

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 31 DECEMBER 2005

	Note	Group		Bank	
		31.12.2005 RM'000	31.3.2005 RM'000	31.12.2005 RM'000	31.3.2005 RM'000
ASSETS					
Cash and short-term funds		1,732,229	2,579,909	1,423,385	2,329,913
Securities purchased under resale agreements		14,597	9,671	7,676	-
Deposits and placements with banks and other financial institutions		1,181,034	392,923	1,217,850	428,400
Securities held-for-trading	8	5,841,568	3,576,932	5,819,306	3,554,660
Securities available-for-sale	9	666,071	853,330	646,945	565,282
Securities held-to-maturity	10	1,875,089	1,400,801	1,781,329	1,267,000
Loans, advances and financing	11	4,199,714	4,528,871	4,025,525	4,350,433
Other assets	12	262,093	288,656	250,906	276,996
Goodwill on consolidation		36,910	-	-	-
Deferred tax assets		70,549	76,736	70,549	76,736
Statutory deposit with Bank Negara Malaysia		200,000	244,294	200,000	244,294
Investments in subsidiary companies		-	-	83,103	38,617
Investments in associated companies		40,644	39,432	21,950	21,950
Property and equipment		41,344	40,565	38,823	37,912
TOTAL ASSETS		16,161,842	14,032,120	15,587,347	13,192,193
LIABILITIES AND SHAREHOLDER'S FUNDS					
Deposits from customers	13	5,357,822	5,294,436	5,184,470	4,705,300
Deposits and placements of banks and other financial institutions	14	5,631,682	4,591,416	5,618,457	4,713,020
Obligations on securities sold under repurchase agreements		2,157,966	1,463,910	2,157,966	1,463,910
Acceptances payable		3,179	3,186	3,179	3,186
Recourse obligations on loans sold to Cagamas Berhad		101,096	132,798	101,096	132,798
Other liabilities	15	155,128	92,563	135,526	76,444
Term loans		283,500	285,000	-	-
Subordinated certificates of deposits		199,644	198,768	199,644	198,768
Redeemable unsecured subordinated bonds		595,000	460,000	595,000	460,000
Total Liabilities		14,485,017	12,522,077	13,995,338	11,753,426
Minority interests		-	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		1,246,825	1,083,960	1,162,009	1,018,767
Shareholder's funds		1,676,825	1,503,960	1,592,009	1,438,767
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS		16,161,842	14,032,120	15,587,347	13,192,193

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UNAUDITED BALANCE SHEETS AS AT 31 DECEMBER 2005 (CONTD.)

	Note	Group		Bank	
		31.12.2005 RM'000	31.3.2005 RM'000	31.12.2005 RM'000	31.3.2005 RM'000
COMMITMENTS AND CONTINGENCIES	26	21,801,306	14,821,270	21,760,440	14,807,056
NET TANGIBLE ASSETS PER SHARE (RM)		7.77	7.48	7.58	7.19
NET TANGIBLE ASSETS PER SHARE, AFTER DEDUCTING THE NOMINAL AMOUNTS OF ICULS 2002/2007 AND PREFERENCE SHARE CAPITAL (RM)		6.73	6.38	6.53	6.09

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

AmMerchant Bank Berhad
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**UNAUDITED CONSOLIDATED INCOME STATEMENTS FOR THE
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2005**

Group	Note	Individual Quarter		Cumulative Quarter	
		31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
Revenue		236,439	237,136	730,491	641,853
Interest income	16	164,198	168,642	433,807	438,428
Interest expense	17	(110,566)	(97,330)	(318,857)	(306,264)
Net interest income		53,632	71,312	114,950	132,164
Income from Islamic banking operations		19,185	12,928	64,313	41,401
Other operating income	18	53,056	55,565	232,371	162,024
Net income		125,873	139,805	411,634	335,589
Other operating expenses	19	(34,328)	(33,373)	(110,475)	(96,772)
Operating profit		91,545	106,432	301,159	238,817
Allowance for losses on loans and financing Impairment writeback/(loss) on:	20	(3,970)	(35,102)	(40,180)	(47,087)
Securities held-to-maturity		2,874	(10,194)	7,888	(10,552)
Assets acquired in exchange of debts		-	-	(660)	-
Transfer from/(to) profit equalisation reserve		(917)	198	552	(2,875)
Allowance for doubtful sundry receivables - net		(146)	(44)	(207)	(1,226)
Provision for commitments		502	-	63	-
Profit before share in results of associated companies		89,888	61,290	268,615	177,077
Share in results of associated companies		113	8,065	1,743	11,258
Profit before taxation		90,001	69,355	270,358	188,335
Taxation		(24,835)	(17,077)	(73,453)	(50,796)
Profit after taxation but before minority interests		65,166	52,278	196,905	137,539
Minority shareholders' interests in results of subsidiary companies		58	(515)	(1,333)	(1,621)
Net profit attributable to shareholder of the Bank		65,224	51,763	195,572	135,918
EARNINGS PER SHARE (SEN)					
Basic		30.19	25.88	91.23	65.25
Fully diluted		19.18	15.69	57.79	41.19

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

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UNAUDITED INCOME STATEMENTS (CONTD.)
FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2005

Bank	Note	Individual Quarter		Cumulative Quarter	
		31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
Revenue		218,136	220,362	679,068	605,942
Interest income	16	160,451	155,343	417,542	416,947
Interest expense	17	(107,635)	(92,636)	(305,425)	(296,350)
Net interest income		52,816	62,707	112,117	120,597
Income from Islamic banking operations		19,053	12,928	63,775	41,401
Other operating income	18	38,632	52,091	197,751	147,594
Net income		110,501	127,726	373,643	309,592
Other operating expenses	19	(27,684)	(27,833)	(91,892)	(81,052)
Operating profit		82,817	99,893	281,751	228,540
Allowance for losses on loans and financing	20	(2,897)	(35,476)	(39,149)	(45,530)
Impairment (loss)/writeback on:					
Securities held-to-maturity		2,898	(7,860)	4,584	(7,828)
Assets acquired in exchange of debts		-	-	(660)	-
Transfer from/(to) profit equalisation reserve		(868)	198	897	(2,875)
Allowance for doubtful					
sundry receivables - net		(146)	(44)	(207)	(1,226)
Provision for commitments		502	-	63	-
Profit before taxation		82,306	56,711	247,279	171,081
Taxation		(23,744)	(15,621)	(70,523)	(47,884)
Net profit attributable to shareholder of the Bank		58,562	41,090	176,756	123,197
EARNINGS PER SHARE (SEN)					
Basic		27.02	19.64	82.20	58.89
Fully diluted		17.22	12.45	52.23	37.33

The Income Statements 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
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 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	-	-	-	-	-	-	-	1,831	1,831
At 1 April 2004 (restated)	300,000	120,000	2,815	60,284	300,000	-	29,618	710,938	1,523,655
Net unrealised loss on revaluation of securities available-for-sale	-	-	-	-	-	(15,540)	-	-	(15,540)
Profit for the period	-	-	-	-	-	-	-	135,918	135,918
Interest on ICULS	-	-	-	-	-	-	-	(5,424)	(5,424)
Final ordinary dividend	-	-	-	-	-	-	-	(36,000)	(36,000)
At 31 December 2004	300,000	120,000	2,815	60,284	300,000	(15,540)	29,618	805,432	1,602,609
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
Net unrealised gain on revaluation of securities available-for-sale	-	-	-	-	-	8,396	-	-	8,396
Profit for the period	-	-	-	-	-	-	-	195,572	195,572
Interest on ICULS	-	-	-	-	-	-	-	(5,424)	(5,424)
Final ordinary dividend	-	-	-	-	-	-	-	(36,000)	(36,000)
Proposed interim ordinary dividend	-	-	-	-	-	-	-	(39,312)	(39,312)
Transfer from income statements	-	-	-	-	29,549	-	-	(29,549)	-
Exchange fluctuation adjustments	-	-	-	-	-	-	(367)	-	(367)
At 31 December 2005	310,000	120,000	2,815	100,284	329,549	(8,243)	29,250	793,170	1,676,825

