

**CONDENSED INTERIM FINANCIAL STATEMENTS
 UNAUDITED BALANCE SHEETS AS AT 31 MARCH 2007**

	Note	Group		Bank	
		31 March 2007 RM'000	31 December 2006 RM'000	31 March 2007 RM'000	31 December 2006 RM'000
ASSETS					
Cash and short term funds	5	4,311,444	4,669,805	4,311,176	4,669,646
Deposits and placements with banks and other financial institutions		300,017	880,260	300,017	880,260
Securities held-for-trading	6	25,168	-	25,168	-
Securities available-for-sale	7	2,516,587	2,561,479	2,516,587	2,561,479
Securities held-to-maturity	8	498,595	795,560	498,595	795,560
Loans, advances and financing	9	104,144	106,182	104,144	106,182
Other assets	11	59,961	67,097	60,070	67,097
Statutory deposits with Bank Negara Malaysia		106,982	5,105	106,982	5,105
Investment in subsidiary companies		-	-	20	20
Property, plant and equipment		3,838	4,216	3,838	4,216
Deferred tax asset		21,280	21,280	21,280	21,280
TOTAL ASSETS		7,948,016	9,110,984	7,947,877	9,110,845
LIABILITIES					
Deposits from customers	12	3,237,276	3,021,398	3,237,276	3,021,398
Deposits and placements of banks and other financial institutions	13	4,052,805	5,454,780	4,052,805	5,454,780
Other liabilities	14	66,615	64,088	66,599	64,072
Subordinated term loan		28,000	28,000	28,000	28,000
Provision for taxation and zakat		284	211	284	211
TOTAL LIABILITIES		7,384,980	8,568,477	7,384,964	8,568,461
SHAREHOLDERS' EQUITY					
Share Capital		156,500	156,500	156,500	156,500
Reserves		406,536	386,007	406,413	385,884
TOTAL SHAREHOLDERS' EQUITY		563,036	542,507	562,913	542,384
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		7,948,016	9,110,984	7,947,877	9,110,845
COMMITMENTS AND CONTINGENCIES					
		951,745	858,297	951,745	858,297
CAPITAL ADEQUACY					
Core capital ratio		17.32%	16.26%	17.32%	16.26%
Risk-weighted capital ratio		18.00%	16.90%	18.00%	16.90%
NET ASSETS PER SHARE (RM)		3.60	3.47	3.60	3.47

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 1st QUARTER ENDED 31 MARCH 2007**

	Note	1 st Quarter ended		Three months ended	
		31 March 2007 RM'000	31 March 2006 RM'000	31 March 2007 RM'000	31 March 2006 RM'000
Group and Bank					
Operating revenue		77,240	5,602	77,240	5,602
Interest income	15	65,000	3,865	65,000	3,865
Interest expense	16	(50,077)	(2,047)	(50,077)	(2,047)
Net interest income		14,923	1,818	14,923	1,818
Income from Islamic Banking operation	25	5,328	-	5,328	-
Other operating income	17	8,412	1,737	8,412	1,737
Net income		28,663	3,555	28,663	3,555
Other operating expenses	18	(8,891)	(1,747)	(8,891)	(1,747)
Operating profit		19,772	1,808	19,772	1,808
Allowance for losses on loans and advances	19	76	87	76	87
Allowance for losses on doubtful debts	20	17	-	17	-
Impairment loss	21	(4,544)	(44)	(4,544)	(44)
Profit before tax expense and zakat		15,321	1,851	15,321	1,851
Tax expense		-	-	-	-
Zakat		(73)	-	(73)	-
Net profit for the period		15,248	1,851	15,248	1,851
Earnings per RM1.00 share – basic (sen)		9.74	0.83	9.74	0.83

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 1ST QUARTER ENDED 31 MARCH 2007**

