

AmINVESTMENT GROUP BERHAD
(657000-X) (Incorporated in Malaysia)
and its subsidiary companies

UNAUDITED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2006

		The Group	
	Note	30.6.06 RM'000	31.3.06 RM'000
ASSETS			
Cash and short-term funds		1,891,077	3,157,087
Securities purchased under resale agreements		955,618	716,176
Deposits and placements with banks and other financial institutions		1,187,890	1,224,646
Securities held-for-trading	A8	5,881,230	7,239,636
Securities available-for-sale	A9	2,300,793	834,480
Securities held-to-maturity	A10	1,273,517	1,806,654
Loans, advances and financing	A11	4,222,896	4,177,632
Other assets	A12	967,850	563,985
Statutory deposit with Bank Negara Malaysia		149,870	244,130
Investments in associated companies		42,790	41,852
Property and equipment		41,442	42,344
Deferred tax assets		66,644	66,644
Intangible assets		115,703	116,085
TOTAL ASSETS		19,097,320	20,231,351
LIABILITIES AND EQUITY			
Deposits from customers	A13	5,164,628	6,432,177
Deposits and placements of banks and other financial institutions	A14	7,321,518	7,516,897
Obligations on securities sold under repurchase agreements		2,648,862	2,562,617
Acceptances payable		3,028	3,103
Other liabilities	A15	822,736	597,273
Recourse obligations on loans sold to Cagamas Berhad		81,354	89,694
Term loan		275,588	276,232
Redeemable unsecured subordinated bonds		595,000	595,000
Total Liabilities		16,912,714	18,072,993
Share capital		1,320,000	1,320,000
Reserves		863,612	837,405
Shareholders' equity		2,183,612	2,157,405
Minority interests		994	953
Total Equity		2,184,606	2,158,358
TOTAL LIABILITIES AND EQUITY		19,097,320	20,231,351
COMMITMENTS AND CONTINGENCIES	A25	37,742,255	25,493,935

AmINVESTMENT GROUP BERHAD
(657000-X) (Incorporated in Malaysia)
and its subsidiary companies

UNAUDITED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2006 (CONTD.)

	The Group	
	30.6.06	31.3.06
	RM'000	RM'000
CAPITAL ADEQUACY		
Core Capital Ratio	14.53%	15.24%
Risk-Weighted Capital Ratio	18.72%	16.44%
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NET ASSETS PER SHARE (RM)	1.65	1.63
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The Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2006.

AmINVESTMENT GROUP BERHAD
(657000-X) (Incorporated in Malaysia)
and its subsidiary companies

UNAUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2006

		Individual Quarter		Cumulative Quarter	
		30.6.06	30.6.05	30.6.06	30.6.05
	Note	RM'000	RM'000	RM'000	RM'000
Operating revenue		243,287	271,975	243,287	271,975
Interest income	A16	189,970	140,315	189,970	140,315
Interest expense	A17	(143,068)	(96,353)	(143,068)	(96,353)
Net interest income		46,902	43,962	46,902	43,962
Income from Islamic banking business		4,317	23,472	4,317	23,472
Other operating income	A18	49,000	108,188	49,000	108,188
Net income		100,219	175,622	100,219	175,622
Other operating expenses	A19	(51,869)	(48,397)	(51,869)	(48,397)
Operating profit		48,350	127,225	48,350	127,225
Writeback of allowance/(Allowance) for losses on loans and financing	A20	4,056	(31,126)	4,056	(31,126)
Impairment writeback/(loss) on:					
Securities		909	(1,212)	909	(1,212)
Assets acquired in exchange of debts		-	(660)	-	(660)
Transfer from profit equalisation reserve		181	889	181	889
Allowance for doubtful sundry receivables - net		(639)	(7,989)	(639)	(7,989)
Writeback of provision for commitments		325	63	325	63
Profit before share in results of associated companies		53,182	87,190	53,182	87,190
Share in results of associated companies		937	840	937	840
Profit before taxation		54,119	88,030	54,119	88,030
Taxation	B5	(14,870)	(23,986)	(14,870)	(23,986)
Profit after taxation		39,249	64,044	39,249	64,044
Attributable to:					
Equity holders of the Company		39,308	63,210	39,308	63,210
Minority interests		(59)	834	(59)	834
Profit after taxation		39,249	64,044	39,249	64,044
Basic earnings per share (sen)	B13	2.98	5.14	2.98	5.14

The Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2006.

AmINVESTMENT GROUP BERHAD
(657000-X) (Incorporated in Malaysia)
and its subsidiary companies

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

The Group	<-----Attributable to Equity Holders of the Company----->									
	Non-distributable					Distributable		Total shareholders' equity RM'000	Minority interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Statutory reserve RM'000	Available-for- sale reserve RM'000	Exchange fluctuation reserve RM'000	Unappropriated profits RM'000			
At 1 April 2005	1,109,442	-	60,284	300,000	(12,433)	(4,519)	186,022	1,638,796	6,594	1,645,390
Net unrealised gain on revaluation of securities available-for-sale	-	-	-	-	3,646	-	-	3,646	-	3,646
Expenses relating to initial public offering of the Company	-	(3,727)	-	-	-	-	-	(3,727)	-	(3,727)
Translation adjustments	-	-	-	-	-	(269)	-	(269)	-	(269)
Net income/(expense) recognised directly in equity	-	(3,727)	-	-	3,646	(269)	-	(350)	-	(350)
Profit for the period	-	-	-	-	-	-	63,210	63,210	834	64,044
Total recognised income and expense for the period	-	(3,727)	-	-	3,646	(269)	63,210	62,860	834	63,694
Issued during the period	210,558	84,223	-	-	-	-	-	294,781	-	294,781
At 30 June 2005	1,320,000	80,496	60,284	300,000	(8,787)	(4,788)	249,232	1,996,437	7,428	2,003,865

AmINVESTMENT GROUP BERHAD
(657000-X) (Incorporated in Malaysia)
and its subsidiary companies

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

	<-----Attributable to Equity Holders of the Company----->									
	Non-distributable					Distributable		Total shareholders' equity RM'000	Minority interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Statutory reserve RM'000	Available-for- sale reserve RM'000	Exchange fluctuation reserve RM'000	Unappropriated profits RM'000			
At 1 April 2006	1,320,000	80,521	60,284	329,549	5,114	(3,868)	365,805	2,157,405	953	2,158,358
Net unrealised loss on revaluation of securities available-for-sale	-	-	-	-	(10,955)	-	-	(10,955)	-	(10,955)
Translation adjustments	-	-	-	-	-	(2,146)	-	(2,146)	-	(2,146)
Net income/(expense) recognised directly in equity	-	-	-	-	(10,955)	(2,146)	-	(13,101)	-	(13,101)
Profit for the period	-	-	-	-	-	-	39,308	39,308	(59)	39,249
Total recognised income and expense for the period	-	-	-	-	(10,955)	(2,146)	39,308	26,207	(59)	26,148
Arising from acquisition of AmPrivate Equity	-	-	-	-	-	-	-	-	100	100
At 30 June 2006	1,320,000	80,521	60,284	329,549	(5,841)	(6,014)	405,113	2,183,612	994	2,184,606

The Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2006.

