077	45,090	44,077
Less: Allowance for bad and doubtful debts (a)	(42,207)	(42,207)	(42,207)	(42,207)
	2,899	1,870	2,883	1,870
Tax recoverable	340	290	340	290
Interest receivables	30,027	31,371	30,027	31,371
Amount due from brokers and clients (b)	44,069	33,529	44,069	33,529
Amount due from subsidiaries	-	-	329	-
Amount due from related company	13	37	13	37
	<u>77,348</u>	<u>67,097</u>	<u>77,661</u>	<u>67,097</u>

### (a) Movements in allowance for bad and doubtful debts

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
Specific allowance:		
At beginning of year	42,207	38,452
Allowance made during the year	-	4,202
Amount written-off	-	(447)
At end of period/year	<u>42,207</u>	<u>42,207</u>

### (b) Amount due from brokers and clients

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
Brokers	4,154	7,278
Clients	42,230	28,577
	46,384	35,855
Less: Allowance for doubtful debts	(2,310)	(2,318)
General allowance	(5)	(8)
	<u>44,069</u>	<u>33,529</u>

## 12. Deposits from customers

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
i) By type of deposits:		
Call deposits	369,938	510,504
Fixed deposits	3,532,700	2,510,894
Islamic Negotiable instrument of deposits	5,450	-
	<u>3,908,088</u>	<u>3,021,398</u>
ii) By type of customers:		
Business enterprises	3,848,694	2,964,615
Government and statutory bodies	56,091	38,883
Individuals	3,303	17,900
	<u>3,908,088</u>	<u>3,021,398</u>

## 13. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
i) Call deposits		
- other financial institutions	390,081	539,933
ii) Fixed deposits		
- licensed Islamic banks	150,000	-
- licensed investment banks	160,000	-
- other financial institutions	3,821,209	4,914,847
	4,131,209	4,914,847
iii) Islamic negotiable instruments of deposits		
- licensed commercial banks	20,000	-
	<u>4,541,290</u>	<u>5,454,780</u>

## 14. Other liabilities

	Group		Bank	
	30 June 2007 RM'000	31 December 2006 RM'000	30 June 2007 RM'000	31 December 2006 RM'000
Interest payable	16,865	10,828	16,865	10,828
Accrued liabilities and other payables	19,630	8,438	19,628	8,436
Amount due to brokers and clients (a)	46,277	36,283	46,277	36,283
Profit Equalisation Reserve	8,250	8,510	8,250	8,510
Amount due to ultimate holding company	972	-	972	-
Amount due to related companies	-	29	-	15
	<u>91,994</u>	<u>64,088</u>	<u>91,992</u>	<u>64,072</u>

(a) Amount due to brokers and clients

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
Brokers	24,522	20,710
Clients	16,672	12,082
Trust monies	2,093	1,844
Collateralised clients deposits	2,990	1,647
	<u>46,277</u>	<u>36,283</u>

**15. Interest income**

	Group and Bank	
	30 June 2007 RM'000	30 June 2006 RM,000
Loans and advances		
- Interest income other than recoveries from NPL	2,738	2,028
- Recoveries from NPL	2,022	1,464
Money at call and deposit placement with financial institutions	73,223	765
Securities held-for-trading	117	93
Securities available-for-sale	33,225	1,011
Securities held-to-maturity	5,610	181
	<u>116,935</u>	<u>5,542</u>
Accretion of discount less amortisation of premium	23,231	887
Interest suspended	-	(38)
Total interest income	<u>140,166</u>	<u>6,391</u>

**16. Interest expense**

	Group and Bank	
	30 June 2007 RM'000	30 June 2006 RM'000
Deposits and placements of banks and other financial institutions	73	841
Deposits from customers	105,898	2,621
Subordinated term loan from holding company	644	644
	<u>106,615</u>	<u>4,106</u>

