

AmMerchant Bank Berhad
and its subsidiary companies
(23742-V)(Incorporated in Malaysia. Licensed Merchant Bank)

UNAUDITED BALANCE SHEETS AS AT 30 JUNE 2006

		Group		Bank	
	Note	30.6.2006	31.3.2006	30.6.2006	31.3.2006
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		1,865,053	3,106,184	1,749,178	2,992,725
Securities purchased under resale agreements		751,446	529,267	732,551	504,464
Deposits and placements with banks and other financial institutions		1,186,002	1,223,624	1,183,225	1,223,056
Securities held-for-trading	8	5,730,215	7,053,649	5,709,786	7,032,722
Securities available-for-sale	9	2,291,317	831,821	2,265,687	806,218
Securities held-to-maturity	10	1,280,778	1,807,667	1,197,559	1,723,419
Loans, advances and financing	11	4,243,143	4,198,168	4,104,865	4,041,939
Other assets	12	353,428	259,445	341,718	251,184
Statutory deposit with Bank Negara Malaysia		149,870	244,130	149,870	244,130
Investments in subsidiary companies		-	-	83,103	83,103
Investments in associated companies		42,009	41,100	21,950	21,950
Property and equipment		35,443	36,321	33,540	34,506
Deferred tax assets		66,644	66,644	66,644	66,644
Intangible assets		39,982	40,182	2,995	3,164
TOTAL ASSETS		18,035,330	19,438,202	17,642,671	19,029,224
LIABILITIES AND SHAREHOLDER'S EQUITY					
Deposits from customers	13	5,164,628	6,432,177	4,970,190	6,230,392
Deposits and placements of banks and other financial institutions	14	7,376,993	7,516,897	7,551,343	7,682,121
Obligations on securities sold under repurchase agreements		2,675,556	2,590,281	2,675,556	2,590,281
Acceptances payable		3,028	3,103	3,028	3,103
Recourse obligations on loans sold to Cagamas Berhad		81,354	89,694	81,354	89,694
Other liabilities	15	127,089	216,664	114,925	196,680
Term loans		275,588	276,233	-	-
Redeemable unsecured subordinated bonds		595,000	595,000	595,000	595,000
Total Liabilities		16,299,236	17,720,049	15,991,396	17,387,271
Share capital		310,000	310,000	310,000	310,000
Interest Bearing Irredeemable Convertible Unsecured Loan Stocks 2002/2007		120,000	120,000	120,000	120,000
Reserves		1,298,894	1,280,953	1,214,075	1,204,753
Proposed dividends		7,200	7,200	7,200	7,200
Shareholder's equity		1,736,094	1,718,153	1,651,275	1,641,953
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		18,035,330	19,438,202	17,642,671	19,029,224

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UNAUDITED BALANCE SHEETS AS AT 30 JUNE 2006 (CONTD.)

		Group		Bank	
	Note	30.6.2006	31.3.2006	30.6.2006	31.3.2006
		RM'000	RM'000	RM'000	RM'000
COMMITMENTS AND CONTINGENCIES	26	37,740,755	25,493,220	37,626,353	25,444,861
NET ASSETS PER ORDINARY SHARE (RM)		8.26	8.18	7.86	7.82
NET ASSETS PER ORDINARY SHARE, AFTER DEDUCTING THE NOMINAL AMOUNTS OF ICULS 2002/2007 AND PREFERENCE SHARE CAPITAL (RM)		7.19	7.10	6.78	6.74
CAPITAL ADEQUACY	30				
Before deducting proposed dividends					
Core Capital Ratio		11.61%	12.15%	11.54%	12.10%
Risk-Weighted Capital Ratio		17.07%	14.39%	16.44%	13.67%
After deducting proposed dividends					
Core Capital Ratio		11.17%	11.69%	11.09%	11.63%
Risk-Weighted Capital Ratio		16.63%	13.92%	15.99%	13.21%

The Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 March 2006.

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

Group	Note	Individual Quarter		Cumulative Quarter	
		30.6.06 RM'000	30.6.05 RM'000	30.6.06 RM'000	30.6.05 RM'000
Revenue		218,693	250,014	218,693	250,014
Interest income	16	187,565	136,420	187,565	136,420
Interest expense	17	(143,256)	(96,581)	(143,256)	(96,581)
Net interest income		44,309	39,839	44,309	39,839
Income from Islamic banking business		4,317	23,472	4,317	23,472
Other operating income	18	26,811	90,122	26,811	90,122
Net income		75,437	153,433	75,437	153,433
Other operating expenses	19	(39,164)	(40,664)	(39,164)	(40,664)
Operating profit		36,273	112,769	36,273	112,769
Writeback of allowance/(Allowance) for losses on loans and financing	20	4,056	(29,126)	4,056	(29,126)
Impairment writeback/(loss) on:					
Securities		885	(1,212)	885	(1,212)
Assets acquired in exchange of debts		-	(660)	-	(660)
Transfer from profit equalisation reserve		181	889	181	889
(Allowance)/Writeback of allowance for doubtful sundry receivables - net		(224)	1	(224)	1
Writeback of provision for commitments		324	63	324	63
Profit before share in results of associated companies		41,495	82,724	41,495	82,724
Share in results of associated companies		923	823	923	823
Profit before taxation		42,418	83,547	42,418	83,547
Taxation		(11,299)	(23,383)	(11,299)	(23,383)
Profit for the period		31,119	60,164	31,119	60,164
Attributable to :					
Equity holders of the Bank		31,119	59,384	31,119	59,384
Minority interests		-	780	-	780
Profit for the period		31,119	60,164	31,119	60,164
EARNINGS PER SHARE (SEN)					
Basic		12.97	25.57	12.97	25.57
Fully diluted		9.15	17.94	9.15	17.94

The Income Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2006.

AmMerchant Bank Berhad
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UNAUDITED CONSOLIDATED INCOME STATEMENTS (CONTD.)
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2006

Bank	Note	Individual Quarter		Cumulative Quarter	
		30.6.06 RM'000	30.6.05 RM'000	30.6.06 RM'000	30.6.05 RM'000
Revenue		199,992	233,477	199,992	233,477
Interest income	16	184,086	129,202	184,086	129,202
Interest expense	17	(140,915)	(90,335)	(140,915)	(90,335)
Net interest income		43,171	38,867	43,171	38,867
Income from Islamic banking business		4,149	23,298	4,149	23,298
Other operating income	18	11,757	80,977	11,757	80,977
Net income		59,077	143,142	59,077	143,142
Other operating expenses	19	(31,907)	(34,754)	(31,907)	(34,754)
Operating profit		27,170	108,388	27,170	108,388
Writeback of allowance/(Allowance) for losses on loans and financing	20	4,519	(29,271)	4,519	(29,271)
Impairment writeback/(loss) on:					
Securities		885	(1,212)	885	(1,212)
Assets acquired in exchange of debts		-	(660)	-	(660)
Transfer from profit equalisation reserve		181	1,010	181	1,010
(Allowance)/Writeback of allowance for doubtful sundry receivables - net		(224)	1	(224)	1
Writeback of provision for commitments		324	63	324	63
Profit before taxation		32,855	78,319	32,855	78,319
Taxation		(10,321)	(22,107)	(10,321)	(22,107)
Net profit attributable to shareholder of the Bank		22,534	56,212	22,534	56,212
EARNINGS PER SHARE (SEN)					
Basic		9.39	23.89	9.39	23.89
Fully diluted		6.63	16.77	6.63	16.87

The Income Statements should be read in conjunction with the audited financial statements for for the year ended 31 March 2006.

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

Group	<-----Attributable to equity holder of the Bank----->											
	Non-distributable						Distributable		Total			
	Share capital	ICULS	Capital reserve	Share premium	Statutory reserve	Available-for-sale reserve	Exchange fluctuation reserve	Unappropriated profits	Proposed dividends	shareholder's equity	Minority interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2005	300,000	120,000	2,815	60,284	300,000	(16,360)	29,618	707,883	7,200	1,511,440	6,083	1,517,523
Issued during the period	10,000	-	-	40,000	-	-	-	-	-	50,000	-	50,000
Profit for the period	-	-	-	-	-	-	-	59,384	-	59,384	780	60,164
Net unrealised loss on revaluation of securities available-for-sale	-	-	-	-	-	7,573	-	-	-	7,573	-	7,573
Interest on ICULS	-	-	-	-	-	-	-	(1,795)	-	(1,795)	-	(1,795)
Proposed ordinary dividend	-	-	-	-	-	-	-	(36,000)	36,000	-	-	-
At 30 June 2005	310,000	120,000	2,815	100,284	300,000	(8,787)	29,618	729,472	43,200	1,626,602	6,863	1,633,465
At 1 April 2006	310,000	120,000	2,815	100,284	329,549	(3,055)	27,179	824,181	7,200	1,718,153	-	1,718,153
Profit for the period	-	-	-	-	-	-	-	31,119	-	31,119	-	31,119
Net unrealised loss on revaluation of securities available-for-sale	-	-	-	-	-	(11,558)	-	-	-	(11,558)	-	(11,558)
Interest on ICULS	-	-	-	-	-	-	-	(1,795)	-	(1,795)	-	(1,795)
Translation adjustments	-	-	-	-	-	-	175	-	-	175	-	175
At 30 June 2006	310,000	120,000	2,815	100,284	329,549	(14,613)	27,354	853,505	7,200	1,736,094	-	1,736,094

The Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2006.

