

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

Interim Financial Statements
For the Financial Half Year
1 April 2006 to
30 September 2006
(In Ringgit Malaysia)

AmBank (M) Berhad
(Incorporated in Malaysia)
And Its Subsidiary Companies

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 30 SEPTEMBER 2006

		The Group		The Bank Legal Entity	
		30 September 2006 RM'000	31 March 2006 RM'000	30 September 2006 RM'000	31 March 2006 RM'000
	Note				
ASSETS					
Cash and short-term funds		7,071,899	7,317,898	5,724,507	7,303,343
Deposits and placements with banks and other financial institutions		1,054,478	1,121,253	785,776	1,121,150
Securities held-for-trading	A8	848,846	2,269,352	636,225	2,269,329
Securities available-for-sale	A9	676,240	331,513	676,240	331,513
Securities held-to-maturity	A10	1,220,317	1,361,146	1,220,099	1,360,928
Loans, advances and financing	A11	41,946,145	40,736,551	35,905,183	40,736,551
Other assets	A12	805,536	521,703	788,046	523,838
Statutory deposit with Bank Negara Malaysia		1,558,275	1,532,563	1,294,275	1,532,563
Deferred tax asset		707,604	793,184	507,245	640,146
Investment in subsidiary companies		—	—	813,847	29,779
Investment in associated companies		584	545	137	137
Property and equipment		187,804	386,848	160,417	355,253
Intangible assets		48,427	36,843	48,387	36,843
TOTAL ASSETS		<u>56,126,155</u>	<u>56,409,399</u>	<u>48,560,384</u>	<u>56,241,373</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2006.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 30 SEPTEMBER 2006

		The Group		The Bank Legal entity	
	Note	30 September 2006 RM'000	31 March 2006 RM'000	30 September 2006 RM'000	31 March 2006 RM'000
LIABILITIES AND EQUITY					
Deposits from customers	A13	34,017,385	32,494,827	29,874,297	32,496,575
Deposits and placements of banks and other financial institutions	A14	12,736,338	13,413,549	9,982,056	13,413,549
Securities sold under repurchase agreements		254,992	1,104,621	254,992	1,104,621
Bills and acceptance payable		1,095,415	909,620	796,902	909,620
Amount due to Cagamas Berhad		1,354,335	1,778,955	1,354,335	1,778,955
Other liabilities		1,049,570	1,218,297	888,044	1,212,680
Subordinated term loan		1,140,000	1,140,000	1,867,936	1,867,734
Hybrid securities		727,936	727,734	—	—
Subordinated bonds		200,000	200,000	200,000	200,000
Total Liabilities		<u>52,575,971</u>	<u>52,987,603</u>	<u>45,218,562</u>	<u>52,983,734</u>
Share capital		610,364	610,364	610,364	610,364
Reserves		<u>2,939,754</u>	<u>2,811,362</u>	<u>2,731,458</u>	<u>2,647,275</u>
Shareholder's Equity		3,550,118	3,421,726	3,341,822	3,257,639
Minority interests		<u>66</u>	<u>70</u>	<u>—</u>	<u>—</u>
Total Equity		<u>3,550,184</u>	<u>3,421,796</u>	<u>3,341,822</u>	<u>3,257,639</u>
TOTAL LIABILITIES AND EQUITY		<u><u>56,126,155</u></u>	<u><u>56,409,399</u></u>	<u><u>48,560,384</u></u>	<u><u>56,241,373</u></u>
COMMITMENTS AND CONTINGENCIES					
	A30	<u><u>26,609,981</u></u>	<u><u>20,182,831</u></u>	<u><u>22,293,194</u></u>	<u><u>20,182,731</u></u>
NET ASSETS PER SHARE (RM)		<u><u>5.82</u></u>	<u><u>5.61</u></u>	<u><u>5.48</u></u>	<u><u>5.34</u></u>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2006.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 SEPTEMBER 2006

The Group	Note	Individual Quarter		Half Year Ended	
		30 September 2006 RM'000	30 September 2005 RM'000	30 September 2006 RM'000	30 September 2005 RM'000
Revenue		1,105,691	735,271	2,117,932	1,577,538
Interest income	A15	837,589	622,448	1,592,315	1,251,321
Interest expense	A16	(507,814)	(320,133)	(940,832)	(626,780)
Net interest income		329,775	302,315	651,483	624,541
Net income from Islamic Banking business	A33b	119,268	116,663	237,181	229,688
Other operating income	A17	61,598	33,909	122,219	78,459
Net income		510,641	452,887	1,010,883	932,688
Other operating expenses	A18	(213,714)	(223,916)	(439,424)	(449,709)
Operating profit		296,927	228,971	571,459	482,979
Allowance for losses on loans and financing	A19	(182,526)	(151,474)	(313,497)	(300,085)
Impairment (loss)/write back	A20	(27,850)	20,596	(54,829)	20,596
Transfer from profit equalisation reserve		15,470	(14,592)	20,315	(9,053)
Profit before share in results of associated company and taxation		102,021	83,501	223,448	194,437
Share in results in associated company		(30)	81	12	132
Profit before taxation		101,991	83,582	223,460	194,569
Taxation	A21	(54,757)	(24,769)	(91,025)	(55,920)
Profit after taxation		47,234	58,813	132,435	138,649
Attributable to:					
Equity holder of the Bank		47,235	58,814	132,439	138,653
Minority interests		(1)	(1)	(4)	(4)
Profit after taxation		47,234	58,813	132,435	138,649
Basic earnings per share	A23	7.74	9.64	21.70	22.72

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2006.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 SEPTEMBER 2006

The Bank Legal Entity	Note	Individual Quarter		Half Year Ended	
		30 September 2006 RM'000	30 September 2005 RM'000	30 September 2006 RM'000	30 September 2005 RM'000
Revenue		899,514	737,141	1,777,203	1,579,390
Interest income	A15	837,659	622,523	1,592,385	1,166,121
Interest expense	A16	(507,948)	(320,143)	(940,978)	(577,435)
Net interest income		329,711	302,380	651,407	588,686
Other operating income	A17	61,382	37,707	121,012	62,896
Net income		391,093	340,087	772,419	651,582
Other operating expenses	A18	(163,786)	(185,104)	(345,047)	(322,234)
Operating profit		227,307	154,983	427,372	329,348
Allowance for losses on loans and financing	A19	(142,172)	(114,226)	(234,474)	(227,286)
Impairment (loss)/write back	A20	(27,848)	18,560	(54,866)	18,560
Profit before taxation		57,287	59,317	138,032	120,622
Taxation	A21	(36,453)	(14,888)	(61,648)	(31,991)
Profit from continuing operations		20,834	44,429	76,384	88,631
Profit from discontinued operations	A22	–	14,485	11,846	41,181
Profit for the period		20,834	58,914	88,230	129,812
Earnings per share (sen)	A23				
Basic, for profit from continuing operations		3.41	7.28	12.51	15.27
Basic, for profit from discontinued operations		–	2.37	1.94	7.10
Basic for the period		3.41	9.65	14.45	22.37

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2006.

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 SEPTEMBER 2006

The Group	Attributable to Equity Holder of the Bank								
	Non-distributable						Distributable		
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Merger Reserve RM'000	Capital Reserve RM'000	Securities Available For-Sale Reserve RM'000	Unappropriated Profits RM'000	Minority Interest RM'000	Total Equity RM'000
Balance as at 1 April 2005									
As previously stated	528,402	379,953	624,044	679,757	377,492	—	507,783	86	3,097,517
Prior year adjustments	—	—	—	—	—	31,095	1,336	—	32,431
Deemed issue of shares	81,962	—	—	—	—	—	—	—	81,962
As restated	610,364	379,953	624,044	679,757	377,492	31,095	509,119	86	3,211,910
Unrealised net loss on revaluation of securities available-for-sale	—	—	—	—	—	(28,367)	—	—	(28,367)
Transfer to unappropriated profits	—	—	(95,642)	—	—	—	95,642	—	—
Transfer of profit after taxation to statutory reserve	—	—	57,430	—	—	—	(57,430)	—	—
Profit for the year	—	—	—	—	—	—	238,269	(16)	238,253
Balance as at 31 March 2006	610,364	379,953	585,832	679,757	377,492	2,728	785,600	70	3,421,796
Balance as at 1 April 2006	610,364	379,953	585,832	679,757	377,492	2,728	785,600	70	3,421,796
Unrealised net loss on revaluation of securities available-for-sale	—	—	—	—	—	(4,047)	—	—	(4,047)
Profit for the period	—	—	—	—	—	—	132,439	(4)	132,435
Balance as at 30 September 2006	610,364	379,953	585,832	679,757	377,492	(1,319)	918,039	66	3,550,184

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2006.