**17. Other operating income**

	Group		Bank	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
i) Fees and Commission				
Arrangement fees	-	900	-	900
Agency fees	1,272	-	1,272	-
Commitment fees	35	54	35	54
Corporate advisory fees	377	55	377	55
Acceptances commission	10	6	10	6
Brokerage commission	7,477	-	7,477	-
Guarantee fees	72	79	72	79
Management fees	1,675	-	1,675	-
Participation fees	275	-	275	-
Underwriting fees	5,278	1	5,278	1
Other fee income	75	120	75	120
	<u>16,546</u>	<u>1,215</u>	<u>16,546</u>	<u>1,215</u>

ii) Gain/(Loss) arising from sale of securities				
Net (loss)/gain from sale of securities held-for-trading	(223)	1,543	(223)	1,543
Net gain from sale of securities available-for-sale	<u>3,531</u>	<u>1,092</u>	<u>3,531</u>	<u>1,092</u>
	<u>3,308</u>	<u>2,635</u>	<u>3,308</u>	<u>2,635</u>
iii) Gross dividend income from: Securities held-to-maturity	<u>282</u>	<u>98</u>	<u>282</u>	<u>98</u>
	<u>282</u>	<u>98</u>	<u>282</u>	<u>98</u>
iv) Other income				
Others	277	-	257	-
Gains on disposal of property, plant and equipment	<u>66</u>	<u>6</u>	<u>66</u>	<u>6</u>
	<u>343</u>	<u>6</u>	<u>323</u>	<u>6</u>
Total other operating income	<u>20,479</u>	<u>3,954</u>	<u>20,459</u>	<u>3,954</u>

### 18. Other operating expenses

	Group		Bank	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
i) Personnel expenses				
- Salaries and wages	4,657	1,825	4,657	1,825
- Allowance and bonuses	3,162	29	3,162	29
- Staff training	188	57	188	57
- Others	<u>1,677</u>	<u>416</u>	<u>1,677</u>	<u>416</u>
	<u>9,684</u>	<u>2,327</u>	<u>9,684</u>	<u>2,327</u>
ii) Establishment related expenses				
- Depreciation	766	65	766	65
- Rental	1,158	241	1,158	241
- Hire of equipments	108	29	108	29
- Others	<u>1,429</u>	<u>132</u>	<u>1,429</u>	<u>132</u>
	<u>3,461</u>	<u>467</u>	<u>3,461</u>	<u>467</u>
iii) Promotion and marketing related expenses				
- Advertisement & publicity	129	33	129	33
- Others	<u>584</u>	<u>142</u>	<u>584</u>	<u>142</u>
	<u>713</u>	<u>175</u>	<u>713</u>	<u>175</u>
iv) General administrative expenses				
- Communication expenses	477	126	477	126
- Audit fees	39	40	39	40
- Directors meeting allowances	71	26	71	26
- Management fees	1,872	-	1,872	-
- Corporate Dealers and Remisers' Commissions	2,679	-	2,679	-
- Securities Commission's Levy	222	-	222	-
- Others	<u>799</u>	<u>550</u>	<u>797</u>	<u>550</u>
	<u>6,159</u>	<u>742</u>	<u>6,157</u>	<u>742</u>
Total other operating expenses	<u>20,017</u>	<u>3,711</u>	<u>20,015</u>	<u>3,711</u>

**19. Allowance for losses on loans and financing**

	Group and Bank	
	30 June 2007 RM'000	30 June 2006 RM'000
Allowance for bad and doubtful debts on loans and financing:		
i) Specific allowance		
- Made in the financial year	(54)	(2,270)
- Written back	1,661	1,620
ii) Bad debts on loans and financing		
- Recovered	832	87
iii) Allowance for amounts recoverable from Danaharta		
- Written back	-	3,083
	<u>2,439</u>	<u>2,520</u>

**20. Allowance for losses on doubtful debts**

	Group and Bank	
	30 June 2007 RM'000	30 June 2006 RM'000
Allowance for bad and doubtful debts on trade receivables		
i) Specific allowance		
- Written back	8	-
ii) General allowance		
- Written back	3	-
	<u>11</u>	<u>-</u>

**21. Allowance for impairment loss**

	Group and Bank	
	30 June 2007 RM	30 June 2006 RM
i) Securities available-for-sale		
- Charged for the period	(22,564)	(44)
- Transferred from SPI (Note 25)	(1,500)	-
ii) Securities held-to-maturity		
- Written back	1,596	676
	<u>(22,468)</u>	<u>632</u>



