

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

UNAUDITED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2006

		The Group	
	Note	31.12.06	31.3.06
		RM'000	RM'000
ASSETS			
Cash and short-term funds		2,559,891	3,157,087
Securities purchased under resale agreements		506,107	716,176
Deposits and placements with banks and other financial institutions		1,515,152	1,224,646
Securities held-for-trading	A8	5,134,363	7,239,636
Securities available-for-sale	A9	3,338,609	834,480
Securities held-to-maturity	A10	1,158,788	1,806,654
Loans, advances and financing	A11	4,296,479	4,177,632
Other assets	A12	985,784	563,985
Statutory deposit with Bank Negara Malaysia		171,700	244,130
Investments in associated companies		3,428	41,852
Property and equipment		42,256	42,344
Deferred tax assets		63,630	66,644
Intangible assets		126,179	116,085
TOTAL ASSETS		19,902,366	20,231,351
LIABILITIES AND EQUITY			
Deposits from customers	A13	5,365,552	6,432,177
Deposits and placements of banks and other financial institutions	A14	7,815,562	7,516,897
Obligations on securities sold under repurchase agreements		2,613,676	2,562,617
Acceptances payable		84	3,103
Other liabilities	A15	913,465	597,273
Recourse obligations on loans sold to Cagamas Berhad		56,304	89,694
Term loans		264,750	276,232
Redeemable unsecured subordinated bonds		595,000	595,000
Total Liabilities		17,624,393	18,072,993
Share capital		1,320,000	1,320,000
Reserves		957,283	837,405
Shareholders' equity		2,277,283	2,157,405
Minority interests		690	953
Total Equity		2,277,973	2,158,358
TOTAL LIABILITIES AND EQUITY		19,902,366	20,231,351
COMMITMENTS AND CONTINGENCIES	A25	42,469,847	25,493,935

AmINVESTMENT GROUP BERHAD
(657000-X) (Incorporated in Malaysia)
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UNAUDITED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2006 (CONTD.)

	The Group	
	31.12.06	31.3.06
	RM'000	RM'000
CAPITAL ADEQUACY		
Core Capital Ratio	14.34%	15.24%
Risk-Weighted Capital Ratio	18.53%	16.44%
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NET ASSETS PER SHARE (RM)	1.73	1.63
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The Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2006.

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

UNAUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2006

		Individual Quarter		Cumulative Quarter	
		31.12.06	31.12.05	31.12.06	31.12.05
	Note	RM'000	RM'000	RM'000	RM'000
Operating revenue		437,408	251,849	1,041,676	786,238
Interest income	A16	204,931	167,549	585,356	444,868
Interest expense	A17	(147,255)	(110,535)	(445,641)	(318,583)
Net interest income		57,676	57,014	139,715	126,285
Income from Islamic banking business		19,932	19,185	35,200	64,313
Other operating income	A18	212,545	65,115	421,120	277,057
Net income		290,153	141,314	596,035	467,655
Other operating expenses	A19	(60,241)	(47,472)	(168,626)	(146,474)
Operating profit		229,912	93,842	427,409	321,181
Allowance for losses on loans and financing	A20	(54,713)	(3,970)	(74,641)	(42,180)
Impairment (loss)/writeback on:					
Securities		(2,424)	2,806	(33,234)	7,516
Assets acquired in exchange of debts		-	-	(936)	(660)
Transfer (to)/from profit equalisation reserve		(63)	(917)	62	552
Writeback of allowance/(Allowance) for doubtful sundry receivables - net		177	3,133	(9)	(5,061)
Writeback of provision for commitments		7	502	325	63
Profit before share in results of associated companies		172,896	95,396	318,976	281,411
Share in results of associated companies		152	132	1,198	1,800
Profit before taxation		173,048	95,528	320,174	283,211
Taxation	B5	(45,565)	(24,642)	(87,517)	(73,891)
Profit after taxation		127,483	70,886	232,657	209,320
Attributable to:					
Equity holders of the Company		127,522	70,944	232,698	208,015
Minority interests		(39)	(58)	(41)	1,305
Profit after taxation		127,483	70,886	232,657	209,320
Basic earnings per share (sen)	B13	9.66	5.37	17.63	16.31

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

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

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2006

	-----Attributable to Equity Holders of the Company-----									
	Non-distributable					Distributable		Total shareholders' equity	Minority interests	Total equity
The Group	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Statutory reserve RM'000	Available-for-sale reserve RM'000	Exchange fluctuation reserve RM'000	Unappropriated profits RM'000			
At 1 April 2005	1,109,442	-	60,284	300,000	(12,433)	(4,519)	186,022	1,638,796	6,594	1,645,390
Net unrealised gain on revaluation of securities available-for-sale	-	-	-	-	4,190	-	-	4,190	-	4,190
Expenses relating to initial public offering of the Company	-	(3,702)	-	-	-	-	-	(3,702)	-	(3,702)
Exchange fluctuation adjustments	-	-	-	-	-	2,701	-	2,701	-	2,701
Net income/(expense) recognised directly in equity	-	(3,702)	-	-	4,190	2,701	-	3,189	-	3,189
Profit for the period	-	-	-	-	-	-	208,015	208,015	1,305	209,320
Total recognised income and expense for the period	-	(3,702)	-	-	4,190	2,701	208,015	211,204	1,305	212,509
Transfer from unappropriated profits	-	-	-	29,549	-	-	(29,549)	-	-	-
Disposal of shares in assets management and unit trust subsidiary companies	-	-	-	-	-	-	-	-	(7,413)	(7,413)
Issued during the period	210,558	84,223	-	-	-	-	-	294,781	-	294,781
Dividends paid	-	-	-	-	-	-	(38,016)	(38,016)	-	(38,016)
At 31 December 2005	1,320,000	80,521	60,284	329,549	(8,243)	(1,818)	326,472	2,106,765	486	2,107,251

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

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2006

	<-----Attributable to Equity Holders of the Company----->									
	Non-distributable					Distributable		Total shareholders' equity RM'000	Minority interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Statutory reserve RM'000	Available-for- sale reserve RM'000	Exchange fluctuation reserve RM'000	Unappropriated profits RM'000			
At 1 April 2006	1,320,000	80,521	60,284	329,549	5,114	(3,868)	365,805	2,157,405	953	2,158,358
Net unrealised gain on revaluation of securities available-for-sale	-	-	-	-	18,187	-	-	18,187	-	18,187
Exchange fluctuation adjustments	-	-	-	-	-	(2,043)	-	(2,043)	-	(2,043)
Net income/(expense) recognised directly in equity	-	-	-	-	18,187	(2,043)	-	16,144	-	16,144
Profit for the period	-	-	-	-	-	-	232,698	232,698	(41)	232,657
Total recognised income and expense for the period	-	-	-	-	18,187	(2,043)	232,698	248,842	(41)	248,801
Arising from acquisition of AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	-	-	300	300
Arising from acquisition of Am ARA REIT Holdings Sdn Bhd	-	-	-	-	-	-	-	-	300	300
Disposal of shares in P.T. AmCapital Indonesia	-	-	-	-	-	-	-	-	(822)	(822)
Dividends paid	-	-	-	-	-	-	(128,964)	(128,964)	-	(128,964)
At 31 December 2006	1,320,000	80,521	60,284	329,549	23,301	(5,911)	469,539	2,277,283	690	2,277,973

