

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

	Note	Group		Bank	
		30 September 2007 RM'000	31 December 2006 RM'000	30 September 2007 RM'000	31 December 2006 RM'000
ASSETS					
Cash and short term funds	5	3,914,202	4,669,805	3,912,788	4,669,646
Deposits and placements with banks and other financial institutions		50,000	880,260	50,000	880,260
Securities held-for-trading	6	45,020	-	45,020	-
Securities available-for-sale	7	3,360,051	2,561,479	3,360,051	2,561,479
Securities held-to-maturity	8	256,908	795,560	256,908	795,560
Loans, advances and financing	9	188,713	106,182	188,713	106,182
Other assets	11	67,061	67,097	68,303	67,097
Statutory deposits with Bank Negara Malaysia		140,522	5,105	140,522	5,105
Investment in subsidiary companies		-	-	20	20
Property, plant and equipment		4,670	4,216	4,670	4,216
Deferred tax asset		21,280	21,280	21,280	21,280
TOTAL ASSETS		8,048,427	9,110,984	8,048,275	9,110,845
LIABILITIES					
Deposits from customers	12	3,778,012	3,021,398	3,778,012	3,021,398
Deposits and placements of banks and other financial institutions	13	3,570,701	5,454,780	3,570,701	5,454,780
Other liabilities	14	80,242	64,088	80,239	64,072
Subordinated term loan		28,000	28,000	28,000	28,000
Provision for taxation and zakat		415	211	415	211
TOTAL LIABILITIES		7,457,370	8,568,477	7,457,367	8,568,461
SHAREHOLDERS' EQUITY					
Share Capital		156,500	156,500	156,500	156,500
Reserves		434,557	386,007	434,408	385,884
TOTAL SHAREHOLDERS' EQUITY		591,057	542,507	590,908	542,384
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		8,048,427	9,110,984	8,048,275	9,110,845
COMMITMENTS AND CONTINGENCIES					
	22	917,006	858,297	917,006	858,297
CAPITAL ADEQUACY					
	23				
Core capital ratio		15.99%	16.26%	15.98%	16.26%
Risk-weighted capital ratio		16.44%	16.90%	16.43%	16.90%
NET ASSETS PER SHARE (RM)		3.81	3.50	3.81	3.50

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 PERIOD ENDED 30 SEPTEMBER 2007**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		30 September 2007 RM'000	30 September 2006 RM'000	30 September 2007 RM'000	30 September 2006 RM'000
Group					
Operating revenue		99,122	2,333	287,718	12,575
Interest income	15	74,075	2,227	214,241	8,619
Interest expense	16	(56,492)	(1,916)	(163,107)	(6,022)
Net interest income		17,583	311	51,134	2,597
Income from Islamic Banking operation	25	3,364	-	12,339	-
Other operating income	17	9,265	106	29,744	4,060
Net income		30,212	417	93,217	6,657
Operating expenses	18	(10,393)	(2,965)	(30,410)	(6,677)
Operating profit / (loss)		19,819	(2,548)	62,807	(20)
Allowance for losses on loans and advances	19	1,282	(19,499)	3,721	(14,878)
Allowance for losses on doubtful debts	20	(29)	-	(18)	(2,101)
Impairment loss	21	1,008	-	(21,460)	632
Profit / (loss) before tax expense and zakat		22,080	(22,047)	45,050	(16,367)
Tax expense		(1)	-	(4)	-
Zakat		(52)	-	(204)	-
Net profit / (loss) for the period		22,027	(22,047)	44,842	(16,367)
Earnings per RM1.00 share – basic (sen)		14.07	(9.89)	28.65	(7.34)

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 PERIOD ENDED 30 SEPTEMBER 2007**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		30 September 2007 RM'000	30 September 2006 RM'000	30 September 2007 RM'000	30 September 2006 RM'000
Bank					
Operating revenue		99,122	2,333	287,718	12,575
Interest income	15	74,075	2,227	214,241	8,619
Interest expense	16	(56,492)	(1,916)	(163,107)	(6,022)
Net interest income		17,583	311	51,134	2,597
Income from Islamic Banking operation	25	3,364	-	12,339	-
Other operating income	17	9,253	106	29,712	4,060
Net income		30,200	417	93,185	6,657
Operating expenses	18	(10,393)	(2,965)	(30,408)	(6,677)
Operating profit / (loss)		19,807	(2,548)	62,777	(20)
Allowance for losses on loans and advances	19	1,282	(19,499)	3,721	(14,878)
Allowance for losses on doubtful debts	20	(29)	-	(18)	(2,101)
Impairment loss	21	1,008	-	(21,460)	632
Profit / (loss) before tax expense and zakat		22,068	(22,047)	45,020	(16,367)
Tax expense		-	-	-	-
Zakat		(52)	-	(204)	-
Net profit / (loss) for the period		22,016	(22,047)	44,816	(16,367)
Earnings per RM1.00 share – basic (sen)		14.07	(9.89)	28.64	(7.34)