## 22. Commitments and contingencies

	Group and Bank			Group and Bank		
	30 June 2007			31 December 2006		
	Principal Amount RM'000	Credit Equivalent Amount*	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount*	Risk Weighted Amount RM'000
Direct credit substitutes	2,133	2,133	2,133	2,133	2,133	2,133
Transaction-related contingent items	7,389	3,695	3,695	8,985	8,985	8,985
Obligations under underwriting agreement	907,776	453,888	453,888	794,527	390,547	390,547
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	62,079	-	-	52,261	-	-
- Maturity exceeding one year	256	128	128	391	196	196
<b>Total</b>	<b>979,633</b>	<b>459,844</b>	<b>459,844</b>	<b>858,297</b>	<b>401,861</b>	<b>401,861</b>

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

## 23. Capital adequacy

### i) The capital adequacy ratios of the Group and the Bank are as follows:

	Group		Bank	
	30 June 2007 RM'000	31 December 2006 RM'000	30 June 2007 RM'000	31 December 2006 RM'000
<b>Tier-I capital</b>				
Paid-up share capital	155,000	155,000	155,000	155,000
Paid-up non-cumulative perpetual preference share	1,500	1,500	1,500	1,500
Share premium	362,611	362,611	362,611	362,611
Statutory reserve	37,546	37,546	37,546	37,546
Accumulated losses	(15,907)	(15,907)	(16,030)	(16,030)
	<u>540,750</u>	<u>540,750</u>	<u>540,627</u>	<u>540,627</u>
Less: Deferred tax assets	(21,280)	(21,280)	(21,280)	(21,280)
Total Tier-I capital	<u>519,470</u>	<u>519,470</u>	<u>519,347</u>	<u>519,347</u>
<b>Tier-II capital</b>				
General allowance for bad and doubtful debts	3,471	3,471	3,471	3,471
Subordinated term loan	16,800	16,800	16,800	16,800
Total Tier-II capital	<u>20,271</u>	<u>20,271</u>	<u>20,271</u>	<u>20,271</u>
<b>Total capital</b>	539,741	539,741	539,618	539,618
Less:				
Investment in subsidiary companies	-	-	(20)	(20)
<b>Capital Base</b>	<u>539,741</u>	<u>539,741</u>	<u>539,598</u>	<u>539,598</u>
Core capital ratio	16.31%	16.26%	16.31%	16.26%
Risk-weighted capital ratio	16.95%	16.90%	16.94%	16.90%

### ii) Breakdown of gross risk-weighted assets in the various categories of risk-weights:

	Group and Bank 30 June 2007		Group and Bank 31 December 2006	
	Notional amount RM'000	Risk-weighted amount RM'000	Notional amount RM'000	Risk-weighted amount RM'000
0%	5,050,139	-	3,996,113	-
10%	53,582	5,358	363,674	36,367
20%	1,551,539	310,308	2,458,587	491,718
50%	3,025	1,513	38,434	19,217
100%	2,837,458	2,837,458	2,644,787	2,644,787
Risk Weighted Assets for Market Risk	-	29,179	-	-
Counterparty Risk Requirements Risk Weighted Assets	-	11	-	-
	<u>9,495,743</u>	<u>3,183,827</u>	<u>9,501,595</u>	<u>3,192,089</u>