AmINVESTMENT GROUP BERHAD
and its subsidiary companies
(657000-X) (Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2006

	Cumulative Quarter	
	30.6.06	30.6.05
	RM'000	RM'000
Profit before taxation	54,119	88,030
Add adjustments for non-operating and non cash items	6,047	32,449
Operating profit before working capital changes	60,166	120,479
Decrease/(Increase) in operating assets	788,160	(515,854)
Decrease in operating liabilities	(1,171,641)	(152,970)
Cash used in operations	(323,315)	(548,345)
Taxation paid	(21,517)	(19,425)
Net cash used in operating activities	(344,832)	(567,770)
Net cash (used in)/generated from investing activities	(937,509)	39,006
Net cash generated from financing activities	100	294,781
Net decrease in cash and cash equivalents	(1,282,241)	(233,983)
Cash and cash equivalents at beginning of period	3,007,594	2,501,053
Cash and cash equivalents at end of period	1,725,353	2,267,070

Cash and Cash Equivalents

For the purpose of the cash flow statements, cash and cash equivalents consist of cash and short-term funds, excluding deposits and monies held in trust, net of bank overdrafts. Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	The Group	
	30.6.06	30.6.05
	RM'000	RM'000
Cash and short term funds	1,891,077	2,433,069
Bank overdraft	(7,543)	-
	1,883,534	2,433,069
Less: Cash and bank balances and deposits held in trust	(158,057)	(165,863)
	1,725,477	2,267,206
Effects of exchange rate differences	(124)	(136)
	1,725,353	2,267,070

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2006.

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 paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") 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 FRSs issued by MASB that are effective for the Group'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 Group and are disclosed in Note A31.

The specific and general allowances for loans, advances and financing of the Group 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 loans, which are in arrears for more than seven years, 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 which have been undertaken by the Group Islamic Banking business 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

There were no audit qualification in the audited annual financial statements for the year ended 31 March 2006.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The operations of the Group are not materially affected by any 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 the prior financial years that have a material effect on the financial quarter ended 30 June 2006 other than the adoption of the new and revised FRSs issued by MASB that are effective for the Group's first FRS annual reporting date, 31 March 2007.

A6. ISSUANCE, CANCELLATIONS, REPURCHASE, RESALE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

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

There were no share buy-backs, share cancellations, shares held as treasury shares nor resale of treasury shares by the Company during the financial quarter.

A7. DIVIDENDS PAID

As approved by the shareholders at the 2nd Annual General Meeting, a final dividend of 8.5%, less tax for the financial year ended 31 March 2006, will be paid on 1 September 2006 to shareholders whose names appear in the Record of Depositors on 17 August 2006.

A8. SECURITIES HELD-FOR-TRADING

	The Group	
	30.6.06	31.3.06
	RM'000	RM'000
At Fair Value		
Money Market Securities		
Treasury bills	31,462	34,282
Islamic Treasury bills	9,614	146
Malaysian Government Securities	234,577	1,306,817
Malaysian Government Investment Certificates	72,984	27,088
Cagamas bonds	83,859	100,021
Khazanah bonds	15,531	912
Cagamas Mudharabah bearer bonds	121,625	264,207
Negotiable instruments of deposits	1,909,954	2,684,425
Negotiable Islamic Debt Certificates	179,051	23,804
Bank Negara Malaysia bills	294,276	5,143
Sukuk Bank Negara Malaysia	95,578	95,798
Islamic acceptance bills	1,799	-
Islamic Bank Negara Malaysia bills	-	2,491
	<u>3,050,310</u>	<u>4,545,134</u>
Securities Quoted		
In Malaysia:		
Shares	105,396	101,762
Trust units	185,165	190,048
Corporate bonds	20,429	20,927
Outside Malaysia:		
Shares	131	110
	<u>311,121</u>	<u>312,847</u>
Unquoted Securities In Malaysia:		
Shares	2,200	2,200
Trust units	97,926	129,908
	<u>100,126</u>	<u>132,108</u>
Unquoted Private Debt Securities Of Companies Incorporated In Malaysia:		
Islamic corporate bonds	1,429,061	1,305,975
Corporate notes	34,666	38,420
Corporate bonds	741,860	709,263
Islamic corporate notes	130,584	117,809
	<u>2,336,171</u>	<u>2,171,467</u>
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	67,464	67,701
Corporate notes	16,038	-
Islamic corporate notes	-	10,379
	<u>83,502</u>	<u>78,080</u>
Total securities held-for-trading	<u>5,881,230</u>	<u>7,239,636</u>

A9. SECURITIES AVAILABLE-FOR-SALE

	The Group	
	30.6.06	31.3.06
	RM'000	RM'000
At Fair Value		
Money Market Securities		
Negotiable instruments of deposits	1,050,914	-
Securities Quoted		
In Malaysia		
Corporate bonds	18,435	18,576
Outside Malaysia		
Shares	9,476	8,907
	<u>27,911</u>	<u>27,483</u>
Debt Equity Converted Securities		
Quoted in Malaysia		
Shares - with options	16,722	19,822
Shares	4,794	4,882
Loan stocks - collateralised	-	1,064
Unquoted securities of companies incorporated outside Malaysia:		
Shares	6,233	-
	<u>27,749</u>	<u>25,768</u>
Unquoted Private Debt Securities		
Of Companies Incorporated		
In Malaysia		
Corporate bonds	412,672	134,250
Islamic corporate notes	18,851	18,729
Islamic corporate bonds	360,081	217,183
	<u>791,604</u>	<u>370,162</u>
Unquoted Guaranteed Private Debt		
Securities Of Companies		
Incorporated In Malaysia		
Corporate bonds	402,615	411,067
Total securities available-for-sale	<u>2,300,793</u>	<u>834,480</u>

A10. SECURITIES HELD-TO-MATURITY

	The Group	
	30.6.06	31.3.06
	RM'000	RM'000
At Amortised Cost		
Securities Quoted		
In Malaysia:		
Shares	2	2
Corporate bonds	55,118	55,247
	<u>55,120</u>	<u>55,249</u>
Investment In Related Licensed Commercial Bank		
Unsecured subordinated term loan:		
Licensed commercial bank	-	460,000
	<u>-</u>	<u>460,000</u>
Unquoted Securities Of Companies Incorporated		
In Malaysia:		
Shares	60,988	60,988
Corporate bonds	100	100
Outside Malaysia:		
Shares	8,305	8,693
	<u>69,393</u>	<u>69,781</u>
Debt Equity Converted Securities:		
Quoted in Malaysia:		
Loan stocks - collateralised	971	971
Loan stocks	450,796	470,379
Unquoted securities of companies incorporated:		
In Malaysia:		
Shares	1,679	1,679
Corporate bonds	417,056	461,939
	<u>870,502</u>	<u>934,968</u>
Unquoted Private Debt Securities Of Companies Incorporated:		
In Malaysia:		
Corporate bonds and notes denominated in USD	68,513	68,674
Islamic corporate bonds	195,937	196,703
Outside Malaysia		
Corporate bonds and notes denominated in USD	110,235	110,493
	<u>374,685</u>	<u>375,870</u>
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	81,858	82,729
Total	<u>1,451,558</u>	<u>1,978,597</u>
Accumulated impairment losses	(178,041)	(171,943)
Total securities held-to-maturity	<u>1,273,517</u>	<u>1,806,654</u>

A11. LOANS, ADVANCES AND FINANCING

	The Group	
	30.6.06	31.3.06
	RM'000	RM'000
Term loans and revolving credits	4,498,033	4,446,902
Staff loans	27,430	27,536
Claims on customers under acceptance credits	3,028	3,103
	<hr/>	<hr/>
Gross loans, advances and financing	4,528,491	4,477,541
	<hr/>	<hr/>
Less:		
Allowance for bad and doubtful debts and financing:		
General	64,610	63,925
Specific	240,985	235,984
	<hr/>	<hr/>
	305,595	299,909
	<hr/>	<hr/>
Net loans, advances and financing	4,222,896	4,177,632
	<hr/>	<hr/>

