

**Explanatory Notes Pursuant to Financial Reporting Standard 134 ("FRS 134") and Revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) Issued by Bank Negara Malaysia**

**1. Basis of preparation**

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

The unaudited condensed interim financial statement has been prepared in accordance with FRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB").

The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 31 December 2007. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Company since the financial year ended 31 December 2007.

The significant accounting policies and methods of computation adopted in the unaudited condensed interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2007.

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

The auditors' report on the audited financial statements for the financial year ended 31 December 2007 was not subject to any qualification.

**3. Performance review**

The Group registered a pre-tax profit of RM142.669 million for the period ended 30 June 2008, an increase of 234% as compared to the previous corresponding period's pre-tax profit of RM42.655 million. The improved performance is attributed to writeback of allowances for loan losses and impairment and additional proceeds received from surrendering of discount houses licences.

**4. Dividends**

No dividend was paid as at 30 June 2008.

The Directors propose an interim dividend of 3% on ordinary shares less 26% taxation amounting to RM21.723 million and a special dividend of 5% on ordinary shares less 26% taxation amounting to RM36.204 million for the financial year ending 31 December 2008.

No dividend was declared for the corresponding period last year.

**5. Current year prospects**

The investment banking division expects an enhanced involvement in the debt and equity capital markets, especially in private debt securities origination, advisory and underwriting, as well as brokerage and placement, from a stronger platform.

With the three new Scheme Funds introduced in 2007 in addition to the other existing concessionary financing schemes, the Group intends to fulfill its development finance agency role by providing soft loans to the eligible borrowers engaged in industries and business as prescribed by the terms and objectives of these Scheme Funds.

Steps to enhance the fund management activities by focusing on business and product development, and opportunities for potential tie up with established foreign partners are in progress for the asset management business.

The property business division will be focused on its inherent property and project management skills and services as an alternative revenue source, apart from the continued efforts to realise the value of the properties held.

The continued focus on customer relationships, operational efficiencies, credit and cost management, and corporate rationalisation will provide the base for sustainable and quality growth for the Group.

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

	Group		Company	
	30.6.2008 RM'000	31.12.2007 RM'000	30.6.2008 RM'000	31.12.2007 RM'000
At fair value				
Quoted:				
Malaysian Government Securities	-	30,116	-	-
Bank Negara Malaysia Notes	29,615	-	-	-
Government Investment Issue	-	24,734	-	-
Unit trusts	4	3,842	2	1,357
Shares	967	758	874	889
Loan stocks	3	20	3	20
Redeemable Convertible Secured Notes	7,991	7,635	7,991	7,635
	<u>38,580</u>	<u>67,105</u>	<u>8,870</u>	<u>9,901</u>
Unquoted:				
Private Debts Securities	299,030	-	-	-
Others Acceptances Discounted	245,878	-	-	-
Loan stocks	5,318	7,159	-	-
Shares	1,563	1,845	-	-
	<u>551,789</u>	<u>9,004</u>	<u>-</u>	<u>-</u>
	<u>590,369</u>	<u>76,109</u>	<u>8,870</u>	<u>9,901</u>

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

	Group		Company	
	30.6.2008 RM'000	31.12.2007 RM'000	30.6.2008 RM'000	31.12.2007 RM'000
At fair value				
Quoted:				
Malaysian Government Securities	80,258	241,342	-	-
Government Investment Issue	79,071	175,139	-	-
Bank Negara Malaysia Notes	151,552	82,953	-	-
Shares	9,142	9,682	1,234	1,234
	<u>320,023</u>	<u>509,116</u>	<u>1,234</u>	<u>1,234</u>
Unquoted:				
Khazanah Nasional Berhad bonds	204,941	274,373	-	-
Cagamas Berhad bonds	19,949	20,004	-	-
Other Acceptances Discounted	340,505	450,086	-	-
Private debt securities	1,686,184	2,269,057	-	-
Negotiable Instruments of Deposits	79,622	119,999	-	-
Corporate bonds	46,868	46,868	46,868	46,868
Shares	125,100	125,100	3,771	3,771
Loan stocks	9,905	9,905	4,905	4,905
	<u>2,513,074</u>	<u>3,315,392</u>	<u>55,544</u>	<u>55,544</u>
	<u>2,833,097</u>	<u>3,824,508</u>	<u>56,778</u>	<u>56,778</u>

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**8. Securities held-to-maturity**

	Group	
	30.6.2008 RM'000	31.12.2007 RM'000
At amortised cost		
Quoted:		
Malaysian Government Securities	2,094	2,123
Bank Negara Malaysia Notes	49,999	74,822
Malaysian Treasury Bills	-	9,893
	<u>52,093</u>	<u>86,838</u>
Unquoted:		
Cagamas Berhad bonds	-	4,987
Khazanah Nasional Berhad bonds	18,913	-
Shares	906	3,365
Private debt securities	158,200	194,376
	<u>178,019</u>	<u>202,728</u>
	230,112	289,566
Less: Accumulated impairment losses	<u>(121,652)</u>	<u>(149,350)</u>
	<u>108,460</u>	<u>140,216</u>

**9. Loans, advances and financing**

	Group		Company	
	30.6.2008 RM'000	31.12.2007 RM'000	30.6.2008 RM'000	31.12.2007 RM'000
Term loans				
- Syndicated term loan/financing	60,145	60,181	-	-
- Hire purchase receivables	171,440	208,191	119,112	143,438
- Lease receivables	11,717	13,527	9,784	11,518
- Other term loans/financing	724,131	791,819	662,454	744,974
Staff loans	14,407	16,189	4,809	5,866
Revolving credits	71,850	60,451	8,347	2,661
Margin accounts	82,695	75,789	-	-
	<u>1,136,385</u>	<u>1,226,147</u>	<u>804,506</u>	<u>908,457</u>
Less: Unearned interest and income	<u>(22,460)</u>	<u>(31,738)</u>	<u>(17,756)</u>	<u>(24,569)</u>
	1,113,925	1,194,409	786,750	883,888
Less: Security deposits	(613)	(934)	-	-
Less: Allowance for bad and doubtful debts and financing:				
- General	(31,837)	(32,354)	(24,787)	(27,422)
- Specific	<u>(186,861)</u>	<u>(185,987)</u>	<u>(138,911)</u>	<u>(136,666)</u>
Total net loans, advances and financing	<u>894,614</u>	<u>975,134</u>	<u>623,052</u>	<u>719,800</u>

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9. **Loans, advances and financing** (continued)

a. By type of customer

	Group		Company	
	30.6.2008 RM'000	31.12.2007 RM'000	30.6.2008 RM'000	31.12.2007 RM'000
Domestic business enterprises				
- Small medium enterprises	673,099	534,749	461,598	519,095
- Others	308,897	509,778	297,496	333,943
Individuals	109,082	121,299	4,809	5,866
Other domestic entities	-	3,599	-	-
Foreign entities	22,847	24,984	22,847	24,984
Gross loans, advances and financing	1,113,925	1,194,409	786,750	883,888

b. By interest/profit rate sensitivity

	Group		Company	
	30.6.2008 RM'000	31.12.2007 RM'000	30.6.2008 RM'000	31.12.2007 RM'000
Fixed rate				
- Staff loans	14,407	16,189	4,809	5,866
- Hire purchase receivables/financing	166,048	200,162	118,290	142,238
- Other fixed rate loan/financing	460,541	497,798	372,595	415,716
Variable rate				
- BLR plus	212,427	233,901	212,427	233,901
- Cost-plus	185,514	163,715	3,641	3,515
- Other variable rates	74,988	82,644	74,988	82,652
Gross loans, advances and financing	1,113,925	1,194,409	786,750	883,888

c. By economic sector

	Group		Company	
	30.6.2008 RM'000	31.12.2007 RM'000	30.6.2008 RM'000	31.12.2007 RM'000
Agriculture, hunting, forestry & fishing	4,843	5,121	121	121
Mining and quarrying	3,449	4,235	2,699	3,235
Manufacturing	617,984	700,201	596,412	676,623
Construction	74,012	61,837	21,161	24,087
Purchase of landed property:				
- Residential	474	628	-	-
Wholesale & retail trade and restaurants & hotels	107,958	111,542	98,512	101,701
Transport, storage and communications	123,290	122,094	39,016	43,939
Finance, insurance and business services	53,197	43,146	13,073	13,431
Purchase of securities	82,695	75,789	-	-
Purchase of transport vehicles	39,096	46,873	-	-
Others	6,927	22,943	15,756	20,751
Gross loans, advances and financing	1,113,925	1,194,409	786,750	883,888