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 SEPTEMBER 2006

	Attributable to Equity Holder of the Bank					Distributable	Total
	Non-distributable				Securities Available-for-Sale Reserve		
The Bank	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Securities Available-for-Sale Reserve RM'000	Unappropriated Profits RM'000	Total RM'000
Balance as at 1 April 2005							
As previously stated	528,402	379,953	528,402	—	—	1,174,432	2,611,189
Prior year adjustments	—	—	—	—	31,095	1,336	32,431
As restated	528,402	379,953	528,402	—	31,095	1,175,768	2,643,620
Issue of shares	81,962	—	—	—	—	—	81,962
Arising from return of capital by a subsidiary company	—	—	—	330,705	—	—	330,705
Unrealised net loss on revaluation of securities available-for-sale	—	—	—	—	(28,367)	—	(28,367)
Transfer of profit after taxation to statutory reserve	—	—	57,430	—	—	(57,430)	—
Profit for the year	—	—	—	—	—	229,719	229,719
Balance as at 31 March 2006	610,364	379,953	585,832	330,705	2,728	1,348,057	3,257,639
Balance as at 1 April 2006	610,364	379,953	585,832	330,705	2,728	1,348,057	3,257,639
Unrealised net loss on revaluation of securities available-for-sale	—	—	—	—	(4,047)	—	(4,047)
Profit for the period	—	—	—	—	—	88,230	88,230
Balance as at 30 September 2006	610,364	379,953	585,832	330,705	(1,319)	1,436,287	3,341,822

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2006.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 SEPTEMBER 2006

	The Group		The Bank Legal Entity	
	30 September 2006 RM'000	30 September 2005 RM'000	30 September 2006 RM'000	30 September 2005 RM'000
Profit before taxation	223,460	194,569	154,485	182,087
Adjustments for non-cash items	681,811	529,615	434,489	552,429
Operating Profit Before Working Capital Changes	905,271	724,184	588,974	734,516
Changes in working capital:				
Net changes in operating assets	(2,201,374)	(4,916,653)	(2,424,231)	(13,877,725)
Net changes in operating liabilities	(415,890)	3,790,056	58,546	15,765,386
Net assets vested to AmlIslamic Bank Berhad	—	—	784,068	—
Tax expense paid	—	(186)	—	—
Net Cash Generated From/(Used in) Operating Activities	(1,711,993)	(402,599)	(992,643)	2,622,177
Net Cash Generated From/(Used in) Investing Activities	1,465,792	323,261	(586,395)	(851,791)
Net Cash Generated From/(Used in) Financing Activities	202	(1,827)	202	376,211
Net Increase/(Decrease) In Cash And Cash Equivalents	(245,999)	(81,165)	(1,578,836)	2,146,597
Cash And Cash Equivalents At Beginning Of The Period	7,317,898	5,398,793	7,303,343	3,156,862
Cash And Cash Equivalents At End Of The Period	7,071,899	5,317,628	5,724,507	5,303,459

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2006.

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Explanatory Notes

A1. Basis of Preparation

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

The accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the previous audited annual financial statements except for the adoption of the new and revised FRS issued by MASB that are effective for the Bank's first FRS annual reporting date, 31 March 2007. The adoption of the new and revised FRS have resulted in changes in the accounting policies of the Bank and are disclosed in Note A34.

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

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

A2. Audit Qualification

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

A3. Seasonality or Cyclicity of Operations

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

A4. Unusual Items

There were no unusual items during the current financial period.

A5. Use of Estimates

There was no material change in estimates of amounts reported in prior financial years that have a material effect on the financial half year ended 30 September 2006.

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

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

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

A7. Dividends Paid

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

A8. Securities Held-for-trading

	The Group		The Bank	
	30 September 2006 RM'000	31 March 2006 RM'000	30 September 2006 RM'000	31 March 2006 RM'000
At fair value				
Money Market Securities:				
Malaysian Government Securities	18,969	43,084	18,969	43,084
Malaysian Government Investment Certificates	77,952	119,975	–	119,975
Cagamas bonds	215,070	173,848	189,902	173,848
Negotiable instruments of deposit	14,501	1,611,642	–	1,611,642
Sukuk Bank Negara Malaysia	55,905	–	–	–
Bank Negara Malaysia/ Treasury bills	64,187	48,395	35,267	48,395
	<u>446,584</u>	<u>1,996,944</u>	<u>244,138</u>	<u>1,996,944</u>
Quoted Securities:				
Shares in Malaysia	101,752	93,644	101,729	93,621
	<u>101,752</u>	<u>93,644</u>	<u>101,729</u>	<u>93,621</u>
Unquoted Securities:				
Private debt securities	300,510	178,764	290,358	178,764
	<u>300,510</u>	<u>178,764</u>	<u>290,358</u>	<u>178,764</u>
Total securities held-for-trading	<u>848,846</u>	<u>2,269,352</u>	<u>636,225</u>	<u>2,269,329</u>

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A9. Securities Available-for-sale

	The Group		The Bank	
	30 September 2006 RM'000	31 March 2006 RM'000	30 September 2006 RM'000	31 March 2006 RM'000
At fair value				
Money Market Securities:				
Negotiable instruments of deposit	399,995	—	399,995	—
Quoted Securities In Malaysia:				
Quoted shares	34,068	63,250	34,068	63,250
Quoted shares with options and/or collateral	147,849	174,714	147,849	174,714
Quoted Securities Outside Malaysia				
Quoted shares	33	—	33	—
Unquoted Securities In Malaysia:				
Unquoted shares	6	—	6	—
Private debt securities	94,289	93,549	94,289	93,549
Total securities available-for-sale	676,240	331,513	676,240	331,513

A10. Securities Held-to-maturity

	The Group		The Bank	
	30 September 2006 RM'000	31 March 2006 RM'000	30 September 2006 RM'000	31 March 2006 RM'000
At amortised cost				
Quoted Securities In Malaysia:				
Quoted shares	9,298	9,298	9,201	9,201
Quoted debt securities with options and/or collateral	423,618	486,404	423,618	486,404
Warrants	15	15	15	15
	<u>432,931</u>	<u>495,717</u>	<u>432,834</u>	<u>495,620</u>
Unquoted Securities In Malaysia:				
Unquoted shares	84,588	147,146	84,171	146,729
Unquoted debt securities	132,316	144,219	132,316	144,219
Unquoted debt securities with options and/or collateral	830,059	835,903	830,059	835,903
	<u>1,046,963</u>	<u>1,127,268</u>	<u>1,046,546</u>	<u>1,126,851</u>
Unquoted Securities Outside Malaysia:				
Shares	13	13	13	13
Total	1,479,907	1,622,998	1,479,393	1,622,484
Less: Accumulated Impairment losses	(259,590)	(261,852)	(259,294)	(261,556)
Total securities held-to-maturity	1,220,317	1,361,146	1,220,099	1,360,928

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A11. Loans, Advances and Financing

	The Group		The Bank	
	30 September 2006 RM'000	31 March 2006 RM'000	30 September 2006 RM'000	31 March 2006 RM'000
Overdrafts	1,093,963	1,031,079	1,091,893	1,031,079
Term loans facilities				
– Housing loans/financing	10,571,534	9,791,514	9,724,492	9,791,514
– Hire-purchase receivables	28,203,900	26,551,141	20,005,348	26,551,141
– Other loans/financing	7,957,321	7,689,487	5,670,121	7,689,487
Card receivables	2,229,326	2,138,331	1,915,315	2,138,331
Bills receivables	6,117	6,878	6,117	6,878
Trust receipts	205,244	200,702	186,588	200,702
Claims on customers under acceptance credits	1,213,137	1,247,649	896,910	1,247,649
Revolving credits	1,376,300	1,311,396	1,328,944	1,311,396
Staff loans	155,178	153,310	155,178	153,310
Total	53,012,020	50,121,487	40,980,906	50,121,487
Unearned interest and income	(5,947,919)	(5,478,757)	(3,329,698)	(5,478,757)
Gross loans, advances and financing	47,064,101	44,642,730	37,651,208	44,642,730
Less: Islamic financing sold to Cagamas Berhad	(3,005,666)	(2,205,827)	–	(2,205,827)
	44,058,435	42,436,903	37,651,208	42,436,903
Allowance for bad and doubtful debts and financing:				
General	(684,545)	(656,794)	(546,779)	(656,794)
Specific	(1,427,745)	(1,043,558)	(1,199,246)	(1,043,558)
Net loans, advances and financing	41,946,145	40,736,551	35,905,183	40,736,551

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

	The Group		The Bank	
	30 September 2006 RM'000	31 March 2006 RM'000	30 September 2006 RM'000	31 March 2006 RM'000
Domestic non-bank financial institutions	643,371	423,180	642,708	423,180
Domestic business enterprises				
– Small medium enterprises	4,163,905	4,559,306	3,715,447	4,559,306
– Others	5,806,755	5,447,887	5,248,696	5,447,887
Government and statutory bodies	33,843	21,075	12,647	21,075
Individuals	36,339,054	34,117,969	27,959,295	34,117,969
Other domestic entities	38,429	34,249	35,322	34,249
Foreign entities	38,744	39,064	37,093	39,064
Gross loans, advances and financing	<u>47,064,101</u>	<u>44,642,730</u>	<u>37,651,208</u>	<u>44,642,730</u>

A11b. By interest/profit rate sensitivity

	The Group		The Bank	
	30 September 2006 RM'000	31 March 2006 RM'000	30 September 2006 RM'000	31 March 2006 RM'000
Fixed rate				
– Housing loans/financing	3,136,230	3,047,954	2,712,919	3,047,954
– Hire purchase receivables	23,453,611	22,131,546	16,692,959	22,131,546
– Other fixed rate loan/financing	5,849,746	5,481,071	3,620,815	5,481,071
Variable rate				
– Base lending rate plus	13,550,171	12,959,713	13,550,172	12,959,713
– Cost plus	722,546	642,963	722,546	642,963
– Other variable rates	351,797	379,483	351,797	379,483
Gross loans, advances and financing	<u>47,064,101</u>	<u>44,642,730</u>	<u>37,651,208</u>	<u>44,642,730</u>

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A11. Loans, Advances and Financing (continued)**A11c. By loan purpose**

	The Group		The Bank	
	30 September 2006 RM'000	31 March 2006 RM'000	30 September 2006 RM'000	31 March 2006 RM'000
Purchase of securities	399,523	517,623	390,228	517,623
Purchase of transport vehicles	22,453,642	21,239,416	15,942,384	21,239,416
Purchase of landed property				
– Residential	10,324,864	9,562,394	9,898,683	9,562,394
– Non-residential	2,397,205	2,263,266	2,336,298	2,263,266
Purchase of fixed assets other than land and building	1,245,943	1,097,781	993,322	1,097,781
Personal use	1,453,848	1,298,267	208,493	1,298,267
Credit card	2,228,022	2,138,438	1,914,012	2,138,438
Purchase of consumer durables	6,412	10,781	4,918	10,781
Construction	353,936	351,759	349,933	351,759
Working capital	5,243,280	4,484,872	4,713,816	4,484,872
Other purpose	957,426	1,678,133	899,121	1,678,133
Gross loans, advances and financing	<u>47,064,101</u>	<u>44,642,730</u>	<u>37,651,208</u>	<u>44,642,730</u>