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

	The Group			
	30.6.06		31.3.06	
	RM'000	%	RM'000	%
Working capital	1,793,561	39.6	1,795,523	40.1
Construction	842,187	18.6	870,073	19.4
Merger and acquisition	387,542	8.6	404,571	9.0
Purchase of securities	354,661	7.8	399,685	8.9
Fixed assets	221,032	4.9	59,882	1.3
Non-residential landed properties	184,973	4.1	194,289	4.3
Residential landed properties	96,069	2.1	93,452	2.1
Personnel use	5,590	0.1	5,390	0.1
Purchase of transport vehicles	3,016	0.1	3,020	0.1
Other purpose	639,860	14.1	651,656	14.6
Gross loans, advances and financing	<hr/>	<hr/>	<hr/>	<hr/>
	4,528,491	100.0	4,477,541	100.0

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

	The Group	
	30.6.06	31.3.06
	RM'000	RM'000
Domestic :		
Other non-bank financial institutions:	30,021	30,019
Business enterprises:		
Small medium enterprises	1,279,407	172,695
Others	2,954,536	3,967,746
Government and statutory bodies	56,282	83,693
Individuals	85,237	95,510
Foreign entities	123,008	127,878
	<u>4,528,491</u>	<u>4,477,541</u>

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

	The Group	
	30.6.06	31.3.06
	RM'000	RM'000
Variable rate		
Cost-plus	3,746,494	3,695,542
Other variable rates	264,740	269,058
	<u>4,011,234</u>	<u>3,964,600</u>
Fixed rate		
Housing loans	21,133	21,171
Hire purchase receivables	36	88
Other fixed rates	496,088	491,682
	<u>517,257</u>	<u>512,941</u>
	<u>4,528,491</u>	<u>4,477,541</u>

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

	The Group	
	30.6.06	31.3.06
	RM'000	RM'000
Balance at beginning of period/year	530,269	839,225
Non-performing during the period/year	37,428	172,302
Reclassification to performing loans, advances and financing	-	(386,729)
Recoveries	(547)	(92,643)
Exchange fluctuation adjustments	(129)	(1,790)
Amount written off	-	(96)
Debt equity conversion	-	-
Balance at end of period/year	<u>567,021</u>	<u>530,269</u>
Specific allowance	<u>(240,985)</u>	<u>(235,984)</u>
Non-performing loans, advances and financing - net	<u>326,036</u>	<u>294,285</u>
Ratio of non-performing loans, advances and financing to total loans, advances and financing - net	<u>7.60%</u>	<u>6.94%</u>

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

	The Group	
	30.6.06	31.3.06
	RM'000	RM'000
Working capital	189,048	184,540
Construction	165,020	169,675
Merger and acquisition	58,352	58,311
Purchase of securities	34,835	5,525
Non-residential landed properties	26,326	26,327
Personnel use	4,390	4,389
Fixed assets	1,072	1,072
Purchase of transport vehicles	20	20
Other purpose	87,958	80,410
Gross non-performing loans, advances and financing	<u>567,021</u>	<u>530,269</u>

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

	The Group	
	30.6.06	31.3.06
	RM'000	RM'000
General allowance		
Balance at beginning of period/year	63,925	69,091
Allowance/(Reversal of allowance) during the period/year	702	(5,028)
Exchange fluctuation adjustments	(17)	(138)
Balance at end of period/year	<u>64,610</u>	<u>63,925</u>
 % of total loans, advances and financing less specific allowances	 <u>1.51%</u>	 <u>1.51%</u>

Specific allowance

Balance at beginning of period/year	<u>235,984</u>	<u>157,720</u>
Allowance during the period/year	6,384	105,270
Amount written back in respect of recoveries and reversals	(1,329)	(25,721)
Net charge to income statements	5,055	79,549
Amount written off	(30)	(1,044)
Exchange fluctuation adjustments	(24)	(241)
Balance at end of period/year	<u>240,985</u>	<u>235,984</u>

A12. OTHER ASSETS

	The Group	
	30.6.06	31.3.06
	RM'000	RM'000
Trade receivables, net of allowance for doubtful debts	592,253	288,965
Other receivables, deposits and prepayments, net of allowance for doubtful debts	150,299	84,131
Interest/Dividends receivable	102,100	77,145
Amount due from Originators	81,354	89,694
Amount due from brokers	16,421	11,767
Amount due from:		
Holding company	151	272
Related companies	15,650	2,389
Assets acquired in exchange of debts, net of impairment loss	9,622	9,622
	<u>967,850</u>	<u>563,985</u>

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

A13. DEPOSITS FROM CUSTOMERS

	The Group	
	30.6.06	31.3.06
	RM'000	RM'000
Term/Investment deposits from customers	4,940,818	5,510,235
Negotiable instruments of deposits	223,810	921,942
	<u>5,164,628</u>	<u>6,432,177</u>

The deposits are sourced from the following types of customers:

	The Group	
	30.6.06	31.3.06
	RM'000	RM'000
Business enterprises	3,059,595	4,330,012
Individuals	10,111	6,677
Government	1,404,894	1,469,518
Others	690,028	625,970
	<u>5,164,628</u>	<u>6,432,177</u>

A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	30.6.06	31.3.06
	RM'000	RM'000
Licensed banks:		
Related	2,044,685	2,475,800
Others	1,403,835	1,689,849
Bank Negara Malaysia	9,132	2,801
Other financial institutions	3,863,866	3,348,447
	<u>7,321,518</u>	<u>7,516,897</u>

A15. OTHER LIABILITIES

	The Group	
	30.6.06	31.3.06
	RM'000	RM'000
Trade payables	653,444	352,617
Other payables and accruals	159,830	141,762
Securities sold not yet re-purchased	-	91,437
Provision for commitments	-	325
Amount due to :		
Holding company	40	-
Related companies	489	317
Bank overdrafts	7,543	8,985
Taxation payable	1,068	649
Zakat payable	38	38
Profit equalisation reserve	95	276
Deferred tax liabilities	189	867
	<u>822,736</u>	<u>597,273</u>

A16. INTEREST INCOME

The Group	Individual Quarter		Cumulative Quarter	
	30.6.06	30.6.05	30.6.06	30.6.05
	RM'000	RM'000	RM'000	RM'000
Short-term funds and deposits with financial institutions	37,682	18,921	37,682	18,921
Securities held-for-trading	55,610	28,401	55,610	28,401
Securities available for sale	11,782	14,218	11,782	14,218
Securities held-to-maturity	6,606	12,732	6,606	12,732
Loans and advances				
- Interest income other than recoveries from NPL	56,199	46,123	56,199	46,123
- Recoveries from NPLs	10,660	17,561	10,660	17,561
Others	2,530	5,295	2,530	5,295
Gross interest income	181,069	143,251	181,069	143,251
Amortisation of premiums less accretion of discounts	8,901	(2,129)	8,901	(2,129)
Interest suspended	-	(807)	-	(807)
Total after net interest suspension	189,970	140,315	189,970	140,315

A17. INTEREST EXPENSE

The Group	Individual Quarter		Cumulative Quarter	
	30.6.06	30.6.05	30.6.06	30.6.05
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	82,300	61,021	82,300	61,021
Deposit of banks and other financial institutions	24,913	10,644	24,913	10,644
Securities sold under repurchase agreements	20,907	8,976	20,907	8,976
Subordinated deposits and term loans	3,568	6,399	3,568	6,399
Redeemable unsecured subordinated bonds	9,053	7,455	9,053	7,455
Securities sold not yet re-purchased	631	-	631	-
Others	1,696	1,858	1,696	1,858
	143,068	96,353	143,068	96,353