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 PERIOD ENDED 30 SEPTEMBER 2007

Group	Non-distributable					Total
	Share Capital	Share Premium	Statutory Reserve *	Securities available-for-sale Reserve #	(Accumulated Losses) / Retained Profit	
	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	-
At 1 January 2006 (restated)	11,150	-	32,928	1,683	(20,648)	25,113
Net loss for the period	-	-	-	-	(16,367)	(16,367)
Unrealised net losses on revaluation of securities available-for-sale	-	-	-	(1,558)	-	(1,558)
At 30 September 2006 (restated)	11,150	-	32,928	125	(37,015)	7,188
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	-	-	-	-	25,726	25,726
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	1,632	-	1,632
Transfer to Statutory Reserve	-	-	4,618	-	(4,618)	-
At 31 December 2006	156,500	362,611	37,546	1,757	(15,907)	542,507
Net profit for the period	-	-	-	-	44,842	44,842
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	3,708	-	3,708
At 30 September 2007	156,500	362,611	37,546	5,465	28,935	591,057

* 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 PERIOD ENDED 30 SEPTEMBER 2007

Bank	Non-distributable					
	Share Capital	Share Premium	Statutory Reserve *	Securities available-for-sale Reserve #	(Accumulated Losses) / Retained Profit	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	-
At 1 January 2006 (restated)	11,150	-	32,928	1,683	(20,648)	25,113
Net loss for the period	-	-	-	-	(16,367)	(16,367)
Unrealised net losses on revaluation of securities available-for-sale	-	-	-	(1,558)	-	(1,558)
At 30 September 2006 (restated)	11,150	-	32,928	125	(37,015)	7,188
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	-	-	-	-	25,603	25,603
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	1,632	-	1,632
Transfer to Statutory Reserve	-	-	4,618	-	(4,618)	-
At 31 December 2006	156,500	362,611	37,546	1,757	(16,030)	542,384
Net profit for the period	-	-	-	-	44,816	44,816
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	3,708	-	3,708
At 30 September 2007	156,500	362,611	37,546	5,465	28,786	590,908

* 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 PERIOD ENDED 30 SEPTEMBER 2007**

	Group		Bank	
	30 September 2007 RM'000	30 September 2006 RM'000	30 September 2007 RM'000	30 September 2006 RM'000
Profit / (loss) before tax expense	45,050	(16,367)	45,020	(16,367)
Adjustments for non-cash items	(44,528)	16,498	(45,526)	16,498
Operating (loss) / profit before changes in working capital	522	131	494	131
Changes in working capital:				
Net changes in operating assets	(474,248)	11,150	(475,489)	11,150
Net changes in operating liabilities	(1,110,528)	(65,208)	(1,110,514)	(65,207)
Net cash used in operating activities	<u>(1,584,254)</u>	<u>(53,927)</u>	<u>(1,585,509)</u>	<u>(53,926)</u>
Net cash (used in)/generated from investing activities	<u>(1,609)</u>	<u>64,976</u>	<u>(1,609)</u>	<u>64,976</u>
Net change in cash and cash equivalents	<u>(1,585,863)</u>	<u>11,049</u>	<u>(1,587,118)</u>	<u>11,050</u>
Cash and cash equivalents at beginning of the period	<u>5,550,065</u>	<u>37,016</u>	<u>5,549,906</u>	<u>36,996</u>
Cash and cash equivalents at end of the period	<u><u>3,964,202</u></u>	<u><u>48,065</u></u>	<u><u>3,962,788</u></u>	<u><u>48,046</u></u>

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	50,428	215	49,014	196
Money at call and deposit placements maturing within one month	3,863,774	47,850	3,863,774	47,850
Deposit and placements with banks and other financial institutions	50,000	-	50,000	-
	<u>3,964,202</u>	<u>48,065</u>	<u>3,962,788</u>	<u>48,046</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.

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

1. Basis of Preparation

The unaudited condensed interim financial statements for the nine months ended 30th September 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 higher pre-tax profit of RM22.08 million for the third quarter ended 30th September 2007 and is higher as compared to the corresponding third quarter last year pre-tax loss of RM22.05 million. The increase in earnings was primarily due to higher net interest income and other operating income.

Cumulative pre-tax profit for the nine months period ended 30th September 2007 amounted to RM45.05 million, an increase when compared with the pre-tax loss of RM16.37 million for the previous corresponding nine month period last year.

