

AmBank (M) Berhad
(formerly known as AmFinance Berhad)
(Company No. 8515-D)
(Incorporated in Malaysia)
And Its Subsidiary Companies

Interim Financial Statements
For the Financial Half Year
1 April 2005 to
30 September 2005
(In Ringgit Malaysia)

AmBank (M) Berhad
(formerly known as AmFinance Berhad)
(Incorporated in Malaysia)
And Its Subsidiary Companies

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 30 SEPTEMBER 2005

	The Group		The Bank Legal Entity	
	30 September 2005 RM'000	31 March 2005 RM'000	30 September 2005 RM'000	31 March 2005 RM'000
ASSETS				
Cash and short-term funds	5,317,628	5,398,793	5,303,459	3,156,862
Deposits and placements with banks and other financial institutions	793,196	381,003	793,094	358,800
Securities held-for-trading	1,282,702	1,492,533	1,282,702	956,208
Securities available-for-sale	94,532	96,383	94,532	–
Securities held-to-maturity	1,454,986	1,544,280	1,454,731	996,064
Loans, advances and financing	39,438,618	35,636,185	39,441,878	27,282,390
Deferred tax asset	852,206	907,881	699,168	616,284
Other assets	541,392	502,950	542,820	349,608
Statutory deposit with Bank Negara Malaysia	1,430,107	1,301,583	1,430,107	988,930
Investment in subsidiary companies	–	–	111,741	29,779
Investment in associated companies	542	458	150	150
Property and equipment	408,531	416,449	376,654	351,890
TOTAL ASSETS	<u>51,614,440</u>	<u>47,678,498</u>	<u>51,531,036</u>	<u>35,086,965</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2005.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 30 SEPTEMBER 2005

	The Group		The Bank Legal entity	
	30 September 2005 RM'000	31 March 2005 RM'000	30 September 2005 RM'000	31 March 2005 RM'000
LIABILITIES AND SHAREHOLDER'S FUNDS				
Deposits from customers	31,646,900	29,161,743	31,648,624	22,273,456
Deposits and placements of banks and other financial institutions	11,048,260	9,526,356	11,048,260	5,877,505
Securities sold under repurchase agreements	227,302	103,795	227,302	33,059
Bills and acceptance payable	678,452	515,752	678,452	-
Amount due to Cagamas Berhad	2,020,677	2,653,650	2,020,677	2,455,723
Other liabilities	1,335,210	1,196,387	1,745,249	954,697
Subordinated term loan	1,140,000	1,140,000	1,140,000	680,000
Subordinated bonds	200,000	200,000	200,000	200,000
Total Liabilities	<u>48,296,801</u>	<u>44,497,683</u>	<u>48,708,564</u>	<u>32,474,440</u>
Minority interests	84	86	-	-
Share capital	610,364	610,364	610,364	528,402
Reserves	2,707,191	2,570,365	2,212,108	2,084,123
Shareholder's Funds	<u>3,317,555</u>	<u>3,180,729</u>	<u>2,822,472</u>	<u>2,612,525</u>
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS	<u>51,614,440</u>	<u>47,678,498</u>	<u>51,531,036</u>	<u>35,086,965</u>
COMMITMENTS AND CONTINGENCIES	<u>15,406,352</u>	<u>13,416,581</u>	<u>15,406,252</u>	<u>6,646,477</u>
NET TANGIBLE ASSETS PER SHARE (RM)	<u>5.44</u>	<u>5.21</u>	<u>4.62</u>	<u>4.94</u>

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 SEPTEMBER 2005

The Group	Quarter ended		Half Year ended	
	30 September 2005 RM'000	30 September 2004 RM'000	30 September 2005 RM'000	30 September 2004 RM'000
Interest income	622,448	585,886	1,251,321	1,188,086
Interest expense	(320,133)	(297,538)	(626,780)	(580,762)
Net interest income	302,315	288,348	624,541	607,324
Net income from Islamic Banking business	114,760	89,344	229,688	189,878
Other operating income	36,355	27,901	78,459	39,307
Net income	453,430	405,593	932,688	836,509
Other operating expenses	(231,059)	(194,296)	(456,850)	(388,896)
Operating profit	222,371	211,297	475,838	447,613
Allowance for losses on loans and financing	(151,473)	(101,480)	(300,085)	(234,509)
Impairment writeback/(loss) on securities held-to-maturity	27,195	6,466	27,737	6,466
Impairment of property and equipment	–	(28,386)	–	(28,386)
Transfer from/(to) profit equalisation reserve	(14,592)	(20,708)	(9,053)	(36,237)
Profit before share in results of associated Bank and taxation	83,501	67,189	194,437	154,947
Share of profits in associated Bank	81	71	132	126
Profit before taxation	83,582	67,260	194,569	155,073
Taxation	(24,769)	(31,230)	(55,920)	(55,831)
Profit before minority interests	58,813	36,030	138,649	99,242
Minority interests	1	3	4	5
Net profit attributable to shareholder of the Bank	<u>58,814</u>	<u>36,033</u>	<u>138,653</u>	<u>99,247</u>
Basic earnings per share (sen)	<u>9.64</u>	<u>5.90</u>	<u>22.72</u>	<u>16.26</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2005.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 SEPTEMBER 2005

The Bank Legal Entity	Quarter ended		Half Year ended	
	30 September 2005 RM'000	30 September 2004 RM'000	30 September 2005 RM'000	30 September 2004 RM'000
Interest income	622,523	471,041	1,166,121	954,668
Interest expense	(320,143)	(224,505)	(577,435)	(444,289)
Net interest income	302,380	246,536	588,686	510,379
Income from Islamic banking operations	114,760	85,089	219,896	179,904
Other operating income	37,752	11,455	62,896	5,975
Net income	454,892	343,080	871,478	696,258
Other operating expenses	(230,894)	(141,111)	(412,020)	(287,152)
Operating profit	223,998	201,969	459,458	409,106
Allowance for losses on loans and financing	(151,473)	(72,619)	(294,334)	(159,654)
Impairment writeback/(loss) on securities held-to-maturity	25,656	1,638	25,701	1,638
Impairment of property and equipment	-	(28,386)	-	(28,386)
Transfer to profit equalisation reserve	(14,592)	(17,834)	(8,738)	(29,449)
Profit before taxation	83,589	84,768	182,087	193,255
Taxation	(24,675)	(35,587)	(52,275)	(66,010)
Net profit attributable to shareholder of the Bank	58,914	49,181	129,812	127,245
Basic earnings per share (sen)	9.65	9.31	22.37	24.08

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2005.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 SEPTEMBER 2005

The Group	← Non-distributable					→	Distributable		Total RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Merger Reserve RM'000	Capital Reserve RM'000	Available-for- Sale Securities Revaluation Reserve RM'000	Unappro- priated Profits RM'000		
Balance as at 1 April 2004									
As previously stated	528,402	379,953	578,712	626,632	623,959	–	172,386	2,910,044	
Prior year adjustments	–	–	–	–	–	35	409	444	
Deemed issue of shares	81,962	–	–	–	–	–	–	81,962	
As restated	610,364	379,953	578,712	626,632	623,959	35	172,795	2,992,450	
Unrealised net loss on revaluation of securities available-for-sale	–	–	–	–	–	(35)	–	(35)	
Adjustment in Merger Reserve and Capital Reserve arising from increase in share capital of acquiree	–	–	–	53,125	31,875	–	–	85,000	
Profit for the year	–	–	–	–	–	–	103,314	103,314	
Transfer to statutory reserve	–	–	45,332	–	–	–	(45,332)	–	
Transfer from capital reserve to unappropriated profit	–	–	–	–	(278,342)	–	278,342	–	
Balance as at 31 March 2005	610,364	379,953	624,044	679,757	377,492	–	509,119	3,180,729	

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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 SEPTEMBER 2005

The Group	← Non-distributable					→	Distributable		Total RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Merger Reserve RM'000	Capital Reserve RM'000	Available-for- Sale Securities Revaluation Reserve RM'000	Unappro- priated Profits RM'000		
Balance as at 1 April 2005									
As previously stated	528,402	379,953	624,044	679,757	377,492	–	507,783	3,097,431	
Prior year adjustments	–	–	–	–	–	–	1,336	1,336	
Deemed issue of shares	81,962	–	–	–	–	–	–	81,962	
As restated	610,364	379,953	624,044	679,757	377,492	–	509,119	3,180,729	
Unrealised net loss on revaluation of securities available-for-sale	–	–	–	–	–	(1,827)	–	(1,827)	
Profit for the year	–	–	–	–	–	–	138,653	138,653	
Balance as at 30 September 2005	610,364	379,953	624,044	679,757	377,492	(1,827)	647,772	3,317,555	

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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 SEPTEMBER 2005

The Bank	← Non-distributable					→ Available-for-Sale Securities Revaluation Reserve	Distributable	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Merger Reserve RM'000	Capital Reserve RM'000	Unappro- priated Profits RM'000		
Balance as at 1 April 2004								
As previously stated	528,402	379,953	483,070	–	278,342	–	704,698	2,374,465
Prior year adjustments	–	–	–	–		35	409	444
As restated	528,402	379,953	483,070	–	278,342	35	705,107	2,374,909
Profit for the year	–	–	–	–	–	–	237,651	237,651
Transfer to statutory reserve	–	–	45,332	–	–	–	(45,332)	–
Transfer from capital reserve to unappropriated profit	–	–	–	–	(278,342)	–	278,342	–
Unrealised net loss on revaluation of securities available-for-sale	–	–	–	–	–	(35)	–	(35)
Balance as at 31 March 2005	528,402	379,953	528,402	–	–	–	1,175,768	2,612,525
Balance as at 1 April 2005								
As previously stated	528,402	379,953	528,402	–	–	–	1,174,432	2,611,189
Prior year adjustments	–	–	–	–	–	–	1,336	1,336
As restated	528,402	379,953	528,402	–	–	–	1,175,768	2,612,525
Issue of shares	81,962	–	–	–	–	–	–	81,962
Unrealised net loss on revaluation of securities available-for-sale	–	–	–	–	–	(1,827)	–	(1,827)
Profit for the year	–	–	–	–	–	–	129,812	129,812
Balance as at 30 September 2005	610,364	379,953	528,402	–	–	(1,827)	1,305,580	2,822,472

