

AmMerchant Bank Berhad
and its subsidiary companies
(23742-V)(Incorporated in Malaysia. Licensed Merchant Bank)
(A Member of the AmBank Group)

UNAUDITED BALANCE SHEETS AS AT 30 JUNE 2005

	Note	Group		Bank	
		30.6.2005 RM'000	31.3.2005 RM'000	30.6.2005 RM'000	31.3.2005 RM'000
ASSETS					
Cash and short-term funds		2,360,554	2,579,909	2,191,636	2,329,913
Securities purchased under resale agreements		132,287	9,671	117,823	-
Deposits and placements with banks and other financial institutions		1,204,181	392,923	1,278,000	428,400
Securities held-for-trading	8	3,234,150	3,576,932	3,211,006	3,554,660
Securities available-for-sale	9	893,922	853,330	569,429	565,282
Securities held-to-maturity	10	1,360,815	1,400,801	1,256,568	1,267,000
Loans, advances and financing	11	4,317,344	4,528,871	4,142,143	4,350,433
Other assets	12	268,148	288,656	259,065	276,996
Deferred tax assets		76,736	76,736	76,736	76,736
Statutory deposit with Bank Negara Malaysia		249,734	244,294	249,734	244,294
Investments in subsidiary companies		-	-	38,617	38,617
Investments in associated companies		40,082	39,432	21,950	21,950
Property and equipment		40,896	40,565	38,197	37,912
TOTAL ASSETS		14,178,849	14,032,120	13,450,904	13,192,193
LIABILITIES AND SHAREHOLDER'S FUNDS					
Deposits from customers	13	5,179,960	5,294,436	4,861,853	4,705,300
Deposits and placements of banks and other financial institutions	14	4,719,184	4,591,416	4,684,208	4,713,020
Obligations on securities sold under repurchase agreements		1,470,702	1,463,910	1,470,702	1,463,910
Acceptances payable		3,195	3,186	3,195	3,186
Recourse obligations on loans sold to Cagamas Berhad		120,108	132,798	120,108	132,798
Other liabilities	15	151,560	92,563	138,400	76,444
Term loans		285,000	285,000	-	-
Subordinated certificates of deposits		198,876	198,768	198,876	198,768
Redeemable unsecured subordinated bonds		460,000	460,000	460,000	460,000
Total Liabilities		12,588,585	12,522,077	11,937,342	11,753,426
Minority interests		6,863	6,083	-	-
Share capital		310,000	300,000	310,000	300,000
Interest Bearing Irredeemable Convertible Unsecured Loan Socks 2002/2007		120,000	120,000	120,000	120,000
Reserves		1,153,401	1,083,960	1,083,562	1,018,767
Shareholder's funds		1,583,401	1,503,960	1,513,562	1,438,767
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS		14,178,849	14,032,120	13,450,904	13,192,193

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UNAUDITED BALANCE SHEETS AS AT 30 JUNE 2005 (CONTD.)

	Note	Group		Bank	
		30.6.2005 RM'000	31.3.2005 RM'000	30.6.2005 RM'000	31.3.2005 RM'000
COMMITMENTS AND CONTINGENCIES	26	17,603,360	14,821,270	17,561,131	14,807,056
NET TANGIBLE ASSETS PER SHARE (RM)		7.51	7.48	7.21	7.19
NET TANGIBLE ASSETS PER SHARE, AFTER DEDUCTING THE NOMINAL AMOUNTS OF ICULS 2002/2007 AND PREFERENCE SHARE CAPITAL (RM)		6.45	6.38	6.16	6.09
CAPITAL ADEQUACY	30				
Before deducting proposed dividends					
Core Capital Ratio		11.02%	13.49%	10.96%	13.28%
Risk-Weighted Capital Ratio		14.20%	17.46%	13.71%	16.61%
After deducting proposed dividends					
Core Capital Ratio		11.02%	13.12%	10.96%	12.90%
Risk-Weighted Capital Ratio		14.20%	16.91%	13.71%	16.04%

The Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 March 2005.

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UNAUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2005

Group	Note	Individual Quarter		Cumulative Quarter	
		30.6.05 RM'000	30.6.04 RM'000	30.6.05 RM'000	30.6.04 RM'000
Revenue		250,014	175,173	250,014	175,173
Interest income	16	136,420	138,931	136,420	138,931
Interest expense	17	(96,581)	(99,476)	(96,581)	(99,476)
Net interest income		39,839	39,455	39,839	39,455
Income from Islamic banking operations		23,472	14,637	23,472	14,637
Other operating income	18	90,122	21,605	90,122	21,605
Net income		153,433	75,697	153,433	75,697
Other operating expenses	19	(40,664)	(32,232)	(40,664)	(32,232)
Operating profit		112,769	43,465	112,769	43,465
Allowance for losses on loans and financing	20	(29,126)	591	(29,126)	591
Impairment (loss)/writeback on:					
Securities held-to-maturity		(1,212)	32	(1,212)	32
Assets acquired in exchange of debts		(660)	-	(660)	-
Transfer from/(to) profit equalisation reserve		889	(772)	889	(772)
Writeback of allowance/(Allowance) for doubtful sundry receivables - net		1	(443)	1	(443)
Writeback of provision for commitments		63	-	63	-
Profit before share in results of associated companies		82,724	42,873	82,724	42,873
Share in results of associated companies		823	1,941	823	1,941
Profit before taxation		83,547	44,814	83,547	44,814
Taxation		(23,383)	(12,457)	(23,383)	(12,457)
Profit after taxation but before minority interests		60,164	32,357	60,164	32,357
Minority shareholders' interests in results of subsidiary companies		(780)	(465)	(780)	(465)
Net profit attributable to shareholder of the Bank		59,384	31,892	59,384	31,892
EARNINGS PER SHARE (SEN)					
Basic		28.33	15.05	28.33	15.05
Fully diluted		17.28	9.12	17.28	9.12

The Income Statements should be read in conjunction with the audited financial statements for for the year ended 31 March 2005.

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UNAUDITED CONSOLIDATED INCOME STATEMENTS (CONTD.)
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2005

Bank	Note	Individual Quarter		Cumulative Quarter	
		30.6.05 RM'000	30.6.04 RM'000	30.6.05 RM'000	30.6.04 RM'000
Revenue		233,477	167,276	233,477	167,276
Interest income	16	129,202	134,492	129,202	134,492
Interest expense	17	(90,335)	(97,392)	(90,335)	(97,392)
Net interest income		38,867	37,100	38,867	37,100
Income from Islamic banking operations		23,298	14,637	23,298	14,637
Other operating income	18	80,977	18,147	80,977	18,147
Net income		143,142	69,884	143,142	69,884
Other operating expenses	19	(34,754)	(27,149)	(34,754)	(27,149)
Operating profit		108,388	42,735	108,388	42,735
Allowance for losses on loans and financing	20	(29,271)	902	(29,271)	902
Impairment (loss)/writeback on:					
Securities held-to-maturity		(1,212)	32	(1,212)	32
Assets acquired in exchange of debts		(660)	-	(660)	-
Transfer from/(to) profit equalisation reserve		1,010	(772)	1,010	(772)
Writeback of allowance/(Allowance) for doubtful sundry receivables - net		1	(24)	1	(24)
Writeback of provision for commitments		63	-	63	-
Profit before taxation		78,319	42,873	78,319	42,873
Taxation		(22,107)	(11,662)	(22,107)	(11,662)
Net profit attributable to shareholder of the Bank		56,212	31,211	56,212	31,211
EARNINGS PER SHARE (SEN)					
Basic		26.77	14.71	26.77	14.71
Fully diluted		16.87	9.46	16.87	9.46

The Income Statements should be read in conjunction with the audited financial statements for for the year ended 31 March 2005.

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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2005

Group	Non-distributable						Distributable		Total RM'000
	Share capital RM'000	ICULS RM'000	Capital reserve RM'000	Share premium RM'000	Statutory reserve RM'000	Available-for- sale reserve RM'000	Exchange fluctuation reserve RM'000	Unappropriated profits RM'000	
At 1 April 2004									
As previously stated	300,000	120,000	2,815	60,284	300,000	-	29,618	709,107	1,521,824
Prior year adjustments	-	-	-	-	-	-	-	1,828	1,828
At 1 April 2004 (restated)	300,000	120,000	2,815	60,284	300,000	-	29,618	710,935	1,523,652
Profit for the period	-	-	-	-	-	-	-	31,892	31,892
Net unrealised loss on revaluation of securities available-for-sale	-	-	-	-	-	(20,728)	-	-	(20,728)
Interest on ICULS	-	-	-	-	-	-	-	(1,795)	(1,795)
At 30 June 2004	300,000	120,000	2,815	60,284	300,000	(20,728)	29,618	741,032	1,533,021
At 1 April 2005									
As previously stated	300,000	120,000	2,815	60,284	300,000	-	29,617	704,090	1,516,806
Prior year adjustments	-	-	-	-	-	(16,639)	-	3,793	(12,846)
At 1 April 2005 (restated)	300,000	120,000	2,815	60,284	300,000	(16,639)	29,617	707,883	1,503,960
Issued during the period	10,000	-	-	40,000	-	-	-	-	50,000
Profit for the period	-	-	-	-	-	-	-	59,384	59,384
Net unrealised loss on revaluation of securities available-for-sale	-	-	-	-	-	7,852	-	-	7,852
Interest on ICULS	-	-	-	-	-	-	-	(1,795)	(1,795)
Proposed ordinary dividend	-	-	-	-	-	-	-	(36,000)	(36,000)
At 30 June 2005	310,000	120,000	2,815	100,284	300,000	(8,787)	29,617	729,472	1,583,401

The Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2005.

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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTD.)
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2005

Bank	Share capital RM'000	ICULS RM'000	Non-distributable			Distributable	Total RM'000
			Share premium RM'000	Statutory reserve RM'000	Available-for-sale reserve RM'000	Unappropriated profits RM'000	
At 1 April 2004							
As previously stated	300,000	120,000	60,284	300,000	-	671,485	1,451,769
Prior year adjustments	-	-	-	-	-	1,824	1,824
At 1 April 2004 (restated)	300,000	120,000	60,284	300,000	-	673,309	1,453,593
Net unrealised loss on revaluation of securities available-for-sale	-	-	-	-	(21,072)	-	(21,072)
Profit for the period	-	-	-	-	-	31,211	31,211
Interest on ICULS	-	-	-	-	-	(1,795)	(1,795)
At 30 June 2004	300,000	120,000	60,284	300,000	(21,072)	702,725	1,461,937
At 1 April 2005							
As previously stated	300,000	120,000	60,284	300,000	-	671,666	1,451,950
Prior year adjustments	-	-	-	-	(15,691)	2,508	(13,183)
At 1 April 2005 (restated)	300,000	120,000	60,284	300,000	(15,691)	674,174	1,438,767
Issued during the period	10,000	-	40,000	-	-	-	50,000
Profit for the period	-	-	-	-	-	56,212	56,212
Net unrealised loss on revaluation of securities available-for-sale	-	-	-	-	6,378	-	6,378
Interest on ICULS	-	-	-	-	-	(1,795)	(1,795)
Proposed ordinary dividend	-	-	-	-	-	(36,000)	(36,000)
At 30 June 2005	310,000	120,000	100,284	300,000	(9,313)	692,591	1,513,562

The Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2005.