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 investment 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 September 2007 RM'000	31 December 2006 RM'000	30 September 2007 RM'000	31 December 2006 RM'000
Cash and balances with banks and other financial institutions	50,428	25,682	49,014	25,523
Money at call and deposit placements maturing within one month	3,863,774	4,644,123	3,863,774	4,644,123
	<u>3,914,202</u>	<u>4,669,805</u>	<u>3,912,788</u>	<u>4,669,646</u>

6. Securities held-for-trading

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
At fair value		
Quoted securities:		
Government Investment Issues	45,020	-
Total securities held-for-trading	<u>45,020</u>	<u>-</u>

7. Securities available-for-sale

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
At fair value		
Quoted securities:		
Malaysian Government Securities	120,840	20,099
Malaysian Islamic Treasury Bills	49,391	-
Government Investment Issues	65,030	23,911
Bank Negara Malaysia Notes	112,316	-
Shares in Malaysia	8,365	9,910
	<u>355,942</u>	<u>53,920</u>
Unquoted Securities:		
Cagamas Berhad bonds	-	9,967
Khazanah Nasional Berhad bonds	272,251	61,433
Private debt securities	2,502,675	2,368,216
Other acceptances discounted	89,745	1,557
Negotiable Instruments of Deposits	139,438	66,386
	<u>3,004,109</u>	<u>2,507,559</u>
Total securities available-for-sale	<u>3,360,051</u>	<u>2,561,479</u>

8. Securities held-to-maturity

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
At amortised cost		
Quoted securities:		
Malaysian Government Securities	96,250	100,936
Malaysian Islamic Treasury Bills	9,808	-
Bank Negara Malaysia Notes	99,584	-
Government Investment Issues	-	135,500
	<u>205,642</u>	<u>236,436</u>
Unquoted Securities:		
Cagamas Berhad bonds	4,979	353,671
Khazanah Nasional Berhad bonds	-	14,883
Private debt securities	195,256	196,877
Negotiable Instruments of Deposits	-	144,764
Shares in Malaysia	3,365	3,365
	<u>203,600</u>	<u>713,560</u>
	<u>409,242</u>	<u>949,996</u>
Less: Accumulated impairment loss	(152,334)	(154,436)
Total securities held-to-maturity	<u>256,908</u>	<u>795,560</u>

9. Loans, advances and financing

i) By type

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
Term loans		
- Syndicated term loans	62,132	12,380
- Other term loans	36,788	113,360
Claims on customers under acceptance credits	1,320	1,725
Staff loans	3,456	3,777
Revolving credits	67,797	62,863
Share margin financing	62,775	17,595
	<u>234,268</u>	<u>211,700</u>
Less: Unearned interest on acceptance credits	(15)	(11)
Gross loans, advances and financing	<u>234,253</u>	<u>211,689</u>
Less: Allowance for bad and doubtful debts		
- General	(3,471)	(3,471)
- Specific	(42,069)	(102,036)
Net loans, advances and financing	<u>188,713</u>	<u>106,182</u>

ii) By type of customer

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
Domestic business enterprises		
- Small medium enterprises	23,918	66,904
- Others	141,403	108,510
Individuals	65,328	28,919
Other domestic entities	3,604	7,356
Gross loans, advances and financing	<u>234,253</u>	<u>211,689</u>

iii) By interest/profit rate sensitivity

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
Fixed rate:		
- Staff loans	3,456	3,777
- Other fixed rate loans	62,775	17,595
Variable rate:		
- Cost plus	168,022	190,317
Gross loans, advances and financing	<u>234,253</u>	<u>211,689</u>

iv) By economic sector

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
Primary agriculture	5,000	49,000
Mining and quarrying	1,000	1,000
Manufacturing	28,207	52,589
Construction	37,774	31,748
Wholesale & retail trade and restaurants & hotels	7,825	8,341
Transport, storage and communication	59,799	9,728
Finance, insurance and business services	26,907	24,200
Education, health and others	2,413	2,426
Others	65,328	32,657
Gross loans, advances and financing	<u>234,253</u>	<u>211,689</u>

