

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 Period
1 April 2006 to
30 June 2006
(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 JUNE 2006**

		The Group		The Bank Legal Entity	
		30 June 2006 RM'000	31 March 2006 RM'000	30 June 2006 RM'000	31 March 2006 RM'000
	Note				
ASSETS					
Cash and short-term funds		7,996,565	7,317,898	6,164,023	7,303,343
Deposits and placements with banks and other financial institutions		875,012	1,121,253	874,908	1,121,150
Securities held-for-trading	A8	1,463,795	2,269,352	1,229,448	2,269,329
Securities available-for-sale	A9	388,857	331,513	388,857	331,513
Securities held-to-maturity	A10	1,293,417	1,361,146	1,293,199	1,360,928
Loans, advances and financing	A11	41,418,541	40,736,551	34,733,474	40,736,551
Other assets	A12	899,141	521,703	897,889	523,838
Statutory deposit with Bank Negara Malaysia		1,538,000	1,532,563	1,266,000	1,532,563
Deferred tax asset		759,414	793,184	544,245	640,146
Investment in subsidiary companies		—	—	813,847	29,779
Investment in associated companies		610	545	137	137
Property and equipment		184,479	386,848	157,245	355,253
Intangible assets		41,643	36,843	41,643	36,843
TOTAL ASSETS		<u>56,859,474</u>	<u>56,409,399</u>	<u>48,404,915</u>	<u>56,241,373</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 2006.

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And Its Subsidiary Companies**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 30 JUNE 2006**

		The Group		The Bank Legal entity	
		30 June 2006 RM'000	31 March 2006 RM'000	30 June 2006 RM'000	31 March 2006 RM'000
LIABILITIES AND EQUITY	Note				
Deposits from customers	A13	33,088,033	32,494,827	29,226,507	32,496,575
Deposits and placements of banks and other financial institutions	A14	13,926,291	13,413,549	9,989,172	13,413,549
Securities sold under repurchase agreements		673,819	1,104,621	673,819	1,104,621
Bills and acceptance payable		937,229	909,620	675,533	909,620
Amount due to Cagamas Berhad		1,475,205	1,778,955	1,475,205	1,778,955
Other liabilities		1,189,559	1,218,297	977,303	1,212,680
Subordinated term loan		1,140,000	1,140,000	1,864,837	1,867,734
Hybrid securities		724,837	727,734	—	—
Subordinated bonds		200,000	200,000	200,000	200,000
Total Liabilities		53,354,973	52,987,603	45,082,376	52,983,734
Share capital		610,364	610,364	610,364	610,364
Reserves		2,894,070	2,811,362	2,712,175	2,647,275
Shareholder's Equity		3,504,434	3,421,726	3,322,539	3,257,639
Minority interests		67	70	—	—
Total Equity		3,504,501	3,421,796	3,322,539	3,257,639
TOTAL LIABILITIES AND EQUITY		56,859,474	56,409,399	48,404,915	56,241,373
COMMITMENTS AND CONTINGENCIES	A29	25,215,187	20,182,831	21,909,111	20,182,731
NET ASSETS PER SHARE (RM)		5.74	5.61	5.44	5.34

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2006

The Group	Note	Individual Quarter		Cumulative Quarter	
		30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
Revenue		1,012,241	847,314	1,012,241	847,314
Interest income	A15	754,726	628,873	754,726	628,873
Interest expense	A16	(433,018)	(306,647)	(433,018)	(306,647)
Net interest income		321,708	322,226	321,708	322,226
Net income from Islamic Banking business		117,913	113,025	117,913	113,025
Other operating income	A17	60,621	44,550	60,621	44,550
Net income		500,242	479,801	500,242	479,801
Other operating expenses	A18	(225,710)	(225,793)	(225,710)	(225,793)
Operating profit		274,532	254,008	274,532	254,008
Allowance for losses on loans and financing	A19	(130,971)	(148,611)	(130,971)	(148,611)
Impairment loss		(26,979)	—	(26,979)	—
Transfer from profit equalisation reserve		4,845	5,539	4,845	5,539
Profit before share in results of associated company and taxation		121,427	110,936	121,427	110,936
Share in results in associated company		42	51	42	51
Profit before taxation		121,469	110,987	121,469	110,987
Taxation	A20	(36,268)	(31,151)	(36,268)	(31,151)
Profit after taxation		85,201	79,836	85,201	79,836
Attributable to:					
Equity holder of the Bank		85,204	79,839	85,204	79,839
Minority interests		(3)	(3)	(3)	(3)
Profit after taxation		85,201	79,836	85,201	79,836
Basic earnings per share	A22	13.96	13.08	13.96	13.08

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(Incorporated in Malaysia)

And Its Subsidiary Companies

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2006

The Bank Legal Entity	Note	Individual Quarter		Cumulative Quarter	
		30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
Revenue		877,689	842,249	877,689	842,249
Interest income	A15	754,726	543,598	754,726	543,598
Interest expense	A16	(433,030)	(257,292)	(433,030)	(257,292)
Net interest income		321,696	286,306	321,696	286,306
Other operating income	A17	59,630	25,189	59,630	25,189
Net income		381,326	311,495	381,326	311,495
Other operating expenses	A18	(181,261)	(137,129)	(181,261)	(137,129)
Operating profit		200,065	174,366	200,065	174,366
Allowance for losses on loans and financing	A19	(92,302)	(113,061)	(92,302)	(113,061)
Impairment loss		(27,018)	—	(27,018)	—
Profit before taxation		80,745	61,305	80,745	61,305
Taxation	A20	(25,195)	(17,103)	(25,195)	(17,103)
Profit for the period from continuing operations		55,550	44,202	55,550	44,202
Discontinued operations					
Profit from discontinued operations	A21	11,846	26,696	11,846	26,696
Profit for the period		67,396	70,898	67,396	70,898
Earnings per share	A22				
Basic, for profit from continuing operations		9.10	8.03	9.10	8.03
Basic, for profit from discontinued operations		1.94	4.85	1.94	4.85
Basic for the period		11.04	12.88	11.04	12.88

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2006

The Group	← Attributable to Equity Holder of the Bank →								
	Non-distributable					Securities Available For-Sale Reserve RM'000	Distributable		Total Equity 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	Minority Interest RM'000	
Balance as at 1 April 2005									
As previously stated	528,402	379,953	624,044	679,757	377,492	—	507,783	86	3,097,517
Prior year adjustments	—	—	—	—	—	31,095	1,336	—	32,431
Deemed issue of shares	81,962	—	—	—	—	—	—	—	81,962
As restated	610,364	379,953	624,044	679,757	377,492	31,095	509,119	86	3,211,910
Unrealised net loss on revaluation of securities available-for-sale	—	—	—	—	—	(28,367)	—	—	(28,367)
Transfer to unappropriated profits	—	—	(95,642)	—	—	—	95,642	—	—
Transfer of profit after taxation to statutory reserve	—	—	57,430	—	—	—	(57,430)	—	—
Profit for the year	—	—	—	—	—	—	238,269	(16)	238,253
Balance as at 31 March 2006	610,364	379,953	585,832	679,757	377,492	2,728	785,600	70	3,421,796
Balance as at 1 April 2006	610,364	379,953	585,832	679,757	377,492	2,728	785,600	70	3,421,796
Unrealised net loss on revaluation of securities available-for-sale	—	—	—	—	—	(2,496)	—	—	(2,496)
Profit for the period	—	—	—	—	—	—	85,204	(3)	85,201
Balance as at 30 June 2006	610,364	379,953	585,832	679,757	377,492	232	870,804	67	3,504,501

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AmBank (M) Berhad

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And Its Subsidiary Companies

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2006

	Attributable to Equity Holder of the Bank					Distributable	Total
	Non-distributable				Securities Available-for-Sale Reserve		
The Bank	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Securities Available-for-Sale Reserve RM'000	Unappropriated Profits RM'000	RM'000
Balance as at 1 April 2005							
As previously stated	528,402	379,953	528,402	—	—	1,174,432	2,611,189
Prior year adjustments	—	—	—	—	31,095	1,336	32,431
As restated	528,402	379,953	528,402	—	31,095	1,175,768	2,643,620
Issue of shares	81,962	—	—	—	—	—	81,962
Arising from return of capital by a subsidiary company	—	—	—	330,705	—	—	330,705
Unrealised net loss on revaluation of securities available-for-sale	—	—	—	—	(28,367)	—	(28,367)
Transfer of profit after taxation to statutory reserve	—	—	57,430	—	—	(57,430)	—
Profit for the year	—	—	—	—	—	229,719	229,719
Balance as at 31 March 2006	610,364	379,953	585,832	330,705	2,728	1,348,057	3,257,639
Balance as at 1 April 2006	610,364	379,953	585,832	330,705	2,728	1,348,057	3,257,639
Unrealised net loss on revaluation of securities available-for-sale	—	—	—	—	(2,496)	—	(2,496)
Profit for the period	—	—	—	—	—	67,396	67,396
Balance as at 30 June 2006	610,364	379,953	585,832	330,705	232	1,415,453	3,322,539

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AmBank (M) Berhad

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(Incorporated in Malaysia)

And Its Subsidiary Companies**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2006**

	The Group		The Bank Legal Entity	
	30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
Profit before taxation	121,469	110,987	97,198	98,498
Adjustments for non-cash items	<u>252,881</u>	<u>251,223</u>	<u>207,893</u>	<u>231,804</u>
Operating Profit Before Working Capital Changes	374,350	362,210	305,091	330,302
Changes in working capital:				
Net changes in operating assets	(1,084,031)	(2,668,911)	(1,156,696)	(2,479,766)
Net changes in operating liabilities	367,757	612,514	(72,991)	419,698
Net assets vested to AmIslamic Bank Berhad	<u>—</u>	<u>—</u>	<u>784,068</u>	<u>—</u>
Net Cash Generated From/(Used in) Operating Activities	(341,924)	(1,694,187)	(140,528)	(1,729,766)
Net Cash Generated From/(Used in) Investing Activities	1,023,488	81,962	(995,895)	2,422,236
Net Cash Generated From/(Used in) Financing Activities	<u>(2,897)</u>	<u>(944)</u>	<u>(2,897)</u>	<u>(81,962)</u>
Net Increase/(Decrease) In Cash And Cash Equivalents	678,667	(1,613,169)	(1,139,320)	610,508
Cash And Cash Equivalents At Beginning Of The Period	<u>7,317,898</u>	<u>5,398,793</u>	<u>7,303,343</u>	<u>3,156,862</u>
Cash And Cash Equivalents At End Of The Period	<u><u>7,996,565</u></u>	<u><u>3,785,624</u></u>	<u><u>6,164,023</u></u>	<u><u>3,767,370</u></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 2006.