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9. **Loans, advances and financing** (continued)

d. Movements in non-performing loans, advances and financing

	Group		Company	
	30.6.2008 RM'000	31.12.2007 RM'000	30.6.2008 RM'000	31.12.2007 RM'000
At beginning of period/year	286,029	406,430	226,298	253,523
Non-performing during the period/year	14,892	61,468	14,484	43,925
Reclassified as performing	(3,686)	(17,039)	(1,999)	(10,914)
Sale of NPLs	-	(60,456)	-	-
Loans converted to securities	-	(18,672)	-	-
Amount recovered	(16,269)	(21,116)	(16,012)	(14,489)
Amount written off	-	(64,586)	-	(45,747)
At end of period/year	280,966	286,029	222,771	226,298
Less: Specific allowance	(183,495)	(181,014)	(135,545)	(131,693)
Net non-performing loans, advances and financing	97,471	105,015	87,226	94,605
Net NPL as % of gross loans, advances and financing less specific allowances	10.51%	10.41%	13.46%	12.66%
Performing loans with specific allowance provided				
Gross loan	3,662	8,852	3,662	8,852
Less: Specific allowance	(3,366)	(4,973)	(3,366)	(4,973)
Net	296	3,879	296	3,879

e. Movements in allowance for bad and doubtful debts

	Group		Company	
	30.6.2008 RM'000	31.12.2007 RM'000	30.6.2008 RM'000	31.12.2007 RM'000
<b>General allowance</b>				
At beginning of period/year	32,354	39,176	27,422	27,422
Allowance made/(written back) during the period/year	2,118	(2,668)	-	-
Amount transferred to specific allowance	(2,635)	(4,154)	(2,635)	-
At end of period/year	31,837	32,354	24,787	27,422
As % of gross loans, advances and financing less specific allowance	3.43%	3.21%	3.83%	3.67%

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9. **Loans, advances and financing** (continued)

e. Movements in allowance for bad and doubtful debts (continued)

	Group		Company	
	30.6.2008 RM'000	31.12.2007 RM'000	30.6.2008 RM'000	31.12.2007 RM'000
<b>Specific allowance</b>				
At beginning of period/year	185,987	284,504	136,666	161,748
Allowance made during the period/year	5,321	45,246	4,739	40,711
Amount written back in respect of recoveries	(7,082)	(23,129)	(5,129)	(20,046)
Sale of NPLs	-	(57,078)	-	-
Allowance transfer from general allowance	2,635	4,154	2,635	-
Amount transferred to provision for loan stocks	-	(3,124)	-	-
Amount written off	-	(64,586)	-	(45,747)
At end of period/year	<u>186,861</u>	<u>185,987</u>	<u>138,911</u>	<u>136,666</u>

f. Non-Performing Loan by economic sector

	Group		Company	
	30.6.2008 RM'000	31.12.2007 RM'000	30.6.2008 RM'000	31.12.2007 RM'000
Agriculture, hunting, forestry & fishing	121	121	121	121
Manufacturing	155,212	154,486	142,196	141,327
Construction	30,970	32,149	17,239	18,205
Purchase of landed property:				
- Residential	114	114	-	-
Wholesale & retail trade and restaurants & hotels	42,808	46,021	42,070	45,208
Transport, storage and communication	11,796	12,076	10,937	11,149
Finance, insurance and business services	20,272	21,823	5,701	7,224
Purchase of transport vehicles	14,877	15,896	-	-
Others	4,796	3,343	4,507	3,064
	<u>280,966</u>	<u>286,029</u>	<u>222,771</u>	<u>226,298</u>

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**10. Other assets**

	Group		Company	
	30.6.2008 RM'000	31.12.2007 RM'000	30.6.2008 RM'000	31.12.2007 RM'000
Accrued interest, commitment charges, commissions and fees receivable	20,707	25,265	2,121	1,329
Amount due from subsidiaries				
- current accounts	-	-	4,520	4,505
- loan accounts	-	-	449,895	513,849
Less: Allowance for doubtful debts	-	-	(15,570)	(22,864)
	-	-	434,325	490,985
Clients' and brokers' accounts	34,152	35,440	-	-
Less: Allowance for doubtful debts	(2,289)	(2,305)	-	-
	31,863	33,135	-	-
Trade receivables	55,971	55,960	-	-
Less: Allowance for doubtful debts	(22,741)	(22,519)	-	-
	33,230	33,441	-	-
Other receivables, deposits and prepayments	84,921	64,254	7,444	8,159
Less: Allowance for doubtful debts	(24,304)	(24,358)	-	-
	60,617	39,896	7,444	8,159
Industrial Estates				
- developed properties held-for-sale	226,319	228,183	-	-
Less: Impairment loss	(6,888)	(6,888)	-	-
	219,431	221,295	-	-
	365,848	353,032	448,410	504,978
Tax recoverable	26,702	39,144	4,320	9,828
	392,550	392,176	452,730	514,806

**11. Deposits from customers**

	Group	
	30.6.2008 RM'000	31.12.2007 RM'000
(i) By type of deposit		
Deposits from customers		
- Fixed deposits	2,357,139	2,491,755
- Call money	395,057	281,555
	2,752,196	2,773,310
(ii) By type of customer		
Government and statutory bodies	36,195	37,660
Business enterprises	2,714,916	2,733,528
Individuals	1,085	2,122
	2,752,196	2,773,310

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**12. Deposits and placements of banks and financial institutions**

	Group	
	30.6.2008	31.12.2007
	RM'000	RM'000
Call deposits		
- Other financial institutions	209,061	309,920
Fixed deposits		
- Licensed Islamic banks	-	20,000
- Other financial institutions	2,586,759	2,664,439
	<u>2,795,820</u>	<u>2,994,359</u>

**13. Borrowings**

	Group		Company	
	30.6.2008	31.12.2007	30.6.2008	31.12.2007
	RM'000	RM'000	RM'000	RM'000
(a) Short Term				
Secured	24,675	24,675	-	-
Unsecured	74,082	383,982	71,782	371,482
	<u>98,757</u>	<u>408,657</u>	<u>71,782</u>	<u>371,482</u>
(b) Long Term				
Secured	22,500	25,313	-	-
Unsecured	386,645	424,178	386,645	424,178
Unsecured – Islamic operation	48,284	56,291	48,284	56,291
	<u>457,429</u>	<u>505,782</u>	<u>434,929</u>	<u>480,469</u>
Total borrowings	<u>556,186</u>	<u>914,439</u>	<u>506,711</u>	<u>851,951</u>

(c) Included in the borrowings are loans obtained from a Japanese financial institution, denominated in Yen, equivalent to RM116.572 million. The foreign exchange risk on the above loans is borne by the Government of Malaysia