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**24. Interest rate risk**

Group	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			
<b>30 June 2007</b>									
<b>ASSETS</b>									
Cash and short term funds	4,220,780	-	-	-	-	21,861	-	4,242,641	3.43
Deposits and placements with licensed banks and financial institutions	-	654,011	-	-	-	-	-	654,011	3.41
Securities held-for-trading	-	-	-	-	-	-	85,267	85,267	7.22
Securities available-for-sale	540,358	789,532	902,977	985,155	293,285	5,401	-	3,516,708	4.73
Securities held-to-maturity	105,305	63,586	134,462	2,152	-	34,325	-	339,830	3.45
Loans, advances and financing									
- performing	16,478	6,915	49,319	16,982	2,897	(3,471)*	-	89,120	4.65
- non-performing	-	-	-	-	-	4,569	-	4,569	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	111,608	-	111,608	-
Other assets	-	-	-	-	-	102,169	-	102,169	-
<b>TOTAL ASSETS</b>	<b>4,882,921</b>	<b>1,514,044</b>	<b>1,086,758</b>	<b>1,004,289</b>	<b>296,182</b>	<b>276,462</b>	<b>85,267</b>	<b>9,145,923</b>	
<b>LIABILITIES</b>									
Deposits from customers	2,971,610	865,525	70,953	-	-	-	-	3,908,088	3.27
Deposits and placements of banks and other financial institutions	3,996,444	383,177	161,669	-	-	-	-	4,541,290	3.27
Subordinated term loan	-	-	-	28,000	-	-	-	28,000	4.60
Other liabilities	-	-	-	-	-	92,357	-	92,357	-
<b>TOTAL LIABILITIES</b>	<b>6,968,054</b>	<b>1,248,702</b>	<b>232,622</b>	<b>28,000</b>	<b>-</b>	<b>92,357</b>	<b>-</b>	<b>8,569,735</b>	<b>-</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>576,188</b>	<b>-</b>	<b>576,188</b>	<b>-</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>6,968,054</b>	<b>1,248,702</b>	<b>232,622</b>	<b>28,000</b>	<b>-</b>	<b>668,545</b>	<b>-</b>	<b>9,145,923</b>	<b>-</b>
On-balance sheet interest sensitivity gap	(2,085,133)	265,342	854,136	976,289	296,182	(392,083)	85,267	-	-
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-	-
<b>Total interest sensitivity gap</b>	<b>(2,085,133)</b>	<b>265,342</b>	<b>854,136</b>	<b>976,289</b>	<b>296,182</b>	<b>(392,083)</b>	<b>85,267</b>	<b>-</b>	<b>-</b>

\* General allowance for bad and doubtful debts

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**24. Interest rate risk (continued)**

Bank	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			
<b>30 June 2007</b>									
<b>ASSETS</b>									
Cash and short term funds	4,220,780	-	-	-	-	21,388	-	4,242,168	3.43
Deposits and placements with licensed banks and financial institutions	-	654,011	-	-	-	-	-	654,011	3.41
Securities held-for-trading	-	-	-	-	-	-	85,267	85,267	7.22
Securities available-for-sale	540,358	789,532	902,977	985,155	293,285	5,401	-	3,516,708	4.73
Securities held-to-maturity	105,305	63,586	134,462	2,152	-	34,325	-	339,830	3.45
Loans, advances and financing									
- performing	16,478	6,915	49,319	16,982	2,897	(3,471)*	-	89,120	4.65
- non-performing	-	-	-	-	-	4,569	-	4,569	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	111,608	-	111,608	-
Other assets	-	-	-	-	-	102,502	-	102,502	-
<b>TOTAL ASSETS</b>	<b>4,882,921</b>	<b>1,514,044</b>	<b>1,086,758</b>	<b>1,004,289</b>	<b>296,182</b>	<b>276,322</b>	<b>85,267</b>	<b>9,145,783</b>	
<b>LIABILITIES</b>									
Deposits from customers	2,971,610	865,525	70,953	-	-	-	-	3,908,088	3.27
Deposits and placements of banks and other financial institutions	3,996,444	383,177	161,669	-	-	-	-	4,541,290	3.27
Subordinated term loan	-	-	-	28,000	-	-	-	28,000	4.60
Other liabilities	-	-	-	-	-	92,355	-	92,355	-
<b>TOTAL LIABILITIES</b>	<b>6,968,054</b>	<b>1,248,702</b>	<b>232,622</b>	<b>28,000</b>	<b>-</b>	<b>92,355</b>	<b>-</b>	<b>8,569,733</b>	<b>-</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>576,050</b>	<b>-</b>	<b>576,050</b>	<b>-</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>6,968,054</b>	<b>1,248,702</b>	<b>232,622</b>	<b>28,000</b>	<b>-</b>	<b>668,405</b>	<b>-</b>	<b>9,145,783</b>	<b>-</b>
On-balance sheet interest sensitivity gap	(2,085,133)	265,342	854,136	976,289	296,182	(392,083)	85,267	-	-
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-	-
<b>Total interest sensitivity gap</b>	<b>(2,085,133)</b>	<b>265,342</b>	<b>854,136</b>	<b>976,289</b>	<b>296,182</b>	<b>(392,083)</b>	<b>85,267</b>	<b>-</b>	<b>-</b>