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Explanatory Notes

A1. Basis of Preparation

The interim financial statements have been prepared in accordance with Financial Reporting Standards ("FRS") 134 Interim Financial Reporting issued by Malaysian Accounting Standards Board ("MASB") and should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2006.

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 new and revised FRS issued by MASB that are effective for the Bank's first FRS annual reporting date, 31 March 2007. The adoption of the new and revised FRS have resulted in changes in the accounting policies of the Bank and are disclosed in Note A33.

The specific and general allowances for loans, advances and financing of the Bank are computed based on BNM's guidelines on the "Classification of Non-Performing Loans and Provisions for Substandard, Bad and Doubtful Debts" ("BNM/GP3") requirements. No values are assigned to property collaterals for corporate and retail loans which are in arrears for more than seven years and nine years, respectively, although the realisable values based on independent valuers are available.

The unaudited condensed interim financial statements incorporates those activities relating to the Islamic banking business of the wholly owned subsidiary and refers generally to the acceptance of deposits, dealing in Islamic securities, granting of financing, capital market and treasury activities under the Shariah principles.

A2. Audit Qualification

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2006 was not qualified.

A3. Seasonality or Cyclicity of Operations

The operations of the Group are not subject to seasonal or cyclical fluctuation in the current financial quarter.

A4. Unusual Items

There were no unusual items during the current financial quarter.

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 June 2006.

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And Its Subsidiary Companies**A6. Issuance, Cancellation, Repurchase, Resale and Repayment of Debt and Equity Securities**

The Bank has not issued any new shares or debentures during the financial quarter.

There were no share buy-backs, share cancellations nor shares held as treasury shares by the Bank during the financial period.

A7. Dividends Paid

The directors do not recommend the payment of any dividend in respect of the financial quarter ended 30 June 2006 and no dividends were paid in the current financial period.

A8. Securities Held-for-trading

	The Group		The Bank	
	30 June 2006 RM'000	31 March 2006 RM'000	30 June 2006 RM'000	31 March 2006 RM'000
At fair value				
Money Market Securities:				
Malaysian Government Securities	26,851	43,084	26,851	43,084
Malaysian Government Investment Certificates	120,225	119,975	–	119,975
Cagamas bonds	212,811	173,848	212,811	173,848
Negotiable instruments of deposit Bank Negara Malaysia/ Treasury bills	720,361	1,611,642	652,375	1,611,642
	44,490	48,395	44,490	48,395
	<u>1,124,738</u>	<u>1,996,944</u>	<u>936,527</u>	<u>1,996,944</u>
Quoted Securities:				
Shares in Malaysia	94,269	93,644	94,245	93,621
	<u>94,269</u>	<u>93,644</u>	<u>94,245</u>	<u>93,621</u>
Unquoted Securities:				
Private debt securities	244,788	178,764	198,676	178,764
	<u>244,788</u>	<u>178,764</u>	<u>198,676</u>	<u>178,764</u>
Total securities held-for-trading	<u>1,463,795</u>	<u>2,269,352</u>	<u>1,229,448</u>	<u>2,269,329</u>

AmBank (M) Berhad

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And Its Subsidiary Companies**A9. Securities Available-for-sale**

	The Group		The Bank	
	30 June 2006 RM'000	31 March 2006 RM'000	30 June 2006 RM'000	31 March 2006 RM'000
At fair value				
Money Market Securities:				
Negotiable instruments of deposit	100,150	—	100,150	—
Quoted Securities In Malaysia:				
Quoted shares	39,094	63,250	39,094	63,250
Quoted shares with options and/or collateral	158,043	174,714	158,043	174,714
Unquoted Securities In Malaysia:				
Unquoted shares	6	—	6	—
Private debt securities	91,564	93,549	91,564	93,549
Total securities available-for-sale	388,857	331,513	388,857	331,513

A10. Securities Held-to-maturity

	The Group		The Bank	
	30 June 2006 RM'000	31 March 2006 RM'000	30 June 2006 RM'000	31 March 2006 RM'000
At amortised cost				
Quoted Securities In Malaysia:				
Quoted shares	9,298	9,298	9,201	9,201
Quoted debt securities with options and/or collateral	474,975	486,404	474,975	486,404
Warrants	15	15	15	15
	<u>484,288</u>	<u>495,717</u>	<u>484,191</u>	<u>495,620</u>
Unquoted Securities In Malaysia:				
Unquoted shares	84,588	147,146	84,171	146,729
Unquoted debt securities	132,627	144,219	132,627	144,219
Unquoted debt securities with options and/or collateral	834,172	835,903	834,172	835,903
	<u>1,051,387</u>	<u>1,127,268</u>	<u>1,050,970</u>	<u>1,126,851</u>
Unquoted Securities Outside Malaysia:				
Shares	13	13	13	13
Total	1,535,688	1,622,998	1,535,174	1,622,484
Less: Accumulated Impairment losses	(242,271)	(261,852)	(241,975)	(261,556)
Total securities held-to-maturity	1,293,417	1,361,146	1,293,199	1,360,928

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And Its Subsidiary Companies**A11. Loans, Advances and Financing**

	The Group		The Bank	
	30 June 2006 RM'000	31 March 2006 RM'000	30 June 2006 RM'000	31 March 2006 RM'000
Overdrafts	1,007,721	1,031,079	1,005,722	1,031,079
Term loans facilities				
– Housing loans/financing	10,175,918	9,791,514	9,333,395	9,791,514
– Hire-purchase receivables	27,219,803	26,551,141	19,216,858	26,551,141
– Other loans/financing	7,724,550	7,689,487	5,601,812	7,689,487
Card receivables	2,158,805	2,138,331	1,849,341	2,138,331
Bills receivables	7,999	6,878	7,999	6,878
Trust receipts	164,461	200,702	144,470	200,702
Claims on customers under acceptance credits	1,106,033	1,247,649	811,542	1,247,649
Revolving credits	1,391,657	1,311,396	1,345,101	1,311,396
Staff loans	153,730	153,310	153,730	153,310
Total	51,110,677	50,121,487	39,469,970	50,121,487
Unearned interest and income	(5,698,166)	(5,478,757)	(3,173,043)	(5,478,757)
Gross loans, advances and financing	45,412,511	44,642,730	36,296,927	44,642,730
Less: Islamic financing sold to Cagamas Berhad	(2,114,450)	(2,205,827)	–	(2,205,827)
	43,298,061	42,436,903	36,296,927	42,436,903
Allowance for bad and doubtful debts and financing:				
General	(662,947)	(656,794)	(528,889)	(656,794)
Specific	(1,216,573)	(1,043,558)	(1,034,564)	(1,043,558)
Net loans, advances and financing	41,418,541	40,736,551	34,733,474	40,736,551

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And Its Subsidiary Companies**A11. Loans, Advances and Financing (continued)****A11a. By type of customer**

	The Group		The Bank	
	30 June 2006 RM'000	31 March 2006 RM'000	30 June 2006 RM'000	31 March 2006 RM'000
Domestic non-bank financial institutions	656,505	423,180	655,836	423,180
Domestic business enterprises				
– Small medium enterprises	3,838,973	4,559,306	3,407,131	4,559,306
– Others	5,719,263	5,447,887	5,148,711	5,447,887
Government and statutory bodies	21,694	21,075	236	21,075
Individuals	35,097,232	34,117,969	27,012,110	34,117,969
Other domestic entities	40,129	34,249	35,798	34,249
Foreign entities	38,715	39,064	37,105	39,064
Gross loans, advances and financing	<u>45,412,511</u>	<u>44,642,730</u>	<u>36,296,927</u>	<u>44,642,730</u>

A11b. By interest/profit rate sensitivity

	The Group		The Bank	
	30 June 2006 RM'000	31 March 2006 RM'000	30 June 2006 RM'000	31 March 2006 RM'000
Fixed rate				
– Housing loans/financing	3,080,799	3,047,954	2,661,902	3,047,954
– Hire purchase receivables	22,669,203	22,131,546	16,060,931	22,131,546
– Other fixed rate loan/financing	5,476,661	5,481,071	3,388,245	5,481,071
Variable rate				
– Base lending rate plus	13,032,974	12,959,713	13,032,975	12,959,713
– Cost plus	809,689	642,963	809,689	642,963
– Other variable rates	343,185	379,483	343,185	379,483
Gross loans, advances and financing	<u>45,412,511</u>	<u>44,642,730</u>	<u>36,296,927</u>	<u>44,642,730</u>

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And Its Subsidiary Companies**A11. Loans, Advances and Financing (continued)****A11c. By loan purpose**

	The Group		The Bank	
	30 June 2006 RM'000	31 March 2006 RM'000	30 June 2006 RM'000	31 March 2006 RM'000
Purchase of securities	455,013	517,623	445,439	517,623
Purchase of transport vehicles	21,713,890	21,239,416	15,403,068	21,239,416
Purchase of landed property				
– Residential	9,922,909	9,562,394	9,500,421	9,562,394
– Non-residential	2,276,969	2,263,266	2,223,271	2,263,266
Purchase of Fixed Assets OtherThan				
Land And Building	1,127,383	1,097,781	828,313	1,097,781
Personal Use	1,377,550	1,298,267	216,358	1,298,267
Credit Card	2,158,930	2,138,438	1,849,466	2,138,438
Purchase of Consumer Durables	10,600	10,781	7,733	10,781
Construction	381,073	351,759	375,964	351,759
Mergers and Acquisition	–	–	–	–
Working Capital	4,411,919	4,484,872	4,064,461	4,484,872
Other Purpose	1,576,275	1,678,133	1,382,433	1,678,133
Gross loans, advances and financing	<u>45,412,511</u>	<u>44,642,730</u>	<u>36,296,927</u>	<u>44,642,730</u>