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 SEPTEMBER 2005

	The Group		The Bank Legal Entity	
	30 September 2005 RM'000	30 September 2004 RM'000	30 September 2005 RM'000	30 September 2004 RM'000
Profit before taxation	194,569	155,073	182,087	193,255
Adjustments for non-cash items	529,615	584,273	552,429	443,180
Operating Profit Before Working Capital Changes	724,184	739,346	734,516	636,435
Changes in working capital:				
Net changes in operating assets	(4,916,653)	(2,182,157)	(13,877,725)	(1,783,491)
Net changes in operating liabilities	3,790,056	698,462	15,765,386	(77,232)
Tax expense paid	(186)	(468)	-	-
Net Cash (Used in)/Generated From Operating Activities	(402,599)	(744,817)	2,622,177	(1,224,288)
Net Cash Generated From/(Used in)/ Investing Activities	323,261	401,838	(851,791)	269,642
Net Cash (Used in)/Generated From Financing Activities	(1,827)	50,000	376,211	-
Net Decrease/Increase In Cash And Cash Equivalents	(81,165)	(292,979)	2,146,597	(954,646)
Cash And Cash Equivalents At Beginning Of The Period	5,398,793	4,765,069	3,156,862	3,052,558
Cash And Cash Equivalents At End Of The Period	<u>5,317,628</u>	<u>4,472,090</u>	<u>5,303,459</u>	<u>2,097,912</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2005.

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Explanatory Notes

A1. Basis of Preparation

The interim financial statements have been prepared in accordance with FRS134 (Interim Financial Reporting) (formerly known as Malaysian Accounting Standards Board ("MASB") 26) issued by MASB and should be read in conjunction with the Annual Financial Statements of the Group and the Bank 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 following accounting policies adopted in the current period:

- (i) 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 A28.
- (ii) the adoption of the merger accounting method for the reporting of the business combination of AmBank (M) Berhad (formerly known as AmFinance Berhad Group) and AMBB Capital Berhad (formerly known as AmBank Berhad), as permitted under FRS 122 (Business Combinations) (formerly known as MASB 21).

The Group is deemed by Bank Negara Malaysia to be in compliance with the requirement on the provision for loan impairment under the revised BNM/GP8 provided that the specific and general allowances are computed based on BNM/GP3 guidelines and this basis is disclosed in the financial statements. The Group's computations for its specific and general allowances are made based on BNM/GP3 guidelines and is consistent with the adoption made in the previous audited annual financial statements.

A2. Audit Qualification

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2005 was not qualified.

A3. Seasonality or Cyclicity of Operations

The operations of the Group are not subject to seasonal or cyclical fluctuation.

A4. Unusual Items

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

A5. Use of Estimates

There was no material change in estimates of amounts reported in prior financial years that have a material effect on the financial quarter ended 30 September 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.

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A6. Issuance , Cancellation, Repurchase, Resale and Repayment of Debt and Equity Securities

During the financial quarter ended 30 June 2005, the issued and paid-up share capital of the Bank was increased from 528,402,120 ordinary shares of RM1.00 each to 610,363,762 ordinary shares due to the issuance of 81,961,642 shares, as consideration for the acquisition of the entire share capital of AMBB Capital Berhad (formerly known as AmBank Berhad).

A7. Dividends Paid

The directors do not recommend the payment of any dividend in respect of the financial half year ended 30 September 2005.

A8. Securities Held-for-trading

	The Group		The Bank	
	30 September 2005 RM'000	31 March 2005 RM'000	30 September 2005 RM'000	31 March 2005 RM'000
At fair value				
Money Market Securities				
Malaysian Government Securities	117,066	119,252	117,066	119,252
Malaysia Government Investment Certificates	153,582	150,556	153,582	104,225
Cagamas bonds	174,693	174,476	174,693	174,476
Negotiable instruments of deposit	450,045	645,185	450,045	401,075
Khazanah bonds	112,102	110,214	112,102	81,384
	<u>1,007,488</u>	<u>1,199,683</u>	<u>1,007,488</u>	<u>880,412</u>
Quoted securities:				
Shares in Malaysia	71,433	90,095	71,433	75,796
	<u>71,433</u>	<u>90,095</u>	<u>71,433</u>	<u>75,796</u>
Unquoted securities:				
Private debt securities	203,781	202,755	203,781	-
	<u>203,781</u>	<u>202,755</u>	<u>203,781</u>	<u>-</u>
Total securities held-for-trading	<u>1,282,702</u>	<u>1,492,533</u>	<u>1,282,702</u>	<u>956,208</u>

AmBank (M) Berhad
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A9. Securities Available-for-sale

	The Group		The Bank	
	30 September 2005 RM'000	31 March 2005 RM'000	30 September 2005 RM'000	31 March 2005 RM'000
At fair value				
Unquoted securities:				
Private debt securities	94,532	96,383	94,532	–
Total securities available-for-sale	<u>94,532</u>	<u>96,383</u>	<u>94,532</u>	<u>–</u>

A10. Securities Held-to-maturity

	The Group		The Bank	
	30 September 2005 RM'000	31 March 2005 RM'000	30 September 2005 RM'000	31 March 2005 RM'000
At amortised cost				
Quoted Securities In Malaysia				
Debt equity conversion	763,718	811,816	763,718	565,583
Shares	497	497	–	–
	<u>764,215</u>	<u>812,313</u>	<u>763,718</u>	<u>565,583</u>
Unquoted securities In Malaysia				
Debt equity conversion	1,118,292	1,141,729	1,118,292	736,791
Shares	85,884	85,885	85,468	36,014
Corporate bonds	859	41,443	859	792
	<u>1,205,035</u>	<u>1,269,057</u>	<u>1,204,619</u>	<u>773,597</u>
Unquoted securities Outside Malaysia				
Shares	13	432	13	–
Total	1,969,263	2,081,802	1,968,350	1,339,180
Less: Allowances for diminution in value of investments	<u>(514,277)</u>	<u>(537,522)</u>	<u>(513,619)</u>	<u>(343,116)</u>
Total securities held-to-maturity	<u>1,454,986</u>	<u>1,544,280</u>	<u>1,454,731</u>	<u>996,064</u>

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A11. Loans, Advances and Financing

	The Group		The Bank	
	30 September 2005 RM'000	31 March 2005 RM'000	30 September 2005 RM'000	31 March 2005 RM'000
Overdrafts	813,057	833,065	813,057	–
Term loans facilities				
- Housing loans/financing	8,990,035	8,174,357	8,990,035	4,959,174
- Hire-purchase receivables	25,233,260	21,674,599	25,233,260	21,674,599
- Other loans/financing	7,986,612	7,564,006	7,989,872	4,625,974
Card receivables	2,073,551	1,933,632	2,073,551	1,383,852
Bills receivables	10,152	10,636	10,152	–
Trust receipts	187,211	211,647	187,211	–
Claims on customers under acceptance credits	820,283	809,482	820,283	–
Revolving credits	1,506,287	1,577,143	1,506,287	1,004,875
Staff loans	147,881	139,457	147,881	106,484
	<hr/>	<hr/>	<hr/>	<hr/>
Total	47,768,329	42,928,024	47,771,589	33,754,958
Unearned interest and income	<u>(5,174,610)</u>	<u>(4,440,967)</u>	<u>(5,174,610)</u>	<u>(4,230,155)</u>
Gross loans, advances and financing	42,593,719	38,487,057	42,596,979	29,524,803
Less: Islamic financing sold to Cagamas Berhad	<u>(850,640)</u>	<u>(928,658)</u>	<u>(850,640)</u>	<u>(925,365)</u>
	41,743,079	37,558,399	41,746,339	28,599,438
Allowance for bad and doubtful debts and financing:				
General	(614,194)	(556,695)	(614,194)	(429,408)
Specific	<u>(1,690,267)</u>	<u>(1,365,519)</u>	<u>(1,690,267)</u>	<u>(887,640)</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Net loans, advances and financing	<u><u>39,438,618</u></u>	<u><u>35,636,185</u></u>	<u><u>39,441,878</u></u>	<u><u>27,282,390</u></u>

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A11. Loans, Advances and Financing (continued)**A.11a. By type of customer**

	The Group		The Bank	
	30 September 2005 RM'000	31 March 2005 RM'000	30 September 2005 RM'000	31 March 2005 RM'000
Domestic non-bank financial institutions	404,822	438,549	404,822	124,673
Domestic business enterprises				
- Small medium enterprises	2,980,828	2,794,164	2,980,828	1,737,480
- Others	7,132,880	7,202,920	7,136,140	3,730,272
Government and statutory bodies	20,733	21,194	20,733	61
Individuals	31,988,306	27,965,429	31,988,306	23,880,502
Other domestic entities	29,604	23,602	29,604	22,378
Foreign entities	36,546	41,199	36,546	29,437
	<hr/>	<hr/>	<hr/>	<hr/>
Gross loans, advances and financing	42,593,719	38,487,057	42,596,979	29,524,803

A.11b. By interest/profit rate sensitivity

	The Group		The Bank	
	30 September 2005 RM'000	31 March 2005 RM'000	30 September 2005 RM'000	31 March 2005 RM'000
Fixed rate				
- Housing loans/financing	2,724,449	1,483,383	2,724,449	272,184
- Hire purchase receivables	21,004,651	18,089,715	21,004,651	18,086,421
- Other fixed rate loan/financing	4,930,137	4,200,557	4,930,137	2,160,026
Variable rate				
- Base lending rate plus	12,854,241	12,082,056	12,857,501	7,753,560
- Cost plus	658,757	1,293,030	658,757	-
- Other variable rates	421,484	1,338,316	421,484	1,252,612
	<hr/>	<hr/>	<hr/>	<hr/>
Gross loans, advances and financing	42,593,719	38,487,057	42,596,979	29,524,803