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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTD.)
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2006

<-----Attributable to equity holder of the Bank----->									
Bank	Non-distributable					Distributable			
	Share capital RM'000	ICULS RM'000	Share premium RM'000	Statutory reserve RM'000	Available-for-sale reserve RM'000	Exchange fluctuation reserve RM'000	Unappropriated profits RM'000	Proposed dividends RM'000	Total equity RM'000
At 1 April 2005	300,000	120,000	60,284	300,000	(15,691)	0	674,174	7,200	1,438,767
Issued during the period	10,000	-	40,000	-	-	-	-	-	50,000
Profit for the period	-	-	-	-	-	-	56,212	-	56,212
Net unrealised loss on revaluation of securities available-for-sale	-	-	-	-	6,378	-	-	-	6,378
Interest on ICULS	-	-	-	-	-	-	(1,795)	-	(1,795)
Proposed ordinary dividend	-	-	-	-	-	-	(36,000)	36,000	(36,000)
At 30 June 2005	310,000	120,000	100,284	300,000	(9,313)	-	692,591	43,200	1,513,562
At 1 April 2006	310,000	120,000	100,284	329,549	(3,410)	-	778,330	7,200	1,641,953
Profit for the period	-	-	-	-	-	-	22,534	-	22,534
Net unrealised loss on revaluation of securities available-for-sale	-	-	-	-	(11,704)	-	-	-	(11,704)
Interest on ICULS	-	-	-	-	-	-	(1,795)	-	(1,795)
Translation adjustments	-	-	-	-	-	287	-	-	287
At 30 June 2006	310,000	120,000	100,284	329,549	(15,114)	287	799,069	7,200	1,651,275

The Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2006.

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

	Group		Bank	
	30.6.06	30.6.05	30.6.06	30.6.05
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	42,418	83,547	32,855	78,319
Add adjustments for non-operating and non cash items	(9,627)	25,897	(9,457)	24,780
Operating profit before working capital changes	32,791	109,444	23,398	103,099
Decrease in operating assets	1,086,702	(437,400)	1,073,314	(439,472)
Increase in operating liabilities	(1,419,284)	31,370	(1,395,082)	148,987
Cash used in operations	(299,791)	(296,586)	(298,370)	(187,386)
Taxation paid	(20,202)	(15,169)	(20,043)	(14,000)
Net cash used in operating activities	(319,993)	(311,755)	(318,413)	(201,386)
Net cash generated from investing activities	(918,698)	44,195	(923,339)	14,904
Net cash (used in)/generated from financing activities	(2,440)	48,205	(1,795)	48,205
	(921,138)	92,400	(925,134)	63,109
Net decrease in cash and cash equivalents	(1,241,131)	(219,355)	(1,243,547)	(138,277)
Cash and cash equivalents at beginning of period	3,106,184	2,579,909	2,992,725	2,329,913
Cash and cash equivalents at end of period	1,865,053	2,360,554	1,749,178	2,191,636

Note 1 : Cash and cash equivalents

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

	Group		Bank	
	30.6.06	30.6.05	30.6.06	30.6.05
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	1,865,053	2,360,554	1,749,178	2,191,636

The Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2006.

EXPLANATORY NOTES :

1. ACCOUNTING POLICIES AND METHOD OF COMPUTATION

The unaudited condensed interim financial statements have been prepared in accordance with FRS134 (Interim Financial Reporting)(formerly known as Malaysian Accounting Standards Board ("MASB") 26) issued by the MASB should be read in conjunction with the audited annual financial statements for the year ended 31 March 2006.

The accounting policies and methods of computation applied in the audited 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 Group's and 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 Group and the Banks are disclosed in Note 32.

The specific and general allowances for loans, advances and financing of the Group and the Bank are computed based on the requirement of 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 and the Bank 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.

2. AUDIT QUALIFICATION

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

3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The operations of the Group and the Bank are not materially affected by any seasonal or cyclical fluctuation in the current financial quarter and period.

4. UNUSUAL ITEMS

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

5. 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 Financial Reporting Standards ("FRS") issued by MASB that are effective for the Bank's and Group's first FRS annual reporting date, 31 March 2007.

6. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

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

There were no share buy-back, share cancellation, shares held as treasury shares nor resale of treasury shares by the Bank during the financial quarter and period.

7. DIVIDENDS

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

8. SECURITIES HELD-FOR-TRADING

	Group		Bank	
	30.6.06	31.3.06	30.6.06	31.3.06
	RM'000	RM'000	RM'000	RM'000
At Fair Value				
Money Market Securities :				
Treasury bills	31,462	34,282	31,462	34,282
Islamic Treasury bills	9,614	146	9,614	146
Malaysian Government Securities	234,577	1,306,817	234,577	1,306,817
Malaysian Government Investment Certificates	72,984	27,088	72,984	27,088
Cagamas bonds	83,859	100,021	83,859	100,021
Khazanah bonds	15,531	912	15,531	912
Cagamas Mudharabah bearer bonds	121,625	264,207	121,625	264,207
Negotiable instruments of deposits	1,909,954	2,684,425	1,909,954	2,684,425
Negotiable Islamic Debt Certificates	179,051	23,804	179,051	23,804
Islamic acceptance bills	1,799	-	1,799	-
Bank Negara Malaysia bills	294,276	5,143	294,276	5,143
Islamic Bank Negara Malaysia bills	-	2,491	-	2,491
Sukuk Bank Negara Malaysia	95,578	95,798	95,578	95,798
	<u>3,050,310</u>	<u>4,545,134</u>	<u>3,050,310</u>	<u>4,545,134</u>
Securities Quoted In Malaysia:				
Shares	104,794	101,313	104,794	101,313
Trust units	135,009	136,728	135,009	136,728
Corporate bonds	20,429	20,927	-	-
	<u>260,232</u>	<u>258,968</u>	<u>239,803</u>	<u>238,041</u>
Unquoted Private Debt Securities Of Companies Incorporated In Malaysia:				
Islamic corporate bonds	1,429,061	1,305,975	1,429,061	1,305,975
Corporate notes	34,666	38,420	34,666	38,420
Corporate bonds	741,860	709,263	741,860	709,263
Islamic corporate notes	130,584	117,809	130,584	117,809
	<u>2,336,171</u>	<u>2,171,467</u>	<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	67,464	67,701
Corporate notes	16,038	-	16,038	-
Islamic corporate notes	-	10,379	-	10,379
	<u>83,502</u>	<u>78,080</u>	<u>83,502</u>	<u>78,080</u>
Total securities held-for-trading	<u>5,730,215</u>	<u>7,053,649</u>	<u>5,709,786</u>	<u>7,032,722</u>

9. SECURITIES AVAILABLE-FOR-SALE

	Group		Bank	
	30.6.06	31.3.06	30.6.06	31.3.06
	RM'000	RM'000	RM'000	RM'000
At Fair Value				
Money Market Securities :				
Negotiable instruments of deposits	1,050,916	-	1,050,916	-
Quoted Securities In Malaysia:				
Corporate bonds	18,435	18,576	-	-
Unquoted Private Debt Securities Of Companies Incorporated In Malaysia:				
Corporate bonds	412,672	134,250	412,672	134,250
Islamic corporate notes	18,851	18,729	18,851	18,729
Islamic corporate bonds	360,081	217,183	360,081	217,183
	791,604	370,162	791,604	370,162
Debt Equity Converted Securities				
Quoted in Malaysia				
Shares - with options	16,722	19,822	16,722	19,822
Shares	4,794	4,882	3,832	4,103
Loan stocks - collateralised	-	1,064	-	1,064
Unquoted securities outside Malaysia				
Shares	6,233	6,248	-	-
	27,749	32,016	20,554	24,989
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:				
Corporate bonds	402,613	411,067	402,613	411,067
Total securities available-for-sale	2,291,317	831,821	2,265,687	806,218