A11d. Non-performing loans by loan purpose

	The Group		The Bank	
	30 June 2006 RM'000	31 March 2006 RM'000	30 June 2006 RM'000	31 March 2006 RM'000
Purchase of securities	183,799	163,517	177,611	163,517
Purchase of transport vehicles	904,063	814,826	624,580	814,826
Purchase of landed property				
– Residential	1,398,639	1,354,601	1,294,514	1,354,601
– Non-residential	926,200	870,222	894,569	870,222
Purchase of Fixed Assets OtherThan				
Land And Building	15,841	17,529	11,991	17,529
Personal Use	49,810	44,863	48,842	44,863
Credit Card	150,824	153,466	111,046	153,466
Purchase of Consumer Durables	992	964	992	964
Construction	–	–	–	–
Mergers and Acquisition	–	–	–	–
Working Capital	949,336	803,729	939,282	803,729
Other Purpose	753,201	769,133	698,778	769,133
	<u>5,332,705</u>	<u>4,992,850</u>	<u>4,802,205</u>	<u>4,992,850</u>

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies**A11. Loans, Advances and Financing (continued)****A11e.** Movements in non-performing loans, advances and financing ("NPL") are as follows:

	The Group		The Bank	
	30 June 2006 RM'000	31 March 2006 RM'000	30 June 2006 RM'000	31 March 2006 RM'000
Gross				
Balance at 1 April	4,992,850	6,378,449	4,992,850	4,308,184
Non-performing during the period/year	975,103	1,944,974	918,913	1,834,296
Reclassification to performing loans, advances and financing	(438,705)	(1,626,684)	(420,028)	(1,250,279)
Amount recovered	(154,675)	(472,071)	(136,721)	(449,610)
Debt equity conversion	—	(7,088)	—	(7,088)
Amount written off	(41,868)	(1,224,730)	(41,833)	(1,222,117)
Amount vested (to)/from subsidiary company	—	—	(510,976)	1,779,464
Balance at end of period/year	5,332,705	4,992,850	4,802,205	4,992,850
Less:				
Specific allowance	(1,216,573)	(1,043,558)	(1,034,564)	(1,043,558)
Non-performing loans and financing — net	<u>4,116,132</u>	<u>3,949,292</u>	<u>3,767,641</u>	<u>3,949,292</u>
Ratio of non-performing loans and financing to total loans, advances and financing — net	<u>9.31%</u>	<u>9.06%</u>	<u>10.68%</u>	<u>9.06%</u>

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies**A11. Loans, Advances and Financing (continued)****A11f.** Movements in the allowance for bad and doubtful debts (and financing) accounts are as follows:

	The Group		The Bank	
	30 June 2006 RM'000	31 March 2006 RM'000	30 June 2006 RM'000	31 March 2006 RM'000
General Allowance				
Balance at 1 April	656,794	556,695	656,794	429,408
Allowance made during the period/year				
– Continuing operations	6,153	100,099	3,628	81,175
– Discontinued operations	–	–	775	17,925
Amount vested over (to)/from subsidiary company	–	–	(132,308)	128,286
Balance at end of period	<u>662,947</u>	<u>656,794</u>	<u>528,889</u>	<u>656,794</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>1,043,558</u>	<u>1,365,519</u>	<u>1,043,558</u>	<u>887,640</u>
Allowance made during the period/year				
– Continuing operations	298,885	1,315,891	238,348	1,054,426
– Discontinued operations	–	–	18,509	227,389
Amount written back in respect of recoveries				
– Continuing operations	(92,085)	(429,035)	(70,288)	(322,091)
– Discontinued operations	–	–	(7,732)	(84,483)
Net charge to income statements	206,800	886,856	178,837	875,241
Debt equity conversion	–	(3,251)	–	(3,251)
Amount written off/ Adjustment to Asset Deficiency Account	(33,785)	(1,205,566)	(33,784)	(1,202,954)
Amount vested over (to)/from subsidiary company	–	–	(154,047)	486,882
Balance at end of period	<u>1,216,573</u>	<u>1,043,558</u>	<u>1,034,564</u>	<u>1,043,558</u>

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies**A12. Other Assets**

Included in other assets is an amount of RM196.2 million in respect of the freehold land together with its 46 storey office building known as Menara AmBank currently classified as Asset held for sale.

A13. Deposits from Customers

	The Group		The Bank	
	30 June 2006 RM'000	31 March 2006 RM'000	30 June 2006 RM'000	31 March 2006 RM'000
<u>By type of customer</u>				
Individuals	20,340,121	19,888,946	19,041,798	19,888,946
Business enterprises	8,269,822	8,556,161	6,577,308	8,557,910
Government and other statutory bodies	3,824,496	3,537,375	2,985,723	3,537,374
Others	653,594	512,345	621,678	512,345
	<u>33,088,033</u>	<u>32,494,827</u>	<u>29,226,507</u>	<u>32,496,575</u>

A14. Deposits and Placements of Banks and Other Financial Institutions

	The Group		The Bank	
	30 June 2006 RM'000	31 March 2006 RM'000	30 June 2006 RM'000	31 March 2006 RM'000
Licensed banks	1,875,191	2,502,692	1,425,407	2,502,692
Licensed merchant banks	5,319,360	4,141,430	3,766,924	4,141,430
Non-banking institutions	5,556,404	5,611,948	3,630,105	5,611,948
Bank Negara Malaysia ("BNM")	1,175,336	1,157,479	1,166,736	1,157,479
	<u>13,926,291</u>	<u>13,413,549</u>	<u>9,989,172</u>	<u>13,413,549</u>

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies**A15. Interest Income**

	Individual Quarter		Cumulative Quarter	
	30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
<u>The Group</u>				
Loans and advances				
– Interest income other than recoveries from NPL	557,806	535,283	557,806	535,283
– Recoveries from NPLs	79,162	64,750	79,162	64,750
Money at call and deposits placements with financial institutions	63,945	33,632	63,945	33,632
Securities held-for-trading	13,543	7,946	13,543	7,946
Securities available-for-sale	1,087	929	1,087	929
Securities held-to-maturity	18,870	12,719	18,870	12,719
Others	58,373	17,568	58,373	17,568
	792,786	672,827	792,786	672,827
Net interest suspended	(37,381)	(44,687)	(37,381)	(44,687)
Amortisation of premiums less accretion of discounts	(679)	733	(679)	733
	<u>754,726</u>	<u>628,873</u>	<u>754,726</u>	<u>628,873</u>
<u>The Bank</u>				
Loans and advances				
– Interest income other than recoveries from NPL	563,589	460,943	563,589	460,943
– Recoveries from NPLs	70,432	56,965	70,432	56,965
Money at call, deposits and placements with financial institutions	63,945	21,283	63,945	21,283
Securities held-for-trading	13,543	7,807	13,543	7,807
Securities available-for-sale	1,087	306	1,087	306
Securities held-to-maturity	18,870	10,022	18,870	10,022
Others	58,373	16,933	58,373	16,933
	789,839	574,259	789,839	574,259
Net interest suspended	(34,434)	(29,679)	(34,434)	(29,679)
Amortisation of premiums less accretion of discounts	(679)	(982)	(679)	(982)
	<u>754,726</u>	<u>543,598</u>	<u>754,726</u>	<u>543,598</u>

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies**A16. Interest Expense**

	Individual Quarter		Cumulative Quarter	
	30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
<u>The Group</u>				
Deposits from customers	234,728	194,184	234,728	194,184
Deposits and placements of banks and other financial institutions	82,500	44,325	82,500	44,325
Recourse obligation of loans sold to Cagamas Berhad	14,780	21,684	14,780	21,684
Subordinated term loans and bonds	22,868	22,868	22,868	22,868
Hybrid securities	12,600	—	12,600	—
Others	65,542	23,586	65,542	23,586
	<u>433,018</u>	<u>306,647</u>	<u>433,018</u>	<u>306,647</u>
<u>The Bank</u>				
Deposits from customers	234,740	165,760	234,740	165,760
Deposits and placements of banks and other financial institutions	82,500	30,466	82,500	30,466
Recourse obligation of loans sold to Cagamas Berhad	14,780	20,381	14,780	20,381
Subordinated term loans and bonds	35,468	17,583	35,468	17,583
Others	65,542	23,102	65,542	23,102
	<u>433,030</u>	<u>257,292</u>	<u>433,030</u>	<u>257,292</u>

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies**A17. Other Operating Income**

	Individual Quarter		Cumulative Quarter	
	30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
<u>The Group</u>				
(a) <u>Fee Income:</u>				
Commissions	7,996	7,278	7,996	7,278
Guarantee fees	1,217	1,691	1,217	1,691
Other fee income	26,231	21,622	26,231	21,622
	<u>35,444</u>	<u>30,591</u>	<u>35,444</u>	<u>30,591</u>
(b) <u>Investment income:</u>				
Net gain/(loss) on sale of securities held-for-trading	(73)	1,230	(73)	1,230
Net gain/(loss) on sale of securities available-for-sale	16,012	(15)	16,012	(15)
Net gain/(loss) on sale of securities held-to-maturity	128	2,081	128	2,081
Gain/(loss) on revaluation of securities held for trading	(4,571)	364	(4,571)	364
Gross dividend income from:				
Securities held-for-trading	759	639	759	639
Securities available for sale	4,227	4,205	4,227	4,205
Securities held-to-maturity	1,058	2,001	1,058	2,001
	<u>17,540</u>	<u>10,505</u>	<u>17,540</u>	<u>10,505</u>
(c) <u>Other Income:</u>				
Gain on disposal of foreclosed properties	1,840	702	1,840	702
Rental income	2,105	1,993	2,105	1,993
Gain on disposal of property and equipment	981	—	981	—
Foreign exchange gain	2,702	759	2,702	759
Other operating income	9	—	9	—
	<u>7,637</u>	<u>3,454</u>	<u>7,637</u>	<u>3,454</u>
Total other operating income	<u>60,621</u>	<u>44,550</u>	<u>60,621</u>	<u>44,550</u>