A11d. Non-performing loans by purpose

	The Group		The Bank	
	30 September 2006 RM'000	31 March 2006 RM'000	30 September 2006 RM'000	31 March 2006 RM'000
Purchase of securities	183,931	163,517	177,631	163,517
Purchase of transport vehicles	1,007,453	814,826	696,013	814,826
Purchase of landed property				
– Residential	1,397,647	1,354,601	1,297,148	1,354,601
– Non-residential	952,907	870,222	914,187	870,222
Purchase of fixed assets other than land and building	21,922	17,529	17,376	17,529
Personal use	42,438	44,863	40,428	44,863
Credit card	182,108	153,466	136,826	153,466
Purchase of consumer durables	1,003	964	1,003	964
Construction	172,370	–	168,367	–
Working capital	976,928	803,729	940,855	803,729
Other purpose	495,490	769,133	479,211	769,133
	<u>5,434,197</u>	<u>4,992,850</u>	<u>4,869,045</u>	<u>4,992,850</u>

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A11. Loans, Advances and Financing (continued)

A11e. Movements in non-performing loans, advances and financing ("NPL") are as follows:

	The Group		The Bank	
	30 September 2006 RM'000	31 March 2006 RM'000	30 September 2006 RM'000	31 March 2006 RM'000
Gross				
Balance at 1 April	4,992,850	6,378,449	4,992,850	4,308,184
Non-performing during the period/year	1,342,862	1,944,974	1,214,791	1,834,296
Reclassification to performing loans, advances and financing	(606,938)	(1,626,684)	(574,098)	(1,250,279)
Amount recovered	(244,127)	(472,071)	(203,072)	(449,610)
Debt equity conversion	—	(7,088)	—	(7,088)
Amount written off	(50,450)	(1,224,730)	(50,450)	(1,222,117)
Amount vested (to)/from subsidiary company	—	—	(510,976)	1,779,464
Balance at end of period/year	5,434,197	4,992,850	4,869,045	4,992,850
Less:				
Specific allowance	(1,427,745)	(1,043,558)	(1,199,246)	(1,043,558)
Non-performing loans and financing — net	<u>4,006,452</u>	<u>3,949,292</u>	<u>3,669,799</u>	<u>3,949,292</u>
Ratio of non-performing loans and financing to total loans, advances and financing — net	<u>8.78%</u>	<u>9.06%</u>	<u>10.07%</u>	<u>9.06%</u>

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A11. Loans, Advances and Financing (continued)

A11f. Movements in the allowance for bad and doubtful debts (and financing) accounts are as follows:

	The Group		The Bank	
	30 September 2006 RM'000	31 March 2006 RM'000	30 September 2006 RM'000	31 March 2006 RM'000
General Allowance				
Balance at 1 April	656,794	556,695	656,794	429,408
Allowance made during the period/year				
– Continuing operations	27,751	100,099	21,518	81,175
– Discontinued operations	–	–	775	17,925
Amount vested (to)/from subsidiary company	–	–	(132,308)	128,286
Balance at end of period	<u>684,545</u>	<u>656,794</u>	<u>546,779</u>	<u>656,794</u>
% of total loans less specific allowance	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>
Specific Allowance				
Balance at 1 April	<u>1,043,558</u>	<u>1,365,519</u>	<u>1,043,558</u>	<u>887,640</u>
Allowance made during the period/year				
– Continuing operations	606,229	1,315,891	484,675	1,054,426
– Discontinued operations	–	–	18,509	227,389
Amount written back in respect of recoveries				
– Continuing operations	(186,610)	(429,035)	(143,386)	(322,091)
– Discontinued operations	–	–	(7,732)	(84,483)
Net charge to income statements	419,619	886,856	352,066	875,241
Debt equity conversion	–	(3,251)	–	(3,251)
Amount written off/ Adjustment to Asset Deficiency Account	(35,432)	(1,205,566)	(42,331)	(1,202,954)
Amount vested (to)/from subsidiary company	–	–	(154,047)	486,882
Balance at end of period	<u>1,427,745</u>	<u>1,043,558</u>	<u>1,199,246</u>	<u>1,043,558</u>

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A12. Other Assets

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

A13. Deposits from Customers

	The Group		The Bank	
	30 September 2006 RM'000	31 March 2006 RM'000	30 September 2006 RM'000	31 March 2006 RM'000
<u>By type of customer</u>				
Individuals	21,655,587	19,888,946	20,358,048	19,888,946
Business enterprises	7,829,178	8,556,161	6,139,650	8,557,910
Government and other statutory bodies	4,002,845	3,537,375	2,881,405	3,537,374
Others	529,775	512,345	495,194	512,345
	<u>34,017,385</u>	<u>32,494,827</u>	<u>29,874,297</u>	<u>32,496,575</u>

A14. Deposits and Placements of Banks and Other Financial Institutions

	The Group		The Bank	
	30 September 2006 RM'000	31 March 2006 RM'000	30 September 2006 RM'000	31 March 2006 RM'000
Licensed banks	1,586,019	2,502,692	1,353,759	2,502,692
Licensed merchant banks	4,997,713	4,141,430	4,000,041	4,141,430
Non-banking institutions	4,997,568	5,611,948	3,481,596	5,611,948
Bank Negara Malaysia ("BNM")	1,155,038	1,157,479	1,146,660	1,157,479
	<u>12,736,338</u>	<u>13,413,549</u>	<u>9,982,056</u>	<u>13,413,549</u>

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A15. Interest Income

	Individual Quarter		Half Year Ended	
	30 September 2006 RM'000	30 September 2005 RM'000	30 September 2006 RM'000	30 September 2005 RM'000
<u>The Group</u>				
Loans and advances				
– Interest income other than recoveries from NPL	604,607	522,438	1,162,413	1,057,721
– Recoveries from NPLs	51,940	47,986	131,102	112,736
Money at call and deposits placements with financial institutions	68,148	33,672	132,093	67,304
Securities held-for-trading	5,403	12,959	18,946	20,905
Securities available-for-sale	5,704	317	6,791	1,246
Securities held-to-maturity	26,567	5,383	45,437	18,102
Others	104,008	19,899	162,381	37,467
	<hr/>	<hr/>	<hr/>	<hr/>
	866,377	642,654	1,659,163	1,315,481
Net interest suspended	(28,883)	(14,244)	(66,264)	(58,931)
Amortisation of premiums less accretion of discounts	95	(5,962)	(584)	(5,229)
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	837,589	622,448	1,592,315	1,251,321
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<u>The Bank</u>				
Loans and advances				
– Interest income other than recoveries from NPL	598,824	535,238	1,162,413	996,181
– Recoveries from NPLs	60,670	48,541	131,102	105,506
Money at call, deposits and placements with financial institutions	68,218	33,672	132,163	54,955
Securities held-for-trading	5,403	8,744	18,946	16,551
Securities available-for-sale	5,704	940	6,791	1,246
Securities held-to-maturity	26,567	8,993	45,437	19,015
Others	104,008	19,899	162,381	36,832
	<hr/>	<hr/>	<hr/>	<hr/>
	869,394	656,027	1,659,233	1,230,286
Net interest suspended	(31,830)	(27,525)	(66,264)	(57,204)
Amortisation of premiums less accretion of discounts	95	(5,979)	(584)	(6,961)
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	837,659	622,523	1,592,385	1,166,121
	<hr/>	<hr/>	<hr/>	<hr/>

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A16. Interest Expense

	Individual Quarter		Half Year Ended	
	30 September 2006 RM'000	30 September 2005 RM'000	30 September 2006 RM'000	30 September 2005 RM'000
<u>The Group</u>				
Deposits from customers	244,022	204,366	478,750	398,535
Deposits and placements of banks and other financial institutions	99,852	49,143	182,352	93,514
Recourse obligation of loans sold to Cagamas Berhad	13,223	19,669	28,003	41,323
Subordinated term loans and bonds	23,120	23,120	45,988	45,988
Hybrid securities	12,425	—	25,025	—
Others	115,172	23,835	180,714	47,420
	<u>507,814</u>	<u>320,133</u>	<u>940,832</u>	<u>626,780</u>
<u>The Bank</u>				
Deposits from customers	244,010	204,375	478,750	370,135
Deposits and placements of banks and other financial institutions	99,998	49,149	182,498	79,615
Recourse obligation of loans sold to Cagamas Berhad	13,223	19,669	28,003	40,050
Subordinated term loans and bonds	35,545	23,120	71,013	40,703
Others	115,172	23,830	180,714	46,932
	<u>507,948</u>	<u>320,143</u>	<u>940,978</u>	<u>577,435</u>