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

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

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2006

	Cumulative Quarter	
	31.12.06	31.12.05
	RM'000	RM'000
Profit before taxation	320,174	283,211
Add adjustments for non-operating and non cash items	(151,534)	(108,790)
Operating profit before working capital changes	168,640	174,421
Decrease/(Increase) in operating assets	1,766,601	(2,440,105)
(Increase)/Decrease in operating liabilities	(558,327)	1,753,671
Cash used in operations	1,376,914	(512,013)
Taxation paid	(56,280)	(54,119)
Net cash generated from/(used in) operating activities	1,320,634	(566,132)
Net cash used in investing activities	(1,817,197)	(544,617)
Net cash (used in)/generated from financing activities	(129,186)	256,765
Net decrease in cash and cash equivalents	(625,749)	(853,984)
Cash and cash equivalents at beginning of period	3,007,594	2,501,053
Cash and cash equivalents at end of period	2,381,845	1,647,069

Cash and Cash Equivalents

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

	The Group	
	31.12.06	31.12.05
	RM'000	RM'000
Cash and short term funds	2,559,891	1,775,140
Bank overdraft	(9,503)	-
	2,550,388	1,775,140
Less: Cash and bank balances and deposits held in trust	(168,357)	(127,853)
	2,382,031	1,647,287
Effects of exchange rate differences	(186)	(218)
	2,381,845	1,647,069

Note 1 : Acquisition of Frasers International Pte. Ltd ("FIPL")

The fair values of assets and liabilities assumed arising from the acquisition of the remaining 51.0% equity interest in FIPL, during the financial period ended 31 December 2006 were as follows:

	Unaudited As at 31 August 2006 RM'000
Net assets acquired:	
Cash and short-term funds	48,603
Deposits and placements with banks and other financial institutions	3,578
Property and equipment	1,740
Other assets	119,233
Other liabilities	(94,000)
Net assets acquired	<u>79,154</u>
Goodwill on acquisition	<u>10,424</u>
	89,578
Less: Amount accounted for as an associate	<u>(39,622)</u>
Purchase price paid	49,956
Less: Cash and short-term funds	<u>(48,603)</u>
Cash flow on acquisition, net of cash acquired	<u>1,353</u>

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

EXPLANATORY NOTES :

A1. BASIS OF PREPARATION

The interim financial statements have been prepared in accordance with Financial Reporting Standards ("FRS") 134, Interim Financial Reporting, issued by Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") and should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2006.

The accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the previous audited annual financial statements except for the adoption of the new and revised FRSs issued by MASB that are effective for the Group's first FRS annual reporting date, 31 March 2007. The adoption of the new and revised FRS have resulted in changes in the accounting policies of the Group and are disclosed in Note A31.

The specific and general allowances for loans, advances and financing of the Group are computed based on BNM's guidelines on the "Classification of Non-Performing Loans and Provisions for Substandard, Bad and Doubtful Debts" ("BNM/GP3") requirements. No values are assigned to property collaterals for loans, which are in arrears for more than seven years, although the realisable values based on independent valuers are available. For property loans more than than five years but less than seven years, 50% of the realisable values of the properties held as collaterals are assigned to the loans.

The unaudited condensed interim financial statements incorporates those activities relating to the Islamic Banking business which have been undertaken by the Group Islamic Banking business and refers generally to the acceptance of deposits, dealing in Islamic securities, granting of financing, capital market and treasury activities under the Shariah principles.

A2. AUDIT QUALIFICATION

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

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

A4. UNUSUAL ITEMS

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

A5. USE OF ESTIMATES

There was no material change in estimates of amounts reported in the prior financial years that have a material effect on the financial quarter and period ended 31 December 2006 other than the adoption of the new and revised FRSs issued by MASB that are effective for the Group's first FRS annual reporting date, 31 March 2007.

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

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

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

A7. DIVIDENDS PAID

During the financial period ended 31 December 2006, a final dividend of 8.5%, less tax amounting to RM80,784,000 for the financial year ended 31 March 2006 was paid on 1 September 2006 to shareholders whose names appear in the Record of Depositors on 17 August 2006.

An interim dividend of 5.0%, less tax amounting to RM48,180,000 for the financial year ending 31 March 2007 was paid on 18 December 2006 to shareholders whose names appear in the Record of Depositors on 15 December 2006.

A8. SECURITIES HELD-FOR-TRADING

	The Group	
	31.12.06	31.3.06
	RM'000	RM'000
At Fair Value		
Money Market Securities		
Treasury bills	9,928	34,282
Islamic Treasury bills	164,504	146
Malaysian Government Securities	316,587	1,306,817
Malaysian Government Investment Certificates	415,876	27,088
Cagamas bonds	25,168	100,021
Khazanah bonds	308	912
Cagamas Mudharabah bearer bonds	29,498	264,207
Negotiable instruments of deposits	-	2,684,425
Negotiable Islamic Debt Certificates	10,606	23,804
Bank Negara Malaysia bills	24,836	5,143
BN Monetary Notes	628,725	-
Sukuk Bank Negara Malaysia	-	95,798
Islamic Bank Negara Malaysia bills	19,752	2,491
	<u>1,645,788</u>	<u>4,545,134</u>
Securities Quoted		
In Malaysia:		
Shares	150,361	101,762
Trust units	131,753	190,048
Corporate bonds	17,315	20,927
Outside Malaysia:		
Shares	24,497	110
	<u>323,926</u>	<u>312,847</u>
Unquoted Securities Of Companies Incorporated In Malaysia:		
Shares	2,200	2,200
Trust units	-	129,908
	<u>2,200</u>	<u>132,108</u>
Unquoted Private Debt Securities		
Of Companies Incorporated:		
In Malaysia:		
Islamic corporate bonds	1,676,952	1,305,975
Corporate notes	75,269	38,420
Corporate bonds	865,134	709,263
Islamic corporate notes	4,816	117,809
Outside Malaysia:		
Corporate bonds	66,011	-
	<u>2,688,182</u>	<u>2,171,467</u>
Unquoted Guaranteed Private Debt		
Securities Of Companies		
Incorporated In Malaysia:		
Corporate bonds	289,320	67,701
Corporate notes	154,224	-
Islamic corporate notes	30,723	10,379
	<u>474,267</u>	<u>78,080</u>
Total securities held-for-trading	<u>5,134,363</u>	<u>7,239,636</u>

A9. SECURITIES AVAILABLE-FOR-SALE

	The Group	
	31.12.06	31.3.06
	RM'000	RM'000
At Fair Value		
Money Market Securities		
Negotiable instruments of deposits	2,429,162	-
Securities Quoted		
In Malaysia		
Corporate bonds	17,727	18,576
Trust units	80,000	-
Outside Malaysia		
Shares	15,564	8,907
	<u>113,291</u>	<u>27,483</u>
Debt Equity Converted Securities		
Quoted in Malaysia		
Shares - with options	15,172	19,822
Shares	4,197	4,882
Loan stocks - collateralised	-	1,064
	<u>19,369</u>	<u>25,768</u>
Unquoted Private Debt Securities		
Of Companies Incorporated		
In Malaysia		
Corporate bonds	111,505	134,250
Islamic corporate notes	-	18,729
Islamic corporate bonds	527,491	217,183
	<u>638,996</u>	<u>370,162</u>
Unquoted Guaranteed Private Debt		
Securities Of Companies		
Incorporated In Malaysia		
Corporate bonds	145,791	411,067
Total	3,346,609	834,480
Accumulated impairment losses	(8,000)	-
Total securities available-for-sale	<u>3,338,609</u>	<u>834,480</u>