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies**A17. Other Operating Income (continued)**

	Individual Quarter		Cumulative Quarter	
	30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
<u>The Bank</u>				
(a) <u>Fee Income:</u>				
Commissions	7,996	6,150	7,996	6,150
Guarantee fees	1,217	1,002	1,217	1,002
Other fee income	26,231	9,645	26,231	9,645
	<u>35,444</u>	<u>16,797</u>	<u>35,444</u>	<u>16,797</u>
(b) <u>Investment income:</u>				
Net gain/(loss) on sale of securities held-for-trading	(73)	658	(73)	658
Net gain on sale of securities available-for-sale	16,012	–	16,012	–
Net gain on sale of securities held-to-maturity	128	56	128	56
Gain/(loss) on revaluation of securities held for trading	(4,571)	(715)	(4,571)	(715)
Gross dividend income from:				
Securities held-for-trading	759	588	759	588
Securities available for sale	4,227	3,259	4,227	3,259
Securities held-to-maturity	1,058	2,001	1,058	2,001
	<u>17,540</u>	<u>5,847</u>	<u>17,540</u>	<u>5,847</u>
(c) <u>Other Income:</u>				
Gain on disposal of foreclosed properties	1,840	702	1,840	702
Rental income	1,947	1,837	1,947	1,837
Gain on disposal of property and equipment	157	–	157	–
Foreign exchange gain	2,702	6	2,702	6
	<u>6,646</u>	<u>2,545</u>	<u>6,646</u>	<u>2,545</u>
Total other operating income	<u>59,630</u>	<u>25,189</u>	<u>59,630</u>	<u>25,189</u>

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies**A18. Other Operating Expenses**

	Individual Quarter		Cumulative Quarter	
	30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
<u>The Group</u>				
Personnel costs				
– Salaries, allowances and bonuses	91,713	87,042	91,713	87,042
– Others	4,551	7,196	4,551	7,196
Establishment costs				
– Depreciation	18,192	13,654	18,192	13,654
– Rental	7,143	7,540	7,143	7,540
– Cleaning, maintenance & security	4,754	4,900	4,754	4,900
– Computerisation cost	11,749	13,263	11,749	13,263
– Others	4,202	4,984	4,202	4,984
Marketing and communication expenses				
– Handling fees	24,210	34,090	24,210	34,090
– Commission	10,416	10,768	10,416	10,768
– Advertising & marketing expenses	14,296	13,663	14,296	13,663
– Communication	10,594	10,306	10,594	10,306
– Others	1,607	1,361	1,607	1,361
Administration and general expenses				
– Professional services	8,684	5,637	8,684	5,637
– Others	13,599	11,389	13,599	11,389
	<u>225,710</u>	<u>225,793</u>	<u>225,710</u>	<u>225,793</u>
<u>The Bank</u>				
Personnel costs				
– Salaries, allowances and bonuses	90,672	68,891	90,672	68,891
– Others	4,546	4,018	4,546	4,018
Establishment costs				
– Depreciation	18,065	12,083	18,065	12,083
– Rental	7,949	6,280	7,949	6,280
– Cleaning, maintenance & security	4,547	4,671	4,547	4,671
– Computerisation cost	11,634	10,512	11,634	10,512
– Others	4,011	3,157	4,011	3,157
Marketing and communication expenses				
– Handling fees	17,153	24,594	17,153	24,594
– Commission	10,209	6,255	10,209	6,255
– Advertising & marketing expenses	12,660	9,796	12,660	9,796
– Communication	11,192	8,339	11,192	8,339
– Others	1,597	1,150	1,597	1,150
Administration and general expenses				
– Professional services	8,531	4,620	8,531	4,620
– Others	12,158	5,632	12,158	5,632
– Shared service cost recoveries	(33,663)	(32,869)	(33,663)	(32,869)
	<u>181,261</u>	<u>137,129</u>	<u>181,261</u>	<u>137,129</u>

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies**A19. Allowance for Losses on Loans, Advances and Financing**

	Individual Quarter		Cumulative Quarter	
	30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
<u>The Group</u>				
Allowance for bad and doubtful debts and financing:				
Specific allowance (net)				
– made in the financial year	298,885	318,280	298,885	318,280
– written back	(92,085)	(133,974)	(92,085)	(133,974)
General allowance	6,153	24,799	6,153	24,799
Bad debts and financing recovered	(70,617)	(60,494)	(70,617)	(60,494)
Amount recovered from Danaharta	(11,365)	–	(11,365)	–
	<u>130,971</u>	<u>148,611</u>	<u>130,971</u>	<u>148,611</u>
<u>The Bank</u>				
Continuing operations				
Allowance for bad and doubtful debts and financing:				
Specific allowance (net)				
– made in the financial year	238,348	236,524	238,348	236,524
– written back	(70,288)	(88,477)	(70,288)	(88,477)
General allowance	3,628	16,964	3,628	16,964
Bad debts and financing recovered	(68,021)	(51,950)	(68,021)	(51,950)
Amount recovered from Danaharta	(11,365)	–	(11,365)	–
	<u>92,302</u>	<u>113,061</u>	<u>92,302</u>	<u>113,061</u>
<u>The Bank</u>				
Discontinued operations				
Allowance for bad and doubtful debts and financing:				
Specific allowance (net)				
– made in the financial year	18,509	47,680	18,509	47,680
– written back	(7,732)	(23,036)	(7,732)	(23,036)
General allowance	775	6,836	775	6,836
Bad debts and financing recovered	(605)	(1,680)	(605)	(1,680)
	<u>10,947</u>	<u>29,800</u>	<u>10,947</u>	<u>29,800</u>

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies**A20. Taxation**

	Individual Quarter		Cumulative Quarter	
	30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
<u>The Group</u>				
Estimated current tax payable	47	134	47	134
Net transfer from deferred taxation	33,804	31,000	33,804	31,000
Share in taxation of associated company	14	17	14	17
	<u>33,865</u>	<u>31,151</u>	<u>33,865</u>	<u>31,151</u>
Prior year tax expense in respect of business vested over from holding company, AMFB Holdings Berhad	2,403	—	2,403	—
	<u>36,268</u>	<u>31,151</u>	<u>36,268</u>	<u>31,151</u>
<u>The Bank</u>				
Taxation on profit from continuing operations				
Net transfer from deferred taxation	22,792	17,103	22,792	17,103
Prior year tax expense in respect of business vested over from holding company, AMFB Holdings Berhad	2,403	—	2,403	—
	<u>25,195</u>	<u>17,103</u>	<u>25,195</u>	<u>17,103</u>

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies**A21. Discontinued operations****i) Transfer of Islamic Banking Business of AmBank (M) Berhad to Amlslamic Bank Berhad**

On 1 May 2006, the Islamic banking business of AmBank (M) Berhad was transferred to and vested into Amlslamic Bank pursuant to the vesting order of the High Court of Malaya made pursuant to Section 50 of the Banking and Financial Institutions Act, 1989. The net book value of the assets and liabilities transferred was RM784.1 million.

The amounts of assets and liabilities vested over are as follows:

	1 May 2006 RM'000
ASSETS	
Cash and short-term funds	1,160,139
Deposits and placements with banks and other financial institutions	2,126
Securities held-for-trading	502,219
Securities available-for-sale	—
Securities held-to-maturity	—
Loans, advances and financing	6,512,189
Deferred tax asset	68,501
Other assets	29,567
Statutory deposit with Bank Negara Malaysia	268,794
TOTAL ASSETS	8,543,535
LIABILITIES AND EQUITY	
Deposits from customers	4,323,243
Deposits and placements of banks and other financial institutions	2,952,207
Securities sold under repurchase agreements	—
Bills and acceptance payable	225,364
Amount due to Cagamas Berhad	—
Other liabilities	258,653
Total Liabilities	7,759,467
Net Assets vested over	784,068

ii) Purchase Consideration

The consideration for the transfer of business was satisfied by way of issue of 250.0 million new ordinary shares of RM1.00 each by Amlslamic Bank to the Bank at RM3.14 per share.

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies**iii) Impact to the Income Statement**

Arising from the corporate separation of the Islamic Banking and Conventional Banking operations, the profit from the Islamic Banking operations of the Bank for the current quarter and the corresponding quarter in the previous year were reported as discontinued operations in compliance with FRS 5: Non-Current assets held for sale and Discontinued operations.

The results of the Islamic Banking operations of the Bank reported as discontinued operations were as follows:

	Individual Quarter		Cumulative Quarter	
	30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
The Bank				
Income derived from investment of depositors' funds	54,554	145,734	54,554	145,734
Income derived from investment of Islamic Banking Capital Fund	9,252	11,690	9,252	11,690
Allowance for losses on financing, advances and other loans	(10,947)	(29,800)	(10,947)	(29,800)
Transfer from/(to) profit equalisation reserve	1,739	5,854	1,739	5,854
Other expenses directly attributable to the investment of the depositors and shareholder's funds	(2,201)	(9,496)	(2,201)	(9,496)
Total attributable income	52,397	123,982	52,397	123,982
Income attributable to the depositors	(25,402)	(52,288)	(25,402)	(52,288)
Total net income	26,995	71,694	26,995	71,694
Other operating expenses	(10,542)	(34,501)	(10,542)	(34,501)
Profit before taxation	16,453	37,193	16,453	37,193
Taxation	(4,607)	(10,497)	(4,607)	(10,497)
Profit after taxation	11,846	26,696	11,846	26,696

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies**A22. 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.