Group	Non-distributable					Total
	Share	Share	Statutory	Revaluation	Accumulated	
	Capital	Premium	Reserve *	Reserve #	Losses	
	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 01 January 2006 (restated)	11,150	-	32,928	1,683	(20,648)	25,113
Net profit for the period	-	-	-	-	1,851	1,851
Unrealised net losses on revaluation of securities available-for-sale	-	-	-	(1,159)	-	(1,159)
At 31 March 2006 (restated)	11,150	-	32,928	524	(18,797)	25,805
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	-	-	-	-	7,508	7,508
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	1,233	-	1,233
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	-	-	-	-	15,248	15,248
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	5,281	-	5,281
At 31 March 2007	156,500	362,611	37,546	7,038	(659)	563,036

* 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

Revaluation reserve arise from the effects of fair value accounting in accordance of revised BNMGP8 (September 2004)

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 1ST QUARTER ENDED 31 MARCH 2007**

Bank	Non-distributable					
	Share	Share	Statutory	Revaluation	Accumulated	Total
	Capital	Premium	Reserve *	Reserve #	Losses	
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 01 January 2006 (restated)	11,150	-	32,928	1,683	(20,648)	25,113
Net profit for the period	-	-	-	-	1,851	1,851
Unrealised net losses on revaluation of securities available-for-sale	-	-	-	(1,159)	-	(1,159)
At 31 March 2006 (restated)	11,150	-	32,928	524	(18,797)	25,805
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	-	-	-	-	7,385	7,385
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	1,233	-	1,233
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	-	-	-	-	15,248	15,248
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	5,281	-	5,281
At 31 March 2007	<u>156,500</u>	<u>362,611</u>	<u>37,546</u>	<u>7,038</u>	<u>(782)</u>	<u>562,913</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

Revaluation reserve arise from the effects of fair value accounting in accordance of revised BNMGP8 (September 2004)

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 1ST QUARTER ENDED 31 MARCH 2007**

	Group		Bank	
	31 March 2007 RM'000	31 March 2006 RM'000	31 March 2007 RM'000	31 March 2006 RM'000
Profit before tax expense	15,321	1,851	15,321	1,851
Adjustments for non-cash items	<u>(13,221)</u>	<u>(1,760)</u>	<u>(13,221)</u>	<u>(1,760)</u>
Operating profit before changes in working capital	2,100	91	2,100	91
Changes in working capital:				
Net changes in operating assets	241,589	2,261	241,480	2,261
Net changes in operating liabilities	<u>(1,182,287)</u>	<u>(26,943)</u>	<u>(1,182,287)</u>	<u>(26,944)</u>
Net cash used in operating activities	<u>(938,598)</u>	<u>(24,591)</u>	<u>(938,707)</u>	<u>(24,592)</u>
Net cash (used in)/generated from investing activities	<u>(6)</u>	<u>43,356</u>	<u>(6)</u>	<u>43,356</u>
Net change in cash and cash equivalents	(938,604)	18,765	(938,713)	18,764
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>4,611,461</u></u>	<u><u>55,781</u></u>	<u><u>4,611,193</u></u>	<u><u>55,760</u></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 1st quarter ended 31 March 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's pre-tax profit for the 1st quarter ended 31 March 2007 of RM15.32 million was RM13.47 million or 728% higher than that of the previous corresponding quarter pre-tax profit of RM1.85 million. The improvement in earnings was primarily due to higher net interest and fee income received for the period as a result of the transformation of the merchant bank into a full-fledged investment bank effective from 3 January 2007.