**14. Government Scheme Funds**

**14.1 Government Scheme Funds**

	Group and Company	
	30.6.2008	31.12.2007
	RM'000	RM'000
At 1 January	446,459	270,058
Add : Funds received during the year	148,011	189,998
	594,470	460,056
Less : Non-performing loans pending approval		
At 1 January	(11,882)	-
Addition	(4,736)	(11,882)
Reduction upon approval	-	-
At 30 June 2008/31 December 2007	(16,618)	(11,882)
Less : Non-performing loans written off upon approval	-	(13,597)
Available Funds at 30 June 2008/31 December 2007	577,852	434,577
Less : Net loans disbursed under Government Scheme Funds	(269,178)	(192,650)
Net Government Scheme Funds Available	<u>308,674</u>	<u>241,927</u>

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14. **Government Scheme Funds** (continued)

14.1 Government Scheme Funds (continued)

Government Scheme Funds comprises

	Group and Company	
	30.6.2008	31.12.2007
	RM'000	RM'000
Non-current		
Funds from MITI	60,928	59,460
Soft loan for SME's	211,099	200,130
Loan from MIEEIP	13,410	13,481
Loan from PPWE	9,756	9,757
Soft loan for Automation and Modernisation	152,698	75,875
Soft loan for Automotive Development	126,957	75,874
Soft loan for Branding	3,004	-
	<u>577,852</u>	<u>434,577</u>

14.2 Loans, advances and financing under Government Scheme Funds

	Group and Company	
	30.6.2008	31.12.2007
	RM'000	RM'000
Term loans		
- Hire purchase receivables	67,685	1,664
- Other term loans/financing	161,643	137,498
Other loans/financing	<u>72,310</u>	<u>74,739</u>
	301,638	213,901
Less : Unearned interest income	<u>(15,842)</u>	<u>(9,369)</u>
	285,796	204,532
Less: Allowance for bad and doubtful debts and financing:		
- Specific	(16,618)	(11,882)
Total net loans, advances and financing	<u>269,178</u>	<u>192,650</u>

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14. **Government Scheme Funds** (continued)

14.2(a) Loans, advances and financing under Government Scheme Funds

(i) By type of customer

	Group and Company	
	30.6.2008	31.12.2007
	RM'000	RM'000
Domestic business enterprises		
- Small medium enterprises	212,338	187,699
- Others	70,975	13,950
Foreign entities	-	2,883
Others customers	2,483	
Gross loans, advances and financing	<u>285,796</u>	<u>204,532</u>

(ii) By interest/profit rate sensitivity

	Group and Company	
	30.6.2008	31.12.2007
	RM'000	RM'000
Fixed rate		
Hire purchase receivables	69,277	42,545
Other fixed rate loan/financing	208,744	161,987
Others	7,775	-
Gross loans, advances and financing	<u>285,796</u>	<u>204,532</u>

(iii) By economic sector

	Group and Company	
	30.6.2008	31.12.2007
	RM'000	RM'000
Agriculture, hunting, forestry & fishing	78	78
Mining and quarrying	1,536	1,547
Manufacturing	243,942	171,483
Construction	5,177	4,640
Wholesale & retail trade and restaurants & hotels	16,242	13,743
Transport, storage and communications	4,843	4,341
Finance, insurance and business services	7,387	4,118
Others	6,591	4,582
Gross loans, advances and financing	<u>285,796</u>	<u>204,532</u>

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14. **Government Scheme Funds** (continued)

14.2(b) Non-Performing Loans ("NPLs")

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

	Group and Company	
	30.6.2008	31.12.2007
	RM'000	RM'000
At 1 January	13,645	12,271
Non-performing during the year	5,579	6,458
Reclassified as performing	(540)	(2,235)
Amount recovered	(714)	(626)
Amount written off	-	(2,223)
At 30 June 2008/31 December 2007	17,970	13,645
Less: Specific allowance	(16,032)	(11,621)
Net non-performing loans, advances and financing	1,938	2,024
Net NPL as % of gross loans, advances and financing less specific allowances	0.72%	1.05%
Performing loans with specific allowance provided	1,156	298
Less: Specific allowance	(586)	(261)
Net	570	37

(ii) Movements in allowance for bad and doubtful debts

	Group and Company	
	30.6.2008	31.12.2007
	RM'000	RM'000
<b>Specific allowance</b>		
At 1 January	11,882	10,904
Allowance made during the year	4,736	4,761
Amount write back in respect of recoveries	-	(1,560)
Amount written off	-	(2,223)
At 30 June 2008/31 December 2007	16,618	11,882

(iii) Non-Performing Loan by economic sector

	Group and Company	
	30.6.2008	31.12.2007
	RM'000	RM'000
Agriculture, hunting, forestry & fishing	78	78
Manufacturing	14,808	10,670
Wholesale & retail trade and restaurants & hotels	876	873
Finance, insurance and business services	1,962	251
Others	246	1,773
	17,970	13,645

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**15. Interest income**

<b>Group</b>	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2008	30.6.2007	30.6.2008	30.6.2007
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from NPL	12,733	11,723	27,484	24,569
- Recoveries from NPL	6,302	6,054	6,572	6,577
Money at call and deposit placements with financial institutions	27,434	42,314	51,782	76,916
Securities available-for-sale	15,568	17,098	31,909	33,225
Securities held-for-trading	6	68	47	117
Securities held-to-maturity	662	2,790	819	5,610
Leasing operations	1,812	3,263	3,672	6,409
Accretion of discounts (net of amortisation of premium)	12,733	12,202	25,761	23,231
Interest suspended	-	-	(935)	-
	<u>77,250</u>	<u>95,512</u>	<u>147,111</u>	<u>176,654</u>

<b>Company</b>	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2008	30.6.2007	30.6.2008	30.6.2007
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from NPL	8,103	10,151	18,478	21,374
- Recoveries from NPL	6,214	4,241	6,241	4,287
Leasing operations	811	1,701	1,643	3,117
Loans to subsidiaries	3,674	3,812	7,203	7,647
	<u>18,802</u>	<u>19,905</u>	<u>33,565</u>	<u>36,425</u>

**16. Interest expense**

<b>Group</b>	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2008	30.6.2007	30.6.2008	30.6.2007
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	26	1	29	73
Deposits from customers	41,188	54,459	79,635	102,088
Short-term funds and bank overdrafts	44	494	231	1,155
Concessional funds	3,027	3,486	6,125	6,796
Commercial loans	1,117	880	2,408	2,256
Commercial papers and medium term notes	-	91	-	185
Income securities	-	3,814	1,708	7,587
Miscellaneous	9	30	9	72
	<u>45,411</u>	<u>63,255</u>	<u>90,145</u>	<u>120,212</u>

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16. **Interest expense** (continued)

<b>Company</b>	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2008	30.6.2007	30.6.2008	30.6.2007
	RM'000	RM'000	RM'000	RM'000
Short-term funds and bank overdrafts	27	53	56	55
Concessional funds	3,027	3,486	6,125	6,796
Commercial loans	406	430	1,150	841
Commercial papers and medium term notes	-	91	-	185
Income securities	-	3,814	1,708	7,587
	<u>3,460</u>	<u>7,874</u>	<u>9,039</u>	<u>15,464</u>