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A11. Loans, Advances and Financing (continued)**A.11c. By economic purposes**

	The Group		The Bank	
	30 September 2005 RM'000	31 March 2005 RM'000	30 September 2005 RM'000	31 March 2005 RM'000
Agriculture	425,452	456,719	425,452	333,348
Mining and quarrying	35,820	35,239	35,820	23,121
Manufacturing	1,696,194	1,678,226	1,696,194	775,641
Electricity, gas and water	200,626	265,407	200,626	13,803
Construction	2,321,617	2,336,680	2,321,617	1,551,835
Real estate	711,835	786,024	711,835	255,288
Purchase of landed property				
- Residential	8,868,995	8,113,708	8,868,995	5,209,734
- Non-residential	1,622,190	1,574,452	1,625,450	946,699
General commerce	1,708,534	1,435,189	1,708,534	715,709
Transport, storage and communication	429,575	458,277	429,575	358,240
Finance, insurance and business services	999,120	935,494	999,120	223,025
Purchase of securities	804,045	875,295	804,045	485,611
Purchase of transport vehicles	19,011,414	16,165,198	19,011,414	16,165,198
Consumption credit	3,272,855	2,928,128	3,272,855	2,180,880
Others	485,447	443,021	485,447	286,671
	<u>42,593,719</u>	<u>38,487,057</u>	<u>42,596,979</u>	<u>29,524,803</u>
Gross loans, advances and financing	<u>42,593,719</u>	<u>38,487,057</u>	<u>42,596,979</u>	<u>29,524,803</u>

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A11. Loans, Advances and Financing (continued)**A.11d. Non-performing loans by sector**

	The Group		The Bank	
	30 September 2005 RM'000	31 March 2005 RM'000	30 September 2005 RM'000	31 March 2005 RM'000
Agriculture	48,839	22,460	48,839	17,807
Mining and quarrying	11,321	12,076	11,321	3,472
Manufacturing	279,876	363,941	279,876	138,456
Electricity, gas and water	177,517	177,523	177,517	1,247
Construction	807,202	1,116,364	807,202	834,620
Real estate	330,283	445,667	330,283	207,153
Purchase of landed property				
- Residential	1,347,735	1,415,234	1,347,735	941,296
- Non-residential	630,108	690,542	630,108	514,170
General commerce	193,757	254,916	193,757	168,694
Transport, storage and communication	71,840	48,956	71,840	43,805
Finance, insurance and business services	239,073	161,788	239,073	91,104
Purchase of securities	284,448	449,613	284,448	279,061
Purchase of transport vehicles	1,042,055	916,347	1,042,055	916,347
Consumption credit	193,152	185,793	193,152	82,807
Others	119,922	117,229	119,922	68,145
	<u>5,777,128</u>	<u>6,378,449</u>	<u>5,777,128</u>	<u>4,308,184</u>

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A11. Loans, Advances and Financing (continued)A.11e. Movements in non-performing loans, advances and financing ("NPL") are as follows:

	The Group		The Bank	
	30 September 2005 RM'000	31 March 2005 RM'000	30 September 2005 RM'000	31 March 2005 RM'000
Gross				
Balance at 1 April				
As previously reported	7,648,349	8,257,834	5,273,097	5,622,481
Income-in-suspense as at 1 April	(1,269,900)	(1,220,562)	(964,913)	(980,636)
As restated	6,378,449	7,037,272	4,308,184	4,641,845
Non-performing during the period	1,138,189	846,378	1,027,511	765,619
Reclassified as performing	(1,404,897)	(742,031)	(1,028,492)	(456,085)
Recoveries	(295,807)	(291,735)	(273,346)	(209,026)
Debt equity conversion	(982)	(39,401)	(982)	(39,401)
Amount vested from AmBank Berhad	-	-	1,779,464	-
Amount written off	(37,824)	(432,034)	(35,211)	(394,768)
Balance at end of period	5,777,128	6,378,449	5,777,128	4,308,184
Less:				
Specific allowance	(1,690,267)	(1,365,519)	(1,690,267)	(887,640)
Non-performing loans and financing - net	<u>4,086,861</u>	<u>5,012,930</u>	<u>4,086,861</u>	<u>3,420,544</u>
Ratio of non-performing loans and financing to total loans, advances and financing - net	<u>9.99%</u>	<u>13.50%</u>	<u>9.99%</u>	<u>11.94%</u>

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A11. Loans, Advances and Financing (continued)

A.11f. Movements in the allowance for bad and doubtful debts (and financing) accounts are as follows:

	The Group		The Bank	
	30 September 2005 RM'000	31 March 2005 RM'000	30 September 2005 RM'000	31 March 2005 RM'000
General Allowance				
Balance at 1 April	556,695	516,173	429,408	405,255
Allowance made during the period	57,499	40,522	56,500	24,153
Amount vested over from AmBank Bhd	—	—	128,286	—
Balance at end of period	<u>614,194</u>	<u>556,695</u>	<u>614,194</u>	<u>429,408</u>
% of total loans less specific allowance	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>
Specific Allowance				
Balance at 1 April	<u>1,365,519</u>	<u>1,144,408</u>	<u>887,640</u>	<u>674,950</u>
Allowance made during the period	595,219	1,247,729	561,143	877,367
Amount written back in respect of recoveries	<u>(231,640)</u>	<u>(323,067)</u>	<u>(209,179)</u>	<u>(278,830)</u>
Net charge to income statements	363,579	924,662	351,964	598,537
Debt equity conversion	(982)	(1,005)	(982)	—
Amount written off/ Adjustment to Asset Deficiency Account	(37,849)	(702,546)	(35,237)	(385,847)
Amount vested over from AmBank Bhd	—	—	486,882	—
Balance at end of period	<u>1,690,267</u>	<u>1,365,519</u>	<u>1,690,267</u>	<u>887,640</u>

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A12. Deposits from Customers

	The Group		The Bank	
	30 September 2005 RM'000	31 March 2005 RM'000	30 September 2005 RM'000	31 March 2005 RM'000
<u>By type of customer</u>				
Business enterprises	8,476,561	7,773,619	8,478,285	3,877,767
Individuals	19,042,325	18,236,389	19,042,325	16,395,827
Government and other statutory bodies	3,685,146	2,748,974	3,685,146	1,682,335
Others	442,868	402,761	442,868	317,527
	<u>31,646,900</u>	<u>29,161,743</u>	<u>31,648,624</u>	<u>22,273,456</u>

A13. Deposits and Placements of Banks and Other Financial Institutions

	The Group		The Bank	
	30 September 2005 RM'000	31 March 2005 RM'000	30 September 2005 RM'000	31 March 2005 RM'000
Licensed banks	1,789,313	2,962,983	1,789,313	1,597,184
Licensed merchant banks	2,597,470	–	2,597,470	–
Licensed finance companies	–	309,676	–	19,928
Non-banking institutions	5,853,477	5,445,697	5,853,477	3,452,393
Bank Negara Malaysia (“BNM”)	808,000	808,000	808,000	808,000
	<u>11,048,260</u>	<u>9,526,356</u>	<u>11,048,260</u>	<u>5,877,505</u>

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A14. Interest Income

	Quarter ended		Half Year ended	
	30 September 2005 RM'000	30 September 2004 RM'000	30 September 2005 RM'000	30 September 2004 RM'000
<u>The Group</u>				
Loans and advances				
- Interest income other than recoveries from NPL	522,438	514,190	1,057,721	1,015,615
- Recoveries from NPLs	47,986	31,225	112,736	95,089
Money at call and deposits placements with financial institutions	33,672	39,847	67,304	74,989
Securities held-for-trading	12,959	8,569	20,905	11,645
Securities available-for-sale	317	999	1,246	2,915
Securities held-to-maturity	5,383	(212)	18,102	13,825
Others	19,899	14,467	37,467	20,782
	<u>642,654</u>	<u>609,085</u>	<u>1,315,481</u>	<u>1,234,860</u>
Net interest suspended	(14,244)	(21,538)	(58,931)	(47,498)
Accretion of discounts	(5,962)	(1,661)	(5,229)	724
	<u><u>622,448</u></u>	<u><u>585,886</u></u>	<u><u>1,251,321</u></u>	<u><u>1,188,086</u></u>

	Quarter ended		Half Year ended	
	30 September 2005 RM'000	30 September 2004 RM'000	30 September 2005 RM'000	30 September 2004 RM'000
<u>The Bank</u>				
Loans and advances				
- Interest income other than recoveries from NPL	535,238	436,176	996,181	843,104
- Recoveries from NPLs	48,541	24,121	105,506	75,346
Money at call, deposits and placements with financial institutions	33,672	17,417	54,955	40,035
Securities held-for-trading	8,744	6,275	16,551	6,799
Securities available-for-sale	940	59	1,246	1,076
Securities held-to-maturity	8,993	2,456	19,015	11,552
Others	19,899	8,152	36,832	14,467
	<u>656,027</u>	<u>494,656</u>	<u>1,230,286</u>	<u>992,379</u>
Net interest suspended	(27,525)	(21,907)	(57,204)	(38,260)
(Amortisation of premium) /accretion of discounts	(5,979)	(1,708)	(6,961)	549
	<u><u>622,523</u></u>	<u><u>471,041</u></u>	<u><u>1,166,121</u></u>	<u><u>954,668</u></u>

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A15. Interest Expense

	Quarter ended		Half Year ended	
	30 September 2005 RM'000	30 September 2004 RM'000	30 September 2005 RM'000	30 September 2004 RM'000
<u>The Group</u>				
Deposits and placements of banks and other financial institutions	249,261	222,869	487,770	437,845
Amounts due to Cagamas Berhad	18,366	34,863	40,050	71,406
Subordinated term loan and subordinated bonds	23,105	23,120	45,973	46,119
Others	29,401	16,686	52,987	25,392
	<u>320,133</u>	<u>297,538</u>	<u>626,780</u>	<u>580,762</u>