A10. SECURITIES HELD-TO-MATURITY

	The Group	
	31.12.06	31.3.06
	RM'000	RM'000
At Amortised Cost		
Securities Quoted		
In Malaysia:		
Shares	2	2
Corporate bonds	28,240	55,247
	<u>28,242</u>	<u>55,249</u>
Investment In Related Licensed Commercial Bank		
Unsecured subordinated term loan:		
Licensed commercial bank	-	460,000
	<u>-</u>	<u>460,000</u>
Unquoted Securities Of Companies Incorporated		
In Malaysia:		
Shares	60,988	60,988
Corporate bonds	101	100
Outside Malaysia:		
Shares	8,277	8,693
	<u>69,366</u>	<u>69,781</u>
Debt Equity Converted Securities:		
Quoted in Malaysia:		
Loan stocks - collateralised	971	971
Loan stocks	424,490	470,379
Unquoted securities of companies incorporated:		
In Malaysia:		
Shares	1,679	1,679
Corporate bonds	387,949	461,939
	<u>815,089</u>	<u>934,968</u>
Unquoted Private Debt Securities Of Companies Incorporated:		
In Malaysia:		
Corporate bonds and notes denominated in USD	58,089	68,674
Islamic corporate bonds	194,385	196,703
Outside Malaysia		
Corporate bonds and notes denominated in USD	105,900	110,493
	<u>358,374</u>	<u>375,870</u>
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	80,112	82,729
Total	<u>1,351,183</u>	<u>1,978,597</u>
Accumulated impairment losses	(192,395)	(171,943)
Total securities held-to-maturity	<u>1,158,788</u>	<u>1,806,654</u>

A11. LOANS, ADVANCES AND FINANCING

	The Group	
	31.12.06	31.3.06
	RM'000	RM'000
Term loans and revolving credits	4,486,410	4,446,902
Staff loans	26,039	27,536
Claims on customers under acceptance credits	84	3,103
	<u>4,512,533</u>	<u>4,477,541</u>
Gross loans, advances and financing		
Less:		
Allowance for bad and doubtful debts and financing:		
General	65,943	63,925
Specific	150,111	235,984
	<u>216,054</u>	<u>299,909</u>
Net loans, advances and financing	<u>4,296,479</u>	<u>4,177,632</u>

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

	The Group			
	31.12.06		31.3.06	
	RM'000	%	RM'000	%
Working capital	1,917,123	42.5	1,795,523	40.1
Construction	775,547	17.2	870,073	19.4
Purchase of securities	488,573	10.8	399,685	8.9
Fixed assets	279,219	6.2	59,882	1.3
Merger and acquisition	212,957	4.7	404,571	9.0
Purchase of landed properties:				
- Residential	48,251	1.1	93,452	2.1
- Non-residential	197,387	4.4	194,289	4.3
Purchase of transport vehicles	8,793	0.2	3,020	0.1
Personnel use	5,391	0.1	5,390	0.1
Other purpose	579,292	12.8	651,656	14.7
Gross loans, advances and financing	<u>4,512,533</u>	<u>100.0</u>	<u>4,477,541</u>	<u>100.0</u>

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

	The Group	
	31.12.06	31.3.06
	RM'000	RM'000
Domestic :		
Other non-bank financial institutions:	82,030	30,019
Business enterprises:		
Small medium enterprises	210,368	172,695
Others	3,834,293	3,967,746
Government and statutory bodies	58,840	83,693
Individuals	137,025	95,510
Foreign entities	189,977	127,878
	<u>4,512,533</u>	<u>4,477,541</u>

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

	The Group	
	31.12.06	31.3.06
	RM'000	RM'000
Variable rate		
Cost-plus	3,724,612	3,695,542
Other variable rates	338,225	269,058
	<u>4,062,837</u>	<u>3,964,600</u>
Fixed rate		
Housing loans	22,978	21,171
Hire purchase receivables	3,062	88
Other fixed rates	423,656	491,682
	<u>449,696</u>	<u>512,941</u>
	<u>4,512,533</u>	<u>4,477,541</u>

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

	The Group	
	31.12.06	31.3.06
	RM'000	RM'000
Balance at beginning of period/year	530,269	839,225
Non-performing during the period/year	50,700	172,302
Amount written off	(173,130)	(96)
Recoveries	(50,904)	(92,643)
Reclassification to performing loans, advances and financing	(4,264)	(386,729)
Exchange fluctuation adjustments	173	(1,790)
Balance at end of period/year	<u>352,844</u>	<u>530,269</u>
Specific allowance	<u>(150,111)</u>	<u>(235,984)</u>
Non-performing loans, advances and financing - net	<u>202,733</u>	<u>294,285</u>
Ratio of non-performing loans, advances and financing to total loans, advances and financing - net	<u>4.65%</u>	<u>6.94%</u>

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

	The Group	
	31.12.06	31.3.06
	RM'000	RM'000
Working capital	182,155	184,540
Construction	113,261	169,675
Non-residential landed properties	16,785	26,327
Merger and acquisition	15,009	58,311
Purchase of securities	5,525	5,525
Personnel use	4,390	4,389
Purchase of transport vehicles	20	20
Fixed assets	-	1,072
Other purpose	15,699	80,410
Gross non-performing loans, advances and financing	<u>352,844</u>	<u>530,269</u>

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

	The Group	
	31.12.06	31.3.06
	RM'000	RM'000
General allowance		
Balance at beginning of period/year	63,925	69,091
Allowance/(Reversal of allowance) during the period/year	2,262	(5,028)
Exchange fluctuation adjustments	(244)	(138)
Balance at end of period/year	<u>65,943</u>	<u>63,925</u>
 % of total loans, advances and financing less specific allowances	 <u>1.51%</u>	 <u>1.51%</u>
Specific allowance		
Balance at beginning of period/year	235,984	157,720
Allowance during the period/year	100,804	105,270
Amount written back in respect of recoveries and reversals	(12,753)	(25,721)
Net charge to income statements	88,051	79,549
Amount written off	(173,278)	(1,044)
Exchange fluctuation adjustments	(646)	(241)
Balance at end of period/year	<u>150,111</u>	<u>235,984</u>

A12. OTHER ASSETS

	The Group	
	31.12.06	31.3.06
	RM'000	RM'000
Trade receivables, net of allowance for doubtful debts	575,940	288,965
Other receivables, deposits and prepayments, net of allowance for doubtful debts	211,697	84,131
Interest/Dividends receivable	102,572	77,145
Amount due from Originators	56,304	89,694
Amount due from brokers	21,972	11,767
Amount due from:		
Holding company	126	272
Related companies	8,836	2,389
Assets acquired in exchange of debts, net of impairment loss	8,337	9,622
	<u>985,784</u>	<u>563,985</u>

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

A13. DEPOSITS FROM CUSTOMERS

	The Group	
	31.12.06	31.3.06
	RM'000	RM'000
Term/Investment deposits from customers	5,224,467	5,510,235
Negotiable instruments of deposits	141,085	921,942
	<u>5,365,552</u>	<u>6,432,177</u>

The deposits are sourced from the following types of customers:

	The Group	
	31.12.06	31.3.06
	RM'000	RM'000
Business enterprises	3,566,723	4,330,012
Individuals	4,149	6,677
Government	959,531	1,469,518
Others	835,149	625,970
	<u>5,365,552</u>	<u>6,432,177</u>

A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	31.12.06	31.3.06
	RM'000	RM'000
Licensed banks:		
Related	3,302,459	2,475,800
Others	815,728	1,689,849
Bank Negara Malaysia	2,500	2,801
Other financial institutions	3,694,875	3,348,447
	<u>7,815,562</u>	<u>7,516,897</u>

A15. OTHER LIABILITIES

	The Group	
	31.12.06	31.3.06
	RM'000	RM'000
Trade payables	590,799	352,617
Other payables and accruals	273,846	141,762
Securities sold not yet re-purchased	35,006	91,437
Provision for commitments	-	325
Amount due to :		
Holding company	31	-
Related companies	452	317
Bank overdrafts	9,503	8,985
Taxation payable	3,005	649
Zakat payable	38	38
Profit equalisation reserve	211	276
Deferred tax liabilities	574	867
	<u>913,465</u>	<u>597,273</u>

A16. INTEREST INCOME

The Group	Individual Quarter		Cumulative Quarter	
	31.12.06	31.12.05	31.12.06	31.12.05
	RM'000	RM'000	RM'000	RM'000
Short-term funds and deposits with financial institutions	43,192	17,897	114,369	57,812
Securities held-for-trading	45,624	40,754	150,953	110,558
Securities available for sale	33,586	9,894	81,582	21,235
Securities held-to-maturity	9,009	19,039	17,332	41,908
Loans and advances				
- Interest income other than recoveries from NPL	59,978	54,770	176,516	149,376
- Recoveries from NPLs	9,309	15,393	25,248	45,727
Others	2,972	3,675	8,158	14,216
Gross interest income	203,670	161,422	574,158	440,832
Amortisation of premiums less accretion of discounts	1,261	6,127	11,198	4,094
Interest suspended	-	-	-	(58)
Total after net interest suspension	204,931	167,549	585,356	444,868

A17. INTEREST EXPENSE

The Group	Individual Quarter		Cumulative Quarter	
	31.12.06	31.12.05	31.12.06	31.12.05
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	70,066	62,048	214,891	187,223
Deposit of banks and other financial institutions	31,820	18,109	113,098	37,479
Securities sold under repurchase agreements	21,666	13,008	64,361	32,582
Subordinated deposits and term loans	4,053	7,257	11,697	20,741
Redeemable unsecured subordinated bonds	9,153	8,935	27,359	23,926
Securities sold not yet re-purchased	260	-	794	-
Others	10,237	1,178	13,441	16,632
	147,255	110,535	445,641	318,583

A18. OTHER OPERATING INCOME

The Group	Individual Quarter		Cumulative Quarter	
	31.12.06	31.12.05	31.12.06	31.12.05
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Fees on loans and advances	2,764	7,674	11,127	25,057
Corporate advisory fees	4,389	3,542	11,759	14,179
Guarantee fees	1,511	3,462	11,338	7,742
Underwriting commissions	4,734	2,610	15,409	4,527
Portfolio management fees	3,176	2,305	8,515	6,140
Unit trust management fees	11,737	4,876	28,710	19,229
Property trust management fees	518	495	1,565	1,483
Brokerage fees and commissions	26,108	8,320	59,347	30,091
Other fee income	4,862	5,800	15,583	12,921
	<u>59,799</u>	<u>39,084</u>	<u>163,353</u>	<u>121,369</u>
Investment and trading income:				
Net gain from sale of securities held-for-trading	101,549	26,369	108,468	95,562
Net (loss)/gain from sale of securities available-for-sale	(1,776)	31	681	92
Net gain on redemption of securities held-to-maturity	1,695	15,124	35,618	27,514
Gross dividend income from:				
Securities held-for-trading	1,461	1,793	5,947	3,467
Securities held-to-maturity	773	310	11,751	11,701
Gain on revaluation of derivatives	208	2,044	9,470	1,187
Gain/(Loss) on revaluation of securities held-for-trading	46,272	(20,761)	81,634	10,891
	<u>150,182</u>	<u>24,910</u>	<u>253,569</u>	<u>150,414</u>
Other income:				
Foreign exchange gain/(loss)	1,336	(49)	967	2,728
Gain on disposal of property and equipment - net	417	25	532	528
Rental income	360	536	1,365	973
Other non-operating income	451	609	1,334	1,045
	<u>2,564</u>	<u>1,121</u>	<u>4,198</u>	<u>5,274</u>
	<u>212,545</u>	<u>65,115</u>	<u>421,120</u>	<u>277,057</u>

A19. OTHER OPERATING EXPENSES

The Group	Individual Quarter		Cumulative Quarter	
	31.12.06	31.12.05	31.12.06	31.12.05
	RM'000	RM'000	RM'000	RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	31,603	22,279	83,794	65,035
- Others	8,460	6,888	27,417	23,821
Establishment costs				
- Depreciation	1,733	2,252	5,368	7,205
- Computerisation costs	3,816	2,034	9,877	7,791
- Rental	2,474	2,573	7,053	6,482
- Others	1,532	380	3,971	3,069
Marketing and communication expenses				
- Sales commission	1,273	1,074	4,761	2,936
- Advertising	907	1,293	3,212	4,027
- Travel and entertainment	942	753	2,093	1,892
- Others	2,351	1,923	6,207	5,617
Administration and general expenses				
- Amortisation of goodwill and premium on consolidation	-	1,837	-	4,576
- Professional fees	2,096	2,137	5,939	7,639
- Others	3,054	2,049	8,934	6,384
Overheads	60,241	47,472	168,626	146,474

A20. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

The Group	Individual Quarter		Cumulative Quarter	
	31.12.06	31.12.05	31.12.06	31.12.05
	RM'000	RM'000	RM'000	RM'000
Allowance/(Reversal of allowance) for bad and doubtful debts and financing:				
Specific allowance - net	55,881	8,472	88,051	45,316
Allowance during the period	63,282	10,569	100,804	66,675
Amount written back in respect of recoveries and reversals	(7,401)	(2,097)	(12,753)	(21,359)
General allowance	1,822	(7,195)	2,262	(3,019)
Bad debts and financing				
Written off	1	5,225	12	5,295
Recovered	(2,991)	(1,651)	(15,429)	(4,531)
Recoveries of value impairment on amount recoverable from Danaharta	-	(881)	(255)	(881)
	54,713	3,970	74,641	42,180

A21. SEGMENTAL INFORMATION**(A) BY BUSINESS SEGMENT**

	Individual Quarter		Cumulative Quarter	
	31.12.06	31.12.05	31.12.06	31.12.05
	RM'000	RM'000	RM'000	RM'000
Merchant banking				
Revenue	384,095	221,500	910,797	685,646
Profit before taxation	141,698	87,261	269,381	258,047
Offshore banking				
Revenue	16,523	13,493	47,200	38,830
Profit/(Loss) before taxation	3,580	3,329	(544)	8,868
Funds management				
Revenue	14,244	8,616	35,111	25,257
Profit before taxation	7,707	3,535	15,794	10,473
Broking				
Revenue	27,800	14,623	62,851	45,935
Profit before taxation	11,673	1,789	25,482	5,155
Others				
Revenue	3,906	2,265	9,582	7,231
Profit before taxation	3,099	1,933	7,451	6,475
Total before consolidation adjustments				
Revenue	446,568	260,497	1,065,541	802,899
Profit before taxation	167,757	97,847	317,564	289,018
Consolidation adjustments				
Revenue	(9,160)	(8,648)	(23,865)	(16,661)
Profit before taxation	5,291	(2,319)	2,610	(5,807)
Total after consolidation adjustments				
Revenue	437,408	251,849	1,041,676	786,238
Profit before taxation	173,048	95,528	320,174	283,211

Included in the above is Islamic banking business profit before taxation of RM9.1 million for the quarter and RM22.8 million for the period ended 31 December 2006 (RM17.5 million for the quarter and RM56.7 million for the period ended 31 December 2005).