A18. OTHER OPERATING INCOME

The Group	Individual Quarter		Cumulative Quarter	
	30.6.06	30.6.05	30.6.06	30.6.05
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Fees on loans and advances	5,621	12,306	5,621	12,306
Corporate advisory fees	4,004	5,630	4,004	5,630
Guarantee fees	6,263	1,438	6,263	1,438
Underwriting commissions	2,569	900	2,569	900
Portfolio management fees	2,371	2,038	2,371	2,038
Unit trust management fees	8,075	7,311	8,075	7,311
Property trust management fees	507	494	507	494
Brokerage fees and commissions	17,685	10,468	17,685	10,468
Other fee income	5,234	3,908	5,234	3,908
	<u>52,329</u>	<u>44,493</u>	<u>52,329</u>	<u>44,493</u>
Investment and trading income:				
Net (loss)/gain from sale of securities held-for-trading	(11,045)	54,540	(11,045)	54,540
Net gain on redemption of securities held-to-maturity	14,886	794	14,886	794
Gross dividend income from:				
Securities held-for-trading	1,045	617	1,045	617
Securities held-to-maturity	613	662	613	662
Gain/(Loss) on revaluation of derivatives	13,841	(388)	13,841	(388)
(Loss)/Gain on revaluation of securities held-for-trading	(23,041)	6,646	(23,041)	6,646
	<u>(3,701)</u>	<u>62,871</u>	<u>(3,701)</u>	<u>62,871</u>
Other income:				
Foreign exchange (loss)/gain	(670)	30	(670)	30
Gain on disposal of property and equipment - net	33	333	33	333
Rental income	520	223	520	223
Other non-operating income	489	238	489	238
	<u>372</u>	<u>824</u>	<u>372</u>	<u>824</u>
	<u>49,000</u>	<u>108,188</u>	<u>49,000</u>	<u>108,188</u>

A19. OTHER OPERATING EXPENSES

The Group	Individual Quarter		Cumulative Quarter	
	30.6.06	30.6.05	30.6.06	30.6.05
	RM'000	RM'000	RM'000	RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	24,243	21,459	24,243	21,459
- Others	8,000	8,809	8,000	8,809
Establishment costs				
- Depreciation	1,773	2,505	1,773	2,505
- Computerisation costs	2,916	2,359	2,916	2,359
- Rental	2,358	1,711	2,358	1,711
- Others	1,383	1,648	1,383	1,648
Marketing and communication expenses				
- Sales commission	1,312	1,028	1,312	1,028
- Advertising	1,564	548	1,564	548
- Travel and entertainment	603	531	603	531
- Others	1,899	1,703	1,899	1,703
Administration and general expenses				
- Amortisation of goodwill and premium on consolidation	-	1,370	-	1,370
- Professional fees	3,010	2,433	3,010	2,433
- Others	2,808	2,293	2,808	2,293
Overheads	51,869	48,397	51,869	48,397

A20. WRITEBACK OF ALLOWANCE/(ALLOWANCE) FOR LOSSES ON LOANS AND FINANCING

The Group	Individual Quarter		Cumulative Quarter	
	30.6.06	30.6.05	30.6.06	30.6.05
	RM'000	RM'000	RM'000	RM'000
Allowance/(Reversal of allowance) for bad and doubtful debts and financing:				
Specific allowance - net	5,055	33,613	5,055	33,613
Allowance during the period	6,384	38,385	6,384	38,385
Amount written back in respect of recoveries and reversals	(1,329)	(4,772)	(1,329)	(4,772)
General allowance	702	(1,311)	702	(1,311)
Bad debts and financing				
Written off	11	-	11	-
Recovered	(9,817)	(1,176)	(9,817)	(1,176)
Recoveries of value impairment on amount recoverable from Danaharta	(7)	-	(7)	-
	(4,056)	31,126	(4,056)	31,126

A21. SEGMENTAL INFORMATION

(A) BY BUSINESS SEGMENT

	Individual Quarter		Cumulative Quarter	
	30.6.06	30.6.05	30.6.06	30.6.05
	RM'000	RM'000	RM'000	RM'000
Merchant banking				
Revenue	205,152	235,955	205,152	235,955
Profit before taxation	39,394	81,628	39,394	81,628
Offshore banking				
Revenue	13,676	10,312	13,676	10,312
Profit/(Loss) before taxation	1,027	(814)	1,027	(814)
Funds management				
Revenue	9,512	8,632	9,512	8,632
Profit before taxation	3,241	3,747	3,241	3,747
Broking				
Revenue	17,959	18,712	17,959	18,712
Profit before taxation	9,286	1,794	9,286	1,794
Others				
Revenue	2,515	2,452	2,515	2,452
Profit before taxation	2,418	2,372	2,418	2,372
Total before consolidation adjustments				
Revenue	248,814	276,063	248,814	276,063
Profit before taxation	55,366	88,727	55,366	88,727
Consolidation adjustments				
Revenue	(5,527)	(4,088)	(5,527)	(4,088)
Profit before taxation	(1,247)	(697)	(1,247)	(697)
Total after consolidation adjustments				
Revenue	243,287	271,975	243,287	271,975
Profit before taxation	54,119	88,030	54,119	88,030

Included in the above is Islamic banking business profit before taxation of RM3.7 million for the quarter and period ended 30 June 2006 (RM21.4 million for the quarter and period ended 30 June 2005).

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

A22. VALUATIONS OF PROPERTY AND EQUIPMENTS

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

A23. 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 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 for the current financial quarter.

A24. CHANGES IN THE COMPOSITION OF THE GROUP AND THE COMPANY

There were no material changes in the composition of the Group and the Company for the current financial quarter and period ended 30 June 2006.

A25. COMMITMENTS AND CONTINGENCIES

In the normal course of business, AmMerchant Bank Berhad ("AmMerchant Bank") and AmInternational (L) Ltd ("AmInternational") 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 assets.

As at 30 June 2006, the commitments and contingencies outstanding are as follows:

The Group	30.6.06			31.3.06		
	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	564,592	890	178	580,000	-	-
Interest rate swaps:						
Related company	7,330,306	97,189	14,574	3,732,189	56,141	11,228
Others	18,274,848	405,019	87,252	11,951,139	256,104	52,484
Foreign exchange related contracts:						
Forward exchange contracts						
Related company	794,420	6,602	1,320	450,222	8,495	1,699
Others	4,089,392	68,629	13,726	2,790,842	58,200	11,640
Cross currency swaps	625,153	71,395	14,279	375,676	32,666	6,533
Malaysian Government securities futures	-	-	-	10,000	-	-
	<u>31,678,711</u>	<u>649,724</u>	<u>131,329</u>	<u>19,890,068</u>	<u>411,606</u>	<u>83,584</u>
Commitments						
Irrevocable commitments to extend credit maturing:						
- within one year	621,806	-	-	642,181	-	-
- more than one year	161,048	80,524	77,746	187,253	93,627	93,135
Sell and buy back agreements	2,403,740	2,403,740	972,819	2,174,849	2,174,849	915,378
Forward purchase commitments	988,602	988,602	408,839	331,127	331,127	153,377
	<u>4,175,196</u>	<u>3,472,866</u>	<u>1,459,404</u>	<u>3,335,410</u>	<u>2,599,603</u>	<u>1,161,890</u>
Contingent Liabilities						
Guarantees given on behalf of customers	481,397	481,397	395,592	844,067	844,067	727,713
Underwriting liabilities	959,521	479,761	462,632	993,152	496,576	471,819
Certain transaction-related contingent items	447,430	223,715	188,210	431,238	215,619	181,111
	<u>1,888,348</u>	<u>1,184,873</u>	<u>1,046,434</u>	<u>2,268,457</u>	<u>1,556,262</u>	<u>1,380,643</u>
	<u>37,742,255</u>	<u>5,307,463</u>	<u>2,637,167</u>	<u>25,493,935</u>	<u>4,567,471</u>	<u>2,626,117</u>