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UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2005

	Group		Bank	
	30.6.05 RM'000	30.6.04 RM'000	30.6.05 RM'000	30.6.04 RM'000
Profit before taxation	83,547	44,814	78,319	42,873
Add adjustments for non-operating and non cash items	25,897	25,396	24,780	23,704
Operating profit before working capital changes	109,444	70,210	103,099	66,577
Decrease in operating assets	(437,400)	(1,950,961)	(439,472)	(1,913,186)
Increase in operating liabilities	31,370	(217,907)	148,987	(358,831)
Cash used in operations	(296,586)	(2,098,658)	(187,386)	(2,205,440)
Taxation paid	(15,169)	(15,221)	(14,000)	(14,020)
Net cash used in operating activities	(311,755)	(2,113,879)	(201,386)	(2,219,460)
Net cash generated from investing activities	44,195	1,629,987	14,904	1,728,016
Net cash generated from/(used in) financing activities	48,205	(1,795)	48,205	(1,795)
	92,400	1,628,192	63,109	1,726,221
Net decrease in cash and cash equivalents	(219,355)	(485,687)	(138,277)	(493,239)
Cash and cash equivalents at beginning of period	2,579,909	2,635,157	2,329,913	2,159,236
Cash and cash equivalents at end of period	2,360,554	2,149,470	2,191,636	1,665,997

Note 1 : Cash and cash equivalents

For the purpose of the cash flow statements, cash and cash equivalents consist of cash and short-term funds net of bank overdraft. Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Group		Bank	
	30.6.05 RM'000	30.6.04 RM'000	30.6.05 RM'000	30.6.04 RM'000
Cash and short-term funds	2,360,554	2,149,470	2,191,636	1,665,997

The Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2005

EXPLANATORY NOTES :

1. ACCOUNTING POLICIES AND METHOD OF COMPUTATION

The unaudited condensed interim financial statements have been prepared in accordance with FRS134 (Interim Financial Reporting)(formerly known as Malaysian Accounting Standards Board ("MASB") 26) issued by the MASB should be read in conjunction with the audited annual financial statements for the year ended 31 March 2005.

The accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the previous audited annual financial statements except for the adoption of the revised guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) issued by Bank Negara Malaysia which became effective for the current financial year. The adoption of the revised BNM/GP8 have resulted in changes in the accounting policies of the Group and the Bank which have been applied retrospectively in this unaudited condensed interim financial statements and the details are disclosed in Note 32.

2. AUDIT QUALIFICATION

There were no audit qualification in the audited annual financial statements for the year ended 31 March 2005.

3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The operations of the Group and the Bank are not subject to seasonal or cyclical fluctuations.

4. UNUSUAL ITEMS

There were no unusual items during the current financial quarter and period.

5. USE OF ESTIMATES

There were no material change in estimates of amounts reported in the prior financial years that have a material effect on the financial quarter ended 30 June 2005 other than the adoption of the revised guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) issued by Bank Negara Malaysia which have been applied retrospectively.

6. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

On 14 May 2005, the issued and fully paid-up ordinary share capital of the Bank was increased from 200,000,000 ordinary shares of RM1.00 each to 210,000,000 ordinary shares of RM1.00 each by the issue of a non-renounceable rights issue of 10,000,000 new ordinary shares of RM1.00 each at an issue price of RM5.00 per share to the Bank's holding company, AmInvestment Group Berhad, on the basis of 1 new ordinary share of RM1.00 each for every 20 ordinary shares held. The resulting share premium amounting to RM40,000,000 has been credited to the share premium account.

7. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the current financial quarter.

8. SECURITIES HELD-FOR-TRADING

	Group		Bank	
	30.6.05 RM'000	31.3.05 RM'000	30.6.05 RM'000	31.3.05 RM'000
At Fair Value				
Money Market Securities :				
Treasury Bills	34,397	-	34,397	-
Islamic Treasury Bills	19,499	-	19,499	-
Malaysian Government Securities	207,283	448,830	207,283	448,830
Malaysian Government Investment Certificates	31,937	8,303	31,937	8,303
Cagamas bonds	115,558	90,361	115,558	90,361
Khazanah bonds	76,474	152,276	76,474	152,276
Negotiable instruments of deposits	1,397,172	1,646,214	1,397,172	1,646,214
Cagamas Mudharabah bearer bonds	31,768	-	31,768	-
Islamic Bank Negara Malaysia bills	90,290	56,323	90,290	56,323
Negotiable Islamic Debt Certificates	50,853	48,295	50,853	48,295
	<u>2,055,231</u>	<u>2,450,602</u>	<u>2,055,231</u>	<u>2,450,602</u>
Securities Quoted In Malaysia:				
Shares	83,730	69,193	83,730	69,193
Trust units	-	1,849	-	1,849
Loan stocks	-	1,613	-	1,613
Corporate bonds	23,144	22,272	-	-
	<u>106,874</u>	<u>94,927</u>	<u>83,730</u>	<u>72,655</u>
Unquoted Private Debt Securities Of Companies Incorporated In Malaysia:				
Islamic corporate bonds	678,692	613,174	678,692	613,174
Corporate notes	28,824	72,910	28,824	72,910
Corporate bonds	259,983	239,883	259,983	239,883
Islamic corporate notes	20,749	-	20,749	-
	<u>988,248</u>	<u>925,967</u>	<u>988,248</u>	<u>925,967</u>
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated in Malaysia:				
Corporate bonds	68,501	68,564	68,501	68,564
Islamic corporate notes	15,296	36,872	15,296	36,872
	<u>83,797</u>	<u>105,436</u>	<u>83,797</u>	<u>105,436</u>
Total securities held-for-trading	<u>3,234,150</u>	<u>3,576,932</u>	<u>3,211,006</u>	<u>3,554,660</u>

9. SECURITIES AVAILABLE-FOR-SALE

	Group		Bank	
	30.6.05	31.3.05	30.6.05	31.3.05
	RM'000	RM'000	RM'000	RM'000
At Fair Value				
Money Market Securities :				
Malaysian Government Securities	304,966	269,996	-	-
Securities Quoted In Malaysia:				
Corporate bonds	19,527	18,052	-	-
Unquoted Private Debt Securities				
 Of Companies Incorporated				
 In Malaysia:				
Corporate bonds	69,862	69,869	69,862	69,869
Unquoted Guaranteed Private Debt				
 Securities Of Companies				
 Incorporated in Malaysia:				
Corporate bonds	499,567	495,413	499,567	495,413
Total securities available-for-sale	<u>893,922</u>	<u>853,330</u>	<u>569,429</u>	<u>565,282</u>

10. SECURITIES HELD-TO-MATURITY

	Group		Bank	
	30.6.05 RM'000	31.3.05 RM'000	30.6.05 RM'000	31.3.05 RM'000
At Amortised Cost:				
Money Market Securities:				
Treasury bills	-	28,804	-	-
Quoted Securities:				
In Malaysia:				
Shares	2	2	-	-
Corporate bonds	57,000	57,000	-	-
Outside Malaysia:				
Corporate bonds	19,000	19,000	-	-
	<u>76,002</u>	<u>76,002</u>	<u>-</u>	<u>-</u>
Investment In Related Licensed Commercial Bank				
Unsecured subordinated term loan:				
Licensed commercial bank	460,000	460,000	460,000	460,000
Unquoted Securities Of Companies				
Incorporated :				
In Malaysia:				
Shares	60,589	60,589	60,589	60,589
Corporate bonds	100	100	100	100
Outside Malaysia:				
Shares	9,810	11,957	9,810	11,957
	<u>70,499</u>	<u>72,646</u>	<u>70,499</u>	<u>72,646</u>
Debt Equity Converted Securities:				
Quoted in Malaysia:				
Shares - with options	24,693	19,822	19,822	19,822
Shares	-	4,872	-	-
Loan stocks - collateralised	971	973	-	-
Loan stocks	187,597	194,005	187,597	194,005
Unquoted securities of companies incorporated:				
In Malaysia:				
Shares	1,679	1,680	-	-
Corporate bonds	531,155	533,648	484,764	486,674
Outside Malaysia:				
Shares	15,566	15,565	-	-
	<u>761,661</u>	<u>770,565</u>	<u>692,183</u>	<u>700,501</u>
Unquoted Private Debt Securities Of Companies Incorporated:				
In Malaysia:				
Corporate bonds	86,813	86,813	86,813	86,813
Corporate bonds and notes denominated in USD	114,000	114,000	114,000	114,000
	<u>200,813</u>	<u>200,813</u>	<u>200,813</u>	<u>200,813</u>

10. SECURITIES HELD-TO-MATURITY (CONTD.)

	Group		Bank	
	30.6.05 RM'000	31.3.05 RM'000	30.6.05 RM'000	31.3.05 RM'000
Total	1,568,975	1,608,830	1,423,495	1,433,960
Accumulated impairment losses	(208,160)	(208,029)	(166,927)	(166,960)
Total securities held-to-maturity	<u>1,360,815</u>	<u>1,400,801</u>	<u>1,256,568</u>	<u>1,267,000</u>

11. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	30.6.05 RM'000	31.3.05 RM'000	30.6.05 RM'000	31.3.05 RM'000
Term loans and revolving credits	4,543,332	4,725,144	4,361,848	4,540,204
Staff loans	27,793	27,131	27,009	26,421
Claims on customers under acceptance credits	3,332	3,407	3,332	3,407
Gross loans, advances and financing	<u>4,574,457</u>	<u>4,755,682</u>	<u>4,392,189</u>	<u>4,570,032</u>
Less:				
Allowance for bad and doubtful debts and financing:				
General	65,780	69,091	63,124	66,278
Specific	191,333	157,720	186,922	153,321
	<u>257,113</u>	<u>226,811</u>	<u>250,046</u>	<u>219,599</u>
Net loans, advances and financing	<u>4,317,344</u>	<u>4,528,871</u>	<u>4,142,143</u>	<u>4,350,433</u>

Loans, advances and financing analysed by their economic purposes are as follows:

	Group		Bank	
	30.6.05 RM'000	31.3.05 RM'000	30.6.05 RM'000	31.3.05 RM'000
Construction	1,114,745	1,116,209	1,087,543	1,089,007
Investment holdings	780,392	782,084	780,392	782,084
Purchase of securities	632,391	703,865	632,391	703,865
General commerce	457,388	463,679	453,708	459,041
Manufacturing	426,729	414,888	379,835	367,566
Agriculture	307,167	318,178	294,711	304,675
Transport, storage and communication	241,608	199,211	199,124	156,034
Real estate	209,581	225,941	209,581	225,941
Electricity, gas and water	144,309	259,772	144,309	259,772
Finance, insurance and business services	140,522	148,867	105,893	113,896
Purchase of landed property:				
(a) Residential	24,559	22,433	23,877	21,841
(b) Non-residential	61,912	60,729	55,745	54,562
Mining and quarrying	314	610	314	610
Others	32,840	39,216	24,766	31,138
Gross loans, advances and financing	<u>4,574,457</u>	<u>4,755,682</u>	<u>4,392,189</u>	<u>4,570,032</u>