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	
	31 March 2007 RM'000	31 December 2006 RM'000	31 March 2007 RM'000	31 December 2006 RM'000
Cash and balances with banks and other financial institutions	15,591	25,682	15,323	25,523
Money at call and deposit placements maturing within one month	4,295,853	4,644,123	4,295,853	4,644,123
	<u>4,311,444</u>	<u>4,669,805</u>	<u>4,311,176</u>	<u>4,669,646</u>

6. Securities held-for-trading

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
At fair value		
Quoted securities:		
Government Investment Issues	25,168	-
Total securities held-for-trading	<u>25,168</u>	<u>-</u>

7. Securities available-for-sale

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
At fair value		
Quoted securities:		
Malaysian Government Securities	20,141	20,099
Government Investment Issues	25,168	23,911
Shares in Malaysia	12,811	9,910
	<u>58,120</u>	<u>53,920</u>
Unquoted Securities:		
Cagamas Berhad bonds	9,991	9,967
Khazanah Nasional Berhad bonds	62,110	61,433
Private debt securities	2,338,883	2,368,216
Other acceptances discounted	0	1,557
Negotiable Instruments of Deposits	47,483	66,386
	<u>2,458,467</u>	<u>2,507,559</u>
Total securities available-for-sale	<u>2,516,587</u>	<u>2,561,479</u>

8. Securities held-to-maturity

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
At amortised cost		
Quoted securities:		
Malaysian Government Securities	98,046	100,936
Government Investment Issues	136,664	135,500
	<u>234,710</u>	<u>236,436</u>
Unquoted Securities:		
Cagamas Berhad bonds	173,616	353,671
Khazanah Nasional Berhad bonds	-	14,883
Private debt securities	196,416	196,877
Negotiable Instruments of Deposits	44,924	144,764
Shares in Malaysia	3,365	3,365
	<u>418,321</u>	<u>713,560</u>
	<u>653,031</u>	<u>949,996</u>
Less: Accumulated impairment loss	<u>(154,436)</u>	<u>(154,436)</u>
Total securities held-to-maturity	<u>498,595</u>	<u>795,560</u>

9. Loans, advances and financing

i) By type

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
Term loans		
- Syndicated term loans	12,380	12,380
- Other term loans	112,856	113,360
Claims on customers under acceptance credits	1,259	1,725
Staff loans	3,752	3,777
Revolving credits	62,850	62,863
Share margin financing	16,510	17,595
	<u>209,607</u>	<u>211,700</u>
Less: Unearned interest on acceptance credits	<u>(21)</u>	<u>(11)</u>
Gross loans, advances and financing	<u>209,586</u>	<u>211,689</u>
Less: Allowance for bad and doubtful debts		
- General	(3,471)	(3,471)
- Specific	(101,971)	(102,036)
Net loans, advances and financing	<u>104,144</u>	<u>106,182</u>

ii) By type of customer

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
Domestic business enterprises		
- Small medium enterprises	66,836	66,904
- Others	110,459	108,510
Individuals	28,673	28,919
Other domestic entities	3,618	7,356
Gross loans, advances and financing	<u>209,586</u>	<u>211,689</u>

iii) By interest/profit rate sensitivity

	Group and Bank	
	31 March 2007 RM'000	31 December 2007 RM'000
Fixed rate:		
- Staff loans	3,752	3,777
- Other fixed rate loans	16,510	17,595
Variable rate:		
- Cost plus	189,324	190,317
Gross loans, advances and financing	<u>209,586</u>	<u>211,689</u>

iv) By economic sector

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
Primary agriculture	49,000	49,000
Mining and quarrying	1,000	1,000
Manufacturing	52,543	52,589
Construction	31,739	31,748
Wholesale & retail trade and restaurants & hotels	7,850	8,341
Transport, storage and communication	9,728	9,728
Finance, insurance and business services	23,753	24,200
Education, health and others	2,426	2,426
Others	31,547	32,657
Gross loans, advances and financing	<u>209,586</u>	<u>211,689</u>