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

	Individual Quarter		Half Year Ended	
	30 September 2006 RM'000	30 September 2005 RM'000	30 September 2006 RM'000	30 September 2005 RM'000
<u>The Group</u>				
(a) <u>Fee Income:</u>				
Commissions	9,272	7,985	17,268	15,263
Guarantee fees	2,030	1,382	3,247	3,073
Other fee income	28,732	22,055	54,963	43,677
	<u>40,034</u>	<u>31,422</u>	<u>75,478</u>	<u>62,013</u>
(b) <u>Investment income:</u>				
Net gain/(loss) on sale of securities held-for-trading	1,481	(25,111)	1,408	(23,881)
Net gain/(loss) on sale of securities available-for-sale	1,730	15	17,742	–
Net gain/(loss) on sale of securities held-to-maturity	9,139	(6,149)	9,267	(4,068)
Gain/(loss) on revaluation of securities held for trading	2,359	27,948	(2,212)	28,312
Gross dividend income from:				
Securities held-for-trading	1,064	548	1,823	1,187
Securities available for sale	666	14	4,893	4,197
Securities held-to-maturity	–	718	1,058	2,741
	<u>16,439</u>	<u>(2,017)</u>	<u>33,979</u>	<u>8,488</u>
(c) <u>Other Income:</u>				
Gain on disposal of foreclosed properties	–	(334)	1,840	368
Rental income	2,141	1,866	4,246	3,859
Gain on disposal of property and equipment	68	83	1,049	83
Foreign exchange gain	2,910	2,879	5,612	3,638
Other operating income	6	10	15	10
	<u>5,125</u>	<u>4,504</u>	<u>12,762</u>	<u>7,958</u>
Total other operating income	<u><u>61,598</u></u>	<u><u>33,909</u></u>	<u><u>122,219</u></u>	<u><u>78,459</u></u>

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A17. Other Operating Income (continued)

	Individual Quarter		Half Year Ended	
	30 September 2006 RM'000	30 September 2005 RM'000	30 September 2006 RM'000	30 September 2005 RM'000
<u>The Bank</u>				
(a) <u>Fee Income:</u>				
Commissions	9,272	7,986	17,268	14,136
Guarantee fees	2,030	1,383	3,247	2,385
Other fee income	28,669	22,054	54,900	31,699
	<u>39,971</u>	<u>31,423</u>	<u>75,415</u>	<u>48,220</u>
(b) <u>Investment income:</u>				
Net gain/(loss) on sale of securities held-for-trading	1,481	(24,545)	1,408	(23,887)
Net gain on sale of securities available-for-sale	1,730	—	17,742	—
Net gain on sale of securities held-to-maturity	9,139	(4,664)	9,267	(4,608)
Gain/(loss) on revaluation of securities held for trading	2,359	29,851	(2,212)	29,136
Gross dividend income from:				
Securities held-for-trading	1,064	568	1,823	1,156
Securities available for sale	666	17	4,893	3,254
Securities held-to-maturity	—	696	1,058	2,719
	<u>16,439</u>	<u>1,923</u>	<u>33,979</u>	<u>7,770</u>
(c) <u>Other Income:</u>				
Gain on disposal of foreclosed properties	—	(334)	1,840	368
Rental income	1,993	1,724	3,940	3,561
Gain on disposal of property and equipment	69	83	226	83
Foreign exchange gain	2,910	2,878	5,612	2,884
Other operating income	—	10	—	10
	<u>4,972</u>	<u>4,361</u>	<u>11,618</u>	<u>6,906</u>
Total other operating income	<u>61,382</u>	<u>37,707</u>	<u>121,012</u>	<u>62,896</u>

AmBank (M) Berhad

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

	Individual Quarter		Half Year Ended	
	30 September 2006 RM'000	30 September 2005 RM'000	30 September 2006 RM'000	30 September 2005 RM'000
<u>The Group</u>				
Personnel costs				
– Salaries, allowances and bonuses	89,038	85,054	180,751	172,096
– Others	8,442	4,466	12,993	11,662
Establishment costs				
– Depreciation	13,922	13,516	32,114	27,170
– Rental	7,382	7,562	14,525	15,102
– Cleaning, maintenance & security	4,670	6,495	9,424	11,395
– Computerisation cost	10,479	16,032	22,228	29,295
– Others	3,862	2,791	8,064	7,775
Marketing and communication expenses				
– Handling fees	26,475	36,064	50,685	70,154
– Commission	9,081	10,251	19,497	21,019
– Advertising & marketing expenses	9,629	16,266	23,925	29,929
– Communication	12,103	9,699	22,697	20,005
– Others	1,774	1,703	3,381	3,064
Administration and general expenses				
– Professional services	12,321	6,634	21,005	12,271
– Others	4,536	7,383	18,135	18,772
	<u>213,714</u>	<u>223,916</u>	<u>439,424</u>	<u>449,709</u>
<u>The Bank (Continuing)</u>				
Personnel costs				
– Salaries, allowances and bonuses	87,926	84,360	178,598	153,251
– Others	8,381	4,448	12,927	8,466
Establishment costs				
– Depreciation	13,797	13,370	31,862	25,453
– Rental	7,808	8,036	15,757	14,316
– Cleaning, maintenance & security	4,571	6,249	9,118	10,920
– Computerisation cost	10,453	16,019	22,087	26,531
– Others	3,678	3,733	7,689	6,890
Marketing and communication expenses				
– Handling fees	18,803	25,332	35,956	49,926
– Commission	8,858	11,701	19,067	17,956
– Advertising & marketing expenses	8,082	14,008	20,742	23,804
– Communication	11,216	9,722	22,408	18,061
– Others	1,763	1,653	3,360	2,803
Administration and general expenses				
– Professional services	12,240	6,611	20,771	11,231
– Others	3,494	5,557	15,652	11,190
Shared service cost recoveries (Subsidiary)	(37,284)	–	(61,395)	–
Shared service cost recoveries (SPI Operations)	–	(25,695)	(9,552)	(58,564)
	<u>163,786</u>	<u>185,104</u>	<u>345,047</u>	<u>322,234</u>

AmBank (M) Berhad

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And Its Subsidiary Companies**A18. Other Operating Expenses (continued)**

	Individual Quarter		Half Year Ended	
	30 September 2006 RM'000	30 September 2005 RM'000	30 September 2006 RM'000	30 September 2005 RM'000
<u>The Bank (Discontinued)</u>				
Personnel costs				
– Salaries, allowances and bonuses	–	694	274	899
– Others	–	18	1	21
Establishment costs				
– Depreciation	–	–	–	–
– Rental	–	–	29	–
– Cleaning, maintenance & security	–	18	–	18
– Computerisation cost	–	12	94	14
– Others	–	19	3	19
Marketing and communication expenses				
– Handling fees	–	10,732	2,201	20,228
– Commission	–	–	66	(1)
– Advertising & marketing expenses	–	814	254	1,699
– Communication	–	11	(217)	9
– Others	–	9	3	12
Administration and general expenses				
– Professional services	–	9	69	12
– Others	–	617	414	1,151
Shared service cost recoveries (Subsidiary)	–	–	–	–
Shared service cost recoveries (SPI Operations)	–	25,695	9,552	58,564
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	–	38,648	12,743	82,645
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A19. Allowance for Losses on Loans, Advances and Financing

	Individual Quarter		Half Year Ended	
	30 September 2006 RM'000	30 September 2005 RM'000	30 September 2006 RM'000	30 September 2005 RM'000
<u>The Group</u>				
Allowance for bad and doubtful debts and financing:				
Specific allowance (net)				
– made in the financial year	307,344	276,939	606,229	595,219
– written back	(94,525)	(97,666)	(186,610)	(231,640)
General allowance	21,598	32,700	27,751	57,499
Bad debts and financing recovered	(51,891)	(60,499)	(122,508)	(120,993)
Amount recovered from Danaharta	–	–	(11,365)	–
	<u>182,526</u>	<u>151,474</u>	<u>313,497</u>	<u>300,085</u>
<u>The Bank</u>				
<u>Continuing operations</u>				
Allowance for bad and doubtful debts and financing:				
Specific allowance (net)				
– made in the financial year	246,327	225,323	484,675	461,847
– written back	(73,098)	(78,097)	(143,386)	(166,574)
General allowance	17,890	25,255	21,518	42,219
Bad debts and financing recovered	(48,947)	(58,255)	(116,968)	(110,206)
Amount recovered from Danaharta	–	–	(11,365)	–
	<u>142,172</u>	<u>114,226</u>	<u>234,474</u>	<u>227,286</u>
<u>The Bank</u>				
<u>Discontinued operations</u>				
Allowance for bad and doubtful debts and financing:				
Specific allowance (net)				
– made in the financial year	–	51,616	18,509	99,296
– written back	–	(19,569)	(7,732)	(42,605)
General allowance	–	7,445	775	14,281
Bad debts and financing recovered	–	(2,244)	(605)	(3,924)
	<u>–</u>	<u>37,248</u>	<u>10,947</u>	<u>67,048</u>

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A20. Impairment (loss)/written back

	Individual Quarter		Half Year Ended	
	30 September 2006 RM'000	30 September 2005 RM'000	30 September 2006 RM'000	30 September 2005 RM'000
<u>The Group</u>				
Securities	(25,583)	27,737	(49,498)	27,737
Impairment on amount recoverable under asset-backed securitisation transaction	(2,000)	(5,000)	(5,000)	(5,000)
Sundry receivables	(267)	(2,141)	(331)	(2,141)
	<u>(27,850)</u>	<u>20,596</u>	<u>(54,829)</u>	<u>20,596</u>
<u>The Bank</u>				
Securities	(25,581)	25,701	(49,535)	25,701
Impairment on amount recoverable under asset-backed securitisation transaction	(2,000)	(5,000)	(5,000)	(5,000)
Sundry receivables	(267)	(2,141)	(331)	(2,141)
	<u>(27,848)</u>	<u>18,560</u>	<u>(54,866)</u>	<u>18,560</u>

A21. Taxation

	Individual Quarter		Half Year Ended	
	30 September 2006 RM'000	30 September 2005 RM'000	30 September 2006 RM'000	30 September 2005 RM'000
<u>The Group</u>				
Estimated current tax payable	133	63	180	197
Net transfer from deferred taxation	55,176	24,675	88,980	55,675
Share in taxation of associated company	(4)	31	10	48
	<u>55,305</u>	<u>24,769</u>	<u>89,170</u>	<u>55,920</u>
Prior year tax expense in respect of business vested over from holding company, AMFB Holdings Berhad	—	—	2,403	—
Tax recovered in respect of prior year	(548)	—	(548)	—
	<u>54,757</u>	<u>24,769</u>	<u>91,025</u>	<u>55,920</u>
<u>The Bank</u>				
Taxation on profit from continuing operations				
Net transfer from deferred taxation	37,001	14,888	59,793	31,991
Prior year tax expense in respect of business vested over from holding company, AMFB Holdings Berhad	—	—	2,403	—
Tax recovered in respect of prior year	(548)	—	(548)	—
	<u>36,453</u>	<u>14,888</u>	<u>61,648</u>	<u>31,991</u>

The total tax charge of the Group and the Bank for the financial quarter and half year ended 30 September 2006 reflects an effective tax rate which is higher than the statutory tax rate due mainly to the effect on deferred taxes as a result of a reduction in statutory tax rate from 28.0% to 27.0% and disallowance of certain expenses.