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

- (a) The Company has given unsecured guarantees totalling RM10,000,000 (RM10,000,000 as at 31 March 2006) to a financial institution in respect of credit facilities extended to a subsidiary company.
- (b) As required, the merchant banking subsidiary company, AmMerchant Bank has given a continuing guarantee to Bank Negara Malaysia on behalf of AmInternational, to meet all its liabilities and financial obligations and requirements.
- (c) A suit dated 12 December 2005 was filed by Meridian Asset Management Sdn Bhd ("Meridian") against AmTrustee Berhad ('AmTrustee') in respect of a claim amounting to RM27.6 million for alleged loss and damage together with interests and costs arising from AmTrustee's provision of custodian services to Meridian.

Malaysian Assurance Alliance Bhd ('MAA') has claimed its portion of the abovementioned alleged loss, being general damages and special damages of RM19,640,178.83, together with interest and costs.

AmTrustee was served on 24 March 2006 with a Writ and Statement of Claim dated 25 January 2006 by solicitors acting for MAA. MAA had appointed Meridian as an external fund manager for certain of its insurance funds, and part of these funds were deposited by Meridian with AmTrustee.

Neither material financial loss nor operational impact on the Group is expected as a result of the writ and statement of claim.

AmTrustee believes it has a good defence in respect of the claim.

Parties have filed several interim applications which are pending hearing at various dates.

Application was made to the High Court to dismiss the Meridian suit for duplicity of action with the MAA suit against AmTrustee as no loss was suffered by Meridian.

Third party proceedings has been taken to include Meridian in the MAA suit against AmTrustee.

A26. RELATED PARTY TRANSACTIONS

There were no related party transactions announced during the current financial quarter and period ended 30 June 2006.

A27. DERIVATIVE FINANCIAL INSTRUMENTS

As at 30 June 2006, 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	564,592	-	276,592	48,000	60,000	180,000	-	1,801
Interest rate swaps	25,605,154	130,000	800,000	1,525,000	2,340,000	19,993,666	816,488	9,033
Foreign exchange related contracts:								
Forward exchange contracts	4,883,812	2,252,043	1,015,614	1,016,242	599,913	-	-	1,503
Cross currency swaps	625,153	110,235	-	-	-	514,918	-	1,094
Total	31,678,711	2,492,278	2,092,206	2,589,242	2,999,913	20,688,584	816,488	13,431

RISK MANAGEMENT POLICY ON FINANCIAL DERIVATIVES

Purpose of engaging in financial derivatives

Financial 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. Derivatives are contracts that transfer risks, mainly market risks. Financial derivatives is one of the financial instruments engaged by the Group both for revenue purposes as well as to manage the Group's own market risk exposure. 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 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.

For revenue purposes the Group maintains trading positions in these instruments and engages in transactions with customers to satisfy their needs in managing their respective interest rate and foreign exchange rate exposures. Derivative transactions generate income for the Group from the buy-sell spreads. The Group also takes conservative exposures, within acceptable limits, to carry an inventory of these instruments in order to provide market liquidity and to earn potential gains on fluctuations in the value of these instruments.

As part of the asset and liability exposure management, the Group uses derivatives to manage the Group's market risk exposure. As the value of these financial derivatives are principally driven by interest rate and foreign exchange rate factors, the Group uses them to reduce the overall interest rate and foreign exchange rate exposures of the Group. These are performed by entering into an exposure in derivatives that produces opposite value movements vis-à-vis exposures generated by other non-derivative activities of the Group. The Group manages these risks on a portfolio basis. Hence, exposures on derivatives are aggregated or netted against similar exposures arising from other financial instruments engaged by the Group.

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 of derivatives used for trading purposes

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. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions.

The contractual amounts of these contracts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Value at risk method is used to measure the market risk from these contracts. Value at risk, is a statistical measures that estimates the potential changes in portfolio value that may occur brought about by potential changes in market rates over a defined period at a 99% confidence level under normal market condition.

As at 30 June 2006, value at risk of foreign exchange-related derivatives contracts used for trading purposes of the Group was RM305,068 (RM1,049,183 as at 31 March 2006).

The value at risk of the interest rate derivatives related contracts used for trading purposes of the Group was RM12,346,281 (RM9,446,292 as at 31 March 2006).

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 of derivatives

Counterparty credit risk arises from the possibility that a counterparty may be unable to meet the terms of the derivatives contract. 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 counter party 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 RM83,682,773 (RM26,977,165 as at 31 March 2006). 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.

Derivative Financial Instruments And Hedge Accounting

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 instrument 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:

(i) 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 instruments 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.

(ii) Cash flow hedge

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

A28. INTEREST/PROFIT RATE RISK

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.

The Group 30.6.06	<-----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	930,090	-	-	-	-	-	960,987	-	1,891,077	3.96
Securities purchased under resale agreements	955,618	-	-	-	-	-	-	-	955,618	3.31
Deposits and placements with banks and other financial institutions	968	363,932	73,490	-	-	749,500	-	-	1,187,890	6.31
Securities held-for-trading	-	-	-	-	-	-	-	5,881,230	5,881,230	3.99
Securities available-for-sale	18,435	828,421	-	-	955,663	461,047	37,227	-	2,300,793	4.23
Securities held-to-maturity	-	1,997	55,118	113,608	766,043	332,617	4,134	-	1,273,517	6.95
Loans, advances and financing:										
- performing	1,414,398	1,844,582	157,312	134,516	375,427	25,608	9,627	-	3,961,470	6.53
- non-performing *	-	-	-	-	-	-	261,426	-	261,426	-
Amount due from Originators	1,289	-	16,442	1,331	62,292	-	-	-	81,354	4.25
Other non-interest sensitive balances	-	-	-	-	-	-	1,302,945	-	1,302,945	-
TOTAL ASSETS	3,320,798	3,038,932	302,362	249,455	2,159,425	1,568,772	2,576,346	5,881,230	19,097,320	
LIABILITIES AND EQUITY										
Deposits from customers	2,946,693	1,621,133	121,193	185,712	3,550	-	286,347	-	5,164,628	4.38
Deposits and placements of banks and other financial institutions	2,631,742	973,995	423,987	251,548	932,512	1,334,221	773,513	-	7,321,518	3.40
Obligations on securities sold under repurchase agreements	2,580,320	60,584	7,958	-	-	-	-	-	2,648,862	3.37

