

# ALLIANCE FINANCIAL GROUP BERHAD

(formerly known as Malaysian Plantations Berhad)

(Company Number : 6627-X)

(Incorporated in Malaysia)

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2007

(The figures have not been audited)

### CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	2nd Quarter Ended		Cumulative 6 Months Ended	
		30.9.2007	30.9.2006	30.9.2007	30.9.2006
		RM'000	RM'000	RM'000	RM'000
Operating Revenue		<b>364,626</b>	348,952	<b>766,653</b>	708,954
Interest income	C1	<b>303,836</b>	281,719	<b>603,852</b>	556,278
Interest expense	C2	<b>(142,914)</b>	(141,055)	<b>(294,343)</b>	(282,582)
Net interest income		<b>160,922</b>	140,664	<b>309,509</b>	273,696
Net income from Islamic banking business	C19b	<b>7,818</b>	27,352	<b>46,255</b>	53,850
		<b>168,740</b>	168,016	<b>355,764</b>	327,546
Other operating income	C3	<b>53,457</b>	45,742	<b>120,072</b>	108,187
Net income		<b>222,197</b>	213,758	<b>475,836</b>	435,733
Other operating expenses	C4	<b>(63,835)</b>	(122,055)	<b>(201,891)</b>	(244,968)
Operating profit		<b>158,362</b>	91,703	<b>273,945</b>	190,765
(Allowance)/write-back for losses on loans, advances and financing	C5	<b>(6,493)</b>	(137,436)	<b>51,347</b>	(176,766)
Impairment loss net of write-back		<b>(28,064)</b>	(407)	<b>(69,924)</b>	(407)
Profit/(Loss) before taxation		<b>123,805</b>	(46,140)	<b>255,368</b>	13,592
Taxation	B5	<b>(21,378)</b>	6,341	<b>(57,797)</b>	(13,747)
Profit/(Loss) after taxation for the period		<b>102,427</b>	(39,799)	<b>197,571</b>	(155)
Attributable to:-					
Equity holders of the Company		<b>102,218</b>	(39,928)	<b>197,375</b>	(366)
Minority interests		<b>209</b>	129	<b>196</b>	211
Profit/(Loss) after taxation for the period		<b>102,427</b>	(39,799)	<b>197,571</b>	(155)
Earnings/(Loss) per share (sen):-					
- Basic	B15	<b>7.06</b>	(3.42)	<b>13.63</b>	(0.03)
- Fully diluted	B15	<b>-</b>	(3.42)	<b>-</b>	(0.03)

(The Condensed Consolidated Income Statements should be read in conjunction with the audited Annual Financial Statements of the Group for the year ended 31 March 2007)

# ALLIANCE FINANCIAL GROUP BERHAD

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(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED BALANCE SHEET

		UNAUDITED AS AT 30.9.2007 RM'000	AUDITED AS AT 31.3.2007 RM'000
<b>ASSETS</b>			
Cash and short-term funds		5,068,001	4,159,880
Deposits and placements with financial institutions		385,997	2,419,434
Securities held-for-trading	C6	110,234	14,978
Securities available-for-sale	C7	4,186,306	2,052,983
Securities held-to-maturity	C8	1,035,186	2,430,081
Loans, advances and financing	C9	14,342,452	13,433,594
Balances due from clients and brokers	C10	212,697	389,159
Land held for property development		28,922	28,922
Other assets	C11	212,464	250,309
Tax recoverable		22,600	38,380
Statutory deposits with Bank Negara Malaysia		605,740	581,955
Leasehold lands		12,326	10,951
Property, plant and equipment		136,576	128,578
Intangible assets		329,564	330,840
Deferred tax assets		149,072	120,303
<b>TOTAL ASSETS</b>		<b>26,838,137</b>	<b>26,390,347</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	C12	21,203,922	19,111,063
Deposits and placements of banks and other financial institutions	C13	382,035	482,358
Obligations on securities sold under repurchase agreements		-	2,010,098
Recourse obligations on loans sold to Cagamas		290,523	313,578
Bills and acceptances payable		691,204	481,271
Balances due to clients and brokers	C14	209,910	369,498
Other liabilities	C15	899,232	865,939
Subordinated bonds		600,000	600,000
Short term borrowings		-	200,000
Provision for taxation		41,733	1,191
Deferred tax liabilities		7,638	7,818
<b>TOTAL LIABILITIES</b>		<b>24,326,197</b>	<b>24,442,814</b>
Share capital		1,548,106	1,217,670
Share premium		560,630	491,238
Statutory reserve		317,866	268,125
Capital reserves		7,013	7,013
Revaluation reserves		(310)	12,905
Retained Profit/(Accumulated Losses)		73,628	(54,229)
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS</b>		<b>2,506,933</b>	<b>1,942,722</b>
Minority interests of the Company		5,007	4,811
<b>TOTAL EQUITY</b>		<b>2,511,940</b>	<b>1,947,533</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>26,838,137</b>	<b>26,390,347</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	B10	<b>11,670,006</b>	<b>7,973,462</b>
<b>Net assets per share attributable to ordinary equity holders of the Company (RM)*</b>		<b>1.62</b>	<b>1.60</b>

\* The net assets per share attributable to ordinary equity holders of the Company (RM) is computed as total equity (excluding minority interests) divided by total number of ordinary shares in circulation.

(The Condensed Consolidated Balance Sheet should be read in conjunction with the audited Annual Financial Statements of the Group for the year ended 31 March 2007)

# ALLIANCE FINANCIAL GROUP BERHAD

*(formerly known as Malaysian Plantations Berhad)*

(Company Number : 6627-X)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2007

	<----- Attributable to Equity Holders of the Company ----->								
	<----- Non-distributable ----->					<Distributable>			
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserves RM'000	Revaluation Reserves RM'000	Retained Profit/ (Accumulated Losses) RM'000	Total Shareholders' Equity RM'000	Minority Interests RM'000	Total Equity RM'000
<b><u>30 SEPTEMBER 2007</u></b>									
<b>At 1 April 2007</b>	1,217,670	491,238	268,125	7,013	12,905	(54,229)	1,942,722	4,811	1,947,533
Net profit for the period	-	-	-	-	-	197,375	197,375	196	197,571
Exercise of warrants	330,436	69,392	-	-	-	-	399,828	-	399,828
Unrealised net loss on revaluation of securities available-for-sale	-	-	-	-	(13,215)	-	(13,215)	-	(13,215)
Dividends paid	-	-	-	-	-	(19,777)	(19,777)	-	(19,777)
Transfer to statutory reserves	-	-	49,741	-	-	(49,741)	-	-	-
<b>At 30 September 2007</b>	<b><u>1,548,106</u></b>	<b><u>560,630</u></b>	<b><u>317,866</u></b>	<b><u>7,013</u></b>	<b><u>(310)</u></b>	<b><u>73,628</u></b>	<b><u>2,506,933</u></b>	<b><u>5,007</u></b>	<b><u>2,511,940</u></b>
<b><u>30 SEPTEMBER 2006</u></b>									
At 1 April 2006	1,167,978	480,803	238,107	7,013	12,959	(131,469)	1,775,391	5,026	1,780,417
Net (loss)/profit for the period	-	-	-	-	-	(366)	(366)	211	(155)
Exercise of warrants	2,810	590	-	-	-	-	3,400	-	3,400
Unrealised net loss on revaluation of securities available-for-sale	-	-	-	-	(8,491)	-	(8,491)	-	(8,491)
Dividends paid	-	-	-	-	-	-	-	(320)	(320)
At 30 September 2006	<b><u>1,170,788</u></b>	<b><u>481,393</u></b>	<b><u>238,107</u></b>	<b><u>7,013</u></b>	<b><u>4,468</u></b>	<b><u>(131,835)</u></b>	<b><u>1,769,934</u></b>	<b><u>4,917</u></b>	<b><u>1,774,851</u></b>

*(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited Annual Financial Statements of the Group for the year ended 31 March 2007)*

# ALLIANCE FINANCIAL GROUP BERHAD

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## CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2007

	<b>Unaudited Six Months Ended 30.9.2007 RM'000</b>	Unaudited Six Months Ended 30.9.2006 RM'000
Profit before taxation	255,368	13,592
Adjustments for non-cash items	69,527	127,703
Operating profit before changes in working capital	<u>324,895</u>	<u>141,295</u>
Changes in working capital	(826,902)	98,028
Taxes (paid)/refunded	(25,095)	963
Net cash (used in)/generated from operating activities	<u>(527,102)</u>	<u>240,286</u>
Net cash (used in)/generated from investing activities	(755,644)	586,812
Net cash generated from financing activities	157,430	40,719
Net change in cash and cash equivalents	<u>(1,125,316)</u>	<u>867,817</u>
Cash and cash equivalents at beginning of the period	6,579,314	3,731,743
Cash and cash equivalents at end of the period	<u><u>5,453,998</u></u>	<u><u>4,599,560</u></u>
 Cash and cash equivalents at end of the period comprise the following:		
Cash and short-term funds	5,068,001	3,725,979
Deposits and placements with financial institutions	<u>385,997</u>	<u>873,581</u>
	<u><u>5,453,998</u></u>	<u><u>4,599,560</u></u>

*(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited Annual Financial Statements of the Group for the year ended 31 March 2007)*

**[A] Explanatory Notes Pursuant to Financial Reporting Standard 134 ("FRS 134") :  
Interim Financial Reporting**

**A1. Basis Of Preparation**

The unaudited condensed interim financial statements for the 2nd quarter and financial half year ended 30 September 2007 have been prepared in accordance with FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), Bank Negara Malaysia's Revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) and Appendix 9B of the Bursa Malaysia Securities Berhad's ("Bursa Securities") Listing Requirements. The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 31 March 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 since the year ended 31 March 2007.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 March 2007, except for the adoption of the revised FRS 117 Leases and FRS 124 Related Party Disclosures issued by MASB that is effective for the Group's annual reporting date, 31 March 2008. The adoption of the revised FRS 124 will not result in changes in accounting policies of the Group except for the format and extent of disclosures presented in the financial statements. The principal effects of the change in accounting policy resulting from the adoption of the revised FRS 117 are disclosed in Note A14.