	Quarter ended		Half Year ended	
	30 September 2005 RM'000	30 September 2004 RM'000	30 September 2005 RM'000	30 September 2004 RM'000
<u>The Bank</u>				
Deposits and placements of banks and other financial institutions	253,524	160,709	449,750	322,587
Amounts due to Cagamas Berhad	19,669	32,761	40,050	66,935
Subordinated term loan and subordinated bonds	23,120	15,148	40,703	30,176
Others	23,830	15,887	46,932	24,591
	<u>320,143</u>	<u>224,505</u>	<u>577,435</u>	<u>444,289</u>

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A16. Other Operating Income

	Quarter ended		Half Year ended	
	30 September 2005 RM'000	30 September 2004 RM'000	30 September 2005 RM'000	30 September 2004 RM'000
<u>The Group</u>				
(a) Fee Income:				
Commissions	7,985	4,551	15,263	11,881
Guarantee fees	1,382	1,315	3,073	2,409
Other fee income	22,055	18,004	43,677	34,228
	<u>31,422</u>	<u>23,870</u>	<u>62,013</u>	<u>48,518</u>
(b) Gain arising from sale of securities:				
Net gain/(loss) on sale of securities held-for-trading	(24,545)	(3,832)	(23,881)	(6,367)
Net (loss)/gain on sale of securities available-for-sale	–	139	–	350
Net gain on sale of securities held-to-maturity	(4,619)	(3,444)	(4,068)	(137)
Gain/(loss) on revaluation of securities held for trading	28,312	6,290	28,312	(16,931)
	<u>(852)</u>	<u>(847)</u>	<u>363</u>	<u>(23,085)</u>
(c) Gross dividends income from:				
Securities held-for-trading	568	1,266	1,209	2,379
Securities held-to-maturity	713	–	6,916	4,496
	<u>1,281</u>	<u>1,266</u>	<u>8,125</u>	<u>6,875</u>
(d) Other Income:				
Foreign exchange gain	2,879	481	3,638	688
Gain on disposal of leased assets	–	2	–	3
Gain on disposal of properties	(334)	9	368	–
Rental income	1,866	2,571	3,859	4,503
Gain on disposal of property and equipment	83	156	83	609
Gain on disposal of subsidiary	–	402	–	402
Amount recovered from Danaharta	–	–	–	803
Other non-operating income	10	(9)	10	(9)
	<u>4,504</u>	<u>3,612</u>	<u>7,958</u>	<u>6,999</u>
Total other operating income	<u><u>36,355</u></u>	<u><u>27,901</u></u>	<u><u>78,459</u></u>	<u><u>39,307</u></u>

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A16. Other Operating Income (continued)

	Quarter ended		Half Year ended	
	30 September 2005 RM'000	30 September 2004 RM'000	30 September 2005 RM'000	30 September 2004 RM'000
<u>The Bank</u>				
(a) Fee Income:				
Commissions	7,986	4,732	14,136	9,220
Guarantee fees	1,383	61	2,385	118
Other fee income	22,054	2,968	31,699	5,780
	<u>31,423</u>	<u>7,761</u>	<u>48,220</u>	<u>15,118</u>
(b) Gain/(loss) arising from sale of securities:				
Net loss/gain on sale of securities held-for-trading	(24,545)	(3,227)	(23,887)	(5,965)
Net loss on sale of securities available-for-sale	-	139	-	350
Net gain on sale of securities held-to-maturity	(4,619)	(1,542)	(4,608)	(1,409)
Gain/(loss) on revaluation of securities held for trading	29,851	5,297	29,136	(11,603)
	<u>687</u>	<u>667</u>	<u>641</u>	<u>(18,627)</u>
(c) Gross dividends income from:				
Securities held-for-trading	568	914	1,156	1,791
Securities held-to-maturity	713	-	5,973	3,553
	<u>1,281</u>	<u>914</u>	<u>7,129</u>	<u>5,344</u>
(d) Other Income:				
Gain on disposal of leased assets	-	2	-	3
(Loss)/Gain on disposal of properties	(334)	9	368	-
Rental income	1,724	1,957	3,561	3,718
Gain on disposal of property and equipment	83	156	83	428
Foreign exchange profit	2,878	-	2,884	-
Others	10	(11)	10	(9)
	<u>4,361</u>	<u>2,113</u>	<u>6,906</u>	<u>4,140</u>
Total other operating income	<u>37,752</u>	<u>11,455</u>	<u>62,896</u>	<u>5,975</u>

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A17. Other Operating Expenses

	Quarter ended		Half Year ended	
	30 September 2005 RM'000	30 September 2004 RM'000	30 September 2005 RM'000	30 September 2004 RM'000
The Group				
Personnel costs				
- Salaries, allowances and bonuses	85,054	77,454	172,096	141,353
- Others	4,466	1,881	11,662	9,033
Establishment costs				
- Depreciation	13,516	9,792	27,170	26,541
- Rental	7,561	7,230	15,102	13,898
- Cleaning, maintenance & security	6,495	5,945	11,395	10,222
- Computerisation cost	16,032	9,179	29,295	29,050
- Others	2,791	6,734	7,775	10,003
Marketing and communication expenses				
- Communication	9,731	10,969	20,005	20,527
- Advertising & marketing expenses	16,268	9,099	29,929	19,871
- Commission	10,257	13,503	21,019	22,083
- Handling fees	36,064	25,636	70,154	50,661
- Others	1,663	1,594	3,064	2,994
Administration and general expenses				
- Professional services	6,634	4,559	12,271	9,636
- Others	14,527	10,721	25,913	23,024
	<u>231,059</u>	<u>194,296</u>	<u>456,850</u>	<u>388,896</u>

	Quarter ended		Half Year ended	
	30 September 2005 RM'000	30 September 2004 RM'000	30 September 2005 RM'000	30 September 2004 RM'000
The Bank				
Personnel costs				
- Salaries, allowances and bonuses	85,053	51,441	154,149	96,628
- Others	4,466	3,701	8,487	6,968
Establishment costs				
- Depreciation	13,370	7,590	25,453	22,179
- Rental	8,037	5,489	14,317	10,467
- Cleaning, maintenance & security	6,266	5,480	10,937	9,472
- Computerisation cost	16,032	6,118	26,546	21,916
- Others	3,752	5,924	6,909	8,367
Marketing and communication expenses				
- Communication	9,732	7,642	18,071	14,809
- Advertising & marketing expenses	16,266	6,692	25,501	12,848
- Commission	10,258	5,155	17,956	10,587
- Handling fees	36,064	25,636	70,154	50,661
- Others	1,662	1,246	2,815	2,434
Administration and general expenses				
- Professional services	6,620	3,612	11,243	7,059
- Others	13,316	5,385	19,482	12,757
	<u>230,894</u>	<u>141,111</u>	<u>412,020</u>	<u>287,152</u>

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A18. Allowance for Losses on Loans, Advances and Financing

	Quarter ended		Half Year ended	
	30 September 2005 RM'000	30 September 2004 RM'000	30 September 2005 RM'000	30 September 2004 RM'000
<u>The Group</u>				
Allowance for bad and doubtful debts and financing:				
Specific allowance (net)				
- made in the financial year	276,939	225,806	595,219	502,838
- written back	(97,666)	(77,281)	(231,640)	(164,559)
General allowance	32,700	14,448	57,499	23,908
Bad debts and financing recovered	(60,500)	(61,493)	(120,993)	(127,678)
	<u>151,473</u>	<u>101,480</u>	<u>300,085</u>	<u>234,509</u>

	Quarter ended		Half Year ended	
	30 September 2005 RM'000	30 September 2004 RM'000	30 September 2005 RM'000	30 September 2004 RM'000
<u>The Bank</u>				
Allowance for bad and doubtful debts and financing:				
Specific allowance (net)				
- made in the financial year	276,939	170,826	561,143	375,582
- written back	(97,666)	(68,526)	(209,179)	(149,482)
General allowance	32,700	12,002	56,500	21,802
Bad debts and financing recovered	(60,500)	(41,683)	(114,130)	(88,248)
	<u>151,473</u>	<u>72,619</u>	<u>294,334</u>	<u>159,654</u>

A19. Taxation

	Quarter ended		Half Year ended	
	30 September 2005 RM'000	30 September 2004 RM'000	30 September 2005 RM'000	30 September 2004 RM'000
<u>The Group</u>				
Estimated current tax payable	64	236	197	392
Share in taxation of associated Bank	30	27	48	44
Net transfer from/(to) deferred taxation	24,675	30,967	55,675	55,395
	<u>24,769</u>	<u>31,230</u>	<u>55,920</u>	<u>55,831</u>

	Quarter ended		Half Year ended	
	30 September 2005 RM'000	30 September 2004 RM'000	30 September 2005 RM'000	30 September 2004 RM'000
<u>The Bank</u>				
Net transfer from/(to) deferred taxation	24,675	35,587	52,275	66,010

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A20. Earnings Per Share (EPS)**Basic**

Basic earnings per share is calculated by dividing the net profit for the financial period attributable to shareholders of the Group and of the Bank by the weighted average number of ordinary shares in issue during the financial period.

	Quarter ended		Half Year ended	
	30 September 2005 RM'000	30 September 2004 RM'000	30 September 2005 RM'000	30 September 2004 RM'000
<u>The Group</u>				
Net profit attributable to shareholders of the Bank	58,814	36,033	138,653	99,247
Number of ordinary shares in issue	610,364	610,364	610,364	610,364
Basic earnings per share (sen)	9.64	5.90	22.72	16.26

	Quarter ended		Half Year ended	
	30 September 2005 RM'000	30 September 2004 RM'000	30 September 2005 RM'000	30 September 2004 RM'000
<u>The Bank</u>				
Net profit attributable to shareholders of the Bank	58,914	49,181	129,812	127,245
Number of ordinary shares at beginning of period	610,364	528,402	528,402	528,402
Effect of the issuance of shares	-	-	52,019	-
Weighted average number of ordinary shares in issue	610,364	528,402	580,421	528,402
Basic earnings per share (sen)	9.65	9.31	22.37	24.08

There are no dilutive potential ordinary shares during the financial period.