10. Non-Performing Loans ("NPL")

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
i) Movements in non-performing loans, advances and financing		
At beginning of year	123,836	137,312
Classified as non-performing during the year	44	4,124
Through business acquisition	-	188
Reclassified as performing during the year	-	(14,701)
Amount converted to securities	(15,548)	-
Disposal of NPL to a related company	(3,378)	-
Amount written off	(57,078)	-
Amount recovered	(4,599)	(3,087)
At end of period/year	<u>43,277</u>	<u>123,836</u>
Specific allowance ("SA")	<u>(42,069)</u>	<u>(102,036)</u>
Net non-performing loan, advances and financing	<u>1,208</u>	<u>21,800</u>
Net NPL as % of gross loans, advances and financing less specific allowance	0.63%	19.88%

ii) Movements in allowance for bad and doubtful debts

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
General allowance		
At beginning of year	3,471	3,471
Allowance made/(written back) during the year	-	-
At end of period/year	<u>3,471</u>	<u>3,471</u>
As % of gross loans and advances less specific allowance	1.81%	3.17%
Specific allowance	RM'000	RM'000
At beginning of year	102,036	84,220
Allowance made during the year	55	19,950
Through business acquisition	-	188
Amount written-back	(2,944)	(2,322)
Amount written off	(57,078)	-
At end of period/year	<u>42,069</u>	<u>102,036</u>

iii) NPL by economic sector

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
Primary agriculture	-	44,000
Manufacturing	9,226	33,089
Construction	21,747	25,715
Wholesale & retail trade and restaurants & hotels	-	-
Finance, insurance and business services	3,604	9,560
Others	8,700	11,472
	<u>43,277</u>	<u>123,836</u>

11. Other Assets

	Group		Bank	
	30 September 2007 RM'000	31 December 2006 RM'000	30 September 2007 RM'000	31 December 2006 RM'000
Other debtors, deposits and prepayment	44,238	44,077	44,236	44,077
Less: Allowance for bad and doubtful debts (a)	(42,207)	(42,207)	(42,207)	(42,207)
	2,031	1,870	2,029	1,870
Tax recoverable	357	290	357	290
Interest receivables	33,483	31,371	33,483	31,371
Amount due from brokers and clients (b)	31,034	33,529	31,034	33,529
Amount due from subsidiaries	-	-	1,244	-
Amount due from related company	156	37	156	37
	<u>67,061</u>	<u>67,097</u>	<u>68,303</u>	<u>67,097</u>

(a) Movements in allowance for bad and doubtful debts

	Group and Bank	
	30 September 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 September 2007 RM'000	31 December 2006 RM'000
Brokers	19,608	7,278
Clients	13,770	28,577
	<u>33,378</u>	<u>35,855</u>
Less: Allowance for doubtful debts	(2,338)	(2,318)
General allowance	(6)	(8)
	<u>31,034</u>	<u>33,529</u>

12. Deposits from customers

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
i) By type of deposits:		
Call deposits	352,756	510,504
Fixed deposits	<u>3,425,256</u>	<u>2,510,894</u>
	<u>3,778,012</u>	<u>3,021,398</u>
ii) By type of customers:		
Business enterprises	3,693,422	2,964,615
Government and statutory bodies	83,033	38,883
Individuals	<u>1,557</u>	<u>17,900</u>
	<u>3,778,012</u>	<u>3,021,398</u>

13. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
i) Call deposits		
- other financial institutions	344,534	539,933
ii) Fixed deposits		
- licensed Islamic banks	100	-
- other financial institutions	<u>3,226,067</u>	<u>4,914,847</u>
	<u>3,226,167</u>	<u>4,914,847</u>
	<u>3,570,701</u>	<u>5,454,780</u>

14. Other liabilities

	Group		Bank	
	30 September 2007 RM'000	31 December 2006 RM'000	30 September 2007 RM'000	31 December 2006 RM'000
Interest payable	17,071	10,828	17,071	10,828
Accrued liabilities and other payables	18,844	8,438	18,841	8,436
Amount due to brokers and clients (a)	34,898	36,283	34,898	36,283
Profit Equalisation Reserve	7,726	8,510	7,726	8,510
Amount due to ultimate holding company	768	-	768	-
Amount due to related companies	<u>935</u>	<u>29</u>	<u>935</u>	<u>15</u>
	<u>80,242</u>	<u>64,088</u>	<u>80,239</u>	<u>64,072</u>

(a) Amount due to brokers and clients

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
Brokers	4,016	20,710
Clients	26,304	12,082
Trust monies	1,648	1,844
Collateralised clients deposits	2,930	1,647
	<u>34,898</u>	<u>36,283</u>

15. Interest income

	Group and Bank	
	30 September 2007 RM'000	30 September 2006 RM,000
Loans and advances		
- Interest income other than recoveries from NPL	4,913	2,960
- Recoveries from NPL	1,849	1,556
Money at call and deposit placement with financial institutions	110,809	1,105
Securities held-for-trading	162	93
Securities available-for-sale	51,063	1,512
Securities held-to-maturity	8,400	201
	<u>177,196</u>	<u>7,427</u>
Accretion of discount less amortisation of premium	37,045	1,230
Interest suspended	-	(38)
Total interest income	<u>214,241</u>	<u>8,619</u>