The allowance for bad and doubtful debts and financing of the Group are computed based on the requirement of BNM/GP3 which is consistent with the adoption made in the previous audited annual financial statements.

**A2. Declaration Of Audit Confirmation**

The annual audited report on the financial statements for the financial year ended 31 March 2007 did not contain any qualification.

**A3. Seasonal And Cyclical Factors**

The operations of the Group were not materially affected by any seasonal or cyclical fluctuation in the 2nd quarter and the financial half year ended 30 September 2007.

**A4. Nature And Amount Of Items Affecting Assets, Liabilities, Equity, Net Income Or Cash Flows That Are Unusual Because Of Their Nature, Size Or Incidence**

The assets, liabilities, equity, net income and cash flows of the Group for the 2nd quarter and the financial half year ended 30 September 2007 were not substantially affected by any item of a material and unusual nature, except for the changes disclosed in Note A5.

**A5. Changes In Estimates**

During the financial half year ended 30 September 2007, the Group strengthened its provisioning policy by adopting a 50% and 100% markdown on NPL property collateral value which is shared with other facilities within the same borrower that have yet to exceed 5 years and 7 years in default respectively. This change in allowance estimates has resulted in an additional specific allowance of RM14.5 million in the financial period.

**ALLIANCE FINANCIAL GROUP BERHAD** (formerly known as Malaysian Plantations Berhad) (6627-X)  
**SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2007**

**A6. Changes In Debt And Equity Securities**

There were no issuance nor repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period ended 30 September 2007, other than the following:

- (a) The issued and paid-up share capital of the Company was increased from RM1,217,669,947 as at 31 March 2007 to RM1,548,105,929 arising from the issuance of 330,435,982 new shares of RM1.00 each from the exercise of 330,435,982 warrants 2002/2007 at the exercise price of RM1.21 per share.
- (b) On 18 September 2007, the Company has fully redeemed the Special First Issuance of Commercial Papers of RM200 million upon its maturity.

**A7. Dividends Paid**

During the financial half year ended 30 September 2007, an interim dividend of 1.75 sen, less 27% taxation in respect of financial year ending 31 March 2008, on 1,548,105,929 ordinary shares amounting to RM19,777,053 was paid on 20 September 2007.

**A8. Segment Information**

Segment information on Revenue, Profit Before Tax and Total Assets:

<b>Group</b>	<b>2nd Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>		
	<b>&lt;- 30 September 2007 -&gt;</b>		<b>&lt;----- 30 September 2007 -----&gt;</b>		
	<b>Revenue</b>	<b>Profit Before Tax</b>	<b>Revenue</b>	<b>Profit Before Tax</b>	<b>Total Assets</b>
<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
Commercial banking	328,793	134,272	686,356	256,465	24,407,001
Investment banking	34,691	(5,158)	77,419	9,233	1,854,737
Others <sup>N1</sup>	13,876	3,928	52,889	30,362	75,163
	<u>377,360</u>	<u>133,042</u>	<u>816,664</u>	<u>296,060</u>	<u>26,336,901</u>
Inter-segment eliminations/ Consolidation adjustments	(12,734)	(9,237)	(50,011)	(40,692)	-
	<u>364,626</u>	<u>123,805</u>	<u>766,653</u>	<u>255,368</u>	<u>26,336,901</u>
Intangible assets	-	-	-	-	329,564
Unallocated corporate assets	-	-	-	-	171,672
	<u>364,626</u>	<u>123,805</u>	<u>766,653</u>	<u>255,368</u>	<u>26,838,137</u>
<b>Group</b>	<b>2nd Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>		
	<b>&lt;- 30 September 2006 -&gt;</b>		<b>&lt;----- 30 September 2006 -----&gt;</b>		
	<b>Revenue</b>	<b>Profit Before Tax</b>	<b>Revenue</b>	<b>Profit Before Tax</b>	<b>Total Assets</b>
<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
Commercial banking	314,700	(18,349)	638,757	32,693	20,373,244
Investment banking	31,034	(21,424)	65,050	(9,545)	2,158,789
Others <sup>N1</sup>	6,642	(2,887)	9,448	(6,071)	76,587
	<u>352,376</u>	<u>(42,660)</u>	<u>713,255</u>	<u>17,077</u>	<u>22,608,620</u>
Inter-segment eliminations/ Consolidation adjustments	(3,424)	(3,480)	(4,301)	(3,485)	-
	<u>348,952</u>	<u>(46,140)</u>	<u>708,954</u>	<u>13,592</u>	<u>22,608,620</u>
Intangible assets	-	-	-	-	336,555
Unallocated corporate assets	-	-	-	-	175,830
	<u>348,952</u>	<u>(46,140)</u>	<u>708,954</u>	<u>13,592</u>	<u>23,121,005</u>

<sup>N1</sup> Others comprises investment holding, unit trust, asset management and non-banking business.

**A9. Valuation Of Properties, Plant And Equipment**

Properties, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

**A10. Material Events During The Financial Half Year Ended 30 September 2007**

**(a) Rationalisation of the unit trust management business of Alliance Unit Trust Management Berhad ("AUTM") and the asset management business of Alliance Capital Asset Management Sdn. Bhd. ("ACAM")**

Pursuant to a Vesting Order granted by the High Court of Malaya at Kuala Lumpur on 28 March 2007 and as part of the rationalisation exercise of the Group, the asset management business of ACAM, a 70% subsidiary of Alliance Investment Bank Berhad, was vested to AUTM, a 70% subsidiary of Alliance Bank Malaysia Berhad, on 2 April 2007.

On 4 April 2007, AUTM changed its name to Alliance Investment Management Berhad and on 7 June 2007, ACAM was placed under Members' Voluntary Winding Up pursuant to Section 254 of the Companies Act, 1965.

**(b) Expiry of Warrants**

The 2002/2007 Warrants of the Company had expired on 8 June 2007. There were 2,013,228 warrants not exercised by the expiry date and have accordingly lapsed. The 2002/2007 Warrants was removed from the Official List of Bursa Malaysia Securities Berhad on 11 June 2007.

**(c) Change of Name**

The Company changed its name to Alliance Financial Group Berhad with effect from 31 August 2007.

**(d) Redemption of Commercial Papers**

On 18 September 2007, the Company had fully redeemed the Special First Issuance of Commercial Papers of RM200 million upon its maturity.

**A11. Material Events Subsequent To The Balance Sheet Date**

There were no material event subsequent to the balance sheet date that require disclosure or adjustments to the unaudited interim financial statements.

**A12. Changes In The Composition Of The Group**

- (a) Alliance Bank Malaysia Berhad ("Alliance Bank"), a wholly-owned subsidiary of the Company has on 13 June 2007, incorporated a new subsidiary known as Alliance Islamic Bank Berhad to undertake the Islamic banking business of the Group.
- (b) Cosmoplex Sdn Bhd, a wholly-owned subsidiary of the Company, had been dissolved pursuant to Section 272(5) of the Companies Act, 1965 with effect from 2 June 2007.

**A13. Changes In Contingent Liabilities Since The Last Annual Balance Sheet Date**

Please refer to Note B10.

**A14. Change In Accounting Policies**

During the financial half year ended 30 September 2007, the Group has adopted the revised FRS 117 issued by MASB that are applicable for the financial year ending 31 March 2008, which resulted in a change of accounting policy during the financial period.

FRS 117: Leases

Prior to 1 April 2007, lease of land and buildings held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment loss. The adoption of the revised FRS 117 Leases in the financial year ending 31 March 2008 resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Under the revised FRS 117, lease of land and buildings are classified as operating or finance leases in the same way as leases of other assets. The land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease. The up-front payments made are allocated between the land and building elements in proportion to the relative fair values for leasehold interests in the land element and building element of the lease. The upfront payment represents prepaid land lease payment and is amortised on a straight-line basis over the remaining lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 April 2007, the unamortised carrying amount of prepaid land lease payment is classified as leasehold lands. The reclassification of leasehold lands has been accounted for retrospectively. Certain comparatives of the balance sheets of the Group as at 31 March 2007 have been restated as set out in Note C17.