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

A22. VALUATIONS OF PROPERTY AND EQUIPMENTS

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

A23. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

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

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

There were no material changes in the composition of the Group and the Company for the current financial quarter.

A25. COMMITMENTS AND CONTINGENCIES

In the normal course of business, AmInvestment Bank Berhad ("AmInvestment Bank") (formerly known as AmMerchant Bank Berhad) and AmInternational (L) Ltd ("AmInternational") make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured against the Group's assets.

As at 31 December 2006, the commitments and contingencies outstanding are as follows:

The Group	31.12.06			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	483,000	9,728	4,864	580,000	-	-
Interest rate swaps:						
Related company	9,964,872	221,455	44,291	3,732,189	56,141	11,228
Others	21,026,265	467,306	93,343	11,951,139	256,104	52,484
Foreign exchange related contracts:						
Forward exchange contracts						
Related company	-	-	-	450,222	8,495	1,699
Others	4,984,366	112,136	22,427	2,790,842	58,200	11,640
Cross currency swaps	649,613	69,735	13,947	375,676	32,666	6,533
Malaysian Government securities futures	-	-	-	10,000	-	-
Equity related contracts:						
Options	873	-	-	-	-	-
	<u>37,108,989</u>	<u>880,360</u>	<u>178,872</u>	<u>19,890,068</u>	<u>411,606</u>	<u>83,584</u>
Commitments						
Irrevocable commitments to extend credit maturing:						
- within one year	667,084	-	-	642,181	-	-
- more than one year	225,123	112,562	112,070	187,253	93,627	93,135
Sell and buy back agreements	2,892,870	2,892,870	1,405,581	2,174,849	2,174,849	915,378
Forward purchase commitments	3,511	3,511	2,509	331,127	331,127	153,377
	<u>3,788,588</u>	<u>3,008,943</u>	<u>1,520,160</u>	<u>3,335,410</u>	<u>2,599,603</u>	<u>1,161,890</u>
Contingent Liabilities						
Guarantees given on behalf of customers	485,223	485,223	382,067	844,067	844,067	727,713
Underwriting liabilities	611,849	305,925	179,585	993,152	496,576	471,819
Certain transaction-related contingent items	475,198	237,599	212,033	431,238	215,619	181,111
	<u>1,572,270</u>	<u>1,028,747</u>	<u>773,685</u>	<u>2,268,457</u>	<u>1,556,262</u>	<u>1,380,643</u>
	<u>42,469,847</u>	<u>4,918,050</u>	<u>2,472,717</u>	<u>25,493,935</u>	<u>4,567,471</u>	<u>2,626,117</u>

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

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

Malaysian Assurance Alliance Bhd ("MAA") has claimed its portion of the abovementioned alleged loss, being general damages and special damages of RM19.6 million, together with interest and costs. AmTrustee was served on 24 March 2006 with a Writ and Statement of Claim dated 25 January 2006 by solicitors acting for MAA. MAA had appointed Meridian as an external fund manager for certain of its insurance funds, and part of these funds were deposited by Meridian with AmTrustee.

Both claims are pending disposal. Neither material financial loss nor operational impact on the Group is expected as a result of the writs and statements of claim.

AmTrustee has been served on 5 October 2006 with an application to add the Company's subsidiary, AmInvestment Bank as 2nd Defendant to the Writ and Statement of Claim dated 12 December 2005 filed against AmTrustee by solicitors acting for Meridian. The claim by Meridian against AmInvestment Bank is for alleged loss and damage amounting to RM37.0 million together with interest and costs arising from the provision of custodian services by AmTrustee to Meridian. The application is pending disposal.

Neither material financial nor operational impact is expected on the Group as a result of the addition of the 2nd defendant.

A26. RELATED PARTY TRANSACTIONS

On 26 October 2006, the Company announced that Am ARA REIT Managers Sdn Bhd ("Am ARA"), a 70% owned subsidiary, has entered into an arrangement for the payment of acquisition and divestment fees to ARA Asset Management (Malaysia) Limited ("ARA Malaysia"), a company with a 30% equity interest in Am ARA, pursuant to the provision of services by ARA Malaysia to Am ARA in connection with Am ARA's management of AmFIRST REIT.

A27. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 December 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	483,000	-	253,000	100,000	20,000	110,000	-	389
Interest rate swaps	30,991,137	545,000	750,000	1,035,000	3,646,750	24,165,899	848,488	11,011
Foreign exchange related contracts:								
Forward exchange contracts	4,984,366	2,061,526	900,150	1,059,000	963,690	-	-	1,794
Cross currency swaps	649,613	-	-	-	141,200	508,413	-	1,116
Equity related contracts:								
Options	873	-	-	-	873	-	-	-
Total	37,108,989	2,606,526	1,903,150	2,194,000	4,772,513	24,784,312	848,488	14,310

RISK MANAGEMENT POLICY ON FINANCIAL DERIVATIVES

Purpose of engaging in financial derivatives

Financial derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices. They include swaps, forward rate agreements, futures, options and combinations of these instruments. Derivatives are contracts that transfer risks, mainly market risks. Financial derivatives is one of the financial instruments engaged by the Group both for revenue purposes as well as to manage the Group's own market risk exposure. The Group's involvement in financial derivatives is currently focussed on interest rate derivatives and foreign exchange rate derivatives.

The principal exchange rate contracts used are forward foreign exchange contracts and cross currency swaps. Forward foreign exchange contracts are agreements to buy or sell a specified quantity of foreign currency on a specified future date at an agreed rate. A cross currency swap generally involves the exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date.

The principal interest rate contracts used are interest rate futures, interest rate swaps and forward rate agreements. Forward rate agreements are contracts for the payment of the difference between a specified interest rate and a reference rate on a notional deposit at a future settlement date. There is no exchange of principal. An interest rate futures is an exchange traded contract whose value is based on the difference between a specific interest rate and a reference rate on a notional deposit at a future settlement date. Interest rate swap transactions generally involve the exchange of fixed and floating interest payment obligations without the exchange of the underlying principal amounts.

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

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, foreign exchange-related derivatives and equity related contracts measures the potential losses to the value of these contracts due to changes in market rates/prices. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions.

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

As at 31 December 2006, value at risk of foreign exchange-related derivatives contracts used for trading purposes of the Group was RM9,354,145 (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 RM12,348,358 (RM9,446,292 as at 31 March 2006).

The use of these instruments to hedge underlying exposures arising from funding or for fixed income instruments acquired for investment purposes are not included in the market risk numbers above.