16. Interest expense

	Group and Bank	
	30 September 2007 RM'000	30 September 2006 RM'000
Deposits and placements of banks and other financial institutions	92	878
Deposits from customers	162,049	4,178
Subordinated term loan from holding company	966	966
	<u>163,107</u>	<u>6,022</u>

17. Other operating income

	Group		Bank	
	30 September 2007 RM'000	30 September 2006 RM'000	30 September 2007 RM'000	30 September 2006 RM'000
i) Fees and Commission				
Arrangement / Management fees	2,472	900	2,472	900
Agency fees	1,425	-	1,425	-
Commitment fees	54	89	54	89
Corporate advisory fees	1,318	80	1,318	80
Acceptances commission	14	10	14	10
Brokerage commission	11,394	-	11,394	-
Guarantee fees	128	103	128	103
Participation fees	375	-	375	-
Underwriting fees	7,335	1	7,335	1
Other fee income	88	120	88	120
	<u>24,603</u>	<u>1,303</u>	<u>24,603</u>	<u>1,303</u>

ii)	Gain/(Loss) arising from sale of securities				
	Net (loss)/gain from sale of securities held-for-trading	(137)	1,561	(137)	1,561
	Net gain from sale of securities available-for-sale	4,423	1,092	4,423	1,092
		<u>4,286</u>	<u>2,653</u>	<u>4,286</u>	<u>2,653</u>
iii)	Gross dividend income from: Securities held-to-maturity	346	98	346	98
		<u>346</u>	<u>98</u>	<u>346</u>	<u>98</u>
iv)	Other income				
	Others	443	-	411	-
	Gains on disposal of property, plant and equipment	66	6	66	6
		<u>509</u>	<u>6</u>	<u>477</u>	<u>6</u>
	Total other operating income	<u>29,744</u>	<u>4,060</u>	<u>29,712</u>	<u>4,060</u>

18. Operating expenses

	Group		Bank		
	30 September 2007 RM'000	30 September 2006 RM'000	30 September 2007 RM'000	30 September 2006 RM'000	
i)	Personnel expenses:				
	- Salaries and wages	7,407	2,797	7,407	2,797
	- Allowance and bonuses	4,382	531	4,382	531
	- Staff training	198	95	198	95
	- Others	2,633	877	2,633	877
		<u>14,620</u>	<u>4,300</u>	<u>14,620</u>	<u>4,300</u>
ii)	Establishment related expenses:				
	- Depreciation	1,221	125	1,221	125
	- Rental	1,975	362	1,975	362
	- Hire of equipment	167	44	167	44
	- Others	2,008	200	2,008	200
		<u>5,371</u>	<u>731</u>	<u>5,371</u>	<u>731</u>
iii)	Promotion and marketing related expenses:				
	- Advertisement & publicity	170	35	170	35
	- Others	768	203	768	203
		<u>938</u>	<u>238</u>	<u>938</u>	<u>238</u>
iv)	General administrative expenses:				
	- Communication expenses	702	178	702	178
	- Audit fees	58	40	58	40
	- Directors meeting allowances	84	145	84	145
	- Management fees	2,836	-	2,836	-
	- Corporate Dealers and Remisers' Commissions	3,929	-	3,929	-
	- Securities Commission's Levy	343	-	343	-
	- Others	1,529	1,045	1,527	1,045
		<u>9,481</u>	<u>1,408</u>	<u>9,479</u>	<u>1,408</u>
	Total operating expenses	<u>30,410</u>	<u>6,677</u>	<u>30,408</u>	<u>6,677</u>

19. Allowance for losses on loans and financing

	Group and Bank	
	30 September 2007 RM'000	30 September 2006 RM'000
Allowance for bad and doubtful debts on loans and financing:		
i) Specific allowance		
- Made in the financial year	(55)	(19,733)
- Written back	2,944	1,685
ii) Bad debts on loans and financing		
- Recovered	832	87
iii) Allowance for amounts recoverable from Danaharta		
- Written back	-	3,083
	<u>3,721</u>	<u>14,878</u>

20. Allowance for losses on doubtful debts

	Group and Bank	
	30 September 2007 RM'000	30 September 2006 RM'000
Allowance for bad and doubtful debts on trade receivables		
i) Specific allowance		
- Made in the financial year	(36)	-
- Written back	16	-
ii) General allowance		
- Made in the financial year	(17)	2,101
- Written back	19	-
	<u>(18)</u>	<u>2,101</u>