**[B] Explanatory Notes Pursuant To Appendix 9B of Bursa Securities' Listing Requirements**

**B1. Review of Performance**

For the current quarter under review, the Group registered a profit before taxation of RM123.8 million compared to a loss before taxation of RM46.1 million in the corresponding quarter last year. The improvement was mainly due to lower loans loss provisioning and other operating expenses.

The Group registered a profit before taxation of RM255.4 million for the 6 months ended 30 September 2007, an increase of RM241.8 million compared to the corresponding period last year. The improvement was primarily due to higher operating profit contributed by higher net income and lower other operating expenses, coupled with the better recoveries, including a one-off recovery in the first quarter.

The Group's net income grew by 9.2% to RM475.8 million compared to the corresponding period last year. The growth in the Group's net income was attributed to improved interest income mainly coming from loans growth in consumer and commercial/SME banking and higher operating income particularly from higher brokerage fees and processing fees.

Other operating expenses reduced significantly by 17.6% or RM43.0 million to RM201.9 million compared to the corresponding period last year of RM244.9 million. The reduction in other operating expenses is mainly due to reversal of certain provision for expenses, particularly marketing expenses and personnel related expenses with the introduction of the Employees' Share Scheme.

Asset quality continued to improve with net non-performing loans (NPLs) ratio declining from 4.9% as at 30 June 2007 to 4.4% as at 30 September 2007 (31 March 2007: 5.5%). Gross NPLs provisioning coverage further improved to 72% compared to 70% at 30 June 2007 (31 March 2007: 67%).

The Group's gross loans and advances increased by 5.7% to RM15.3 billion compared to 31 March 2007. Consumer loans registered 9.3% growth compared to 31 March 2007. Similarly, commercial loans also registered 9.0% growth during the 6 months. Growth in consumer and commercial loans has been reduced by redemptions in corporate loans. The Group's risk-weighted capital ratio remained strong at 16.5%.

**B2. Comparisons with Preceding Quarter's Results**

The Group recorded a profit before taxation of RM123.8 million for the 2nd quarter ended 30 September 2007, a reduction of RM7.7 million compared to RM131.5 million for the preceding quarter ended 30 June 2007.

**B3. Current Year Prospects**

The Malaysian economy is expected to maintain its growth momentum for the rest of 2007. Although the banking sector is seeing improvements in the second half of 2007 backed by stronger loans growth, improving asset quality and buoyant capital markets, the sector is expected to remain challenging due to increased competition from continued liberalization.

The Group will continue to focus on its growth strategy and growing its market share in both consumer and commercial/SME banking. Barring any unforeseen circumstances, the Group expects to continue to record satisfactory performance in 2007/8.

**B4. Profit Forecast**

There was no profit forecast issued by the Group.

**B5. Taxation**

	2nd Quarter Ended		Cumulative 6 Months Ended	
	30.9.2007	30.9.2006	30.9.2007	30.9.2006
<b><u>GROUP</u></b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Company & subsidiaries:-				
- Income tax	49,995	(1,976)	99,881	1,310
- Deferred tax	(12,554)	(4,365)	(26,021)	10,947
	<u>37,441</u>	<u>(6,341)</u>	<u>73,860</u>	<u>12,257</u>
- Over-payment of income tax expense in prior years	(16,063)	-	(16,063)	-
- Under provision of income tax expense in prior years	-	-	-	1,490
Tax expense	<u>21,378</u>	<u>(6,341)</u>	<u>57,797</u>	<u>13,747</u>

The Group's effective tax rate for the financial half year ended 30 September 2007 was lower than statutory tax rate mainly due to tax credit recognised in current period as a result of over-payment in previous years.

**B6. Profit/(Loss) On Sale Of Unquoted Investment Or Properties**

There was no material profit/(loss) on sale of unquoted investment or properties for the 2nd quarter and the financial half year ended 30 September 2007 other than in the ordinary course of business.

**B7. Purchase And Disposal Of Quoted Securities**

There was no purchase or disposal of quoted securities for the 2nd quarter and the financial half year ended 30 September 2007 other than investments held by the Group whose activities are regulated by law relating to banking companies and are subject to supervision by Bank Negara Malaysia.

**B8. Status Of Corporate Proposals**

**(a) Employees' Share Scheme ("ESS")**

The Company has on 10 July 2007 announced the proposed establishment of an Employees' Share Scheme of up to ten percent (10%) of the issued and paid-up capital of the Company. The shareholders had, at the Extraordinary General Meeting of the Company held on 28 August 2007, approved the ESS and the Company is presently in the midst of implementing the scheme.

**(b) Proposed Reduction of the Share Premium Account of the Company ("Share Premium Reduction")**

On 18 July 2007, the Company announced the proposal to undertake an exercise to set off the entire audited accumulated losses of the Company (at Company level) as at 31 March 2007 amounting to RM256.341 million against the audited Share Premium Account which stood at RM491.238 million as at 31 March 2007.

The shareholders had on 28 August 2007 approved the proposal and the same is pending the sanction of the High Court of Malaya.

**(c) Rationalisation of Unit Trust Businesses of the Group**

The Company has on 25 July 2007 announced the proposal to undertake a rationalisation exercise within the Group which involves the consolidation of two of its unit trust management businesses into one under Alliance Investment Management Berhad, a 70% indirect subsidiary of the Company, to streamline operations and for operating synergies.

It is proposed that upon completion of the rationalisation exercise, KLCity Unit Trust Berhad, a 94.94% indirect subsidiary of the Company will be placed under a members' voluntary liquidation pursuant to Section 254 of the Companies Act, 1965.

**B9. Group Borrowings, Deposits From Customers, Deposits And Placements Of Banks And Other Financial Institutions And Debts Securities**

	<b>GROUP</b>	
	<b>30.9.2007</b>	<b>31.3.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(a) Deposit From Customers</b>		
Fixed/investment deposit, negotiable instruments of deposits and short term corporate deposits		
- One year or less (short term)	<b>13,742,425</b>	12,083,912
- More than one year (medium/long term)	<b>574,596</b>	769,507
	<b>14,317,021</b>	12,853,419
Others	<b>6,886,901</b>	6,257,644
	<b>21,203,922</b>	19,111,063
<b>(b) Deposit And Placements Of Banks And Other Financial Institutions</b>		
- One year or less (short term)	<b>64,229</b>	239,707
- More than one year (medium/long term)	<b>317,806</b>	242,651
	<b>382,035</b>	482,358
<b>(c) Short Term Borrowings</b>		
Secured and one year less (short term)		
Commercial Papers (1 year commercial papers 2006/2007 with all in interest rate of 4.58% p.a. matured on 18 September 2007)	-	200,000
<b>(d) Subordinated Bonds</b>		
Unsecured and more than one year (medium/long term)		
(6.09% Tier II Subordinated bonds 2006/2016)	<b>600,000</b>	600,000

**B10. Commitments And Contingencies**

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

Risk weighted exposure of the Group as at:

	<----- 30.9.2007----->			<----- 31.3.2007 ----->		
	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	<b>354,669</b>	<b>354,669</b>	<b>307,391</b>	346,911	346,911	302,322
Transaction-related contingent items	<b>709,304</b>	<b>354,652</b>	<b>348,507</b>	732,621	366,311	345,469
Short-term self-liquidating trade-related contingencies	<b>96,769</b>	<b>19,354</b>	<b>19,307</b>	137,397	27,479	27,469
Irrevocable commitments to extend credit:-						
- maturity exceeding one year	<b>490,038</b>	<b>245,019</b>	<b>245,019</b>	396,208	198,104	198,104
- maturity not exceeding one year	<b>6,814,688</b>	-	-	5,536,659	-	-
Foreign exchange related contracts less than one year	<b>3,047,104</b>	<b>90,110</b>	<b>18,970</b>	585,023	18,458	4,363
Underwriting liabilities	<b>48,762</b>	<b>24,381</b>	<b>24,381</b>	27,000	13,500	13,500
Other commitments and contingencies	<b>108,672</b>	-	-	211,643	-	-
<b>Total</b>	<b>11,670,006</b>	<b>1,088,185</b>	<b>963,575</b>	7,973,462	970,763	891,227

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

**B11. Financial Instruments With Off-Balance Sheet Risk**

Details of financial instruments with off-balance sheet risk as at 30 September 2007:

Value of contracts classified by remaining period to maturity or next repricing date (whichever is earlier).

Alliance Bank

Items	Principal Amount RM'000	1 month or less RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	>5 years RM'000	Margin requirements RM'000
Foreign exchange related contracts								
- forward	131,877	35,958	68,391	27,528	-	-	-	-
- swaps	2,915,227	223,206	1,168,461	990,667	532,893	-	-	-
Interest rate related contracts								
- forward	-	-	-	-	-	-	-	-
- futures	-	-	-	-	-	-	-	-
- swaps	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,047,104</b>	<b>259,164</b>	<b>1,236,852</b>	<b>1,018,195</b>	<b>532,893</b>	<b>-</b>	<b>-</b>	<b>-</b>

Foreign exchange, interest rate and equity and commodity related contracts are subject to market risk and credit risk.