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 STATEMENTS OF CHANGES IN EQUITY (CONTD.)
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 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	-	-	-	-	-	1,831	1,831
At 1 April 2004 (restated)	300,000	120,000	60,284	300,000	-	673,316	1,453,600
Net unrealised loss on revaluation of securities available-for-sale	-	-	-	-	(15,877)	-	(15,877)
Profit for the period	-	-	-	-	-	123,197	123,197
Interest on ICULS	-	-	-	-	-	(5,424)	(5,424)
Final ordinary dividend	-	-	-	-	-	(36,000)	(36,000)
At 31 December 2004	300,000	120,000	60,284	300,000	(15,877)	755,089	1,519,496
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
Net unrealised gain on revaluation of securities available-for-sale	-	-	-	-	7,222	-	7,222
Profit for the period	-	-	-	-	-	176,756	176,756
Interest on ICULS	-	-	-	-	-	(5,424)	(5,424)
Final ordinary dividend	-	-	-	-	-	(36,000)	(36,000)
Proposed interim ordinary dividend	-	-	-	-	-	(39,312)	(39,312)
Transfer from income statements	-	-	-	29,549	-	(29,549)	-
At 31 December 2005	310,000	120,000	100,284	329,549	(8,469)	740,645	1,592,009

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 PERIOD ENDED 31 DECEMBER 2005

	Group		Bank	
	31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
Profit before taxation	270,358	188,335	247,279	171,081
Add adjustments for non-operating and non cash items	(24,516)	45,654	(26,244)	53,640
Operating profit before working capital changes	245,842	233,989	221,035	224,721
(Increase)/Decrease in operating assets	(2,478,143)	899,523	(2,797,338)	(476,241)
Increase/(Decrease) in operating liabilities	1,790,903	(2,138,321)	2,068,560	(2,289,888)
Cash used in operations	(441,398)	(1,004,809)	(507,743)	(2,541,408)
Taxation paid	(45,081)	(41,181)	(42,000)	(38,382)
Net cash used in operating activities	(486,479)	(1,045,990)	(549,743)	(2,579,790)
Net cash (used in)/generated from investing activities	(503,277)	17,999	(500,361)	1,819,240
Net cash generated from/(used in) financing activities	142,076	(41,424)	143,576	(41,424)
	(361,201)	(23,425)	(356,785)	1,777,816
Net decrease in cash and cash equivalents	(847,680)	(1,069,415)	(906,528)	(801,974)
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	1,732,229	1,565,742	1,423,385	1,357,262

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. Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Group		Bank	
	31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
Cash and short-term funds	1,732,229	1,565,742	1,423,385	1,357,262

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

EXPLANATORY NOTES :

1. BASIS OF PREPARATION

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 period. 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.

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

The unaudited condensed interim financial statements incorporated those activities relating to the Islamic Banking Operations which have been undertaken by the Bank and the Group. Islamic Banking Operations refers generally to the acceptance of deposits, origination, structuring, execution and dealing in Islamic securities and granting of financing under the syariah principles.

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 period ended 31 December 2005.

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.

Pursuant to a Trust Deed dated 27 October 2005, the Bank issued RM200,000,000 nominal amount of Redeemable Unsecured Subordinated Bonds ("SubBonds") for the purpose of redemption of unsecured subordinated certificates of deposit. The unsecured subordinated certificates of deposits will be redeemed on 1 March 2006.

The salient features of the SubBonds are as follows:

- (a) The SubBonds bear interest at 4.75% per annum for the first five years and at 5.25% to 7.25% per annum for years 6 to 10. The interest is payable on a semi-annual basis.
- (b) The SubBonds are redeemable on 31 October 2010 or on each anniversary date thereafter at nominal value together with interest accrued to the date of redemption.
- (c) The SubBonds are for a period of ten years maturing on 31 October 2015. However, subject to the prior approval of Bank Negara Malaysia, the merchant banking subsidiary company may redeem the SubBonds on 31 October 2010 or on each anniversary date thereafter.

During the financial period, the Bank had purchased and cancelled RM65,000,000 of the SubBonds.

7. DIVIDENDS

During the financial period, the Bank proposed an interim ordinary dividend of 26%, less 28% taxation, amounting to RM39,312,000 for the financial year ending 31 March 2006.

8. SECURITIES HELD-FOR-TRADING

	Group		Bank	
	31.12.2005 RM'000	31.3.2005 RM'000	31.12.2005 RM'000	31.3.2005 RM'000
At Fair Value				
Money Market Securities :				
Treasury Bills	29,800	-	29,800	-
Islamic Treasury Bills	27,746	-	27,746	-
Malaysian Government Securities	967,448	448,830	967,448	448,830
Malaysian Government Investment Certificates	11,495	8,303	11,495	8,303
Cagamas bonds	114,840	90,361	114,840	90,361
Khazanah bonds	2,695	152,276	2,695	152,276
Bank Negara Malaysia bills	225,429	-	225,429	-
Negotiable instruments of deposits	2,386,183	1,646,214	2,386,183	1,646,214
Cagamas Mudharabah bearer bonds	170,811	-	170,811	-
Islamic Bank Negara Malaysia bills	7,032	56,323	7,032	56,323
Negotiable Islamic Debt Certificates	62,345	48,295	62,345	48,295
	<u>4,005,824</u>	<u>2,450,602</u>	<u>4,005,824</u>	<u>2,450,602</u>
Securities Quoted In Malaysia:				
Shares	80,135	69,193	80,135	69,193
Trust units	139,903	1,849	139,903	1,849
Warrants	60	-	60	-
Loan stocks	976	1,613	976	1,613
Corporate bonds	22,262	22,272	-	-
	<u>243,336</u>	<u>94,927</u>	<u>221,074</u>	<u>72,655</u>
Unquoted Private Debt Securities Of Companies Incorporated In Malaysia:				
Islamic corporate bonds	771,348	613,174	771,348	613,174
Corporate notes	60,526	72,910	60,526	72,910
Corporate bonds	555,120	239,883	555,120	239,883
Islamic corporate notes	120,881	-	120,881	-
	<u>1,507,875</u>	<u>925,967</u>	<u>1,507,875</u>	<u>925,967</u>
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated in Malaysia:				
Corporate bonds	67,803	68,564	67,803	68,564
Islamic corporate notes	16,730	36,872	16,730	36,872
	<u>84,533</u>	<u>105,436</u>	<u>84,533</u>	<u>105,436</u>
Total securities held-for-trading	<u>5,841,568</u>	<u>3,576,932</u>	<u>5,819,306</u>	<u>3,554,660</u>

9. SECURITIES AVAILABLE-FOR-SALE

	Group		Bank	
	31.12.2005	31.3.2005	31.12.2005	31.3.2005
	RM'000	RM'000	RM'000	RM'000
At Fair Value				
Money Market Securities :				
Malaysian Government Securities	-	269,996	-	-
Securities Quoted In Malaysia:				
Corporate bonds	19,128	18,052	-	-
Unquoted Private Debt Securities				
 Of Companies Incorporated				
 In Malaysia:				
Corporate bonds	234,834	69,869	234,835	69,869
Islamic corporate notes	-	-	-	-
	<u>234,834</u>	<u>69,869</u>	<u>234,835</u>	<u>69,869</u>
Unquoted Guaranteed Private Debt				
 Securities Of Companies				
 Incorporated in Malaysia:				
Corporate bonds	412,109	495,413	412,110	495,413
Total securities available-for-sale	<u>666,071</u>	<u>853,330</u>	<u>646,945</u>	<u>565,282</u>

10. SECURITIES HELD-TO-MATURITY

	Group		Bank	
	31.12.2005 RM'000	31.3.2005 RM'000	31.12.2005 RM'000	31.3.2005 RM'000
At Amortised Cost:				
Money Market Securities:				
Treasury bills	-	28,804	-	-
Quoted Securities:				
In Malaysia:				
Shares	2	2	-	-
Corporate bonds	56,700	57,000	-	-
Outside Malaysia:				
Corporate bonds	-	19,000	-	-
	56,702	76,002	-	-
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	60,588	60,589	60,588	60,589
Corporate bonds	100	100	100	100
Outside Malaysia:				
Shares	10,143	11,957	10,143	11,957
	70,831	72,646	70,831	72,646
Debt Equity Converted Securities:				
Quoted in Malaysia:				
Shares	24,695	24,694	19,822	19,822
Loan stocks - collateralised	971	973	-	-
Loan stocks	488,795	194,005	488,795	194,005
Unquoted securities of companies incorporated:				
In Malaysia:				
Shares	1,680	1,679	-	-
Corporate bonds	463,390	533,649	423,576	486,674
Outside Malaysia:				
Shares	15,484	15,565	-	-
	995,015	770,565	932,193	700,501
Unquoted Private Debt Securities Of Companies Incorporated:				
In Malaysia:				
Corporate bonds	85,698	86,813	85,698	86,813
Corporate bonds and notes denominated in USD	113,355	114,000	113,355	114,000
Islamic corporate bonds	197,447	-	197,447	-
	396,500	200,813	396,500	200,813