The Group 30.6.06	<-----Non-trading book ----->							Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000			
Acceptances payable	1,350	1,531	147	-	-	-	-	-	3,028	5.16
Recourse obligations on loans sold to Cagamas Berhad	1,289	-	16,442	1,331	62,292	-	-	-	81,354	4.25
Term loan	-	-	275,588	-	-	-	-	-	275,588	5.79
Redeemable unsecured subordinated bonds	-	-	-	-	-	595,000	-	-	595,000	6.10
Other non-interest sensitive balances	-	-	-	-	-	-	822,736	-	822,736	-
Total Liabilities	8,161,394	2,657,243	845,315	438,591	998,354	1,929,221	1,882,596	-	16,912,714	
Share Capital	-	-	-	-	-	-	1,320,000	-	1,320,000	-
Reserves	-	-	-	-	-	-	863,612	-	863,612	-
Shareholders' equity	-	-	-	-	-	-	2,183,612	-	2,183,612	
Minority interests	-	-	-	-	-	-	994	-	994	-
Total Equity	-	-	-	-	-	-	2,184,606	-	2,184,606	
TOTAL LIABILITIES AND EQUITY	8,161,394	2,657,243	845,315	438,591	998,354	1,929,221	4,067,202	-	19,097,320	
On-balance sheet interest rate gap sensitivity	(4,840,596)	381,689	(542,953)	(189,136)	1,161,071	(360,449)	(1,490,856)	5,881,230	-	
Off-balance sheet interest rate gap sensitivity	(1,235,286)	311,467	(945,188)	(412,589)	723,970	1,572,379	-	-	14,753	
Total interest rate gap sensitivity	(6,075,882)	693,156	(1,488,141)	(601,725)	1,885,041	1,211,930	(1,490,856)	5,881,230	14,753	
Cumulative interest rate gap sensitivity	(6,075,882)	(5,382,726)	(6,870,867)	(7,472,592)	(5,587,551)	(4,375,621)	(5,866,477)	14,753		

The Group 31.3.06	<-----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	2,690,992	-	-	-	-	-	466,095	-	3,157,087	3.44
Securities purchased under resale agreements	685,252	30,924	-	-	-	-	-	-	716,176	3.16
Deposits and placements with banks and other financial institutions	217	1,373	-	399,895	73,661	749,500	-	-	1,224,646	6.34
Securities held-for-trading	6,287	-	-	-	-	-	-	7,233,349	7,239,636	3.87
Securities available-for-sale	-	-	67,258	-	294,829	438,782	24,704	8,907	834,480	5.04
Securities held-to-maturity	-	55,247	1,997	83,708	857,911	327,417	480,374	-	1,806,654	5.52
Loans, advances and financing:										
- performing	1,639,042	1,659,076	127,883	112,509	310,298	28,438	70,026	-	3,947,272	6.30
- non-performing *	-	-	-	-	-	-	230,360	-	230,360	-
Amount due from Originators	816	-	1,967	19,564	67,347	-	-	-	89,694	4.25
Other non-interest sensitive balances	-	-	-	-	-	-	985,346	-	985,346	-
TOTAL ASSETS	5,022,606	1,746,620	199,105	615,676	1,604,046	1,544,137	2,256,905	7,242,256	20,231,351	
LIABILITIES AND EQUITY										
Deposits from customers	3,838,547	1,912,142	263,589	161,518	8,844	-	247,537	-	6,432,177	3.18
Deposits and placements of banks and other financial institutions	2,768,877	1,255,054	468,154	387,818	1,026,803	1,335,917	274,274	-	7,516,897	3.95
Obligations on securities sold under repurchase agreements	2,481,313	81,031	273	-	-	-	-	-	2,562,617	3.13

The Group 31.3.06	<-----Non-trading book ----->						Non-	Trading	Total	Effective
	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	interest sensitive RM'000	book RM'000		interest rate %
Acceptances payable	964	1,336	803	-	-	-	-	-	3,103	4.81
Recourse obligations on loans sold to Cagamas Berhad	816	-	1,967	19,564	67,347	-	-	-	89,694	4.25
Term loan	-	276,232	-	-	-	-	-	-	276,232	5.15
Redeemable unsecured subordinated bonds	-	-	-	-	-	595,000	-	-	595,000	6.10
Other non-interest sensitive balances	-	-	-	-	-	-	597,273	-	597,273	-
Total Liabilities	9,090,517	3,525,795	734,786	568,900	1,102,994	1,930,917	1,119,084	-	18,072,993	
Share Capital	-	-	-	-	-	-	1,320,000	-	1,320,000	
Reserves	-	-	-	-	-	-	837,405	-	837,405	
Shareholders' equity	-	-	-	-	-	-	2,157,405	-	2,157,405	
Minority interests	-	-	-	-	-	-	953	-	953	
Total Equity	-	-	-	-	-	-	2,158,358	-	2,158,358	
TOTAL LIABILITIES AND EQUITY	9,090,517	3,525,795	734,786	568,900	1,102,994	1,930,917	3,277,442	-	20,231,351	
On-balance sheet interest rate gap sensitivity	(4,067,911)	(1,779,175)	(535,681)	46,776	501,052	(386,780)	(1,020,537)	7,242,256	-	
Off-balance sheet interest rate gap sensitivity	(1,142,119)	(332,577)	245,061	(686,414)	(13,326)	1,935,098	-	-	5,723	
Total interest rate gap sensitivity	(5,210,030)	(2,111,752)	(290,620)	(639,638)	487,726	1,548,318	(1,020,537)	7,242,256	5,723	
Cumulative interest rate gap sensitivity	(5,210,030)	(7,321,782)	(7,612,402)	(8,252,041)	(7,764,314)	(6,215,996)	(7,236,533)	5,723		

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

A29. CAPITAL ADEQUACY

Currently, the Group is not required to maintain any capital adequacy ratio requirements for financial institutions. However, if the Group is required to comply with such ratios, the Group's capital adequacy ratios as at 30 June 2006 are as follows:

	30.6.06 RM'000	31.3.06 RM'000
Tier 1 capital		
Paid-up ordinary share capital	1,320,000	1,320,000
Share premium	80,521	80,521
Capital reserve	60,284	60,284
Statutory reserve	329,549	329,549
Exchange fluctuation reserve	(6,014)	(3,868)
Unappropriated profit at end of year	405,113	365,805
Minority interests	994	953
	<u>2,190,447</u>	<u>2,153,244</u>
Less:		
Goodwill	(111,496)	(111,496)
Deferred tax assets, net	(66,455)	(65,777)
Total Tier 1 capital	<u>2,012,496</u>	<u>1,975,971</u>
Tier 2 capital		
Redeemable unsecured subordinated bonds	595,000	595,000
General allowance for bad and doubtful debts	64,610	63,925
Total Tier 2 capital	<u>659,610</u>	<u>658,925</u>
Total capital funds	2,672,106	2,634,896
Less: Investment in capital of related financial institutions	(78,363)	(504,219)
Capital base	<u>2,593,743</u>	<u>2,130,677</u>
Capital Ratios:		
Core capital ratio	14.53%	15.24%
Risk-weighted capital ratio	18.72%	16.44%
Core capital ratio (net of proposed final ordinary dividend)	13.95%	14.62%
Risk-weighted capital ratio (net of proposed final ordinary dividend)	<u>18.14%</u>	<u>15.81%</u>

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

	30.6.06		31.3.06	
	Principal Amount RM'000	Risk- Weighted Amount RM'000	Principal Amount RM'000	Risk- Weighted Amount RM'000
0%	2,233,264	-	2,644,321	-
10%	1,629	163	20,180	2,018
20%	4,222,482	844,496	2,911,633	582,327
50%	196,346	98,174	248,464	124,232
100%	<u>7,579,061</u>	<u>7,579,061</u>	<u>7,105,009</u>	<u>7,105,009</u>
	<u>14,232,782</u>	<u>8,521,894</u>	<u>12,929,607</u>	<u>7,813,586</u>
Add: Total RWA equivalent to market risk		5,329,945		5,148,187
		<u>13,851,839</u>		<u>12,961,773</u>