10. SECURITIES HELD-TO-MATURITY

	Group		Bank	
	30.6.06	31.3.06	30.6.06	31.3.06
	RM'000	RM'000	RM'000	RM'000
At Amortised Cost:				
Quoted Securities:				
In Malaysia:				
Shares	2	2	-	-
Corporate bonds	55,118	55,247	-	-
	<u>55,120</u>	<u>55,249</u>	<u>-</u>	<u>-</u>
Investment In Related Licensed Commercial Bank:				
Unsecured subordinated term loan:				
Licensed commercial bank	-	460,000	-	460,000
Unquoted Securities Of Companies Incorporated:				
In Malaysia:				
Shares	60,588	60,588	60,588	60,588
Corporate bonds	100	100	100	100
Outside Malaysia:				
Shares	8,305	8,693	8,305	8,693
	<u>68,993</u>	<u>69,381</u>	<u>68,993</u>	<u>69,381</u>
Debt Equity Converted Securities:				
Quoted in Malaysia:				
Loan stocks - collateralised	971	971	-	-
Loan stocks	450,796	470,380	450,796	470,379
Unquoted securities of companies incorporated in Malaysia:				
Shares	1,679	1,679	-	-
Corporate bonds	417,056	461,939	379,185	423,146
	<u>870,502</u>	<u>934,969</u>	<u>829,981</u>	<u>893,525</u>
Unquoted Private Debt Securities Of Companies Incorporated:				
In Malaysia:				
Islamic corporate bonds	195,937	196,703	195,937	196,703
Corporate bonds and notes denominated in USD	68,513	68,674	68,513	68,674
Outside Malaysia:				
Corporate bonds and notes denominated in USD	110,235	110,493	110,235	110,493
	<u>374,685</u>	<u>375,870</u>	<u>374,685</u>	<u>375,870</u>

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

	Group		Bank	
	30.6.06	31.3.06	30.6.06	31.3.06
	RM'000	RM'000	RM'000	RM'000
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:				
Corporate bonds	81,858	82,729	81,858	82,729
Total	1,451,158	1,978,198	1,355,517	1,881,505
Accumulated impairment losses	(170,380)	(170,531)	(157,958)	(158,086)
Total securities held-to-maturity	1,280,778	1,807,667	1,197,559	1,723,419

11. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	30.6.06	31.3.06	30.6.06	31.3.06
	RM'000	RM'000	RM'000	RM'000
Term loans and revolving credits				
Customers	4,468,283	4,417,198	4,314,556	4,245,930
Related companies	55,809	56,052	55,809	56,052
Staff loans	21,618	21,724	20,637	20,764
Claims on customers under acceptance credits	3,028	3,103	3,028	3,103
Gross loans, advances and financing	4,548,738	4,498,077	4,394,030	4,325,849
Less:				
Allowance for bad and doubtful debts and financing:				
General	64,610	63,925	62,511	61,553
Specific	240,985	235,984	226,654	222,357
	305,595	299,909	289,165	283,910
Net loans, advances and financing	4,243,143	4,198,168	4,104,865	4,041,939

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

	Group		Bank	
	30.6.06	31.3.06	30.6.06	31.3.06
	RM'000	RM'000	RM'000	RM'000
Working capital	1,819,614	1,821,871	1,683,903	1,689,488
Construction	842,187	870,073	847,092	870,073
Merger and acquisition	387,542	404,571	387,542	404,571
Purchase of securities	354,661	399,685	339,400	384,382
Fixed assets	221,032	59,882	221,032	58,911
Non-residential landed properties	184,973	194,289	177,490	185,484
Residential landed properties	90,994	88,342	90,498	87,929
Personal use	5,590	5,390	5,590	5,390
Purchase of transport vehicles	2,285	2,318	2,249	2,230
Other purpose	639,860	651,656	639,234	637,391
Gross loans, advances and financing	<u>4,548,738</u>	<u>4,498,077</u>	<u>4,394,030</u>	<u>4,325,849</u>

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

	Group		Bank	
	30.6.06	31.3.06	30.6.06	31.3.06
	RM'000	RM'000	RM'000	RM'000
Domestic :				
Other non-bank financial institutions	30,021	30,019	30,021	30,019
Business enterprises:				
Small medium enterprises	1,279,407	172,695	1,279,407	172,695
Others	2,974,334	3,994,094	2,894,632	3,897,858
Government and statutory bodies	56,282	83,693	19,032	46,856
Individuals	85,237	89,698	84,705	88,738
Foreign entities	123,457	127,878	86,233	89,683
	<u>4,548,738</u>	<u>4,498,077</u>	<u>4,394,030</u>	<u>4,325,849</u>

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

	Group		Bank	
	30.6.06	31.3.06	30.6.06	31.3.06
	RM'000	RM'000	RM'000	RM'000
Variable rate				
Cost-plus	3,746,494	3,695,542	3,678,549	3,616,377
Other variable rates	264,740	269,058	179,135	181,172
	<u>4,011,234</u>	<u>3,964,600</u>	<u>3,857,684</u>	<u>3,797,549</u>
Fixed rate				
Housing loans	21,133	21,171	20,637	20,758
Hire purchase receivables	36	88	-	-
Other fixed rates	516,335	512,218	515,709	507,542
	<u>537,504</u>	<u>533,477</u>	<u>536,346</u>	<u>528,300</u>
	<u>4,548,738</u>	<u>4,498,077</u>	<u>4,394,030</u>	<u>4,325,849</u>

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

	Group		Bank	
	30.6.06	31.3.06	30.6.06	31.3.06
	RM'000	RM'000	RM'000	RM'000
Balance at beginning of period/year	530,269	839,225	497,739	805,858
Non-performing during the period/year	37,428	172,302	37,428	172,302
Reclassification to performing loans, advances and financing	-	(386,729)	-	(386,729)
Recoveries	(547)	(92,643)	(547)	(92,643)
Amount written off	-	(96)	-	(96)
Exchange fluctuation adjustment	(129)	(1,790)	(67)	(953)
Debt equity conversion	-	-	-	-
Balance at end of period/year	<u>567,021</u>	<u>530,269</u>	<u>534,553</u>	<u>497,739</u>
Specific allowance	<u>(240,985)</u>	<u>(235,984)</u>	<u>(226,654)</u>	<u>(222,357)</u>
Non-performing loans, advances and financing - net	<u>326,036</u>	<u>294,285</u>	<u>307,899</u>	<u>275,382</u>
Ratios of non-performing loans, advances and financing to total loans, advances and financing - net	<u>7.57%</u>	<u>6.90%</u>	<u>7.39%</u>	<u>6.71%</u>

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

	Group		Bank	
	30.6.06	31.3.06	30.6.06	31.3.06
	RM'000	RM'000	RM'000	RM'000
Working capital	189,048	184,540	157,839	158,177
Construction	165,020	169,675	169,925	169,675
Merger and acquisition	58,352	58,311	58,352	58,311
Purchase of securities	34,835	5,525	34,835	5,525
Non-residential landed properties	26,326	26,327	20,159	20,160
Personal use	4,390	4,389	4,390	4,389
Fixed assets	1,072	1,072	1,072	1,072
Purchase of transport vehicles	20	20	20	20
Other purpose	87,958	80,410	87,961	80,410
	567,021	530,269	534,553	497,739

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

	Group		Bank	
	30.6.06	31.3.06	30.6.06	31.3.06
	RM'000	RM'000	RM'000	RM'000
General allowance				
Balance at beginning of period/year	63,925	69,091	61,553	66,278
Reversal of allowance during the period/year	702	(5,028)	967	(4,663)
Exchange fluctuation adjustments	(17)	(138)	(9)	(62)
Balance at end of period/year	<u>64,610</u>	<u>63,925</u>	<u>62,511</u>	<u>61,553</u>
% of total loans, advances and financing less specific allowances	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>
Specific allowance				
Balance at beginning of period/year	<u>235,984</u>	<u>157,720</u>	<u>222,357</u>	<u>153,321</u>
Allowance during the period/year	<u>6,384</u>	<u>105,270</u>	<u>5,658</u>	<u>91,504</u>
Amount written back in respect of recoveries and reversals	<u>(1,329)</u>	<u>(25,721)</u>	<u>(1,331)</u>	<u>(22,265)</u>
Net charge to income statements	<u>5,055</u>	<u>79,549</u>	<u>4,327</u>	<u>69,239</u>
Amount written off	<u>(30)</u>	<u>(1,044)</u>	<u>(30)</u>	<u>(203)</u>
Exchange fluctuation adjustments	<u>(24)</u>	<u>(241)</u>	<u>-</u>	<u>-</u>
Balance at end of period/year	<u>240,985</u>	<u>235,984</u>	<u>226,654</u>	<u>222,357</u>

12. OTHER ASSETS

	Group		Bank	
	30.6.06	31.3.06	30.6.06	31.3.06
	RM'000	RM'000	RM'000	RM'000
Other receivables, deposits and prepayments, net of allowance for doubtful debts	140,171	77,784	127,112	59,386
Interest/Dividends receivable	101,625	77,064	100,603	85,834
Amount due from Originators	81,354	89,694	81,354	89,694
Amount due from brokers	3,815	2,048	3,815	2,048
Amount due from:				
Ultimate holding company	151	272	151	272
Subsidiary companies	-	-	-	147
Related companies	16,690	2,961	19,061	4,181
Assets acquired in exchange of debts, net of impairment loss	<u>9,622</u>	<u>9,622</u>	<u>9,622</u>	<u>9,622</u>
	<u>353,428</u>	<u>259,445</u>	<u>341,718</u>	<u>251,184</u>