\* General allowance for bad and doubtful debts

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**24. Interest rate risk (continued)**

Group	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			
<b>31 December 2006</b>									
<b>ASSETS</b>									
Cash and short term funds	4,644,123	-	-	-	-	25,682	-	4,669,805	3.50
Deposits and placements with licensed banks and financial institutions	-	880,260	-	-	-	-	-	880,260	3.67
Securities available-for-sale	480,462	472,323	628,446	780,274	190,064	9,910	-	2,561,479	5.23
Securities held-to-maturity	174,885	121,894	459,300	10,942	7,999	20,540	-	795,560	3.61
Loans, advances and financing									
- performing	67,102	16,968	44	741	2,998	(3,471)*	-	84,382	7.29
- non-performing	-	-	-	-	-	21,800	-	21,800	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	5,105	-	5,105	-
Other assets	-	-	-	-	-	92,593	-	92,593	-
<b>TOTAL ASSETS</b>	<b>5,366,572</b>	<b>1,491,445</b>	<b>1,087,790</b>	<b>791,957</b>	<b>201,061</b>	<b>172,159</b>	<b>-</b>	<b>9,110,984</b>	
<b>LIABILITIES</b>									
Deposits from customers	2,773,116	237,618	10,664	-	-	-	-	3,021,398	3.41
Deposits and placements of banks and other financial institutions	5,371,852	82,928	-	-	-	-	-	5,454,780	3.37
Subordinated term loan	-	-	-	28,000	-	-	-	28,000	4.60
Other liabilities	-	-	-	-	-	64,299	-	64,299	-
<b>TOTAL LIABILITIES</b>	<b>8,144,968</b>	<b>320,546</b>	<b>10,664</b>	<b>28,000</b>	<b>-</b>	<b>64,299</b>	<b>-</b>	<b>8,568,477</b>	<b>-</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>542,507</b>	<b>-</b>	<b>542,507</b>	<b>-</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>8,144,968</b>	<b>320,546</b>	<b>10,664</b>	<b>28,000</b>	<b>-</b>	<b>606,806</b>	<b>-</b>	<b>9,110,984</b>	<b>-</b>
On-balance sheet interest sensitivity gap	(2,778,396)	1,170,899	1,077,126	763,957	201,061	(434,647)	-	-	-
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-	-
<b>Total interest sensitivity gap</b>	<b>(2,778,396)</b>	<b>1,170,899</b>	<b>1,077,126</b>	<b>763,957</b>	<b>201,061</b>	<b>(434,647)</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* General allowance for bad and doubtful debts

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**24. Interest rate risk (continued)**

Bank	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			
<b>31 December 2006</b>									
<b>ASSETS</b>									
Cash and short term funds	4,644,123	-	-	-	-	25,523	-	4,669,646	3.50
Deposits and placements with licensed banks and financial institutions	-	880,260	-	-	-	-	-	880,260	3.67
Securities available-for-sale	480,462	472,323	628,446	780,274	190,064	9,910	-	2,561,479	5.23
Securities held-to-maturity	174,885	121,894	459,300	10,942	7,999	20,540	-	795,560	3.61
Loans, advances and financing									
- performing	67,102	16,968	44	741	2,998	(3,471)*	-	84,382	7.29
- non-performing	-	-	-	-	-	21,800	-	21,800	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	5,105	-	5,105	-
Other assets	-	-	-	-	-	92,613	-	92,613	-
<b>TOTAL ASSETS</b>	<b>5,366,572</b>	<b>1,491,445</b>	<b>1,087,790</b>	<b>791,957</b>	<b>201,061</b>	<b>172,020</b>	<b>-</b>	<b>9,110,845</b>	
<b>LIABILITIES</b>									
Deposits from customers	2,773,116	237,618	10,664	-	-	-	-	3,021,398	3.41
Deposits and placements of banks and other financial institutions	5,371,852	82,928	-	-	-	-	-	5,454,780	3.37
Subordinated term loan	-	-	-	28,000	-	-	-	28,000	4.60
Other liabilities	-	-	-	-	-	64,283	-	64,283	-
<b>TOTAL LIABILITIES</b>	<b>8,144,968</b>	<b>320,546</b>	<b>10,664</b>	<b>28,000</b>	<b>-</b>	<b>64,283</b>	<b>-</b>	<b>8,568,461</b>	<b>-</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>542,384</b>	<b>-</b>	<b>542,384</b>	<b>-</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>8,144,968</b>	<b>320,546</b>	<b>10,664</b>	<b>28,000</b>	<b>-</b>	<b>606,667</b>	<b>-</b>	<b>9,110,845</b>	<b>-</b>
On-balance sheet interest sensitivity gap	(2,778,396)	1,170,899	1,077,126	763,957	201,061	(434,647)	-	-	-
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-	-
<b>Total interest sensitivity gap</b>	<b>(2,778,396)</b>	<b>1,170,899</b>	<b>1,077,126</b>	<b>763,957</b>	<b>201,061</b>	<b>(434,647)</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* General allowance for bad and doubtful debts

