

CAGAMAS BERHAD
(Company No. 157931-A)
AND ITS SUBSIDIARY COMPANIES
(Incorporated in Malaysia)

CONDENSED INTERIM FINANCIAL STATEMENTS
30 JUNE 2015

Domiciled in Malaysia.
Registered Office:
Level 32, The Gardens North Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur.

Company No:

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CAGAMAS BERHAD
(Incorporated in Malaysia)

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	Group		Company	
		30 Jun 2015 RM'000	31 Dec 2014 RM'000	30 Jun 2015 RM'000	31 Dec 2014 RM'000
ASSETS					
Cash and short-term funds	1	519,908	96,359	519,857	96,358
Derivative financial instruments	2	235,444	68,518	235,444	68,518
Available-for-sale investment securities	3	1,837,202	1,546,684	1,837,202	1,546,684
Amount due from counterparties	4	7,335,851	6,540,219	7,335,851	6,540,219
Islamic financing assets	5	4,885,880	6,541,190	4,885,880	6,541,190
Mortgage assets					
- Conventional	6	7,019,402	7,296,732	7,019,402	7,296,732
- Islamic	7	7,155,199	7,326,436	7,155,199	7,326,436
Hire purchase assets					
- Conventional		4	4	4	4
- Islamic	8	5,325	7,268	5,325	7,268
Amount due from related company					
- Related company		555	607	555	607
- Subsidiaries		-	-	6,855	7,138
Deferred financing fees		1,435	1,163	-	-
Other assets	9	8,926	8,896	8,915	8,858
Investment in subsidiary companies		-	-	-*	-*
Property and equipment		3,359	3,216	3,359	3,216
Intangible assets		7,898	8,200	7,898	8,200
Deferred taxation		6,281	6,236	6,281	6,236
TOTAL ASSETS		29,022,669	29,451,728	29,028,027	29,457,664
LIABILITIES					
Unsecured bearer bonds and notes	10	14,352,586	13,291,643	10,682,654	10,243,174
Sukuk	11	11,690,101	13,261,704	11,690,101	13,261,704
Deposits and placements of financial institution		-	30,003	-	30,003
Loans from subsidiary	12	-	-	3,677,866	3,057,989
Derivative financial instruments	2	31,944	32,743	31,944	32,743
Provision for taxation		16,520	13,554	16,517	13,552
Other liabilities	13	66,063	68,308	64,960	64,807
TOTAL LIABILITIES		26,157,214	26,697,955	26,164,042	26,703,972
Share capital		150,000	150,000	150,000	150,000
Reserves		2,715,455	2,603,773	2,713,985	2,603,692
SHAREHOLDER'S FUNDS		2,865,455	2,753,773	2,863,985	2,753,692
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS		29,022,669	29,451,728	29,028,027	29,457,664
NET TANGIBLE ASSETS PER SHARE (RM)		19.05	18.30	19.04	18.30

* Denotes RM4. The investment in subsidiary companies is eliminated at Group level.

The condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2014 and the accompanying explanatory notes on pages 8 to 36 attached to the condensed interim financial statements.

The condensed interim financial statements were approved for issue by the Board of Directors on 21 August 2015.

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CAGAMAS BERHAD
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CONDENSED INCOME STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

	Note	<u>Group</u> 30 Jun 2015 RM'000	<u>Company</u> 30 Jun 2015 RM'000	<u>Group and</u> <u>Company</u> 30 June 2014 RM'000
Interest income	14	412,140	412,140	370,177
Interest expense	15	(278,748)	(280,564)	(250,703)
Income from Islamic operations	19	71,732	71,732	73,283
Non-interest income	16	(14,868)	(14,829)	(720)
		<u>190,256</u>	<u>188,479</u>	<u>192,037</u>
Administration and general expenses		(16,824)	(16,446)	(12,907)
Personnel costs		(11,870)	(11,870)	(10,585)
PROFIT BEFORE TAXATION AND ZAKAT		<u>161,562</u>	<u>160,163</u>	<u>168,545</u>
Zakat		-	-	-
Taxation		(40,738)	(40,738)	(42,136)
PROFIT FOR THE FINANCIAL PERIOD		<u>120,824</u>	<u>119,425</u>	<u>126,409</u>
EARNINGS PER SHARE (SEN)		<u>80.55</u>	<u>79.62</u>	<u>168.54</u>
DIVIDEND PER SHARE (SEN)		<u>6.00</u>	<u>6.00</u>	<u>15.00</u>

The condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2014 and the accompanying explanatory notes on pages 8 to 36 attached to the condensed interim financial statements.

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CAGAMAS BERHAD
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**CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD
ENDED 30 JUNE 2015**

	<u>Group</u> 30 Jun 2015 RM'000	<u>Company</u> 30 Jun 2015 RM'000	<u>Group and Company</u> 30 June 2014 RM'000
Profit for the financial period	120,824	119,425	126,409
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Available-for-sale investment securities			
- Net loss on fair value changes before taxation	8,431	8,431	(391)
- Deferred taxation	(2,108)	(2,108)	99
Cash flow hedge			
- Net gain on cash flow hedge before taxation	(8,618)	(8,610)	740
- Deferred taxation	2,153	2,153	(186)
Other comprehensive income for the financial period, net of taxation	(142)	(134)	262
Total comprehensive income for the financial period	<u>120,682</u>	<u>119,291</u>	<u>126,671</u>

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CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

	Issued and fully paid ordinary shares of RM1 each	Non-distributable			Total equity RM'000
		Share capital RM'000	AFS reserves RM'000	Cash flow hedge reserves RM'000	
Group					
Balance as at 1 January 2015	150,000	(12,384)	(8,690)	2,624,847	2,753,773
Profit for the financial period	-	-	-	120,824	120,824
Other comprehensive income/(loss)	-	6,323	(6,465)	-	(142)
Total comprehensive income/(loss) for the financial period	-	6,323	(6,465)	120,824	120,682
Final dividend in respect of financial year ended 31 December 2014	-	-	-	(9,000)	(9,000)
Balance as at 30 June 2015	150,000	(6,061)	(15,155)	2,736,671	2,865,455
Balance as at 1 January 2014	150,000	(11,167)	(18,689)	2,406,998	2,527,142
Profit for the financial period	-	-	-	126,409	126,409
Other comprehensive (loss)/income	-	(292)	554	-	262
Total comprehensive (loss)/income for the financial period	-	(292)	554	126,409	126,671
Final dividend in respect of financial year ended 31 December 2013	-	-	-	(22,500)	(22,500)
Balance as at 30 June 2014	150,000	(11,459)	(18,135)	2,510,907	2,631,313

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CAGAMAS BERHAD

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CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