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

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

13. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	30.6.06	31.3.06	30.6.06	31.3.06
	RM'000	RM'000	RM'000	RM'000
Term/Investment deposits	4,940,818	5,510,235	4,746,380	5,308,450
Negotiable instruments of deposits	223,810	921,942	223,810	921,942
	<u>5,164,628</u>	<u>6,432,177</u>	<u>4,970,190</u>	<u>6,230,392</u>

The deposits are sourced from the following types of customers:

	Group		Bank	
	30.6.06	31.3.06	30.6.06	31.3.06
	RM'000	RM'000	RM'000	RM'000
Business enterprises	3,059,595	4,330,012	2,866,718	4,128,981
Individuals	10,111	6,677	8,550	5,300
Government	1,404,894	1,469,518	1,404,894	1,469,518
Others	690,028	625,970	690,028	626,593
	<u>5,164,628</u>	<u>6,432,177</u>	<u>4,970,190</u>	<u>6,230,392</u>

14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	30.6.06	31.3.06	30.6.06	31.3.06
	RM'000	RM'000	RM'000	RM'000
Licensed banks:				
Subsidiary	-	-	174,350	210,584
Related	2,044,585	2,475,800	2,044,585	2,475,800
Others	1,403,935	1,689,849	1,403,934	1,644,489
Bank Negara Malaysia	9,132	2,801	9,132	2,801
Other financial institutions	3,919,341	3,348,447	3,919,342	3,348,447
	<u>7,376,993</u>	<u>7,516,897</u>	<u>7,551,343</u>	<u>7,682,121</u>

15. OTHER LIABILITIES

	Group		Bank	
	30.6.06	31.3.06	30.6.06	31.3.06
	RM'000	RM'000	RM'000	RM'000
Trade payables	3,806	5,904	-	-
Other payables and accruals	122,316	118,289	114,547	104,546
Provision for commitments	-	324	-	324
Amount due to :				
Ultimate holding company	3	-	-	-
Subsidiary companies	-	-	-	59
Related companies	440	-	245	-
Taxation payable	776	103	-	-
Zakat payable	38	38	38	38
Profit equalisation reserve	95	276	95	276
Securities sold not yet-repurchased	-	91,437	-	91,437
Deferred tax liabilities	(385)	293	-	-
	<u>127,089</u>	<u>216,664</u>	<u>114,925</u>	<u>196,680</u>

Amount due to ultimate holding company represents expenses paid on behalf.

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

The movements in profit equalisation reserve are as follows:

	Group		Bank	
	30.6.06	31.3.06	30.6.06	31.3.06
	RM'000	RM'000	RM'000	RM'000
Balance at beginning of period/year	276	2,195	276	2,195
Provision during the period/year	-	3,046	-	3,046
Amount written back	(181)	(4,965)	(181)	(4,965)
Balance at end of period/year	<u>95</u>	<u>276</u>	<u>95</u>	<u>276</u>

16. INTEREST INCOME

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
Short-term funds and deposits with financial institutions	36,853	17,915	36,853	17,915
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 NPLs	56,892	46,123	56,892	46,123
- Recoveries from NPLs	10,660	17,561	10,660	17,561
Others	261	2,406	261	2,406
Gross interest income	178,664	139,356	178,664	139,356
Amortisation of premiums less accretion of discounts	8,901	(2,129)	8,901	(2,129)
Interest suspended	-	(807)	-	(807)
Total after net interest suspension	187,565	136,420	187,565	136,420

Bank	Individual Quarter		Cumulative Quarter	
	30.6.06 RM'000	30.6.05 RM'000	30.6.06 RM'000	30.6.05 RM'000
Short-term funds and deposits with financial institutions	35,726	15,216	35,726	15,216
Securities held-for-trading	55,317	28,100	55,317	28,100
Securities available-for-sale	11,782	11,966	11,782	11,966
Securities held-to-maturity	6,606	12,715	6,606	12,715
Loans and advances				
- Interest income other than recoveries from NPLs	54,835	43,564	54,835	43,564
- Recoveries from NPLs	10,660	17,561	10,660	17,561
Others	259	2,386	259	2,386
Gross interest income	175,185	131,508	175,185	131,508
Amortisation of premiums less accretion of discounts	8,901	(2,268)	8,901	(2,268)
Interest suspended	-	(38)	-	(38)
Total after net interest suspension	184,086	129,202	184,086	129,202

17. INTEREST EXPENSE

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
Deposits from customers	82,329	61,029	82,329	61,029
Deposit of banks and other financial institutions	24,913	10,644	24,913	10,644
Securities sold under repurchase agreements	21,275	9,464	21,275	9,464
Subordinated deposits and term loans	3,568	6,244	3,568	6,244
Securities sold not yet-repurchased	631	-	631	-
Redeemable unsecured bonds	9,053	7,455	9,053	7,455
Others	1,487	1,745	1,487	1,745
	<u>143,256</u>	<u>96,581</u>	<u>143,256</u>	<u>96,581</u>

Bank	Individual Quarter		Cumulative Quarter	
	30.6.06 RM'000	30.6.05 RM'000	30.6.06 RM'000	30.6.05 RM'000
Deposits from customers	79,941	55,883	79,941	55,883
Deposit of banks and other financial institutions	28,523	11,862	28,523	11,862
Securities sold under repurchase agreements	21,294	9,464	21,294	9,464
Subordinated deposits and term loans	-	4,097	-	4,097
Securities sold not yet-repurchased	631	-	631	-
Redeemable unsecured bonds	9,053	7,455	9,053	7,455
Others	1,473	1,574	1,473	1,574
	<u>140,915</u>	<u>90,335</u>	<u>140,915</u>	<u>90,335</u>

18. OTHER OPERATING INCOME

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
Fee income:				
Fees on loans and advances	5,121	12,306	5,121	12,306
Corporate advisory fees	4,004	6,084	4,004	6,084
Guarantee fees	6,263	1,438	6,263	1,438
Underwriting commissions	2,474	646	2,474	646
Portfolio management fees	2,371	2,038	2,371	2,038
Unit trust management fees	8,298	7,493	8,298	7,493
Property trust management fees	507	494	507	494
Other fee income	1,185	2,031	1,185	2,031
	<u>30,223</u>	<u>32,530</u>	<u>30,223</u>	<u>32,530</u>
Investment and trading income:				
Net (loss)/gain from sale of securities held-for-trading	(11,394)	48,860	(11,394)	48,860
Net gain on redemption of securities held-to-maturity	14,886	794	14,886	794
Gain/(Loss) on revaluation of derivatives	13,841	(384)	13,841	(384)
Gross dividend income from:				
Securities held-for-trading	799	525	799	525
Securities held-to-maturity	613	613	613	613
(Loss)/Gain on revaluation of securities held-for-trading	(22,910)	6,752	(22,910)	6,752
	<u>(4,165)</u>	<u>57,160</u>	<u>(4,165)</u>	<u>57,160</u>
Other income:				
Realised foreign exchange gain	43	-	43	-
Gain on disposal of property and equipment - net	13	174	13	174
Rental income	520	222	520	222
Other non-operating income	177	36	177	36
	<u>753</u>	<u>432</u>	<u>753</u>	<u>432</u>
	<u>26,811</u>	<u>90,122</u>	<u>26,811</u>	<u>90,122</u>

18. OTHER OPERATING INCOME (CONTD.)

Bank	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	5,073	12,139	5,073	12,139
Corporate advisory fees	3,874	5,934	3,874	5,934
Guarantee fees	1,059	1,391	1,059	1,391
Underwriting commissions	2,474	646	2,474	646
Other fee income	2,503	3,004	2,503	3,004
	<u>14,983</u>	<u>23,114</u>	<u>14,983</u>	<u>23,114</u>
Investment and trading income:				
Net (loss)/gain from sale of securities held-for-trading	(11,394)	48,860	(11,394)	48,860
Net gain on redemption of securities held-to-maturity	14,837	789	14,837	789
Gain on revaluation of derivatives	13,834	653	13,834	653
Gross dividend income from:				
Securities held-for-trading	799	525	799	525
Securities held-to-maturity	613	613	613	613
(Loss)/Gain on revaluation of securities held-for-trading	(22,456)	6,047	(22,456)	6,047
	<u>(3,767)</u>	<u>57,487</u>	<u>(3,767)</u>	<u>57,487</u>
Other income:				
Realised foreign exchange gain	24	-	24	-
Gain on disposal of property and equipment - net	13	174	13	174
Rental income	504	202	504	202
	<u>541</u>	<u>376</u>	<u>541</u>	<u>376</u>
	<u>11,757</u>	<u>80,977</u>	<u>11,757</u>	<u>80,977</u>