## 25. Operations of Islamic Banking Scheme (SPI)

**SKIM PERBANKAN ISLAM**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED BALANCE SHEETS AS AT 30 JUNE 2007**

	Note	30 June 2007 RM'000	31 December 2006 RM'000
<b>ASSETS</b>			
Cash and short term funds	<b>a</b>	415,086	1,194,903
Deposits and placements with banks and other financial institutions		-	-
Securities held-for-trading	<b>b</b>	75,344	-
Securities available-for-sale	<b>c</b>	1,084,340	384,243
Securities held-to-maturity	<b>d</b>	138,085	199,661
Other assets		5,217	3,655
Amount due from Head Office		-	31,457
<b>TOTAL ASSETS</b>		<u>1,718,072</u>	<u>1,813,919</u>
<b>LIABILITIES</b>			
Deposits from customers	<b>f</b>	479,955	1,723,167
Deposits and placements of banks and other financial institutions	<b>g</b>	1,136,770	-
Provision for Profit Equalisation Reserve		8,250	8,510
Other liabilities		3,049	1,912
Provision for zakat		363	211
<b>TOTAL LIABILITIES</b>		<u>1,628,387</u>	<u>1,733,800</u>
<b>ISLAMIC BANKING CAPITAL FUNDS</b>			
Islamic Banking Funds		80,000	80,000
Reserves		9,685	119
<b>TOTAL ISLAMIC BANKING CAPITAL FUNDS</b>		<u>89,685</u>	<u>80,119</u>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS</b>		<u>1,718,072</u>	<u>1,813,919</u>

**SKIM PERBANKAN ISLAM  
 CONDENSED INTERIM FINANCIAL STATEMENTS  
 UNAUDITED INCOME STATEMENTS  
 FOR THE SIX MONTHS ENDED 30 JUNE 2007**

	<b>Three months ended</b>		<b>Six months ended</b>	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Income derived from investment of depositors' funds and others	15,036	-	28,576	-
Write-back of impairment losses on securities available-for-sale	-	-	1,500	-
Transfer (to)/from profit equalisation reserve	(364)	-	846	-
Dividend attributable to depositors	(11,488)	-	(21,947)	-
	<u>3,184</u>	<u>-</u>	<u>8,975</u>	<u>-</u>
Staff costs	(246)	-	(547)	-
Other operating expenses	(234)	-	(396)	-
Profit before zakat	<u>2,704</u>	<u>-</u>	<u>8,032</u>	<u>-</u>
Zakat	(79)	-	(152)	-
Net profit for the period	<u>2,625</u>	<u>-</u>	<u>7,880</u>	<u>-</u>



**a. Cash and short-term funds**

	30 June 2007 RM'000	31 December 2006 RM'000
Cash and balances with banks and other financial institutions	106	253
Money at call and deposit placements maturing within one month	414,980	1,194,650
	<u>415,086</u>	<u>1,194,903</u>

**b. Securities held-for-trading**

	30 June 2007 RM'000	31 December 2006 RM'000
<b>At fair value</b>		
Quoted securities:		
Government Investment Issues	75,344	-
Total securities held-for-trading	<u>75,344</u>	<u>-</u>