	Issued and fully paid ordinary shares of RM1 each	Non-distributable			Total equity RM'000
		Share capital RM'000	AFS reserves RM'000	Cash flow hedge reserves RM'000	
Company					
Balance as at 1 January 2015	150,000	(12,384)	(8,690)	2,624,766	2,753,692
Profit for the financial period	-	-	-	119,425	119,425
Other comprehensive income/(loss)	-	6,323	(6,457)	-	(134)
Total comprehensive income/(loss) for the financial period	-	6,323	(6,457)	119,425	119,291
Final dividend in respect of financial year ended 31 December 2014	-	-	-	(9,000)	(9,000)
Balance as at 30 June 2015	150,000	(6,061)	(15,147)	2,735,191	2,863,983
Balance as at 1 January 2014	150,000	(11,167)	(18,689)	2,406,998	2,527,142
Profit for the financial period	-	-	-	126,409	126,409
Other comprehensive (loss)/income	-	(292)	554	-	262
Total comprehensive (loss)/income for the financial period	-	(292)	554	126,409	126,671
Final dividend in respect of financial year ended 31 December 2013	-	-	-	(22,500)	(22,500)
Balance as at 30 June 2014	150,000	(11,459)	(18,135)	2,510,907	2,631,313

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CAGAMAS BERHAD
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**CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED
30 JUNE 2015**

	<u>Group</u> 30 Jun 2015 RM'000	<u>Company</u> 30 Jun 2015 RM'000	<u>Group and Company</u> 30 June 2014 RM'000
OPERATING ACTIVITIES			
Profit for the financial period	120,824	119,425	126,409
Adjustments for investment items and items not involving the movement of cash and cash equivalents:			
Amortisation of premium less accretion of discount on available-for-sale investment securities	(3,558)	(3,558)	(4,566)
Accretion of discount on:			
Mortgage assets			
- Conventional	(80,366)	(80,366)	(79,720)
- Islamic	(64,644)	(64,644)	(64,320)
Hire purchase assets			
- Islamic	(107)	(107)	(152)
Interest income	(327,551)	(327,551)	(281,180)
Income from Islamic operations	(272,339)	(272,339)	(283,356)
Interest expense	231,765	231,765	250,703
Profit attributable to Sukuk holders	270,546	270,546	281,165
Depreciation of property and equipment	515	515	518
Amortisation of intangible assets	763	763	1,013
Gain on disposal of:			
- Property and equipment	1	1	-
- Available-for-sale investment securities	(1,479)	(1,479)	(622)
Guarantee fee expense	-	-	1
Wakalah fee expense	29	29	121
Taxation	40,738	40,738	42,136
Operating loss before working capital changes	<u>(84,863)</u>	<u>(86,262)</u>	<u>(11,850)</u>
(Increase)/Decrease in amount due from counterparties	(794,659)	(794,659)	343,959
Decrease in Islamic financing assets	1,640,543	1,640,543	297,634
Decrease in mortgage assets			
- Conventional	347,392	347,392	362,477
- Islamic	227,367	227,367	217,625
Decrease in hire purchase assets			
- Conventional	2	2	42
- Islamic	2,164	2,164	2,952
(Increase)/Decrease in other assets	(7,557)	277	(204)
Increase/(Decrease) in unsecured bearer bonds and notes	1,063,769	435,000	(455,000)
Decrease in Sukuk	(1,555,000)	(1,555,000)	(235,000)
Decrease in deposits and placements of financial Institution	(30,003)	(30,003)	-
Increase in other liabilities	1,337	622,723	1,051
Cash generated from operations	<u>810,492</u>	<u>809,544</u>	<u>523,686</u>

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**CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED
30 JUNE 2015 (CONTINUED)**

	<u>Group</u> 30 Jun 2015 RM'000	<u>Company</u> 30 Jun 2015 RM'000	<u>Group and Company</u> 30 June 2014 RM'000
Interest received	308,782	308,782	260,919
Profit received from Islamic assets	294,718	294,718	288,123
Interest paid	(226,751)	(225,862)	(255,643)
Profit attributable to Sukuk holders	(287,149)	(287,149)	(285,356)
Guarantee fee paid	-	-	(1)
Wakalah fee paid	(29)	(29)	(121)
Payment of:			
- Zakat	(4,112)	(4,112)	(2,028)
- Taxation	(37,773)	(37,773)	(36,511)
Net cash generated from operating activities	<u>858,178</u>	<u>858,119</u>	<u>493,068</u>
INVESTING ACTIVITIES			
Purchase of available-for-sale investment securities	(724,821)	(724,821)	(436,513)
Sale of available-for-sale investment securities	449,939	449,939	531,427
Derivative financial instruments	(176,344)	(176,335)	(28)
Purchase of:			
- Property and equipment	(659)	(659)	(148)
- Intangible assets	(460)	(460)	(170)
Income received from available-for-sale investment securities	26,716	26,716	26,234
Investment in subsidiary companies	-	-	-*
Net cash generated (utilised in)/from investing activities	<u>(425,629)</u>	<u>(425,620)</u>	<u>120,802</u>
FINANCING ACTIVITY			
Dividends paid to holding company	(9,000)	(9,000)	(22,500)
Net cash utilised in financing activity	<u>(9,000)</u>	<u>(9,000)</u>	<u>(22,500)</u>
Net increase in cash and cash equivalents	423,549	423,499	591,370
Cash and cash equivalents as at 1 January	96,359	96,358	592,956
Cash and cash equivalents as at 30 June	<u><u>519,908</u></u>	<u><u>519,857</u></u>	<u><u>1,184,326</u></u>
Analysis of cash and cash equivalents as at 30 June			
Cash and short-term funds	<u><u>519,908</u></u>	<u><u>519,857</u></u>	<u><u>1,184,326</u></u>

* Denotes RM4. The investment in subsidiary companies is eliminated at Group level.

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CAGAMAS BERHAD
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Explanatory notes to the Condensed Interim Financial Statements at 30 June 2015

A1 General information

Cagamas Berhad (“the Company”) and its subsidiaries are collectively known as the Group. The principal activities of the Company consist of the purchases of mortgage loans, personal loans and hire purchase and leasing debts from primary lenders approved by the Company and the issuance of bonds and notes to finance these purchases whilst its subsidiaries are principally engaged to carry on the business of a fund raising vehicle. The Company purchases Islamic financing facilities such as home financing, personal financing and hire purchase financing and they are funded by issuance of Sukuk. There were no significant changes in these activities during the financial period.

A2 Basis of preparation

The unaudited condensed interim financial statements for the financial period ended 30 June 2015 have been prepared under the historical cost convention except the following assets and liabilities which are stated at fair values: financial investments available-for-sale and derivative financial instruments.

The unaudited condensed interim financial statements of the Group and the Company have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”). The unaudited condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2014. The explanatory notes attached in the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Company since financial year ended 31 December 2014. The Group’s and the Company’s unaudited interim financial statements include the financial statements of the Company and its subsidiaries.

All 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 December 2014.

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Explanatory notes to the Condensed Interim Financial Statements at 30 June 2015 (Continued)

A2 Basis of preparation (Continued)

The following are amendments to MFRSs that have been issued by the MASB but have not been adopted by the Group and the Company as they are either not applicable or not yet effective:

Effective for annual periods commencing on or after 1 January 2016

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

Effective for annual periods commencing on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

Effective for annual periods commencing on or after 1 January 2018

- MFRS 9, *Financial Instruments*

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Explanatory notes to the Condensed Interim Financial Statements at 30 June 2015 (Continued)

A3 Auditor's report on preceding Annual Financial Statements

The audit report on the audited financial statements for the financial year ended 31 December 2014 was not subject to any qualification.