	Individual Quarter		Cumulative Quarter	
	30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
<u>The Group</u>				
Net profit attributable to shareholder of the Bank	<u>85,204</u>	<u>79,839</u>	<u>85,204</u>	<u>79,839</u>
Weighted average number of ordinary shares in issue	<u>610,364</u>	<u>610,364</u>	<u>610,364</u>	<u>610,364</u>
Basic earnings per share (sen)	<u>13.96</u>	<u>13.08</u>	<u>13.96</u>	<u>13.08</u>
<u>The Bank</u>				
Basic, for profit from continuing operations				
Net profit attributable to shareholders of the Bank	<u>55,550</u>	<u>44,202</u>	<u>55,550</u>	<u>44,202</u>
Number of ordinary shares at beginning of period	<u>610,364</u>	<u>528,402</u>	<u>610,364</u>	<u>528,402</u>
Effect of the issuance of shares	<u>–</u>	<u>21,748</u>	<u>–</u>	<u>21,748</u>
Weighted average number of ordinary shares in issue	<u>610,364</u>	<u>550,150</u>	<u>610,364</u>	<u>550,150</u>
Basic earnings per share (sen)	<u>9.10</u>	<u>8.03</u>	<u>9.10</u>	<u>8.03</u>
<u>The Bank</u>				
Basic, for profit from discontinued operations				
Net profit attributable to shareholders of the Bank	<u>11,846</u>	<u>26,696</u>	<u>11,846</u>	<u>26,696</u>
Weighted average number of ordinary shares in issue	<u>610,364</u>	<u>550,150</u>	<u>610,364</u>	<u>550,150</u>
Basic earnings per share (sen)	<u>1.94</u>	<u>4.85</u>	<u>1.94</u>	<u>4.85</u>

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

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies

A23a. Performance Review for the Quarter ended 30 June 2006

The Group recorded a Pre-tax profit of RM121.5 million for the quarter ended 30 June 2006 as compared to RM111.0 million in the previous corresponding quarter ended 30 June 2005.

The increase in Group Pre-tax profit for the quarter is mainly attributable to higher operating profit, lower allowance for losses in loans and financing set off by higher impairment loss on securities.

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.

A23b. Prospects for 31 March 2007

With the GDP growth moderating to 5.0% in 2006, stability in the interest rates, and the implementation of various projects under the 9th Malaysia Plan, the Group expects to register an overall loans growth of 8% for the current financial year ending 31 March 2007.

Going forward, the Group will continue to improve its core competencies while looking for opportunities to take advantage of market trends and introduce innovative products to suit its customers' financial needs in these prevailing market conditions. 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.

On 1 May 2006, the Islamic banking business of the Bank has been transferred to and vested in AmIslamic Bank, a wholly-owned subsidiary of the Bank, to formalize the corporate separation of the conventional banking business from the Islamic banking business. With the new Islamic operational structures in place and ongoing effective communication with its customers, the Bank is aiming for the maximum optimization of its services to further propel its Islamic banking services.

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies**A24. Segment Information on Operating Revenue, Profit Before Tax Expense and Assets****By Business Segments**

The Group 30 June 2006	Conventional Banking RM'000	Islamic Banking RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
<u>External revenue</u>					
Interest income (net of IIS)	754,726	—	—	—	754,726
Fee income	35,444	—	—	—	35,444
Investment & other operating income	25,177	—	—	—	25,177
Income from Islamic Banking					
Financing income	—	189,924	—	—	189,924
Investment and Fees on financing	—	6,895	—	—	6,895
Others (Subsidiaries) - Rental	—	—	75	—	75
	<u>815,347</u>	<u>196,819</u>	<u>75</u>	<u>—</u>	<u>1,012,241</u>
<u>Inter-segment revenue</u>					
Others (Subsidiaries) - Rental	—	—	892	(892)	—
	<u>—</u>	<u>—</u>	<u>892</u>	<u>(892)</u>	<u>—</u>
Total revenue	<u>815,347</u>	<u>196,819</u>	<u>967</u>	<u>(892)</u>	<u>1,012,241</u>
Results					
Profit before share in results of associated company and taxation	80,745	39,317	1,337	28	121,427
Share of profits of associated company	—	—	—	42	42
Profit before taxation	80,745	39,317	1,337	70	121,469
Taxation	(25,195)	(10,977)	(82)	(14)	(36,268)
Profit after taxation	<u>55,550</u>	<u>28,340</u>	<u>1,255</u>	<u>56</u>	<u>85,201</u>
Total Assets	<u>48,404,915</u>	<u>9,360,997</u>	<u>833,642</u>	<u>(1,740,080)</u>	<u>56,859,474</u>

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies**A24. Segment Information on Operating Revenue, Profit Before Tax Expense and Assets (continued)**

The Group 30 June 2005	Conventional Banking RM'000	Islamic Banking RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
<u>External revenue</u>					
Interest income (net of IIS)	628,873	—	—	—	628,873
Fee income	30,591	—	—	—	30,591
Investment & other operating income	13,959	—	—	—	13,959
Income from Islamic Banking					
Financing income	—	169,558	—	—	169,558
Investment and Fees on financing	—	4,247	—	—	4,247
Others (Subsidiaries) - Rental	—	—	86	—	86
	<u>673,423</u>	<u>173,805</u>	<u>86</u>	<u>—</u>	<u>847,314</u>
<u>Inter-segment revenue</u>					
Interest income (net of IIS)	68	—	—	(68)	—
Others (Subsidiaries) - Rental	—	—	497	(497)	—
	<u>68</u>	<u>—</u>	<u>497</u>	<u>(565)</u>	<u>—</u>
Total revenue	<u>673,491</u>	<u>173,805</u>	<u>583</u>	<u>(565)</u>	<u>847,314</u>
Results					
Profit before share in results of associated company and taxation	66,035	44,639	274	(12)	110,936
Share of profits of associated company	—	—	—	51	51
Profit before taxation	66,035	44,639	274	39	110,987
Taxation	<u>(20,503)</u>	<u>(10,497)</u>	<u>(134)</u>	<u>(17)</u>	<u>(31,151)</u>
Profit after taxation	<u>45,532</u>	<u>34,142</u>	<u>140</u>	<u>22</u>	<u>79,836</u>
Total Assets	<u>40,856,409</u>	<u>8,070,104</u>	<u>87,128</u>	<u>(569,528)</u>	<u>48,444,113</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.

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies

A25. 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.

A26. Events Subsequent To Balance Sheet Date

There has not arisen in the interval between the end of the financial quarter 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 results of the operations of the Group for the current quarter.

A27. Significant Events

(a) Transfer of Islamic Banking Business of AmBank (M) Berhad to its wholly owned subsidiary, Amlslamic Bank Berhad

On 1 May 2006, the Islamic banking business of AmBank (M) Berhad was transferred to and vested into the Bank pursuant to the vesting order of the High Court of Malaya made pursuant to Section 50 of the Banking and Financial Institutions Act, 1989. The net book value of the assets and liabilities transferred was RM784.1 million.

The consideration for the transfer of business was satisfied by way of issue of 250.0 million new ordinary shares of RM1.00 each by Amlslamic Bank Berhad to the Bank at RM3.14 per share.

(b) Proposed disposal of Freehold Land and Building

On 11 May 2006, the Bank announced the proposal to dispose its freehold land together with its 46-storey office building known as Menara AmBank to AmFIRST Real Estate Investment Trust ("AmFIRST REIT") for a proposed consideration of RM230 million. The consideration will be satisfied through the issuance of 230 million AmFIRST REIT units at an issue price of RM1.00 per unit of which the Bank will sell to its ultimate holding company, AMMB Holdings Berhad ("AHB") for a cash consideration of RM230 million. The cash proceeds of RM230 million receivable from AHB will be utilised as working capital.

The proposed disposal is subject to approval by the relevant authorities.

A28. Changes in the Composition of Group

There were no significant changes in the composition of the Group for the financial period ended 30 June 2006.

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies**A29. 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 June 2006			As at 31 March 2006		
	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	607,535	607,535	413,347	540,826	540,826	438,374
Certain transaction- related contingent items	211,403	105,702	105,702	206,010	103,005	103,005
Short-term self- liquidating trade- related contingencies	400,635	80,127	75,668	345,374	69,075	69,075
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	9,135,496	–	–	8,811,423	–	–
– maturing more than one year	1,241,496	620,747	620,747	1,279,823	639,911	639,911
Foreign exchange related contracts:						
– less than one year	2,792,753	16,740	2,564	1,695,579	16,466	4,143
Interest rate swap contracts:						
– maturing within one year	580,000	2,189	438	550,000	1,311	262
– maturing more than one year to less than five years	7,080,306	144,453	28,891	3,562,189	74,100	14,820
– maturing more than five years	734,900	66,142	13,228	736,620	66,296	13,259
Islamic financing sold to Cagamas Berhad with recourse	2,114,450	2,114,450	2,114,450	2,205,827	2,205,827	2,205,827
Other commitments	175,963	–	–	108,910	–	–
Total	25,215,187	3,828,335	3,445,285	20,182,831	3,787,067	3,558,926

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies**A29. Commitments and Contingencies (continued)**

<u>The Bank</u>	As at 30 June 2006			As at 31 March 2006		
	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	493,517	493,517	347,192	540,826	540,826	438,374
Certain transaction- related contingent items	177,744	88,872	88,872	206,010	103,005	103,005
Short-term self- liquidating trade- related contingencies	378,338	75,668	75,668	345,374	69,075	69,075
Obligations under underwriting agreements	20,000	10,000	10,000	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	8,252,901	–	–	8,811,423	–	–
– maturing more than one year	1,227,631	613,815	613,815	1,279,823	639,911	639,911
Foreign exchange related contracts:						
– less than one year	2,792,753	16,740	2,564	1,695,579	16,466	4,143
Interest rate swap contracts:						
– maturing within one year	580,000	2,189	438	550,000	1,311	262
– maturing more than one year to less than five years	7,080,306	144,453	28,891	3,562,189	74,100	14,820
– maturing more than five years	734,900	66,142	13,228	736,620	66,296	13,259
Islamic financing sold to Cagamas Berhad with recourse	–	–	–	2,205,827	2,205,827	2,205,827
Other commitments	170,871	–	–	108,910	–	–
Total	21,909,111	1,511,546	1,180,818	20,182,731	3,786,967	3,558,826

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

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies**A30. Derivative Financial Instruments**

Details of financial instruments with off-balance sheet risk as at 30 June 2006:

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	1,638,798	830,289	615,890	192,619	–	–	–
– spot	1,153,955	1,153,955	–	–	–	–	–
	2,792,753	1,984,244	615,890	192,619	–	–	–
Interest rate related contracts:							
– swap	8,395,206	–	50,000	200,000	330,000	7,080,306	734,900
Total	11,187,959	1,984,244	665,890	392,619	330,000	7,080,306	734,900

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 Positive Mark-to-market RM'000
Interest Rate related contracts	8,395,206	8,395,803	53,064	(52,467)	597

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies

A30. Derivative Financial Instruments (continued)

Risk Management Policy on Financial Derivatives

Purpose of engaging in financial derivatives

Derivative financial instruments are contracts whose value is derived from one or more underlying financial instruments or indices. They include swaps and forward rate agreements. The use of derivatives and their sale to customers as risk management products is an integral part of the Group's 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. The Group's involvement in financial derivatives is currently focussed on interest rate derivatives and foreign exchange rate derivatives.