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A.21a. Performance Review for the Quarter ended 30 September 2005

The Group and the Bank recorded a Pre-tax profit of RM83.6 million for the quarter ended 30 September 2005 as compared to RM67.3 million and RM84.8 million respectively in the previous corresponding quarter ended 30 September 2004.

The increase in Pre-tax profit for the Group is mainly attributable to the higher net interest income and income from Islamic Banking operations spurred by year-on-year loan growth and increase in non-interest income. However, there is a slight drop in the Bank's pre-tax profit as a result of higher allowances for loans and financing this quarter as the Group continues to build its loan loss coverage.

The Group registered a significant improvement in asset quality with the ratio of net non-performing loans and financing on a 3 month classification basis improving to 9.99% end September 2005 from 13.50% as at end March 2005.

In the opinion of the Directors, the results 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.

A.21b. Prospects for 31 March 2006

The merger of the commercial banking business with the Group's finance company business in June 2005, and the resultant conversion of the Group's finance company branches into full-fledged commercial banking branches have provided the Group with a solid platform to grow its loans exposure to the small and medium-sized enterprises and develop the Group's trade financing and cash management businesses.

The merger has also boosted the Group's reach and scale to extend its leadership market positions in the retail banking sector. We are confident that we will be able to achieve meaningful market share growth in the auto financing, mortgages and credit card businesses going forward.

As part of the merger, the Group has initiated training programmes to increase the sales efficiency of its staff to maximize cross-selling opportunities for the Group's various products and services using the expanded commercial bank branches as a springboard. The Group's retail banking business is also in the midst of transforming itself into a sales and customer service focused entity. We believe that this transformation process will result in improved sales efficiency and productivity in the near future.

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A22. Segment Information on Operating Revenue, Profit Before Tax Expense and Assets**By Business Segments**

The Group 30 September 2005	Bank RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Operating Revenue				
External revenue	1,579,248	158	–	1,579,406
Inter-segment revenue	142	971	(1,113)	–
Total revenue	<u>1,579,390</u>	<u>1,129</u>	<u>(1,113)</u>	<u>1,579,406</u>
Results				
Profit from operations	194,262	195	(20)	194,437
Share of profits of associated Bank	–	–	132	<u>132</u>
Profit before tax	194,262	195	112	194,569
Taxation	(55,675)	(198)	(47)	<u>(55,920)</u>
Profit after taxation	138,587	(3)	65	<u>138,649</u>
Other information				
Capital additions	34,086	–	–	34,086
Depreciation	26,888	264	18	27,170
Loan and financing loss and allowance (net of recoveries)	300,085	–	–	300,085
Impairment writeback/(loss) on securities held-to-maturity	27,737	–	–	27,737
Accretion of discounts less amortisation of premium	1,906	–	–	1,906
Property and equipment written off	1,639	–	–	<u>1,639</u>
Consolidated Balance Sheet				
Assets				
Segment assets	51,601,962	83,185	(71,249)	51,613,898
Investment in associated companies	150	–	392	<u>542</u>
Consolidated total assets				<u>51,614,440</u>
Liabilities				
Segment liabilities	48,295,897	150,109	(149,205)	<u>48,296,801</u>
Consolidated total liabilities				<u>48,296,801</u>

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A22. Segment Information on Operating Revenue, Profit Before Tax Expense and Asset (continued)

The Group 30 September 2004	Bank RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Operating Revenue				
External revenue	1,416,740	214	–	1,416,954
Inter-segment revenue	335	2,628	(2,963)	–
Total revenue	<u>1,417,075</u>	<u>2,842</u>	<u>(2,963)</u>	<u>1,416,954</u>
Results				
Profit from operations	153,081	1,482	384	154,947
Share of profits of associated Bank	–	–	126	126
Profit before tax	153,080	1,482	510	155,073
Taxation	(55,395)	(392)	(44)	(55,831)
Profit after taxation	97,685	1,090	466	<u>99,242</u>
Other information				
Capital additions	31,502	–	–	31,502
Depreciation	26,115	408	18	26,541
Loan and financing loss and allowance (net of recoveries)	234,509	–	–	234,509
Impairment writeback/(loss) on securities held-to-maturity	6,466	–	–	6,466
Accretion of discounts less amortisation of premium	(10,035)	–	–	(10,035)
Property and equipment written off	3,557	–	–	<u>3,557</u>
Consolidated Balance Sheet				
Assets				
Segment assets	45,334,559	89,931	(78,572)	45,345,918
Investment in associated companies	150	–	182	332
Consolidated total assets				<u>45,346,250</u>
Liabilities				
Segment liabilities	42,202,568	158,490	(156,568)	42,204,490
Consolidated total liabilities				<u>42,204,490</u>

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established under terms and conditions that are no less favourable than those arranged with independent parties.

The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia.

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A23. Valuation of Property & Equipment

The Group's and the Bank's property and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

A24. Events Subsequent To Balance Sheet Date

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

A25. Significant Event

- (a) Acquisition of AMBB Capital Berhad (formerly known as AmBank Berhad) ("AMBB Capital") by the Bank

During the financial half year ended 30 September 2005, the Bank acquired the entire equity interest in AMBB Capital, a related company, for a purchase consideration of RM412.7 million based on the unaudited net tangible assets ("NTA") of AMBB Capital after adjusting for certain non-transferable assets. The purchase consideration was satisfied by the issuance of 81,961,642 ordinary shares in the Bank at an issue price of RM5.035 based on the NTA of the Group at the completion date.

- (b) Business Merger

Upon completion of the acquisition of AMBB Capital by the Bank, the finance company business of the Bank and the commercial banking business of AMBB Capital was merged by way of vesting of AMBB Capital's assets and liabilities (save for non-transferable assets) amounting to RM412.7 million to the Bank on 1 June 2005. The assets and liabilities were vested pursuant to a High Court Vesting Order made under section 50 of the Banking and Financial Institutions Act, 1989.

Subsequently, the Bank changed its name to AmBank (M) Berhad to reflect the merger of the commercial banking and finance company operations under a single entity.

A26. Changes in the Composition of Group

There were no significant changes in the composition of the Group for the quarter and financial half year ended 30 September 2005, other than as disclosed in Note A25 above.

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A27. Commitments and Contingencies

In the normal course of business, the Group and the 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 and the Bank's assets.

The risk-weighted exposure of the Group and the Bank is as follows:

<u>The Group</u>	As at 30 September 2005			As at 31 March 2005		
	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
Direct credit substitutes	352,957	352,957	237,203	336,192	336,192	266,506
Certain transaction- related contingent items	254,245	127,123	127,123	196,288	98,144	98,144
Short-term self- liquidating trade- related contingencies	384,516	76,903	76,903	169,910	33,982	12,878
Obligations under underwriting agreements	140,000	70,000	70,000	140,000	70,000	70,000
Unpaid portion of partly paid shares	250	250	250	250	250	250
Irrevocable commitments to extend credit:						
– maturing less than one year	8,450,492	–	–	6,549,611	–	–
– maturing more than one year	1,315,424	657,712	657,712	1,829,304	914,652	914,652
Foreign exchange related contracts:						
– less than one year	1,018,113	9,720	4,860	1,098,396	11,189	5,595
Interest rate swap contracts:						
– maturing within one year	300,000	450	90	250,000	500	100
– maturing more than one year to less than five years	2,294,956	38,102	7,620	1,886,200	34,110	6,822
Islamic financing sold to Cagamas Berhad with recourse	850,640	850,640	849,452	928,658	928,658	927,011
Other commitments	44,759	–	–	31,772	–	–
Total	15,406,352	2,183,857	2,031,213	13,416,581	2,427,677	2,301,958

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A27. Commitments and Contingencies (continued)

The Bank	As at 30 September 2005			As at 31 March 2005		
	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
Direct credit substitutes	352,957	352,957	237,203	51,404	51,404	15,300
Certain transaction- related contingent items	254,245	127,123	127,123	–	–	–
Short-term self- liquidating trade- related contingencies	384,516	76,903	76,903	–	–	–
Obligations under underwriting agreements	140,000	70,000	70,000	–	–	–
Unpaid portion of partly paid shares	150	150	150	150	150	150
Irrevocable commitments to extend credit:						
– maturing less than one year	8,450,492	–	–	3,056,148	–	–
– maturing more than one year	1,315,424	657,712	657,712	483,410	241,705	241,705
Foreign exchange related contracts:						
– less than one year	1,018,113	9,720	4,860	–	–	–
Interest rate swap contracts:						
– maturing within one year	300,000	450	90	250,000	500	100
– maturing more than one year to less than five years	2,294,956	38,102	7,620	1,880,000	33,986	6,797
Islamic financing sold to Cagamas Berhad with recourse	850,640	850,640	849,452	925,365	925,365	925,365
Other commitments	44,759	–	–	–	–	–
Total	15,406,252	2,183,757	2,031,113	6,646,477	1,253,110	1,189,417

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

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A28. Derivative Financial Instruments

Details of financial instruments with off-balance sheet risk as at 30 September 2005:

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

The Group and the Bank

Items	Principal Amount RM'000	1 month or less RM'000	> 1-3 months RM'000	> 3-6 months RM'000	> 6-12 months RM'000	> 1-5 years RM'000	> 5 years RM'000
Foreign exchange related contracts:							
- forward	773,491	223,925	298,262	249,608	1,696	–	–
- spot	244,622	244,622	–	–	–	–	–
	1,018,113	468,547	298,262	249,608	1,696	–	–
Interest rate related contracts:							
- swap	2,594,956	–	150,000	50,000	100,000	2,294,956	–
Total	3,613,069	468,547	448,262	299,608	101,696	2,294,956	–

The Group and the Bank do not have any transaction in respect of equity and commodity related contracts. Foreign exchange and interest rate related contracts are subject to market and credit risk.