10. Non-Performing Loans ("NPL")

i) Movements in non-performing loans, advances and financing

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
At beginning of year	123,836	137,312
Classified as non-performing during the year	-	4,124
Through business acquisition	-	188
Reclassified as performing during the year	-	(14,701)
Amount recovered	(65)	(3,087)
At end of period/year	123,771	123,836
Specific allowance ("SA")	(101,971)	(102,036)
Net non-performing loan, advances and financing	<u>21,800</u>	<u>21,800</u>
Net NPL as % of gross loans, advances and financing less specific allowance	20.26%	19.88%

ii) Movements in allowance for bad and doubtful debts

	Group and Bank	
	31 March 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	3.23%	3.17%
Specific allowance	RM'000	RM'000
At beginning of year	102,036	84,220
Allowance made during the year	-	19,950
Through business acquisition	-	188
Amount written-back	(65)	(2,322)
At end of period/year	<u>101,971</u>	<u>102,036</u>

iii) NPL by economic sector

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
Primary agriculture	44,000	44,000
Manufacturing	33,089	33,089
Construction	25,715	25,715
Wholesale & retail trade and restaurants & hotels	-	-
Finance, insurance and business services	9,560	9,560
Others	11,407	11,472
	<u>123,771</u>	<u>123,836</u>

11. Other Assets

	Group		Bank	
	31 March 2007 RM'000	31 December 2006 RM'000	31 March 2007 RM'000	31 December 2006 RM'000
Other debtors, deposits and prepayment	44,090	44,077	44,090	44,077
Less: Allowance for bad and doubtful debts (a)	(42,207)	(42,207)	(42,207)	(42,207)
	1,883	1,870	1,883	1,870
Tax recoverable	291	290	290	290
Interest receivables	30,068	31,371	30,068	31,371
Amount due from brokers and clients (b)	27,706	33,529	27,706	33,529
Amount due from subsidiaries	-	-	110	-
Amount due from related company	13	37	13	37
	<u>59,961</u>	<u>67,097</u>	<u>60,070</u>	<u>67,097</u>

(a) Movements in allowance for bad and doubtful debts

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
Specific allowance:		
At beginning of year	42,407	38,452
Allowance made during the year	-	4,402
Amount written-off	-	(447)
At end of period/year	<u>42,407</u>	<u>42,407</u>

(b) Amount due from brokers and clients

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
Brokers	12,791	7,278
Clients	<u>17,224</u>	<u>28,577</u>
	30,015	35,855
Less: Allowance for doubtful debts	(2,306)	(2,318)
General allowance	<u>(3)</u>	<u>(8)</u>
	<u>27,706</u>	<u>33,529</u>

12. Deposits from customers

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
i) By type of deposits:		
Call deposits	336,159	510,504
Fixed deposits	<u>2,901,117</u>	<u>2,510,894</u>
	<u>3,237,276</u>	<u>3,021,398</u>
ii) By type of customers:		
Business enterprises	3,112,901	2,964,615
Government and statutory bodies	108,963	38,883
Individuals	<u>15,412</u>	<u>17,900</u>
	<u>3,237,276</u>	<u>3,021,398</u>

13. Deposits and placements of banks and other financial institutions

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
i) Call deposits		
- other financial institutions	570,785	539,933
ii) Fixed deposits		
- other financial institutions	<u>3,482,020</u>	<u>4,914,847</u>
	<u>4,052,805</u>	<u>5,454,780</u>

14. Other liabilities

	Group		Bank	
	31 March 2007 RM'000	31 December 2006 RM'000	31 March 2007 RM'000	31 December 2006 RM'000
Interest payable	11,850	10,828	11,850	10,828
Accrued liabilities and other payables	19,814	8,438	19,798	8,436
Amount due to brokers and clients(a)	27,076	36,283	27,076	36,283
Profit Equalisation Reserve	7,300	8,510	7,300	8,510
Amount due to ultimate holding company	575	-	575	-
Amount due to related companies	-	29	-	15
	<u>66,615</u>	<u>64,088</u>	<u>66,599</u>	<u>64,072</u>

(a) Amount due to brokers and clients

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
Brokers	10,137	20,710
Clients	13,659	12,082
Trust monies	1,870	1,844
Collateralised clients deposits	1,410	1,647
	<u>27,076</u>	<u>36,283</u>