Loans, advances and financing analysed by type of customers are as follows:

	Group		Bank	
	30.6.05 RM'000	31.3.05 RM'000	30.6.05 RM'000	31.3.05 RM'000
Domestic :				
Other non-bank financial institutions:				
Stockbroking companies	-	12,437	-	-
Others	80,500	38,073	80,500	50,510
Business enterprises:				
Small medium enterprises	570,481	579,056	570,481	579,056
Others	3,655,708	3,850,220	3,568,443	3,768,323
Government and statutory bodies	38,354	38,004	-	-
Individuals	90,231	89,636	89,446	88,926
Foreign entities	139,183	148,256	83,319	83,217
	<u>4,574,457</u>	<u>4,755,682</u>	<u>4,392,189</u>	<u>4,570,032</u>

Loans, advances and financing analysed by interest rate sensitivity are as follows:

	Group		Bank	
	30.6.05	31.3.05	30.6.05	31.3.05
	RM'000	RM'000	RM'000	RM'000
Variable rate				
Cost-plus	2,971,940	3,190,981	2,978,915	3,113,418
Other variable rates	467,425	405,755	280,748	300,579
Fixed rate				
Housing loans	24,106	23,909	23,835	23,317
Hire purchase receivables	3,138	3,177	3,138	3,059
Other fixed rates	1,107,848	1,131,860	1,105,553	1,129,659
	4,574,457	4,755,682	4,392,189	4,570,032

Movements in non-performing loans, advances and financing are as follows-

	Group		Bank	
	30.6.05	31.3.05	30.6.05	31.3.05
	RM'000	RM'000	RM'000	RM'000
Balance at beginning of period/year	839,225	1,087,507	805,858	984,310
Non-performing during the period/year	24,151	270,282	24,149	258,642
Reclassification to performing loans, advances and financing	(173,113)	(350,424)	(173,113)	(341,197)
Recoveries	(24,797)	(65,220)	(24,797)	(12,300)
Amount written off	-	(24,602)	-	(15,919)
Debt equity conversion	-	(78,318)	-	(67,678)
Balance at end of period/year	665,466	839,225	632,097	805,858
Specific allowance	191,333	157,720	186,922	153,321
Non-performing loans, advances and financing - net	474,133	681,505	445,175	652,537
Ratios of non-performing loans, advances and financing to total loans, advances and financing - net	10.82%	14.82%	10.59%	14.77%

Non-performing loans, advances and financing analysed by their economic purposes are as follows:

	Group		Bank	
	30.6.05	31.3.05	30.6.05	31.3.05
	RM'000	RM'000	RM'000	RM'000
Construction	136,670	122,732	109,469	95,530
Purchase of securities	88,801	56,924	88,801	56,924
Manufacturing	146,832	156,385	146,832	156,385
Finance, insurance and business services	4,466	88,789	4,466	88,789
Agriculture	16,512	14,324	16,512	14,324
General commerce	99,943	114,373	99,943	114,373
Real estate	61,423	124,417	61,423	124,417
Transport, storage and communication	-	54,936	-	54,936
Purchase of non-residential landed property	9,969	12,242	3,802	6,075
Mining and quarrying	-	144	-	144
Others	100,850	93,959	100,849	93,961
	665,466	839,225	632,097	805,858

Movements in allowances for bad and doubtful debts and financing are as follows:

	Group		Bank	
	30.6.05 RM'000	31.3.05 RM'000	30.6.05 RM'000	31.3.05 RM'000
General allowance				
Balance at beginning of period/year	69,091	80,404	66,278	77,788
Reversal of allowance during the period/year	(3,311)	(11,313)	(3,154)	(11,510)
Balance at end of period/year	<u>65,780</u>	<u>69,091</u>	<u>63,124</u>	<u>66,278</u>
% of total loans, advances and financing less specific allowances	1.50%	1.50%	1.50%	1.50%
Specific allowance				
Balance at beginning of period/year	157,720	378,375	153,321	362,969
Allowance during the period/year	38,385	106,361	38,373	104,495
Amount written back in respect of recoveries and reversals	(4,772)	(5,925)	(4,772)	(5,135)
Net charge to income statements	33,613	100,436	33,601	99,360
Amount written off	-	(321,628)	-	(309,008)
Reclassification from sundry receivables	-	4,192	-	-
Debt equity conversion	-	(3,655)	-	-
Balance at end of period/year	<u>191,333</u>	<u>157,720</u>	<u>186,922</u>	<u>153,321</u>

12. OTHER ASSETS

	Group		Bank	
	30.6.05 RM'000	31.3.05 RM'000	30.6.05 RM'000	31.3.05 RM'000
Other receivables, deposits and prepayments, net of allowance for doubtful debts	52,949	69,920	46,566	63,311
Interest/Dividends receivable	57,976	42,495	51,783	35,243
Amount due from Originators	120,108	132,798	120,108	132,798
Amount due from brokers	1,187	10,496	1,187	10,496
Amount due from:				
Holding company	225	194	225	194
Subsidiary company	-	-	-	2,074
Related companies	25,759	17,274	29,252	17,401
Assets acquired in exchange of debts, net of impairment loss	9,944	15,479	9,944	15,479
	<u>268,148</u>	<u>288,656</u>	<u>259,065</u>	<u>276,996</u>

Amount due from Originators represent loans, hire purchase and leasing receivables acquired from the Originators for onward sale to Cagamas Berhad.

Amounts due from subsidiary companies and other related companies are unsecured, interest-free and represent expenses paid on behalf and interests receivable.

13. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	30.6.05 RM'000	31.3.05 RM'000	30.6.05 RM'000	31.3.05 RM'000
Term/Investment deposits	4,561,836	4,911,612	4,243,729	4,322,476
Negotiable instruments of deposits	618,124	382,824	618,124	382,824
	<u>5,179,960</u>	<u>5,294,436</u>	<u>4,861,853</u>	<u>4,705,300</u>

The deposits are sourced from the following types of customers:

Business enterprises	3,842,256	4,153,137	3,524,793	3,564,809
Individuals	5,183	4,714	3,906	3,906
Others	1,332,521	1,136,585	1,333,154	1,136,585
	<u>5,179,960</u>	<u>5,294,436</u>	<u>4,861,853</u>	<u>4,705,300</u>

14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	30.6.05 RM'000	31.3.05 RM'000	30.6.05 RM'000	31.3.05 RM'000
Licensed banks:				
Subsidiary	-	-	41,785	159,604
Related	964,447	39,105	963,687	39,105
Others	738,479	836,461	662,479	798,461
Licensed merchant banks	70,551	90,265	70,551	90,265
Related licensed finance companies	-	528,702	-	528,702
Other financial institutions	2,945,707	3,096,883	2,945,706	3,096,883
	<u>4,719,184</u>	<u>4,591,416</u>	<u>4,684,208</u>	<u>4,713,020</u>

15. OTHER LIABILITIES

	Group		Bank	
	30.6.05 RM'000	31.3.05 RM'000	30.6.05 RM'000	31.3.05 RM'000
Trade payables	2,233	9,918	-	-
Other payables and accruals	103,784	72,290	93,680	66,832
Provision for commitments	-	63	-	63
Amount due to :				
Holding company	1	1	-	-
Subsidiary company	-	-	-	31
Related companies	621	95	297	85
Associated companies	(328)	149	-	-
Taxation payable	412	420	-	-
Zakat payable	38	38	38	38
Profit equalisation reserve	1,306	2,195	1,185	2,195
Preference dividend payable to shareholder	7,200	7,200	7,200	7,200
Ordinary dividend payable to shareholder	36,000	-	36,000	-
Deferred tax liabilities	293	194	-	-
	<u>151,560</u>	<u>92,563</u>	<u>138,400</u>	<u>76,444</u>

Amount due to holding company represents expenses paid on behalf.

Amount due to subsidiary company and related companies represent interest payable on deposit placements.

The movements in profit equalisation reserve are as follows:

	Group		Bank	
	30.6.05 RM'000	31.3.05 RM'000	30.6.05 RM'000	31.3.05 RM'000
Balance at beginning of period/year	2,195	-	2,195	-
Provision during the period/year	3,321	6,042	3,200	6,042
Amount written back	(4,210)	(3,847)	(4,210)	(3,847)
Balance at end of period/year	<u>1,306</u>	<u>2,195</u>	<u>1,185</u>	<u>2,195</u>

16. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.6.05 RM'000	30.6.04 RM'000	30.6.05 RM'000	30.6.04 RM'000
Short-term funds and deposits with financial institutions	17,915	14,360	17,915	14,360
Securities held-for-trading	28,401	18,668	28,401	18,668
Securities available for sale	14,218	8,176	14,218	8,176
Securities held-to-maturity	12,732	30,710	12,732	30,710
Loans and advances				
- Interest income other than recoveries from NPL	46,123	61,989	46,123	61,989
- Recoveries from NPLs	17,561	14,430	17,561	14,430
Others	2,406	4,311	2,406	4,311
Gross interest income	139,356	152,644	139,356	152,644
Amortisation of premiums less accretion of discounts	(2,129)	(7,303)	(2,129)	(7,303)
Interest suspended	(807)	(6,410)	(807)	(6,410)
Total after net interest suspension	136,420	138,931	136,420	138,931

Bank	Individual Quarter		Cumulative Quarter	
	30.6.05 RM'000	30.6.04 RM'000	30.6.05 RM'000	30.6.04 RM'000
Short-term funds and deposits with financial institutions	15,216	14,972	15,216	14,972
Securities held-for-trading	28,100	18,643	28,100	18,643
Securities available-for-sale	11,966	8,072	11,966	8,072
Securities held-to-maturity	12,715	30,366	12,715	30,366
Loans and advances				
- Interest income other than recoveries from NPL	43,564	56,850	43,564	56,850
- Recoveries from NPLs	17,561	14,430	17,561	14,430
Others	2,386	4,263	2,386	4,263
Gross interest income	131,508	147,596	131,508	147,596
Amortisation of premiums less accretion of discounts	(2,268)	(8,808)	(2,268)	(8,808)
Interest suspended	(38)	(4,296)	(38)	(4,296)
Total after net interest suspension	129,202	134,492	129,202	134,492

17. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	30.6.05 RM'000	30.6.04 RM'000	30.6.05 RM'000	30.6.04 RM'000
Deposits from customers	61,029	66,350	61,029	66,350
Deposit of banks and other financial institutions	10,644	6,560	10,644	6,560
Securities sold under repurchase agreements	9,464	8,998	9,464	8,998
Subordinated deposits and term loans	6,244	6,021	6,244	6,021
Redeemable unsecured bonds	7,455	7,455	7,455	7,455
Others	1,745	4,092	1,745	4,092
	96,581	99,476	96,581	99,476