Credit risk of derivatives

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

As at 31 December 2006, the amounts of counterparty credit risk, measured in term of the cost to replace the profitable contracts of the Group was RM110,809,456 (RM26,977,165 as at 31 March 2006). This amount will increase or decrease over the life of the contracts, mainly as a function of movement in market rates and time.

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

Derivative Financial Instruments And Hedge Accounting

Derivative financial instruments are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from the change in the fair value of the derivative instrument is recognised in the income statements unless they are part of a hedging relationship which qualifies for hedge accounting where the gain or loss is recognised as follows:

(i) Fair value hedge

Where a derivative financial instrument hedges the changes in fair value of a recognised asset or liability, any gain or loss on the hedging instruments is recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

(ii) Cash flow hedge

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

A28. INTEREST/PROFIT RATE RISK

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

The Group 31.12.06	<-----Non-trading book ----->						Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000				
ASSETS										
Cash and short-term funds	1,604,143	11,197	-	-	-	-	944,551	-	2,559,891	4.13
Securities purchased under resale agreements	506,107	-	-	-	-	-	-	-	506,107	3.40
Deposits and placements with banks and other financial institutions	165,672	84,600	515,380	-	-	749,500	-	-	1,515,152	6.01
Securities held-for-trading	-	-	-	-	-	-	-	5,134,363	5,134,363	4.19
Securities available-for-sale	871,549	1,204,197	100,210	418,420	438,277	286,586	19,370	-	3,338,609	4.11
Securities held-to-maturity	-	-	87,672	226,166	582,013	192,855	70,082	-	1,158,788	6.70
Loans, advances and financing:										
- performing	1,741,327	1,915,627	166,726	117,812	164,988	20,528	32,681	-	4,159,689	6.47
- non-performing *	-	-	-	-	-	-	136,790	-	136,790	-
Amount due from Originators	-	-	714	10,949	44,641	-	-	-	56,304	4.24
Other non-interest sensitive balances	-	-	-	-	-	-	1,336,673	-	1,336,673	-
TOTAL ASSETS	4,888,798	3,215,621	870,702	773,347	1,229,919	1,249,469	2,540,147	5,134,363	19,902,366	
LIABILITIES AND EQUITY										
Deposits from customers	2,778,913	1,604,556	194,728	125,322	200,300	-	461,733	-	5,365,552	3.63
Deposits and placements of banks and other financial institutions	2,529,976	1,769,255	1,151,470	117,248	1,016,238	1,018,846	212,529	-	7,815,562	4.24
Obligations on securities sold under repurchase agreements	2,559,637	50,325	3,714	-	-	-	-	-	2,613,676	3.38

The Group 31.12.06	<-----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			
Acceptances payable	84	-	-	-	-	-	-	-	84	5.70
Recourse obligations on loans sold to Cagamas Berhad	-	-	714	10,949	44,641	-	-	-	56,304	4.24
Term loan	-	264,750	-	-	-	-	-	-	264,750	5.55
Redeemable unsecured subordinated bonds	-	-	-	-	-	595,000	-	-	595,000	6.10
Other non-interest sensitive balances	-	-	-	-	-	-	913,465	-	913,465	-
Total Liabilities	7,868,610	3,688,886	1,350,626	253,519	1,261,179	1,613,846	1,587,727	-	17,624,393	
Share Capital	-	-	-	-	-	-	1,320,000	-	1,320,000	-
Reserves	-	-	-	-	-	-	957,283	-	957,283	-
Shareholders' equity	-	-	-	-	-	-	2,277,283	-	2,277,283	
Minority interests	-	-	-	-	-	-	690	-	690	-
Total Equity	-	-	-	-	-	-	2,277,973	-	2,277,973	
TOTAL LIABILITIES AND EQUITY	7,868,610	3,688,886	1,350,626	253,519	1,261,179	1,613,846	3,865,700	-	19,902,366	
On-balance sheet interest rate gap sensitivity	(2,979,812)	(473,265)	(479,924)	519,828	(31,260)	(364,377)	(1,325,553)	5,134,363	-	
Off-balance sheet interest rate gap sensitivity	(1,491,535)	(1,312,913)	937,437	317,398	1,378,699	207,911	-	-	36,997	
Total interest rate gap sensitivity	(4,471,347)	(1,786,178)	457,513	837,226	1,347,439	(156,466)	(1,325,553)	5,134,363	36,997	
Cumulative interest rate gap sensitivity	(4,471,347)	(6,257,525)	(5,800,012)	(4,962,786)	(3,615,346)	(3,771,813)	(5,097,366)	36,997		

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

The Group 31.3.06	<-----Non-trading book ----->							Trading book	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000			
Acceptances payable	964	1,336	803	-	-	-	-	-	3,103	4.81
Recourse obligations on loans sold to Cagamas Berhad	816	-	1,967	19,564	67,347	-	-	-	89,694	4.25
Term loan	-	276,232	-	-	-	-	-	-	276,232	5.15
Redeemable unsecured subordinated bonds	-	-	-	-	-	595,000	-	-	595,000	6.10
Other non-interest sensitive balances	-	-	-	-	-	-	597,273	-	597,273	-
Total Liabilities	9,090,517	3,525,795	734,786	568,900	1,102,994	1,930,917	1,119,084	-	18,072,993	
Share Capital	-	-	-	-	-	-	1,320,000	-	1,320,000	
Reserves	-	-	-	-	-	-	837,405	-	837,405	
Shareholders' equity	-	-	-	-	-	-	2,157,405	-	2,157,405	
Minority interests	-	-	-	-	-	-	953	-	953	
Total Equity	-	-	-	-	-	-	2,158,358	-	2,158,358	
TOTAL LIABILITIES AND EQUITY	9,090,517	3,525,795	734,786	568,900	1,102,994	1,930,917	3,277,442	-	20,231,351	
On-balance sheet interest rate gap sensitivity	(4,067,911)	(1,779,175)	(535,681)	46,776	501,052	(386,780)	(1,020,537)	7,242,256	-	
Off-balance sheet interest rate gap sensitivity	(1,142,119)	(332,577)	245,061	(686,414)	(13,326)	1,935,098	-	-	5,723	
Total interest rate gap sensitivity	(5,210,030)	(2,111,752)	(290,620)	(639,638)	487,726	1,548,318	(1,020,537)	7,242,256	5,723	
Cumulative interest rate gap sensitivity	(5,210,030)	(7,321,782)	(7,612,402)	(8,252,041)	(7,764,314)	(6,215,996)	(7,236,533)	5,723		

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

A29. CAPITAL ADEQUACY

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

	31.12.06 RM'000	31.3.06 RM'000
Tier 1 capital		
Paid-up ordinary share capital	1,320,000	1,320,000
Share premium	80,521	80,521
Capital reserve	60,284	60,284
Statutory reserve	329,549	329,549
Exchange fluctuation reserve	(5,911)	(3,868)
Unappropriated profit at end of year	469,539	365,805
Minority interests	690	953
	<u>2,254,672</u>	<u>2,153,244</u>
Less:		
Goodwill	(122,653)	(111,496)
Deferred tax assets, net	(63,056)	(65,777)
Total Tier 1 capital	<u>2,068,963</u>	<u>1,975,971</u>
Tier 2 capital		
Redeemable unsecured subordinated bonds	595,000	595,000
General allowance for bad and doubtful debts	65,943	63,925
Total Tier 2 capital	<u>660,943</u>	<u>658,925</u>
Total capital funds	2,729,906	2,634,896
Less: Investment in capital of related financial institutions	(56,077)	(504,219)
Capital base	<u>2,673,829</u>	<u>2,130,677</u>
Capital Ratios:		
Core capital ratio	14.34%	15.24%
Risk-weighted capital ratio	18.53%	16.44%
Core capital ratio (net of proposed ordinary dividend)	14.34%	14.62%
Risk-weighted capital ratio (net of proposed ordinary dividend)	<u>18.53%</u>	<u>15.81%</u>