The Interest Rate derivative instruments of the Group and the Bank are held for the purpose of hedging and are not marked to market. The details of the interest rate derivative instruments are as follows:

	Contract Amount RM'000	Fair Value RM'000	Positive Mark-to-market RM'000	Negative Mark-to-market RM'000	Net Negative Mark-to-market RM'000
Interest Rate related contracts	2,594,956	2,582,814	2,703	(14,845)	(12,142)

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.

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A28. Derivative Financial Instruments (continued)

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.

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 September 2005, the amount of contracts which were not hedged in the Group and the Bank and, hence, exposed to market risk was RM Nil (31 March 2005 : RM Nil).

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A28. Derivative Financial Instruments (continued)

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 September 2005, the amounts of counterparty credit risk, measured in term of the cost to replace the profitable contracts of the Group was RM Nil (31 March 2005: RM Nil).

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.

Related Accounting Policies

Forwards Exchange Contracts

Unmatured forward exchange contracts are valued at forward rates prevailing at balance sheet date, applicable to their respective dates to maturity and, unrealised gains and losses are recognised in the income statements.

Interest Rate Swaps, Futures, Options and Forward Rate Contracts

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

Gains and losses on interest rate swaps, futures, options and forward rate contracts that do not qualify as hedges are recognised using the mark-to-market method and is shown as trading gain or loss from derivatives

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A29. Capital Adequacy

Bank Negara Malaysia's ("BNM") guideline on capital adequacy requires the Bank to maintain an adequate level of capital to withstand any losses which may result from credit and other risks associated with financing operations. The capital adequacy ratio is computed based on the eligible capital in relation to the total risk-weighted assets as determined by BNM.

The risk weighted capital adequacy ratio of the Bank of 10.46% (31 March 2005: 11.51%) exceeds the minimum requirements of BNM.

	The Bank	
	30 September 2005 RM'000 N1	31 March 2005 RM'000
<u>Tier 1 capital</u>		
Paid-up share capital	610,364	528,402
Share premium	379,953	379,953
Other reserves	1,681,295	528,402
Unappropriated profit	<u>636,430</u>	<u>1,174,432</u>
	3,308,042	2,611,189
Less: Deferred tax asset	<u>(852,206)</u>	<u>(600,173)</u>
Total Tier 1 capital	<u>2,455,836</u>	<u>2,011,016</u>
<u>Tier 2 capital</u>		
General allowance for bad and doubtful debts and financing	612,064	425,857
Subordinated term loan	1,140,000	680,000
Subordinated bonds	<u>200,000</u>	<u>200,000</u>
	<u>1,952,064</u>	<u>1,305,857</u>
Maximum Allowable Tier 2 Capital	<u>1,839,982</u>	<u>1,305,857</u>
Total capital funds	4,295,818	3,316,873
Less: Investment in subsidiary companies	<u>(29,779)</u>	<u>(29,779)</u>
Capital base	<u>4,266,039</u>	<u>3,287,094</u>

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A29. Capital Adequacy (continue)

	30 September 2005		31 March 2005	
	Principal RM'000	Risk - Weighted RM'000	Principal RM'000	Risk - Weighted RM'000
Notional risk-weighted assets*	<u>53,294,088</u>	<u>40,789,891</u>	<u>35,976,179</u>	<u>28,545,183</u>
Capital Ratios				
Core capital ratio		6.02%		7.04%
Risk-weighted capital ratio		<u>10.46%</u>		<u>11.51%</u>

N1: Based on the consolidated risk weighted capital adequacy ratio of AmBank (M) Berhad and AMBB Capital Berhad (formerly known as AmBank Berhad).

* The notional risk-weighted assets of the Bank as at 30 September 2005 have been adjusted to incorporate market risk, pursuant to Bank Negara Malaysia's Market Risk Capital Adequacy Framework which became effective on 1 April 2005.

The comparative ratios are not adjusted for the prior year adjustments.

	The Group	
	30 September 2005 RM'000	31 March 2005 RM'000
<u>Tier 1 capital</u>		
Paid-up share capital	610,364	528,402
Share premium	379,953	379,953
Other reserves	1,681,295	528,402
Unappropriated profit	647,772	1,185,677
Minority interest	84	86
	<u>3,319,468</u>	<u>2,622,520</u>
Less: Deferred tax asset	(852,206)	(600,173)
Total Tier 1 capital	<u>2,467,262</u>	<u>2,022,347</u>
<u>Tier 2 capital</u>		
General allowance for bad and doubtful debts and financing	612,064	425,857
Subordinated term loan	1,140,000	680,000
Subordinated bonds	200,000	200,000
	<u>1,952,064</u>	<u>1,305,857</u>
Maximum Allowable Tier 2 Capital	<u>1,845,695</u>	<u>1,305,857</u>
Capital base	<u>4,312,957</u>	<u>3,328,204</u>

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A29. Capital Adequacy (continue)

	30 September 2005		31 March 2005	
	Principal RM'000	Risk - Weighted RM'000	Principal RM'000	Risk - Weighted RM'000
Notional risk-weighted assets*	<u>53,336,195</u>	<u>40,820,581</u>	<u>36,018,148</u>	<u>28,572,563</u>
Capital Ratios				
Core capital ratio		6.04%		7.08%
Risk-weighted capital ratio		<u>10.57%</u>		<u>11.65%</u>

* The notional risk-weighted assets of the Group as at 30 September 2005 have been adjusted to incorporate market risk, pursuant to Bank Negara Malaysia's Market Risk Capital Adequacy Framework which became effective on 1 April 2005.

The comparative ratios are not adjusted for the prior year adjustments.

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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.

30 September 2005

The Group	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Trading Book RM'000	Total RM'000	Effective interest rate %
ASSETS										
Cash and short-term funds	5,099,341	–	–	–	–	–	218,287	–	5,317,628	2.82
Deposits and placements with financial institutions	–	650,506	–	37,690	–	–	105,000	–	793,196	2.91
Securities held-for-trading	–	–	–	–	–	–	564,568	718,134	1,282,702	3.31
Securities available-for-sale	–	–	–	–	19,958	74,574	–	–	94,532	3.92
Securities held-to-maturity	–	–	–	312,657	294,671	484,713	362,945	–	1,454,986	–
Loans, advances and financing										
– Performing	8,930,123	604,601	330,509	425,708	7,583,931	10,749,165	7,341,915	–	35,965,952	7.14
– Non-performing	–	–	–	–	–	–	3,472,666	–	3,472,666	–
Other non-interest sensitive balances	–	–	–	–	–	–	3,232,778	–	3,232,778	–
TOTAL ASSETS	14,029,464	1,255,107	330,509	776,055	7,898,560	11,308,452	15,298,159	718,134	51,614,440	
LIABILITIES AND SHAREHOLDER'S FUNDS										
Deposits from customers	12,112,833	4,394,230	4,243,480	5,883,249	1,517,640	–	3,495,468	–	31,646,900	2.93
Deposits and placements of banks and other financial institutions	2,627,314	1,228,505	849,674	657,423	930,634	908,000	3,846,710	–	11,048,260	2.57
Securities sold under repurchase agreements	227,302	–	–	–	–	–	–	–	227,302	2.63
Bills and acceptances payables	159,206	262,963	74,087	–	–	–	182,196	–	678,452	–
Amount due to Cagamas Berhad	39,968	80,317	121,438	420,930	1,358,024	–	–	–	2,020,677	3.77
Subordinated term loan	–	–	–	–	–	1,140,000	–	–	1,140,000	6.65
Subordinated bonds	–	–	–	–	–	200,000	–	–	200,000	7.95
Other non-interest sensitive balances	–	–	–	–	–	–	1,335,210	–	1,335,210	–
Total Liabilities	15,166,623	5,966,015	5,288,679	6,961,602	3,806,298	2,248,000	8,859,584	–	48,296,801	
Minority interests	–	–	–	–	–	–	84	–	84	
Shareholder's Funds	–	–	–	–	–	–	3,317,555	–	3,317,555	
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS	15,166,623	5,966,015	5,288,679	6,961,602	3,806,298	2,248,000	12,177,223	–	51,614,440	
On-balance sheet interest sensitivity gap	(1,137,159)	(4,710,908)	(4,958,170)	(6,185,547)	4,092,262	9,060,452	3,120,936	718,134	–	
Off-balance sheet interest sensitivity gap	615,167	1,429,789	(50,000)	(100,000)	(1,894,956)	–	–	–	–	
Total interest sensitivity gap	(521,992)	(3,281,119)	(5,008,170)	(6,285,547)	2,197,306	9,060,452	3,120,936	718,134	–	