17. **Other operating income**

<b>Group</b>	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2008	30.6.2007	30.6.2008	30.6.2007
	RM'000	RM'000	RM'000	RM'000
(a) Revenue income:				
Fee income derived from:				
- Capital market activities	3,627	5,115	6,831	9,070
- Service fees	604	320	789	563
- Management fees	1,438	4,364	3,281	9,236
- Net brokerage fees	3,380	2,444	7,036	5,797
- Other fee income	-	14	-	28
Investment income derived from:				
- Net unrealised gain/ (losses) on revaluation of securities held-for-trading	(182)	172	217	(518)
- Gain/(Loss) on sale of securities:				
- Available-for-sale	680	4,556	3,549	5,451
- Held-for-trading	2,693	(83)	2,891	283
- Gain on sale of trust units	(3)	241	(215)	574
Net rental of factory premises	4,469	4,184	9,606	8,877
Net rental from investment properties	1,363	1,431	2,606	3,247
Rental income on buildings	7,258	6,172	14,350	11,957
Gain from disposal of Land held for property development and industrial estates	10,773	59	11,252	1,198
Income from factoring	288	295	549	609
Profit earned on Al-Bai Bithamin Ajil and Al-Ijarah	65	46	142	96
	<u>36,453</u>	<u>29,330</u>	<u>62,884</u>	<u>56,468</u>

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**17. Other operating income (continued)**

<b>Group</b>	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2008 RM'000	30.6.2007 RM'000	30.6.2008 RM'000	30.6.2007 RM'000
(b) Other income:				
Total interest income on:				
- short-term placements, fixed deposits and share issue account	2,207	2,489	4,484	5,006
- promissory notes	153	227	269	343
Gain on disposal of Property, plant and equipment	6	314	213	325
Total dividends (gross) from:				
- Securities held-for-trading	369	242	377	308
- Securities available-for-sale	17,150	145	17,150	148
- Securities held-to-maturity	99	282	199	282
Interest on:				
- staff loans	125	89	270	204
Guarantee fee	172	288	309	554
Commitment fee	4	154	4	321
Rental of:				
- parking space	20	28	33	53
- office premises	126	245	251	489
Bad debts recovered	-	59	-	169
Recovery of bad debts written off and specific provision provided offset against Government funds	-	-	-	4,949
Recoveries from non-performing loan	-	-	2,984	-
Proceeds from the surrendering of the discount houses licenses	-	-	17,500	-
Others	801	188	1,440	372
	<u>21,232</u>	<u>4,750</u>	<u>45,483</u>	<u>13,523</u>
Total non-interest income	<u>57,685</u>	<u>34,080</u>	<u>108,367</u>	<u>69,991</u>

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17. **Other operating income** (continued)

<u>Company</u>	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2008 RM'000	30.6.2007 RM'000	30.6.2008 RM'000	30.6.2007 RM'000
(a) Revenue income:				
Fee income:				
- Management fees	2,164	1,272	5,053	2,437
Net unrealised gain/ (losses) on revaluation of securities held-for- trading	(177)	234	325	(655)
Gain on sale of securities:				
- Available-for-sale	-	4	-	4
- Held-for-trading	-	-	-	75
	<u>1,987</u>	<u>1,510</u>	<u>5,378</u>	<u>1,861</u>
(b) Other income:				
Interest income on:				
- short-term placements, fixed deposits and share issue account	3,278	1,580	6,076	2,792
- promissory notes	153	227	269	343
Gain on disposal of:				
- Property, plant and equipment	1	68	38	79
Dividends (gross):				
- Securities held-for-trading	9	37	17	103
Interest on:				
- staff loans	55	51	119	110
Guarantee fee	172	288	309	554
Commitment fee	4	154	4	321
Rental of:				
- parking space	20	35	33	67
- office premises from subsidiaries	-	111	-	223
- office premises	126	245	251	489
Recovery of bad debts written off and specific provision provided offset against Government funds	-	-	-	4,949
Others	203	(3)	241	244
	<u>4,021</u>	<u>2,793</u>	<u>7,357</u>	<u>10,274</u>
Total non-interest income	<u>6,008</u>	<u>4,303</u>	<u>12,735</u>	<u>12,135</u>

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**18. Operating Expenses**

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2008 RM'000	30.6.2007 RM'000	30.6.2008 RM'000	30.6.2007 RM'000
<b><u>Group</u></b>				
Personnel costs				
- Salaries	10,378	10,335	19,828	21,061
- Employees' benefit	73	295	148	606
- Defined contribution plans	2,079	2,188	3,762	3,993
- Other costs	4,673	6,587	8,861	10,906
Establishment costs				
- Depreciation	3,294	3,836	6,470	7,717
- Rental	182	77	763	1,327
- Insurance	368	403	578	854
- Water and electricity	1,061	821	2,063	2,005
- General repairs	2,517	1,740	4,306	3,826
- Assessment	375	436	827	932
Promotion and marketing-related expenses				
- Business promotion and advertisement	1,260	1,516	1,636	2,182
- Entertainment	48	28	72	120
- Traveling and accommodation	32	109	49	127
Administration and general expenses				
- Communication expenses	569	1,225	1,104	2,136
- Property, plant & equipment written off	1	1	1	4
- Management fees	395	449	957	818
- Professional fees	340	1,622	1,187	3,057
- Others	1,028	3,782	4,889	5,810
	<b>28,673</b>	<b>35,450</b>	<b>57,501</b>	<b>67,481</b>
<b><u>Company</u></b>				
Personnel costs				
- Salaries	4,975	4,657	9,463	9,637
- Employees' benefit	52	168	106	353
- Defined contribution plans	924	1,202	1,702	2,032
- Other costs	2,373	2,207	4,629	4,434
Establishment costs				
- Depreciation	878	614	1,750	1,242
- Rental	523	391	1,035	780
- Insurance	57	89	56	157
- Water and electricity	230	202	376	410
- General repairs	111	424	554	778
- Assessment	84	84	171	171
Promotion and marketing-related expenses				
- Business promotion and advertisement	792	1,300	864	1,597
- Entertainment	6	3	5	8
- Traveling and accommodation	-	2	-	5
Administration and general expenses				
- Communication expenses	122	195	205	318
- Property, plant & equipment written off	1	-	1	3
- Professional fees	185	1,190	585	2,042
- Write back of allowance for doubtful debts from subsidiary	(1,030)	-	(7,294)	-
- Others	627	685	1,162	1,107
	<b>10,910</b>	<b>13,413</b>	<b>15,370</b>	<b>25,074</b>

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

<b>Group</b>	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2008 RM'000	30.6.2007 RM'000	30.6.2008 RM'000	30.6.2007 RM'000
Allowance for bad and doubtful debts				
(a) Specific allowance				
- made in the financial period	(445)	(17,771)	(5,321)	(20,892)
- written back	534	10,443	7,082	10,453
(b) General allowance				
- made in the financial period	(1,379)	3	(2,118)	3
Bad debts on loans and financing recovered	(933)	832	8,117	832
	<u>(2,223)</u>	<u>(6,493)</u>	<u>7,760</u>	<u>(9,604)</u>

**Company**

Allowance for bad and doubtful debts				
(a) Specific allowance				
- made in the financial period	(106)	(17,716)	(4,739)	(20,920)
- written back	-	8,866	5,129	8,866
Bad debts on loans and financing written off	(995)	-	(995)	-
	<u>(1,101)</u>	<u>(8,850)</u>	<u>(605)</u>	<u>(12,054)</u>

20. **Impairment (writeback)/losses on securities (net)**

<b>Group</b>	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2008 RM'000	30.6.2007 RM'000	30.6.2008 RM'000	30.6.2007 RM'000
Securities available-for-sale	(4,585)	(19,520)	(10,701)	(22,564)
Securities held-to-maturity	5,076	1,596	18,781	1,596
	<u>491</u>	<u>(17,924)</u>	<u>8,080</u>	<u>(20,968)</u>

**Company**

Securities available-for-sale	-	-	-	-
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**MALAYSIAN INDUSTRIAL DEVELOPMENT FINANCE BERHAD (No. 3755-M)  
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**21. Segmental information**