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 30 September 2007, the amount of contracts which were not hedged and hence, exposed to market risk was RM15,309,000 (31 March 2007: RM742,000).

Credit risk

Credit risk arise from the possibility that a counterparty may be unable to meet the terms of a contract in which the Alliance Bank has a gain position. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices. As at 30 September 2007, the amounts of credit risk, measured in terms of cost to replace the profitable contracts, was RM10,212,000 (31 March 2007: RM7,176,000).

Related accounting policies

Alliance Bank acts as an intermediary with counterparties who wish to swap their interest obligations. Alliance Bank also uses interest rate swaps, futures, forward and option contracts in its trading account activities and its overall interest rate risk management.

Interest income and interest expenses associated with interest rate swaps that qualify as hedges are recognised over the life of the swap agreement as a component of interest income or interest expenses. Gains and losses on interest rate futures, forward and option contracts that qualify as hedged assets or liabilities are generally deferred and amortised over the life of the hedged assets or liabilities as adjustments to interest income or interest expenses.

Gains and losses on interest rate swaps, futures, forward and option contracts that do not qualify as hedges are recognised in the current period using the mark-to-market method, and are included in the net result from dealing securities.

Unmatured forward exchange contracts are valued at forward rates as at balance sheet date, applicable to their respective dates of maturity, and unrealised losses and gains are recognised in the income statement in the period in which they arises.

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**B12. Material Litigation**

As at the date of this report, there was no pending material litigation in the ordinary course of business which would materially and adversely affect the financial position of the Group.

**B13. Proposed Dividends**

No dividend has been proposed or declared for the 2nd quarter ended 30 September 2007.

**B14. Related Party Transactions**

All related party transactions within the Group had been entered into in the normal course of business and were carried out on normal commercial terms.

**B15. Earnings/(Loss) Per Share**

**Basic**

The calculation of the basic earnings/(loss) per share is based on the net profit/(loss) attributable to the equity holders of the Company for the 2nd quarter and the financial half year ended 30 September 2007 divided by the weighted average number of ordinary shares of RM1.00 each in issue during the 2nd quarter and the financial half year ended 30 September 2007.

	<b>2nd Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>	
	<b>30.9.2007</b>	<b>30.9.2006</b>	<b>30.9.2007</b>	<b>30.9.2006</b>
Net profit/ (loss) attributable to equity holders of the Company (RM'000)	<u>102,218</u>	<u>(39,928)</u>	<u>197,375</u>	<u>(366)</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,447,753</u>	<u>1,168,769</u>	<u>1,447,753</u>	<u>1,168,769</u>
Basic earnings/(loss) per share (sen)	<u>7.06</u>	<u>(3.42)</u>	<u>13.63</u>	<u>(0.03)</u>

**Diluted**

The calculation of the diluted earnings/(loss) per share is based on the net profit/(loss) attributable to the equity holders of the Company divided by the adjusted weighted average number of ordinary shares of RM1.00 each in issue and taken into account the assumed exercise of the outstanding 2002/2007 Warrants.

For the 2nd quarter and the financial half year ended 30 September 2006, the effect on the loss per share arising from the assumed conversion of the warrants to ordinary shares would not be dilutive. Accordingly, the diluted loss per share for the 2nd quarter and the financial half year ended 30 September 2006 are presented as equal to basic loss per share.

Diluted earnings per share is not applicable in the 2nd quarter and the financial half year ended 30 September 2007, as the 2002/2007 Warrants of the Company had expired on 8 June 2007.

	<b>2nd Quarter Ended</b>	<b>Cumulative 6 Months Ended</b>
	<b>30.9.2006</b>	<b>30.9.2006</b>
Net loss attributable to equity holders of the Company (RM'000)	<u>(39,928)</u>	<u>(366)</u>
Weighted average number of ordinary shares in issue and issuable ('000)	<u>1,168,769</u>	<u>1,168,769</u>
Fully diluted loss per share (sen)	<u>(3.42)</u>	<u>(0.03)</u>

**C. Explanatory Notes Pursuant To Appendix C of Revised BNM/GP8**

**C1. Interest Income**

<b>Group</b>	<b>2nd Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>	
	<b>30.9.2007</b>	<b>30.9.2006</b>	<b>30.9.2007</b>	<b>30.9.2006</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans, advances and financing				
- Interest income other than recoveries from NPLs	<b>192,157</b>	187,300	<b>377,473</b>	372,838
- Recoveries from NPLs	<b>22,810</b>	27,290	<b>46,485</b>	58,680
	<b>214,967</b>	214,590	<b>423,958</b>	431,518
Money at call and deposit placements				
with financial institutions	<b>49,911</b>	32,743	<b>102,171</b>	65,276
Securities held-for-trading	<b>46</b>	-	<b>128</b>	243
Securities available-for-sale	<b>21,909</b>	9,192	<b>46,087</b>	17,508
Securities held-to-maturity	<b>7,395</b>	15,596	<b>16,010</b>	30,932
Others	<b>460</b>	172	<b>990</b>	398
	<b>294,688</b>	272,293	<b>589,344</b>	545,875
Accretion of discount less amortisation of premium	<b>14,228</b>	17,888	<b>25,826</b>	34,741
Net interest/income suspended	<b>(5,080)</b>	(8,462)	<b>(11,318)</b>	(24,338)
	<b>303,836</b>	281,719	<b>603,852</b>	556,278

**C2. Interest Expense**

<b>Group</b>	<b>2nd Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>	
	<b>30.9.2007</b>	<b>30.9.2006</b>	<b>30.9.2007</b>	<b>30.9.2006</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements of banks and other financial institutions	<b>1,227</b>	5,508	<b>2,423</b>	10,255
Deposits from customers	<b>123,280</b>	103,234	<b>242,321</b>	205,480
Loans sold to Cagamas	<b>2,189</b>	3,043	<b>4,465</b>	6,317
Subordinated bonds	<b>9,210</b>	9,210	<b>18,320</b>	22,015
Short/Long term borrowings	<b>1,984</b>	2,853	<b>4,268</b>	5,346
Others	<b>5,024</b>	17,207	<b>22,546</b>	33,169
	<b>142,914</b>	141,055	<b>294,343</b>	282,582



**C3. Other Operating Income**

<b>Group</b>	<b>2nd Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>	
	<b>30.9.2007</b>	<b>30.9.2006</b>	<b>30.9.2007</b>	<b>30.9.2006</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(a) <u>Fee income:</u>				
Commissions	6,767	7,388	13,724	15,863
Service charges and fees	5,354	5,842	12,084	13,422
Portfolio management	1,715	2,412	3,559	4,326
Corporate advisory fees	1,056	2,049	2,903	3,794
Underwriting commissions	1,146	200	2,107	277
Brokerage fees	14,539	4,906	28,860	11,937
Guarantee fees	2,496	2,041	4,440	5,235
Processing fees	2,420	945	6,388	4,058
Commitment fees	3,474	3,324	6,683	6,607
Other fee income	5,654	3,512	11,121	6,701
	<b>44,621</b>	<b>32,619</b>	<b>91,869</b>	<b>72,220</b>
(b) <u>Investment income:</u>				
<u>Gains/(losses) arising from sale of securities:</u>				
Net gain/(loss) from sale of securities				
- held-for-trading	633	1,748	998	2,036
- held-to-maturity	195	1,920	837	1,164
- available-for-sale	(1,179)	459	5,256	9,708
Unrealised (loss)/gain on revaluation of securities held-for-trading	(1,719)	(2,872)	23	(2,158)
Gain from investment in Staple Bonds	-	-	-	890
Gross dividend income from:				
- securities held-to-maturity	2,385	-	3,187	1,991
	<b>315</b>	<b>1,255</b>	<b>10,301</b>	<b>13,631</b>
(c) <u>Other income/(expense):</u>				
Foreign exchange profit/(loss)				
- realised	20,032	10,249	36,990	15,115
- unrealised	(11,300)	(3,507)	(21,317)	(904)
Rental income	101	115	196	243
Gain on disposal of property, plant and equipment	140	1,795	542	1,987
Gain on disposal of foreclosed properties	1,357	266	1,370	266
Others (expense)/income	(1,809)	2,950	121	5,629
	<b>8,521</b>	<b>11,868</b>	<b>17,902</b>	<b>22,336</b>
Total other operating income	<b>53,457</b>	<b>45,742</b>	<b>120,072</b>	<b>108,187</b>

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**C4. Other Operating Expenses**