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

	Group		Bank	
	31.12.2005 RM'000	31.3.2005 RM'000	31.12.2005 RM'000	31.3.2005 RM'000
Unquoted Guaranteed Private Debt Securities of Companies Incorporated in Malaysia				
Corporate bonds	83,583	-	83,583	-
Total	2,062,631	1,608,830	1,943,107	1,433,960
Accumulated impairment losses	(187,542)	(208,029)	(161,778)	(166,960)
Total securities held-to-maturity	1,875,089	1,400,801	1,781,329	1,267,000

11. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	31.12.2005 RM'000	31.3.2005 RM'000	31.12.2005 RM'000	31.3.2005 RM'000
Term loans and revolving credits	4,440,559	4,725,144	4,259,700	4,540,204
Staff loans	22,235	27,131	21,257	26,421
Claims on customers under acceptance credits	3,179	3,407	3,179	3,407
Gross loans, advances and financing	4,465,973	4,755,682	4,284,136	4,570,032
Less:				
Allowance for bad and doubtful debts and financing:				
General	64,056	69,091	61,418	66,278
Specific	202,203	157,720	197,193	153,321
	266,259	226,811	258,611	219,599
Net loans, advances and financing	4,199,714	4,528,871	4,025,525	4,350,433

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

	Group		Bank	
	31.12.2005 RM'000	31.3.2005 RM'000	31.12.2005 RM'000	31.3.2005 RM'000
Construction	990,961	1,116,209	963,899	1,089,007
Purchase of securities	890,923	703,865	890,923	703,865
Manufacturing	519,569	414,888	476,135	367,566
Investment holdings	470,466	782,084	433,831	782,084
General commerce	434,620	463,679	430,901	459,041
Transport, storage and communication	359,776	199,211	319,504	156,034
Agriculture	289,173	318,178	279,838	304,675
Real estate	229,154	225,941	229,154	225,941
Electricity, gas and water	106,628	259,772	106,628	259,772
Finance, insurance and business services	66,168	148,867	62,361	113,896
Purchase of landed property:				
(a) Non-residential	61,865	60,729	55,696	54,562
(b) Residential	19,893	22,433	19,043	21,841
Mining and quarrying	190	610	190	610
Others	26,587	39,216	16,033	31,138
Gross loans, advances and financing	<u>4,465,973</u>	<u>4,755,682</u>	<u>4,284,136</u>	<u>4,570,032</u>

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

	Group		Bank	
	31.12.2005 RM'000	31.3.2005 RM'000	31.12.2005 RM'000	31.3.2005 RM'000
Domestic :				
Other non-bank financial institutions:				
Stockbroking companies	-	12,437	-	-
Others	47,066	38,073	47,066	50,510
Business enterprises:				
Small medium enterprises	205,696	579,056	205,696	579,056
Others	3,996,095	3,850,220	3,897,433	3,768,323
Government and statutory bodies	46,765	38,004	8,529	-
Individuals	87,066	89,636	86,088	88,926
Foreign entities	83,285	148,256	39,324	83,217
	<u>4,465,973</u>	<u>4,755,682</u>	<u>4,284,136</u>	<u>4,570,032</u>

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

	Group		Bank	
	31.12.2005	31.3.2005	31.12.2005	31.3.2005
	RM'000	RM'000	RM'000	RM'000
Variable rate				
Cost-plus	3,766,133	3,190,981	3,683,907	3,113,418
Other variable rates	266,498	405,755	167,968	300,579
Fixed rate				
Housing loans	21,670	23,909	21,252	23,317
Hire purchase receivables	92	3,177	-	3,059
Other fixed rates	411,580	1,131,860	411,009	1,129,659
	4,465,973	4,755,682	4,284,136	4,570,032

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

	Group		Bank	
	31.12.2005	31.3.2005	31.12.2005	31.3.2005
	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	61,610	270,282	61,610	258,642
Reclassification to performing loans, advances and financing	(315,419)	(350,424)	(315,419)	(341,197)
Recoveries	(47,886)	(65,220)	(47,886)	(12,300)
Amount written off	(96)	(24,602)	(96)	(15,919)
Debt equity conversion	-	(78,318)	-	(67,678)
Exchange fluctuation adjustments	(342)	-	(201)	-
Balance at end of period/year	537,092	839,225	503,866	805,858
Specific allowance	(202,203)	(157,720)	(197,193)	(153,321)
Non-performing loans, advances and financing - net	334,889	681,505	306,673	652,537
Ratios of non-performing loans, advances and financing to total loans, advances and financing - net	7.85%	14.82%	7.50%	14.77%

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

	Group		Bank	
	31.12.2005 RM'000	31.3.2005 RM'000	31.12.2005 RM'000	31.3.2005 RM'000
Construction	139,337	122,732	112,279	95,530
Purchase of securities	69,836	56,924	69,836	56,924
Manufacturing	58,119	156,385	58,119	156,385
Investment holdings	96,217	87,623	96,217	87,623
General commerce	96,020	114,373	96,020	114,373
Transport, storage and communication	-	54,936	-	54,936
Agriculture	15,983	14,324	15,983	14,324
Real estate	42,457	124,417	42,457	124,417
Finance, insurance and business services	3,771	88,789	3,771	88,789
Purchase of non-residential landed property	10,945	12,242	4,775	6,075
Mining and quarrying	-	144	-	144
Others	4,407	6,336	4,409	6,338
	<u>537,092</u>	<u>839,225</u>	<u>503,866</u>	<u>805,858</u>

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

	Group		Bank	
	31.12.2005 RM'000	31.3.2005 RM'000	31.12.2005 RM'000	31.3.2005 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	(5,019)	(11,313)	(4,857)	(11,510)
Exchange fluctuation adjustments	(16)	-	(3)	-
Balance at end of period/year	<u>64,056</u>	<u>69,091</u>	<u>61,418</u>	<u>66,278</u>
% of total loans, advances and financing less specific allowances	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>
Specific allowance				
Balance at beginning of period/year	157,720	378,375	153,321	362,969
Allowance during the period/year	66,675	106,361	65,433	104,495
Amount written back in respect of recoveries and reversals	(21,359)	(5,925)	(21,360)	(5,135)
Net charge to income statements	45,316	100,436	44,073	99,360
Amount written off	(810)	(321,628)	(201)	(309,008)
Exchange fluctuation adjustments	(23)	-	-	-
Reclassification from sundry receivables	-	4,192	-	-
Debt equity conversion	-	(3,655)	-	-
Balance at end of period/year	<u>202,203</u>	<u>157,720</u>	<u>197,193</u>	<u>153,321</u>

12. OTHER ASSETS

	Group		Bank	
	31.12.2005 RM'000	31.3.2005 RM'000	31.12.2005 RM'000	31.3.2005 RM'000
Other receivables, deposits and prepayments, net of allowance for doubtful debts	47,297	69,920	34,003	63,311
Interest/Dividends receivable	72,468	42,495	71,721	35,243
Amount due from Originators	101,096	132,798	101,096	132,798
Amount due from brokers	3,162	10,496	3,162	10,496
Amount due from:				
Holding company	151	194	151	194
Subsidiary company	-	-	-	2,074
Related companies	28,176	17,274	31,030	17,401
Assets acquired in exchange of debts, net of impairment loss	9,743	15,479	9,743	15,479
	<u>262,093</u>	<u>288,656</u>	<u>250,906</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	
	31.12.2005 RM'000	31.3.2005 RM'000	31.12.2005 RM'000	31.3.2005 RM'000
Term/Investment deposits	4,316,514	4,911,612	4,143,162	4,322,476
Negotiable instruments of deposits	1,041,308	382,824	1,041,308	382,824
	<u>5,357,822</u>	<u>5,294,436</u>	<u>5,184,470</u>	<u>4,705,300</u>
The deposits are sourced from the following types of customers:				
Business enterprises	3,408,757	4,153,137	3,236,170	3,564,809
Individuals	10,415	4,714	9,011	3,906
Government	836,552	626,842	836,552	626,842
Others	1,102,098	509,743	1,102,737	509,743
	<u>5,357,822</u>	<u>5,294,436</u>	<u>5,184,470</u>	<u>4,705,300</u>