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

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

	Segment Revenue			
	Individual Quarter Ended	Individual Quarter Ended	Cumulative Quarter Ended	Cumulative Quarter Ended
	30.6.2008	30.6.2007	30.6.2008	30.6.2007
	RM'000	RM'000	RM'000	RM'000
Investment Banking	85,138	101,680	166,150	188,598
Asset management	1,145	3,795	2,518	8,007
Development finance	18,296	19,236	32,877	34,747
Industrial Property	21,877	10,521	33,045	26,788
Others	8,982	10,811	18,366	21,468
Investment holding	1,614	4,992	3,627	9,002
	<u>137,052</u>	<u>151,035</u>	<u>256,583</u>	<u>288,610</u>
Inter-segment elimination	<u>(1,658)</u>	<u>(2,210)</u>	<u>(2,981)</u>	<u>(5,062)</u>
	<u>135,394</u>	<u>148,825</u>	<u>253,602</u>	<u>283,548</u>

	Segment Results			
	Individual Quarter Ended	Individual Quarter Ended	Cumulative Quarter Ended	Cumulative Quarter Ended
	30.6.2008	30.6.2007	30.6.2008	30.6.2007
	RM'000	RM'000	RM'000	RM'000
Investment Banking	25,115	7,649	65,354	22,970
Asset management	191	2,216	528	4,689
Development finance	11,884	4,541	20,988	15,911
Industrial Property	12,162	(1,059)	13,403	(65)
Others	2,155	3,249	21,488	5,670
Investment holding	16,935	(4,087)	23,069	(7,423)
	<u>68,442</u>	<u>12,509</u>	<u>144,830</u>	<u>41,752</u>
Share of profit of associated companies	497	440	1,027	831
Consolidation adjustments	<u>(743)</u>	<u>279</u>	<u>(3,188)</u>	<u>72</u>
	<u>68,196</u>	<u>13,228</u>	<u>142,669</u>	<u>42,655</u>

**22. Capital commitments**

	As at	As at
	30.6.2008	30.6.2007
	RM'000	RM'000
Authorised and contracted for	12,250	5,663
Authorised but not contracted for	13,408	31,959
	<u>25,658</u>	<u>37,622</u>

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**23. Contingencies and commitments**

In the normal course of business, the Group and the Company made various commitments and incurred certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

The commitments and contingencies and the related risk-weighted exposures of the Group and the Company as at the end of financial year are as follows:

Group	← As at 30.6.2008 →			← As at 31.12.2007 →		
	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
Guarantee facilities	26,391	26,391	26,391	45,309	45,309	45,309
Obligations under underwriting agreement	508,972	254,486	72,702	921,342	460,671	137,489
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	271,788	54,358	54,302	345,547	69,109	69,053
- Maturity exceeding one year	70	35	13	176	88	32
- Miscellaneous commitments and contingencies	37,640	7,528	1,506	12,204	2,441	488
- Transaction related contingent items	4,150	2,075	2,075	4,150	2,075	2,075
Direct credit substitutes	133	133	133	133	133	133
<b>Total</b>	<b>849,144</b>	<b>345,006</b>	<b>157,122</b>	<b>1,328,861</b>	<b>579,826</b>	<b>254,579</b>
<b>Company</b>						
Guarantee facilities	26,391	26,391	26,391	45,309	45,309	45,309
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	200,601	40,120	40,120	265,600	53,120	53,120
<b>Total</b>	<b>226,992</b>	<b>66,511</b>	<b>66,511</b>	<b>310,909</b>	<b>98,429</b>	<b>98,429</b>

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

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**24. Interest rate risk**

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 to 5 years RM'000	→ > 5 years RM'000				
30.6.2008									
<b>Assets</b>									
Loans, advances and financing									
- performing	302,035	91,984	51,965	369,639	13,357	(31,837)*	-	797,143	7.59
- non-performing	-	-	-	-	-	97,471	-	97,471	-
Securities held-for-trading	-	-	-	-	-	-	590,369	590,369	-
Securities available-for-sale	170,555	440,349	757,991	1,047,335	269,262	147,605	-	2,833,097	5.66
Securities held-to-maturity	49,999	-	2,094	31,048	-	25,319	-	108,460	3.51
Deposits and placements with banks and other financial institutions	72,666	500,000	28,487	2,134	-	4,914	-	608,201	3.51
Cash and short term funds	2,608,742	-	63	-	-	42,389	-	2,651,194	3.01
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	116,707	-	116,707	
Other non-interest sensitive balances	-	-	-	-	-	936,833	-	936,833	
<b>Total assets, restated</b>	<b>3,203,997</b>	<b>1,032,333</b>	<b>840,600</b>	<b>1,450,156</b>	<b>282,619</b>	<b>1,339,401</b>	<b>590,369</b>	<b>8,739,475</b>	
<b>Liabilities</b>									
Borrowings	17,501	29,184	47,062	219,217	243,222	-	-	556,186	1.76
Government Scheme Funds	-	-	-	-	-	308,674	-	308,674	-
Deposits from customers	2,651,675	6,646	93,875	-	-	-	-	2,752,196	3.41
Deposits and placements of banks and financial institutions	2,431,975	350,151	13,694	-	-	-	-	2,795,820	3.39
Other non-interest sensitive balances	-	-	-	-	-	190,839	-	190,839	
<b>Total liabilities</b>	<b>5,101,151</b>	<b>385,981</b>	<b>154,631</b>	<b>219,217</b>	<b>243,222</b>	<b>499,513</b>	<b>-</b>	<b>6,603,715</b>	
Shareholders' funds	-	-	-	-	-	2,110,302	-	2,110,302	
Minority interests	-	-	-	-	-	25,458	-	25,458	
	<b>5,101,151</b>	<b>385,981</b>	<b>154,631</b>	<b>219,217</b>	<b>243,222</b>	<b>2,635,273</b>	<b>-</b>	<b>8,739,475</b>	
On-balance sheet interest sensitivity gap	(1,897,154)	646,352	685,969	1,230,939	39,397	(1,295,872)	590,369		
Off-balance sheet interest sensitivity gap (interest rate swaps)	-	(28,125)	-	-	-	-	-		
<b>Total interest sensitivity gap</b>	<b>(1,897,154)</b>	<b>618,227</b>	<b>685,969</b>	<b>1,230,939</b>	<b>39,397</b>	<b>(1,295,872)</b>	<b>590,369</b>		

\* General allowance for bad and doubtful debts and financing

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**24. Interest rate risk (con't)**