21. Allowance for impairment loss

	Group and Bank	
	30 September 2007 RM'000	30 September 2006 RM'000
i) Securities available-for-sale		
- Charged for the period	(22,564)	(44)
- Transferred from SPI (Note 25)	(1,500)	-
- Written back	501	-
ii) Securities held-to-maturity		
- Written back	2,103	676
	<u>(21,460)</u>	<u>632</u>

22. Commitments and contingencies

	Group and Bank			Group and Bank		
	30 September 2007			31 December 2006		
	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000
Direct credit substitutes	133	133	133	2,133	2,133	2,133
Transaction-related contingent items	4,150	2,075	2,075	8,985	8,985	8,985
Obligations under underwriting agreement	859,941	429,971	429,971	794,527	390,547	390,547
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	52,559	-	-	52,261	-	-
- Maturity exceeding one year	223	112	112	391	196	196
Total	917,006	432,291	432,291	858,297	401,861	401,861

* 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 September 2007 RM'000	31 December 2006 RM'000	30 September 2007 RM'000	31 December 2006 RM'000
Tier-I capital				
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)
	540,750	540,750	540,627	540,627
Less: Deferred tax assets	(21,280)	(21,280)	(21,280)	(21,280)
Total Tier-I capital	519,470	519,470	519,347	519,347
Tier-II capital				
General allowance for bad and doubtful debts	3,471	3,471	3,471	3,471
Subordinated term loan	11,200	16,800	11,200	16,800
Total Tier-II capital	14,671	20,271	14,671	20,271
Total capital	534,141	539,741	534,018	539,618
Less:				
Investment in subsidiary companies	-	-	(20)	(20)
Capital Base	534,141	539,741	533,998	539,598
Core capital ratio	15.99%	16.26%	15.98%	16.26%
Risk-weighted capital ratio	16.44%	16.90%	16.43%	16.90%

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

	Group and Bank		Group and Bank	
	30 September 2007		31 December 2006	
	Notional amount RM'000	Risk-weighted amount RM'000	Notional amount RM'000	Risk-weighted amount RM'000
0%	4,059,504	-	3,996,113	-
10%	4,979	498	363,674	36,367
20%	1,394,058	278,812	2,458,587	491,718
50%	2,952	1,476	38,434	19,217
100%	2,956,394	2,956,394	2,644,787	2,644,787
Risk Weighted Assets for Market Risk	-	11,927	-	-
	<u>8,417,887</u>	<u>3,249,107</u>	<u>9,501,595</u>	<u>3,192,089</u>

MIDF Amanah Investment Bank Berhad (23878-X)

(formerly known as Utama Merchant Bank Berhad)

(A Participating Organisation of Bursa Malaysia Securities Berhad)


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			
30 September 2007									
ASSETS									
Cash and short term funds	3,863,774	-	-	-	-	50,428	-	3,914,202	3.47
Deposits and placements with licensed banks and financial institutions	-	50,000	-	-	-	-	-	50,000	3.10
Securities held-for-trading	-	-	-	-	-	-	45,020	45,020	4.33
Securities available-for-sale	600,569	615,262	729,378	1,145,185	261,292	8,365	-	3,360,051	4.85
Securities held-to-maturity	29,990	89,110	89,394	14,100	-	34,314	-	256,908	3.44
Loans, advances and financing									
- performing	42,890	26,013	103,229	16,003	2,841	*(3,471)	-	187,505	7.52
- non-performing	-	-	-	-	-	1,208	-	1,208	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	140,522	-	140,522	-
Other assets	-	-	-	-	-	93,011	-	93,011	-
TOTAL ASSETS	4,537,223	780,385	922,001	1,175,288	264,133	324,377	45,020	8,048,427	-
LIABILITIES									
Deposits from customers	3,089,971	554,409	133,632	-	-	-	-	3,778,012	3.43
Deposits and placements of banks and other financial institutions	3,006,632	423,860	140,209	-	-	-	-	3,570,701	3.39
Subordinated term loan	-	-	-	28,000	-	-	-	28,000	4.60
Other liabilities	-	-	-	-	-	80,657	-	80,657	-
TOTAL LIABILITIES	6,096,603	978,269	273,841	28,000	-	80,657	-	7,457,370	-
SHAREHOLDERS' EQUITY	-	-	-	-	-	591,057	-	591,057	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,096,603	978,269	273,841	28,000	-	671,714	-	8,048,427	-
On-balance sheet interest sensitivity gap	(1,559,380)	(197,884)	648,160	1,147,288	264,133	(347,337)	45,020	-	-

* General allowance for bad and doubtful debts

MIDF Amanah Investment Bank Berhad (23878-X)