A4 Seasonality or Cyclical factors

The business operations of the Group and the Company are not subject to material seasonal or cyclical fluctuations.

A5 Unusual items due to their nature, size or incidence

There was no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group and the Company for the financial period ended 30 June 2015.

A6 Changes in estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect on the financial results and position of the Company for the financial period 30 June 2015.

A7 Dividend

A single tier final dividend of 6 sen per ordinary share on 150,000,000 ordinary shares amounting to RM9,000,000 in respect of the financial year ended 31 December 2014 was paid on 26 March 2015.

A8 Subsequent events

There were no material events subsequent to the end of the reporting date that require disclosure or adjustments to the interim financial statements.

A9 Changes in the composition of the Group

There were no material changes in the composition of the Group during the financial period.

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Explanatory notes to the Condensed Interim Financial Statements at 30 June 2015 (Continued)

1. CASH AND SHORT-TERM FUNDS

	<u>Group</u>		<u>Company</u>	
	<u>30 Jun 2015</u>	<u>31 Dec 2014</u>	<u>30 Jun 2015</u>	<u>31 Dec 2014</u>
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	47,964	49,044	47,913	49,043
Money at call and deposit placements maturing within one month	243,124	37,164	243,124	37,164
Mudharabah money at call and deposit placements maturing within one month	228,820	10,151	228,820	10,151
	<u>519,908</u>	<u>96,359</u>	<u>519,857</u>	<u>96,358</u>

2. DERIVATIVE FINANCIAL INSTRUMENTS

All derivative financial instruments are held for economic hedging purposes, although not all derivatives are designated as hedging instruments under the terms of MFRS 139. The analyses below split derivatives between those in accounting hedge relationships and those not in accounting hedge relationships.

	<u>Group and Company</u>					
	<u>30 Jun 2015</u>			<u>31 Dec 2014</u>		
	<u>Contract/ notional amount RM'000</u>	<u>Assets RM'000</u>	<u>Liabilities RM'000</u>	<u>Contract/ notional amount RM'000</u>	<u>Assets RM'000</u>	<u>Liabilities RM'000</u>
Derivatives in accounting hedge relationships						
Derivatives designated as cash flow hedges:						
IRS/IPRS	1,285,000	3,091	(31,473)	910,000	6,108	(32,469)
CCS	3,302,000	232,353	(471)	2,927,000	62,410	(274)
Total	<u>4,587,000</u>	<u>235,444</u>	<u>(31,944)</u>	<u>3,837,000</u>	<u>68,518</u>	<u>(32,743)</u>

The remaining terms and notional principal amounts of the outstanding derivative financial instruments are as follows:

	<u>Group and Company</u>	
	<u>30 Jun 2015</u>	<u>31 Dec 2014</u>
	RM'000	RM'000
One year to three years	2,452,000	1,280,000
Three years to five years	2,025,000	2,447,000
More than five years	110,000	110,000
	<u>4,587,000</u>	<u>3,837,000</u>

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Explanatory notes to the Condensed Interim Financial Statements at 30 June 2015 (Continued)

3. AVAILABLE-FOR-SALE ("AFS") INVESTMENT SECURITIES

	<u>Group and Company</u>	
	<u>30 Jun 2015</u>	<u>31 Dec 2014</u>
	<u>RM'000</u>	<u>RM'000</u>
<i>At fair value:</i>		
Private debt securities	422,500	289,482
Malaysian government securities	264,163	190,624
Government investment issue	274,856	229,830
Islamic debt securities	428,796	305,770
Quasi government debt securities	65,785	116,373
Islamic quasi government debt securities	381,102	414,605
	<u>1,837,202</u>	<u>1,546,684</u>

The maturity structure of AFS investment securities are as follows:

Maturing within one year	437,957	249,644
One year to three years	347,726	485,818
Three years to five years	287,436	377,885
More than five years	764,083	433,337
	<u>1,837,202</u>	<u>1,546,684</u>

4. AMOUNT DUE FROM COUNTERPARTIES

Relating to:		
Mortgage loans	6,168,110	5,246,165
Hire purchase and leasing debts	292,330	445,794
Personal loans	875,411	848,260
	<u>7,335,851</u>	<u>6,540,219</u>

The maturity structure of amount due from counterparties are as follows:

Maturing within one year	188,380	178,104
One year to three years	5,400,272	4,210,177
Three years to five years	1,747,199	2,151,938
	<u>7,335,851</u>	<u>6,540,219</u>

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Explanatory notes to the Condensed Interim Financial Statements at 30 June 2015 (Continued)

5. ISLAMIC FINANCING ASSETS

	Group and Company	
	30 Jun 2015	31 Dec 2014
	RM'000	RM'000
Relating to:		
Islamic house financing	2,484,720	2,515,704
Islamic hire purchase financing	1,271,884	2,834,163
Islamic personal financing	1,129,276	1,191,323
	<u>4,885,880</u>	<u>6,541,190</u>

The maturity structure of Islamic financing assets are as follows:

Maturing within one year	1,035,456	2,082,915
One year to three years	3,825,678	4,319,542
Three years to five years	24,746	138,733
	<u>4,885,880</u>	<u>6,541,190</u>

6. MORTGAGE ASSETS – CONVENTIONAL

Purchase without Recourse ("PWOR")	<u>7,019,402</u>	<u>7,296,732</u>
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The maturity structure of mortgage assets - conventional are as follows:

Maturing within one year	970,244	1,014,589
One year to three years	1,277,220	1,285,965
Three years to five years	1,220,080	1,232,038
More than five years	4,733,428	5,026,077
	<u>8,200,972</u>	<u>8,558,669</u>
Less:		
Unaccreted discount	(1,140,913)	(1,221,280)
Allowance for impairment losses	(40,657)	(40,657)
	<u>7,019,402</u>	<u>7,296,732</u>

7. MORTGAGE ASSETS – ISLAMIC

PWOR	<u>7,155,199</u>	<u>7,326,436</u>
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Explanatory notes to the Condensed Interim Financial Statements at 30 June 2015 (Continued)

7. MORTGAGE ASSETS – ISLAMIC (CONTINUED)

	<u>Group and Company</u>	
	<u>30 Jun 2015</u>	<u>31 Dec 2014</u>
	RM'000	RM'000
The maturity structure of mortgage assets - Islamic are as follows:		
Maturing within one year	677,267	699,493
One year to three years	888,782	879,310
Three years to five years	906,814	897,483
More than five years	5,783,970	6,017,193
	<u>8,256,833</u>	<u>8,493,479</u>
Less:		
Unaccrued discount	(1,069,891)	(1,135,300)
Allowance for impairment losses	(31,743)	(31,743)
	<u>7,155,199</u>	<u>7,326,436</u>