Bank	Individual Quarter		Cumulative Quarter	
	30.6.05 RM'000	30.6.04 RM'000	30.6.05 RM'000	30.6.04 RM'000
Deposits from customers	55,883	63,076	55,883	63,076
Deposit of banks and other financial institutions	11,862	8,923	11,862	8,923
Securities sold under repurchase agreements	9,464	9,184	9,464	9,184
Subordinated deposits and term loans	4,097	5,456	4,097	5,456
Redeemable unsecured bonds	7,455	7,455	7,455	7,455
Others	1,574	3,298	1,574	3,298
	90,335	97,392	90,335	97,392

18. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.6.05 RM'000	30.6.04 RM'000	30.6.05 RM'000	30.6.04 RM'000
Fee income:				
Fees on loans and advances	12,306	1,781	12,306	1,781
Corporate advisory fees	6,084	6,345	6,084	6,345
Guarantee fees	1,438	2,040	1,438	2,040
Underwriting commissions	646	1,267	646	1,267
Portfolio management fees	2,038	2,480	2,038	2,480
Unit trust management fees	7,493	3,453	7,493	3,453
Property trust management fees	494	490	494	490
Other fee income	2,031	2,066	2,031	2,066
	<u>32,530</u>	<u>19,922</u>	<u>32,530</u>	<u>19,922</u>
Investment and trading income:				
Net income from:				
Securities held-for-trading	47,906	10,074	47,906	10,074
Securities held-to-maturity	5	2	5	2
Net income from derivatives	844	1,976	844	1,976
Net gain from sale of securities held-for-trading	954	2,172	954	2,172
Net gain from sale of securities held-to-maturity	789	7	789	7
Gross dividend income from:				
Securities held-for-trading	525	978	525	978
Securities held-to-maturity	613	1,181	613	1,181
Loss on revaluation of derivatives	(1,228)	(310)	(1,228)	(310)
Gain/(Loss) on revaluation of securities held-for-trading	6,752	(14,665)	6,752	(14,665)
	<u>57,160</u>	<u>1,415</u>	<u>57,160</u>	<u>1,415</u>
Other income:				
Realised foreign exchange loss	-	(80)	-	(80)
Gain on disposal of property and equipment - net	174	98	174	98
Rental income	222	190	222	190
Other non-operating income	36	60	36	60
	<u>432</u>	<u>268</u>	<u>432</u>	<u>268</u>
	<u>90,122</u>	<u>21,605</u>	<u>90,122</u>	<u>21,605</u>

18. OTHER OPERATING INCOME (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	30.6.05	30.6.04	30.6.05	30.6.04
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Fees on loans and advances	12,139	1,629	12,139	1,629
Corporate advisory fees	5,934	6,204	5,934	6,204
Guarantee fees	1,391	1,189	1,391	1,189
Underwriting commissions	646	1,267	646	1,267
Other fee income	3,004	2,005	3,004	2,005
	<u>23,114</u>	<u>12,294</u>	<u>23,114</u>	<u>12,294</u>
Investment and trading income:				
Net income/(expense) from:				
Securities held-for-trading	47,906	10,354	47,906	10,354
Net income from derivatives	844	1,976	844	1,976
Net gain from sale of securities held-for-trading	954	2,172	954	2,172
Net gain from sale of securities held-to-maturity	789	7	789	7
Loss on revaluation of derivatives	(191)	(310)	(191)	(310)
Gross dividend income from:				
Unquoted associated company	-	3,483	-	3,483
Securities held-for-trading	525	978	525	978
Securities held-to-maturity	613	1,181	613	1,181
Gain/(Loss) on revaluation of securities held-for-trading	6,047	(14,275)	6,047	(14,275)
	<u>57,487</u>	<u>5,566</u>	<u>57,487</u>	<u>5,566</u>
Other income:				
Gain on disposal of property and equipment - net	174	97	174	97
Rental income	202	190	202	190
	<u>376</u>	<u>287</u>	<u>376</u>	<u>287</u>
	<u>80,977</u>	<u>18,147</u>	<u>80,977</u>	<u>18,147</u>

19. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	30.6.05 RM'000	30.6.04 RM'000	30.6.05 RM'000	30.6.04 RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	17,534	14,528	17,534	14,528
- Others	7,945	6,397	7,945	6,397
Establishment costs				
- Depreciation	1,987	3,354	1,987	3,354
- Computerisation costs	1,633	849	1,633	849
- Rental	850	631	850	631
- Others	1,041	1,142	1,041	1,142
Marketing and communication expenses				
- Sales commission	535	304	535	304
- Advertising	462	207	462	207
- Travel and entertainment	395	399	395	399
- Others	1,043	977	1,043	977
Administration and general expenses				
- Amortisation of goodwill	155	318	155	318
- Professional fees	1,225	1,329	1,225	1,329
- Others	5,859	1,797	5,859	1,797
	40,664	32,232	40,664	32,232

Bank	Individual Quarter		Cumulative Quarter	
	30.6.05 RM'000	30.6.04 RM'000	30.6.05 RM'000	30.6.04 RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	14,886	12,085	14,886	12,085
- Others	7,070	5,691	7,070	5,691
Establishment costs				
- Depreciation	1,796	3,148	1,796	3,148
- Computerisation costs	1,375	522	1,375	522
- Rental	481	303	481	303
- Others	916	1,007	916	1,007
Marketing and communication expenses				
- Sales commission	331	303	331	303
- Advertising	445	254	445	254
- Travel and entertainment	338	333	338	333
- Others	725	822	725	822
Administration and general expenses				
- Professional fees	923	1,215	923	1,215
- Others	5,468	1,466	5,468	1,466
	34,754	27,149	34,754	27,149

20. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

Group	Individual Quarter		Cumulative Quarter	
	30.6.05 RM'000	30.6.04 RM'000	30.6.05 RM'000	30.6.04 RM'000
Allowance/(Reversal of allowance) for bad and doubtful debts and financing:				
Specific allowance - net	33,613	9,979	33,613	9,979
<i>Allowance during the period</i>	38,385	14,019	38,385	14,019
<i>Amount written back in respect of recoveries and reversals</i>	(4,772)	(4,040)	(4,772)	(4,040)
General allowance	(3,311)	(4,771)	(3,311)	(4,771)
Bad debts and financing				
Written off	-	252	-	252
Recovered	(1,176)	(6,051)	(1,176)	(6,051)
	29,126	(591)	29,126	(591)
Bank				
Allowance/(Reversal of allowance) for bad and doubtful debts and financing:				
Specific allowance- net	33,601	9,979	33,601	9,979
<i>Allowance during the period</i>	38,373	14,019	38,373	14,019
<i>Amount written back in respect of recoveries and reversals</i>	(4,772)	(4,040)	(4,772)	(4,040)
General allowance	(3,154)	(5,082)	(3,154)	(5,082)
Bad debts and financing				
Written off	-	252	-	252
Recovered	(1,176)	(6,051)	(1,176)	(6,051)
	29,271	(902)	29,271	(902)

21. SEGMENTAL INFORMATION

(A) BY BUSINESS SEGMENT

	Individual Quarter		Cumulative Quarter	
	30.6.05 RM'000	30.6.04 RM'000	30.6.05 RM'000	30.6.04 RM'000
Merchant banking				
Revenue	234,875	170,713	234,875	170,713
Profit before taxation	78,509	43,267	78,509	43,267
Offshore banking				
Revenue	8,685	9,735	8,685	9,735
Profit before taxation	400	1,301	400	1,301
Unit trust management				
Revenue	5,190	2,720	5,190	2,720
Profit before taxation	2,251	433	2,251	433
Asset management				
Revenue	3,442	3,256	3,442	3,256
Profit before taxation	1,496	1,722	1,496	1,722
Property trust management				
Revenue	552	546	552	546
Profit before taxation	330	330	330	330
Investment consultant				
Revenue	143	145	143	145
Profit before taxation	82	16	82	16
Others				
Revenue	1	1	1	1
Profit before taxation	-	-	-	-
Total before consolidation adjustments				
Revenue	252,888	187,116	252,888	187,116
Profit before taxation	83,068	47,069	83,068	47,069
Consolidation adjustments				
Revenue	(2,874)	(11,943)	(2,874)	(11,943)
Profit before taxation	479	(2,255)	479	(2,255)
Total after consolidation adjustments				
Revenue	250,014	175,173	250,014	175,173
Profit before taxation	83,547	44,814	83,547	44,814

21. SEGMENTAL INFORMATION (CONTD.)

Included in the above is Islamic banking operations profit before taxation of RM21.4 million for the quarter and period ended ended 30 June 2005.

The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia except for Frasers International Pte. Ltd. and its subsidiary companies and PT AmCapital Indonesia, activities of which are principally conducted in Singapore and Indonesia, respectively. These activities in Singapore and Indonesia are not significant (less than 1% of revenue and profit before taxation respectively) in relation to the Group's activities in Malaysia.

22. VALUATIONS OF PROPERTY AND EQUIPMENTS

Property and equipments are stated at cost less accumulated depreciation and impairment losses.

23. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and the Bank for the current financial quarter.

24. CHANGES IN THE COMPOSITION OF THE GROUP AND THE BANK

The were no material changes in the composition of the Group and the Bank for the current financial quarter.

25. BORROWINGS

The maturity structure of deposits and placements of customers and financial institutions and debt securities are as follows:

	Group		Bank	
	30.6.05 RM'000	31.3.05 RM'000	30.6.05 RM'000	31.3.05 RM'000
(i) Deposits from customers				
Due within six months	5,030,685	5,161,661	4,712,578	4,572,525
Six months to one year	148,408	132,275	148,408	132,275
One year to three years	567	200	567	200
Three years to five years	300	300	300	300
	<u>5,179,960</u>	<u>5,294,436</u>	<u>4,861,853</u>	<u>4,705,300</u>
(ii) Deposits and placements of banks and other financial institutions				
Due within six months	2,800,122	2,909,423	2,765,146	3,031,027
Six months to one year	409,778	363,196	409,778	363,196
One year to three years	905,000	514,537	905,000	514,537
Three years to five years	604,284	804,260	604,284	804,260
Total	<u>4,719,184</u>	<u>4,591,416</u>	<u>4,684,208</u>	<u>4,713,020</u>
<i>Recap :</i>				
<i>Interbank lendings</i>	3,552,147	2,931,424	3,466,290	2,733,709
<i>Interbank borrowings</i>	(557,160)	(273,140)	(522,185)	(394,744)
<i>Net interbank lendings</i>	<u>2,994,987</u>	<u>2,658,284</u>	<u>2,944,105</u>	<u>2,338,965</u>
(iii) Term loans				
Due within one year				
Secured	<u>285,000</u>	<u>285,000</u>	-	-
(iv) Unsecured subordinated certificate of deposits				
More than one year	<u>198,876</u>	<u>198,768</u>	<u>198,876</u>	<u>198,768</u>
(v) Redeemable unsecured subordinated bonds				
More than one year	<u>460,000</u>	<u>460,000</u>	<u>460,000</u>	<u>460,000</u>

26. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and Bank make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured against the Group's asset.