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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			
30 September 2007									
ASSETS									
Cash and short term funds	3,863,774	-	-	-	-	49,014	-	3,912,788	3.47
Deposits and placements with licensed banks and financial institutions	-	50,000	-	-	-	-	-	50,000	3.10
Securities held-for-trading	-	-	-	-	-	-	45,020	45,020	4.33
Securities available-for-sale	600,569	615,262	729,378	1,145,185	261,292	8,365	-	3,360,051	4.85
Securities held-to-maturity	29,990	89,110	89,394	14,100	-	34,314	-	256,908	3.44
Loans, advances and financing									
- performing	42,890	26,013	103,229	16,003	2,841	*(3,471)	-	187,505	7.52
- non-performing	-	-	-	-	-	1,208	-	1,208	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	140,522	-	140,522	-
Other assets	-	-	-	-	-	94,273	-	94,273	-
TOTAL ASSETS	4,537,223	780,385	922,001	1,175,288	264,133	324,225	45,020	8,048,275	-
LIABILITIES									
Deposits from customers	3,089,971	554,409	133,632	-	-	-	-	3,778,012	3.43
Deposits and placements of banks and other financial institutions	3,006,632	423,860	140,209	-	-	-	-	3,570,701	3.39
Subordinated term loan	-	-	-	28,000	-	-	-	28,000	4.60
Other liabilities	-	-	-	-	-	80,654	-	80,654	-
TOTAL LIABILITIES	6,096,603	978,269	273,841	28,000	-	80,654	-	7,457,367	-
SHAREHOLDERS' EQUITY	-	-	-	-	-	590,908	-	590,908	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,096,603	978,269	273,841	28,000	-	671,562	-	8,048,275	-
On-balance sheet interest sensitivity gap	(1,559,380)	(197,884)	648,160	1,147,288	264,133	(347,337)	45,020	-	-

* General allowance for bad and doubtful debts

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24. Interest rate risk (continued)

Group	Non-Trading Book					Non-interest sensitive RM'000	Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000				
31 December 2006									
ASSETS									
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	-
TOTAL ASSETS	5,366,572	1,491,445	1,087,790	791,957	201,061	172,159	-	9,110,984	
LIABILITIES									
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	-
TOTAL LIABILITIES	8,144,968	320,546	10,664	28,000	-	64,299	-	8,568,477	-
SHAREHOLDERS' EQUITY	-	-	-	-	-	542,507	-	542,507	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	8,144,968	320,546	10,664	28,000	-	606,806	-	9,110,984	-
On-balance sheet interest sensitivity gap	(2,778,396)	1,170,899	1,077,126	763,957	201,061	(434,647)	-	-	-

* General allowance for bad and doubtful debts

MIDF Amanah Investment Bank Berhad (23878-X)

(formerly known as Utama Merchant Bank Berhad)

(A Participating Organisation of Bursa Malaysia Securities Berhad)


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			
31 December 2006									
ASSETS									
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	-
TOTAL ASSETS	5,366,572	1,491,445	1,087,790	791,957	201,061	172,020	-	9,110,845	
LIABILITIES									
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	-
TOTAL LIABILITIES	8,144,968	320,546	10,664	28,000	-	64,283	-	8,568,461	-
SHAREHOLDERS' EQUITY	-	-	-	-	-	542,384	-	542,384	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	8,144,968	320,546	10,664	28,000	-	606,667	-	9,110,845	-
On-balance sheet interest sensitivity gap	(2,778,396)	1,170,899	1,077,126	763,957	201,061	(434,647)	-	-	-

* 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 SEPTEMBER 2007**

	Note	30 September 2007 RM'000	31 December 2006 RM'000
ASSETS			
Cash and short term funds	a	193,693	1,194,903
Deposits and placements with banks and other financial institutions		-	-
Securities held-for-trading	b	45,020	-
Securities available-for-sale	c	1,046,769	384,243
Securities held-to-maturity	d	109,392	199,661
Other assets		3,557	3,655
Amount due from Head Office		-	31,457
TOTAL ASSETS		<u>1,398,431</u>	<u>1,813,919</u>
LIABILITIES			
Deposits from customers	f	648,737	1,723,167
Deposits and placements of banks and other financial institutions	g	648,386	-
Provision for Profit Equalisation Reserve		7,726	8,510
Other liabilities		3,354	1,912
Provision for zakat		415	211
TOTAL LIABILITIES		<u>1,308,618</u>	<u>1,733,800</u>
ISLAMIC BANKING CAPITAL FUNDS			
Islamic Banking Funds		80,000	80,000
Reserves		9,813	119
TOTAL ISLAMIC BANKING CAPITAL FUNDS		<u>89,813</u>	<u>80,119</u>
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		<u>1,398,431</u>	<u>1,813,919</u>