8. HIRE PURCHASE ASSETS – ISLAMIC

PWOR	<u>5,325</u>	<u>7,268</u>
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The maturity structure of hire purchase assets - Islamic are as follows:

Maturing within one year	3,448	4,511
One year to three years	2,117	2,990
Three years to five years	-	114
	<u>5,565</u>	<u>7,615</u>
Less:		
Unaccrued discount	(170)	(277)
Allowance for impairment losses	(70)	(70)
	<u>5,325</u>	<u>7,268</u>

9. OTHER ASSETS

	<u>Group</u>		<u>Company</u>	
	<u>30 Jun 2015</u>	<u>31 Dec 2014</u>	<u>30 Jun 2015</u>	<u>31 Dec 2014</u>
	RM'000	RM'000	RM'000	RM'000
Prepaid mortgage guarantee fee	1	1	1	1
Prepaid wakalah fee	9	37	9	37
Staff loans and financing	3,656	3,550	3,656	3,550
Deposits	884	803	873	802
Prepayments	1,562	1,404	1,562	1,367
Other receivables	283	158	283	158
Compensation receivable from originator on mortgage assets	2,531	2,943	2,531	2,943
	<u>8,926</u>	<u>8,896</u>	<u>8,915</u>	<u>8,858</u>

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Explanatory notes to the Condensed Interim Financial Statements at 30 June 2015 (Continued)

10. UNSECURED BEARER BONDS AND NOTES

	<u>Year of maturity</u>	<u>Amount outstanding</u> RM'000	<u>30 Jun 2015</u>		<u>Group</u> <u>31 Dec 2014</u>	
			<u>Effective interest rate</u> %	<u>Amount outstanding</u> RM'000	<u>Effective interest rate</u> %	
(a) Floating rate notes	2016	180,000	3.50	180,000	3.50	
Add:						
Interest payable		2,703		2,520		
		<u>182,703</u>		<u>182,520</u>		
(b) Medium-term notes	2015	545,000	3.35 - 5.30	690,000	3.35 - 5.30	
	2016	1,685,000	3.47 - 4.93	1,590,000	3.47 - 4.93	
	2017	3,492,147	3.50 - 4.64	3,423,445	3.50 - 4.64	
	2018	1,799,249	1.88 - 5.71	901,213	1.88 - 5.71	
	2019	2,732,050	2.74 - 5.28	2,594,800	2.74 - 5.28	
	2020	495,000	4.10 - 6.00	495,000	4.10 - 6.00	
	2021	315,000	4.15 - 5.38	315,000	4.15 - 5.38	
	2022	465,000	3.90 - 4.48	465,000	3.90 - 4.48	
	2023	525,000	4.25 - 6.05	525,000	4.25 - 6.05	
	2024	430,000	4.00 - 5.52	430,000	4.00 - 5.52	
	2025	415,000	4.55 - 4.65	415,000	4.55 - 4.65	
	2026	10,000	4.41	10,000	4.41	
	2027	25,000	4.14 - 4.17	25,000	4.14 - 4.17	
	2028	890,000	4.75 - 6.50	890,000	4.75 - 6.50	
	2029	245,000	5.50 - 5.75	245,000	5.50 - 5.75	
		<u>14,068,446</u>		<u>13,014,458</u>		
Add:						
Interest payable		109,274		103,517		
Less:						
Deferred financing fees		(7,837)		(8,852)		
		<u>14,169,883</u>		<u>13,109,123</u>		
		<u>14,352,586</u>		<u>13,291,643</u>		

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Explanatory notes to the Condensed Interim Financial Statements at 30 June 2015 (Continued)

10. UNSECURED BEARER BONDS AND NOTES (CONTINUED)

		30 Jun 2015		Company 31 Dec 2014	
	Year of maturity	Amount outstanding RM'000	Effective interest rate %	Amount outstanding RM'000	Effective interest rate %
(a) Floating rate notes	2016	180,000	3.50	180,000	3.50
Add:					
Interest payable		2,703		2,520	
		182,703		182,520	
(b) Medium-term notes	2015	545,000	3.35 - 5.30	690,000	3.35 - 5.30
	2016	1,685,000	3.47 - 4.93	1,590,000	3.47 - 4.93
	2017	2,580,000	3.50 - 4.64	2,580,000	3.50 - 4.64
	2018	935,000	3.90 - 5.71	450,000	3.90 - 5.71
	2019	845,000	3.75 - 5.28	845,000	3.75 - 5.28
	2020	495,000	4.10 - 6.00	495,000	4.10 - 6.00
	2021	315,000	4.15 - 5.38	315,000	4.15 - 5.38
	2022	465,000	3.90 - 4.48	465,000	3.90 - 4.48
	2023	525,000	4.25 - 6.05	525,000	4.25 - 6.05
	2024	430,000	4.00 - 5.52	430,000	4.00 - 5.52
	2025	415,000	4.55 - 4.65	415,000	4.55 - 4.65
	2026	10,000	4.41	10,000	4.41
	2027	25,000	4.14 - 4.17	25,000	4.14 - 4.17
	2028	890,000	4.75 - 6.50	890,000	4.75 - 6.50
	2029	245,000	5.50 - 5.75	245,000	5.50 - 5.75
		10,405,000		9,970,000	
Add:					
Interest payable		95,485		90,654	
Less:					
Deferred financing fees		(534)		-	
		10,499,951		10,060,654	
		10,682,654		10,243,174	

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Explanatory notes to the Condensed Interim Financial Statements at 30 June 2015 (Continued)

10. UNSECURED BEARER BONDS AND NOTES (CONTINUED)

The maturity structure of unsecured bearer bonds and notes are as follows:

	<u>Group</u>		<u>Company</u>	
	<u>30 Jun 2015</u>	<u>31 Dec 2014</u>	<u>30 Jun 2015</u>	<u>31 Dec 2014</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Maturing within one year	654,078	793,287	643,005	783,174
One year to three years	5,353,099	5,188,636	4,444,649	4,350,000
Three years to five years	4,530,409	3,494,720	1,780,000	1,295,000
More than five years	3,815,000	3,815,000	3,815,000	3,815,000
	<u>14,352,586</u>	<u>13,291,643</u>	<u>10,682,654</u>	<u>10,243,174</u>

On 29 August 2014, a USD2.5 billion medium term-notes programme was established to issue foreign currency debt ("EMTN"). The EMTN are issued by CGP; and are unconditionally and irrevocably guaranteed by the Company. The unsecured bearer bonds and notes outstanding at financial year ended that are not in the functional currencies of the Group and series of notes issued are as follows:

	<u>Group</u>	
	<u>30 Jun 2015</u>	<u>31 Dec 2014</u>
	<u>RM'000</u>	<u>RM'000</u>
CNY1.5 billion notes	916,899	846,547
HKD1.0 billion notes	488,269	452,538
USD600 million notes	2,264,765	1,749,384
	<u>3,669,933</u>	<u>3,048,469</u>

The Company has undertaken cash flow hedge on the interest rate risk and foreign exchange risk of the foreign currency notes using the CCS.