The principal exchange rate contracts used are forward foreign exchange contracts. 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.

The principal interest rate contracts used are interest rate swaps. Interest rate swap transactions generally involve the exchange of fixed and floating interest payment obligations without the exchange of the underlying principal amounts.

Risk associated with financial derivatives

As derivatives are contracts that transfer risks, they expose the holder to the same types of market and credit risk as other financial instruments, and the Group manages these risks in a consistent manner under the overall risk management framework.

Market Risk

Market risk arising from the above interest rate-related and foreign exchange-related derivatives contracts measures the potential losses to the value of these contracts due to changes in market rates/prices. The contractual amounts of these contracts stated above provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions.

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

As at 30 June 2006, 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 2006: RM Nil).

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies

A30. 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. Unlike conventional asset instruments, the Group's financial loss is not the entire contracted principal value of the derivatives, but rather a fraction equivalent to the cost to replace the defaulted contract with another in the market. The cost of replacement is equivalent to the difference between the original value of the derivatives at time of contract with the defaulted counterparty and the current fair value of a similar substitute at current market prices. The Group will only suffer a replacement cost if the contract carries a fair value gain at time of default.

As at 30 June 2006, the amounts of counterparty credit risk, measured in term of the cost to replace the profitable contracts of the Group was RM48.0 million (31 March 2006: RM16.5 million).

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

Forward 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 is recognised over the life of the swap agreement as a component of interest income or interest expense.

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies**A31. 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 12.68% (31 March 2006: 12.14%) exceeds the minimum requirements of BNM.

	The Bank	
	30 June 2006 RM'000	31 March 2006 RM'000
<u>Tier 1 capital</u>		
Paid-up share capital	610,364	610,364
Innovative Tier 1 capital	473,629	461,506
Share premium	379,953	379,953
Statutory reserve	585,832	585,832
Capital reserve	330,705	330,705
Unappropriated profit	1,348,057	1,348,057
	<u>3,728,540</u>	<u>3,716,417</u>
Less: Deferred tax asset	(571,461)	(640,146)
Total Tier 1 capital	<u>3,157,079</u>	<u>3,076,271</u>
<u>Tier 2 capital</u>		
Innovative Tier 1 capital	261,271	275,114
Subordinated term loan	1,140,000	1,140,000
Subordinated bonds	200,000	200,000
General allowance for bad and doubtful debts and financing	527,469	655,374
	<u>2,128,740</u>	<u>2,270,488</u>
	<u>5,285,819</u>	<u>5,346,759</u>
Less: Investment in subsidiary companies	(813,847)	(29,779)
Capital base	<u>4,471,972</u>	<u>5,316,980</u>

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies**A31. Capital Adequacy (continue)**

	30 June 2006		31 March 2006	
	Principal RM'000	Risk - Weighted RM'000	Principal RM'000	Risk - Weighted RM'000
Notional risk-weighted assets				
Categories				
0%	6,516,739	—	8,328,926	—
10%	2,059	206	67,059	6,706
20%	3,573,373	714,675	4,222,296	844,459
50%	8,105,741	4,052,871	8,119,385	4,059,693
100%	30,485,051	30,485,051	38,871,146	38,871,146
	<u>48,682,963</u>	<u>35,252,803</u>	<u>59,608,812</u>	<u>43,782,004</u>

Capital Ratios

Core capital ratio	8.95%	7.03%
Risk-weighted capital ratio	<u>12.68%</u>	<u>12.14%</u>

The risk weighted capital adequacy ratio of the Group are as follows:

	The Group	
	30 June 2006 RM'000	31 March 2006 RM'000
<u>Tier 1 capital</u>		
Paid-up share capital	610,364	610,364
Innovative Tier 1 capital	463,468	463,469
Share premium	379,953	379,953
Statutory reserves	585,832	585,832
Capital reserves	377,492	377,492
Merger reserves	679,757	679,757
Unappropriated profit	785,600	785,600
Minority interest	67	70
	<u>3,882,533</u>	<u>3,882,537</u>
Less: Deferred tax asset	<u>(793,184)</u>	<u>(793,184)</u>
Total Tier 1 capital	<u>3,089,349</u>	<u>3,089,353</u>

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies**A31. Capital Adequacy (continue)**

	The Group	
	30 June 2006 RM'000	31 March 2006 RM'000
<u>Tier 2 capital</u>		
Innovative Tier 1 capital	271,432	273,151
Subordinated term loan	1,140,000	1,140,000
Subordinated bonds	200,000	200,000
General allowance for bad and doubtful debts and financing	661,527	655,374
	<u>2,272,959</u>	<u>2,268,525</u>
Total Tier 2 capital		
	<u>2,272,959</u>	<u>2,268,525</u>
Capital base	<u>5,362,308</u>	<u>5,357,878</u>

	30 June 2006		31 March 2006	
	Principal RM'000	Risk - Weighted RM'000	Principal RM'000	Risk - Weighted RM'000
Notional risk-weighted assets				
Categories				
0%	8,328,281	—	8,328,926	—
10%	2,059	206	67,059	6,706
20%	4,019,504	803,901	4,236,954	847,390
50%	8,419,315	4,209,658	8,119,385	4,059,693
100%	39,145,806	39,145,806	38,901,332	38,901,332
	<u>59,914,965</u>	<u>44,159,571</u>	<u>59,653,656</u>	<u>43,815,121</u>

Capital Ratios

Core capital ratio	7.00%	7.05%
Risk-weighted capital ratio	<u>12.14%</u>	<u>12.23%</u>

* The notional risk-weighted assets of the Group as at 30 June 2006 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.

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies

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 June 2006

The Group	Non-Trading Book						Non-interest sensitive	Trading Book	Total	Effective interest rate %
	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	>1 to 5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
ASSETS										
Cash and short-term funds	7,787,232	–	–	–	–	–	209,333	–	7,996,565	3.67
Deposits and placements with financial institutions	6,755	91,863	39,245	1,603	646	734,900	–	–	875,012	3.79
Securities held-for-trading	–	–	–	–	–	–	–	1,463,795	1,463,795	3.67
Securities available-for-sale	100,150	19,556	–	–	–	72,008	197,143	–	388,857	4.01
Securities held-to-maturity	–	–	–	–	466,160	707,440	119,817	–	1,293,417	5.11
Loans, advances and financing										
– Performing	11,160,591	620,511	1,112,144	294,966	8,129,934	16,738,833	–	–	38,056,979	7.59
– Non-performing	–	–	–	–	–	–	3,361,562	–	3,361,562	–
Other non-interest sensitive balances	–	–	–	–	–	734,900	2,688,387	–	3,423,287	–
TOTAL ASSETS	19,054,728	731,930	1,151,389	296,569	8,596,740	18,988,081	6,576,242	1,463,795	56,859,474	
LIABILITIES AND EQUITY										
Deposits from customers	15,330,458	6,218,284	3,337,450	6,331,964	1,869,877	–	–	–	33,088,033	3.20
Deposits and placements of banks and other financial institutions	4,877,818	3,235,574	986,008	1,169,291	1,984,550	1,673,050	–	–	13,926,291	3.62
Securities sold under repurchase agreements	673,819	–	–	–	–	–	–	–	673,819	3.38
Bills and acceptances payables	306,161	518,045	113,023	–	–	–	–	–	937,229	–
Amount due to Cagamas Berhad	35,471	71,192	109,407	609,208	649,927	–	–	–	1,475,205	3.70
Subordinated term loan	–	–	–	–	1,140,000	–	–	–	1,140,000	6.55
Hybrid securities	–	–	–	–	–	724,837	–	–	724,837	6.77
Subordinated bonds	–	–	–	–	200,000	–	–	–	200,000	7.95
Other non-interest sensitive balances	–	–	–	–	–	734,900	454,659	–	1,189,559	–
Total Liabilities	21,223,727	10,043,095	4,545,888	8,110,463	5,844,354	3,132,787	454,659	–	53,354,973	
Minority interests	–	–	–	–	–	–	67	–	67	
Shareholder's Equity	–	–	–	–	–	–	3,504,434	–	3,504,434	
TOTAL LIABILITIES AND EQUITY	21,223,727	10,043,095	4,545,888	8,110,463	5,844,354	3,132,787	3,959,160	–	56,859,474	
On-balance sheet interest sensitivity gap	(2,168,999)	(9,311,165)	(3,394,499)	(7,813,894)	2,752,386	15,855,294	2,617,082	1,463,795	–	
Off-balance sheet interest sensitivity gap	481,406	5,990,000	(326,000)	(330,000)	(6,550,306)	734,900	–	–	–	
Total interest sensitivity gap	(1,687,593)	(3,321,165)	(3,720,499)	(8,143,894)	(3,797,920)	16,590,194	2,617,082	1,463,795	–	