<u>Group</u>	<b>2nd Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>	
	<b>30.9.2007</b>	<b>30.9.2006</b>	<b>30.9.2007</b>	<b>30.9.2006</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Personnel costs:</u>				
Salaries, allowances and bonuses	<b>21,997</b>	61,308	<b>89,465</b>	111,901
Pension costs	<b>6,109</b>	7,560	<b>16,235</b>	15,182
Others	<b>4,431</b>	2,148	<b>13,910</b>	14,117
	<b>32,537</b>	71,016	<b>119,610</b>	141,200
<u>Establishment costs:</u>				
Depreciation	<b>13,643</b>	3,238	<b>19,572</b>	8,496
Amortisation of computer software	<b>4,056</b>	5,364	<b>7,438</b>	8,979
Rental	<b>6,297</b>	6,625	<b>12,920</b>	13,384
Water and electricity	<b>1,300</b>	1,307	<b>3,205</b>	2,842
Repairs & maintenance	<b>782</b>	2,882	<b>2,820</b>	5,048
EDP expenses	<b>582</b>	6,345	<b>8,467</b>	14,693
Others	<b>3,260</b>	2,151	<b>6,651</b>	4,730
	<b>29,920</b>	27,912	<b>61,073</b>	58,172
<u>Marketing expenses:</u>				
Promotion and advertisement	<b>(9,532)</b>	12,768	<b>(4,644)</b>	17,763
Branding and publicity	<b>(3,209)</b>	806	<b>(1,298)</b>	3,120
Others	<b>1,301</b>	1,432	<b>3,209</b>	3,173
	<b>(11,440)</b>	15,006	<b>(2,733)</b>	24,056
<u>Administration and general expenses:</u>				
Communication expenses	<b>3,175</b>	2,779	<b>6,381</b>	6,356
Printing and stationeries	<b>1,531</b>	1,084	<b>2,892</b>	2,914
Insurance	<b>396</b>	587	<b>1,157</b>	1,907
Professional fees	<b>2,882</b>	1,071	<b>5,386</b>	4,516
Others	<b>4,834</b>	2,600	<b>8,125</b>	5,847
	<b>12,818</b>	8,121	<b>23,941</b>	21,540
Total Other Operating Expenses	<b>63,835</b>	122,055	<b>201,891</b>	244,968

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**C5. Allowance/(write-back) for Losses on Loans, Advances and Financing**

<u>Group</u>	2nd Quarter Ended		Cumulative 6 Months Ended	
	30.9.2007	30.9.2006	30.9.2007	30.9.2006
	RM'000	RM'000	RM'000	RM'000
Allowance/(write-back) for bad and doubtful debts and financing				
(a) Specific allowance				
- Made during the period	<b>81,538</b>	222,341	<b>192,351</b>	289,489
- Written back during the period	<b>(81,014)</b>	(56,458)	<b>(186,006)</b>	(83,876)
(b) General allowance				
- Made during the period	<b>23,754</b>	7,682	<b>34,983</b>	13,914
- Written back during the period	<b>(6,167)</b>	(14,684)	<b>(12,697)</b>	(21,531)
Bad debts on loans and financing				
- Recovered	<b>(14,913)</b>	(20,513)	<b>(86,939)</b>	(30,695)
- Written off	<b>2,842</b>	267	<b>2,962</b>	7,046
	<b>6,040</b>	138,635	<b>(55,346)</b>	174,347
Allowance on commitments and contingencies	-	-	-	2,149
Allowance on other receivables	<b>453</b>	(1,199)	<b>3,999</b>	270
	<b>6,493</b>	137,436	<b>(51,347)</b>	176,766

**C6. Securities Held-for-trading**

	<b>Group</b>	
	<b>30.9.2007</b>	<b>31.3.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
<u>Money Market Instruments:-</u>		
Malaysian Government investment certificates	9,980	-
Bank Negara Malaysia bills	83,581	-
<u>Quoted Securities:</u>		
Shares in Malaysia	5,065	5,744
Debt securities	11,608	9,234
Total securities held-for-trading	<u>110,234</u>	<u>14,978</u>

**C7. Securities Available-for-sale**

	<b>Group</b>	
	<b>30.9.2007</b>	<b>31.3.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
<u>Money Market Instruments:</u>		
Malaysian Government securities	266,220	285,274
Malaysian Government investment certificates	431,273	145,710
Cagamas bonds	80,102	125,727
Negotiable instruments of deposits	854,922	499,902
Commercial papers	35,650	45,568
Bankers acceptances	1,626,987	228,099
Bank Negara Malaysia bills	114,651	-
<u>Quoted Securities:</u>		
Shares in Malaysia	1,786	3,205
Debt securities	9,860	-
<u>Unquoted Securities:</u>		
Shares	1,121	1,121
Debt securities	763,734	718,377
Total securities available-for-sale	<u>4,186,306</u>	<u>2,052,983</u>

**C8. Securities Held-to-maturity**

	<b>Group</b>	
	<b>30.9.2007</b>	<b>31.3.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>		
<u>Money Market Instruments:</u>		
Malaysian Government securities	<b>163,265</b>	165,370
Malaysian Government investment certificates	<b>141,171</b>	188,989
Bank Negara Malaysia bills	-	49,747
Cagamas bonds	<b>94,905</b>	174,928
Negotiable instruments of deposits	-	440,000
Khazanah bonds	<b>273,884</b>	269,034
Bankers acceptances	-	705,050
 <u>Quoted Securities:</u>		
Debt securities	<b>24,202</b>	25,587
 <u>Unquoted securities:</u>		
Shares	<b>22,021</b>	21,496
Debt securities	<b>474,711</b>	521,941
	<b>1,194,159</b>	2,562,142
Accumulated impairment losses	<b>(158,973)</b>	(132,061)
Total securities held-to-maturity	<b>1,035,186</b>	2,430,081

**C9. Loans, Advances and Financing**

	<b>Group</b>	
	<b>30.9.2007</b>	<b>31.3.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Overdrafts	1,930,174	2,061,174
Term loans/financing		
- Housing loans/financing	4,986,709	4,522,181
- Syndicated term loan/financing	299,709	291,141
- Hire purchase receivables	1,472,562	1,542,585
- Lease receivables	11,678	24,104
- Other term loans/financing	4,341,833	3,998,350
Bills receivables	84,654	155,711
Trust receipts	117,442	102,119
Claims on customers under acceptance credit	1,400,122	1,150,641
Staff loans [includes RM438,000 loan to Executive Director from a banking subsidiary (31.03.07: RM498,000)]	112,040	109,088
Credit/charge card receivables	480,697	399,447
Revolving credits	621,772	660,143
Other loans	337,252	255,111
	<b>16,196,644</b>	<b>15,271,795</b>
Unearned interest and income	<b>(875,427)</b>	<b>(779,134)</b>
Gross loans, advances and financing	<b>15,321,217</b>	<b>14,492,661</b>
Allowance for bad and doubtful debts and financing:		
- Specific	(710,897)	(813,485)
- General	(267,868)	(245,582)
Net loans, advances and financing	<b>14,342,452</b>	<b>13,433,594</b>

(a) By type of customer:

	<b>Group</b>	
	<b>30.9.2007</b>	<b>31.3.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic non-bank financial institutions		
- Stockbroking companies	21	11,233
- Others	105,248	111,658
Domestic business enterprises		
- Small and medium enterprises	4,030,438	3,954,960
- Others	3,153,815	3,136,152
Government and statutory bodies	18,197	18,457
Individuals	7,911,294	7,191,151
Other domestic entities	6,284	7,200
Foreign entities	95,920	61,850
Gross loans, advances and financing	<b>15,321,217</b>	<b>14,492,661</b>

**C9. Loans, Advances and Financing (cont'd)**

(b) By interest/profit rate sensitivity:

	<b>Group</b>	
	<b>30.9.2007</b>	<b>31.3.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate		
- Housing loans/financing	<b>162,059</b>	159,172
- Hire purchase receivables	<b>1,291,518</b>	1,347,758
- Other fixed rate loans/financing	<b>1,432,445</b>	1,242,306
Variable rate		
- Base lending rate plus	<b>9,696,323</b>	9,235,174
- Cost plus	<b>2,533,141</b>	2,270,889
- Other variable rates	<b>205,731</b>	237,362
Gross loans, advances and financing	<b>15,321,217</b>	14,492,661

(c) By economic purpose:

	<b>Group</b>	
	<b>30.9.2007</b>	<b>31.3.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of securities	<b>409,326</b>	344,089
Purchase of transport vehicles	<b>1,404,993</b>	1,435,005
Purchase of landed property	<b>6,553,615</b>	5,998,690
of which: - Residential	<b>4,938,725</b>	4,510,848
- Non-residential	<b>1,614,890</b>	1,487,842
Purchase of fixed assets excl. land & building	<b>24,857</b>	26,426
Personal use	<b>887,765</b>	736,871
Credit card	<b>480,698</b>	399,469
Purchase of durable goods	<b>184</b>	186
Construction	<b>277,922</b>	339,725
Working capital	<b>4,815,113</b>	4,715,359
Others	<b>466,744</b>	496,841
Gross loans, advances and financing	<b>15,321,217</b>	14,492,661

**C9. Loans, Advances and Financing (cont'd)**

(d) Non-performing loans/financing ("NPLs/NPF")