14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	31.12.2005 RM'000	31.3.2005 RM'000	31.12.2005 RM'000	31.3.2005 RM'000
Licensed banks:				
Subsidiary	-	-	119,076	159,604
Related	1,069,225	39,105	1,069,225	39,105
Others	1,025,141	836,461	892,840	798,461
Licensed merchant banks	51,139	90,265	51,139	90,265
Other licensed finance companies	587	528,702	587	528,702
Other financial institutions	3,485,590	3,096,883	3,485,590	3,096,883
	<u>5,631,682</u>	<u>4,591,416</u>	<u>5,618,457</u>	<u>4,713,020</u>

15. OTHER LIABILITIES

	Group		Bank	
	31.12.2005 RM'000	31.3.2005 RM'000	31.12.2005 RM'000	31.3.2005 RM'000
Trade payables	3,841	9,918	-	-
Other payables and accruals	110,829	72,290	94,628	66,832
Provision for commitments	-	63	-	63
Amount due to :				
Holding company	-	1	-	-
Subsidiary company	-	-	26	31
Related companies	494	95	224	85
Associated companies	(1,214)	149	-	-
Taxation payable	(108)	420	-	-
Zakat payable	38	38	38	38
Profit equalisation reserve	1,643	2,195	1,298	2,195
Preference dividend payable to shareholder	-	7,200	-	7,200
Interim ordinary dividend	39,312	-	39,312	-
Deferred tax liabilities	293	194	-	-
	<u>155,128</u>	<u>92,563</u>	<u>135,526</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	
	31.12.2005 RM'000	31.3.2005 RM'000	31.12.2005 RM'000	31.3.2005 RM'000
Balance at beginning of period/year	2,195	-	2,195	-
Provision during the period/year	4,413	6,042	4,068	6,042
Amount written back	(4,965)	(3,847)	(4,965)	(3,847)
Balance at end of period/year	<u>1,643</u>	<u>2,195</u>	<u>1,298</u>	<u>2,195</u>

16. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
Short-term funds and deposits with financial institutions	16,792	14,896	54,558	47,798
Securities held-for-trading	40,754	43,556	110,558	138,531
Securities available for sale	9,894	181	21,235	8,970
Securities held-to-maturity	19,039	23,215	41,908	40,931
Loans and advances				
- Interest income other than recoveries from NPL	54,698	47,069	149,376	145,995
- Recoveries from NPLs	15,393	37,115	45,727	61,002
Others	1,500	4,121	6,409	12,572
Gross interest income	158,070	170,153	429,771	455,799
Amortisation of premiums less accretion of discounts	6,128	(1,404)	4,094	(15,163)
Interest suspended	-	(107)	(58)	(2,208)
Total after net interest suspension	164,198	168,642	433,807	438,428

Bank	Individual Quarter		Cumulative Quarter	
	31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
Short-term funds and deposits with financial institutions	15,592	17,442	50,584	52,056
Securities held-for-trading	40,456	43,542	109,659	138,485
Securities available-for-sale	9,819	43	16,691	8,549
Securities held-to-maturity	19,039	19,982	41,821	37,067
Loans and advances				
- Interest income other than recoveries from NPL	52,802	45,451	143,060	142,288
- Recoveries from NPLs	15,393	28,365	45,727	50,041
Others	1,223	4,057	6,103	12,418
Gross interest income	154,324	158,882	413,645	440,904
Amortisation of premiums less accretion of discounts	6,127	(3,432)	3,955	(21,749)
Interest suspended	-	(107)	(58)	(2,208)
Total after net interest suspension	160,451	155,343	417,542	416,947

17. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
Deposits from customers	62,063	61,727	187,253	192,211
Deposit of banks and other financial institutions	18,109	8,426	37,479	25,480
Securities sold under repurchase agreements	13,115	8,762	33,151	26,473
Subordinated deposits and term loans	7,260	6,310	20,741	18,645
Redeemable unsecured bonds	8,935	7,536	23,926	22,527
Others	1,084	4,569	16,307	20,928
	<u>110,566</u>	<u>97,330</u>	<u>318,857</u>	<u>306,264</u>

Bank	Individual Quarter		Cumulative Quarter	
	31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
Deposits from customers	59,480	55,323	177,445	176,753
Deposit of banks and other financial institutions	20,611	11,895	41,848	34,566
Securities sold under repurchase agreements	13,115	8,990	33,151	26,693
Subordinated deposits and term loans	4,412	5,825	12,932	16,941
Redeemable unsecured bonds	8,935	7,536	23,926	22,527
Others	1,082	3,067	16,123	18,870
	<u>107,635</u>	<u>92,636</u>	<u>305,425</u>	<u>296,350</u>

18. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
Fee income:				
Fees on loans and advances	7,674	3,701	25,057	8,503
Corporate advisory fees	3,542	6,950	14,633	18,847
Guarantee fees	3,462	3,698	7,742	7,844
Underwriting commissions	2,587	468	4,205	3,907
Portfolio management fees	2,305	2,484	6,140	7,300
Unit trust management fees	4,895	4,714	19,448	13,888
Property trust management fees	495	494	1,483	1,474
Other fee income	4,212	5,560	7,560	9,407
	<u>29,172</u>	<u>28,069</u>	<u>86,268</u>	<u>71,170</u>
Investment and trading income:				
Net gain from sale of securities held-for-trading	25,275	9,989	87,509	48,283
Net gain from sale of securities available-for-sale	31	-	92	-
Net gain on redemption of securities held-to-maturity	15,124	3,168	27,514	4,028
Gain on disposal on subsidiary company	291	-	291	-
Gross dividend income from:				
Securities held-for-trading	1,479	744	3,054	3,459
Securities held-to-maturity	295	13,593	11,425	26,211
Gain on revaluation of derivatives	2,045	2,256	1,193	4,245
Gain/(Loss) on revaluation of securities held-for-trading	(20,761)	(2,634)	10,891	3,652
	<u>23,779</u>	<u>27,116</u>	<u>141,969</u>	<u>89,878</u>
Other income:				
Unrealised foreign exchange gain/(loss)	(523)	84	2,644	63
Gain on disposal of property and equipment - net	25	1	371	113
Rental income	536	208	973	573
Other non-operating income	67	87	146	227
	<u>105</u>	<u>380</u>	<u>4,134</u>	<u>976</u>
	<u>53,056</u>	<u>55,565</u>	<u>232,371</u>	<u>162,024</u>

18. OTHER OPERATING INCOME (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
	RM'000	RM'000	RM'000	RM'000
Fee income:			-	
Fees on loans and advances	3,655	3,124	20,776	7,534
Corporate advisory fees	3,379	6,822	14,080	18,445
Guarantee fees	1,622	3,530	4,950	6,489
Underwriting commissions	2,587	468	4,205	3,907
Other fee income	2,874	5,937	8,044	10,600
	<u>14,117</u>	<u>19,881</u>	<u>52,055</u>	<u>46,975</u>
Investment and trading income:				
Net gain from sale of securities held-for-trading	25,275	10,038	87,509	48,638
Net gain from sale of securities available-for-sale	741	-	741	-
Net gain on redemption of securities held-to-maturity	15,124	2,850	27,509	3,652
Gain on revaluation of derivatives	1,798	2,256	1,257	4,245
Gross dividend income from:				
Unquoted subsidiary company	-	5,156	1,700	8,762
Unquoted associated company	-	-	-	1,317
Securities held-for-trading	1,479	744	3,054	3,459
Securities held-to-maturity	295	13,593	11,425	26,211
Gain/(Loss) on revaluation of securities held-for-trading	(20,558)	(2,634)	10,786	3,652
	<u>24,154</u>	<u>32,003</u>	<u>143,981</u>	<u>99,936</u>
Other income:				
Unrealised foreign exchange gain/(loss)	(191)	(2)	408	(2)
Gain on disposal of property and equipment - net	25	1	371	112
Rental income	527	208	936	573
	<u>361</u>	<u>207</u>	<u>1,715</u>	<u>683</u>
	<u>38,632</u>	<u>52,091</u>	<u>197,751</u>	<u>147,594</u>

19. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	17,227	13,953	49,956	41,346
- Others	5,794	7,321	20,848	20,306
Establishment costs				
- Depreciation	1,665	2,988	5,531	9,416
- Computerisation costs	1,426	485	5,202	2,202
- Rental	1,312	884	2,906	2,552
- Others	78	1,039	2,139	3,327
Marketing and communication expenses				
- Sales commission	431	412	1,164	1,065
- Advertising	1,265	1,442	3,752	1,948
- Travel and entertainment	737	501	1,534	1,196
- Others	997	1,259	3,284	3,571
Administration and general expenses				
- Amortisation of goodwill	622	318	933	955
- Professional fees	1,257	1,297	4,257	3,839
- Others	1,517	1,474	8,969	5,049
	34,328	33,373	110,475	96,772