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Explanatory notes to the Condensed Interim Financial Statements at 30 June 2015 (Continued)

11. SUKUK

	<u>Year of maturity</u>	<u>Amount outstanding</u> RM'000	<u>Group and Company</u>		
			<u>30 Jun 2015</u> <u>Effective profit rate</u> %	<u>31 Dec 2014</u> <u>Effective profit rate</u> %	
(a) Islamic medium-term notes	2015	1,170,000	3.35 - 5.30	2,725,000	3.09 - 5.30
	2016	2,000,000	3.40 - 4.93	2,000,000	3.40 - 4.93
	2017	1,930,000	3.50 - 4.05	1,930,000	3.50 - 4.05
	2018	645,000	3.60 - 5.80	645,000	3.60 - 5.80
	2019	412,000	3.75 - 5.28	412,000	3.75 - 5.28
	2020	680,000	4.15 - 6.00	680,000	4.15 - 6.00
	2021	245,000	4.15 - 5.38	245,000	4.15 - 5.38
	2022	25,000	3.90 - 4.48	25,000	3.90 - 4.48
	2023	995,000	4.25 - 6.35	995,000	4.25 - 6.35
	2024	315,000	4.00 - 5.52	315,000	4.00 - 5.52
	2025	455,000	4.55 - 4.65	455,000	4.55 - 4.65
	2026	20,000	4.41 - 4.92	20,000	4.41 - 4.92
	2027	15,000	4.14	15,000	4.14
	2028	1,080,000	4.75 - 6.50	1,080,000	4.75 - 6.50
	2029	180,000	5.50 - 5.75	180,000	5.50 - 5.75
	2033	675,000	5.00	675,000	5.00
		<u>10,842,000</u>		<u>12,397,000</u>	
Add:					
Profit payable		<u>114,647</u>		<u>131,174</u>	
		<u>10,956,647</u>		<u>12,528,174</u>	
(b) Islamic variable medium-term notes	2015	500,000	3.68	500,000	3.59
	2016	230,000	3.50	230,000	3.50
		<u>730,000</u>		<u>730,000</u>	
Add:					
Profit payable		<u>3,454</u>		<u>3,530</u>	
		<u>733,454</u>		<u>733,530</u>	
		<u>11,690,101</u>		<u>13,261,704</u>	

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Explanatory notes to the Condensed Interim Financial Statements at 30 June 2015 (Continued)

11. SUKUK (CONTINUED)

The maturity structure of Sukuk are as follows:

	Group and Company	
	30 Jun 2015	31 Dec 2014
	RM'000	RM'000
Maturing within one year	1,788,101	3,359,704
One year to three years	4,160,000	4,160,000
Three years to five years	1,057,000	1,057,000
More than five years	4,685,000	4,685,000
	<u>11,690,101</u>	<u>13,261,704</u>

12. LOANS FROM SUBSIDIARY

Loans from subsidiary are unsecured and subject to interest rates ranging from 1.88% to 3.86% per annum.

The maturity structure of loans from subsidiary are as follows:

	Company	
	30 Jun 2015	31 Dec 2014
	RM'000	RM'000
Maturing within one year	14,420	13,531
One year to three years	912,147	843,445
Three years to five years	2,751,299	2,201,013
	<u>3,677,866</u>	<u>3,057,989</u>

13. OTHER LIABILITIES

	Group		Company	
	30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
	RM'000	RM'000	RM'000	RM'000
Provision for zakat	-	4,112	-	4,112
Other payables and accruals	47,586	48,859	47,586	48,859
Amount due to government	18,477	15,337	17,374	11,836
	<u>66,063</u>	<u>68,308</u>	<u>64,960</u>	<u>64,807</u>

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Explanatory notes to the Condensed Interim Financial Statements at 30 June 2015 (Continued)

14. INTEREST INCOME

	<u>Group</u> 30 Jun 2015 RM'000	<u>Company</u> 30 Jun 2015 RM'000	<u>Group and</u> <u>Company</u> 30 June 2014 RM'000
Amount due from counterparties	145,181	145,181	82,111
Mortgage assets	154,268	154,268	173,239
Compensation from mortgage assets	54	54	71
Hire purchase assets	5	5	52
AFS investment securities	27,309	27,309	24,576
Deposit and placements with financial institutions	2,531	2,531	9,636
	<u>329,348</u>	<u>329,348</u>	<u>289,685</u>
Accretion of discount less amortisation of premium (net)	82,792	82,792	80,492
	<u>412,140</u>	<u>412,140</u>	<u>370,177</u>

15. INTEREST EXPENSE

Medium-term notes	275,000	228,061	247,579
Floating rate notes	3,704	3,704	3,124
Deposits and placements of financial institutions	44	44	-
Loan from subsidiary	-	48,755	-
	<u>278,748</u>	<u>280,564</u>	<u>250,703</u>

16. NON-INTEREST INCOME

Realised net loss on derivatives	(18,321)	(18,321)	(4,705)
Other non-operating income	2,746	2,746	3,363
Gain on disposal of AFS investment securities	1,436	1,436	622
Gain on disposal of property and equipment	(1)	(1)	-
Loss on foreign exchange	(728)	(689)	-
	<u>(14,868)</u>	<u>(14,829)</u>	<u>(720)</u>

17. SEGMENT REPORTING

The Chief Executive Officer (the chief operating decision maker) makes strategic decisions and allocation of resources on behalf of the Company. The Company has determined the following operating segments based on reports reviewed by the chief operating decision maker in making its strategic decisions;

- (a) Purchase With Recourse ("PWR")
- (b) Purchase Without Recourse ("PWOR")

There were no changes in the reportable segments during the financial period.

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Explanatory notes to the Condensed Interim Financial Statements at 30 June 2015 (Continued)

17. SEGMENT REPORTING (CONTINUED)

	<u>PWR</u> <u>RM'000</u>	<u>PWOR</u> <u>RM'000</u>	<u>Group</u> <u>Total</u> <u>RM'000</u>
2015			
External revenue	329,873	472,084	801,957
External interest expense	(272,673)	(325,364)	(598,037)
Profit from operations	37,231	124,331	161,562
Taxation	(9,038)	(31,700)	(40,738)
Net profit by segment	28,193	92,631	120,824
Segment assets	13,559,186	15,463,483	29,022,669
Segment liabilities	11,888,728	14,268,486	26,157,214
<u>Other information</u>			
Capital expenditure	523	597	1,120
Depreciation and amortisation	465	813	1,278
	<u>281,118</u>	<u>472,084</u>	<u>753,202</u>
2015			
External revenue	281,118	472,084	753,202
External interest expense	(225,731)	(325,364)	(551,095)
Profit from operations	35,832	124,331	160,163
Taxation	(9,038)	(31,700)	(40,738)
Net profit by segment	26,794	92,631	119,425
Segment assets	13,564,545	15,463,482	29,028,027
Segment liabilities	11,895,559	14,268,483	26,164,042
<u>Other information</u>			
Capital expenditure	523	597	1,120
Depreciation and amortisation	465	813	1,278