Movements in NPLs, advances and financing are as follows:

	<b>Group</b>	
	<b>30.9.2007</b>	<b>31.3.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of period/year	<b>1,568,510</b>	2,140,326
Non-performing during the period/year	<b>442,784</b>	1,527,519
Reclassified as performing	<b>(382,417)</b>	(1,115,054)
Loans/financing converted to securities	<b>(11,726)</b>	(1,464)
Recoveries	<b>(165,879)</b>	(551,222)
Amount written off	<b>(97,207)</b>	(431,595)
At end of period/year	<b>1,354,065</b>	1,568,510
Specific allowance	<b>(710,897)</b>	(813,485)
Net NPLs, advances and financing	<b>643,168</b>	755,025
Net NPL as a % of gross loans, advances and financing less specific allowance	<b>4.4%</b>	<b>5.5%</b>

(e) Movements in the allowance for bad and doubtful debts and financing are as follows:

	<b>Group</b>	
	<b>30.9.2007</b>	<b>31.3.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>General Allowance</b>		
At beginning of period/year	<b>245,582</b>	207,102
Allowance made during the period/year	<b>34,983</b>	75,959
Amount written back	<b>(12,697)</b>	(37,479)
At end of period/year	<b>267,868</b>	245,582
As % of gross loans, advances and financing less specific allowance	<b>1.8%</b>	<b>1.8%</b>



**C9. Loans, Advances and Financing (cont'd)**

(e) Movements in the allowance for bad and doubtful debts and financing are as follows: (cont'd)

	<b>Group</b>	
	<b>30.9.2007</b>	<b>31.3.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Specific Allowance</b>		
At beginning of period/year	<b>813,485</b>	834,799
Allowance made during the period/year	<b>192,351</b>	641,980
Amount written-back in respect of recoveries	<b>(186,006)</b>	(230,235)
Loan/financing converted to securities	<b>(11,726)</b>	(1,464)
Amount written off	<b>(97,207)</b>	(431,595)
At end of period/year	<b><u>710,897</u></b>	<u>813,485</u>

(f) NPLs/NPF by economic purpose:

	<b>Group</b>	
	<b>30.9.2007</b>	<b>31.3.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of securities	<b>67,960</b>	72,905
Purchase of transport vehicles	<b>37,309</b>	101,294
Purchase of landed property	<b>645,624</b>	683,989
of which: - Residential	<b>411,414</b>	418,691
- Non-residential	<b>234,210</b>	265,298
Purchase of fixed assets excl. land & building	<b>978</b>	1,498
Personal use	<b>47,691</b>	47,636
Credit card	<b>8,488</b>	8,473
Construction	<b>42,458</b>	53,199
Working capital	<b>474,973</b>	571,639
Others	<b>28,584</b>	27,877
Gross NPLs	<b><u>1,354,065</u></b>	<u>1,568,510</u>

**C10. Balances Due From Clients And Brokers**

	<b>Group</b>	
	<b>30.9.2007</b>	<b>31.3.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Due from clients	<b>151,684</b>	176,516
Due from brokers	<b>85,665</b>	234,010
	<b>237,349</b>	410,526
Less:		
Allowance for bad and doubtful debts	<b>(24,652)</b>	(21,367)
	<b>212,697</b>	389,159

These represent amount receivable by Alliance Investment Bank Berhad ("AIB") from non margin clients and outstanding contracts entered into on behalf of clients where settlement via the Central Depository System has yet to be made, and amount receivable from provision of corporate financial services.

AIB's normal trade credit terms for non-margin clients is 3 market days in accordance with Bursa Malaysia Securities Berhad Fixed Delivery and Settlement System ("FDSS") trading rules. The credit terms of other receivables of AIB are assessed and approved on a case-by-case basis.

Included in the balances due from clients and brokers are non-performing accounts as follows:

	<b>Group</b>	
	<b>30.9.2007</b>	<b>31.3.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Classified as doubtful	<b>3,225</b>	3,991
Classified as bad	<b>24,767</b>	21,104
	<b>27,992</b>	25,095

The movements in allowance for bad and doubtful debts are as follows:

At beginning of period/year	<b>21,367</b>	19,220
Allowance made during the period/year	<b>3,470</b>	4,932
Reversal of allowance	<b>(185)</b>	(2,785)
At end of period/year	<b>24,652</b>	21,367

**C11. Other Assets**

	<b>Group</b>	
	<b>30.9.2007</b>	<b>31.3.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade receivables	170	230
Interest/income receivables	41,990	47,119
Other receivables, deposits and prepayments	177,968	205,120
Manager's stocks	2,706	1,258
Foreclosed properties	7,339	12,966
	<u>230,173</u>	<u>266,693</u>
Allowance for bad and doubtful debts	(17,709)	(16,384)
	<u><u>212,464</u></u>	<u><u>250,309</u></u>

**C12. Deposits From Customers**

	<b>Group</b>	
	<b>30.9.2007</b>	<b>31.3.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>By type of deposits:</u>		
Demand deposits	5,335,536	4,736,729
Savings deposits	1,551,365	1,520,915
Fixed/investment deposits	12,736,306	12,835,219
Short-term corporate deposits	1,580,715	-
Negotiable instruments of deposits	-	18,200
	<u>21,203,922</u>	<u>19,111,063</u>

	<b>Group</b>	
	<b>30.9.2007</b>	<b>31.3.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>By type of customer:</u>		
Government and statutory bodies	1,210,888	978,380
Business enterprises	7,809,841	6,670,598
Individuals	11,310,412	10,630,492
Others	872,781	831,593
	<u>21,203,922</u>	<u>19,111,063</u>

**C13. Deposits and Placements of Banks and Other Financial Institutions**

	<b>Group</b>	
	<b>30.9.2007</b>	<b>31.3.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	<b>30,116</b>	222,982
Bank Negara Malaysia	<b>351,919</b>	259,376
	<b>382,035</b>	<b>482,358</b>

**C14. Balances Due To Clients and Brokers**

	<b>Group</b>	
	<b>30.9.2007</b>	<b>31.3.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Due to clients	<b>96,722</b>	188,823
Due to brokers	<b>113,188</b>	180,675
	<b>209,910</b>	<b>369,498</b>

These mainly relates to amounts payable to non-margin clients and outstanding contracts entered into on behalf of clients where settlement via the Central Depository System has yet to be made.

AIB's normal trade credit terms for non-margin client is 3 market day according to Bursa Malaysia Securities Berhad's FDSS trading rules. The credit terms of other payables are assessed and approved on a case-by-case basis.

**C15. Other Liabilities**

	<b>Group</b>	
	<b>30.9.2007</b>	<b>31.3.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Other liabilities	<b>712,630</b>	721,335
Interest/income payable	<b>119,345</b>	101,949
Remiser's accounts	<b>26,186</b>	26,042
Profit Equalisation Reserve	<b>41,071</b>	16,613
	<b>899,232</b>	<b>865,939</b>

**C16. Capital Adequacy**

The capital adequacy ratios of the Alliance Bank & its subsidiaries are as follows:

	<b>30.9.2007</b>	<b>31.3.2007</b>
	%	%
<u>Before deducting proposed dividends</u>		
Core capital ratio	<b>11.26</b>	10.89
Risk-weighted capital ratio	<b>16.84</b>	16.63
<u>After deducting proposed dividends</u>		
Core capital ratio	<b>10.92</b>	10.73
Risk-weighted capital ratio	<b>16.50</b>	16.47

Components of Tier-I and Tier-II capital of the Alliance Bank & its subsidiaries are as follows:-

	<b>30.9.2007</b>	<b>31.3.2007</b>
	RM'000	RM'000
<b>Tier-I Capital</b>		
Paid-up share capital	<b>596,517</b>	596,517
Preference shares	<b>2,000</b>	2,000
Share premium	<b>399,517</b>	399,517
Retained profits	<b>627,440</b>	504,137
Statutory reserve	<b>561,191</b>	511,450
Other reserves	<b>10,035</b>	10,035
Minority interests	<b>5,006</b>	4,810
	<b>2,201,706</b>	2,028,466
Less: Purchased goodwill/goodwill on consolidation	<b>(304,149)</b>	(304,149)
Deferred tax assets	<b>(148,061)</b>	(120,303)
Total Tier-I capital	<b>1,749,496</b>	1,604,014
<b>Tier-II Capital</b>		
Subordinated bonds	<b>600,000</b>	600,000
General allowance for bad and doubtful debts and financing	<b>267,868</b>	245,582
Total Tier-II capital	<b>867,868</b>	845,582
Total Capital	<b>2,617,364</b>	2,449,596
Less: Investment in subsidiaries	-	-
<b>Total Capital Base</b>	<b>2,617,364</b>	2,449,596

Analysis of the Alliance Bank & its subsidiaries risk-weighted assets in the various categories of risk-weighted is as follows:

<u>Group</u>	<b>30.9.2007</b>		<b>31.3.2007</b>	
	<u>Notional</u>	<u>Risk-Weighted</u>	<u>Notional</u>	<u>Risk-Weighted</u>
	RM'000	RM'000	RM'000	RM'000
0%	<b>6,054,256</b>	-	7,803,143	-
10%	<b>52,165</b>	<b>5,217</b>	153,335	15,334
20%	<b>4,625,633</b>	<b>925,127</b>	3,028,275	605,655
50%	<b>4,482,291</b>	<b>2,241,146</b>	4,026,518	2,013,259
100%	<b>12,260,202</b>	<b>12,260,202</b>	12,026,987	12,026,987
Risk-weighted assets for market risk	-	<b>74,798</b>	-	46,767
Risk-weighted assets for counterparty risk	-	<b>33,260</b>	-	18,437
<b>Total Risk-Weighted Assets</b>	<b>27,474,547</b>	<b>15,539,750</b>	27,038,258	14,726,439

**C17. Comparative Figures**

The following comparative figures have been reclassified to conform with the current year's presentation:-

	<b>Group</b>	
	<b>As restated</b>	<b>As previously</b>
	<b>RM'000</b>	<b>reported</b>
		<b>RM'000</b>
<u>Income statement for the second quarter</u>		
<u>ended 30 September 2006</u>		
Operating revenue	<b>348,952</b>	349,532
Other operating income	<b>45,742</b>	46,209
Other operating expenses	<b>(122,055)</b>	(122,522)
	<hr/> <hr/>	<hr/> <hr/>
<u>Income statement for the cumulative six months</u>		
<u>ended 30 September 2006</u>		
Operating revenue	<b>708,954</b>	709,653
Other operating income	<b>108,187</b>	108,985
Other operating expenses	<b>(244,968)</b>	(245,766)
	<hr/> <hr/>	<hr/> <hr/>
<u>Balance sheet as at 31 March 2007</u>		
Cash and short-term funds	<b>4,159,880</b>	4,144,057
Deposits and placements with financial institutions	<b>2,419,434</b>	2,435,257
Loans, advances and financing	<b>13,433,594</b>	13,310,628
Balances due from clients and brokers	<b>389,159</b>	521,067
Leasehold lands	<b>10,951</b>	-
Property, plant and equipment	<b>128,578</b>	139,529
Balances due to clients and brokers	<b>369,498</b>	378,440
	<hr/> <hr/>	<hr/> <hr/>

**ALLIANCE FINANCIAL GROUP BERHAD** (formerly known as Malaysian Plantations Berhad) (6627-X)  
**SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2007**

**C18. Interest Rate Risk**

<b>GROUP</b>	<b>Up to 1 month RM'000</b>	<b>&gt;1-3 months RM'000</b>	<b>&gt;3-6 months RM'000</b>	<b>&gt;6-12 months RM'000</b>	<b>&gt;1-5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Non- interest sensitive RM'000</b>	<b>Trading book RM'000</b>	<b>Total RM'000</b>	<b>Effective interest rate %</b>
<b>As at 30 September 2007</b>										
<b>ASSETS</b>										
Cash and short-term funds	4,548,011	-	-	-	-	-	519,990	-	5,068,001	3.55
Deposits and placements with financial institutions	-	385,697	300	-	-	-	-	-	385,997	4.33
Securities held-for-trading	-	-	-	-	-	-	-	110,234	110,234	3.36
Securities available-for-sale	506,213	2,081,779	158,336	90,454	949,028	391,479	-	9,017	4,186,306	4.03
Securities held-to-maturity	31,652	61,053	118,555	456,553	332,365	14,427	20,581	-	1,035,186	3.40
Loans, advances and financing	9,692,530	1,104,597	429,152	215,062	1,767,248	758,563	375,300 *	-	14,342,452	7.23
Balances due from clients and brokers	194,475	-	-	-	-	-	18,222	-	212,697	11.00
Other non-interest sensitive balances	-	-	-	-	-	-	1,497,264	-	1,497,264	-
<b>TOTAL ASSETS</b>	<b>14,972,881</b>	<b>3,633,126</b>	<b>706,343</b>	<b>762,069</b>	<b>3,048,641</b>	<b>1,164,469</b>	<b>2,431,357</b>	<b>119,251</b>	<b>26,838,137</b>	
<b>LIABILITIES</b>										
Deposits from customers	13,038,569	2,027,189	2,037,390	3,526,178	574,596	-	-	-	21,203,922	2.74
Deposits and placements of banks and other financial institutions	32,900	1,412	8,840	21,077	317,806	-	-	-	382,035	1.27
Bills and acceptances payable	164,856	335,195	191,153	-	-	-	-	-	691,204	3.82
Subordinated bonds	-	-	-	-	600,000	-	-	-	600,000	6.09
Recourse obligations on loans sold to Cagamas	-	15,596	-	175,520	99,407	-	-	-	290,523	3.46
Balances due to clients and brokers	209,450	-	-	-	-	-	460	-	209,910	2.50
Other non-interest sensitive balances	-	-	-	-	-	-	948,603	-	948,603	-
<b>TOTAL LIABILITIES</b>	<b>13,445,775</b>	<b>2,379,392</b>	<b>2,237,383</b>	<b>3,722,775</b>	<b>1,591,809</b>	<b>-</b>	<b>949,063</b>	<b>-</b>	<b>24,326,197</b>	
Shareholders' Equity	-	-	-	-	-	-	2,506,933	-	2,506,933	-
Minority interests	-	-	-	-	-	-	5,007	-	5,007	-
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>13,445,775</b>	<b>2,379,392</b>	<b>2,237,383</b>	<b>3,722,775</b>	<b>1,591,809</b>	<b>-</b>	<b>3,461,003</b>	<b>-</b>	<b>26,838,137</b>	
On-balance sheet interest sensitivity gap	1,527,106	1,253,734	(1,531,040)	(2,960,706)	1,456,832	1,164,469	(1,029,646)	119,251	-	-
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-	-	-
<b>Total interest sensitivity gap</b>	<b>1,527,106</b>	<b>1,253,734</b>	<b>(1,531,040)</b>	<b>(2,960,706)</b>	<b>1,456,832</b>	<b>1,164,469</b>	<b>(1,029,646)</b>	<b>119,251</b>	<b>-</b>	

\* Non performing loans, specific allowance and general allowance of the Group are classified under the non interest sensitive column.

**ALLIANCE FINANCIAL GROUP BERHAD** (formerly known as Malaysian Plantations Berhad) (6627-X)  
**SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2007**

C18. **Interest Rate Risk** (cont'd)

<b>GROUP</b> As at 31 March 2007	<b>Up to</b> <b>1 month</b> <b>RM'000</b>	<b>&gt;1-3</b> <b>months</b> <b>RM'000</b>	<b>&gt;3-6</b> <b>months</b> <b>RM'000</b>	<b>&gt;6-12</b> <b>months</b> <b>RM'000</b>	<b>&gt;1-5</b> <b>years</b> <b>RM'000</b>	<b>Over 5</b> <b>years</b> <b>RM'000</b>	<b>Non-</b> <b>interest</b> <b>sensitive</b> <b>RM'000</b>	<b>Trading</b> <b>book</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>	<b>Effective</b> <b>interest</b> <b>rate</b> <b>%</b>
<b>ASSETS</b>										
Cash and short-term funds	3,707,301	-	-	-	-	-	452,579	-	4,159,880	3.57
Deposits and placements with financial institutions	900	2,418,134	-	400	-	-	-	-	2,419,434	3.60
Securities held-for-trading	-	-	-	-	-	-	-	14,978	14,978	-
Securities available-for-sale	16,316	562,735	226,979	108,674	935,029	198,923	-	4,327	2,052,983	4.40
Securities held-to-maturity	573,233	698,124	80,828	181,087	841,884	34,869	20,056	-	2,430,081	3.55
Loans, advances and financing	8,692,438	1,019,326	468,922	392,464	1,547,551	803,450	509,443 *	-	13,433,594	7.28
Balances due from clients and brokers	371,837	-	-	-	-	-	17,322	-	389,159	11.00
Other non-interest sensitive balances	-	-	-	-	-	-	1,490,238	-	1,490,238	-
<b>TOTAL ASSETS</b>	<b>13,362,025</b>	<b>4,698,319</b>	<b>776,729</b>	<b>682,625</b>	<b>3,324,464</b>	<b>1,037,242</b>	<b>2,489,638</b>	<b>19,305</b>	<b>26,390,347</b>	
<b>LIABILITIES</b>										
Deposits from customers	11,202,055	1,545,867	1,948,138	3,645,496	769,507	-	-	-	19,111,063	2.75
Deposits and placements of banks and other financial institutions	189,343	36,891	2,888	10,585	117,651	125,000	-	-	482,358	2.20
Obligations on securities sold under repurchase agreements	2,010,098	-	-	-	-	-	-	-	2,010,098	3.25
Bills and acceptances payable	148,840	224,248	108,183	-	-	-	-	-	481,271	3.76
Subordinated bonds	-	-	-	-	600,000	-	-	-	600,000	6.09
Recourse obligations on loans sold to Cagamas	-	-	-	18,895	294,683	-	-	-	313,578	3.46
Balances due to clients and brokers	369,205	-	-	-	-	-	293	-	369,498	2.50
Short term borrowing	-	-	-	200,000	-	-	-	-	200,000	4.58
Other non-interest sensitive balances	-	-	-	-	-	-	874,948	-	874,948	-
<b>TOTAL LIABILITIES</b>	<b>13,919,541</b>	<b>1,807,006</b>	<b>2,059,209</b>	<b>3,874,976</b>	<b>1,781,841</b>	<b>125,000</b>	<b>875,241</b>	<b>-</b>	<b>24,442,814</b>	
Shareholders' Equity	-	-	-	-	-	-	1,942,722	-	1,942,722	-
Minority interests	-	-	-	-	-	-	4,811	-	4,811	-
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>13,919,541</b>	<b>1,807,006</b>	<b>2,059,209</b>	<b>3,874,976</b>	<b>1,781,841</b>	<b>125,000</b>	<b>2,822,774</b>	<b>-</b>	<b>26,390,347</b>	
On-balance sheet interest sensitivity gap	(557,516)	2,891,313	(1,282,480)	(3,192,351)	1,542,623	912,242	(333,136)	19,305	-	-
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-	-	-
<b>Total interest sensitivity gap</b>	<b>(557,516)</b>	<b>2,891,313</b>	<b>(1,282,480)</b>	<b>(3,192,351)</b>	<b>1,542,623</b>	<b>912,242</b>	<b>(333,136)</b>	<b>19,305</b>	<b>-</b>	