**SKIM PERBANKAN ISLAM
 CONDENSED INTERIM FINANCIAL STATEMENTS
 UNAUDITED INCOME STATEMENTS
 FOR THE PERIOD ENDED 30 SEPTEMBER 2007**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30 September 2007 RM'000	30 September 2006 RM'000	30 September 2007 RM'000	30 September 2006 RM'000
Income derived from investment of depositors' funds and others	16,012	-	44,588	-
Write-back of impairment losses on securities available-for-sale	-	-	1,500	-
Transfer (to)/from profit equalisation reserve	(62)	-	784	-
Dividend attributable to depositors	<u>(12,586)</u>	-	<u>(34,533)</u>	-
	3,364	-	12,339	-
Staff costs	(322)	-	(869)	-
Other operating expenses	<u>(197)</u>	-	<u>(593)</u>	-
Profit before zakat	2,845	-	10,877	-
Zakat	<u>(52)</u>	-	<u>(204)</u>	-
Net profit for the period	<u><u>2,793</u></u>	-	<u><u>10,673</u></u>	-

a. Cash and short-term funds

	30 September 2007 RM'000	31 December 2006 RM'000
Cash and balances with banks and other financial institutions	123	253
Money at call and deposit placements maturing within one month	193,570	1,194,650
	<u>193,693</u>	<u>1,194,903</u>

b. Securities held-for-trading

	30 September 2007 RM'000	31 December 2006 RM'000
At fair value		
Quoted securities:		
Government Investment Issues	45,020	-
Total securities held-for-trading	<u>45,020</u>	<u>-</u>

c. Securities available-for-sale

	30 September 2007 RM'000	31 December 2006 RM'000
At fair value		
Quoted securities:		
Government Investment Issues	65,029	23,911
Islamic MTB	49,391	-
	<u>114,420</u>	<u>23,911</u>
Unquoted Securities:		
Islamic Private debt securities	450,097	257,549
Islamic Negotiable Instruments of Deposits	139,438	66,386
Islamic Bankers acceptances	89,745	-
Islamic Cagamas bonds	5,006	-
Khazanah Nasional Berhad bonds	248,063	37,897
	<u>932,349</u>	<u>361,832</u>
	1,046,769	385,743
Less: Accumulated impairment losses	-	(1,500)
Total securities available-for-sale	<u>1,046,769</u>	<u>384,243</u>

d. Securities held-to-maturity

	30 September 2007 RM'000	31 December 2006 RM'000
At amortised cost		
Quoted securities:		
Government Investment Issues	-	101,046
Islamic BNM Notes	99,584	-
Islamic MTB	9,808	-
	<u>109,392</u>	<u>101,046</u>
Unquoted Securities:		
Cagamas Mudharabah bonds	-	73,664
Islamic Private debt securities	4,998	15,066
Khazanah Nasional Berhad bonds	-	14,883
	<u>4,998</u>	<u>103,613</u>
	114,390	204,659
Less: Accumulated impairment losses	(4,998)	(4,998)
Total securities held-to-maturity	<u>109,392</u>	<u>199,661</u>

e. Movement in provision for impairment losses

	30 September 2007 RM'000	31 December 2006 RM'000
i) Specific provision for Securities available-for-sale		
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>
ii) Specific provision for Securities held-to-maturity		
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 September 2007 RM'000	31 December 2006 RM'000
i) By type of deposits:		
Mudharabah Fund		
Fixed / Investment deposits	618,559	1,596,097
Others	30,178	127,070
	<u>648,737</u>	<u>1,723,167</u>
ii) By type of customers:		
Business enterprises	<u>648,737</u>	<u>1,723,167</u>
	<u>648,737</u>	<u>1,723,167</u>

g. Deposits and placements of banks and other financial institutions

	30 September 2007 RM'000	31 December 2006 RM'000
i) By type of deposits:		
Mudharabah Fund		
Fixed / Investment deposits	547,928	-
Islamic negotiable instrument of deposits	-	-
Others	100,458	-
	<u>648,386</u>	<u>-</u>
ii) By type of customers:		
Licensed Islamic Banks	100	-
Licensed Commercial Banks	-	-
Licensed Investment Banks	-	-
Other financial institutions	648,286	-
	<u>648,386</u>	<u>-</u>

MIDF Amanah Investment Bank Berhad (23878-X)

(formerly known as Utama Merchant Bank Berhad)

(A Participating Organisation of Bursa Malaysia Securities Berhad)



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 nine months ended 30th September 2007, as set out on pages 1 to 25, 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 30th September 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 October 2007