As at 30 June 2005, the commitments and contingencies outstanding are as follows:

Group	30.6.05			31.3.05		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
Derivative Financial Instruments						
Interest rate related contracts:						
Interest rate futures	763,980	-	5	550,000	-	-
Interest rate swaps:						
Related companies	1,800,000	41,067	8,214	1,700,000	34,063	6,813
Others	6,128,515	129,670	31,711	5,868,115	118,218	26,931
Foreign exchange related contracts:						
Forward exchange contracts	2,654,135	31,067	6,213	1,543,738	17,490	3,498
Cross currency swaps	387,600	36,328	7,266	463,600	32,512	6,502
Malaysian Government securities futures	-	-	-	27,900	-	-
	<u>11,734,230</u>	<u>238,132</u>	<u>53,409</u>	<u>10,153,353</u>	<u>202,283</u>	<u>43,744</u>
Commitments						
Irrevocable commitments to extend credit maturing :						
within one year	699,429	-	-	747,783	-	-
more than one year	258,457	129,228	128,927	229,203	114,602	114,286
Sell and buy back agreements	2,196,982	2,196,982	1,016,013	1,797,884	1,797,884	965,427
Forward purchase commitments	160,746	160,746	5,593	113,040	113,040	20,285
	<u>3,315,614</u>	<u>2,486,956</u>	<u>1,150,533</u>	<u>2,887,910</u>	<u>2,025,526</u>	<u>1,099,998</u>
Contingent Liabilities						
Guarantees given on behalf of customers	877,648	877,648	764,789	969,181	969,181	826,348
Underwriting liabilities	1,163,979	581,990	561,990	315,434	157,717	137,317
Certain transaction-related contingent items	511,889	255,945	214,461	495,392	247,696	216,302
	<u>2,553,516</u>	<u>1,715,583</u>	<u>1,541,240</u>	<u>1,780,007</u>	<u>1,374,594</u>	<u>1,179,967</u>
	<u>17,603,360</u>	<u>4,440,671</u>	<u>2,745,182</u>	<u>14,821,270</u>	<u>3,602,403</u>	<u>2,323,709</u>

Bank	30.6.05			31.3.05		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
Derivative Financial Instruments						
Interest rate related contracts:						
Interest rate futures	737,000	-	-	550,000	-	-
Interest rate swaps:						
Related companies	1,801,057	41,093	8,219	1,702,092	34,160	6,832
Others	6,128,515	129,669	31,711	5,868,115	118,216	26,931
Foreign exchange related contracts:						
Forward exchange contracts	2,654,135	31,067	6,213	1,543,738	17,490	3,498
Cross currency swaps	387,600	36,328	7,266	463,600	32,512	6,502
Malaysian Government securities futures	-	-	-	27,900	-	-
	<u>11,708,307</u>	<u>238,157</u>	<u>53,409</u>	<u>10,155,445</u>	<u>202,378</u>	<u>43,763</u>
Commitments						
Irrevocable commitments to extend credit maturing:						
within one year	688,228	-	-	747,783	-	-
more than one year	242,710	121,355	121,054	202,255	101,128	100,812
Sell and buy back agreements	2,196,982	2,196,982	1,016,013	1,797,884	1,797,884	965,427
Forward purchase commitments	160,746	160,746	5,593	113,040	113,040	20,285
	<u>3,288,666</u>	<u>2,479,083</u>	<u>1,142,660</u>	<u>2,860,962</u>	<u>2,012,052</u>	<u>1,086,524</u>
Contingent Liabilities						
Guarantees given on behalf of customers	888,290	888,290	775,431	979,823	979,823	835,548
Underwriting liabilities	1,163,979	581,990	561,990	315,434	157,717	137,317
Certain transaction-related contingent items	511,889	255,945	214,461	495,392	247,696	217,744
	<u>2,564,158</u>	<u>1,726,225</u>	<u>1,551,882</u>	<u>1,790,649</u>	<u>1,385,236</u>	<u>1,190,609</u>
	<u>17,561,131</u>	<u>4,443,465</u>	<u>2,747,951</u>	<u>14,807,056</u>	<u>3,599,666</u>	<u>2,320,896</u>

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

As required, the Bank has given a continuing guarantee to Bank Negara Malaysia on behalf of AmInternational to meet all its liabilities and financial obligations and requirements.

27. RELATED PARTY TRANSACTIONS

There were no related party transactions announced during the current financial quarter.

28. DERIVATIVE FINANCIAL INSTRUMENTS

As at 30 June 2005, derivative financial instruments outstanding are as follows:

The Group

Items	Pricipal 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 requirement
Interest rate related contracts :								
Interest rate futures	763,980	-	353,980	128,000	106,000	176,000	-	2,068
Interest rate swaps	7,928,515	163,000	130,000	805,000	927,000	5,643,515	260,000	2,936
Foreign exchange related contracts :								
Forward exchange contracts	2,654,135	1,204,131	1,165,274	228,000	56,730	-	-	497
Cross currency swaps	387,600	-	-	-	-	387,600	-	581
Total	11,734,230	1,367,131	1,649,254	1,161,000	1,089,730	6,207,115	260,000	6,082

28. DERIVATIVE FINANCIAL INSTRUMENTS (CONTD.)

The Bank

Items	Pricipal 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 requirement
Interest rate related contracts :								
Interest rate futures	737,000	-	327,000	128,000	106,000	176,000	-	2,068
Interest rate swaps	7,929,572	163,000	131,057	805,000	927,000	5,643,515	260,000	2,936
Foreign exchange related contracts :								
Forward exchange contracts	2,654,135	1,204,131	1,165,274	228,000	56,730	-	-	497
Cross currency swaps	387,600	-	-	-	-	387,600	-	581
Total	11,708,307	1,367,131	1,623,331	1,161,000	1,089,730	6,207,115	260,000	6,082

Derivative Financial Instruments

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices. They include swaps, forward rate agreements, futures, options and combinations of these instruments. The use of derivatives and their sale to customers as risk management products is an integral part of the Group's trading activities. Derivatives are also used to manage the Group's own exposure to fluctuations in foreign exchange and interest rates as part of its asset and liability management activities. Derivatives are subject to the same types of credit and market risk as other financial instruments, and the Group manages these risks in a consistent manner.

The principal exchange rate contracts used are forward foreign exchange contracts and cross currency swaps. Forward foreign exchange contracts are agreements to buy or sell a specified quantity of foreign currency on a specified future date at an agreed rate. A cross currency swap generally involves the exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date.

The principal interest rate contracts used are interest rate futures, interest rate swaps and forward rate agreements. Forward rate agreements are contracts for the payment of the difference between a specified interest rate and a reference rate on a notional deposit at a future settlement date. There is no exchange of principal. An interest rate futures is an exchange traded contract whose value is based on the difference between a specific interest rate and a reference rate on a notional deposit at a future settlement date. Interest rate swap transactions generally involve the exchange of fixed and floating interest payment obligations without the exchange of the underlying principal amounts.

Derivative transactions generate income from buy-sell spreads and from trading positions taken by the Group. Income from these transactions is taken to interest income, foreign exchange gain or trading income from derivatives.

28. DERIVATIVE FINANCIAL INSTRUMENTS (CONTD.)

Market Risk

Market risk arising from the above interest rate-related and foreign exchange-related derivatives contracts measures the potential losses to the value of these contracts due to changes in market rates/prices. The contractual amounts of these contracts 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.

The Group's risk management system uses the value at risk method to assess the market risk from these contracts.

As at 30 June 2005, value at risk of foreign exchange-related derivatives contracts used for trading purposes of the Group was RM39,141 (RM25,849 as at 31 March 2005) and the Bank was RM39,141 (RM25,849 as at 31 March 2005)

The value at risk of the interest rate derivatives related contracts used for trading purposes of the Group was RM2,641,006 (RM5,392,001 as at 31 March 2005) and the Bank was RM2,641,006 (RM5,391,992 as at 31 March 2005)

The use of these instruments to hedge underlying exposures arising from funding or for fixed income instruments acquired for investment purposes are not included in the market risk numbers above.

Credit risk

Counterparty credit risk arises from the possibility that a counterparty may be unable to meet the terms of the derivatives contract in which the Group has a gain position.

As at 30 June 2005, the amounts of counterparty credit risk, measured in term of the cost to replace the profitable contracts of the Group was RM21,088,587 (RM20,257,362 as at 31 March 2005) and the Bank was RM21,097,451 (RM20,286,719 as at 31 March 2005). This amount will increase or decrease over the life of the contracts, mainly as a function of movement in market rates and time.

The Group limits its credit risk within a conservative framework by dealing with creditworthy counterparties, setting credit limits on exposures to counterparties, and obtaining collateral where appropriate.

The following table shows the interest rate sensitivity gap, by time bands, on which interest rates of instruments are next repriced on a contractual basis or, if earlier, the dates on which the instruments mature.

Securities available-for-sale Group	<-----Non-trading book ----->							Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000			
30.6.05										
ASSETS										
Cash and short-term funds	1,720,698	-	-	-	-	-	639,856	-	2,360,554	2.96
Securities purchased under resale agreements	132,287	-	-	-	-	-	-	-	132,287	2.50
Deposits and placements with banks and other financial institutions	-	1,174,181	-	-	-	-	30,000	-	1,204,181	3.16
Securities held-for-trading	-	-	-	-	-	-	122,076	3,112,074	3,234,150	4.29
Securities available-for-sale	19,000	-	-	-	575,354	299,039	529	-	893,922	4.66
Securities held-to-maturity	-	-	175,467	-	428,676	261,075	495,597	-	1,360,815	6.28
Loans, advances and financing:										
- performing	1,983,500	1,058,453	161,546	106,684	184,810	28,342	385,656	-	3,908,991	6.23
- non-performing *	-	-	-	-	-	-	408,353	-	408,353	-
Amount due from Originators	-	-	-	8,314	111,794	-	-	-	120,108	4.29
Other non-interest sensitive balances	-	-	-	-	-	-	555,488	-	555,488	-
TOTAL ASSETS	3,855,485	2,232,634	337,013	114,998	1,300,634	588,456	2,637,555	3,112,074	14,178,849	
LIABILITIES AND SHAREHOLDER'S FUNDS										
Deposits from customers	2,487,068	1,608,077	584,012	128,421	867	-	371,515	-	5,179,960	2.80
Deposits and placements of banks and other financial institutions	1,327,714	1,123,822	181,482	396,878	910,000	599,284	180,004	-	4,719,184	2.84
Obligations on securities sold under repurchase agreements	1,448,311	22,294	75	-	-	-	22	-	1,470,702	2.61
Acceptances payable	753	1,679	763	-	-	-	-	-	3,195	4.95
Amount due to Cagamas Berhad	-	-	-	8,314	111,794	-	-	-	120,108	4.29
Term loans	285,000	-	-	-	-	-	-	-	285,000	2.98
Subordinated certificates of deposits	-	-	-	198,876	-	-	-	-	198,876	8.85