\* Non performing loans, specific allowance and general allowance of the Group are classified under the non interest sensitive column.



**C19. Operations of Islamic Banking**

**(a) Balance Sheet (Unaudited)**

	<b>Group</b>	
	<b>30.9.2007</b>	<b>31.3.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
Cash and short-term funds	427,021	401,305
Deposits and placements with financial institutions	-	40,000
Security held-to-maturity	349,933	480,657
Security available-for-sale	77,603	155,795
Financing, advances and other loans	2,114,087	2,085,780
Other assets	125,167	42,544
Statutory deposits with Bank Negara Malaysia	67,813	73,178
Deferred tax assets	22,127	14,105
Property, plant and equipment	172	227
Intangible assets	450	337
<b>TOTAL ASSETS</b>	<b>3,184,373</b>	<b>3,293,928</b>
<b>LIABILITIES AND ISLAMIC BANKING FUNDS</b>		
Deposits from customers	2,019,382	1,941,744
Deposits and placements of banks and other financial institutions	23,631	161,505
Obligations on securities sold under repurchase agreements	-	88,722
Bills and acceptances payable	13	71
Other liabilities	81,460	92,038
Provision for taxation	78,770	58,907
<b>TOTAL LIABILITIES</b>	<b>2,203,256</b>	<b>2,342,987</b>
Islamic Banking Funds	792,100	792,100
Reserves	189,017	158,841
<b>TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS</b>	<b>3,184,373</b>	<b>3,293,928</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	<b>439,262</b>	<b>335,568</b>

**C19. Operations of Islamic Banking (cont'd)**

**(b) Income Statements (Unaudited)**

	<b>GROUP</b>			
	<b>2nd Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>	
	<b>30.9.2007</b>	<b>30.9.2006</b>	<b>30.9.2007</b>	<b>30.9.2006</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' funds and financial institutions	<b>34,724</b>	34,190	<b>72,948</b>	64,033
Write-back/(allowance) for losses on financing, advances and other loans	<b>2,724</b>	(21,335)	<b>9,960</b>	(22,699)
Transfer to profit equalisation reserve	<b>(26,242)</b>	(5,556)	<b>(24,458)</b>	(8,450)
<b>Total attributable income</b>	<b>11,206</b>	7,299	<b>58,450</b>	32,884
Income attributable to the depositors and financial institutions	<b>(14,405)</b>	(15,578)	<b>(30,413)</b>	(29,832)
<b>Income attributable to the reporting institutions</b>	<b>(3,199)</b>	(8,279)	<b>28,037</b>	3,052
Income derived from investment of Islamic banking funds	<b>13,741</b>	14,296	<b>28,178</b>	28,099
<b>Total net income</b>	<b>10,542</b>	6,017	<b>56,215</b>	31,151
Other operating expenses	<b>(842)</b>	(698)	<b>(1,796)</b>	(1,485)
Impairment loss	<b>(7,500)</b>	-	<b>(11,451)</b>	-
<b>Profit before taxation</b>	<b>2,200</b>	5,319	<b>42,968</b>	29,666
Taxation	<b>196</b>	(1,359)	<b>(12,034)</b>	(8,663)
<b>Profit after taxation</b>	<b>2,396</b>	3,960	<b>30,934</b>	21,003

Net income from Islamic banking business stated in the income statements is derived from:-

Income derived from investment of depositors' funds and financial institutions	<b>34,724</b>	34,190	<b>72,948</b>	64,033
Transfer to profit equalisation reserve	<b>(26,242)</b>	(5,556)	<b>(24,458)</b>	(8,450)
Income attributable to depositors and financial institutions	<b>(14,405)</b>	(15,578)	<b>(30,413)</b>	(29,832)
Income derived from investment of Islamic Banking funds	<b>13,741</b>	14,296	<b>28,178</b>	28,099
	<b>7,818</b>	27,352	<b>46,255</b>	53,850

For the 2nd quarter ended 30 September 2007, the net income from Islamic banking business was affected by a profit equalisation reserve ("PER") adjustment amounting to RM26 million arising from recoveries.

**C19. Operations of Islamic Banking (cont'd)**

**(c) Financing, Advances and Other Loans**

	<b>Group</b>	
	<b>30.9.2007</b>	<b>31.3.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
(i) <u>By type</u>		
Cash line financing	<b>60,665</b>	32,468
Term loans/financing		
- Housing loans/financing	<b>412,753</b>	362,127
- Hire purchase receivables	<b>722,967</b>	824,321
- Lease receivables	<b>11,573</b>	24,000
- Other term loans/financing	<b>1,395,328</b>	1,270,166
Trust receipts	<b>5,938</b>	6,317
Claims on customers under acceptance credits	<b>186,563</b>	120,572
Staff loans	<b>43,816</b>	32,242
Revolving credits	<b>129,203</b>	196,090
	<b>2,968,806</b>	2,868,303
Unearned income	<b>(783,847)</b>	(693,580)
Gross financing, advances and other loans	<b>2,184,959</b>	2,174,723
Allowance for bad and doubtful debts and financing:-		
- Specific	<b>(35,479)</b>	(55,045)
- General	<b>(35,393)</b>	(33,898)
Total net financing, advances and other loans	<b>2,114,087</b>	2,085,780

(ii) Movements in non-performing financing, advances and other loans ("NPF") including income receivables are as follows:-

	<b>Group</b>	
	<b>30.9.2007</b>	<b>31.3.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of period/year	<b>85,110</b>	59,775
Non-performing during the period/year	<b>40,582</b>	192,347
Reclassified as performing	<b>(30,004)</b>	(158,990)
Recoveries	<b>(13,502)</b>	(3,604)
Amount written off	<b>(8,179)</b>	(4,418)
At end of period/year	<b>74,007</b>	85,110
Specific allowance	<b>(35,479)</b>	(55,045)
Net non-performing financing, advances and other loans	<b>38,528</b>	30,065
Net NPLs as a % of gross financing, advances and other loans less specific allowance	<b>1.8%</b>	1.4%

**C19. Operations of Islamic Banking (cont'd)**

**(c) Financing, Advances and Other Loans (cont'd)**

(iii) Movements in the allowance for bad and doubtful debts and financing are as follows:-

	<b>Group</b>	
	<b>30.9.2007</b>	<b>31.3.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>General Allowance</b>		
At beginning of period/year	33,898	30,604
Allowance made during the period/year	4,835	8,934
Amount written back	(3,340)	(5,640)
At end of period/year	<u>35,393</u>	<u>33,898</u>
As % of total gross financing, advances and other loans less specific allowance	<u>1.6%</u>	<u>1.6%</u>
<b>Specific Allowance</b>		
At beginning of period/year	55,045	19,014
Allowance made during the period/year	33,406	74,068
Amount written back in respect of recoveries	(44,794)	(33,619)
Amount written off	(8,178)	(4,418)
At end of period/year	<u>35,479</u>	<u>55,045</u>

**(d) Deposits From Customers**

	<b>Group</b>	
	<b>30.9.2007</b>	<b>31.3.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>By type</u>		
<u>Non-Mudharabah Fund</u>		
Demand deposits	662,331	598,909
Savings deposits	204,841	184,708
<u>Mudharabah Fund</u>		
General investment deposits	1,152,210	1,158,127
	<u>2,019,382</u>	<u>1,941,744</u>

**By Order of the Board**

**LEE WEI YEN (MAICSA 7001798)**

Group Company Secretary

Kuala Lumpur

28 November 2007