Bank	Individual Quarter		Cumulative Quarter	
	31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	14,325	11,279	41,671	34,169
- Others	4,922	6,522	18,210	18,163
Establishment costs		-		
- Depreciation	1,503	2,802	5,009	8,832
- Computerisation costs	1,309	212	4,594	1,306
- Rental	938	507	1,756	1,427
- Others	(111)	907	1,701	2,935
Marketing and communication expenses		-		
- Commission	407	409	1,132	1,059
- Advertising	631	1,427	2,525	1,807
- Travel and entertainment	150	370	998	1,045
- Others	1,269	1,103	2,779	2,978
Administration and general expenses		-		
- Professional fees	1,123	1,161	3,575	3,403
- Others	1,218	1,134	7,942	3,928
	27,684	27,833	91,892	81,052

20. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

Group	Individual Quarter		Cumulative Quarter	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
	RM'000	RM'000	RM'000	RM'000
Allowance/(Reversal of allowance) for bad and doubtful debts and financing:				
Specific allowance - net	8,472	39,113	45,316	76,017
<i>Allowance during the period</i>	10,569	39,688	66,675	80,806
<i>Amount written back in respect of recoveries and reversals</i>	(2,097)	(575)	(21,359)	(4,789)
General allowance	(7,195)	(1,276)	(5,019)	(13,127)
Bad debts and financing				
Written off	5,225	-	5,295	252
Recovered	(1,651)	(2,735)	(4,531)	(16,055)
Amortisation of NPLs	(881)	-	(881)	-
	3,970	35,102	40,180	47,087

Bank	Individual Quarter		Cumulative Quarter	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
	RM'000	RM'000	RM'000	RM'000
Allowance/(Reversal of allowance) for bad and doubtful debts and financing:				
Specific allowance- net	7,244	38,745	44,073	74,843
<i>Allowance during the period</i>	9,343	39,320	65,433	79,630
<i>Amount written back in respect of recoveries and reversals</i>	(2,099)	(575)	(21,360)	(4,787)
General allowance	(7,090)	(534)	(4,857)	(13,519)
Bad debts and financing				
Written off	5,225	-	5,295	252
Recovered	(1,601)	(2,735)	(4,481)	(16,046)
Amortisation of NPLs	(881)	-	(881)	-
	2,897	35,476	39,149	45,530

21. SEGMENTAL INFORMATION

(A) BY BUSINESS SEGMENT

	Individual Quarter		Cumulative Quarter	
	31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
Merchant banking				
Revenue	216,448	218,992	671,834	601,702
Profit before taxation	83,081	57,581	250,710	172,596
Offshore banking				
Revenue	13,493	23,114	38,830	46,759
Profit before taxation	3,329	6,276	8,868	6,611
Unit trust management				
Revenue	4,926	3,297	14,873	9,808
Profit before taxation	1,988	667	5,936	2,621
Asset management				
Revenue	3,690	3,433	10,384	10,095
Profit before taxation	1,548	1,678	4,538	5,157
Property trust management				
Revenue	543	548	1,647	1,642
Profit before taxation	362	365	1,048	1,037
Investment consultant				
Revenue	133	132	410	414
Profit before taxation	49	50	180	166
Others				
Revenue	(3)	(1)	-	-
Profit before taxation	-	-	1	-
Total before consolidation adjustments:				
Revenue	239,230	249,515	737,978	670,420
Profit before taxation	90,357	66,617	271,281	188,188
Consolidation adjustments				
Revenue	(2,791)	(12,379)	(7,487)	(28,567)
Profit before taxation	(356)	2,738	(923)	147
Total after consolidation adjustments				
Revenue	236,439	237,136	730,491	641,853
Profit before taxation	90,001	69,355	270,358	188,335

21. SEGMENTAL INFORMATION (CONTD.)

Included in the above is Islamic banking operations profit before taxation of RM17.5 million for the quarter and RM56.7 million for the period ended 31 December 2005 (RM1.2 million for the quarter and RM14.4 million for the period ended 31 December 2004).

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, activities of which are principally conducted in Singapore. These activities in Singapore 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 and period.

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 and period.

25. BORROWINGS

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

	Group		Bank	
	31.12.2005 RM'000	31.3.2005 RM'000	31.12.2005 RM'000	31.3.2005 RM'000
(i) Deposits from customers				
Due within six months	5,256,010	5,161,661	5,082,658	4,572,525
Six months to one year	96,512	132,275	96,512	132,275
One year to three years	300	200	300	200
Three years to five years	5,000	300	5,000	300
	<u>5,357,822</u>	<u>5,294,436</u>	<u>5,184,470</u>	<u>4,705,300</u>
(ii) Deposits and placements of banks and other financial institutions				
Due within six months	3,588,586	2,909,423	3,575,361	3,031,027
Six months to one year	597,165	363,196	597,165	363,196
One year to three years	841,600	514,537	841,600	514,537
Three years to five years	604,331	804,260	604,331	804,260
Total	<u>5,631,682</u>	<u>4,591,416</u>	<u>5,618,457</u>	<u>4,713,020</u>
<i>Recap :</i>				
<i>Interbank lendings</i>	<i>2,887,304</i>	<i>2,931,424</i>	<i>2,638,442</i>	<i>2,733,709</i>
<i>Interbank borrowings</i>	<i>(1,196,891)</i>	<i>(273,140)</i>	<i>(1,183,666)</i>	<i>(394,744)</i>
<i>Net interbank lendings</i>	<u><i>1,690,413</i></u>	<u><i>2,658,284</i></u>	<u><i>1,454,776</i></u>	<u><i>2,338,965</i></u>
(iii) Term loans				
Due within one year				
Secured	<u>283,500</u>	<u>285,000</u>	<u>-</u>	<u>-</u>
(iv) Unsecured subordinated certificate of deposits				
More than one year	<u>199,644</u>	<u>198,768</u>	<u>199,644</u>	<u>198,768</u>
(v) Redeemable unsecured subordinated bonds				
More than one year	<u>595,000</u>	<u>460,000</u>	<u>595,000</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 31 December 2005, the commitments and contingencies outstanding are as follows:

Group	31.12.2005			31.3.2005		
	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
Derivative Financial Instruments						
Interest rate related contracts:						
Interest rate futures	526,000	-	-	550,000	-	-
Interest rate swaps:						
Related companies	3,384,072	54,282	10,856	1,700,000	34,063	6,813
Others	9,804,191	167,179	35,190	5,868,115	118,218	26,931
Foreign exchange related contracts:						
Forward exchange contracts:						
Related companies	286,811	7,243	1,449	448,257	4,800	960
Others	1,707,167	23,585	4,717	1,095,481	12,690	2,538
Cross currency swaps	385,406	28,471	5,450	463,600	32,512	6,502
Malaysian Government securities futures	10,000	-	-	27,900	-	-
	<u>16,103,647</u>	<u>280,760</u>	<u>57,662</u>	<u>10,153,353</u>	<u>202,283</u>	<u>43,744</u>
Commitments						
Irrevocable commitments to extend credit maturing :						
within one year	800,919	-	-	747,783	-	-
more than one year	326,081	163,041	162,854	229,203	114,602	114,286
Sell and buy back agreements	2,226,328	2,226,328	954,193	1,797,884	1,797,884	965,427
Forward purchase commitments	30,693	30,693	30,693	113,040	113,040	20,285
	<u>3,384,021</u>	<u>2,420,062</u>	<u>1,147,740</u>	<u>2,887,910</u>	<u>2,025,526</u>	<u>1,099,998</u>
Contingent Liabilities						
Guarantees given on behalf of customers	897,579	897,579	785,559	969,181	969,181	826,348
Underwriting liabilities	968,315	484,157	459,758	315,434	157,717	137,317
Certain transaction-related contingent items	447,744	223,872	185,350	495,392	247,696	216,302
	<u>2,313,638</u>	<u>1,605,608</u>	<u>1,430,667</u>	<u>1,780,007</u>	<u>1,374,594</u>	<u>1,179,967</u>
	<u>21,801,306</u>	<u>4,306,430</u>	<u>2,636,069</u>	<u>14,821,270</u>	<u>3,602,403</u>	<u>2,323,709</u>