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

	31.12.06		31.3.06	
	Principal Amount RM'000	Risk- Weighted Amount RM'000	Principal Amount RM'000	Risk- Weighted Amount RM'000
0%	1,404,966	-	2,644,321	-
10%	1,863	186	20,180	2,018
20%	6,842,066	1,368,413	2,911,633	582,327
50%	231,908	115,954	248,464	124,232
100%	<u>7,563,687</u>	<u>7,563,687</u>	<u>7,105,009</u>	<u>7,105,009</u>
	<u>16,044,490</u>	<u>9,048,241</u>	<u>12,929,607</u>	<u>7,813,586</u>
Add: Total RWA equivalent to market risk		5,383,548		5,148,187
		<u>14,431,789</u>		<u>12,961,773</u>

A30. OPERATIONS OF ISLAMIC BANKING BUSINESS

The state of affairs as at 31 December 2006 and the results for the period ended 31 December 2006 of the Islamic banking business of the Group and included in the financial statements after elimination of intercompany transactions and balances are summarised as follows:

**UNAUDITED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2006**

	The Group	
	31.12.06	31.3.06
	RM'000	RM'000
ASSETS		
Cash and short-term funds	902,222	444,970
Securities held-for-trading	45,096	286,825
Securities available-for-sale	18,315	18,830
Securities held-to-maturity	28,291	56,171
Financing, advances and other loans	33,932	73,853
Statutory deposit with Bank Negara Malaysia	14,500	14,500
Other receivables, deposits and prepayments	12,454	9,499
Property and equipment	34	32
Deferred tax assets	44	44
TOTAL ASSETS	1,054,888	904,724
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits from customers	462,763	247,537
Deposits and placements of banks and other financial institutions	238,011	274,274
Converted fund	15,861	71,310
Other liabilities	64,442	54,407
Total Liabilities	781,077	647,528
ISLAMIC BANKING FUNDS		
Capital funds	102,839	102,839
Reserves	170,972	154,357
Islamic banking funds	273,811	257,196
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	1,054,888	904,724
COMMITMENTS AND CONTINGENCIES	3,397,094	2,802,023

**UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2006**

The Group	Individual Quarter		Cumulative Quarter	
	31.12.06	31.12.05	31.12.06	31.12.05
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	7,788	5,902	21,738	19,945
Allowance for losses on financing	(9,854)	(22)	(9,407)	(5,804)
Transfer (to)/from profit equalisation reserve	(63)	(917)	62	552
Total attributable income	(2,129)	4,963	12,393	14,693
Income attributable to depositors	(6,178)	(5,881)	(20,485)	(20,029)
Loss attributable to the Group	(8,307)	(918)	(8,092)	(5,336)
Income derived from investment of Islamic banking funds	18,322	19,164	33,947	64,397
Total net income	10,015	18,246	25,855	59,061
Other operating expenses	(870)	(700)	(3,003)	(2,367)
Profit before taxation	9,145	17,546	22,852	56,694
Taxation	(2,410)	(4,889)	(5,988)	(16,792)
Profit after taxation	6,735	12,657	16,864	39,902

A30a FINANCING, ADVANCES AND OTHER LOANS

	The Group	
	31.12.06	31.3.06
	RM'000	RM'000
Term financing		
Syndicated financing	20,030	70,435
Other term financing	15,033	499
Revolving credit	23,209	33,955
Gross financing, advances and other loans	58,272	104,889
Less : Allowance for bad and doubtful debts and financing:		
- General	517	1,125
- Specific	23,823	29,911
	24,340	31,036
Net financing, advances and other loans	33,932	73,853

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

Gross

Balance at beginning of period/year	39,920	42,273
Non-performing during the period/year	-	449
Debt equity conversion	-	(2,802)
Balance at end of period/year	39,920	39,920
Specific allowance	(23,823)	(29,911)
Net non-performing financing, advances and other loans	16,097	10,009

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

46.73%	13.35%
--------	--------

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

General Allowance

Balance at beginning of period/year	1,125	7,796
Reversal of allowance during the period/year	(608)	(6,671)
Balance at end of period/year	517	1,125

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

1.50%	1.50%
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Specific Allowance

Balance at beginning of period/year	29,911	22,352
Allowance made during the period/year	10,015	7,684
Amount written off	(16,103)	(125)
Balance at end of period/year	23,823	29,911

A30b DEPOSITS FROM CUSTOMERS

	The Group	
	31.12.06	31.3.06
	RM'000	RM'000
Mudarabah Special Investment deposits	462,763	247,537

A30c. OTHER LIABILITIES

	The Group	
	31.12.06	31.3.06
	RM'000	RM'000
Other payables and accruals	41,866	37,754
Taxation and zakat payable	22,365	16,377
Profit equalisation reserve	211	276
	<u>64,442</u>	<u>54,407</u>

A31. CHANGE IN ACCOUNTING POLICIES

(a) Change in Accounting Policies

During the financial period ended 31 December 2006, the Group have adopted the new and revised FRS issued by MASB that are applicable with effect from the accounting period beginning 1 April 2006 which have resulted in changes in accounting policies as follows:

(1) FRS 101: Presentation of Financial Statements

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

(2) FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets

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

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

This change in accounting policy has been accounted for prospectively for business combinations where the agreement date is on or after 1 January 2006. For business combinations entered into prior to that date, the transitional provisions of FRS 3 requires the Group to eliminate the carrying accumulated amortisation as at 1 April 2006 of RM31,043,000 against the carrying amount of goodwill and premium. The carrying amount of goodwill and premium for the Group as at 1 April 2006 of RM118,331,000 ceased to be amortised. This has the effect of reducing the amortisation charge of the Group by RM5,510,000 for the period ended 31 December 2006. No impairment loss on goodwill and premium has been recognised in the period ended 31 December 2006.

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

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

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

(b) RECLASSIFICATIONS

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

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

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

The Group recorded a pre-tax profit of RM320.2 million for the period ended 31 December 2006, an increase of 13.1% as compared to RM283.2 million reported in the corresponding period ended 31 December 2005. Accordingly, the Group's net profit attributable to shareholders for the period was RM232.7 million as compared to RM208.0 million for the corresponding period. Annualised net earnings per share stood at 23.5 sen, whilst post-tax return on average shareholders funds was 14.0% for the period ended 31 December 2006.

The higher pre-tax profit for the period was mainly from significant improvement in investment and trading income due to higher gain from sale of securities held for trading (+RM12.9 million) and gain on revaluation of securities held for trading portfolio (+RM70.7 million).

For the quarter ended 31 December 2006, the Group recorded a higher pre-tax profit of RM173.0 million as compared to RM95.5 million for the corresponding quarter. The increase was mainly attributed to increase in net gain from sale of securities held for trading (+RM75.2 million) as well as revaluation gain on securities held for trading (+RM67.0 million) and increase in fee income of RM20.7 million mainly from improvement in brokerage, guarantees, underwriting and fund management activities and reduced by higher allowance for losses on loans and financing and impairment loss on securities.