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies

31 March 2006

Non-Trading Book

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	5,973,362	–	–	–	–	–	1,344,536	–	7,317,898	3.42
Deposits and placements with financial institutions	–	128,908	116,665	36,934	736,620	–	102,126	–	1,121,253	3.37
Securities held-for-trading	–	–	–	–	–	–	511,272	1,758,080	2,269,351	3.28
Securities available-for-sale	–	–	–	–	19,848	73,701	237,964	–	331,513	4.85
Securities held-to-maturity	–	–	21,902	83,401	441,251	705,936	108,656	–	1,361,146	3.41
Loans, advances and financing										
– Performing	11,069,819	580,017	902,780	206,669	6,788,679	11,771,065	6,216,052	–	37,535,081	7.41
– Non-performing	–	–	–	–	–	–	3,201,470	–	3,201,470	–
Other non-interest sensitive balances	–	–	–	–	–	–	3,271,686	–	3,271,686	–
TOTAL ASSETS	17,043,181	708,925	1,041,347	327,004	7,986,398	12,550,702	14,993,762	1,758,080	56,409,399	
LIABILITIES AND EQUITY										
Deposits from customers	12,533,107	4,764,273	3,759,426	5,721,536	1,502,264	–	4,214,221	–	32,494,827	3.09
Deposits and placements of banks and other financial institutions	3,584,735	2,152,032	781,105	1,345,291	793,656	1,657,500	3,099,230	–	13,413,549	3.41
Securities sold under repurchase agreements	1,011,886	92,735	–	–	–	–	–	–	1,104,621	3.19
Bills and acceptances payables	223,500	364,670	92,996	–	–	–	228,454	–	909,620	–
Amount due to Cagamas Berhad	141,141	55,928	14,520	647,849	919,517	–	–	–	1,778,955	3.89
Subordinated term loan	–	–	–	–	1,140,000	–	–	–	1,140,000	6.55
Hybrid securities	–	–	–	–	–	727,734	–	–	727,734	6.77
Subordinated bonds	–	–	–	–	200,000	–	–	–	200,000	7.95
Other non-interest sensitive balances	–	–	–	–	–	–	1,218,297	–	1,218,297	–
Total Liabilities	17,494,369	7,429,638	4,648,047	7,714,676	4,555,437	2,385,234	8,760,202	–	52,987,603	
Minority interests	–	–	–	–	–	–	70	–	70	
Shareholder's Equity	–	–	–	–	–	–	3,421,726	–	3,421,726	
TOTAL LIABILITIES AND EQUITY	17,494,369	7,429,638	4,648,047	7,714,676	4,555,437	2,385,234	12,181,998	–	56,409,399	
On-balance sheet interest sensitivity gap	(451,188)	(6,720,713)	(3,606,700)	(7,387,672)	3,430,961	10,165,468	2,811,764	1,758,080	–	
Off-balance sheet interest sensitivity gap	967,189	2,695,000	(50,000)	(450,000)	(3,162,189)	–	–	–	–	
Total interest sensitivity gap	516,001	(4,025,713)	(3,656,700)	(7,837,672)	268,772	10,165,468	2,811,764	1,758,080	–	

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies

30 June 2006

The Bank	Non-Trading Book						Non-interest sensitive	Trading Book	Total	Effective interest rate %
	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	>1 to 5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
ASSETS										
Cash and short-term funds	5,974,205	—	—	—	—	—	189,818	—	6,164,023	3.67
Deposits and placements with financial institutions	6,753	91,863	39,245	1,500	647	734,900	—	—	874,908	3.79
Securities held-for-trading	—	—	—	—	—	—	—	1,229,448	1,229,448	3.67
Securities available-for-sale	100,150	19,556	—	—	—	72,008	197,143	—	388,857	4.01
Securities held-to-maturity	—	—	—	—	466,160	707,440	119,599	—	1,293,199	5.11
Loans, advances and financing										
– Performing	10,838,987	447,126	1,021,589	206,030	6,935,953	12,136,659	—	—	31,586,344	7.59
– Non-performing	—	—	—	—	—	—	3,147,130	—	3,147,130	—
Other non-interest sensitive balances	—	—	—	—	—	—	3,721,006	—	3,721,006	—
TOTAL ASSETS	16,920,095	558,545	1,060,834	207,530	7,402,760	13,651,007	7,374,696	1,229,448	48,404,915	
LIABILITIES AND EQUITY										
Deposits from customers	12,780,213	5,543,764	3,055,556	6,027,467	1,819,507	—	—	—	29,226,507	3.20
Deposits and placements of banks and other financial institutions	3,350,468	2,508,160	711,988	948,526	812,530	1,657,500	—	—	9,989,172	3.62
Securities sold under repurchase agreements	673,819	—	—	—	—	—	—	—	673,819	3.38
Bills and acceptances payables	235,378	363,867	76,288	—	—	—	—	—	675,533	—
Amount due to Cagamas Berhad	35,471	71,192	109,407	609,208	649,927	—	—	—	1,475,205	3.70
Subordinated term loan	—	—	—	—	1,140,000	724,837	—	—	1,864,837	6.70
Subordinated bonds	—	—	—	—	200,000	—	—	—	200,000	7.95
Other non-interest sensitive balances	—	—	—	—	—	—	977,303	—	977,303	—
Total Liabilities	17,075,349	8,486,983	3,953,239	7,585,201	4,621,964	2,382,337	977,303	—	45,082,376	
Minority interests	—	—	—	—	—	—	—	—	—	
Shareholder's Equity	—	—	—	—	—	—	3,322,539	—	3,322,539	
TOTAL LIABILITIES AND EQUITY	17,075,349	8,486,983	3,953,239	7,585,201	4,621,964	2,382,337	4,299,842	—	48,404,915	
On-balance sheet interest sensitivity gap	(155,254)	(7,928,438)	(2,892,405)	(7,377,671)	2,780,796	11,268,670	3,074,854	1,229,448	—	
Off-balance sheet interest sensitivity gap	481,406	5,990,000	(326,000)	(330,000)	(6,550,306)	734,900	—	—	—	
Total interest sensitivity gap	326,152	(1,938,438)	(3,218,405)	(7,707,671)	(3,769,510)	12,003,570	3,074,854	1,229,448	—	

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies

31 March 2006

The Bank	Non-Trading Book							Trading Book	Total	Effective interest rate %
	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			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
ASSETS										
Cash and short-term funds	5,973,362	—	—	—	—	—	1,329,981	—	7,303,343	3.42
Deposits and placements with financial institutions	—	128,908	116,665	36,831	736,620	—	102,126	—	1,121,150	3.37
Securities held-for-trading	—	—	—	—	—	—	511,248	1,758,081	2,269,329	3.28
Securities available-for-sale	—	—	—	—	19,848	73,701	237,964	—	331,513	4.85
Securities held-to-maturity	—	—	21,902	83,401	441,251	705,936	108,438	—	1,360,928	3.41
Loans, advances and financing										
– Performing	11,069,819	580,017	902,780	206,669	6,788,679	11,771,065	6,216,052	—	37,535,081	7.41
– Non-performing	—	—	—	—	—	—	3,201,470	—	3,201,470	—
Other non-interest sensitive balances	—	—	—	—	—	—	3,118,559	—	3,118,559	—
TOTAL ASSETS	17,043,181	708,925	1,041,347	326,901	7,986,398	12,550,702	14,825,838	1,758,081	56,241,373	
LIABILITIES AND SHAREHOLDER'S FUNDS										
Deposits from customers	12,534,855	4,764,273	3,759,426	5,721,536	1,502,264	—	4,214,221	—	32,496,575	3.09
Deposits and placements of banks and other financial institutions	3,584,735	2,152,032	781,105	1,345,291	793,656	1,657,500	3,099,230	—	13,413,549	3.41
Securities sold under repurchase agreements	1,011,886	92,735	—	—	—	—	—	—	1,104,621	3.19
Bills and acceptances	223,500	364,670	92,996	—	—	—	228,454	—	909,620	—
Amount due to Cagamas Berhad	141,141	55,928	14,520	647,849	919,517	—	—	—	1,778,955	3.89
Subordinated term loan	—	—	—	—	1,140,000	727,734	—	—	1,867,734	6.70
Subordinated bonds	—	—	—	—	200,000	—	—	—	200,000	7.95
Other non-interest sensitive balances	—	—	—	—	—	—	1,212,680	—	1,212,680	—
Total Liabilities	17,496,117	7,429,638	4,648,047	7,714,676	4,555,437	2,385,234	8,754,585	—	52,983,734	
Shareholder's Funds	—	—	—	—	—	—	3,257,639	—	3,257,639	
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS	17,496,117	7,429,638	4,648,047	7,714,676	4,555,437	2,385,234	12,012,224	—	56,241,373	
On-balance sheet interest sensitivity gap	(452,936)	(6,720,713)	(3,606,700)	(7,387,775)	3,430,961	10,165,468	2,813,614	1,758,081	—	
Off-balance sheet interest sensitivity gap	967,189	2,695,000	(50,000)	(450,000)	(3,162,189)	—	—	—	—	
Total interest sensitivity gap	514,253	(4,025,713)	(3,656,700)	(7,837,775)	268,772	10,165,468	2,813,614	1,758,081	—	

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies**A32. Operations of Islamic Banking****A32a. Unaudited Balance Sheets as at 30 June 2006**

	The Group		The Bank	
	30 June 2006 RM'000	31 March 2006 RM'000	30 June 2006 RM'000	31 March 2006 RM'000
ASSETS				
Cash and short-term funds	1,816,078	1,154,550	—	1,154,550
Deposits and placements with financial institutions	—	102,126	—	102,126
Securities held-for-trading	234,323	511,248	—	511,248
Financing, advances and other loans	6,685,068	6,431,606	—	6,431,606
Other assets	138,193	8,541	—	8,541
Statutory deposit with Bank Negara Malaysia	272,000	275,350	—	275,350
Deferred tax asset	215,169	68,685	—	68,685
Property and equipment	166	6	—	6
TOTAL ASSETS	9,360,997	8,552,112	—	8,552,112
LIABILITIES AND ISLAMIC BANKING FUND				
Deposits from customers	3,863,287	4,214,221	—	4,214,221
Deposits and placements of banks and other financial institutions	3,937,119	3,087,829	—	3,087,829
Bills and acceptances payable	261,696	228,454	—	228,454
Other liabilities	345,295	249,386	—	249,386
Total Liabilities	8,407,397	7,779,890	—	7,779,890
Capital funds	403,038	460,542	—	460,542
Unappropriated profits	550,562	311,680	—	311,680
Islamic Banking Funds	953,600	772,222	—	772,222
TOTAL LIABILITIES AND ISLAMIC BANKING FUND	9,360,997	8,552,112	—	8,552,112
COMMITMENTS AND CONTINGENCIES	3,305,976	3,360,090	—	3,360,090