15. Interest income

	Group and Bank	
	31 March 2007 RM'000	31 March 2006 RM,000
Loans and advances		
- Interest income other than recoveries from NPL	1,371	998
- Recoveries from NPL	343	1,374
Money at call and deposit placement with financial institutions	33,261	347
Securities held-for-trading	49	34
Securities available-for-sale	16,127	529
Securities held-to-maturity	2,820	70
	<u>53,971</u>	<u>3,352</u>
Accretion of discount less amortisation of premium	11,029	551
Interest suspended	-	(38)
Total interest income	<u>65,000</u>	<u>3,865</u>

16. Interest expense

	Group and Bank	
	31 March 2007 RM'000	31 March 2006 RM'000
Deposits and placements of banks and other financial institutions	72	553
Deposits from customers	49,683	1,172
Subordinated term loan from holding company	322	322
	<u>50,077</u>	<u>2,047</u>

17. Other operating income

	Group and Bank	
	31 March 2007 RM'000	31 March 2006 RM'000
i) Fees and Commission		
Arrangement fees	950	350
Commitment fees	18	23
Corporate advisory fees	58	5
Acceptances commission	6	-
Brokerage commission	4,233	-
Guarantee fees	32	-
Underwriting fees	2,839	-
Other fee income	52	45
	<u>8,188</u>	<u>423</u>
ii) Gain/(Loss) arising from sale of securities		
Net (loss)/gain from sale of securities held-for-trading	(88)	248
Net gain from sale of securities available-for-sale	278	1,060
	<u>190</u>	<u>1,308</u>
iii) Other income		
Others	34	-
Gains on disposal of property, plant and equipment	-	6
	<u>34</u>	<u>6</u>
Total other operating income	<u>8,412</u>	<u>1,737</u>

18. Other operating expenses

	Group and Bank	
	31 March 2007 RM'000	31 March 2006 RM'000
i) Personnel expenses		
- Salaries and wages	2,172	842
- Allowance and bonuses	887	18
- Staff training	76	12
- Others	646	205
	<u>3,781</u>	<u>1,077</u>
ii) Establishment related expenses		
- Depreciation	384	28
- Rental	562	121
- Hire of equipments	49	13
- Others	586	55
	<u>1,581</u>	<u>217</u>
iii) Promotion and marketing related expenses		
- Advertisement & publicity	71	6
- Others	167	79
	<u>238</u>	<u>85</u>

iv) General administrative expenses		
- Communication expenses	236	62
- Audit fees	19	40
- Directors meeting allowances	19	16
- Management fees	890	-
- Corporate Dealers and Remisers' Commissions	1,519	-
- Securities Commission's Levy	128	-
- Others	480	250
	<u>3,291</u>	<u>368</u>
Total other operating expenses	<u>8,891</u>	<u>1,747</u>

19. Allowance for losses on loans and financing

	<u>Group and Bank</u>	
	31 March 2007 RM'000	31 March 2006 RM'000
Allowance for bad and doubtful debts on loans and financing:		
i) Specific allowance		
- Made in the financial year	-	(158)
- Written back	65	163
ii) Bad debts on loans and financing		
- Recovered	11	82
	<u>76</u>	<u>87</u>

20. Allowance for losses on doubtful debts

	<u>Group and Bank</u>	
	31 March 2007 RM'000	31 March 2006 RM'000
Allowance for bad and doubtful debts on trade receivables		
i) Specific allowance		
- Written back	12	-
ii) General allowance		
- Written back	5	-
	<u>17</u>	<u>-</u>

21. Allowance for impairment loss

	<u>Group and Bank</u>	
	31 March 2007 RM	31 March 2006 RM
Securities available-for-sale		
- Charged for the period	(3,044)	(44)
- Transferred from SPI (Note 25)	(1,500)	-
	<u>(4,544)</u>	<u>(44)</u>