Bank	31.12.2005			31.3.2005		
	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
Derivative Financial Instruments						
Interest rate related contracts:						
Interest rate futures	526,000	-	-	550,000	-	-
Interest rate swaps:						
Related companies	3,384,072	54,282	10,856	1,702,092	34,160	6,832
Others	9,804,191	167,179	35,190	5,868,115	118,216	26,931
Foreign exchange related contracts:						
Forward exchange contracts:						
Related companies	286,811	7,243	1,449	448,257	4,800	960
Others	1,707,167	23,585	4,717	1,095,481	12,690	2,538
Cross currency swaps	385,406	28,471	5,450	463,600	32,512	6,502
Malaysian Government securities futures	10,000	-	-	27,900	-	-
	<u>16,103,647</u>	<u>280,760</u>	<u>57,662</u>	<u>10,155,445</u>	<u>202,378</u>	<u>43,763</u>
Commitments						
Irrevocable commitments to extend credit maturing:						
within one year	800,919	-	-	747,783	-	-
more than one year	288,281	144,141	143,954	202,255	101,128	100,812
Sell and buy back agreements	2,226,328	2,226,328	954,193	1,797,884	1,797,884	965,427
Forward purchase commitments	30,693	30,693	30,693	113,040	113,040	20,285
	<u>3,346,221</u>	<u>2,401,162</u>	<u>1,128,840</u>	<u>2,860,962</u>	<u>2,012,052</u>	<u>1,086,524</u>
Contingent Liabilities						
Guarantees given on behalf of customers	894,513	894,513	782,493	979,823	979,823	835,548
Underwriting liabilities	968,315	484,157	459,758	315,434	157,717	137,317
Certain transaction-related contingent items	447,744	223,872	185,350	495,392	247,696	217,744
	<u>2,310,572</u>	<u>1,602,542</u>	<u>1,427,601</u>	<u>1,790,649</u>	<u>1,385,236</u>	<u>1,190,609</u>
	<u>21,760,440</u>	<u>4,284,464</u>	<u>2,614,103</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 and period.

28. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 December 2005, derivative financial instruments outstanding are as follows:

The Group

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	>1 - 5 years RM'000	>5 years RM'000	Margin requirement
Interest rate related contracts :								
Interest rate futures	526,000	-	92,000	63,000	221,000	150,000	-	849
Interest rate swaps	13,188,263	125,001	430,000	422,000	2,465,000	9,516,262	230,000	-
Foreign exchange related contracts :								
Forward exchange contracts	1,993,978	793,119	470,789	413,052	317,018	-	-	492
Cross currency swaps	385,406	-	-	-	113,354	272,052	-	455
Malaysian Government Securities futures	10,000	-	10,000	-	-	-	-	-
Total	16,103,647	918,120	1,002,789	898,052	3,116,372	9,938,314	230,000	1,796

28. DERIVATIVE FINANCIAL INSTRUMENTS (CONTD.)

The Bank

Items	Principial 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	526,000	-	92,000	63,000	221,000	150,000	-	849
Interest rate swaps	13,188,263	125,001	430,000	422,000	2,465,000	9,516,262	230,000	-
Foreign exchange related contracts :								
Forward exchange contracts	1,993,978	793,119	470,789	413,052	317,018	-	-	492
Cross currency swaps	385,406	-	-	-	113,354	272,052	-	455
Malaysian Government Securities futures	10,000	-	10,000	-	-	-	-	-
Total	16,103,647	918,120	1,002,789	898,052	3,116,372	9,938,314	230,000	1,796

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 31 December 2005, value at risk of foreign exchange-related derivatives contracts used for trading purposes of the Group was RM1,140,921 (RM25,849 as at 31 March 2005) and the Bank was RM1,140,921 (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 RM2,842,334 (RM5,392,001 as at 31 March 2005) and the Bank was RM2,842,334 (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 31 December 2005, the amounts of counterparty credit risk, measured in term of the cost to replace the profitable contracts of the Group was RM6,145,467 (RM20,257,362 as at 31 March 2005) and the Bank was RM6,145,467 (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.

<-----Non-trading book ----->

Group	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	Trading Book RM'000	Total RM'000	Effective interest rate %
31.12.05										
ASSETS										
Cash and short-term funds	1,347,396	-	-	-	-	-	384,833	-	1,732,229	3.47
Securities purchased under resale agreements	14,597	-	-	-	-	-	-	-	14,597	2.97
Deposits and placements with banks and other financial institutions	969	619,077	227,633	113,355	-	-	220,000	-	1,181,034	3.21
Securities held-for-trading	-	-	-	-	-	-	258,058	5,583,510	5,841,568	3.64
Securities available-for-sale	19,126	-	-	48,573	226,084	372,288	-	-	666,071	4.06
Securities held-to-maturity	-	-	56,678	86,051	895,126	327,674	509,560	-	1,875,089	6.90
Loans, advances and financing:										
- performing	2,216,673	1,047,347	183,518	145,919	264,094	62,067	9,263	-	3,928,881	6.13
- non-performing *	-	-	-	-	-	-	270,833	-	270,833	-
Amount due from Originators	574	3,095	1,218	25,347	70,862	-	-	-	101,096	4.28
Other non-interest sensitive balances	-	-	-	-	-	-	550,444	-	550,444	-
TOTAL ASSETS	3,599,335	1,669,519	469,047	419,245	1,456,166	762,029	2,202,991	5,583,510	16,161,842	
LIABILITIES AND SHAREHOLDER'S FUNDS										
Deposits from customers	2,531,351	1,998,105	389,937	95,247	5,300	-	337,882	-	5,357,822	2.91
Deposits and placements of banks and other financial institutions	1,733,901	1,075,293	565,721	594,431	841,600	604,332	216,404	-	5,631,682	2.96
Obligations on securities sold under repurchase agreements	2,123,664	33,356	99	847	-	-	-	-	2,157,966	2.82
Acceptances payable	141	3,038	-	-	-	-	-	-	3,179	4.64
Amount due to Cagamas Berhad	574	3,095	1,218	25,347	70,862	-	-	-	101,096	4.28
Term loans	283,500	-	-	-	-	-	-	-	283,500	3.93
Subordinated certificates of deposits	-	199,644	-	-	-	-	-	-	199,644	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	-	-	-	-	-	595,000	-	-	595,000	5.72
Other non-interest sensitive balances	-	-	-	-	-	-	155,128	-	155,128	-
Total Liabilities	6,673,131	3,312,531	956,975	715,872	917,762	1,199,332	709,414	-	14,485,017	
Share capital	-	-	-	-	-	-	310,000	-	310,000	
Interest Bearing Irredeemable Convertible Unsecured Loan Stocks 2002/2007	-	-	-	-	120,000	-	-	-	120,000	6.00
Reserves	-	-	-	-	-	-	1,246,825	-	1,246,825	-
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS	6,673,131	3,312,531	956,975	715,872	1,037,762	1,199,332	2,266,239	-	16,161,842	
On-balance sheet interest sensitivity gap	(3,073,796)	(1,643,012)	(487,928)	(296,627)	418,404	(437,303)	(63,248)	5,583,510	-	
Off-balance sheet interest sensitivity gap	(993,440)	2,185,184	267,609	47,878	(1,615,713)	120,286	-	11,804	23,608	
Total interest sensitivity gap	(4,067,236)	542,172	(220,319)	(248,749)	(1,197,309)	(317,017)	(63,248)	5,595,314	23,608	
Cumulative interest rate sensitivity gap	(4,067,236)	(3,525,064)	(3,745,383)	(3,994,132)	(5,191,441)	(5,508,458)	(5,571,706)	23,608		

<-----Non-trading book ----->

Group 31.3.05	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	3.63
Securities available-for-sale	-	-	18,999	-	581,644	252,687	-	-	853,330	3.65
Securities held-to-maturity	-	-	85,803	118,467	430,592	266,431	499,508	-	1,400,801	8.63
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	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				
31.3.05	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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.