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies**A32b. Unaudited Income Statements for the Financial Quarter Ended 30 June 2006**

<u>The Group</u>	Individual Quarter		Cumulative Quarter	
	30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
Income derived from investment of depositors' funds	167,267	161,707	167,267	161,707
Income derived from investment of Islamic Banking Capital Fund	29,552	12,098	29,552	12,098
Allowance for losses on financing, advances and other loans	(38,669)	(31,511)	(38,669)	(31,511)
Transfer from/(to) profit equalisation reserve	4,845	5,539	4,845	5,539
Other expenses directly attributable to the investment of the depositors and shareholder's funds	(7,056)	(9,496)	(7,056)	(9,496)
Total distributable income	155,939	138,337	155,939	138,337
Income attributable to the depositors	(78,906)	(58,877)	(78,906)	(58,877)
Total net income	77,033	79,460	77,033	79,460
Other operating expenses	(37,716)	(34,821)	(37,716)	(34,821)
Profit before taxation	39,317	44,639	39,317	44,639
Taxation	(10,977)	(10,497)	(10,977)	(10,497)
Profit after taxation	28,340	34,142	28,340	34,142

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies**A32b. Unaudited Income Statements for the Financial Quarter Ended 30 June 2006 (continued)**

The Bank	Individual Quarter		Cumulative Quarter	
	30 June 2006 RM'000	30 June 2005 RM'000	30 June 2006 RM'000	30 June 2005 RM'000
Income derived from investment of depositors' funds	54,554	145,734	54,554	145,734
Income derived from investment of Islamic Banking Capital Fund	9,252	11,690	9,252	11,690
Allowance for losses on financing, advances and other loans	(10,947)	(29,800)	(10,947)	(29,800)
Transfer from/(to) profit equalisation reserve	1,739	5,854	1,739	5,854
Other expenses directly attributable to the investment of the depositors and shareholder's funds	(2,201)	(9,496)	(2,201)	(9,496)
Total attributable income	52,397	123,982	52,397	123,982
Income attributable to the depositors	(25,402)	(52,288)	(25,402)	(52,288)
Total net income	26,995	71,694	26,995	71,694
Other operating expenses	(10,542)	(34,501)	(10,542)	(34,501)
Profit before taxation	16,453	37,193	16,453	37,193
Taxation	(4,607)	(10,497)	(4,607)	(10,497)
Profit after taxation	11,846	26,696	11,846	26,696

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies**A32c. Financing, Advances and Other Loans**

	The Group		The Bank	
	30 June 2006 RM'000	31 March 2006 RM'000	30 June 2006 RM'000	31 March 2006 RM'000
Overdrafts	1,999	–	–	–
Term loans facilities			–	
– Housing loans/financing	842,523	838,309	–	838,309
– Hire-purchase receivables	8,002,945	7,911,258	–	7,911,258
– Other loans/financing	250,880	238,792	–	238,792
Card receivables	309,464	298,426	–	298,426
Trust receipts	19,991	20,560	–	20,560
Claims on customers under acceptance credits	294,491	280,504		280,504
Revolving credits	46,556	4,329		4,329
Other financing loans	1,871,860	1,735,406	–	1,735,406
	11,640,709	11,327,584	–	11,327,584
Unearned income	(2,525,123)	(2,415,348)	–	(2,415,348)
Gross financing, advances and other loans	9,115,586	8,912,236	–	8,912,236
Less: Islamic financing sold to Cagamas Berhad	(2,114,450)	(2,205,827)	–	(2,205,827)
	7,001,136	6,706,409	–	6,706,409
Allowance for bad and doubtful debts and financing:				
– general	(134,058)	(131,533)	–	(131,533)
– specific	(182,010)	(143,270)	–	(143,270)
Net financing, advances and other loans	6,685,068	6,431,606	–	6,431,606

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies**A32c. Financing, Advances and Other Loans** (continued)

	The Group		The Bank	
	30 June	31 March	30 June	31 March
	2006	2006	2006	2006
	RM'000	RM'000	RM'000	RM'000
i) Movements in non-performing financing, advances and other loans ("NPL") are as follows:				
Balance at 1 April	491,514	533,625	491,514	384,489
Non-performing during the period	138,630	456,337	82,440	398,058
Amount vested (to)/over from				
Amlslamic	—	—	(510,976)	139,692
Reclassified as performing	(72,086)	(210,756)	(53,408)	(145,234)
Recoveries	(27,523)	(90,518)	(9,570)	(88,317)
Amount written off	(35)	(197,174)	—	(197,174)
Balance at end of year	530,500	491,514	—	491,514
Less:				
Specific allowance	(182,010)	(143,270)	—	(143,270)
Net non-performing financing, advances and other loans	<u>348,490</u>	<u>348,244</u>	<u>—</u>	<u>348,244</u>
Net NPL as % of gross financing, advances and other loans less specific allowance	<u>3.90%</u>	<u>3.97%</u>	<u>—</u>	<u>3.97%</u>

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies**A32c. Financing, Advances and Other Loans** (continued)

	The Group		The Bank	
	30 June	31 March	30 June	31 March
	2006	2006	2006	2006
	RM'000	RM'000	RM'000	RM'000
ii) Movements in the allowance for bad and doubtful debts and financing accounts are as follows:				
General Allowance				
Balance at 1 April	131,533	113,353	131,533	99,406
Allowance made during the period	2,525	18,180	775	17,925
Amount vested over (to)/from subsidiary company	—	—	(132,308)	14,202
Balance at end of period	<u>134,058</u>	<u>131,533</u>	<u>—</u>	<u>131,533</u>
% of gross loans, financing and other loans less specific allowance	<u>1.50%</u>	<u>1.50%</u>	<u>—</u>	<u>1.50%</u>
Specific Allowance				
Balance at 1 April	<u>143,270</u>	<u>199,064</u>	<u>143,270</u>	<u>108,721</u>
Allowance made during the period	60,537	231,638	18,509	227,389
Amount written back in respect of recoveries	<u>(21,797)</u>	<u>(86,685)</u>	<u>(7,732)</u>	<u>(84,483)</u>
Net charge to income statements	38,740	144,953	10,777	142,906
Amount vested over (to)/from subsidiary company	—	—	(154,047)	92,390
Amount transferred to accumulated impairment loss in value of securities	—	(2,076)	—	(2,076)
Amount written off/ Adjustment to Asset Deficiency Account	<u>—</u>	<u>(198,671)</u>	<u>—</u>	<u>(198,671)</u>
Balance at end of period	<u>182,010</u>	<u>143,270</u>	<u>—</u>	<u>143,270</u>

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies

A32d. Deposits from Customers

i) By type of deposits

	The Group		The Bank	
	30 June 2006 RM'000	31 March 2006 RM'000	30 June 2006 RM'000	31 March 2006 RM'000
<u>Non-Mudharabah Fund</u>				
Demand deposits	249,137	200,789	—	200,789
Savings deposits	525,706	508,347	—	508,347
Islamic negotiable certificates of deposits	206,638	99,887	—	99,887
	<u>981,481</u>	<u>809,023</u>	<u>—</u>	<u>809,023</u>
<u>Mudharabah Fund</u>				
General investment deposit	<u>2,881,806</u>	<u>3,405,198</u>	<u>—</u>	<u>3,405,198</u>
Deposit from customers	<u><u>3,863,287</u></u>	<u><u>4,214,221</u></u>	<u><u>—</u></u>	<u><u>4,214,221</u></u>

AmBank (M) Berhad

(formerly known as AmFinance Berhad)

(Incorporated in Malaysia)

And Its Subsidiary Companies

A33. Change in Accounting Policies and Prior Year Adjustments

(a) Change in Accounting Policies

During the 1st quarter ended 30 June 2006, the Group and the Bank adopted the new and revised FRSs issued by MASB that are applicable with effect from 1 January 2006 which have resulted in changes in accounting policies as follows:

(1) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest and other disclosures. Minority interest is now presented within total equity in the consolidated balance sheet and as an allocation from net profit for the period in the consolidated income statement. The movement of minority interest is now presented in the consolidated statement of changes in equity. The presentation of the comparative financial statements of the Group have been restated to conform with the current period's presentation.

(2) FRS 136: Impairment of Assets and FRS 138: Intangible Assets

The useful lives of other intangible assets are now assessed at the individual asset level as having either a finite or indefinite life. Prior to 1 April 2006, intangible assets were considered to have a finite useful life and were stated at cost less accumulated amortisation and impairment losses. Under the new FRS 138, some of the intangible assets are regarded to have an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group. Intangible assets with indefinite useful lives are not amortised but instead, are tested for impairment annually. Other intangible assets of the Group with finite useful lives continue to be stated at cost less accumulated amortisation and impairment losses.

(3) FRS 5: Non-current Assets Held For Sale and Discontinued Operations

FRS 5 requires assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell.

Certain of the Group's assets have been identified and classified as assets held for sale. Prior to adoption of FRS 5, these assets were classified as property and equipment.

Apart from the above, the adoption of the other revised and new FRS do not have a significant financial impact on the Group

AmBank (M) Berhad

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(Incorporated in Malaysia)

And Its Subsidiary Companies

A33. Change in Accounting Policies and Prior Year Adjustments (continued)

(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 2006			
Property and equipment	423,691	(36,843)	386,848
Intangible assets	—	36,843	36,843
The Bank			
As at 31 March 2006			
Property and equipment	392,096	(36,843)	355,253
Intangible assets	—	36,843	36,843