A30. OPERATIONS OF ISLAMIC BANKING BUSINESS

**UNAUDITED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2006**

	The Group	
	30.6.06	31.3.06
	RM'000	RM'000
ASSETS		
Cash and short-term funds	586,294	444,970
Deposit and placements with banks and other financial institutions	354,550	-
Securities held-for-trading	365,856	286,825
Securities available-for-sale	18,950	18,830
Securities held-to-maturity	55,183	56,171
Financing, advances and other loans	43,794	73,853
Statutory deposit with Bank Negara Malaysia	14,500	14,500
Other receivables, deposits and prepayments	7,608	9,499
Property and equipment	32	32
Deferred tax assets	44	44
TOTAL ASSETS	1,446,811	904,724
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits from customers	312,052	247,537
Deposits and placements of banks and other financial institutions	773,534	274,274
Converted fund	44,656	71,310
Other liabilities	56,795	54,407
Total Liabilities	1,187,037	647,528
ISLAMIC BANKING FUNDS		
Capital funds	102,839	102,839
Reserves	156,935	154,357
Islamic banking funds	259,774	257,196
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	1,446,811	904,724
COMMITMENTS AND CONTINGENCIES	3,230,067	2,802,023

**UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2006**

The Group	Individual Quarter		Cumulative Quarter	
	30.6.06	30.6.05	30.6.06	30.6.05
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	5,734	9,093	5,734	9,093
Writeback of allowance/(Allowance) for losses on financing	456	(2,082)	456	(2,082)
Transfer from profit equalisation reserve	181	889	181	889
Total attributable income	6,371	7,900	6,371	7,900
Income attributable to depositors	(6,646)	(7,213)	(6,646)	(7,213)
(Loss)/Profit attributable to the Group	(275)	687	(275)	687
Income derived from investment of Islamic banking funds	5,229	21,592	5,229	21,592
Total net income	4,954	22,279	4,954	22,279
Other operating expenses	(1,291)	(841)	(1,291)	(841)
Profit before taxation	3,663	21,438	3,663	21,438
Taxation	(978)	(5,992)	(978)	(5,992)
Profit after taxation	2,685	15,446	2,685	15,446

A30a FINANCING, ADVANCES AND OTHER LOANS

	The Group	
	30.6.06	31.3.06
	RM'000	RM'000
Term financing		
Syndicated financing	39,873	70,435
Other term financing	546	499
Revolving credit	33,955	33,955
Gross financing, advances and other loans	<u>74,374</u>	<u>104,889</u>
Less : Allowance for bad and doubtful debts and financing:		
- General	667	1,125
- Specific	29,913	29,911
	<u>30,580</u>	<u>31,036</u>
Net financing, advances and other loans	<u>43,794</u>	<u>73,853</u>

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

Gross

Balance at beginning of period/year	39,920	42,273
Non-performing during the period/year	2	449
Debt equity conversion	-	(2,802)
Balance at end of period/year	<u>39,922</u>	<u>39,920</u>
Specific allowance	<u>(29,913)</u>	<u>(29,911)</u>
Net non-performing financing, advances and other loans	<u>10,009</u>	<u>10,009</u>

Ratio of non-performing financing, advances and other loans to
total financing, advances and other loans - net

<u>22.51%</u>	<u>13.35%</u>
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Movements in allowances for bad and doubtful financing are as follows:

General Allowance

Balance at beginning of period/year	1,125	7,796
Reversal of allowance during the period/year	<u>(458)</u>	<u>(6,671)</u>
Balance at end of period/year	<u>667</u>	<u>1,125</u>

% of total financing, advances and other loans less specific
allowance

<u>1.50%</u>	<u>1.50%</u>
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Specific Allowance

Balance at beginning of period/year	29,911	22,352
Allowance made during the period/year	2	7,684
Amount written off	-	(125)
Balance at end of period/year	<u>29,913</u>	<u>29,911</u>

A30b DEPOSITS FROM CUSTOMERS

	The Group	
	30.6.06	31.3.06
	RM'000	RM'000
Mudarabah Special Investment deposits	312,052	247,537

A30c. OTHER LIABILITIES

	The Group	
	30.6.06	31.3.06
	RM'000	RM'000
Other payables and accruals	39,345	37,754
Taxation and zakat payable	17,355	16,377
Profit equalisation reserve	95	276
	<u>56,795</u>	<u>54,407</u>

A31. CHANGE IN ACCOUNTING POLICIES

(a) Change in Accounting Policies

During the first ("1st") quarter ended 30 June 2006, the Group have adopted the new and revised FRS issued by MASB that are applicable with effect from the accounting period beginning 1 April 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 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets

The adoption of FRS 3 Business Combinations and the consequential changes to FRS 136 Impairment of Assets and FRS 138 Intangible Assets, has resulted in a change in the accounting policy relating to purchased goodwill and premium on acquisition.

Goodwill and premium acquired in a business combination is now stated at cost less any accumulated impairment losses. The adoption of these new FRS has resulted in the Group ceasing annual amortisation of goodwill and premium. Instead, goodwill and premium are allocated to cash generating units and the carrying amount are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill and premium impairment is determined by comparing its carrying amount against its recoverable amount in accordance with FRS 136. Any impairment loss is recognised in the income statement and subsequent reversal is not allowed.

This change in accounting policy has been accounted for prospectively for business combinations where the agreement date is on or after 1 January 2006. For business combinations entered into prior to that date, the transitional provisions of FRS 3 requires the Group to eliminate the carrying accumulated amortisation as at 1 April 2006 of RM31,043,000 against the carrying amount of goodwill and premium. The carrying amount of goodwill and premium for the Group as at 1 April 2006 of RM118,331,000 ceased to be amortised. This has the effect of reducing the amortisation charge of the Group by RM612,260 for the first ("1st") quarter ended 30 June 2006. No impairment loss on goodwill and premium has been recognised in the first ("1st") quarter ended 30 June 2006.

Negative goodwill, which represents the excess in fair value of the net identifiable assets acquired over the cost of the acquisition, is now recognised immediately to the income statement. Prior to 1 April 2006, negative goodwill not exceeding the fair values of the non-monetary assets acquired, was recognised in the income statement over the weighted average useful life of those assets that were depreciable/amortisable and negative goodwill in excess of the fair values of the non-monetary assets acquired was recognised in the income statement immediately. The adoption of this accounting policy has not resulted in any financial impact to the Group as there was no negative goodwill as at 1 April 2006.

In addition, 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.

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

(b) RECLASSIFICATIONS

The following comparative figures as at 31 March 2006 have been reclassified to conform with current period's presentation as a result of changes in accounting policies as disclosed above:

	As previously reported RM'000	As restated RM'000
Property and equipment	46,933	42,344
Goodwill on consolidation	111,496	-
Intangible assets	-	116,085

B1. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP FOR THE QUARTER AND YEAR

The Group reported a pre-tax profit of RM54.1 million for the first quarter ended 30 June 2006 as compared to RM88.0 million in the corresponding quarter ended 30 June 2005.

The performance for the quarter was impacted by the rise in the Overnight Policy Rate by 25 basis points to 3.5% and a further 25 basis points hike expected in July 2006. Accordingly, the Group had reported losses of RM 33.1 million from trading and mark-to-market losses on securities held for trading portfolios. Subsequently, as the expected hike in July did not materialise, part of the losses were written back in July. The impact was however mitigated by the increase in fee income, writeback of loans loss allowances and lower allowance for doubtful sundry receivables.

For the quarter, the Group reported a net profit of RM39.2 million and earnings per share of 2.98 sen.