22. Capital adequacy

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

	Group		Bank	
	31 March 2007 RM'000	31 December 2006 RM'000	31 March 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)
	<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>
Tier-II capital				
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>
Total capital	539,741	539,741	539,618	539,618
Less:				
Investment in subsidiary companies	-	-	(20)	(20)
Capital Base	<u>539,741</u>	<u>539,741</u>	<u>539,598</u>	<u>539,598</u>
Core capital ratio	17.32%	16.26%	17.32%	16.26%
Risk-weighted capital ratio	18.00%	16.90%	18.00%	16.90%

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

	Group and Bank		Group and Bank	
	31 March 2007		31 December 2006	
	Notional amount RM'000	Risk-weighted amount RM'000	Notional amount RM'000	Risk-weighted amount RM'000
0%	3,755,395	-	3,996,113	-
10%	183,618	18,362	363,674	36,367
20%	1,777,715	355,543	2,458,587	491,718
50%	38,256	19,128	38,434	19,217
100%	2,597,652	2,597,652	2,644,787	2,644,787
Risk Weighted Assets for Market Risk	-	6,085	-	-
	<u>8,352,636</u>	<u>2,996,770</u>	<u>9,501,595</u>	<u>3,192,089</u>

23. Commitments and contingencies

	Group and Bank			Group and Bank		
	31 March 2007			31 December 2006		
	Principal Amount	Credit Equivalent Amount*	Risk Weighted Amount	Principal Amount	Credit Equivalent Amount*	Risk Weighted Amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	2,133	2,133	2,133	2,133	2,133	2,133
Transaction-related contingent items	8,985	8,985	8,985	8,985	8,985	8,985
Obligations under underwriting agreement	886,584	443,292	443,292	794,527	390,547	390,547
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	53,789	-	-	52,261	-	-
- Maturity exceeding one year	255	128	128	391	196	196
Total	951,746	454,538	454,538	858,297	401,861	401,861

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

24. Interest rate risk

Group	Non-Trading Book						Trading Book	Total	Effective interest rate %
	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	Non-interest sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
31 March 2007									
ASSETS									
Cash and short term funds	4,295,853	-	-	-	-	15,591	-	4,311,444	3.10
Deposits and placements with licensed banks and financial institutions	-	300,017	-	-	-	-	-	300,017	3.59
Securities held-for-trading	-	-	-	-	-	-	25,168	25,168	3.55
Securities available-for-sale	364,427	307,613	836,643	786,572	197,522	23,810	-	2,516,587	5.24
Securities held-to-maturity	40,022	236,722	182,810	10,951	8,028	20,062	-	498,595	4.59
Loans, advances and financing									
- performing	60,372	20,638	1,053	718	3,034	(3,471)*	-	82,344	7.13
- non-performing	-	-	-	-	-	21,800	-	21,800	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	106,982	-	106,982	-
Other assets	-	-	-	-	-	85,079	-	85,079	-
TOTAL ASSETS	4,760,674	864,990	1,020,506	798,241	208,584	269,853	25,168	7,948,016	
LIABILITIES									
Deposits from customers	2,830,696	368,386	38,194	-	-	-	-	3,237,276	3.37
Deposits and placements of banks and other financial institutions	3,633,091	309,356	110,358	-	-	-	-	4,052,805	3.33
Subordinated term loan	-	-	-	28,000	-	-	-	28,000	4.60
Other liabilities	-	-	-	-	-	66,899	-	66,899	-
TOTAL LIABILITIES	6,463,787	677,742	148,552	28,000	-	66,899	-	7,384,980	
SHAREHOLDERS' EQUITY	-	-	-	-	-	563,036	-	563,036	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,463,787	677,742	148,552	28,000	-	629,935	-	7,948,016	
On-balance sheet interest sensitivity gap	(1,703,113)	187,248	871,954	770,241	208,584	(360,082)	25,168	-	-
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-	-
Total interest sensitivity gap	(1,703,113)	187,248	871,954	770,241	208,584	(360,082)	25,168	-	-