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A22. Discontinued operations

i) Transfer of Islamic Banking Business of AmBank (M) Berhad to Amlslamic Bank Berhad

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

The amounts of assets and liabilities vested are as follows:

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

ii) Purchase Consideration

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

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

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

	Individual Quarter		Half Year Ended	
	30 September 2006	30 September 2005	30 September 2006	30 September 2005
<u>The Bank</u>	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	—	165,557	54,554	311,291
Income derived from investment of Islamic Banking Capital Fund	—	9,000	9,252	20,690
Allowance for losses on financing, advances and other loans (Note A19)	—	(37,248)	(10,947)	(67,048)
Transfer from/(to) profit equalisation reserve	—	(14,592)	1,739	(8,738)
Other expenses directly attributable to the investment of the depositors and shareholder's funds (Note A18)	—	(10,732)	(2,201)	(20,228)
Total attributable income	—	111,985	52,397	235,967
Income attributable to the depositors	—	(59,797)	(25,402)	(112,085)
Total net income	—	52,188	26,995	123,882
Other operating expenses (Note A18)	—	(27,916)	(10,542)	(62,417)
Profit before taxation	—	24,272	16,453	61,465
Taxation	—	(9,787)	(4,607)	(20,284)
Profit after taxation	—	14,485	11,846	41,181

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A23. Earnings Per Share (EPS)**Basic**

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

	Individual Quarter		Half Year Ended	
	30 September 2006 RM'000	30 September 2005 RM'000	30 September 2006 RM'000	30 September 2005 RM'000
<u>The Group</u>				
Net profit attributable to shareholder of the Bank	<u>47,235</u>	<u>58,814</u>	<u>132,439</u>	<u>138,653</u>
Weighted average number of ordinary shares in issue	<u>610,364</u>	<u>610,364</u>	<u>610,364</u>	<u>610,364</u>
Basic earnings per share (sen)	<u>7.74</u>	<u>9.64</u>	<u>21.70</u>	<u>22.72</u>
<u>The Bank</u>				
Basic, for profit from continuing operations				
Net profit attributable to shareholders of the Bank	<u>20,834</u>	<u>44,429</u>	<u>76,384</u>	<u>88,631</u>
Number of ordinary shares at beginning of period	610,364	610,364	610,364	528,402
Effect of the issuance of shares	—	—	—	52,019
Weighted average number of ordinary shares in issue	<u>610,364</u>	<u>610,364</u>	<u>610,364</u>	<u>580,421</u>
Basic earnings per share (sen)	<u>3.41</u>	<u>7.28</u>	<u>12.51</u>	<u>15.27</u>
<u>The Bank</u>				
Basic, for profit from discontinued operations				
Net profit attributable to shareholders of the Bank	<u>—</u>	<u>14,485</u>	<u>11,846</u>	<u>41,181</u>
Weighted average number of ordinary shares in issue	<u>610,364</u>	<u>610,364</u>	<u>610,364</u>	<u>580,421</u>
Basic earnings per share (sen)	<u>—</u>	<u>2.37</u>	<u>1.94</u>	<u>7.10</u>

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

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A24a. Performance Review for the Quarter ended 30 September 2006

The Group recorded a Pre-Tax profit of RM102.0 million for the quarter ended 30 September 2006 representing a 22% increase as compared with RM83.6 million in the corresponding quarter ended 30 September 2005. The significant improvement was attributed to higher net interest income and other operating income, higher write back on profit equalization reserve and lower operating expenses. The increase was however mitigated by higher impairment loss on securities and loan loss allowance as the Group continues to build its loan loss coverage. As at September 2006, loan loss coverage has improved to 38.9% from 35.6% as at March 2006.

A24b. Performance Review for the Half Year ended 30 September 2006

The Group recorded a Pre-tax profit of RM223.5 million for the half year ended 30 September 2006 representing a 14.9% increase as compared to RM194.6 million in the previous corresponding half year ended 30 September 2005.

The increase in Group Pre-tax profit for the half year is mainly attributable to higher non-interest income and lower operating expenses set off by impairment loss on securities.

In the opinion of the Directors, the results of the Group and the Bank for the half year have not been substantially affected by any item, transaction or event of a material and unusual nature.

A24c. Prospects for 31 March 2007

With the GDP growth moderating to 5.8% in 2006, stability in the interest rates, and the implementation of various projects under the 9th Malaysia Plan, the Group expects to register an overall loans growth of 8% for the current financial year ending 31 March 2007.

Going forward, the Group will continue to improve its core competencies while looking for opportunities to take advantage of market trends and introduce innovative products to suit its customers' financial needs in these prevailing market conditions. The merger of the commercial banking business with the Group's finance company business in June 2005, and the resultant conversion of the Group's finance company branches into full-fledged commercial banking branches have provided the Group with a solid platform to grow its loans exposure to the small and medium-sized enterprises and develop the Group's trade financing and cash management businesses.

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

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A25. Segment Information on Operating Revenue, Profit Before Tax Expense and Assets**By Business Segments**

The Group 30 September 2006	Conventional Banking RM'000	Islamic Banking RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External revenue					
Interest income (net of IIS)	1,592,385	—	—	—	1,592,385
Fee income	75,415	—	—	—	75,415
Investment & other operating income	45,597	—	—	—	45,597
Income from Islamic Banking Financing income	—	388,551	—	—	388,551
Investment and Fees on financing	—	15,837	—	—	15,837
Others (Subsidiaries) - Rental	—	—	147	—	147
	<u>1,713,397</u>	<u>404,388</u>	<u>147</u>	<u>—</u>	<u>2,117,932</u>
<u>Inter-segment revenue</u>					
Others (Subsidiaries) - Rental	—	—	1,375	(1,375)	—
	<u>—</u>	<u>—</u>	<u>1,375</u>	<u>(1,375)</u>	<u>—</u>
Total revenue	<u>1,713,397</u>	<u>404,388</u>	<u>1,522</u>	<u>(1,375)</u>	<u>2,117,932</u>
Results					
Profit before share in results of associated company and taxation	138,033	83,744	1,651	20	223,448
Share of profits of associated company	—	—	—	12	12
	<u>—</u>	<u>—</u>	<u>—</u>	<u>12</u>	<u>12</u>
Profit before taxation	138,033	83,744	1,651	32	223,460
Taxation	(61,648)	(29,187)	(179)	(11)	(91,025)
	<u>76,385</u>	<u>54,557</u>	<u>1,472</u>	<u>21</u>	<u>132,435</u>
Profit after taxation	<u>76,385</u>	<u>54,557</u>	<u>1,472</u>	<u>21</u>	<u>132,435</u>
Total Assets	<u>48,560,384</u>	<u>8,394,846</u>	<u>822,552</u>	<u>(1,651,627)</u>	<u>56,126,155</u>

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A25. Segment Information on Operating Revenue, Profit Before Tax Expense and Assets (continued)

The Group 30 September 2005	Conventional Banking RM'000	Islamic Banking RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
<u>External revenue</u>					
Interest income (net of IIS)	1,166,121	—	—	—	1,166,121
Fee income	48,220	—	—	—	48,220
Investment & other operating income	14,676	—	—	—	14,676
Income from Islamic Banking					
Financing income	—	338,337	—	—	338,337
Investment and Fees on financing	—	10,026	—	—	10,026
Others (Subsidiaries) - Rental	—	—	158	—	158
	<u>1,229,017</u>	<u>348,363</u>	<u>158</u>	<u>—</u>	<u>1,577,538</u>
<u>Inter-segment revenue</u>					
Interest income (net of IIS)	142	—	—	(142)	—
Others (Subsidiaries) - Rental	—	—	971	(971)	—
	<u>142</u>	<u>—</u>	<u>971</u>	<u>(1,113)</u>	<u>—</u>
Total revenue	<u>1,229,159</u>	<u>348,363</u>	<u>1,129</u>	<u>(1,113)</u>	<u>1,577,538</u>
Results					
Profit before share in results of associated company and taxation	125,351	68,911	195	(20)	194,437
Share of profits of associated company	—	—	—	132	132
Profit before taxation	125,351	68,911	195	112	194,569
Taxation	<u>(35,391)</u>	<u>(20,284)</u>	<u>(198)</u>	<u>(47)</u>	<u>(55,920)</u>
Profit after taxation	<u>89,960</u>	<u>48,627</u>	<u>(3)</u>	<u>65</u>	<u>138,649</u>
Total Assets	<u>43,166,279</u>	<u>8,776,579</u>	<u>83,185</u>	<u>(411,603)</u>	<u>51,614,440</u>

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

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

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A26. Valuation of Property & Equipment

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

A27. 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 items, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group for the current period.