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 to 5 years RM'000	→ > 5 years RM'000				
31.12.2007									
<b>Assets</b>									
Loans, advances and financing									
- performing	312,852	149,156	81,441	342,836	16,188	(32,354)*	-	870,119	6.79
- non-performing	-	-	-	-	-	105,015	-	105,015	-
Securities held-for-trading	-	-	-	-	-	-	76,109	76,109	-
Securities available-for-sale	531,072	754,303	655,652	1,438,006	304,419	141,056	-	3,824,508	4.79
Securities held-to-maturity	-	24,813	67,012	12,020	-	36,371	-	140,216	3.46
Deposits and placements with banks and other financial institutions	-	102,698	37,971	-	-	5,010	-	145,679	3.64
Cash and short term funds	2,882,997	-	-	-	-	53,139	-	2,936,136	3.22
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	140,878	-	140,878	-
Other non-interest sensitive balances	-	-	-	-	-	954,775	-	954,775	-
<b>Total assets</b>	<b>3,726,921</b>	<b>1,030,970</b>	<b>842,076</b>	<b>1,792,862</b>	<b>320,607</b>	<b>1,403,890</b>	<b>76,109</b>	<b>9,193,435</b>	
<b>Liabilities</b>									
Borrowings	29,010	29,100	50,847	539,784	265,698	-	-	914,439	3.07
Government Scheme Funds	-	-	-	-	-	241,927	-	241,927	-
Deposits from customers	2,207,235	553,735	12,340	-	-	-	-	2,773,310	3.39
Deposits and placements of banks and financial institutions	2,495,333	431,850	67,176	-	-	-	-	2,994,359	3.36
Other non-interest sensitive balances	-	-	-	-	-	223,341	-	223,341	-
<b>Total liabilities</b>	<b>4,731,578</b>	<b>1,014,685</b>	<b>130,363</b>	<b>539,784</b>	<b>265,698</b>	<b>465,268</b>	<b>-</b>	<b>7,147,376</b>	
Shareholders' funds	-	-	-	-	-	2,020,919	-	2,020,919	
Minority interests	-	-	-	-	-	25,140	-	25,140	
	<b>4,731,578</b>	<b>1,014,685</b>	<b>130,363</b>	<b>539,784</b>	<b>265,698</b>	<b>2,511,327</b>	<b>-</b>	<b>9,193,435</b>	
On-balance sheet interest sensitivity gap	(1,004,657)	16,285	711,713	1,253,078	54,909	(1,107,437)	76,109		
Off-balance sheet interest sensitivity gap (interest rate swaps)	-	(30,937)	-	-	-	-	-		
<b>Total interest sensitivity gap</b>	<b>(1,004,657)</b>	<b>(14,652)</b>	<b>711,713</b>	<b>1,253,078</b>	<b>54,909</b>	<b>(1,107,437)</b>	<b>76,109</b>		

\* General allowance for bad and doubtful debts and financing

**MALAYSIAN INDUSTRIAL DEVELOPMENT FINANCE BERHAD (No. 3755-M)**  
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**24. Interest rate risk (con't)**

Company	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 to 5 years RM'000	> 5 years RM'000				
30.6.2008									
<b>Assets</b>									
Loans, advances and financing									
- performing	166,949	11,130	50,084	328,332	4,118	(24,787)*	-	535,826	7.46
- non-performing	-	-	-	-	-	87,226	-	87,226	-
Deposits and placements with banks and other financial institutions									
	-	-	35,250	-	-	-	-	35,250	3.50
Cash and short term funds									
	588,013	-	-	-	-	39,939	-	627,952	3.14
Securities held-for-trading									
	-	-	-	-	-	-	8,870	8,870	-
Securities available-for-sale									
	-	-	3,631	46,867	3,772	2,508	-	56,778	5.18
Other non-interest sensitive balances									
	-	-	-	-	-	1,397,358	-	1,397,358	-
<b>Total assets</b>	<b>754,962</b>	<b>11,130</b>	<b>88,965</b>	<b>375,199</b>	<b>7,890</b>	<b>1,502,244</b>	<b>8,870</b>	<b>2,749,260</b>	
<b>Liabilities</b>									
Borrowings									
Government Scheme Funds	15,201	10,134	40,537	197,617	243,222	-	-	506,711	1.45
Other non-interest sensitive balances	-	-	-	-	-	308,674	-	308,674	-
<b>Total liabilities</b>	<b>15,201</b>	<b>10,134</b>	<b>40,537</b>	<b>197,617</b>	<b>243,222</b>	<b>350,504</b>	<b>-</b>	<b>857,215</b>	
Shareholders' fund									
	-	-	-	-	-	1,892,045	-	1,892,045	
	15,201	10,134	40,537	197,617	243,222	2,262,832	-	2,749,260	
On-balance sheet interest sensitivity gap									
	739,761	996	48,428	177,582	(235,332)	(740,305)	8,870		
Off-balance sheet interest sensitivity gap (interest rate swaps)									
	-	-	-	-	-	-	-		
<b>Total interest sensitivity gap</b>	<b>739,761</b>	<b>996</b>	<b>48,428</b>	<b>177,582</b>	<b>(235,332)</b>	<b>(740,305)</b>	<b>8,870</b>		

\* General allowance for bad and doubtful debts and financing

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

Company	← 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 to 5 years RM'000	> 5 years RM'000				
31.12.2007									
<b>Assets</b>									
Loans, advances and financing									
- performing	250,116	17,659	79,466	299,510	5,866	(27,422)*	-	625,195	6.35
- non-performing	-	-	-	-	-	94,605	-	94,605	-
Deposits and placements with banks and other financial institutions									
	-	45,000	35,000	-	-	-	-	80,000	3.52
Cash and short term funds									
	690,580	-	-	-	-	12,978	-	703,558	3.57
Securities held-for-trading									
	-	-	-	-	-	-	9,901	9,901	-
Securities available-for-sale									
	-	-	-	50,499	-	6,279	-	56,778	1.65
Other non-interest sensitive balances									
	-	-	-	-	-	1,459,993	-	1,459,993	-
<b>Total assets</b>	<b>940,696</b>	<b>62,659</b>	<b>114,466</b>	<b>350,009</b>	<b>5,866</b>	<b>1,546,433</b>	<b>9,901</b>	<b>3,030,030</b>	
<b>Liabilities</b>									
Borrowings									
Government Scheme Funds	16,510	10,050	45,222	514,471	265,698	-	-	851,951	2.88
Other non-interest sensitive balances	-	-	-	-	-	241,927	-	241,927	-
	-	-	-	-	-	66,168	-	66,168	-
<b>Total liabilities</b>	<b>16,510</b>	<b>10,050</b>	<b>45,222</b>	<b>514,471</b>	<b>265,698</b>	<b>308,095</b>	<b>-</b>	<b>1,160,046</b>	
<b>Shareholders' fund</b>									
	-	-	-	-	-	1,869,984	-	1,869,984	
	<b>16,510</b>	<b>10,050</b>	<b>45,222</b>	<b>514,471</b>	<b>265,698</b>	<b>2,178,079</b>	<b>-</b>	<b>3,030,030</b>	
<b>On-balance sheet interest sensitivity gap</b>									
	924,186	52,609	69,244	(164,462)	(259,832)	(631,646)	9,901		
<b>Off-balance sheet interest sensitivity gap (interest rate swaps)</b>									
	-	-	-	-	-	-	-		
<b>Total interest sensitivity gap</b>	<b>924,186</b>	<b>52,609</b>	<b>69,244</b>	<b>(164,462)</b>	<b>(259,832)</b>	<b>(631,646)</b>	<b>9,901</b>		

\* General allowance for bad and doubtful debts and financing

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**25. Capital Adequacy**

The capital adequacy ratios in respect of the banking subsidiary are as follows:-

	30.6.2008 RM'000	31.12.2007 RM'000
<b>Tier-I capital</b>		
Paid-up share capital	155,000	155,000
Paid-up non-cumulative perpetual preference share	1,500	1,500
Share premium	362,611	362,611
Statutory reserve	107,257	90,950
Retained profit	86,329	37,411
	<u>712,697</u>	<u>647,472</u>
Less: Deferred tax assets	(43,036)	(43,036)
Total Tier-I capital	<u>669,661</u>	<u>604,436</u>
<b>Tier-II capital</b>		
General allowance for bad and doubtful debts	5,588	3,471
Subordinated term loan	-	11,200
Total Tier-II capital	<u>5,588</u>	<u>14,671</u>
<b>Capital base</b>	<u>675,249</u>	<u>619,107</u>
Proposed dividend	<u>4,995</u>	<u>-</u>
<b>Without deducting dividend payable</b>		
Core capital ratio	45.59%*	32.91%^
Risk-weighted capital ratio	45.97%*	33.71%^
<b>After deducting dividend payable</b>		
Core capital ratio	45.25%	32.91%
Risk-weighted capital ratio (net of proposed dividend)	45.63%	33.71%

^ With effect from 1 January 2008, the capital adequacy ratio of the banking subsidiary are computed in accordance with Bank Negara Malaysia's Risk Weighted Capital Adequacy Framework (Basel II): Standardised Approach for Credit Risk, Market Risk and Basic Indicator Approach for Operational Risk. The comparatives ratios as at 31 December 2007 have been adjusted accordingly.