* General allowance for bad and doubtful debts

24. Interest rate risk

Bank	Non-Trading Book					Non-interest sensitive RM'000	Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years				
31 March 2007	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
ASSETS									
Cash and short term funds	4,295,853	-	-	-	-	15,323	-	4,311,176	3.10
Deposits and placements with licensed banks and financial institutions	-	300,017	-	-	-	-	-	300,017	3.59
Securities held-for-trading	-	-	-	-	-	-	25,168	25,168	3.55
Securities available-for-sale	364,427	307,613	836,643	786,572	197,522	23,810	-	2,516,587	5.24
Securities held-to-maturity	40,022	236,722	182,810	10,951	8,028	20,062	-	498,595	4.59
Loans, advances and financing									
- performing	60,372	20,638	1,053	718	3,034	(3,471)*	-	82,344	7.13
- non-performing	-	-	-	-	-	21,800	-	21,800	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	106,982	-	106,982	-
Other assets	-	-	-	-	-	85,208	-	85,208	-
TOTAL ASSETS	4,760,674	864,990	1,020,506	798,241	208,584	269,714	25,168	7,947,877	
LIABILITIES									
Deposits from customers	2,830,696	368,386	38,194	-	-	-	-	3,237,276	3.37
Deposits and placements of banks and other financial institutions	3,633,091	309,356	110,358	-	-	-	-	4,052,805	3.33
Subordinated term loan	-	-	-	28,000	-	-	-	28,000	4.60
Other liabilities	-	-	-	-	-	66,883	-	66,883	-
TOTAL LIABILITIES	6,463,787	677,742	148,552	28,000	-	66,883	-	7,384,964	
SHAREHOLDERS' EQUITY	-	-	-	-	-	562,913	-	562,913	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,463,787	677,742	148,552	28,000	-	629,796	-	7,947,877	
On-balance sheet interest sensitivity gap	(1,703,113)	187,248	871,954	770,241	208,584	(360,082)	25,168	-	-
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-	-
Total interest sensitivity gap	(1,703,113)	187,248	871,954	770,241	208,584	(360,082)	25,168		

* General allowance for bad and doubtful debts

24. Interest rate risk (continued)

Group	Non-Trading Book						Trading Book	Total	Effective interest rate %
	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	Non-interest sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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)	-	-	-
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-	-
Total 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

24. Interest rate risk (continued)

Bank	Non-Trading Book						Trading Book	Total	Effective interest rate %
	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	Non-interest sensitive			
31 December 2006	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
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)	-	-	-
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-	-
Total 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 31 MARCH 2007**

	Note	31 March 2007 RM'000	31 December 2006 RM'000
ASSETS			
Cash and short term funds	a	138,800	1,194,903
Deposits and placements with banks and other financial institutions		530,210	-
Securities held-for-trading	b	25,168	-
Securities available-for-sale	c	517,809	384,243
Securities held-to-maturity	d	185,573	199,661
Other assets		5,110	3,655
Amount due from Head Office		1,413	31,457
TOTAL ASSETS		<u>1,404,083</u>	<u>1,813,919</u>
LIABILITIES			
Deposits from customers	f	500,590	1,723,167
Deposits and placements of banks and other financial institutions	g	808,147	-
Provision for Profit Equalisation Reserve		7,300	8,510
Other liabilities		1,811	1,912
Provision for zakat		284	211
TOTAL LIABILITIES		<u>1,318,132</u>	<u>1,733,800</u>
ISLAMIC BANKING CAPITAL FUNDS			
Islamic Banking Funds		80,000	80,000
Reserves		5,951	119
TOTAL ISLAMIC BANKING CAPITAL FUNDS		<u>85,951</u>	<u>80,119</u>
TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS		<u>1,404,083</u>	<u>1,813,919</u>