A28. Significant Events

Proposed disposal of Freehold Land and Building

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

A29. Changes in the Composition of Group

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

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

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

<u>The Group</u>	As at 30 September 2006			As at 31 March 2006		
	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000
Direct credit substitutes	630,336	630,336	532,786	540,826	540,826	438,374
Certain transaction-related contingent items	229,819	114,910	114,910	206,010	103,005	103,005
Short-term self-liquidating trade-related contingencies	332,032	66,406	66,406	345,374	69,075	69,075
Obligations under underwriting agreements	140,000	70,000	70,000	140,000	70,000	70,000
Unpaid portion of partly paid shares	250	250	250	250	250	250
Irrevocable commitments to extend credit:						
– maturing less than one year	9,188,636	–	–	8,811,423	–	–
– maturing more than one year	1,081,589	540,795	540,795	1,279,823	639,911	639,911
Foreign exchange related contracts:						
– less than one year	888,904	5,716	–	1,695,579	16,466	4,143
Interest rate swap contracts:						
– maturing within one year	1,050,000	2,114	423	550,000	1,311	262
– maturing more than one year to less than five years	9,267,880	143,109	28,622	3,562,189	74,100	14,820
– maturing more than five years	749,500	66,975	13,395	736,620	66,296	13,259
Islamic financing sold to Cagamas Berhad with recourse	3,005,666	3,005,666	3,005,666	2,205,827	2,205,827	2,205,827
Other commitments	45,369	–	–	108,910	–	–
Total	26,609,981	4,646,277	4,373,253	20,182,831	3,787,067	3,558,926

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<u>The Bank</u>	As at 30 September 2006			As at 31 March 2006		
	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000
Direct credit substitutes	516,867	516,867	436,747	540,826	540,826	438,374
Certain transaction- related contingent items	190,439	95,220	95,220	206,010	103,005	103,005
Short-term self- liquidating trade- related contingencies	263,572	52,714	52,714	345,374	69,075	69,075
Obligations under underwriting agreements	20,000	10,000	10,000	140,000	70,000	70,000
Unpaid portion of partly paid shares	150	150	150	150	150	150
Irrevocable commitments to extend credit:						
– maturing less than one year	8,249,434	–	–	8,811,423	–	–
– maturing more than one year	1,069,412	534,706	534,706	1,279,823	639,911	639,911
Foreign exchange related contracts:						
– less than one year	888,904	5,716	–	1,695,579	16,466	4,143
Interest rate swap contracts:						
– maturing within one year	1,050,000	2,114	423	550,000	1,311	262
– maturing more than one year to less than five years	9,267,880	143,109	28,622	3,562,189	74,100	14,820
– maturing more than five years	749,500	66,975	13,395	736,620	66,296	13,259
Islamic financing sold to Cagamas Berhad with recourse	–	–	–	2,205,827	2,205,827	2,205,827
Other commitments	27,036	–	–	108,910	–	–
Total	22,293,194	1,427,571	1,171,977	20,182,731	3,786,967	3,558,826

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

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A31. Derivative Financial Instruments

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

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

The Group and the Bank

Items	Principal Amount RM'000	1 month or less RM'000	> 1-3 months RM'000	> 3-6 months RM'000	> 6-12 months RM'000	> 1-5 years RM'000	> 5 years RM'000
Foreign exchange related contracts:							
– forward	730,898	572,253	–	158,645	–	–	–
– spot	158,006	158,006	–	–	–	–	–
	888,904	730,259	–	158,645	–	–	–
Interest rate related contracts:							
– swap	11,067,380	200,000	–	250,000	600,000	9,267,880	749,500
Total	11,956,284	930,259	–	408,645	600,000	9,267,880	749,500

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

	Contract Amount RM'000	Fair Value RM'000	Positive Mark-to-market RM'000	Negative Mark-to-market RM'000	Net Negative Mark-to-market RM'000
Interest Rate related contracts	11,067,380	10,993,703	9,276	(82,953)	(73,677)

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A31. Derivative Financial Instruments (continued)

Risk Management Policy on Financial Derivatives

Purpose of engaging in financial derivatives

Derivative financial instruments are contracts whose value is derived from one or more underlying financial instruments or indices. They include swaps and forward rate agreements. The use of derivatives and their sale to customers as risk management products is an integral part of the Group's activities. Derivatives are also used to manage the Group's own exposure to fluctuations in foreign exchange and interest rates as part of its asset and liability management activities. The Group's involvement in financial derivatives is currently focused on interest rate derivatives and foreign exchange rate derivatives.

The principal exchange rate contracts used are forward foreign exchange contracts. Forward foreign exchange contracts are agreements to buy or sell a specified quantity of foreign currency on a specified future date at an agreed rate.

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

Risk associated with financial derivatives

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

Market Risk

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

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

As at 30 September 2006, the amount of contracts which were not hedged in the Group and the Bank and, hence, exposed to market risk was RM Nil (31 March 2006: RM Nil).

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A31. Derivative Financial Instruments (continued)

Credit Risk

Counterparty credit risk arises from the possibility that a counterparty may be unable to meet the terms of the derivatives contract in which the Group has a gain position. Unlike conventional asset instruments, the Group's financial loss is not the entire contracted principal value of the derivatives, but rather a fraction equivalent to the cost to replace the defaulted contract with another in the market. The cost of replacement is equivalent to the difference between the original value of the derivatives at time of contract with the defaulted counterparty and the current fair value of a similar substitute at current market prices. The Group will only suffer a replacement cost if the contract carries a fair value gain at time of default.

As at 30 September 2006, the amounts of counterparty credit risk, measured in term of the cost to replace the profitable contracts of the Group was RM0.2 million (31 March 2006: RM16.5 million).

The Group limits its credit risk within a conservative framework by dealing with creditworthy counterparties, setting credit limits on exposures to counterparties, and obtaining collateral where appropriate.

Related Accounting Policies

Forward Exchange Contracts

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

Interest Rate Swaps, Futures, Options and Forward Rate Contracts

Interest income or interest expense associated with interest rate swaps is recognised over the life of the swap agreement as a component of interest income or interest expense.

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A32. Capital Adequacy

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

The risk weighted capital adequacy ratio of the Bank of 12.81% (31 March 2006: 12.14%) exceeds the minimum requirements of BNM.

	The Bank	
	30 September 2006 RM'000	31 March 2006 RM'000
<u>Tier 1 capital</u>		
Paid-up share capital	610,364	610,364
Innovative Tier 1 capital	500,536	461,506
Share premium	379,953	379,953
Statutory reserve	585,832	585,832
Capital reserve	330,705	330,705
Unappropriated profit	1,436,287	1,348,057
	<u>3,843,677</u>	<u>3,716,417</u>
Less: Deferred tax asset	(507,245)	(640,146)
Total Tier 1 capital	<u>3,336,432</u>	<u>3,076,271</u>
<u>Tier 2 capital</u>		
Innovative Tier 1 capital	236,964	275,114
Subordinated term loan	1,140,000	1,140,000
Subordinated bonds	200,000	200,000
General allowance for bad and doubtful debts and financing	545,359	655,374
	<u>2,122,323</u>	<u>2,270,488</u>
	<u>5,458,755</u>	<u>5,346,759</u>
Less: Investment in subsidiary companies	(813,847)	(29,779)
Capital base	<u>4,644,908</u>	<u>5,316,980</u>

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A32. Capital Adequacy (continue)

	30 September 2006		31 March 2006	
	Principal RM'000	Risk - Weighted RM'000	Principal RM'000	Risk - Weighted RM'000
Notional risk-weighted assets				
Categories				
0%	4,721,814	—	8,328,926	—
10%	22,059	2,206	67,059	6,706
20%	4,493,825	898,765	4,222,296	844,459
50%	8,488,314	4,244,157	8,119,385	4,059,693
100%	31,113,407	31,113,407	38,871,146	38,871,146
	<u>48,839,419</u>	<u>36,258,535</u>	<u>59,608,812</u>	<u>43,782,004</u>
Capital Ratios				
Core capital ratio		9.20%		7.03%
Risk-weighted capital ratio		<u>12.81%</u>		<u>12.14%</u>

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

	The Group	
	30 September 2006 RM'000	31 March 2006 RM'000
<u>Tier 1 capital</u>		
Paid-up share capital	610,364	610,364
Innovative Tier 1 capital	501,948	463,469
Share premium	379,953	379,953
Statutory reserves	585,832	585,832
Capital reserves	377,492	377,492
Merger reserves	679,757	679,757
Unappropriated profit	918,039	785,600
Minority interest	66	70
	<u>4,053,451</u>	<u>3,882,537</u>
Less: Deferred tax asset	<u>(707,604)</u>	<u>(793,184)</u>
Total Tier 1 capital	<u>3,345,847</u>	<u>3,089,353</u>

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A32. Capital Adequacy (continue)

	The Group	
	30 September 2006 RM'000	31 March 2006 RM'000
<u>Tier 2 capital</u>		
Innovative Tier 1 capital	235,552	273,151
Subordinated term loan	1,140,000	1,140,000
Subordinated bonds	200,000	200,000
General allowance for bad and doubtful debts and financing	683,125	655,374
Total Tier 2 capital	<u>2,258,677</u>	<u>2,268,525</u>
Capital base	<u>5,604,524</u>	<u>5,357,878</u>

	30 September 2006		31 March 2006	
	Principal RM'000	Risk - Weighted RM'000	Principal RM'000	Risk - Weighted RM'000
Notional risk-weighted assets				
Categories				
0%	6,331,493	—	8,328,926	—
10%	22,059	2,206	67,059	6,706
20%	4,825,525	965,105	4,236,954	847,390
50%	8,809,544	4,404,772	8,119,385	4,059,693
100%	<u>40,224,287</u>	<u>40,224,287</u>	<u>38,901,332</u>	<u>38,901,332</u>
	<u>60,212,908</u>	<u>45,596,370</u>	<u>59,653,656</u>	<u>43,815,121</u>

Capital Ratios

Core capital ratio	7.34%	7.05%
Risk-weighted capital ratio	<u>12.29%</u>	<u>12.23%</u>

- * The notional risk-weighted assets of the Group as at 30 September 2006 have been adjusted to incorporate market risk, pursuant to Bank Negara Malaysia's Market Risk Capital Adequacy Framework which became effective on 1 April 2005.