19. OTHER OPERATING EXPENSES

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
Personnel/Staff costs				
- Salaries, allowances and bonuses	20,495	17,534	20,495	17,534
- Others	6,896	7,945	6,896	7,945
Establishment costs				
- Depreciation	1,309	1,987	1,309	1,987
- Computerisation costs	1,335	1,633	1,335	1,633
- Rental	1,193	850	1,193	850
- Others	1,042	1,041	1,042	1,041
Marketing and communication expenses				
- Sales commission	518	535	518	535
- Advertising	1,436	462	1,436	462
- Travel and entertainment	423	395	423	395
- Others	1,130	1,043	1,130	1,043
Administration and general expenses				
- Amortisation of goodwill	-	155	-	155
- Professional fees	1,227	1,225	1,227	1,225
- Others	2,160	5,859	2,160	5,859
	39,164	40,664	39,164	40,664

Bank	Individual Quarter		Cumulative Quarter	
	30.6.06 RM'000	30.6.05 RM'000	30.6.06 RM'000	30.6.05 RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	17,814	14,886	17,814	14,886
- Others	6,057	7,070	6,057	7,070
Establishment costs				
- Depreciation	1,146	1,796	1,146	1,796
- Computerisation costs	1,015	1,375	1,015	1,375
- Rental	821	481	821	481
- Others	293	916	293	916
Marketing and communication expenses				
- Sales commission	499	331	499	331
- Advertising	689	445	689	445
- Travel and entertainment	367	338	367	338
- Others	745	725	745	725
Administration and general expenses				
- Professional fees	813	923	813	923
- Others	1,648	5,468	1,648	5,468
	31,907	34,754	31,907	34,754

20. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

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
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	(3,311)	702	(3,311)
Bad debts and financing				
Written off	11	-	11	-
Recovered	(9,817)	(1,176)	(9,817)	(1,176)
(Recoveries of)/Allowance for value impairment on amount recoverable from Danaharta	(7)	-	(7)	-
	(4,056)	29,126	(4,056)	29,126

Bank	Individual Quarter		Cumulative Quarter	
	30.6.06 RM'000	30.6.05 RM'000	30.6.06 RM'000	30.6.05 RM'000
Allowance/(Reversal of allowance) for bad and doubtful debts and financing:				
Specific allowance- net	4,327	33,601	4,327	33,601
Allowance during the period	5,658	38,373	5,658	38,373
Amount written back in respect of recoveries and reversals	(1,331)	(4,772)	(1,331)	(4,772)
General allowance	967	(3,154)	967	(3,154)
Bad debts and financing				
Written off	11	-	11	-
Recovered	(9,817)	(1,176)	(9,817)	(1,176)
(Recoveries of)/Allowance for value impairment on amount recoverable from Danaharta	(7)	-	(7)	-
	(4,519)	29,271	(4,519)	29,271

21. 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	197,539	233,248	197,539	234,875
Profit before taxation	36,840	79,723	36,840	78,509
Offshore banking				
Revenue	13,676	10,312	13,676	8,685
Profit before taxation	1,027	(814)	1,027	400
Unit trust management				
Revenue	5,621	5,190	5,621	5,190
Profit before taxation	2,350	2,251	2,350	2,251
Asset management				
Revenue	3,891	3,442	3,891	3,442
Profit before taxation	889	1,496	889	1,496
Real estate management				
Revenue	572	552	572	552
Profit before taxation	344	330	344	330
Investment consultant				
Revenue	127	143	127	143
Profit before taxation	31	82	31	82
Others				
Revenue	11	1	11	1
Profit before taxation	889	0	889	0
Total before consolidation adjustments				
Revenue	221,437	252,888	221,437	252,888
Profit before taxation	42,370	83,068	42,370	83,068
Consolidation adjustments				
Revenue	(2,744)	(2,874)	(2,744)	(2,874)
Profit before taxation	48	479	48	479
Total after consolidation adjustments				
Revenue	218,693	250,014	218,693	250,014
Profit before taxation	42,418	83,547	42,418	83,547

21. SEGMENTAL INFORMATION (CONTD.)

Included in the above is Islamic banking business profit before taxation of RM3.7 million for the quarter and period ended 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, activities of which are principally conducted in Singapore, respectively. These activities in Singapore are not significant (less than 1% of revenue and profit before taxation) in relation to the Group's activities in Malaysia.

22. VALUATIONS OF PROPERTY AND EQUIPMENTS

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

23. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

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

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

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

25. BORROWINGS

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

	Group		Bank	
	30.6.06	31.3.06	30.6.06	31.3.06
	RM'000	RM'000	RM'000	RM'000
(i) Deposits from customers				
Due within six months	4,898,380	6,247,352	4,729,664	6,045,567
Six months to one year	262,698	175,981	236,976	175,981
One year to three years	300	3,844	300	3,844
Three years to five years	3,250	5,000	3,250	5,000
	<u>5,164,628</u>	<u>6,432,177</u>	<u>4,970,190</u>	<u>6,230,392</u>
(ii) Deposits and placements of banks and other financial institutions				
Due within six months	4,843,230	4,761,236	5,017,580	4,926,461
Six months to one year	251,307	392,857	251,307	392,857
One year to three years	932,567	1,021,829	932,567	1,021,829
Three years to five years	1,349,889	1,340,975	1,349,889	1,340,974
Total	<u>7,376,993</u>	<u>7,516,897</u>	<u>7,551,343</u>	<u>7,682,121</u>
<i>Recap :</i>				
<i>Interbank lendings</i>	2,683,471	4,315,378	2,574,139	4,208,334
<i>Interbank borrowings</i>	(1,893,419)	(1,672,830)	(2,067,768)	(1,838,054)
<i>Net interbank lendings</i>	<u>790,052</u>	<u>2,642,548</u>	<u>506,371</u>	<u>2,370,280</u>
(iii) Term loans				
Due within one year				
Secured	<u>275,588</u>	<u>276,233</u>	<u>-</u>	<u>-</u>
(iv) Redeemable unsecured subordinated bonds				
More than one year	<u>595,000</u>	<u>595,000</u>	<u>595,000</u>	<u>595,000</u>

26. COMMITMENTS AND CONTINGENCIES

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

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

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 companies	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	4,883,812	75,231	15,046	3,241,064	66,695	13,339
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	958,021	479,011	462,632	992,437	496,218	471,819
Certain transaction-related contingent items	447,430	223,715	188,210	431,238	215,619	181,111
	<u>1,886,848</u>	<u>1,184,123</u>	<u>1,046,434</u>	<u>2,267,742</u>	<u>1,555,904</u>	<u>1,380,643</u>
	<u>37,740,755</u>	<u>5,306,713</u>	<u>2,637,167</u>	<u>25,493,220</u>	<u>4,567,113</u>	<u>2,626,117</u>

Bank	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	490,000	-	-	580,000	-	-
Interest rate swaps:						
Related companies	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	4,883,812	75,231	15,046	3,241,064	66,695	13,339
Cross currency swaps	625,153	71,395	14,279	375,676	32,666	6,533
Malaysian Government securities futures	-	-	-	10,000	-	-
	<u>31,604,119</u>	<u>648,834</u>	<u>131,151</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	124,303	62,152	59,373	141,959	70,980	70,488
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>4,138,451</u>	<u>3,454,494</u>	<u>1,441,031</u>	<u>3,290,116</u>	<u>2,576,956</u>	<u>1,139,243</u>
Contingent Liabilities						
Guarantees given on behalf of customers	478,332	478,332	392,527	841,002	841,002	724,648
Underwriting liabilities	958,021	479,011	462,632	992,437	496,218	471,819
Certain transaction-related contingent items	447,430	223,715	188,210	431,238	215,619	181,111
	<u>1,883,783</u>	<u>1,181,058</u>	<u>1,043,369</u>	<u>2,264,677</u>	<u>1,552,839</u>	<u>1,377,578</u>
	<u>37,626,353</u>	<u>5,284,386</u>	<u>2,615,551</u>	<u>25,444,861</u>	<u>4,541,401</u>	<u>2,600,405</u>

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

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

27. RELATED PARTY TRANSACTIONS

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

28. DERIVATIVE FINANCIAL INSTRUMENTS

As at 30 June 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

28. DERIVATIVE FINANCIAL INSTRUMENTS (CONTD.)

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	Margin requirement
Interest rate related contracts :								
Interest rate futures	490,000	-	202,000	48,000	60,000	180,000	-	662
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	31,604,119	2,492,278	2,017,614	2,589,242	2,999,913	20,688,584	816,488	12,292

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 focus 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 measure 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) and the Bank 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) and the Bank 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

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 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 RM83,682,773 (RM26,977,165 as at 31 March 2006) and the Bank 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.

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.