\* In arriving at the capital base used in the ratio calculations of the Group and the Company, the dividends proposed or declared but remain unpaid at the balance sheet date were not deducted.

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**26. Operations of Islamic Banking**

**26a. Unaudited Balance Sheets as at 30 June 2008**

	Note	Group		Company	
		30.6.2008 RM'000	31.12.2007 RM'000	30.6.2008 RM'000	31.12.2007 RM'000
<b>ASSETS</b>					
Cash and short-term funds		298,704	158,321	10,120	7,504
Securities held-for-trading	26c	29,615	24,734	-	-
Securities available-for-sale	26d	942,581	1,069,706	-	-
Securities held-to-maturity	26e	68,912	84,715	-	-
Financing, advances and other loans	26f	113,403	141,631	113,403	141,631
Other assets		3,880	6,383	73	165
Amount due from Head Office	26h(a)	-	7,056	-	7,056
Deferred tax asset		1,427	1,427	892	892
<b>TOTAL ASSETS</b>		<b>1,458,522</b>	<b>1,493,973</b>	<b>124,488</b>	<b>157,248</b>
<b>LIABILITIES</b>					
Deposits from customers	26g	621,620	615,112	-	-
Deposits and placement of banks and other financial institutions		611,459	617,004	-	-
Islamic financing	13	48,284	56,291	48,284	56,291
i-Government Scheme Funds	26h(a)	9,625	-	9,625	-
Other liabilities		14,242	17,760	8,118	6,129
Taxation		3,940	3,272	3,940	3,272
Amount due to Head Office		-	106	-	-
		<b>1,309,170</b>	<b>1,309,545</b>	<b>69,967</b>	<b>65,692</b>
<b>ISLAMIC BANKING CAPITAL FUNDS</b>					
Capital Fund		129,347	168,061	49,347	88,061
Reserves		20,005	16,367	5,174	3,495
<b>TOTAL ISLAMIC BANKING CAPITAL FUNDS</b>		<b>149,352</b>	<b>184,428</b>	<b>54,521</b>	<b>91,556</b>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING CAPITAL FUNDS</b>		<b>1,458,522</b>	<b>1,493,973</b>	<b>124,488</b>	<b>157,248</b>

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26. **Operations of Islamic Banking** (continued)

26b. **Unaudited Income Statement for the period ended 30 June 2008**

<u>Group</u>	2nd Quarter Ended		Six Months Ended	
	30.6.2008 RM'000	30.6.2007 RM'000	30.6.2008 RM'000	30.6.2007 RM'000
Income derived from investment of depositors funds and others	16,823	18,170	33,692	34,545
Transfer to /(from) profit equalisation reserve	2,135	(364)	4,820	846
Total attributable income	18,958	17,806	38,512	35,391
Income attributable to depositors	(10,378)	(11,488)	(20,542)	(21,947)
Net income attributable to the reporting institutions	8,580	6,318	17,970	13,444
Other operating expenses	(1,063)	(500)	(1,428)	(1,030)
Operating profit	7,517	5,818	16,542	12,414
Allowance for impairment losses on securities	(2,441)	(1,500)	(4,955)	-
Allowance for losses on loans, advances and financing	(3,176)	(1,981)	(3,635)	(2,203)
Finance costs	(234)	(515)	(486)	(808)
Profit before taxation and zakat	1,666	1,822	7,466	9,403
Tax expenses	(83)	-	(668)	-
Zakat	(51)	(79)	(169)	(152)
Profit after taxation and zakat	1,532	1,743	6,629	9,251
<u>Company</u>				
Income derived from investment of depositors funds and others	3,168	3,235	6,515	6,070
Income attributable to the reporting institutions	3,168	3,235	6,515	6,070
Other operating expenses	(1)	(20)	(2)	(87)
Operating profit	3,167	3,215	6,513	5,983
Allowance for losses on loans, advances and financing	(3,176)	(1,981)	(3,635)	(2,203)
Finance costs	(234)	(515)	(486)	(808)
Profit/(loss) before taxation	(243)	719	2,392	2,972
Tax expenses	(83)	-	(668)	-
Zakat	(5)	(79)	(45)	-
Profit/(loss) after taxation	(331)	640	1,679	2,972

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26. **Operations of Islamic Banking** (continued)

26c. **Securities held-for-trading**

	Group	
	30.6.2008	31.12.2007
	RM'000	RM'000
At fair value		
Quoted:		
Government Investment Issue	-	24,734
Bank Negara Malaysia Islamic Notes	29,615	-
	<u>29,615</u>	<u>24,734</u>

26d. **Securities available-for-sale**

	Group	
	30.6.2008	31.12.2007
	RM'000	RM'000
At fair value, or amortised cost less impairment losses for certain unquoted equity instruments		
Quoted:		
Government Investment Issue	54,701	169,998
Bank Negara Malaysia Islamic Notes	59,974	10,000
	<u>114,675</u>	<u>179,998</u>
Unquoted:		
Islamic Acceptances Bills	148,601	149,187
Khazanah Nasional Berhad Islamic bonds	204,941	249,970
Islamic Negotiable Instruments of Deposit	79,622	-
Cagamas Mudharabah bonds	19,949	20,004
Islamic Private debt securities	374,793	470,547
	<u>827,906</u>	<u>889,708</u>
	<u>942,581</u>	<u>1,069,706</u>

26e. **Securities held-to-maturity**

	Group	
	30.6.2008	31.12.2007
	RM'000	RM'000
At amortised cost		
Quoted:		
Bank Negara Malaysia Islamic Notes	49,999	74,822
Islamic Malaysian Treasury Bills	-	9,893
	<u>49,999</u>	<u>84,715</u>
Unquoted:		
Khazanah Nasional Berhad Islamic bonds	18,913	-
Islamic Private debt securities	4,998	4,998
	<u>23,911</u>	<u>4,998</u>
	<u>73,910</u>	<u>89,713</u>
Less: Accumulated impairment losses	<u>(4,998)</u>	<u>(4,998)</u>
	<u>68,912</u>	<u>84,715</u>

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26. **Operations of Islamic Banking** (continued)

26f. **Financing, advances and other loans**

	Group and Company	
	30.6.2008	31.12.2007
	RM'000	RM'000
Term financing	64,709	81,217
Islamic hire purchase/leasing	81,106	94,342
	<u>145,815</u>	<u>175,559</u>
Less: Unearned income	(14,345)	(19,496)
	<u>131,470</u>	<u>156,063</u>
Less: Allowance for bad and doubtful debts and financing loss		
- General	(2,720)	(3,200)
- Specific	(15,347)	(11,232)
	<u>(18,067)</u>	<u>(14,432)</u>
Total net financing, advances and other loans	<u>113,403</u>	<u>141,631</u>

(i) By contract

	Group and Company	
	30.6.2008	31.12.2007
	RM'000	RM'000
Bai Bithaman Ajil (deferred payment sales)	51,519	55,187
Murabahah Working Capital (cost plus)	6,615	16,839
Al-Ijarah Thumma Al-Bai (finance lease)	68,807	78,660
Al-Ijarah (operating lease)	4,529	5,377
	<u>131,470</u>	<u>156,063</u>