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The following table shows the interest rate sensitivity gap, by time bands, on which interest rates of instruments are next repriced on a contractual basis or, if earlier, the dates on which the instruments mature.

30 September 2006

Non-Trading Book

The Group	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Trading Book RM'000	Total RM'000	Effective interest rate %
ASSETS										
Cash and short-term funds	6,872,695	—	—	—	—	—	199,204	—	7,071,899	4.05
Deposits and placements with financial institutions	—	316,875	—	103	—	737,500	—	—	1,054,478	3.71
Securities held-for-trading	—	—	—	—	—	—	24	848,822	848,846	4.64
Securities available-for-sale	399,995	—	—	—	19,834	74,455	181,956	—	676,240	3.92
Securities held-to-maturity	—	—	—	—	412,966	691,319	116,032	—	1,220,317	3.71
Loans, advances and financing										
– Performing	11,732,500	702,940	1,037,589	340,090	7,379,175	17,525,630	—	—	38,717,924	7.58
– Non-performing	—	—	—	—	—	—	3,228,221	—	3,228,221	—
Other non-interest sensitive balances	—	—	—	—	—	—	3,308,230	—	3,308,230	—
TOTAL ASSETS	19,005,190	1,019,815	1,037,589	340,193	7,811,975	19,028,904	7,033,667	848,822	56,126,155	
LIABILITIES AND EQUITY										
Deposits from customers	14,479,724	5,272,740	4,814,956	6,047,797	3,402,168	—	—	—	34,017,385	3.36
Deposits and placements of banks and other financial institutions	4,168,105	3,091,691	1,061,808	1,072,189	1,685,045	1,657,500	—	—	12,736,338	3.66
Securities sold under repurchase agreements	254,992	—	—	—	—	—	—	—	254,992	3.28
Bills and acceptances payables	318,489	585,452	191,474	—	—	—	—	—	1,095,415	—
Amount due to Cagamas Berhad	96,488	213,765	339,891	248,156	456,035	—	—	—	1,354,335	3.69
Subordinated term loan	—	—	—	680,000	460,000	—	—	—	1,140,000	6.65
Hybrid securities	—	—	—	—	—	727,936	—	—	727,936	6.77
Subordinated bonds	—	—	—	—	200,000	—	—	—	200,000	7.95
Other non-interest sensitive balances	—	—	—	—	—	—	1,049,570	—	1,049,570	—
Total Liabilities	19,317,798	9,163,648	6,408,129	8,048,142	6,203,248	2,385,436	1,049,570	—	52,575,971	
Minority interests	—	—	—	—	—	—	66	—	66	
Shareholder's Equity	—	—	—	—	—	—	3,550,118	—	3,550,118	
TOTAL LIABILITIES AND EQUITY	19,317,798	9,163,648	6,408,129	8,048,142	6,203,248	2,385,436	4,599,754	—	56,126,155	
On-balance sheet interest sensitivity gap	(312,608)	(8,143,833)	(5,370,540)	(7,707,949)	1,608,727	16,643,468	2,433,913	848,822	—	
Off-balance sheet interest sensitivity gap	2,617,880	7,097,500	(235,500)	(650,000)	(8,817,880)	(12,000)	—	—	—	
Total interest sensitivity gap	2,305,272	(1,046,333)	(5,606,040)	(8,357,949)	(7,209,153)	16,631,468	2,433,913	848,822	—	

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The Group	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Trading Book RM'000	Total RM'000	Effective interest rate %
ASSETS										
Cash and short-term funds	5,973,362	—	—	—	—	—	1,344,536	—	7,317,898	3.42
Deposits and placements with financial institutions	—	128,908	116,665	36,934	736,620	—	102,126	—	1,121,253	3.37
Securities held-for-trading	—	—	—	—	—	—	511,272	1,758,080	2,269,352	3.28
Securities available-for-sale	—	—	—	—	19,848	73,701	237,964	—	331,513	4.85
Securities held-to-maturity	—	—	21,902	83,401	441,251	705,936	108,656	—	1,361,146	3.41
Loans, advances and financing										
– Performing	11,069,819	580,017	902,780	206,669	6,788,679	11,771,065	6,216,052	—	37,535,081	7.41
– Non-performing	—	—	—	—	—	—	3,201,470	—	3,201,470	—
Other non-interest sensitive balances	—	—	—	—	—	—	3,271,686	—	3,271,686	—
TOTAL ASSETS	17,043,181	708,925	1,041,347	327,004	7,986,398	12,550,702	14,993,762	1,758,080	56,409,399	
LIABILITIES AND EQUITY										
Deposits from customers	12,533,107	4,764,273	3,759,426	5,721,536	1,502,264	—	4,214,221	—	32,494,827	3.09
Deposits and placements of banks and other financial institutions	3,584,735	2,152,032	781,105	1,345,291	793,656	1,657,500	3,099,230	—	13,413,549	3.41
Securities sold under repurchase agreements	1,011,886	92,735	—	—	—	—	—	—	1,104,621	3.19
Bills and acceptances payables	223,500	364,670	92,996	—	—	—	228,454	—	909,620	3.85
Amount due to Cagamas Berhad	141,141	55,928	14,520	647,849	919,517	—	—	—	1,778,955	3.89
Subordinated term loan	—	—	—	—	1,140,000	—	—	—	1,140,000	6.55
Hybrid securities	—	—	—	—	—	727,734	—	—	727,734	6.77
Subordinated bonds	—	—	—	—	200,000	—	—	—	200,000	7.95
Other non-interest sensitive balances	—	—	—	—	—	—	1,218,297	—	1,218,297	—
Total Liabilities	17,494,369	7,429,638	4,648,047	7,714,676	4,555,437	2,385,234	8,760,202	—	52,987,603	
Minority interests	—	—	—	—	—	—	70	—	70	
Shareholder's Equity	—	—	—	—	—	—	3,421,726	—	3,421,726	
TOTAL LIABILITIES AND EQUITY	17,494,369	7,429,638	4,648,047	7,714,676	4,555,437	2,385,234	12,181,998	—	56,409,399	
On-balance sheet interest sensitivity gap	(451,188)	(6,720,713)	(3,606,700)	(7,387,672)	3,430,961	10,165,468	2,811,764	1,758,080	—	
Off-balance sheet interest sensitivity gap	967,189	2,695,000	(50,000)	(450,000)	(3,162,189)	—	—	—	—	
Total interest sensitivity gap	516,001	(4,025,713)	(3,656,700)	(7,837,672)	268,772	10,165,468	2,811,764	1,758,080	—	

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The Bank	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	>1 to 5 years	Over 5 years	Non- interest sensitive	Trading Book	Total	Effective interest rate
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS										
Cash and short-term funds	5,532,644	—	—	—	—	—	191,863	—	5,724,507	4.05
Deposits and placements with financial institutions	6,754	40,875	—	—	647	737,500	—	—	785,776	3.71
Securities held-for-trading	—	—	—	—	—	—	—	636,225	636,225	4.64
Securities available-for-sale	399,995	—	—	—	19,834	74,455	181,956	—	676,240	3.92
Securities held-to-maturity	—	—	—	—	412,966	691,319	115,814	—	1,220,099	3.71
Loans, advances and financing										
– Performing	11,388,124	512,502	966,021	220,632	7,070,900	12,717,669	—	—	32,875,848	7.58
– Non-performing	—	—	—	—	—	—	3,029,335	—	3,029,335	—
Other non-interest sensitive balances	—	—	—	—	—	—	3,612,354	—	3,612,354	—
TOTAL ASSETS	17,327,517	553,377	966,021	220,632	7,504,347	14,220,943	7,131,322	636,225	48,560,384	
LIABILITIES AND EQUITY										
Deposits from customers	11,675,863	4,568,165	4,489,504	5,797,505	3,343,260	—	—	—	29,874,297	3.36
Deposits and placements of banks and other financial institutions	3,634,199	2,711,823	792,613	528,680	657,241	1,657,500	—	—	9,982,056	3.66
Securities sold under repurchase agreements	254,992	—	—	—	—	—	—	—	254,992	3.28
Bills and acceptances payables	220,607	428,179	148,116	—	—	—	—	—	796,902	—
Amount due to Cagamas Berhad	96,488	213,765	339,891	248,156	456,035	—	—	—	1,354,335	3.69
Subordinated term loan	—	—	—	680,000	460,000	727,936	—	—	1,867,936	6.7
Subordinated bonds	—	—	—	—	200,000	—	—	—	200,000	7.95
Other non-interest sensitive balances	—	—	—	—	—	—	888,044	—	888,044	—
Total Liabilities	15,882,149	7,921,932	5,770,124	7,254,341	5,116,536	2,385,436	888,044	—	45,218,562	
Minority interests	—	—	—	—	—	—	—	—	—	
Shareholder's Equity	—	—	—	—	—	—	3,341,822	—	3,341,822	
TOTAL LIABILITIES AND EQUITY	15,882,149	7,921,932	5,770,124	7,254,341	5,116,536	2,385,436	4,229,866	—	48,560,384	
On-balance sheet interest sensitivity gap	1,445,368	(7,368,555)	(4,804,103)	(7,033,709)	2,387,811	11,835,507	2,901,456	636,225	—	
Off-balance sheet interest sensitivity gap	2,617,880	7,097,500	(235,500)	(650,000)	(8,817,880)	(12,000)	—	—	—	
Total interest sensitivity gap	4,063,248	(271,055)	(5,039,603)	(7,683,709)	(6,430,069)	11,823,507	2,901,456	636,225	—	