**c. Securities available-for-sale**

	30 June 2007 RM'000	31 December 2006 RM'000
<b>At fair value</b>		
Quoted securities:		
Government Investment Issues	45,206	23,911
Islamic BNM Notes	212,166	-
Islamic MTB	9,869	-
	<u>267,241</u>	<u>23,911</u>
Unquoted Securities:		
Islamic Private debt securities	422,669	257,549
Islamic Negotiable Instruments of Deposits	216,361	66,386
Khazanah Nasional Berhad bonds	178,069	37,897
	<u>817,099</u>	<u>361,832</u>
	1,084,340	385,743
Less: Accumulated impairment losses	-	(1,500)
Total securities available-for-sale	<u>1,084,340</u>	<u>384,243</u>

**d. Securities held-to-maturity**

	30 June 2007 RM'000	31 December 2006 RM'000
<b>At amortised cost</b>		
Quoted securities:		
Government Investment Issues	-	101,046
Islamic BNM Notes	24,763	-
Islamic MTB	9,722	-
	<u>34,485</u>	<u>101,046</u>
Unquoted Securities:		
Cagamas Mudharabah bonds	33,615	73,664
Islamic Corporate bonds	4,998	15,066
Islamic Negotiable Instruments of Deposits	69,985	-
Khazanah Nasional Berhad bonds	-	14,883
	<u>108,598</u>	<u>103,613</u>
	<u>143,083</u>	<u>204,659</u>
Less: Accumulated impairment losses	(4,998)	(4,998)
Total securities held-to-maturity	<u>138,085</u>	<u>199,661</u>

**e. Movement in provision for impairment losses**

	30 June 2007 RM'000	31 December 2006 RM'000
<b>i) Specific provision for Securities available-for-sale</b>		
At beginning of period / year	1,500	-
Through business acquisition	-	1,500
Write-back for the period / year	(1,500)	-
At end of period / year	<u>-</u>	<u>1,500</u>
<b>ii) Specific provision for Securities held-to-maturity</b>		
At beginning of period / year	4,998	-
Through business acquisition	-	4,998
Allowance made during the period / year	-	-
At end of period / year	<u>4,998</u>	<u>4,998</u>

**f. Deposits from customers**

	30 June 2007 RM'000	31 December 2006 RM'000
<b>i) By type of deposits:</b>		
<b>Mudharabah Fund</b>		
Fixed / Investment deposits	439,598	1,596,097
Islamic negotiable instrument of deposits	5,450	-
Others	34,907	127,070
	<u>479,955</u>	<u>1,723,167</u>
<b>ii) By type of customers:</b>		
Business enterprises	<u>479,955</u>	<u>1,723,167</u>
	<u>479,955</u>	<u>1,723,167</u>

**g. Deposits and placements of banks and other financial institutions**

	30 June 2007 RM'000	31 December 2006 RM'000
i) By type of deposits:		
<b>Mudharabah Fund</b>		
Fixed / Investment deposits	1,000,579	-
Islamic negotiable instrument of deposits	20,000	-
Others	116,191	-
	<u>1,136,770</u>	<u>-</u>
ii) By type of customers:		
Licensed Islamic Banks	150,000	-
Licensed Commercial Banks	20,000	-
Licensed Investment Banks	160,000	-
Other financial institutions	806,770	-
	<u>1,136,770</u>	<u>-</u>

I, Dato' Megat Hisham bin Megat Mahmud, the Chief Executive Officer/Director primarily responsible for the financial management of MIDF Amanah Investment Bank Berhad, do hereby state that, the unaudited interim financial statements for the six months ended 30<sup>th</sup> June 2007, as set out on pages 1 to 27, have been prepared from the Group and the Bank's accounting and other records and that to the best of my knowledge and belief, are drawn up so as to give a true and fair view of the state of affairs of the Group and the Bank as at 30<sup>th</sup> June 2007. The results and cash flows of the Group and the Bank for the period ended on that date are in accordance with the applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board as modified by Bank Negara Malaysia Guidelines and the provisions of the Companies Act, 1965.

**DATO' MEGAT HISHAM BIN MEGAT MAHMUD**  
CHIEF EXECUTIVE OFFICER/DIRECTOR

Date: 30 July 2007