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The Group	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	>1 to 5 years	Over 5 years	Non- interest sensitive	Trading Book	Total	Effective interest rate
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS										
Cash and short-term funds	4,896,250	1,316	–	–	–	–	501,227	–	5,398,793	2.66
Deposits and placements with financial institutions	–	358,700	–	203	–	–	22,100	–	381,003	2.61
Securities held-for-trading	–	–	–	–	–	–	185,609	1,306,924	1,492,533	3.48
Securities available-for-sale	–	–	–	–	20,073	76,310	–	–	96,383	–
Securities held-to-maturity	–	–	36,596	66,911	152,287	759,255	529,231	–	1,544,280	–
Loans, advances and financing										
– Performing	10,661,903	697,248	1,041,637	1,395,810	8,753,768	3,203,638	5,425,947	–	31,179,951	7.53
– Non-performing	–	–	–	–	–	–	4,456,234	–	4,456,234	–
Other non-interest sensitive balances	–	–	–	–	–	–	3,129,321	–	3,129,321	–
TOTAL ASSETS	<u>15,558,153</u>	<u>1,057,264</u>	<u>1,078,233</u>	<u>1,462,924</u>	<u>8,926,128</u>	<u>4,039,203</u>	<u>14,249,669</u>	<u>1,306,924</u>	<u>47,678,498</u>	
LIABILITIES AND SHAREHOLDER'S FUNDS										
Deposits from customers	9,943,280	5,057,834	3,443,116	5,231,568	1,534,080	–	3,951,865	–	29,161,743	3.00
Deposits and placements of banks and other financial institutions	1,558,985	2,257,959	1,090,848	581,760	373,585	908,000	2,755,219	–	9,526,356	2.75
Securities sold under repurchase agreements	103,795	–	–	–	–	–	–	–	103,795	2.56
Bills and acceptances payables	134,051	253,965	127,736	–	–	–	–	–	515,752	–
Amount due to Cagamas Berhad	343,350	157,830	115,458	234,245	1,675,724	127,043	–	–	2,653,650	3.93
Subordinated term loan	–	–	–	–	1,140,000	–	–	–	1,140,000	6.66
Subordinated bonds	–	–	–	–	200,000	–	–	–	200,000	7.95
Other non-interest sensitive balances	–	–	–	–	–	–	1,278,349	–	1,278,349	–
Total Liabilities	12,083,461	7,727,588	4,777,158	6,047,573	4,923,389	1,035,043	7,985,433	–	44,579,645	
Minority interests	–	–	–	–	–	–	86	–	86	
Shareholder's Funds	–	–	–	–	–	–	3,098,767	–	3,098,767	
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS	<u>12,083,461</u>	<u>7,727,588</u>	<u>4,777,158</u>	<u>6,047,573</u>	<u>4,923,389</u>	<u>1,035,043</u>	<u>11,084,286</u>	<u>–</u>	<u>47,678,498</u>	
On-balance sheet interest sensitivity gap	3,474,692	(6,670,324)	(3,698,925)	(4,584,649)	4,002,739	3,004,160	3,165,383	1,306,924	–	
Off-balance sheet interest sensitivity gap	860,000	1,220,000	–	(150,000)	(1,930,000)	–	–	–	–	
Total interest sensitivity gap	<u>4,334,692</u>	<u>(5,450,324)</u>	<u>(3,698,925)</u>	<u>(4,734,649)</u>	<u>2,072,739</u>	<u>3,004,160</u>	<u>3,165,383</u>	<u>1,306,924</u>	<u>–</u>	

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The Bank	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	>1 to 5 years	Over 5 years	Non- interest sensitive	Trading Book	Total	Effective interest rate
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS										
Cash and short-term funds	5,099,342	-	-	-	-	-	204,117	-	5,303,459	2.82
Deposits and placements with financial institutions	-	650,404	-	37,690	-	-	105,000	-	793,094	2.91
Securities held-for-trading	-	-	-	-	-	-	564,568	718,134	1,282,702	3.31
Securities available-for-sale	-	-	-	-	19,958	74,574	-	-	94,532	3.92
Securities held-to-maturity	-	-	-	312,657	294,671	484,713	362,690	-	1,454,731	-
Loans, advances and financing										
– Performing	8,930,123	604,601	330,509	425,708	7,583,931	10,749,165	7,345,175	-	35,969,212	7.14
– Non-performing	-	-	-	-	-	-	3,472,666	-	3,472,666	-
Other non-interest sensitive balances	-	-	-	-	-	-	3,160,640	-	3,160,640	-
TOTAL ASSETS	14,029,465	1,255,005	330,509	776,055	7,898,560	11,308,452	15,214,856	718,134	51,531,036	
LIABILITIES AND										
SHAREHOLDER'S FUNDS										
Deposits from customers	12,114,557	4,394,230	4,243,480	5,883,249	1,517,640	-	3,495,468	-	31,648,624	2.93
Deposits and placements of banks and other financial institutions	2,627,314	1,228,505	849,674	657,423	930,634	908,000	3,846,710	-	11,048,260	2.57
Securities sold under repurchase agreements	227,302	-	-	-	-	-	-	-	227,302	2.63
Bills and acceptances	159,206	262,963	74,087	-	-	-	182,196	-	678,452	2.91
Amount due to Cagamas Berhad	39,968	80,317	121,438	420,930	1,358,024	-	-	-	2,020,677	3.77
Subordinated term loan	-	-	-	-	-	1,140,000	-	-	1,140,000	6.65
Subordinated bonds	-	-	-	-	-	200,000	-	-	200,000	7.95
Other non-interest sensitive balances	-	-	-	-	-	-	1,745,249	-	1,745,249	-
Total Liabilities	15,168,347	5,966,015	5,288,679	6,961,602	3,806,298	2,248,000	9,269,623	-	48,708,564	
Shareholder's Funds	-	-	-	-	-	-	2,822,472	-	2,822,472	
TOTAL LIABILITIES AND										
SHAREHOLDER'S FUNDS	15,168,347	5,966,015	5,288,679	6,961,602	3,806,298	2,248,000	12,092,095	-	51,531,036	
On-balance sheet interest sensitivity gap	(1,138,882)	(4,711,010)	(4,958,170)	(6,185,547)	4,092,262	9,060,452	3,122,761	718,134	-	
Off-balance sheet interest sensitivity gap	615,167	1,429,789	(50,000)	(100,000)	(1,894,956)	-	-	-	-	
Total interest sensitivity gap	(523,715)	(3,281,221)	(5,008,170)	(6,285,547)	2,197,306	9,060,452	3,122,761	718,134	-	

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The Bank	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	>1 to 5 years	Over 5 years	Non- interest sensitive	Trading Book	Total	Effective interest rate
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS										
Cash and short-term funds	2,706,370	-	-	-	-	-	450,492	-	3,156,862	2.57
Deposits and placements with financial institutions	-	336,700	-	-	-	-	22,100	-	358,800	2.60
Securities held-for-trading	-	-	-	-	-	-	261,405	694,803	956,208	3.64
Securities available-for-sale	-	-	-	-	-	-	-	-	-	-
Securities held-to-maturity	-	-	-	67,786	150,672	371,888	405,718	-	996,064	3.64
Loans, advances and financing										
- Performing	6,201,736	308,951	785,750	1,394,522	8,211,160	1,963,188	5,425,946	-	24,291,253	7.75
- Non-performing	-	-	-	-	-	-	2,991,137	-	2,991,137	-
Other non-interest sensitive balances	-	-	-	-	-	-	2,336,641	-	2,336,641	-
TOTAL ASSETS	<u>8,908,106</u>	<u>645,651</u>	<u>785,750</u>	<u>1,462,308</u>	<u>8,361,832</u>	<u>2,335,076</u>	<u>11,893,439</u>	<u>694,803</u>	<u>35,086,965</u>	
LIABILITIES AND SHAREHOLDER'S FUNDS										
Deposits from customers	7,042,519	3,477,785	2,843,115	4,580,875	1,365,278	-	2,963,884	-	22,273,456	3.15
Deposits and placements of banks and other financial institutions	614,920	926,745	423,872	199,773	313,434	908,000	2,490,761	-	5,877,505	2.66
Securities sold under repurchase agreements	33,059	-	-	-	-	-	-	-	33,059	2.46
Bills and acceptances	-	-	-	-	-	-	-	-	-	-
Amount due to Cagamas Berhad	341,683	154,481	110,392	223,961	1,498,163	127,043	-	-	2,455,723	3.92
Subordinated term loan	-	-	-	-	680,000	-	-	-	680,000	6.50
Subordinated bonds	-	-	-	-	200,000	-	-	-	200,000	7.95
Other non-interest sensitive balances	-	-	-	-	-	-	954,697	-	954,697	-
Total Liabilities	8,032,181	4,559,011	3,377,379	5,004,609	4,056,875	1,035,043	6,409,342	-	32,474,440	
Shareholder's Funds	-	-	-	-	-	-	2,612,525	-	2,612,525	
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS	<u>8,032,181</u>	<u>4,559,011</u>	<u>3,377,379</u>	<u>5,004,609</u>	<u>4,056,875</u>	<u>1,035,043</u>	<u>9,021,867</u>	<u>-</u>	<u>35,086,965</u>	
On-balance sheet interest sensitivity gap	875,925	(3,913,360)	(2,591,629)	(3,542,301)	4,304,957	1,300,033	2,871,572	694,803	-	
Off-balance sheet interest sensitivity gap	860,000	1,220,000	-	(150,000)	(1,930,000)	-	-	-	-	
Total interest sensitivity gap	<u>1,735,925</u>	<u>(2,693,360)</u>	<u>(2,591,629)</u>	<u>(3,692,301)</u>	<u>2,374,957</u>	<u>1,300,033</u>	<u>2,871,572</u>	<u>694,803</u>	<u>-</u>	

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A30. Operations of Islamic Banking**A30a. Unaudited Balance Sheets as at 30 September 2005**

	The Group		The Bank	
	30 September 2005 RM'000	31 March 2005 RM'000	30 September 2005 RM'000	31 March 2005 RM'000
ASSETS				
Cash and short-term funds	204,117	451,268	204,117	249,385
Deposits and placements with financial institutions	105,000	44,200	105,000	22,100
Securities held-for-trading	564,568	554,166	564,568	185,608
Financing, advances and other loans	7,547,423	6,514,868	7,547,423	5,602,309
Statutory deposit with Bank Negara Malaysia	263,867	231,181	263,867	204,938
Property and equipment	–	15	–	15
Other assets	27,022	12,528	27,022	11,068
Deferred tax asset	64,582	81,720	64,582	53,450
TOTAL ASSETS	8,776,579	7,889,946	8,776,579	6,328,873
LIABILITIES AND ISLAMIC BANKING FUND				
Deposits from customers	3,495,468	3,267,568	3,495,468	2,963,884
Deposits and placements of banks and other financial institutions	3,846,710	3,670,923	3,846,710	2,490,761
Converted funds	330,604	–	330,604	72,142
Bills and acceptances payable	182,196	43,454	182,196	–
Other liabilities	219,465	267,046	219,465	161,131
Total Liabilities	8,074,443	7,248,991	8,074,443	5,687,918
Capital funds	440,542	420,542	440,542	420,542
Unappropriated profits	261,594	220,413	261,594	220,413
Islamic Banking Funds	702,136	640,955	702,136	640,955
TOTAL LIABILITIES AND ISLAMIC BANKING FUND	8,776,579	7,889,946	8,776,579	6,328,873
COMMITMENTS AND CONTINGENCIES	1,973,405	1,933,823	1,973,405	1,100,797