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Non-Trading Book

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

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A33. Operations of Islamic Banking**A33a. Unaudited Balance Sheets as at 30 September 2006**

	The Group		The Bank	
	30 September 2006 RM'000	31 March 2006 RM'000	30 September 2006 RM'000	31 March 2006 RM'000
ASSETS				
Cash and short-term funds	1,346,298	1,154,550	–	1,154,550
Deposits and placements with financial institutions	280,000	102,126	–	102,126
Securities held-for-trading	212,597	511,248	–	511,248
Financing, advances and other loans (Note A33c)	6,040,962	6,431,606	–	6,431,606
Other assets	53,553	8,541	–	8,541
Statutory deposit with Bank Negara Malaysia	264,000	275,350	–	275,350
Deferred tax asset	196,959	68,685	–	68,685
Property and equipment	437	6	–	6
Intangible assets	40	–	–	–
TOTAL ASSETS	8,394,846	8,552,112	–	8,552,112
LIABILITIES AND ISLAMIC BANKING FUND				
Deposits from customers	4,159,702	4,214,221	–	4,214,221
Deposits and placements of banks and other financial institutions	2,765,683	3,087,829	–	3,087,829
Bills and acceptances payable	298,513	228,454	–	228,454
Other liabilities	191,131	249,386	–	249,386
Total Liabilities	7,415,029	7,779,890	–	7,779,890
Capital funds	403,038	460,542	–	460,542
Unappropriated profits	576,779	311,680	–	311,680
Islamic Banking Funds	979,817	772,222	–	772,222
TOTAL LIABILITIES AND ISLAMIC BANKING FUND	8,394,846	8,552,112	–	8,552,112
COMMITMENTS AND CONTINGENCIES	4,316,686	3,360,090	–	3,360,090

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A33b. Unaudited Income Statements for the Financial Half Year Ended 30 September 2006

<u>The Group</u>	Individual Quarter		Half Year Ended	
	30 September 2006 RM'000	30 September 2005 RM'000	30 September 2006 RM'000	30 September 2005 RM'000
Income derived from investment of depositors' funds	175,828	165,557	343,095	327,263
Income derived from investment of Islamic Banking Capital Fund	31,741	9,000	61,293	21,100
Allowance for losses on financing, advances and other loans	(40,353)	(37,248)	(79,022)	(68,759)
Transfer from/(to) profit equalisation reserve	15,470	(14,592)	20,315	(9,053)
Other expenses directly attributable to the investment of the depositors and shareholder's funds	(7,674)	(10,732)	(14,730)	(20,228)
Total distributable income	175,012	111,985	330,951	250,323
Income attributable to the depositors	(88,301)	(59,797)	(167,207)	(118,674)
Total net income	86,711	52,188	163,744	131,649
Other operating expenses	(42,284)	(27,916)	(80,000)	(62,738)
Profit before taxation	44,427	24,272	83,744	68,911
Taxation	(18,210)	(9,787)	(29,187)	(20,284)
Profit after taxation	26,217	14,485	54,557	48,627

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A33b. Unaudited Income Statements for the Financial Half Year Ended 30 September 2006 (continued)

	Individual Quarter		Half Year Ended	
	30 September	30 September	30 September	30 September
	2006	2005	2006	2005
<u>The Bank</u>	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds ⁰	–	165,557	54,554	311,291
Income derived from investment of Islamic Banking Capital Fund	–	9,000	9,252	20,690
Allowance for losses on financing, advances and other loans (Note A19)	–	(37,248)	(10,947)	(67,048)
Transfer from/(to) profit equalisation reserve	–	(14,592)	1,739	(8,738)
Other expenses directly attributable to the investment of the depositors and shareholder's funds	–	(10,732)	(2,201)	(20,228)
Total attributable income	–	111,985	52,397	235,967
Income attributable to the depositors	–	(59,797)	(25,402)	(112,085)
Total net income	–	52,188	26,995	123,882
Other operating expenses (Note A18)	–	(27,916)	(10,542)	(62,417)
Profit before taxation	–	24,272	16,453	61,465
Taxation	–	(9,787)	(4,607)	(20,284)
Profit after taxation	–	14,485	11,846	41,181

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A33c. Financing, Advances and Other Loans

	The Group		The Bank	
	30 September 2006 RM'000	31 March 2006 RM'000	30 September 2006 RM'000	31 March 2006 RM'000
Overdrafts	2,070	—	—	—
Term loans facilities			—	
– Housing loans/financing	847,042	838,309	—	838,309
– Hire-purchase receivables	8,198,552	7,911,258	—	7,911,258
– Other loans/financing	2,287,200	1,974,198	—	1,974,198
Card receivables	314,011	298,426	—	298,426
Trust receipts	18,656	20,560	—	20,560
Claims on customers under acceptance credits	316,227	280,504		280,504
Revolving credits	47,356	4,329		4,329
	<u>12,031,114</u>	<u>11,327,584</u>	<u>—</u>	<u>11,327,584</u>
Unearned income	(2,618,221)	(2,415,348)	—	(2,415,348)
	<u>9,412,893</u>	<u>8,912,236</u>	<u>—</u>	<u>8,912,236</u>
Gross financing, advances and other loans				
Less: Islamic financing sold to Cagamas Berhad	(3,005,666)	(2,205,827)	—	(2,205,827)
	<u>6,407,227</u>	<u>6,706,409</u>	<u>—</u>	<u>6,706,409</u>
Allowance for bad and doubtful debts and financing:				
– general	(137,766)	(131,533)	—	(131,533)
– specific	(228,499)	(143,270)	—	(143,270)
	<u>6,040,962</u>	<u>6,431,606</u>	<u>—</u>	<u>6,431,606</u>
Net financing, advances and other loans				

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A33c. Financing, Advances and Other Loans (continued)

	The Group		The Bank	
	30 September 2006 RM'000	31 March 2006 RM'000	30 September 2006 RM'000	31 March 2006 RM'000
i) Movements in non-performing financing, advances and other loans ("NPL") are as follows:				
Balance at 1 April	491,514	533,625	491,514	384,489
Non-performing during the period	210,511	456,337	82,440	398,058
Amount vested (to)/from subsidiary company	—	—	(510,976)	139,692
Reclassified as performing	(86,248)	(210,756)	(53,408)	(145,234)
Recoveries	(50,625)	(90,518)	(9,570)	(88,317)
Amount written off	—	(197,174)	—	(197,174)
Balance at end of year	565,152	491,514	—	491,514
Less:				
Specific allowance	(228,499)	(143,270)	—	(143,270)
Net non-performing financing, advances and other loans	336,653	348,244	—	348,244
Net NPL as % of gross financing, advances and other loans less specific allowance	3.67%	3.97%	—	3.97%

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A33c. Financing, Advances and Other Loans (continued)

	The Group		The Bank	
	30 September 2006 RM'000	31 March 2006 RM'000	30 September 2006 RM'000	31 March 2006 RM'000
ii) Movements in the allowance for bad and doubtful debts and financing accounts are as follows:				
General Allowance				
Balance at 1 April	131,533	113,353	131,533	99,406
Allowance made during the period	6,233	18,180	775	17,925
Amount vested (to)/from subsidiary company	—	—	(132,308)	14,202
Balance at end of period	<u>137,766</u>	<u>131,533</u>	<u>—</u>	<u>131,533</u>
% of gross loans, financing and other loans less specific allowance	<u>1.50%</u>	<u>1.50%</u>	<u>—</u>	<u>1.50%</u>
Specific Allowance				
Balance at 1 April	<u>143,270</u>	<u>199,064</u>	<u>143,270</u>	<u>108,721</u>
Allowance made during the period	121,553	231,638	18,509	227,389
Amount written back in respect of recoveries	<u>(43,224)</u>	<u>(86,685)</u>	<u>(7,732)</u>	<u>(84,483)</u>
Net charge to income statements	78,329	144,953	10,777	142,906
Amount vested (to)/from subsidiary company	—	—	(154,047)	92,390
Amount transferred to accumulated impairment loss in value of securities	—	(2,076)	—	(2,076)
Amount written off/ Adjustment to Asset Deficiency Account	<u>6,900</u>	<u>(198,671)</u>	<u>—</u>	<u>(198,671)</u>
Balance at end of period	<u>228,499</u>	<u>143,270</u>	<u>—</u>	<u>143,270</u>

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A33d. Deposits from Customers

i) By type of deposits

	The Group		The Bank	
	30 September 2006 RM'000	31 March 2006 RM'000	30 September 2006 RM'000	31 March 2006 RM'000
<u>Non-Mudharabah Fund</u>				
Demand deposits	278,049	200,789	—	200,789
Savings deposits	549,487	508,347	—	508,347
Islamic negotiable certificates of deposits	167,586	99,887	—	99,887
	<u>995,122</u>	<u>809,023</u>	<u>—</u>	<u>809,023</u>
<u>Mudharabah Fund</u>				
General investment deposit	<u>3,164,580</u>	<u>3,405,198</u>	<u>—</u>	<u>3,405,198</u>
Deposit from customers	<u>4,159,702</u>	<u>4,214,221</u>	<u>—</u>	<u>4,214,221</u>

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A34. Change in Accounting Policies

(a) Change in Accounting Policies

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

(1) FRS 101: Presentation of Financial Statements

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

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

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

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

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

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

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

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A34. Change in Accounting Policies (continued)

(b) Prior Year Adjustments

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

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
The Group			
As at 31 March 2006			
Property and equipment	423,691	(36,843)	386,848
Intangible assets	—	36,843	36,843
The Bank			
As at 31 March 2006			
Property and equipment	392,096	(36,843)	355,253
Intangible assets	—	36,843	36,843