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Explanatory notes to the Condensed Interim Financial Statements at 30 June 2015 (Continued)

17. SEGMENT REPORTING (CONTINUED)

	Group and Company		
	PWR	PWOR	Total
	RM'000	RM'000	RM'000
<u>2014</u>			
External revenue	220,825	503,834	724,659
External interest expense	(181,192)	(350,676)	(531,868)
Profit from operations	34,565	133,980	168,545
Taxation	(9,134)	(33,002)	(42,136)
Net profit by segment	25,431	100,978	126,409
Segment assets	10,329,713	16,674,066	27,003,779
Segment liabilities	8,902,039	15,470,427	24,372,466
<u>Other information</u>			
Capital expenditure	124	200	323
Depreciation and amortisation	198	1,333	1,531

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18. CAPITAL ADEQUACY

Common equity tier 1 (“CET1”) and Tier 1 capital ratios refer to the ratio of total Tier 1 capital to risk-weighted assets. Risk-weighted capital ratio (“RWCR”) is the ratio of total capital to risk-weighted assets.

	Group		Company	
	30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
CET I capital ratio	25.0%	23.6%	25.0%	23.6%
Tier I capital ratio	25.0%	23.6%	25.0%	23.6%
Total capital ratio	25.7%	24.3%	25.7%	24.3%
	RM'000	RM'000	RM'000	RM'000
The capital adequacy ratios are as follows:				
CET 1/Tier I capital				
Paid up capital	150,000	150,000	150,000	150,000
Retained profits	2,736,671	2,624,847	2,735,191	2,624,765
	2,886,671	2,774,847	2,885,191	2,774,765
Deferred taxation assets	(6,281)	(6,236)	(6,281)	(6,236)
Total CET 1/Tier I capital	2,880,390	2,768,611	2,878,910	2,768,529
Tier II capital				
Allowance for impairment losses	72,471	72,471	72,471	72,471
Total Tier II capital	72,471	72,471	72,471	72,471
Total capital	2,952,861	2,841,082	2,951,381	2,841,000
The breakdown of risk-weighted assets by each major risk category are as follows:				
Credit risk	10,754,126	10,970,406	10,753,642	10,977,505
Operational risk	751,832	737,093	751,832	737,093
Total risk-weighted assets	11,505,958	11,707,499	11,505,474	11,714,598

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Explanatory notes to the Condensed Interim Financial Statements at 30 June 2015 (Continued)

19. ISLAMIC OPERATIONS

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	Group		Company	
		30 Jun 2015 RM'000	31 Dec 2014 RM'000	30 Jun 2015 RM'000	31 Dec 2014 RM'000
ASSETS					
Cash and short-term funds	(a)	228,856	10,200	228,856	10,200
Derivative financial instruments		3,091	6,108	3,091	6,108
AFS investment securities	(b)	154,137	50,487	154,137	50,487
Financing assets	(c)	4,885,880	6,541,190	4,885,880	6,541,190
Mortgage assets	(d)	7,148,518	7,319,483	7,148,518	7,319,483
Hire purchase assets	(e)	4,986	6,438	4,986	6,438
Deferred financing fees		1,435	1,163	-	-
Other assets and prepayments		289,351	289,377	290,224	290,037
TOTAL ASSETS		12,716,254	14,224,446	12,715,692	14,223,943
LIABILITIES					
Sukuk	(f)	11,690,101	13,261,704	11,690,101	13,261,704
Deferred taxation		764	1,508	764	1,508
Other liabilities	(g)	67,257	51,217	66,685	50,709
TOTAL LIABILITIES		11,758,122	13,314,429	11,757,550	13,313,921
ISLAMIC OPERATIONS' FUNDS		958,132	910,017	958,142	910,022
TOTAL LIABILITIES AND ISLAMIC OPERATIONS' FUND		12,716,254	14,224,446	12,715,692	14,223,943

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Explanatory notes to the Condensed Interim Financial Statements at 30 June 2015 (Continued)

19. ISLAMIC OPERATIONS (CONTINUED)

CONDENSED INCOME STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

	Note	<u>Group</u> <u>30 Jun 2015</u> RM'000	<u>Company</u> <u>30 Jun 2015</u> RM'000	<u>Group and</u> <u>Company</u> <u>30 June 2014</u> RM'000
Total income attributable		341,062	341,062	354,482
Income attributable to Sukuk holders	(h)	(270,502)	(270,502)	(281,165)
Non profit income/(expense)		1,172	1,172	(34)
Total income attributable	(i)	71,732	71,732	73,283
Administration and general expenses		(3,302)	(3,297)	(2,370)
PROFIT BEFORE TAXATION AND ZAKAT		68,430	68,435	70,913
Zakat		-	-	-
Taxation		(18,082)	(18,082)	(17,728)
PROFIT FOR THE FINANCIAL PERIOD		<u>50,348</u>	<u>50,353</u>	<u>53,185</u>

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Explanatory notes to the Condensed Interim Financial Statements at 30 June 2015 (Continued)

19. ISLAMIC OPERATIONS (CONTINUED)

CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

	Note	<u>Group</u> 30 Jun 2015 RM'000	<u>Company</u> 30 Jun 2015 RM'000	<u>Group and</u> <u>Company</u> 30 June 2014 RM'000
Profit for the financial period		50,348	50,353	53,185
Other comprehensive loss:				
Items that may subsequently reclassified to profit or loss				
AFS investment securities				
- Net gain on fair value changes before taxation		36	36	-
- Deferred taxation		(9)	(9)	-
Cash flow hedge				
- Net loss on cash flow hedge before taxation		(3,014)	(3,014)	(172)
- Deferred taxation		754	754	43
Other comprehensive loss for the financial period, net of taxation		(2,233)	(2,233)	(129)
Total comprehensive income for the financial period		48,115	48,120	53,056

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19. ISLAMIC OPERATIONS (CONTINUED)

CONDENSED STATEMENT OF CHANGES IN ISLAMIC OPERATIONS' FUNDS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

	Allocated capital funds RM'000	Non-distributable		Retained profits RM'000	Total funds RM'000
		AFS reserves RM'000	Cash flow hedge reserves RM'000		
Group					
Balance as at 1 January 2015	294,159	(32)	4,556	611,334	910,017
Profit for the financial period	-	-	-	50,348	50,348
Other comprehensive income/(loss)	-	27	(2,260)	-	(2,233)
Total comprehensive income/(loss) for the financial period	-	27	(2,260)	50,348	48,115
Balance as at 30 June 2015	294,159	(5)	2,296	661,682	958,132
Balance as at 1 January 2014	294,159	18	5,466	504,973	804,616
Profit for the financial period	-	-	-	53,185	53,185
Other comprehensive loss	-	-	(129)	-	(129)
Total comprehensive (loss)/income for the financial period	-	-	(129)	53,185	53,056
Balance as at 30 June 2014	294,159	18	5,337	558,158	857,672

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19. ISLAMIC OPERATIONS (CONTINUED)