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A30b. Unaudited Income Statements for the Financial Half Year Ended 30 September 2005

<u>The Group</u>	Quarter ended 30 September 2005 RM'000	Quarter ended 30 September 2004 RM'000	Half Year ended 30 September 2005 RM'000	Half Year ended 30 September 2004 RM'000
Income derived from investment of depositors' funds	165,557	134,247	327,263	272,900
Allowance for losses on financing, advances and other loans	(37,248)	(30,192)	(68,759)	(58,784)
Transfer to profit equalisation reserve	(14,592)	(20,708)	(9,053)	(36,237)
Total attributable income	113,717	83,347	249,451	177,879
Income attributable to the depositors	(59,797)	(54,854)	(118,674)	(104,812)
Income attributable to the reporting institution	53,920	28,493	130,777	73,067
Income derived from investment of Islamic Banking Capital Fund	9,000	9,951	21,100	21,790
Total net income	62,920	38,444	151,877	94,857
Other operating expenses	(38,648)	(9,521)	(82,966)	(18,877)
Profit before tax expense	24,272	28,923	68,911	75,980
Tax expense	(9,787)	(6,618)	(20,284)	(21,353)
Net profit for the financial period	14,485	22,305	48,627	54,627

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A30b. Unaudited Income Statements for the Financial Half Year Ended 30 September 2005 (continued)

<u>The Bank</u>	Quarter ended		Half Year ended	
	30 September 2005 RM'000	30 September 2004 RM'000	30 September 2005 RM'000	30 September 2004 RM'000
Income derived from investment of depositors' funds	165,557	121,379	311,291	246,352
Allowance for losses on financing, advances and other loans	(37,248)	(22,173)	(67,048)	(45,264)
Transfer to profit equalisation reserve	(14,592)	(17,834)	(8,738)	(29,449)
Total attributable income	113,717	81,372	235,505	171,639
Income attributable to the depositors	(59,797)	(45,194)	(112,085)	(86,077)
Income attributable to the reporting institution	53,920	36,178	123,420	85,562
Income derived from investment of Islamic Banking Funds	9,000	8,904	20,690	19,629
Total net income	62,920	45,082	144,110	105,191
Other operating expenses	(38,648)	(8,538)	(82,645)	(17,363)
Profit before tax expense	24,272	36,544	61,465	87,828
Tax expense	(9,787)	(8,819)	(20,284)	(24,670)
Net profit for the financial period	14,485	27,725	41,181	63,158

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A30c. Financing, Advances and Other Loans

	The Group		The Bank	
	30 September 2005 RM'000	31 March 2005 RM'000	30 September 2005 RM'000	31 March 2005 RM'000
Term financing and revolving credit facilities	569,488	566,080	569,488	108,017
House financing	845,733	640,177	845,733	466,428
Islamic hire-purchase	7,682,772	6,870,686	7,682,772	6,870,686
Credit cards	278,577	210,855	278,577	-
Trust receipts	13,063	13,513	13,063	-
Claims on customer under acceptance credits	206,638	163,961	206,638	-
Other financing	1,478,881	1,119,363	1,478,881	1,119,362
	<u>11,075,152</u>	<u>9,584,635</u>	<u>11,075,152</u>	<u>8,564,493</u>
Unearned income	(2,291,398)	(1,828,692)	(2,291,398)	(1,828,692)
Gross financing, advances and other loans	8,783,754	7,755,943	8,783,754	6,735,801
Less: Islamic financing sold to Cagamas Berhad	(850,640)	(928,658)	(850,640)	(925,365)
	7,933,114	6,827,285	7,933,114	5,810,436
Allowance for bad and doubtful debts and financing:				
- general	(127,889)	(113,353)	(127,889)	(99,406)
- specific	(257,802)	(199,064)	(257,802)	(108,721)
Net financing, advances and other loans	<u>7,547,423</u>	<u>6,514,868</u>	<u>7,547,423</u>	<u>5,602,309</u>

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A30c. Financing, Advances and Other Loans (continued)

i) Movements in non-performing financing, advances and other loans (“NPL”) are as follows:

	The Group		The Bank	
	30 September 2005 RM'000	31 March 2005 RM'000	30 September 2005 RM'000	31 March 2005 RM'000
Balance at 1 April				
As previously reported	703,432	1,082,916	445,259	503,081
Income-in-suspense	(169,807)	(171,112)	(60,770)	(78,244)
As restated	533,625	911,804	384,489	424,837
Non-performing during the period	267,611	190,783	209,331	120,550
Amount vested over from AmBank Berhad	–	–	139,692	–
Reclassified as performing	(164,376)	(378,448)	(98,854)	(55,781)
Recoveries	(48,921)	(139,187)	(46,719)	(56,478)
Amount written off	–	(51,327)	–	(48,639)
Balance at end of year	587,939	533,625	587,939	384,489
Less:				
Specific allowance	(257,802)	(199,064)	(257,802)	(108,721)
Non-performing financing, advances and other loans - net	330,137	334,561	330,137	275,768
Ratio of non-performing financing, advances and other loans to total financing, advances and other loans - net	3.87%	4.43%	3.87%	4.16%

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A30c. Financing, Advances and Other Loans (continued)

ii) Movements in the allowance for bad and doubtful debts and financing accounts are as follows:

	The Group		The Bank	
	30 September 2005 RM'000	31 March 2005 RM'000	30 September 2005 RM'000	31 March 2005 RM'000
General Allowance				
Balance at 1 April	113,353	92,080	99,406	80,276
Allowance made during the period	14,536	21,273	14,281	19,130
Amount vested over from AmBank Bhd	—	—	14,202	—
	<u>127,889</u>	<u>113,353</u>	<u>127,889</u>	<u>99,406</u>
Balance at end of period				
% of gross loans, financing and other loans less specific allowance	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>
Specific Allowance				
Balance at 1 April	<u>199,064</u>	<u>79,803</u>	<u>108,721</u>	<u>58,247</u>
Allowance made during the period	103,545	238,273	99,296	162,716
Amount written back in respect of recoveries	<u>(44,807)</u>	<u>(68,403)</u>	<u>(42,605)</u>	<u>(64,289)</u>
Net charge to income statements	58,738	169,870	56,691	98,427
Amount vested over from AmBank Bhd	—	—	92,390	—
Amount written off/ Adjustment to Asset Deficiency Account	<u>—</u>	<u>(50,609)</u>	<u>—</u>	<u>(47,953)</u>
Balance at end of period	<u>257,802</u>	<u>199,064</u>	<u>257,802</u>	<u>108,721</u>

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A30d. Deposits from Customers**i) By type of deposits**

	The Group		The Bank	
	30 September 2005 RM'000	31 March 2005 RM'000	30 September 2005 RM'000	31 March 2005 RM'000
<u>Bank</u>				
<u>Non-Mudharabah Fund</u>				
Demand deposits	169,139	103,869	169,139	-
Islamic negotiable certificates of deposits	19,390	38,850	19,390	38,850
Savings deposits	450,645	395,691	450,645	353,844
	<u>639,174</u>	<u>538,410</u>	<u>639,174</u>	<u>392,694</u>
<u>Mudharabah Fund</u>				
General investment deposit	2,856,294	2,729,158	2,856,294	2,571,190
	<u>2,856,294</u>	<u>2,729,158</u>	<u>2,856,294</u>	<u>2,571,190</u>
Deposit from customers	<u>3,495,468</u>	<u>3,267,568</u>	<u>3,495,468</u>	<u>2,963,884</u>

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A31. Change in Accounting Policies and Prior Year Adjustments

(a) Change in Accounting Policies

During the financial half year ended 30 September 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 Bank have the positive intent and ability to hold to maturity. The securities held-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 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 from 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 a change in the fair value of the derivatives 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 in the income statements.

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A31. Change in Accounting Policies and Prior Year Adjustments (continued)Cash flow hedge

Gains and losses on the hedging instrument, to the extent that the hedge is effective, are deferred 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.

- 3) 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 set-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

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

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
The Group			
As at 31 March 2005			
Dealing Securities	272,468	(272,468)	–
Investment Securities	2,858,873	(2,858,873)	–
Securities held-for-trading	–	1,492,533	1,492,533
Securities available-for-sale	–	96,383	96,383
Securities held-to-maturity	–	1,544,280	1,544,280
Deferred Tax Assets	908,401	(520)	907,881
Reserves	2,569,029	1,336	2,570,365

For the financial statement for the financial half year ended 30 September 2004

Income from Islamic Banking operations	188,445	1,433	189,878
Other operating income	39,219	88	39,307
Profit before taxation	153,552	1,521	155,073
Taxation	55,405	426	55,831
Profit after taxation	98,148	1,094	99,242

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	As previously stated RM'000	Adjustments RM'000	As restated RM'000
The Bank			
As at 31 March 2005			
Dealing Securities	75,796	(75,796)	–
Investment Securities	1,874,620	(1,874,620)	–
Securities held-for-trading	–	956,208	956,208
Securities held-to-maturity	–	996,064	996,064
Deferred Tax Assets	616,804	(520)	616,284
Reserves	2,082,787	1,336	2,084,123
For the financial statement for the financial half year ended 30 September 2004			
Income from Islamic Banking operations	178,472	1,432	179,904
Other operating income	5,887	88	5,975
Profit before taxation	191,735	1,520	193,255
Taxation	65,584	426	66,010
Profit after taxation	126,151	1,094	127,245