Group	<-----Non-trading book ----->							Trading Book	Total	Effective interest rate %
	Up to 1 month	>1 - 3 months	>3 - 6 months	>6 - 12 months	1 - 5 years	Over 5 years	Non-interest sensitive			
30.6.06	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
ASSETS										
Cash and short-term funds	914,624	-	-	-	-	-	950,429	-	1,865,053	3.96
Securities purchased under resale agreements	751,446	-	-	-	-	-	-	-	751,446	3.31
Deposits and placements with banks and other financial institutions	377	362,635	73,490	-	-	749,500	-	-	1,186,002	6.31
Securities held-for-trading	-	-	-	-	-	-	-	5,730,215	5,730,215	3.99
Securities available-for-sale	18,435	828,421	-	-	955,663	461,047	27,751	-	2,291,317	4.23
Securities held-to-maturity	-	1,997	55,118	113,608	765,643	323,142	21,270	-	1,280,778	6.95
Loans, advances and financing:										
- performing	1,414,398	1,844,582	157,312	134,512	374,702	20,533	35,678	-	3,981,717	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	-	-	-	-	-	-	606,022	-	606,022	-
TOTAL ASSETS	3,100,569	3,037,635	302,362	249,451	2,158,300	1,554,222	1,902,576	5,730,215	18,035,330	
LIABILITIES AND SHAREHOLDER'S 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	2,685,565	975,647	423,987	251,548	932,512	1,334,221	773,513	-	7,376,993	3.40
Obligations on securities sold under repurchase agreements	2,607,014	60,584	7,958	-	-	-	-	-	2,675,556	3.37
Acceptances payable	1,350	1,531	147	-	-	-	-	-	3,028	-
Amount due to Cagamas Berhad	1,289	-	16,442	1,331	62,292	-	-	-	81,354	4.25
Term loans	-	-	275,588	-	-	-	-	-	275,588	5.79

Group	<-----Non-trading book ----->							Trading Book	Total	Effective interest rate
	Up to 1 month	>1 - 3 months	>3 - 6 months	>6 - 12 months	1 - 5 years	Over 5 years	Non-interest sensitive			
30.6.06	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Redeemable unsecured subordinated bonds	-	-	-	-	-	595,000	-	-	595,000	6.10
Other non-interest sensitive balances	-	-	-	-	-	-	127,089	-	127,089	-
Total Liabilities	8,241,911	2,658,895	845,315	438,591	998,354	1,929,221	1,186,949	-	16,299,236	
Minority interests	-	-	-	-	-	-	-	-	-	
Share capital	-	-	-	-	-	-	310,000	-	310,000	-
Interest Bearing Irredeemable Convertible Unsecured Loan Stocks 2002/2007	-	-	-	120,000	-	-	-	-	120,000	6.00
Reserves	-	-	-	-	-	-	1,306,094	-	1,306,094	-
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	8,241,911	2,658,895	845,315	558,591	998,354	1,929,221	2,803,043	-	18,035,330	
On-balance sheet interest rate gap sensitivity	(5,141,342)	378,740	(542,953)	(309,140)	1,159,946	(374,999)	(900,467)	5,730,215	-	
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	(6,376,628)	690,207	(1,488,141)	(721,729)	1,883,916	1,197,380	(900,467)	5,730,215	14,753	
Cumulative interest rate gap sensitivity	(6,376,628)	(5,686,421)	(7,174,562)	(7,896,291)	(6,012,375)	(4,814,995)	(5,715,462)	14,753		

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

Group	<-----Non-trading book ----->							Trading Book	Total	Effective interest rate
	Up to 1 month	>1 - 3 months	>3 - 6 months	>6 - 12 months	1 - 5 years	Over 5 years	Non-interest sensitive			
31.3.06	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS										
Cash and short-term funds	2,651,126	-	-	-	-	-	455,058	-	3,106,184	3.44
Securities purchased under resale agreements	498,343	30,924	-	-	-	-	-	-	529,267	3.16
Deposits and placements with banks and other financial institutions	-	567	-	399,895	73,662	749,500	-	-	1,223,624	6.34
Securities held-for-trading	-	-	-	-	-	-	-	7,053,649	7,053,649	3.87
Securities available-for-sale	-	-	67,258	-	294,829	438,782	30,952	-	831,821	5.04
Securities held-to-maturity	-	55,247	1,997	83,708	857,511	327,417	481,787	-	1,807,667	5.52
Loans, advances and financing:										
- performing	1,659,523	1,662,848	129,994	112,509	309,604	23,325	70,005	-	3,967,808	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	-	-	-	-	-	-	598,128	-	598,128	-
TOTAL ASSETS	4,809,808	1,749,586	201,216	615,676	1,602,953	1,539,024	1,866,290	7,053,649	19,438,202	
LIABILITIES AND SHAREHOLDER'S 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	1,335,916	274,275	-	7,516,897	3.95
Obligations on securities sold under repurchase agreements	2,498,936	91,072	273	-	-	-	-	-	2,590,281	3.13
Acceptances payable	964	1,336	803	-	-	-	-	-	3,103	4.81
Amount due to Cagamas Berhad	816	-	1,967	19,564	67,347	-	-	-	89,694	
Term loans	-	276,233	-	-	-	-	-	-	276,233	4.25
Redeemable unsecured subordinated bonds	-	-	-	-	-	595,000	-	-	595,000	6.10

Group	<-----Non-trading book ----->							Trading Book	Total	Effective interest rate
	Up to 1 month	>1 - 3 months	>3 - 6 months	>6 - 12 months	1 - 5 years	Over 5 years	Non-interest sensitive			
31.3.06	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Other non-interest sensitive balances	-	-	-	-	-	-	216,664	-	216,664	-
Total Liabilities	9,108,140	3,535,837	734,786	568,900	1,102,994	1,930,916	738,476	-	17,720,049	
Minority interests	-	-	-	-	-	-	-	-	-	-
Share capital	-	-	-	-	-	-	310,000	-	310,000	-
Interest Bearing Irredeemable Convertible Unsecured Loan										
Stocks 2002/2007	-	-	-	120,000	-	-	-	-	120,000	6.00
Reserves	-	-	-	-	-	-	1,288,153	-	1,288,153	-
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	9,108,140	3,535,837	734,786	688,900	1,102,994	1,930,916	2,336,629	-	19,438,202	
On-balance sheet interest rate gap sensitivity	(4,298,332)	(1,786,251)	(533,570)	(73,224)	499,959	(391,892)	(470,339)	7,053,649	-	
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	(5,440,451)	(2,118,828)	(288,509)	(759,638)	486,633	1,543,206	(470,339)	7,053,649	5,723	
Cumulative interest rate gap sensitivity	(5,440,451)	(7,559,279)	(7,847,788)	(8,607,426)	(8,120,793)	(6,577,587)	(7,047,926)	5,723		

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

	<-----Non-trading book ----->									
Bank	Up to 1	>1 - 3	>3 - 6	>6 - 12	1 - 5	Over 5	Non-	Trading		Effective
30.6.06	month	months	months	months	years	years	interest	Book	Total	interest
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	sensitive	RM'000	RM'000	rate
							RM'000			%
ASSETS										
Cash and short-term funds	804,914	-	-	-	-	-	944,264	-	1,749,178	3.72
Securities purchased under resale agreements	732,551	-	-	-	-	-	-	-	732,551	3.31
Deposits and placements with banks and other financial institutions	-	360,235	73,490	-	-	749,500	-	-	1,183,225	6.40
Securities held-for-trading	-	-	-	-	-	-	-	5,709,786	5,709,786	3.98
Securities available-for-sale	-	828,421	-	-	955,663	461,049	20,554	-	2,265,687	4.21
Securities held-to-maturity	-	1,997	-	113,608	737,542	323,142	21,270	-	1,197,559	6.69
Loans, advances and financing:										
- performing	1,352,884	1,835,578	108,433	134,495	374,471	19,161	34,455	-	3,859,477	6.53
- non-performing *							245,388		245,388	-
Amount due from Originators	1,289	-	16,442	1,331	62,292	-	-	-	81,354	4.25
Other non-interest sensitive balances	-	-	-	-	-	-	618,466	-	618,466	-
TOTAL ASSETS	2,891,638	3,026,231	198,365	249,434	2,129,968	1,552,852	1,884,397	5,709,786	17,642,671	
LIABILITIES AND SHAREHOLDER'S EQUITY										
Deposits from customers	2,778,228	1,620,881	121,193	159,991	3,550	-	286,347	-	4,970,190	3.40
Deposits and placements of banks and other financial institutions	2,749,422	1,086,140	423,987	251,548	932,512	1,334,221	773,513	-	7,551,343	4.13
Obligations on securities sold under repurchase agreements	2,607,014	60,584	7,958	-	-	-	-	-	2,675,556	3.37
Acceptances payable	1,350	1,531	147	-	-	-	-	-	3,028	5.16
Amount due to Cagamas Berhad	1,289	-	16,442	1,331	62,292	-			81,354	4.25
Redeemable unsecured subordinated bonds	-	-	-	-	-	595,000	-	-	595,000	6.10