Group	-----Non-trading book ----->						Non- interest sensitive RM'000	Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000				
Redeemable unsecured subordinated bonds	-	-	-	-	-	460,000	-	-	460,000	6.00
Other non-interest sensitive balances	70	-	-	-	-	-	151,490	-	151,560	-
Total Liabilities	5,548,916	2,755,872	766,332	732,489	1,022,661	1,059,284	703,031	-	12,588,585	
Minority interests	-	-	-	-	-	-	6,863	-	6,863	-
Share capital	-	-	-	-	-	-	310,000	-	310,000	-
Interest Bearing Irredeemable Convertible Unsecured Loan Stocks 2002/2007	-	-	-	-	120,000	-	-	-	120,000	6.00
Reserves	-	-	-	-	-	-	1,153,401	-	1,153,401	-
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS	5,548,916	2,755,872	766,332	732,489	1,142,661	1,059,284	2,173,295	-	14,178,849	
On-balance sheet interest sensitivity gap	(1,693,431)	(523,238)	(429,319)	(617,491)	157,973	(470,828)	464,260	3,112,074	-	
Off-balance sheet interest sensitivity gap	(722,886)	(1,090,609)	(104,559)	875,362	776,189	266,503	-	-	-	
Total interest sensitivity gap	(2,416,317)	(1,613,847)	(533,878)	257,871	934,162	(204,325)	464,260	3,112,074	-	
Cumulative interest rate sensitivity gap	(2,416,317)	(4,030,164)	(4,564,042)	(4,306,171)	(3,372,009)	(3,576,334)	(3,112,074)	-		

Group	<-----Non-trading book ----->						Non- interest sensitive RM'000	Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000				
ASSETS										
Cash and short-term funds	1,959,224	-	-	-	-	-	620,685	-	2,579,909	3.05
Securities purchased under resale agreements	9,671	-	-	-	-	-	-	-	9,671	2.87
Deposits and placements with banks and other financial institutions	-	321,823	38,000	-	-	-	33,100	-	392,923	2.87
Securities held-for-trading	-	-	-	-	-	-	166,024	3,410,908	3,576,932	4.02
Securities available-for-sale	-	-	18,999	-	581,644	252,687	-	-	853,330	4.66
Securities held-to-maturity	-	-	85,803	118,467	430,592	266,431	499,508	-	1,400,801	4.22
Loans, advances and financing:										
- performing	2,270,516	301,276	102,739	439,854	199,868	102,389	499,815	-	3,916,457	6.20
- non-performing *	-	-	-	-	-	-	612,414	-	612,414	-
Amount due from Originators	-	3,361	-	7,684	121,753	-	-	-	132,798	4.29
Other non-interest sensitive balances	-	-	-	-	-	-	556,885	-	556,885	-
TOTAL ASSETS	4,239,411	626,460	245,541	566,005	1,333,857	621,507	2,988,431	3,410,908	14,032,120	
LIABILITIES AND SHAREHOLDER'S FUNDS										
Deposits from customers	2,908,706	1,489,221	477,496	106,632	500	-	311,881	-	5,294,436	2.90
Deposits and placements of banks and other financial institutions	1,204,973	660,229	698,548	362,784	709,999	599,260	355,623	-	4,591,416	3.39
Obligations on securities sold under repurchase agreements	1,460,482	3,327	101	-	-	-	-	-	1,463,910	2.59
Acceptances payable	996	1,456	734	-	-	-	-	-	3,186	4.91
Amount due to Cagamas Berhad	-	3,361	-	7,684	121,753	-	-	-	132,798	4.29
Term loans	-	-	285,000	-	-	-	-	-	285,000	2.98
Subordinated certificates of deposits	-	-	-	198,768	-	-	-	-	198,768	8.85
Redeemable unsecured subordinated bonds	-	-	-	-	460,000	-	-	-	460,000	6.50

Group	-----Non-trading book ----->							Non- interest sensitive RM'000	Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000					
Other non-interest sensitive balances	-	-	-	-	-	-	92,563	-	92,563	-	
Total Liabilities	5,575,157	2,157,594	1,461,879	675,868	1,292,252	599,260	760,067	-	12,522,077		
Minority interests	-	-	-	-	-	-	6,083	-	6,083	-	
Share capital	-	-	-	-	-	-	300,000	-	300,000	-	
Interest Bearing Irredeemable Convertible Unsecured Loan Stocks 2002/2007	-	-	-	-	120,000	-	-	-	120,000	6.00	
Reserves	-	-	-	-	-	-	1,083,960	-	1,083,960	-	
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS	5,575,157	2,157,594	1,461,879	675,868	1,412,252	599,260	2,150,110	-	14,032,120		
On-balance sheet interest sensitivity gap	(1,335,746)	(1,531,134)	(1,216,338)	(109,863)	(78,395)	22,247	838,321	3,410,908	-		
Off-balance sheet interest sensitivity gap	(1,015,814)	(36,184)	(300,342)	47,985	1,052,866	251,489	-	-	-		
Total interest sensitivity gap	(2,351,560)	(1,567,318)	(1,516,680)	(61,878)	974,471	273,736	838,321	3,410,908	-		
Cumulative interest rate sensitivity gap	(2,351,560)	(3,918,878)	(5,435,558)	(5,497,436)	(4,522,965)	(4,249,229)	(3,410,908)	-			

* This is arrived at after deducting the general allowance and specific allowance from gross non-performing loans outstanding.

Bank	<-----Non-trading book ----->						Non-interest sensitive	Trading Book	Total	Effective interest rate	
	Up to 1 month	>1 - 3 months	>3 - 6 months	>6 - 12 months	1 - 5 years	Over 5 years					RM'000
30.6.05	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
ASSETS											
Cash and short-term funds	1,558,840	-	-	-	-	-	632,796	-	2,191,636		2.77
Securities purchased under resale agreements	117,823	-	-	-	-	-	-	-	117,823		2.50
Deposits and placements with banks and other financial institutions	-	1,210,000	38,000	-	-	-	30,000	-	1,278,000		3.15
Securities held-for-trading	-	-	-	-	-	-	121,611	3,089,395	3,211,006		4.28
Securities available-for-sale	-	-	-	-	270,388	299,041	-	-	569,429		5.42
Securities held-to-maturity	-	-	117,496	-	389,676	252,002	497,394	-	1,256,568		9.10
Loans, advances and financing:											
- performing	1,960,930	977,877	147,097	106,666	184,606	27,799	355,117	-	3,760,092		6.28
- non-performing *	-	-	-	-	-	-	382,051	-	382,051		-
Amount due from Originators	-	-	-	8,314	111,794	-	-	-	120,108		4.29
Other non-interest sensitive balances	-	-	-	-	-	-	564,191	-	564,191		-
TOTAL ASSETS	3,637,593	2,187,877	302,593	114,980	956,464	578,842	2,583,160	3,089,395	13,450,904		
LIABILITIES AND SHAREHOLDER'S FUNDS											
Deposits from customers	2,171,986	1,606,882	584,012	128,421	867	-	369,685	-	4,861,853		2.71
Deposits and placements of banks and other financial institutions	1,336,887	1,047,822	211,502	396,878	910,000	599,284	181,835	-	4,684,208		2.80
Obligations on securities sold under repurchase agreements	1,448,333	22,294	75	-	-	-	-	-	1,470,702		2.61
Acceptances payable	753	1,679	763	-	-	-	-	-	3,195		4.95
Amount due to Cagamas Berhad	-	-	-	8,314	111,794	-	-	-	120,108		4.29
Subordinated certificates of deposits	-	-	-	198,876	-	-	-	-	198,876		8.85
Redeemable unsecured subordinated bonds	-	-	-	-	-	460,000	-	-	460,000		6.00

Bank	-----Non-trading book ----->							Non- interest sensitive	Trading Book	Total	Effective interest rate
	Up to 1 month	>1 - 3 months	>3 - 6 months	>6 - 12 months	1 - 5 years	Over 5 years	RM'000				
30.6.05											
Other non-interest sensitive balances	-	-	-	-	-	-	138,400	-	138,400	-	
Total Liabilities	4,957,959	2,678,677	796,352	732,489	1,022,661	1,059,284	689,920	-	11,937,342		
Share capital	-	-	-	-	-	-	310,000	-	310,000	-	
Interest Bearing Irredeemable											
Convertible Unsecured Loan											
Stocks 2002/2007	-	-	-	-	120,000	-	-	-	120,000	6.00	
Reserves	-	-	-	-	-	-	1,083,562	-	1,083,562	-	
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS	4,957,959	2,678,677	796,352	732,489	1,142,661	1,059,284	2,083,482	-	13,450,904		
On-balance sheet interest sensitivity gap	(1,320,366)	(490,800)	(493,759)	(617,509)	(186,197)	(480,442)	499,678	3,089,395	-		
Off-balance sheet interest sensitivity gap	(1,121,948)	(1,001,459)	(50,977)	305,178	(66,724)	1,935,401	-	(529)	(1,058)		
Total interest sensitivity gap	(2,442,314)	(1,492,259)	(544,736)	(312,331)	(252,921)	1,454,959	499,678	3,088,866	(1,058)		
Cumulative interest rate sensitivity gap	(2,442,314)	(3,934,573)	(4,479,309)	(4,791,640)	(5,044,561)	(3,589,602)	(3,089,924)	(1,058)			

Bank	-----Non-trading book----->							Non- interest sensitive RM'000	Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000					
ASSETS											
Cash and short-term funds	1,723,509	-	-	-	-	-	606,404	-	2,329,913	3.15	
Deposits and placements with banks and other financial institutions	-	319,300	38,000	-	-	38,000	33,100	-	428,400	3.15	
Securities held-for-trading	-	-	-	-	-	-	166,024	3,388,636	3,554,660	2.99	
Securities available-for-sale	-	-	-	-	312,595	252,687	-	-	565,282	4.28	
Securities held-to-maturity	-	-	-	117,496	392,635	257,361	499,508	-	1,267,000	4.39	
Loans, advances and financing:											
- performing	2,218,216	272,837	31,599	439,836	199,727	102,144	499,815	-	3,764,174	6.40	
- non-performing *	-	-	-	-	-	-	586,259	-	586,259	-	
Amount due from Originators	-	3,361	-	7,684	121,753	-	-	-	132,798	4.27	
Other non-interest sensitive balances	-	-	-	-	-	-	563,707	-	563,707	-	
TOTAL ASSETS	3,941,725	595,498	69,599	565,016	1,026,710	650,192	2,954,817	3,388,636	13,192,193		
LIABILITIES AND SHAREHOLDER'S FUNDS											
Deposits from customers	2,320,758	1,488,070	477,459	106,632	500	-	311,881	-	4,705,300	2.83	
Deposits and placements of banks and other financial institutions	1,306,471	670,316	708,566	362,784	709,999	599,261	355,623	-	4,713,020	3.32	
Obligations on securities sold under repurchase agreements	1,460,482	3,327	101	-	-	-	-	-	1,463,910	2.67	
Acceptances payable	996	1,456	734	-	-	-	-	-	3,186	4.94	
Amount due to Cagamas Berhad	-	3,361	-	7,684	121,753	-	-	-	132,798	4.27	
Term loans	-	-	-	-	-	-	-	-	-	2.29	
Subordinated certificates of deposits	-	-	-	198,768	-	-	-	-	198,768	8.00	
Redeemable unsecured subordinated bonds	-	-	-	-	460,000	-	-	-	460,000	6.50	

Bank	-----Non-trading book ----->							Non- interest sensitive	Trading Book	Total	Effective interest rate
	Up to 1 month	>1 - 3 months	>3 - 6 months	>6 - 12 months	1 - 5 years	Over 5 years	RM'000				
31.3.05											
Other non-interest sensitive balances	-	-	-	-	-	-	76,444	-	76,444	-	
Total Liabilities	5,088,707	2,166,530	1,186,860	675,868	1,292,252	599,261	743,948	-	11,753,426		
Share capital	-	-	-	-	-	-	300,000	-	300,000	-	
Interest Bearing Irredeemable											
Convertible Unsecured Loan											
Stocks 2002/2007	-	-	-	-	120,000	-	-	-	120,000	6.00	
Reserves	-	-	-	-	-	-	1,018,767	-	1,018,767	-	
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS	5,088,707	2,166,530	1,186,860	675,868	1,412,252	599,261	2,062,715	-	13,192,193		
On-balance sheet interest sensitivity gap	(1,146,982)	(1,571,032)	(1,117,261)	(110,852)	(385,542)	50,931	892,102	3,388,636	-		
Off-balance sheet interest sensitivity gap	(1,015,814)	(36,184)	(300,342)	47,985	1,052,866	251,489	-	-	-		
Total interest sensitivity gap	(2,162,796)	(1,607,216)	(1,417,603)	(62,867)	667,324	302,420	892,102	3,388,636	-		
Cumulative interest rate sensitivity gap	(2,162,796)	(3,770,012)	(5,187,615)	(5,250,482)	(4,583,158)	(4,280,738)	(3,388,636)	-			

* This is arrived at after deducting the general allowance and specific allowance from gross non-performing loans outstanding.