<-----Non-trading book ----->

Bank 31.12.05	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	Trading Book RM'000	Total RM'000	Effective interest rate %
ASSETS										
Cash and short-term funds	1,059,103	-	-	-	-	-	364,282	-	1,423,385	3.30
Securities purchased under resale agreements	7,676	-	-	-	-	-	-	-	7,676	2.97
Deposits and placements with banks and other financial institutions	-	657,785	226,710	113,355	-	-	220,000	-	1,217,850	
Securities held-for-trading	-	-	-	-	-	-	258,058	5,561,248	5,819,306	3.63
Securities available-for-sale	-	-	-	48,571	226,084	372,290	-	-	646,945	4.16
Securities held-to-maturity	-	-	-	86,051	865,374	327,674	502,230	-	1,781,329	6.97
Loans, advances and financing:										
- performing	2,157,658	973,722	169,907	145,902	263,896	61,321	7,864	-	3,780,270	6.14
- non-performing *	-	-	-	-	-	-	245,255	-	245,255	-
Amount due from Originators	574	3,095	1,218	25,347	70,862	-	-	-	101,096	4.28
Other non-interest sensitive balances	-	-	-	-	-	-	564,235	-	564,235	-
TOTAL ASSETS	3,225,011	1,634,602	397,835	419,226	1,426,216	761,285	2,161,924	5,561,248	15,587,347	

**LIABILITIES AND
SHAREHOLDER'S FUNDS**

Deposits from customers	2,389,843	1,966,261	389,936	95,247	5,300	-	337,883	-	5,184,470	2.86
Deposits and placements of banks and other financial institutions	1,679,113	1,116,857	565,722	594,431	841,600	604,331	216,403	-	5,618,457	2.91
Obligations on securities sold under repurchase agreements	2,123,664	33,356	99	847	-	-	-	-	2,157,966	2.82
Acceptances payable	141	3,038	-	-	-	-	-	-	3,179	4.64
Amount due to Cagamas Berhad	574	3,095	1,218	25,347	70,862	-	-	-	101,096	4.28
Subordinated certificates of deposits	-	199,644	-	-	-	-	-	-	199,644	8.85
Redeemable unsecured subordinated bonds	-	-	-	-	-	595,000	-	-	595,000	5.72

Bank 31.12.05	<-----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	-	-	-	-	-	-	135,526	-	135,526	-
Total Liabilities	6,193,335	3,322,251	956,975	715,872	917,762	1,199,331	689,812	-	13,995,338	
Share capital	-	-	-	-	-	-	310,000	-	310,000	-
Interest Bearing Irredeemable Convertible Unsecured Loan Stocks 2002/2007	-	-	-	-	120,000	-	-	-	120,000	6.00
Reserves	-	-	-	-	-	-	1,162,009	-	1,162,009	-
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS	6,193,335	3,322,251	956,975	715,872	1,037,762	1,199,331	2,161,821	-	15,587,347	
On-balance sheet interest sensitivity gap	(2,968,324)	(1,687,649)	(559,140)	(296,646)	388,454	(438,046)	103	5,561,248	-	
Off-balance sheet interest sensitivity gap	(993,440)	2,185,184	267,609	47,878	(1,615,713)	120,286	-	11,804	23,608	
Total interest sensitivity gap	(3,961,764)	497,535	(291,531)	(248,768)	(1,227,259)	(317,760)	103	5,573,052	23,608	
Cumulative interest rate sensitivity gap	(3,961,764)	(3,464,229)	(3,755,760)	(4,004,528)	(5,231,787)	(5,549,547)	(5,549,444)	23,608		

<-----Non-trading book ----->

Bank	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	Trading Book RM'000	Total RM'000	Effective interest rate %
31.3.05										
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	3.62
Securities available-for-sale	-	-	-	-	312,595	252,687	-	-	565,282	3.89
Securities held-to-maturity	-	-	-	117,496	392,635	257,361	499,508	-	1,267,000	9.10
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 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	-	-	-	-	-	-	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 December 2005 is analysed as follows:

	Group		Bank	
	31.12.2005 RM'000	31.3.2005 RM'000	31.12.2005 RM'000	31.3.2005 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	329,549	300,000	329,549	300,000
Exchange fluctuation reserve	29,617	29,617	-	-
Unappropriated profit	716,321	704,090	683,897	671,666
Minority interest	-	6,083	-	-
	<u>1,488,586</u>	<u>1,402,889</u>	<u>1,423,730</u>	<u>1,331,950</u>
Less: Goodwill and premium on acquisition	(43,901)	(7,457)	-	-
Deferred tax assets, net	(70,256)	(78,354)	(70,549)	(78,548)
Total Tier 1 capital	<u>1,374,429</u>	<u>1,317,078</u>	<u>1,353,181</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	595,000	460,000	595,000	460,000
Interest bearing ICULS	120,000	120,000	120,000	120,000
General allowance for bad and doubtful debts	64,055	69,091	61,418	66,278
Total	<u>977,705</u>	<u>847,741</u>	<u>975,068</u>	<u>844,928</u>
Less: restriction on subordinated debt capital	(106,436)	(111)	(117,060)	(31,949)
Total	<u>871,269</u>	<u>847,630</u>	<u>858,008</u>	<u>812,979</u>
Total capital funds	2,245,698	2,164,708	2,211,189	2,066,381
Less: Investment in capital of related financial institutions	460,000	460,000	460,000	460,000
Investment in subsidiary companies	-	-	83,103	38,617
Capital base	<u>1,785,698</u>	<u>1,704,708</u>	<u>1,668,086</u>	<u>1,567,764</u>
Capital Ratios:				
Core capital ratio	10.89%	13.49%	11.00%	13.28%
Risk-weighted capital ratio	14.14%	17.46%	13.56%	16.61%
Core capital ratio (net of final dividend)	10.89%	13.12%	11.00%	12.90%
Risk-weighted capital ratio (net of final dividend)	<u>14.14%</u>	<u>16.91%</u>	<u>13.56%</u>	<u>16.04%</u>

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

Group	31.12.2005		31.3.2005	
	Principal	Risk-Weighted	Principal	Risk-Weighted
	Amount	Amount	Amount	Amount
	RM'000	RM'000	RM'000	RM'000
0%	1,831,888	-	3,589,931	-
10%	2,272	227	84,684	8,468
20%	2,042,966	408,593	4,525,366	905,073
50%	248,165	124,083	258,419	129,209
100%	6,871,424	6,871,424	8,720,411	8,720,411
	<u>10,996,715</u>	<u>7,404,327</u>	<u>17,178,811</u>	<u>9,763,161</u>

Add: Total Risk Weighted Assets
 Equivalent for market risk

5,220,320

12,624,647

Bank	31.12.2005		31.3.2005	
	Principal	Risk-Weighted	Principal	Risk-Weighted
	Amount	Amount	Amount	Amount
	RM'000	RM'000	RM'000	RM'000
0%	1,763,776	-	3,224,911	-
10%	2,272	227	84,684	8,468
20%	1,732,640	346,528	4,284,469	856,894
50%	247,316	123,658	257,826	128,913
100%	6,654,098	6,654,098	8,444,280	8,444,280
	<u>10,400,102</u>	<u>7,124,511</u>	<u>16,296,170</u>	<u>9,438,555</u>

Add: Total Risk Weighted Assets
 Equivalent for market risk

5,179,062

12,303,573

31. OPERATIONS OF ISLAMIC BANKING

BALANCE SHEETS AS AT 31 DECEMBER 2005

	Group 31.12.2005 RM'000	Bank 31.12.2005 RM'000	Group and Bank 31.3.2005 RM'000
ASSETS			
Cash and short-term funds	361,489	361,489	581,950
Deposit and placements with banks and other financial institutions	220,000	220,000	33,100
Securities held-for-trading	258,058	258,058	166,024
Securities available-for-sale	19,568	-	-
Securities held-to-maturity	56,768	-	-
Financing activities	73,627	73,627	511,940
Statutory deposit with Bank Negara Malaysia	14,500	14,500	14,500
Other receivables, deposits and prepayments	5,295	3,590	3,218
Deferred tax assets	-	1,705	2,678
Property and equipment	33	35	41
TOTAL ASSETS	1,009,338	933,004	1,313,451
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	337,882	337,882	311,881
Deposits and placements of banks and other financial institutions	226,226	226,226	355,623
Converted fund	79,339	6,602	301,677
Other liabilities	118,204	117,862	139,545
Total Liabilities	761,651	688,572	1,108,726
ISLAMIC BANKING FUNDS			
Capital funds	102,835	100,000	100,000
Reserves	144,852	144,432	104,725
Islamic Banking Funds	247,687	244,432	204,725
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	1,009,338	933,004	1,313,451
COMMITMENTS AND CONTINGENCIES	2,853,308	2,853,308	2,287,399