(ii) By type of customer

	Group and Company	
	30.6.2008	31.12.2007
	RM'000	RM'000
Domestic business enterprises	131,470	156,063

(iii) By profit rate sensitivity

	Group and Company	
	30.6.2008	31.12.2007
	RM'000	RM'000
Fixed rate		
Hire purchase receivables	73,336	84,037
Other fixed rate loan/financing	58,134	72,026
	<u>131,470</u>	<u>156,063</u>

(iv) By economic sector

	Group and Company	
	30.6.2008	31.12.2007
	RM'000	RM'000
Mining and quarrying	2,340	2,748
Manufacturing	99,569	118,727
Construction	1,463	1,710
Wholesale & retail trade and restaurants & hotels	4,554	6,595
Transport, storage and communication	20,858	23,365
Finance, insurance and business services	33	45
Others	2,653	2,873
	<u>131,470</u>	<u>156,063</u>

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26. **Operations of Islamic Banking** (continued)

26f. **Financing, advances and other loans** (continued)

Movements in non-performing financing, advances and other loans

	Group and Company	
	30.6.2008 RM'000	31.12.2007 RM'000
At beginning of period/year	15,534	7,621
Non-performing during the year	5,736	10,523
Reclassified as performing	-	(2,162)
Amount recovered	(834)	(448)
At end of period/year	20,436	15,534
Less: Specific allowance	(14,100)	(10,380)
Net non-performing financing, advances and other loans	6,336	5,154
Ratio of net non-performing financing, advances and other loans to total net financing, advances and other loans	5.46%	3.56%
Performing financing with specific allowance provided		
Performing financing	1,513	1,388
Less: Specific allowance	(1,247)	(852)
Net	266	536

Movements in allowance for bad and doubtful debts

	Group and Company	
	30.6.2008 RM'000	31.12.2007 RM'000
<b>General allowance</b>		
At beginning of period/year	3,200	2,800
Allowance made during the year	3,900	400
Amount transferred to specific allowance	(4,380)	-
At end of period/year	2,720	3,200
As % of gross financing, advances and other loans less specific allowance	1.87%	2.21%
<b>Specific allowance</b>		
At beginning of period/year	11,232	9,365
Allowance made during the period/year	-	7,071
Allowance written back in respect of recoveries	(265)	(5,204)
Amount transferred from general allowance	4,380	-
At end of period/year	15,347	11,232

Non-Performing Financing by economic sector

	Group and Company	
	30.6.2008 RM'000	31.12.2007 RM'000
Manufacturing	10,305	5,208
Wholesale & retail trade and restaurants & hotels	317	332
Transport, storage and communication	9,059	9,249
Others	755	745
	20,436	15,534

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26. **Operations of Islamic Banking** (continued)

26g. **Deposits from customers**

(i) By type of deposit

	Group	
	30.6.2008	31.12.2007
	RM'000	RM'000
Mudharabah Fund		
- Fixed/investment deposits	608,748	597,513
- Others	12,872	17,599
	621,620	615,112
	621,620	615,112

(ii) By type of customer

	Group	
	30.6.2008	31.12.2007
	RM'000	RM'000
Business enterprises	621,620	615,112
	621,620	615,112
	621,620	615,112

26h. **i-Government Scheme Funds**

(a) i-Government Scheme Funds

	Group and Company	
	30.6.2008	31.12.2007
	RM'000	RM'000
At beginning of period/year	58,407	23,000
Add : Funds received during the year	64,682	35,407
	123,089	58,407
<b>Less : Non-Performing financing pending approval</b>		
At beginning of period/year	(1,341)	-
Addition	(2,714)	(1,341)
Reduction upon approval	-	-
At end of period/year	(4,055)	(1,341)
<b>Less : Non-Performing financing written off upon approval</b>	-	-
Available funds at end of period/year	119,034	57,066
Less : Net financing disbursed under i-Government Scheme Funds (Note 26h (b))	(109,409)	(64,122)
i-Government Scheme Funds/Amount due from Head Office	9,625	(7,056)

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26. **Operations of Islamic Banking** (continued)

26h. **i-Government Scheme Funds** (continued)

(b) Financing, advances and other loans under i-Government Scheme Funds

	Group and Company	
	30.6.2008	31.12.2007
	RM'000	RM'000
Term financing	64,534	29,325
Islamic hire purchase/leasing	64,654	45,415
	<u>129,188</u>	<u>74,740</u>
Less: Unearned income	(15,724)	(9,277)
	<u>113,464</u>	<u>65,463</u>
Less: Allowance for bad and doubtful debts and financing loss - Specific	(4,055)	(1,341)
Total net financing, advances and other loans	<u>109,409</u>	<u>64,122</u>

(i) By contract

	Group and Company	
	30.6.2008	31.12.2007
	RM'000	RM'000
Bai Bithaman Ajil (deferred payment sales)	52,662	20,657
Murabahah Working Capital (cost plus)	2,218	3,833
Al-Ijarah Thumma Al-Bai (finance lease)	-	40,973
Other contracts	58,584	-
	<u>113,464</u>	<u>65,463</u>

(ii) By type of customer

	Group and Company	
	30.6.2008	31.12.2007
	RM'000	RM'000
Domestic business enterprises	<u>113,464</u>	<u>65,463</u>

(iii) By economic sector

	Group and Company	
	30.6.2008	31.12.2007
	RM'000	RM'000
Manufacturing	101,688	56,495
Construction	2,688	1,878
Wholesale & retail trade and restaurants & hotels	4,338	3,428
Transport, storage and communication	2,661	2,407
Finance, insurance and business services	524	375
Others	1,565	880
	<u>113,464</u>	<u>65,463</u>

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26. **Operations of Islamic Banking** (continued)

26h. **i-Government Scheme Funds** (continued)

(v) Movements in non-performing financing, advances and other loans

	Group and Company	
	30.6.2008 RM'000	31.12.2007 RM'000
At 1 January	1,395	534
Non-performing during the year	2,736	1,929
Reclassified as performing	-	(967)
Amount recovered	(120)	(101)
At 30 June 2008/ 31 December 2007	4,011	1,395
Less: Specific allowance	(3,586)	(1,341)
Net non-performing financing, advances and other loans	425	54
Ratio of net non-performing financing, advances and other loans less specific allowances	0.39%	0.08%
Performing financing with specific allowance provided		
Amount write back in respect of recoveries	798	-
Written off	(469)	-
At 30 June 2008/ 31 December 2007	329	-

(vi) Movements in allowance for bad and doubtful debts

	Group and Company	
	30.6.2008 RM'000	31.12.2007 RM'000
<b>Specific allowance</b>		
At 1 January	1,341	1,341
Allowance made during the year	2,849	567
Amount write back in respect of recoveries	(135)	(567)
At 30 June 2008/ 31 December 2007	4,055	1,341

(vii) Non-Performing Financing by economic sector

	Group and Company	
	30.6.2008 RM'000	31.12.2007 RM'000
Manufacturing	3,766	1,134
Others	245	261
	4,011	1,395

**MALAYSIAN INDUSTRIAL DEVELOPMENT FINANCE BERHAD (No. 3755-M)  
UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2008**

I, Mohd. Najib bin Hj. Abdullah, the Group Managing Director primarily responsible for the financial management of Malaysian Industrial Development Finance Berhad, do hereby state that, the unaudited interim financial statements for the six months ended 30 June 2008, as set out on pages 1 to 38, have been prepared from the Group and the Company'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 Company as at 30 June 2008. The results and cash flows of the Group and the Company 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.

**MOHD. NAJIB BIN HJ. ABDULLAH**  
GROUP MANAGING DIRECTOR

**29 July 2008**