30. CAPITAL ADEQUACY

The capital adequacy ratio of the Group and the Bank as at 31 March 2005 is analysed as follows:

	Group		Bank	
	30.6.05 RM'000	31.3.05 RM'000	30.6.05 RM'000	31.3.05 RM'000
Tier 1 capital				
Paid-up ordinary share capital	210,000	200,000	210,000	200,000
Paid-up non-cumulative preference share capital	100,000	100,000	100,000	100,000
Share premium	100,284	60,284	100,284	60,284
Capital reserve	2,815	2,815	-	-
Statutory reserve	300,000	300,000	300,000	300,000
Exchange fluctuation reserve	29,617	29,617	-	-
Unappropriated profit at end of year	668,090	704,090	635,666	671,666
Minority interest	6,863	6,083	-	-
	<u>1,417,669</u>	<u>1,402,889</u>	<u>1,345,950</u>	<u>1,331,950</u>
Less: Premium on acquisition	(7,304)	(7,457)	-	-
Deferred tax assets, net	(78,354)	(78,354)	(78,548)	(78,548)
Total Tier 1 capital	<u>1,332,011</u>	<u>1,317,078</u>	<u>1,267,402</u>	<u>1,253,402</u>
Tier 2 capital				
Subordinated certificates of deposits	198,650	198,650	198,650	198,650
Redeemable unsecured subordinated bonds	460,000	460,000	460,000	460,000
Interest bearing ICULS	120,000	120,000	120,000	120,000
General allowance for bad and doubtful debts	65,780	69,091	63,124	66,278
Total	<u>844,430</u>	<u>847,741</u>	<u>841,774</u>	<u>844,928</u>
Less: restriction on subordinated debt capital	-	(111)	(24,949)	(31,949)
Total	<u>844,430</u>	<u>847,630</u>	<u>816,825</u>	<u>812,979</u>
Total capital funds	2,176,441	2,164,708	2,084,227	2,066,381
Less: Investment in capital of related financial institutions	460,000	460,000	460,000	460,000
Investment in subsidiary companies	-	-	38,617	38,617
Capital base	<u>1,716,441</u>	<u>1,704,708</u>	<u>1,585,610</u>	<u>1,567,764</u>
Capital Ratios:				
Core capital ratio	11.02%	13.49%	10.96%	13.28%
Risk-weighted capital ratio	14.20%	17.46%	13.71%	16.61%
Core capital ratio (net of proposed dividend)	11.02%	13.12%	10.96%	12.90%
Risk-weighted capital ratio (net of proposed dividend)	<u>14.20%</u>	<u>16.91%</u>	<u>13.71%</u>	<u>16.04%</u>

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

Group	30.6.05		31.3.05	
	Principal	Risk-	Principal	Risk-
	Amount	Weighted	Amount	Weighted
	RM'000	Amount	RM'000	Amount
		RM'000		RM'000
0%	3,769,717	-	3,589,931	-
10%	110,929	11,093	84,684	8,468
20%	5,149,386	1,029,877	4,525,366	905,073
50%	256,526	128,263	258,419	129,209
100%	8,834,208	8,834,208	8,720,411	8,720,411
	<u>18,120,766</u>	<u>10,003,441</u>	<u>17,178,811</u>	<u>9,763,161</u>
Less: Reversal of Risk-Weighted Assets for credit risk		(3,282,184)		
Add: Total Risk Weighted Assets Equivalent for market risk		<u>5,369,662</u>		
		<u>12,090,919</u>		

Bank	30.6.05		31.3.05	
	Principal	Risk-	Principal	Risk-
	Amount	Weighted	Amount	Weighted
	RM'000	Amount	RM'000	Amount
		RM'000		RM'000
0%	3,398,268	-	3,224,911	-
10%	110,929	11,093	84,684	8,468
20%	5,017,844	1,003,569	4,284,469	856,894
50%	255,845	127,922	257,826	128,913
100%	8,600,318	8,600,318	8,444,280	8,444,280
	<u>17,383,204</u>	<u>9,742,902</u>	<u>16,296,170</u>	<u>9,438,555</u>
Less: Reversal of Risk-Weighted Assets for credit risk		(3,190,272)		
Add: Total Risk Weighted Assets Equivalent for market risk		<u>5,010,337</u>		
		<u>11,562,967</u>		

31. OPERATIONS OF ISLAMIC BANKING

BALANCE SHEETS AS AT 30 JUNE 2005

	Group 30.6.05 RM'000	Bank 30.6.05 RM'000	Group and Bank 31.3.05 RM'000
ASSETS			
Cash and short-term funds	629,606	629,605	581,950
Deposit and placements with banks and other financial institutions	30,000	30,000	33,100
Securities held-for-trading	178,676	121,611	166,024
Securities available-for-sale	19,600	-	-
Financing activities	419,897	418,845	511,940
Statutory deposit with Bank Negara Malaysia	14,500	14,500	14,500
Other receivables, deposits and prepayments	2,610	2,610	3,218
Deferred tax assets	2,678	2,678	2,678
Property and equipment	37	37	41
TOTAL ASSETS	<u>1,297,604</u>	<u>1,219,886</u>	<u>1,313,451</u>
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	371,515	371,515	311,881
Deposits and placements of banks and other financial institutions	180,004	180,004	355,623
Converted fund	377,673	301,661	301,677
Other liabilities	147,044	146,573	139,545
Total Liabilities	<u>1,076,236</u>	<u>999,753</u>	<u>1,108,726</u>
ISLAMIC BANKING FUNDS			
Capital funds	100,950	100,000	100,000
Unappropriated profit	120,418	120,133	104,725
Islamic Banking Funds	<u>221,368</u>	<u>220,133</u>	<u>204,725</u>
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	<u>1,297,604</u>	<u>1,219,886</u>	<u>1,313,451</u>
COMMITMENTS AND CONTINGENCIES	<u>2,610,499</u>	<u>2,610,499</u>	<u>2,287,399</u>

**UNAUDITED INCOME STATEMENTS
 FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2005**

Group	Individual Quarter		Cumulative Quarter	
	30.6.05	30.6.04	30.6.05	30.6.04
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	9,093	12,527	9,093	12,527
Allowance for losses on financing	(2,082)	(8,924)	(2,082)	(8,924)
Transfer from/(to) profit equalisation reserve	889	(772)	889	(772)
Total attributable income	7,900	2,831	7,900	2,831
Income attributable to depositors	(7,213)	(8,860)	(5,640)	(8,675)
Income/(Loss) attributable to the Group	687	(6,029)	2,260	(5,844)
Income derived from investment of Islamic Banking Funds	21,592	10,970	20,019	10,785
Total net income	22,279	4,941	22,279	4,941
Other operating expenses	(841)	(894)	(841)	(894)
Profit before taxation	21,438	4,047	21,438	4,047
Taxation	(5,992)	(1,089)	(5,992)	(1,089)
Profit after taxation	15,446	2,958	15,446	2,958

**UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2005**

Bank	Individual Quarter		Cumulative Quarter	
	30.6.05	30.6.04	30.6.05	30.6.04
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	8,251	12,527	8,251	12,527
Allowance for losses and financing	(2,066)	(8,924)	(2,066)	(8,924)
Transfer from/(to) profit equalisation reserve	1,010	(772)	1,010	(772)
Total attributable income	7,195	2,831	7,195	2,831
Income attributable to depositors	(6,545)	(8,860)	(6,545)	(8,860)
Income/(Loss) attributable to the Bank	650	(6,029)	650	(6,029)
Income derived from investment of Islamic Banking Funds	21,592	10,970	21,592	10,970
Total net income	22,242	4,941	22,242	4,941
Other operating expenses	(841)	(894)	(841)	(894)
Profit before taxation	21,401	4,047	21,401	4,047
Taxation	(5,992)	(1,089)	(5,992)	(1,089)
Profit after taxation	15,409	2,958	15,409	2,958

31a. FINANCING ACTIVITIES

	Group 30.6.05 RM'000	Bank 30.6.05 RM'000	Group and Bank 31.3.05 RM'000
Term financing			
Syndicated financing	412,174	412,174	500,660
Other	5,717	4,649	7,024
Revolving credit	34,236	34,236	34,404
Gross financing	<u>452,127</u>	<u>451,059</u>	<u>542,088</u>
Allowance for bad and doubtful debts and financing :			
-general	(6,394)	(6,378)	(7,796)
-specific	(25,836)	(25,836)	(22,352)
	<u>(32,230)</u>	<u>(32,214)</u>	<u>(30,148)</u>
Net financing	<u>419,897</u>	<u>418,845</u>	<u>511,940</u>

Movements in non-performing financing as are follows:

Gross

Balance at beginning of period/year	42,273	42,273	45,037
Non-performing during the period/year	712	712	40
Debt equity conversion	-	-	(2,178)
Recoveries	(3,509)	(3,509)	(556)
Reclassified as performing during the period/year	-	-	(70)
Balance at end of period/year	<u>39,476</u>	<u>39,476</u>	<u>42,273</u>
Specific allowance	(25,836)	(25,836)	(22,352)
Net non-performing financing	<u>13,640</u>	<u>13,640</u>	<u>19,921</u>

Ratio of net non-performing financing to total financing - net	<u>3.20%</u>	<u>3.21%</u>	<u>3.83%</u>
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Movements in allowances for bad and doubtful financing are as follows:

General Allowance

Balance at beginning of period/year	7,796	7,796	8,962
Reversal of allowance during the period/year	(1,402)	(1,418)	(1,166)
Balance at end of period/year	<u>6,394</u>	<u>6,378</u>	<u>7,796</u>