The Group's risk weighted capital ratio and shareholders' equity stood at 18.72% and RM2.18 billion as at 30 June 2006, respectively. As at 30 June 2006, the Group's net non-performing loans ratio stood at 7.6% and loan loss coverage (excluding collateral values of securities pledged) is 53.9%.

The merchant banking operations reported a pretax profit of RM39.4 million as compared to RM81.6 million in the corresponding quarter ended 30 June 2005. The decline in profit is due to the lower investment and trading income as a result of setting aside mark-to-market loss of RM25.1 million on portfolio of securities held for trading and lower net gain from sale of securities held-for-trading.

The offshore banking operations of the Group reported a pretax profit of RM1.0 million as compared to a pretax loss of 0.8 million in the corresponding quarter ended 30 June 2005 mainly due to higher guarantee fee income.

The stockbroking operations reported a pretax profit of RM9.3 million for the quarter as a result of increased volume of trade on the Bursa.

Total funds under management, both unit trust and institutional funds stood at RM10.6 billion and the Fund Management Division reported a pretax profit of RM3.2 million for the quarter ended 30 June 2006y.

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

B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION

The Group reported profit before taxation of RM54.1 million for the first quarter ended 30 June 2006 as compared to RM56.9 million for the fourth quarter ended 31 March 2006. Although the pretax profit is lower marginally, the current quarter performance was affected by trading and mark-to-market losses of securities held for trading arising from the expected rise in interest rates mitigated by fee income growth and lower or writeback of loans loss and sundry receivable allowances.

B3. PROSPECTS FOR 31 MARCH 2007

With the GDP growth moderating to 5.0% in 2006, and further stability in the interest rates, and the implementation of various projects under the 9th Malaysia Plan. 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.

B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE

This is not applicable to the Group.

B5. TAXATION

The Group	Individual Quarter		Cumulative Quarter	
	30.6.06 RM'000	30.6.05 RM'000	30.6.06 RM'000	30.6.05 RM'000
Estimated current tax payable	14,848	23,986	14,848	23,986
Underprovision of current taxation in respect of prior years	22	-	22	-
Total	<u>14,870</u>	<u>23,986</u>	<u>14,870</u>	<u>23,986</u>

The total tax charge of the Group for the financial quarter ended 30 June 2006 and 2005 reflects an effective tax rate which is lower than the statutory tax rate due mainly to certain income not subject to tax and the effect of different tax rates incurred by the offshore banking operations in Labuan.

B6. SALE OF INVESTMENTS AND/OR FORECLOSED PROPERTIES

The Group	Individual Quarter		Cumulative Quarter	
	30.6.06 RM'000	30.6.05 RM'000	30.6.06 RM'000	30.6.05 RM'000
Net (loss)/gain from sale of securities held-for-trading	(11,045)	54,540	(11,045)	54,540
Net gain on redemption of securities held-to-maturity	14,886	794	14,886	794
Impairment writeback/(loss) on securities	<u>909</u>	<u>(1,212)</u>	<u>909</u>	<u>(1,212)</u>

B7. QUOTED SECURITIES

This note is not applicable to financial institutions.

B8. CORPORATE PROPOSALS

Status of corporate proposal announced but not completed are as follows:

1. On 10 February 2006, AmMerchant Bank Berhad ("AmMerchant Bank") entered into an agreement for the proposed acquisition of the remaining 51% stake of Frasers International Pte Ltd ("FIPL") not already owned by AmMerchant Bank, for an aggregate cash purchase consideration of up to S\$22,000,000 ("Proposed FIPL Acquisition"). On completion, FIPL will become a wholly owned subsidiary of AmMerchant Bank.

All regulatory approvals for the Proposed FIPL Acquisitions have been obtained and the Proposed FIPL Acquisitions will be completed in due course.

2. On 11 May 2006, the Company as the sponsor for AmFIRST Real Estate Investment Trust ("REIT"), together with Am ARA REIT Managers Sdn Bhd ("Am ARA"), as the proposed management company, announced the proposed listing for the entire fund size, comprising 490,000,000 REIT units of RM1.00 each, of AmFIRST REIT on the Main Board of Bursa Malaysia Securities Berhad ("Proposed Listing").

The Proposed Listing involves the establishment of AmFIRST REIT for the proposed acquisition of four (4) commercial buildings, including the two (2) commercial buildings from Mayban Trustees Berhad (as trustee for AmFirst Property Trust ("AmFPT")), for a purchase consideration totalling RM486.0 million.

The Securities Commission had, vide its letter dated 7 July 2006, granted its approval for the Proposed Listing.

The Proposed Listing is subject to, inter-alia, the approvals of the unitholders of AmFPT, Bursa Securities and other relevant authorities.

3. The Company had obtained the approval of the Minister of Finance, vide letter dated 30 June 2006 issued by BNM and the SC for the proposed transformation of AmMerchant Bank into an investment bank and operate under the name of "AmInvestment Bank Berhad", through an internal rationalisation scheme (the "Rationalisation Scheme").

The Rationalisation Scheme would principally involve the merger of the stockbroking operation of AmSecurities Sdn Bhd ("AMS") with AmMerchant Bank by way of AmMerchant Bank acquiring the assets (with certain exceptions) and assuming the liabilities of AMS.

B9. BORROWINGS

	The Group	
	30.6.06	31.3.06
	RM'000	RM'000
(i) Deposits from customers		
Due within six months	4,898,380	6,247,352
Six months to one year	262,698	175,981
One year to three years	300	3,844
Three to five years	3,250	5,000
	<u>5,164,628</u>	<u>6,432,177</u>
(ii) Deposits and placements of banks and other financial institutions		
Due within six months	4,787,755	4,761,236
Six months to one year	251,307	392,857
One year to three years	932,567	1,021,829
Three to five years	1,349,889	1,340,975
	<u>7,321,518</u>	<u>7,516,897</u>
<i>Recap :</i>		
<i>Interbank lendings</i>	2,683,471	4,315,378
<i>Interbank borrowings</i>	<u>(1,893,419)</u>	<u>(1,672,830)</u>
<i>Net interbank lendings</i>	<u>790,052</u>	<u>2,642,548</u>
(iv) Term loans		
Due within one year		
Secured	<u>275,588</u>	<u>276,232</u>
(v) Redeemable unsecured subordinated bonds		
More than one year	<u>595,000</u>	<u>595,000</u>

B10. DERIVATIVE FINANCIAL INSTRUMENTS

Please refer to note A27

B11. MATERIAL LITIGATION

The Group and the Company do not have any material litigation which would materially affect the financial position of the Group and the Company. For other litigation, please refer to Note A 25(c).

B12. DIVIDENDS

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

B13. EARNINGS PER SHARE (SEN)

Basic earnings per share is calculated by dividing the net profit attributable to shareholders of the Company by the number of ordinary shares in issue during the financial quarter and period.

	Individual Quarter		Cumulative Quarter	
	30.6.06	30.6.05	30.6.06	30.6.05
The Group	RM'000	RM'000	RM'000	RM'000
Net profit attributable to equity holders of the company	39,308	63,210	39,308	63,210
Number of ordinary shares at beginning of period	1,320,000	1,109,442	1,320,000	1,109,442
Effect of ordinary shares issued	-	120,318	-	120,318
Weighted average number of ordinary shares in issue	1,320,000	1,229,760	1,320,000	1,229,760
Basic earnings per share (sen)	2.98	5.14	2.98	5.14

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

BY ORDER OF THE BOARD
RAVINDRA KUMAR THAMBIMUTHU
GROUP COMPANY SECRETARY
Kuala Lumpur

Date : 11 August 2006