SKIM PERBANKAN ISLAM
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE 1st QUARTER ENDED 31 MARCH 2007

	1 st Quarter ended		Three months ended	
	31 March 2007 RM'000	31 March 2006 RM'000	31 March 2007 RM'000	31 March 2006 RM'000
Income derived from investment of depositors' funds and others	13,540	-	13,540	-
Dividend attributable to depositors	(10,459)	-	(10,459)	-
Write-back of impairment losses on securities available-for-sale	1,500	-	1,500	-
Write-back of provision for Profit Equalisation Reserve	1,210	-	1,210	-
	5,791	-	5,791	-
Staff costs	(301)	-	(301)	-
Other operating expenses	(162)	-	(162)	-
Profit/(loss) before zakat	5,328	-	5,328	-
Zakat	(73)	-	(73)	-
Net profit/(loss) for the period	5,255	-	5,255	-

a. Cash and short-term funds

	31 March 2007 RM'000	31 December 2006 RM'000
Cash and balances with banks and other financial institutions	200	253
Money at call and deposit placements maturing within one month	<u>138,600</u>	<u>1,194,650</u>
	<u>138,800</u>	<u>1,194,903</u>

b. Securities held-for-trading

	31 March 2007 RM'000	31 December 2006 RM'000
At fair value		
Quoted securities:		
Government Investment Issues	<u>25,168</u>	<u>-</u>
Total securities held-for-trading	<u>25,168</u>	<u>-</u>

c. Securities available-for-sale

	31 March 2007 RM'000	31 December 2006 RM'000
At fair value		
Quoted securities:		
Government Investment Issues	<u>25,168</u>	<u>23,911</u>
Unquoted Securities:		
Islamic Private debt securities	406,850	257,549
Islamic Negotiable Instruments of Deposits	47,483	66,386
Khazanah Nasional Berhad bonds	<u>38,308</u>	<u>37,897</u>
	<u>492,641</u>	<u>361,832</u>
	<u>517,809</u>	<u>385,743</u>
Less: Accumulated impairment losses	-	<u>(1,500)</u>
Total securities available-for-sale	<u>517,809</u>	<u>384,243</u>

d. Securities held-to-maturity

	31 March 2007 RM'000	31 December 2006 RM'000
At amortised cost		
Quoted securities:		
Government Investment Issues	<u>101,915</u>	<u>101,046</u>
Unquoted Securities:		
Cagamas Mudharabah bonds	73,631	73,664
Islamic Corporate bonds	15,025	15,066
Khazanah Nasional Berhad bonds	<u>-</u>	<u>14,883</u>
	<u>88,656</u>	<u>103,613</u>
	<u>190,571</u>	<u>204,659</u>
Less: Accumulated impairment losses	<u>(4,998)</u>	<u>(4,998)</u>
Total securities held-to-maturity	<u>185,573</u>	<u>199,661</u>

e. Movement in provision for impairment losses

	31 March 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

	31 March 2007 RM'000	31 December 2006 RM'000
i) By type of deposits:		
Mudharabah Fund		
Fixed / Investment deposits	457,639	1,596,097
Others	42,951	127,070
	<u>500,590</u>	<u>1,723,167</u>
ii) By type of customers:		
Business enterprises	500,590	1,723,167
	<u>500,590</u>	<u>1,723,167</u>

g. Deposits and placements of banks and other financial institutions

	31 March 2007 RM'000	31 December 2006 RM'000
i) By type of deposits:		
Mudharabah Fund		
Fixed / Investment deposits	718,775	-
Others	89,372	-
	<u>808,147</u>	<u>-</u>
ii) By type of customers:		
Other financial institutions	808,147	-
	<u>808,147</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 three months ended 31 March 2007, as set out on pages 1 to 23, 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 31 March 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: 11 MAY 2007