Bank	<-----Non-trading book ----->							Trading Book	Total	Effective interest rate
	Up to 1 month	>1 - 3 months	>3 - 6 months	>6 - 12 months	1 - 5 years	Over 5 years	Non-interest sensitive			
30.6.06	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Other non-interest sensitive balances	-	-	-	-	-	-	114,925	-	114,925	-
Total Liabilities	8,137,303	2,769,136	569,727	412,870	998,354	1,929,221	1,174,785	-	15,991,396	
Share capital	-	-	-	-	-	-	310,000	-	310,000	-
Interest Bearing Irredeemable										
Convertible Unsecured Loan										
Stocks 2002/2007	-	-	-	120,000	-	-	-	-	120,000	6.00
Reserves	-	-	-	-	-	-	1,221,275	-	1,221,275	-
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	8,137,303	2,769,136	569,727	532,870	998,354	1,929,221	2,706,060	-	17,642,671	
On-balance sheet interest rate gap sensitivity	(5,245,665)	257,095	(371,362)	(283,436)	1,131,614	(376,369)	(821,663)	5,709,786	-	
Off-balance sheet interest rate gap sensitivity	(1,235,289)	310,342	(945,633)	(420,316)	723,970	1,572,379	-	-	5,453	
Total interest rate gap sensitivity	(6,480,954)	567,437	(1,316,995)	(703,752)	1,855,584	1,196,010	(821,663)	5,709,786	5,453	
Cumulative interest rate gap sensitivity	(6,480,954)	(5,913,517)	(7,230,512)	(7,934,264)	(6,078,680)	(4,882,670)	(5,704,333)	5,453		

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

Bank	<-----Non-trading book ----->							Trading Book	Total	Effective interest rate
	Up to 1 month	>1 - 3 months	>3 - 6 months	>6 - 12 months	1 - 5 years	Over 5 years	Non-interest sensitive			
31.3.06	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS										
Cash and short-term funds	2,540,678	-	-	-	-	-	452,047	-	2,992,725	3.33
Securities purchased under resale agreements	473,540	30,924	-	-	-	-	-	-	504,464	3.16
Deposits and placements with banks and other financial institutions	-	-	-	399,895	73,661	749,500	-	-	1,223,056	6.43
Securities held-for-trading	-	-	-	-	-	-	-	7,032,722	7,032,722	3.87
Securities available-for-sale	-	-	48,683	-	294,829	438,781	23,925	-	806,218	5.03
Securities held-to-maturity	-	-	1,997	83,708	828,509	327,418	481,787	-	1,723,419	5.52
Loans, advances and financing:										
- performing	1,578,542	1,646,943	93,155	112,485	309,270	22,743	64,972	-	3,828,110	6.31
- non-performing *	-	-	-	-	-	-	213,829	-	213,829	-
Amount due from Originators	816	-	1,967	19,564	67,347	-	-	-	89,694	4.25
Other non-interest sensitive balances	-	-	-	-	-	-	614,987	-	614,987	-
TOTAL ASSETS	4,593,576	1,677,867	145,802	615,652	1,573,616	1,538,442	1,851,547	7,032,722	19,029,224	
LIABILITIES AND SHAREHOLDER'S EQUITY										
Deposits from customers	3,638,739	1,912,142	263,400	161,518	7,056	-	247,537	-	6,230,392	3.13
Deposits and placements of banks and other financial institutions	2,821,821	1,365,547	468,154	387,818	1,028,589	1,335,917	274,275	-	7,682,121	3.94
Obligations on securities sold under repurchase agreements	2,498,936	91,072	273	-	-	-	-	-	2,590,281	3.13
Acceptances payable	964	1,336	803	-	-	-	-	-	3,103	4.81
Recourse obligation on loans sold to Cagamas Berhad	816	-	1,967	19,564	67,347	-	-	-	89,694	4.25
Redeemable unsecured subordinated bonds	-	-	-	-	-	595,000	-	-	595,000	6.10

Bank 31.3.06	<-----Non-trading book ----->							Trading Book	Total	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			
Other non-interest sensitive balances	-	-	-	-	-	-	196,680	-	196,680	-
Total Liabilities	8,961,276	3,370,097	734,597	568,900	1,102,992	1,930,917	718,492	-	17,387,271	
Share capital	-	-	-	-	-	-	310,000	-	310,000	-
Interest Bearing Irredeemable Convertible Unsecured Loan Stocks 2002/2007	-	-	-	120,000	-	-	-	-	120,000	6.00
Reserves	-	-	-	-	-	-	1,211,953	-	1,211,953	-
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	8,961,276	3,370,097	734,597	688,900	1,102,992	1,930,917	2,240,445	-	19,029,224	
On-balance sheet interest rate gap sensitivity	(4,367,700)	(1,692,230)	(588,795)	(73,248)	470,624	(392,475)	(388,898)	7,032,722	-	
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	(5,509,819)	(2,024,807)	(343,734)	(759,662)	457,298	1,542,623	(388,898)	7,032,722	5,723	
Cumulative interest rate gap sensitivity	(5,509,819)	(7,534,626)	(7,878,360)	(8,638,022)	(8,180,724)	(6,638,101)	(7,026,999)	5,723		

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

30. CAPITAL ADEQUACY

The capital adequacy ratio of the Group and the Bank as at 31 March 2006 is analysed as follows:

	Group		Bank	
	30.6.06	31.3.06	30.6.06	31.3.06
	RM'000	RM'000	RM'000	RM'000
Tier 1 capital				
Paid-up ordinary share capital	210,000	210,000	210,000	210,000
Paid-up non-cumulative preference share capital	100,000	100,000	100,000	100,000
Share premium	100,284	100,284	100,284	100,284
Capital reserve	2,815	2,815	-	-
Statutory reserve	329,549	329,549	329,549	329,549
Exchange fluctuation reserve	27,179	27,179	-	-
Unappropriated profit at end of year	824,181	824,181	778,330	778,330
	<u>1,594,008</u>	<u>1,594,008</u>	<u>1,518,163</u>	<u>1,518,163</u>
Less: Deferred tax assets, net	(66,351)	(66,351)	(66,644)	(66,644)
Goodwill	(36,442)	(36,442)	-	-
Total Tier 1 capital	<u>1,491,215</u>	<u>1,491,215</u>	<u>1,451,519</u>	<u>1,451,519</u>
Tier 2 capital				
Redeemable unsecured subordinated bonds	595,000	595,000	595,000	595,000
Interest bearing ICULS	120,000	120,000	120,000	120,000
General allowance for bad and doubtful debts	64,636	63,936	62,537	61,564
Total	<u>779,636</u>	<u>778,936</u>	<u>777,537</u>	<u>776,564</u>
Less: restriction on subordinated debt capital	-	-	-	-
Total	<u>779,636</u>	<u>778,936</u>	<u>777,537</u>	<u>776,564</u>
Total capital funds	2,270,851	2,270,151	2,229,056	2,228,083
Less: Investment in capital of related financial institutions	78,363	504,219	78,363	504,219
Investment in subsidiary companies	-	-	83,103	83,103
Capital base	<u>2,192,488</u>	<u>1,765,932</u>	<u>2,067,590</u>	<u>1,640,761</u>
Capital Ratios:				
Core capital ratio	11.61%	12.15%	11.54%	12.10%
Risk-weighted capital ratio	17.07%	14.39%	16.44%	13.67%
Core capital ratio (net of proposed dividend)	11.17%	11.69%	11.09%	11.63%
Risk-weighted capital ratio (net of proposed dividend)	<u>16.63%</u>	<u>13.92%</u>	<u>15.99%</u>	<u>13.21%</u>

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

Group	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%	1,468,551	-	2,644,317	-
10%	1,629	163	20,180	2,018
20%	3,990,363	798,073	2,626,806	525,361
50%	191,271	95,635	19,368	9,684
100%	7,018,563	7,018,563	5,962,530	5,962,531
	<u>12,670,377</u>	<u>7,912,434</u>	<u>11,273,201</u>	<u>6,499,594</u>
Add: Total Risk Weighted Assets				
Equivalent for market risk		<u>4,932,771</u>		<u>4,773,754</u>
		<u>12,845,205</u>		<u>11,273,348</u>

Bank	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%	1,412,344	-	2,578,576	-
10%	1,629	163	20,180	2,018
20%	3,820,823	764,165	2,501,674	500,335
50%	190,355	95,177	247,625	123,812
100%	6,848,207	6,848,207	6,643,173	6,643,173
	<u>12,273,358</u>	<u>7,707,712</u>	<u>11,991,228</u>	<u>7,269,338</u>
Add: Total Risk Weighted Assets				
Equivalent for market risk		<u>4,866,418</u>		<u>4,731,027</u>
		<u>12,574,130</u>		<u>12,000,365</u>