CONDENSED STATEMENT OF CHANGES IN ISLAMIC OPERATIONS' FUNDS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

	Allocated capital funds RM'000	Non-distributable		Retained profits RM'000	Total funds RM'000
		AFS reserves RM'000	Cash flow hedge reserves RM'000		
Company					
Balance as at 1 January 2015	294,159	(32)	4,556	611,339	910,022
Profit for the financial period	-	-	-	50,353	50,353
Other comprehensive income/(loss)	-	27	(2,260)	-	(2,233)
Total comprehensive income/(loss) for the financial period	-	27	(2,260)	50,353	48,120
Balance as at 30 June 2015	294,159	(5)	2,296	661,692	958,142
Balance as at 1 January 2014	294,159	18	5,466	504,973	804,616
Profit for the financial period	-	-	-	53,185	53,185
Other comprehensive (loss)/income	-	-	(129)	-	(129)
Total comprehensive (loss)/income for the financial period	-	-	(129)	53,185	53,056
Balance as at 30 June 2014	294,159	18	5,337	558,158	857,672

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Explanatory notes to the Condensed Interim Financial Statements at 30 June 2015 (Continued)

19. ISLAMIC OPERATIONS (CONTINUED)

CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

	<u>Group</u> 30 Jun 2015 RM'000	<u>Company</u> 30 Jun 2015 RM'000	<u>Group and</u> <u>Company</u> 30 June 2014 RM'000
OPERATING ACTIVITIES			
Profit for the financial period	50,348	50,353	53,185
Adjustments for investment items and items not involving the movement of cash and cash equivalents:			
Amortisation of premium less accretion of discount on AFS investment securities	(1,145)	(1,145)	(3,834)
Accretion of discount on:			
Mortgage assets	(64,644)	(64,644)	(64,320)
Hire purchase assets	(94)	(94)	(112)
Income from:			
- Debt securities	(788)	(788)	(601)
- Islamic operations	(271,551)	(271,551)	(283,356)
Profit attributable to Sukuk holders	270,502	270,502	281,165
Gain on disposal of AFS	(43)	(43)	-
Wakalah fee expense	29	29	121
Taxation	18,082	18,082	17,728
Operating profit/(loss) before working capital changes	<u>696</u>	<u>696</u>	<u>(24)</u>
Decrease in Islamic financing assets	1,640,543	1,640,543	297,634
Decrease in mortgage assets	227,095	227,095	216,193
Decrease in hire purchase assets	1,660	1,660	1,828
(Increase)/Decrease in other assets	(245)	(245)	68
Decrease in Sukuk	(1,555,000)	(1,555,000)	(235,000)
Increase in other liabilities	17,545	17,545	2,144
Cash generated from operations	<u>332,294</u>	<u>332,294</u>	<u>282,843</u>
Profit received from assets	294,718	294,718	288,123
Profit attributable to Sukuk holders	(287,105)	(287,105)	(285,356)
Wakalah fee paid	(29)	(29)	(121)
Payment of:			
- Zakat	(4,112)	(4,112)	(2,028)
- Taxation	(15,475)	(15,475)	(13,354)
Net cash generated from operating activities	<u>320,291</u>	<u>320,291</u>	<u>270,107</u>

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Explanatory notes to the Condensed Interim Financial Statements at 30 June 2015 (Continued)

19. ISLAMIC OPERATIONS (CONTINUED)

**CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED
30 JUNE 2015 (CONTINUED)**

	<u>Group</u> 30 Jun 2015 RM'000	<u>Company</u> 30 Jun 2015 RM'000	<u>Group and Company</u> 30 June 2014 RM'000
INVESTING ACTIVITIES			
Purchase of AFS investment securities	(102,742)	(102,742)	-
Sale of AFS investment securities	-	-	173,138
Derivative financial instruments	3	3	(2)
Income received from debt securities	788	788	-
Income received from AFS investment securities	316	316	601
	<hr/>	<hr/>	<hr/>
Net cash generated (utilised in)/from investing activities	(101,635)	(101,635)	173,737
	<hr/>	<hr/>	<hr/>
Net increase in cash and cash equivalents	218,656	218,656	443,844
Cash and cash equivalents as at 1 January	10,200	10,200	55,170
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents as at 30 June	228,856	228,856	499,014
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Analysis of cash and cash equivalents as at 30 June			
Cash and short-term funds	228,856	228,856	499,014
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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Explanatory notes to the Condensed Interim Financial Statements at 30 June 2015 (Continued)

19. ISLAMIC OPERATIONS (CONTINUED)

Group and Company
30 June 2015 31 Dec 2014
RM'000 RM'000

(a) *Cash and short-term funds*

Cash and bank balances with banks and other financial institutions	36	49
Mudharabah money at call and deposit placements maturing within one month	228,820	10,151
	228,856	10,200
	228,856	10,200

(b) *AFS investment securities*

At fair value:

Government investment issue	-	30,313
Debt securities	154,137	20,174
	154,137	50,487
	154,137	50,487

The maturity structure of AFS investment securities are as follows:

Maturing within one year	149,070	15,479
One year to three years	5,067	35,008
	154,137	50,487
	154,137	50,487

(c) *Financing assets*

Relating to:

House financing	2,484,720	2,515,704
Hire purchase financing	1,271,884	2,834,163
Personal financing	1,129,276	1,191,323
	4,885,880	6,541,190
	4,885,880	6,541,190

The maturity structure of financing assets are as follows:

Maturing within one year	1,035,456	2,082,915
One year to three years	3,825,678	4,319,542
Three years to five years	24,746	138,733
	4,885,880	6,541,190
	4,885,880	6,541,190

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Explanatory notes to the Condensed Interim Financial Statements at 30 June 2015 (Continued)

19. ISLAMIC OPERATIONS (CONTINUED)

	<u>Group and Company</u>	
	<u>30 June 2015</u>	<u>31 Dec 2014</u>
	RM'000	RM'000
<i>(d) Mortgage assets</i>		
PWOR	7,148,518	7,319,483
	<u>7,148,518</u>	<u>7,319,483</u>
The maturity structure of mortgage assets are as follows:		
Maturing within one year	675,391	697,750
One year to three years	886,749	877,255
Three years to five years	905,097	895,722
More than five years	5,782,903	6,015,787
	<u>8,250,140</u>	<u>8,486,514</u>
Less:		
Unaccreted discount	(1,069,891)	(1,135,300)
Allowance for impairment losses	(31,731)	(31,731)
	<u>7,148,518</u>	<u>7,319,483</u>

(e) Hire purchase assets

PWOR	4,986	6,438
	<u>4,986</u>	<u>6,438</u>
The maturity structure of hire purchase assets are as follows:		
Maturing within one year	3,083	3,643
One year to three years	2,117	2,989
Three years to five years	-	114
	<u>5,200</u>	<u>6,746</u>
Less:		
Unaccreted discount	(164)	(258)
Allowance for impairment losses	(50)	(50)
	<u>4,986</u>	<u>6,438</u>

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Explanatory notes to the Condensed Interim Financial Statements at 30 June 2015 (Continued)