% of total financing less specific allowance	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>
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Specific Allowance

Balance at beginning of period/year	22,352	22,352	11,452
Allowance made during the period/year	3,484	3,484	32,509
Amount written off	-	-	(21,609)
Balance at end of period/year	<u>25,836</u>	<u>25,836</u>	<u>22,352</u>

31b. DEPOSITS FROM CUSTOMERS

	Group 30.6.05 RM'000	Bank 30.6.05 RM'000	Group and Bank 31.3.05 RM'000
Mudarabah Special Investment deposits	371,515	371,515	311,881

31c. OTHER LIABILITIES

	Group 30.6.05 RM'000	Bank 30.6.05 RM'000	Group and Bank 31.3.05 RM'000
Other payables and accruals	139,705	139,355	92,704
Taxation and zakat payable	6,033	6,033	44,646
Profit equalisation reserve	1,306	1,185	2,195
	<u>147,044</u>	<u>146,573</u>	<u>139,545</u>

32. CHANGE IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS

(a) CHANGE IN ACCOUNTING POLICIES

During the 1st quarter ended 30 June 2005, the Group and the Bank have adopted the revised BNM/GP8 which have resulted in the following new accounting policies:

- 1) The holdings of the securities portfolio of the Group and the Bank are segregated based on the following categories and valuation methods:

- i) Securities held-for-trading

Securities are classified as held-for-trading if they are acquired principally for the purpose of benefiting from actual or expected short term price movement or to lock in arbitrage profits. The securities held-for-trading will be stated at fair value and any gain or loss arising from a change in their fair values and the derecognition of securities held-for-trading are recognised in the income statements.

- ii) Securities held-to-maturity

Securities held-to-maturity are financial assets with fixed or determinable payments and fixed maturity that the Group and the Bank have the positive intent and ability to hold to maturity are measured at accreted/amortised cost based on effective yield method. Amortisation of premium, accretion of discount and impairment as well as gain or loss arising from the derecognition of securities held-to-maturity are recognised in the income statements.

- iii) Securities available-for-sale

Securities available-for-sale are financial assets that are not classified as held-for-trading or held-to-maturity. The securities available-for-sale are measured at fair value or at amortised cost (less impairment losses) if the fair value cannot be reliably measured. Any gain or loss arising for a change in fair value are recognised directly in equity through the statement of changes in equity, until the financial asset is sold, collected, disposed of or impaired, at which time the cumulative gain or loss previously recognised in equity will be transferred to the income statements.

- 2) Derivative financial instruments are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from the change in the fair value of the derivative instruments is recognised in the income statements unless they are part of a hedging relationship which qualifies for hedge accounting where the gain or loss is recognised as follows:

Fair value hedge

Where a derivative financial instrument hedges the changes in fair value of a recognised asset or liability, any gain or loss on the hedging instrument is recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

(a) CHANGE IN ACCOUNTING POLICIES (CONTD.)

Cash flow hedge

Gains and losses on the hedging instruments, to the extent the the hedge is effective in the separate component of equity. The ineffective part of any gain or loss is recognised in the income statement. The deferred gains and losses are then released to the income statement in the periods when the hedged item affects the income statement.

- 2) Where a loan becomes non-performing, interest accrued and recognised as income prior to the date the loans are classified as non-performing shall be reversed out of income and sett-off against the accrued interest receivable account in the balance sheet. Thereafter, the interest accrued on the non-performing loans shall be recognised as income on a cash basis instead of being accrued and suspended at the same time as prescribed previously.

(b) PRIOR YEAR ADJUSTMENTS

The changes in accounting policies as described above were applied retrospectively and have the following impact on the opening unappropriated profit of the Group and the Bank:

	Group		Bank	
	31.3.05 RM'000	31.3.04 RM'000	31.3.05 RM'000	31.3.04 RM'000
Effects on unappropriated profits:				
As previously reported	704,090	709,107	671,666	671,485
Effects of adopting fair value accounting for securities held-for-trading	5,015	4,403	5,015	4,403
Effects of adopting fair value accounting for securities available-for-sale	(1,222)	(2,575)	(2,507)	(2,579)
At 1 April, as restated	<u>707,883</u>	<u>710,935</u>	<u>674,174</u>	<u>673,309</u>
Effects on available for-sale-reserve:				
As previously reported	-	-	-	-
Effects of adopting fair value accounting for securities held-for-trading	(16,639)	-	(15,691)	-
At 1 April, as restated	<u>(16,639)</u>	<u>-</u>	<u>(15,691)</u>	<u>-</u>

(c) COMPARATIVE FIGURES

Changes in comparative figures arising from the adoption of the revised guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) issued by Bank Negara Malaysia which have been applied retrospectively are as follows :

	As previously reported RM'000	Effect of change RM'000	As restated RM'000
(i) Group			
As at 31 March 2005			
Dealing securities	2,769,827	(2,769,827)	-
Investment securities	3,073,107	(3,073,107)	-
Securities held-for-trading	-	3,576,932	3,576,932
Securities available-for-sale	-	853,330	853,330
Securities held-to-maturity	-	1,400,801	1,400,801
Others assets	287,819	837	288,656
Deferred tax assets	78,548	(1,812)	76,736
Reserves	<u>1,096,806</u>	<u>(12,846)</u>	<u>1,083,960</u>
For the quarter ended 30 June 2004			
Interest income	(136,653)	(2,278)	(138,931)
Income from Islamic banking operations	(14,443)	(194)	(14,637)
Other operating income	(34,574)	12,969	(21,605)
Impairment writeback on securities held-to-maturity	-	(32)	(32)
Allowance for diminution in value of investments	16,246	(16,246)	-
Taxation	<u>12,494</u>	<u>(37)</u>	<u>12,457</u>
(ii) Bank			
As at 31 March 2005			
Dealing securities	2,459,851	(2,459,851)	-
Investment securities	2,939,301	(2,939,301)	-
Securities held-for-trading	-	3,554,660	3,554,660
Securities available-for-sale	-	565,282	565,282
Securities held-to-maturity	-	1,267,000	1,267,000
Others assets	276,157	839	276,996
Deferred tax assets	78,548	(1,812)	76,736
Reserves	<u>1,031,950</u>	<u>(13,183)</u>	<u>1,018,767</u>
For the quarter ended 30 June 2004			
Interest income	(132,170)	(2,322)	(134,492)
Income from Islamic banking operations	(14,443)	(194)	(14,637)
Other operating income	(32,422)	14,275	(18,147)
Impairment writeback on securities held-to-maturity	-	(32)	(32)
Allowance for diminution in value of investments	15,856	(15,856)	-
Taxation	<u>11,699</u>	<u>(37)</u>	<u>11,662</u>

33. PERFORMANCE REVIEW ON THE RESULTS OF THE BANK FOR THE QUARTER

The Bank posted a higher pretax profits of RM78.3 million for the quarter as compared to RM42.9 million for the quarter ended 30 June 2004, mainly due to higher trading gain from securities held-for-trading of RM47.9 million (RM10.4 million for the quarter ended 30 June 2004) and gain on revaluation of securities held-for-trading of RM6.0 million (loss on revaluation of securities held-for-trading of RM14.3 million for the quarter ended 30 June 2004). However, the increase in profits have been reduced by higher allowance for losses on loans and financing of RM29.3 million as compared to writeback of allowance for losses on loans and financing of RM0.9 million for the quarter ended 30 June 2004 due to specific allowance for non-performing loans of 7 years and beyond and to improve the loans loss coverage.

34. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP AND THE BANK FOR THE PERIOD

The Group and the Bank reported higher pretax profit of RM83.5 million (RM44.8 million for the period ended 30 June 2004) and RM78.3 million (RM42.9 million for the period ended 30 June 2004), respectively and is attributed to:

- (i) Higher net income from securities held-for-trading of RM47.9 million (RM10.1 million for the period ended 30 June 2004) for the Group and RM47.9 million (RM10.4 million for the period ended 30 June 2004) for the Bank;
- (ii) Gain on revaluation of securities held-for-trading of RM5.9 million (loss on revaluation of securities held-for-trading of RM14.7 million for the period ended 30 June 2004) for the Group and gain on revaluation of securities held-for-trading of RM6.0 million (loss on revaluation of securities held-for-trading of RM14.3 million for the period ended 30 June 2004) for the Bank;
- (iii) Higher net income from Islamic banking operations of RM23.5 million (RM14.6 million for the period ended 30 June 2004) for the Group and RM23.4 million (RM14.6 million for the period ended 30 June 2004) for the Bank;
- (iv) Transfer from profit equalisation reserve of RM0.9million (transfer to profit equalisation reserve of RM0.8 million for the period ended 30 June 2004) for the Group and RM1.0 million (transfer to profit equalisation reserve of RM0.8 million for the period ended 30 June 2004) for the Bank;

reduced by:

- (v) Allowance for losses on loans and financing of RM29.1 million (Writeback of allowance for losses on loans and financing of RM0.6 million for the period ended 30 June 2004) for the Group and allowance for losses on loans and financing of RM29.3 million (Writeback of allowance for losses on loans and financing of RM1.0 million for the period ended 30 June 2004) for the Bank due to specific allowance for non-performing loans of 7 years and beyond and to improve the loans loss coverage.
- (vi) Higher other operating expenses of RM40.7 million (RM32.2 million for the period ended 30 June 2004) for the Group and RM34.8 million (RM27.1 million for the period ended 30 June 2004) for the Bank arising from higher staff and administration expenses incurred.

Shareholder's funds stood at RM1,583.4 million (RM1,504.0 million as at 31 March 2005) for the Group and RM1,513.6 million (RM1,438.8 million as at 31 March 2005) for the Bank.

In the opinion of the directors, the results of operations of the Group and the Bank for the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and the Bank for the succeeding financial year.

35. CURRENT PERIOD PROSPECTS

The Malaysian government is confident of achieving its economic growth forecast of 5% to 6% for 2005 due to strong exports of petroleum, palm oil and electronics. As an exporter of high grade petroleum, Malaysia's economy would benefit positively from the high oil prices. Agricultural exports primarily palm oil, will remain strong arising from rising consumption primarily in China and India. There are also signs of a recovery in the demand for electronics in the second half which should result in the pick up of exports in this sector.

However, interest rates in the United States have been edging upwards which makes it more challenging for companies to raise funds in the international capital markets. In addition, the high energy prices and sluggish economic environment in the Euro zone have made investors more cautious and therefore making it tougher to bring quality deals into the market.

Domestically, the capital market environment in the short to medium term remains challenging with corporations being more cautious about their capital and debt raising exercise due to the de-pegging of the RM-US\$ peg to a managed float regime and also due to the lack of clear indicators on the direction of the capital markets. In addition, the competition among players in the capital markets has been raised due to the entrance of foreign brokers and foreign asset managers.

Despite these challenges, the Group believes that it can remain competitive arising from the Group's relationship with its clients and its tradition of innovation. The Group's businesses will soon introduce new products and services that take advantages of the recent liberalisation of capital controls which has allowed expanded opportunities to invest abroad.