31. OPERATIONS OF ISLAMIC BANKING

BALANCE SHEETS AS AT 30 JUNE 2006

The state of affair as at 30 June 2006 and the result for the period ended 30 June 2006 of the Islamic banking business of the Group and the Bank and included in the financial statements after elimination of intercompany transactions and balances are summarised as follows:

	Group		Bank	
	30.6.06	31.3.06	30.6.06	31.3.06
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Cash and short-term funds	586,294	444,971	586,292	444,971
Deposit and placements with banks and other financial institutions	354,550	-	354,550	-
Securities held-for-trading	365,856	286,825	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	43,794	73,853
Statutory deposit with Bank Negara Malaysia	14,500	14,500	14,500	14,500
Other receivables, deposits and prepayments	7,608	9,499	7,608	9,499
Deferred tax assets	44	44	44	44
Property and equipment	32	32	32	32
TOTAL ASSETS	1,446,811	904,725	1,372,676	829,724
LIABILITIES AND ISLAMIC BANKING FUNDS				
Deposits from customers	312,052	247,537	286,327	247,537
Deposits and placements of banks and other financial institutions	773,534	274,275	773,534	274,275
Converted fund	44,656	71,310	-	-
Other liabilities	56,795	54,407	56,795	54,406
Total Liabilities	1,187,037	647,529	1,116,656	576,218
ISLAMIC BANKING FUNDS				
Capital funds	102,839	102,839	100,000	100,000
Reserves	156,935	154,357	156,020	153,506
Islamic Banking Funds	259,774	257,196	256,020	253,506
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	1,446,811	904,725	1,372,676	829,724
COMMITMENTS AND CONTINGENCIES				
	3,230,067	2,802,023	3,230,067	2,802,023

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

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
Allowance/(Writeback of 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)/Income 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

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

Bank	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	4,661	8,251	4,661	8,251
Allowance/(Writeback of allowance) for losses on financing	456	(2,066)	456	(2,066)
Transfer from profit equalisation reserve	181	1,010	181	1,010
Total attributable income	5,298	7,195	5,298	7,195
Income attributable to depositors	(5,687)	(6,545)	(5,687)	(6,545)
(Loss)/Gain attributable to the Bank	(389)	650	(389)	650
Income derived from investment of Islamic Banking Funds	5,175	21,592	5,175	21,592
Total net income	4,786	22,242	4,786	22,242
Other operating expenses	(1,291)	(841)	(1,291)	(841)
Profit before taxation	3,495	21,401	3,495	21,401
Taxation	(978)	(5,992)	(978)	(5,992)
Profit after taxation	2,517	15,409	2,517	15,409

31a. FINANCING ACTIVITIES

	Group		Bank	
	30.6.06	31.3.06	30.6.06	31.3.06
	RM'000	RM'000	RM'000	RM'000
Term financing				
Syndicated financing	39,873	70,435	35,078	70,435
Other term financing	546	499	4,632	499
Revolving credit	33,955	33,955	34,664	33,955
Gross financing	74,374	104,889	74,374	104,889
Allowance for bad and doubtful debts and financing :				
-general	(667)	(1,125)	(667)	(1,125)
-specific	(29,913)	(29,911)	(29,913)	(29,911)
	(30,580)	(31,036)	(30,580)	(31,036)
Net financing	43,794	73,853	43,794	73,853

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

	Group		Bank	
	30.6.06	31.3.06	30.6.06	31.3.06
	RM'000	RM'000	RM'000	RM'000
Gross				
Balance at beginning of period/year	39,920	42,273	39,920	42,273
Non-performing during the period/year	2	449	2	449
Recoveries	-	(2,802)	-	(2,802)
Balance at end of period/year	39,922	39,920	39,922	39,920
Specific allowance	(29,913)	(29,911)	(29,913)	(29,911)
Net non-performing financing	10,009	10,009	10,009	10,009
Ratio of net non-performing financing to total financing - net	22.51%	13.35%	22.51%	13.35%

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

	Group		Bank	
	30.6.06	31.3.06	30.6.06	31.3.06
	RM'000	RM'000	RM'000	RM'000
General Allowance				
Balance at beginning of period/year	1,125	7,796	1,125	7,796
Reversal of allowance during the period/year	(458)	(6,671)	(458)	(6,671)
Balance at end of period/year	667	1,125	667	1,125
% of total financing less specific allowance	1.50%	1.50%	1.50%	1.50%
Specific Allowance				
Balance at beginning of period/year	29,911	22,352	29,911	22,352
Allowance made during the period/year	2	7,684	2	7,684
Amount written off	-	(125)	-	(125)
Balance at end of period/year	29,913	29,911	29,913	29,911

31b. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	30.6.06	31.3.06	30.6.06	31.3.06
	RM'000	RM'000	RM'000	RM'000
Mudarabah				
Special Investment deposits	312,052	247,537	286,327	247,537

31c. OTHER LIABILITIES

	Group		Bank	
	30.6.06	31.3.06	30.6.06	31.3.06
	RM'000	RM'000	RM'000	RM'000
Other payables and accruals	39,345	37,754	39,345	37,753
Taxation and zakat payable	17,355	16,377	17,355	16,377
Profit equalisation reserve	95	276	95	276
	56,795	54,407	56,795	54,406

32. CHANGE IN ACCOUNTING POLICIES AND RECLASSIFICATION

(a) CHANGE IN ACCOUNTING POLICIES

During the first ("1st") quarter ended 30 June 2006, the Group and the Bank have adopted the new and revised FRSs issued by MASB that are applicable for 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 on acquisition. Instead, goodwill and premium on acquisition are allocated to cash-generating units and the carrying amount is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill and premium on acquisition impairment are 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 of goodwill and premium on acquisition of RM935,000 and RM2,488,000, respectively as at 1 April 2006 against the cost of goodwill and premium on acquisition. The carrying amount of goodwill and premium on acquisition for the Group as at 1 April 2006 of RM36,442,000 and RM6,835,000, respectively ceased to be amortised. This has the effect of reducing the amortisation charge of the Group by RM623,000 for the first quarter ended 30 June 2006. No impairment loss on goodwill and premium on acquisition has been recognised in the 1st quarter ended 30 June 2006.

(a) CHANGE IN ACCOUNTING POLICIES (CONTD.)

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 January 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 and the Bank.

(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	40,061	36,321
Goodwill on consolidation	36,442	-
Intangible assets	-	40,182

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

The Bank posted a lower pretax profit of RM32.9 million for the quarter as compared to RM78.3 million for the quarter ended 30 June 2005, mainly due to loss on sale of securities held-for-trading of RM11.4 million (gain on sale of securities held-for-trading of RM48.9 million for the quarter ended 30 June 2005) and loss on revaluation of securities held-for-trading of RM22.5 million (gain on revaluation of securities held-for-trading of RM6.0 million for the quarter ended 30 June 2005) due to interest rate hike. However, the decrease in profit has been reduced by higher net gain on redemption of securities held-to-maturity of RM14.8 million (RM0.8 million for the quarter ended 30 June 2005) and writeback of allowance for losses on loans and financing of RM4.5 million as compared to an allowance of RM29.3 million made for the quarter ended 30 June 2005.

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

For the period ended 30 June 2006, the Group and the Bank reported lower pretax profit of RM42.4 million (RM83.5 million for the period ended 30 June 2005) and RM32.9 million (RM78.3 million for the period ended 30 June 2005), respectively and is attributed to:

- (i) Loss on revaluation of securities held-for-trading due to interest rate hike of RM22.9 million and RM22.5 for the Group and the Bank, respectively as compared to gain of RM6.8 million and RM6.0 million for the period ended 30 June 2005.
- (ii) Loss on sale of securities held-for-trading due to interest rate hike of RM11.4 million (gain of RM48.9 million for the period ended 30 June 2005) for the Group and the Bank.
- (iii) Higher net gain on redemption of securities held-to-maturity of RM14.9 million and RM14.8 million for the Group and the Bank, respectively (RM0.8 million for the Group and the Bank for the period ended 30 June 2005).

reduced by:

- (iv) Writeback of allowance for losses on loans and financing of RM4.1 million (allowance for losses on loans and financing of RM29.1 million for the period ended 30 June 2005) for the Group and writeback of allowance for losses on loans and financing of RM4.5 million (allowance for losses on loans and financing of RM29.3 million for the period ended 30 June 2005) for the Bank.

Shareholder's equity stood at RM1,736.1 million (RM1,718.2 million as at 31 March 2006) for the Group and RM1,651.3 million (RM1,642.0 million as at 31 March 2006) for the Bank.

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

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

35. CURRENT PERIOD PROSPECTS

With the GDP growth moderating to 5.0% in 2006, and the 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 the market trends and introduce innovative products to suit its customers' financial needs in these prevailing market conditions.