**UNAUDITED INCOME STATEMENTS
FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2005**

Group	Individual Quarter		Cumulative Quarter	
	31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
Income derived from investment of depositors' funds and others	5,902	8,645	19,945	34,285
Allowance for losses on financing	(22)	(10,977)	(5,804)	(21,469)
Transfer from/(to) profit equalisation reserve	(917)	198	552	(2,875)
Total attributable income	4,963	(2,134)	14,693	9,941
Income attributable to depositors	(5,881)	(9,056)	(20,029)	(28,175)
Loss attributable to the Group	(918)	(11,190)	(5,336)	(18,234)
Income derived from investment of Islamic Banking Funds	19,164	13,339	64,397	35,291
Total net income	18,246	2,149	59,061	17,057
Other operating expenses	(700)	(987)	(2,367)	(2,655)
Profit before taxation	17,546	1,162	56,694	14,402
Taxation	(4,889)	(326)	(16,792)	(2,548)
Profit after taxation	12,657	836	39,902	11,854

**UNAUDITED INCOME STATEMENTS
FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2005**

Bank	Individual Quarter		Cumulative Quarter	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	5,917	8,645	19,890	34,285
Allowance for losses and financing	(22)	(10,977)	(5,804)	(21,469)
Transfer from/(to) profit equalisation reserve	(868)	198	897	(2,875)
Total attributable income	5,027	(2,134)	14,983	9,941
Income attributable to depositors	(5,028)	(9,056)	(17,757)	(28,175)
Loss attributable to the Bank	(1)	(11,190)	(2,774)	(18,234)
Income derived from investment of Islamic Banking Funds	18,164	13,339	61,642	35,291
Total net income	18,163	2,149	58,868	17,057
Other operating expenses	(700)	(987)	(2,367)	(2,655)
Profit before taxation	17,463	1,162	56,501	14,402
Taxation	(4,889)	(326)	(16,792)	(2,548)
Profit after taxation	12,574	836	39,709	11,854

31a. FINANCING ACTIVITIES

	Group 31.12.2005 RM'000	Bank 31.12.2005 RM'000	Group and Bank 31.3.2005 RM'000
Term financing			
Syndicated financing	20,000	20,000	500,660
Other	4,642	4,641	7,024
Revolving credit	79,587	79,587	34,404
Gross financing	<u>104,229</u>	<u>104,228</u>	<u>542,088</u>
Allowance for bad and doubtful debts and financing :			
-general	(1,121)	(1,121)	(7,796)
-specific	(29,481)	(29,481)	(22,352)
	<u>(30,602)</u>	<u>(30,602)</u>	<u>(30,148)</u>
Net financing	<u>73,627</u>	<u>73,626</u>	<u>511,940</u>

Movements in non-performing financing are as follows:

Gross

Balance at beginning of period/year	42,273	42,273	45,037
Non-performing during the period/year	19	19	40
Recoveries	(2,645)	(2,802)	(556)
Debt equity conversion	-	-	(2,178)
Reclassified as performing during the period/year	-	-	(70)
Balance at end of period/year	<u>39,647</u>	<u>39,490</u>	<u>42,273</u>
Specific allowance	(29,481)	(29,481)	(22,352)
Net non-performing financing	<u>10,166</u>	<u>10,009</u>	<u>19,921</u>
Ratio of net non-performing financing to total financing			
- net	<u>13.60%</u>	<u>13.39%</u>	<u>3.83%</u>

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	(6,675)	(6,675)	(1,166)
Balance at end of period/year	<u>1,121</u>	<u>1,121</u>	<u>7,796</u>
% of total financing less specific allowance	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>

Specific Allowance

Balance at beginning of period/year	22,352	22,352	11,452
Allowance made during the period/year	7,254	7,254	32,509
Amount written off	(125)	(125)	(21,609)
Balance at end of period/year	<u>29,481</u>	<u>29,481</u>	<u>22,352</u>

31b. DEPOSITS FROM CUSTOMERS

	Group 31.12.2005 RM'000	Bank 31.12.2005 RM'000	Group and Bank 31.3.2005 RM'000
Mudarabah Special Investment deposits	337,882	337,882	311,881

31c. OTHER LIABILITIES

	Group 31.12.2005 RM'000	Bank 31.12.2005 RM'000	Group and Bank 31.3.2005 RM'000
Other payables and accruals	100,703	100,706	92,704
Taxation and zakat payable	15,858	15,858	44,646
Profit equalisation reserve	1,643	1,298	2,195
	<u>118,204</u>	<u>117,862</u>	<u>139,545</u>

32. CHANGE IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS

(a) CHANGE IN ACCOUNTING POLICIES

During the financial period ended 31 December 2005, the Group and the Bank 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 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

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	
	31.3.2005	31.3.2004	31.3.2005	31.3.2004
	RM'000	RM'000	RM'000	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	4,411	5,015	4,411
Effects of adopting effective interest method on financial instruments	(1,222)	(2,580)	(2,507)	(2,580)
At 1 April, as restated	<u>707,883</u>	<u>710,938</u>	<u>674,174</u>	<u>673,316</u>
Effects on available for-sale-reserve:				
As previously reported	-	-	-	-
Effects of adopting fair value accounting for securities	(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	1,096,806	(12,846)	1,083,960
For the period ended 31 December 2004			
Interest income	435,866	2,562	438,428
Income from Islamic banking operations	39,291	2,110	41,401
Other operating income	158,372	3,652	162,024
Impairment loss on securities held-to-maturity	-	10,552	10,552
Allowance for diminution in value of investments	4,967	(4,967)	-
Taxation	50,025	771	50,796
(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	1,031,950	(13,183)	1,018,767
For the period ended 31 December 2004			
Interest income	414,373	2,574	416,947
Income from Islamic banking operations	39,291	2,110	41,401
Other operating income	143,942	3,652	147,594
Impairment loss on securities held-to-maturity	-	7,828	7,828
Allowance for diminution in value of investments	2,243	(2,243)	-
Taxation	47,114	770	47,884

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

The Bank posted a higher pretax profits of RM247.3 million for the period as compared to RM171.1 million for the period ended 31 December 2004 mainly due to higher net gain from sale of securities held-for-trading of RM87.5 million (RM48.6 million for the period ended 31 December 2004), gain on revaluation of securities held-for-trading of RM10.8 million (RM3.7 million for the period ended 31 December 2004) and income from Islamic Banking operations of RM63.8 million (RM41.4 million for the period ended 31 December 2004).

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 RM270.4 million (RM188.3 million for the period ended 31 December 2004) and RM247.3 million (RM171.1 million for the period ended 31 December 2004), respectively and is attributed to:

- (i) Higher net gain from sale of securities held-for-trading of RM87.5 million (RM48.3 million for the period ended 31 December 2004) for the Group and RM87.5 million (RM48.6 million for the period ended 31 December 2004) for the Bank;
- (ii) Gain on revaluation of securities held-for-trading of RM10.9 million (RM3.7 million for the period ended 31 December 2004) for the Group and RM10.8 million (RM3.7 million for the period ended 31 December 2004) for the Bank;
- (iii) Higher net income from Islamic banking operations of RM64.3 million (RM41.4 million for the period ended 31 December 2004) for the Group and RM63.8 million (RM41.4 million for the period ended 31 December 2004) for the Bank;
- (iv) Impairment writeback on securities held-to-maturity of RM7.9 million (impairment loss on securities held-to-maturity of RM10.6 million for the period ended 31 December 2004) for the Group and RM4.6 million (impairment loss on securities held-to-maturity of RM7.8 million for the period ended 31 December 2004) for the Bank;
- (v) Lower allowance for losses on loans and financing of RM40.2 million (RM47.1 million for the period ended 31 December 2004) for the Group and RM39.1 million (RM45.5 million for the period ended 31 December 2004).

reduced by:

- (vi) Higher other operating expenses of RM110.5 million (RM96.8 million for the period ended 31 December 2004) for the Group and RM91.9 million (RM81.1 million for the period ended 31 December 2004) for the Bank arising from higher staff and administration expenses incurred and donations paid.

Shareholder's funds stood at RM1,676.8 million (RM1,504.0 million as at 31 March 2005) for the Group and RM1,592.0 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 sustained economic growth, coupled with the gradual appreciation of the Ringgit, would provide a supportive environment for the Group to expand its market share and improve its profitability.

The Group's merchant banking arm will continue to focus on corporate advisory, equity capital market, debt capital market and treasury services. With its strong market presence and greater promotion of Islamic banking, the merchant bank aims to continue playing a leading role in Islamic capital market activities by adding new Islamic solutions and products to its customers.

At the Funds Management Division, the Group will leverage on its expertise in introducing innovative investment products to further enhance its market position in the retail unit trust business and diversify its clients portfolio of assets under management to enhance returns.

Going forward, the Group would look towards further expanding its business activities through its existing operations in Singapore. The Group envisions that regional presence will give the Group an opportunity in securing cross-border transactions.