The Group's risk weighted capital ratio and shareholders' equity as at 31 December 2006 stood at 18.53% and RM2.28 billion, respectively. As at 31 December 2006, the Group's net non-performing loans ratio stood at 4.65% and loan loss coverage (excluding collateral values of securities pledged) is 61.2%.

The investment banking operations reported a pretax profit of RM269.4 million as compared to RM258.0 million in the corresponding period ended 31 December 2005. The higher pre-tax profit was mainly due to higher net gain from trading of securities held for trading portfolio.

The offshore banking operations of the Group reported a pre-tax loss of RM0.5 million as compared to a pretax profit of 8.9 million in the corresponding period ended 31 December 2005 mainly due to higher impairment loss on securities held to maturity.

Due to the higher volume of trades on the Bursa Securities, the stockbroking operations reported a pretax profit of RM25.4 million and RM11.7 million for the period and quarter ended 31 December 2006, respectively.

Total funds under management, both unit trust and institutional funds stood at RM12.7 billion and the Fund Management Division reported a pre-tax profit of RM15.8 million and RM7.7 million for the period and quarter ended 31 December 2006.

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

B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION

The Group recorded a significant improvement in pre-tax profit of RM173.0 million for the third quarter ended 31 December 2006 as compared to RM93.0 million for the second quarter ended 30 September 2006.

The improvement in pre-tax profit was mainly due to substantial improvement in trading and investment income arising from higher net gain from sale of securities held-for-trading, higher brokerage fees and commission, lower impairment loss on securities and higher income from Islamic banking business.

B3. PROSPECTS FOR 31 MARCH 2007

Moving forward, the Group will continue to leverage on business opportunities in the capital markets and to further diversify its revenue by providing more innovative products and services to its customers. AIGB also looks forward to further growth opportunities with the possible entry of Australia and New Zealand Banking Group Limited as a long-term strategic partner and investor of the AmBank Group. With ANZ's international best practices and exposure to international products, the partnership will provide a good foundation for AIGB to advance its aspirations to be a pre-eminent provider of investment banking services.

B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE

This is not applicable to the Group.

B5. TAXATION

The Group	Individual Quarter		Cumulative Quarter	
	31.12.06	31.12.05	31.12.06	31.12.05
	RM'000	RM'000	RM'000	RM'000
Estimated current tax payable	45,564	24,642	84,122	67,704
Underprovision/(Overprovision) of current taxation in respect of prior years	1	-	(4)	-
Transfer to deferred tax assets	-	-	3,399	6,187
Total	45,565	24,642	87,517	73,891

The total tax charge of the Group for the financial period ended 31 December 2006 reflects an effective tax rate which is higher than the statutory tax rate due mainly to the effect on deferred taxes resulting from reduction in statutory tax rate from 28.0% to 27.0% and disallowances of certain expenses.

The total tax charge of the Group for the financial quarter ended 31 December 2006 and financial quarter and period ended 31 December 2005 reflects an effective tax rate which is lower than the statutory tax rate due mainly to certain income not subject to tax and the effect of different tax rates incurred by the offshore banking operations in Labuan.

B6. SALE OF INVESTMENTS AND/OR FORECLOSED PROPERTIES

The Group	Individual Quarter		Cumulative Quarter	
	31.12.06	31.12.05	31.12.06	31.12.05
	RM'000	RM'000	RM'000	RM'000
Net gain from sale of securities held-for-trading	101,549	26,369	108,468	95,562
Net (loss)/gain from sale of securities available-for-sale	(1,776)	31	681	92
Net gain on redemption of securities held-to-maturity	1,695	15,124	35,618	27,514
Impairment (loss)/writeback on securities	(2,424)	2,806	(33,234)	7,516

B7. QUOTED SECURITIES

This note is not applicable to financial institutions.

B8. CORPORATE PROPOSALS

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

1. The Company had obtained all regulatory approvals and the vesting order of the High Court of Malaya for the transfer of the stockbroking business of AmSecurities Sdn Bhd ("AmSecurities") to AmInvestment Bank, both 100%-owned subsidiaries of AIGB, in respect of the transformation of AmInvestment Bank to an investment bank (the "Business Transfer") pursuant to the guidelines of Bank Negara Malaysia and Securities Commission for the establishment of investment bank within a banking group.

Accordingly, AmInvestment Bank will implement the Business Transfer (for a cash consideration) pursuant to the agreement dated 10 January 2007 entered into with AmSecurities to take effect on 3 March 2007.

2. On 15 November 2006, Am ARA REIT Managers Sdn Bhd ("Am ARA"), a subsidiary company of the Company and the management company of AmFIRST Real Estate Investment Trust ("AmFIRST REIT"), received approval from the Mayban Trustees Berhad ("Mayban Trustees"), the trustee of AmFIRST REIT, in relation to the proposed acquisition from Brem Holding Berhad a leasehold land held under lot no. PT5135, title no. H.S. (M) 8547, Mukim of Damansara, District of Petaling, State of Selangor, together with the buidings erected thereon and known as " Kelana Brem Towers" for a cash consideration of RM85 million ("Proposed Acquisition").

The Proposed Acquisition is conditional upon approvals being obtained from the State of Selangor Authority and any other relevant authorities.

B9. BORROWINGS

	The Group	
	31.12.06	31.3.06
	RM'000	RM'000
(i) Deposits from customers		
Due within six months	5,035,113	6,247,352
Six months to one year	128,389	175,981
One year to three years	202,050	3,844
Three to five years	-	5,000
	<u>5,365,552</u>	<u>6,432,177</u>
(ii) Deposits and placements of banks and other financial institutions		
Due within six months	5,405,239	4,761,236
Six months to one year	51,778	392,857
One year to three years	1,016,462	1,021,829
Three to five years	1,342,083	1,340,975
	<u>7,815,562</u>	<u>7,516,897</u>
<i>Recap :</i>		
<i>Interbank lendings</i>	2,739,986	4,315,378
<i>Interbank borrowings</i>	<u>(3,120,092)</u>	<u>(1,672,830)</u>
<i>Net interbank (borrowings)/lendings</i>	<u>(380,106)</u>	<u>2,642,548</u>
(iv) Term loans		
Due within one year		
Secured	<u>264,750</u>	<u>276,232</u>
(v) Redeemable unsecured subordinated bonds		
More than one year	<u>595,000</u>	<u>595,000</u>

B10. DERIVATIVE FINANCIAL INSTRUMENTS

Please refer to note A27

B11. MATERIAL LITIGATION

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

B12. DIVIDENDS

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

B13. EARNINGS PER SHARE (SEN)

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

	Individual Quarter		Cumulative Quarter	
	31.12.06	31.12.05	31.12.06	31.12.05
The Group	RM'000	RM'000	RM'000	RM'000
Net profit attributable to equity holders of the company	127,522	70,944	232,698	208,015
Number of ordinary shares at beginning of period	1,320,000	1,109,442	1,320,000	1,109,442
Effect of ordinary shares issued	-	210,558	-	165,685
Weighted average number of ordinary shares in issue	1,320,000	1,320,000	1,320,000	1,275,127
Basic earnings per share (sen)	9.66	5.37	17.63	16.31

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

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

Date : 13 February 2007