19. ISLAMIC OPERATIONS (CONTINUED)

	Group and Company	
	30 June 2015	31 Dec 2014
	RM'000	RM'000
(f) <i>Sukuk</i>		
Medium-term notes	11,690,101	13,261,704

The maturity structure of Sukuk are as follows:

Maturing within one year	1,788,101	3,359,704
One year to three years	4,160,000	4,160,000
Three years to five years	1,057,000	1,057,000
More than five years	4,685,000	4,685,000
	<u>11,690,101</u>	<u>13,261,704</u>

	Group		Company	
	30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
	RM'000	RM'000	RM'000	RM'000
(g) <i>Other liabilities</i>				
Provision for zakat	-	4,112	-	4,112
Other payables	67,257	47,105	66,685	46,597
	<u>67,257</u>	<u>51,217</u>	<u>66,685</u>	<u>50,709</u>

(h) *Income attributable to the Sukuk holders*

	Group and Company	
	30 Jun 2015	30 Jun 2014
	RM'000	RM'000
Mortgage assets	163,975	172,735
Hire purchase assets	247	232
Financing assets	106,224	108,198
Deposits and placement of financial institution	56	-
	<u>270,502</u>	<u>281,165</u>

Income attributable to the Sukuk holders by concept is as follows:

Bai Al-Dayn	270,446	281,165
Mudharabah	56	-
	<u>270,502</u>	<u>281,165</u>

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Explanatory notes to the Condensed Interim Financial Statements at 30 June 2015 (Continued)

19. ISLAMIC OPERATIONS (CONTINUED)

	Group and Company	
	30 Jun 2015	30 Jun 2014
	RM'000	RM'000
<i>(i) Total income attributable</i>		
Income from:		
Mortgage assets	55,848	56,105
Hire purchase assets	(38)	39
Financing assets	10,804	10,479
AFS investments securities	1,976	4,435
Fee income	13	38
Deposit and placements with financial institutions	1,957	2,221
Non profit income/(expense)	1,172	(34)
	71,732	73,283
	71,732	73,283

Total net income analysed by concept are as follows:

Bai Bithaman Ajil	303	503
Murabahah	1,644	96
Bai Al-Dayn	66,614	66,588
Mudharabah	3,171	6,096
	71,732	73,283
	71,732	73,283

(j) Capital adequacy

	Group		Company	
	30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
CET I capital ratio	19.0%	16.4%	19.0%	16.4%
Tier I capital ratio	19.0%	16.4%	19.0%	16.4%
Total capital ratio	19.7%	17.0%	19.6%	17.0%
	RM'000	RM'000	RM'000	RM'000
CET 1/Tier I capital				
Allocated capital funds	294,159	294,159	294,159	294,159
Retained profits	611,334	611,334	611,339	611,339
	905,493	905,493	905,498	905,498
Deferred taxation liabilities	764	1,508	764	1,508
	906,257	907,001	906,262	907,006
Total CET 1/Tier I capital	906,257	907,001	906,262	907,006

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Explanatory notes to the Condensed Interim Financial Statements at 30 June 2015 (Continued)

19. ISLAMIC OPERATIONS (CONTINUED)

(j) *Capital adequacy (continued)*

	Group		Company	
	30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
	RM'000	RM'000	RM'000	RM'000
Tier II capital				
Allowance for impairment losses	31,781	31,781	31,781	31,781
Total Tier II capital	31,781	31,781	31,781	31,781
Total capital	938,038	938,782	938,043	938,787
The breakdown of risk-weighted assets by each major risk category are as follows:				
Credit risk	4,487,980	5,248,138	4,488,853	5,248,798
Operational risk	286,635	273,567	286,635	273,567
Total risk-weighted assets	4,774,615	5,521,705	4,775,488	5,522,365

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Explanatory notes to the Condensed Interim Financial Statements at 30 June 2015 (Continued)

20. BUSINESS PROSPECTS

Despite a challenging external environment on the back of weak energy prices and the likelihood of monetary tightening in the US, the Malaysian economy is expected to register a steady growth of 4.5% to 5.5% in 2015 (2014: 6.0%). Domestic demand remains to be the main driver of growth, with private-sector investment and consumption leading the way as public-sector continues to slow down. Concerns over the global economy is reflected in the latest US Federal Reserve report that showed softer macro-economic data, with a slowdown of the Chinese economy and anemic growth in the eurozone weighing on Malaysian exports. Growth in private consumption is, nevertheless, expected to be slower following the frontloading of consumption activity prior to the implementation of the Goods and Services Tax (GST) in the first quarter. While households are expected to continue adjusting to the GST in the immediate future, overall spending will be supported by continued wage growth and stable labor market conditions.

The Banking System remains well capitalised with the Common Equity Tier 1 Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio at 12.3%, 13.1% and 15.1% respectively (May 2015). Monetary policy stance is expected to remain accommodative and continued to be supportive of domestic economic activity. Interbank rates were stable in May, while the average base rate (BR) of commercial banks was steady at 3.9%. Net financing to the private sector grew by 8.3% in May, driven by higher growth of both outstanding banking system loans and net outstanding issuances of private debt securities (PDS).

Tightening liquidity conditions combined with full implementation of Basel III in 2018/2019 may provide grounds for Financial Institutions (FIs) to seek new avenues to free up capital. Cagamas will continue to play our role in providing FIs with liquidity, risk and capital management solutions through our PWR and PWOR products. We remain committed to provide solutions to the Financial Institutions as well as Development Financial Institutions groups in their liquidity management requirements. We also seek to enhance our Islamic product portfolios and purchase more financing based on the principle of Ijarah/Musharakah Mutanaqisah from the banking system.

On our funding, we continue to monitor and conduct on-going assessment of the comparative advantage between foreign currency and domestic bond issuance. Our establishment of both domestic MTN and international multi-currency EMTN programmes has enabled us to respond promptly to market dynamics and capitalise on favourable price movements and gather wider investor base, achieve greater diversification of funding sources, mitigate overcrowding effect in the domestic market while reducing over reliance on single benchmark for pricing.

21. PERFORMANCE REVIEW

The Group registered a lower pre-tax profit of RM161.6 million for the 6 months ending 30 June 2015 as compared to RM168.6 million in the previous corresponding period due to lower interest income of RM1.8 million (1.1%) and expenses of RM5.2 million (22.2%).

The marginal decrease in the Group's net interest income is mainly attributable to net rundown of PWOR outstanding balances resulting from normal repayments, cushioned by new PWR assets purchases during the financial period. Total principal balance outstanding depletes by RM1.3 billion or 4.7% over the last 6 months to RM26.4 billion as at 30 June 2015 as compared to RM27.7 billion as at 31 December 2014.

The Group's core capital ratio and RWCR as at 30 June 2015 increased to 25.0% and 25.7% respectively, as compared to 23.6% and 24.3% as at 31 December 2014. Total shareholder's funds for the Group had grown to RM2.9 billion from RM2.8 billion over the 6 months period, while net tangible assets per share increased by 4.1% to RM19.05 per share as at 30 June 2015.