

**AmInvestment Bank Berhad
and its subsidiary companies
(23742-V)(Incorporated in Malaysia. Licensed Investment Bank)**

**UNAUDITED BALANCE SHEETS
AS AT 30 JUNE 2009**

	Note	Group		Bank	
		30.06.09 RM'000	31.03.09 RM'000	30.06.09 RM'000	31.03.09 RM'000
ASSETS					
Cash and short-term funds		963,068	907,107	856,896	777,190
Securities purchased under resale agreements		32,234	16,807	-	-
Deposits and placements with banks and other financial institutions		1,238	1,270	-	-
Securities held-for-trading	8	24,215	10,984	24,098	10,752
Securities available-for-sale	9	39,371	48,771	37,171	46,571
Securities held-to-maturity	10	114,330	113,419	114,328	113,417
Derivative financial assets		1,570	5,800	1,570	5,800
Loans, advances and financing	11	294,204	253,708	294,204	253,708
Other assets	12	783,664	461,398	545,450	329,648
Investments in subsidiary companies		-	-	88,231	88,231
Investments in associated companies		2,367	2,291	100	100
Prepaid land lease payments		2,581	2,595	2,581	2,595
Property and equipment		31,234	38,612	27,909	35,163
Deferred tax assets		909	1,485	-	-
Intangible assets		12,068	54,241	807	6,537
		<u>2,303,053</u>	<u>1,918,488</u>	<u>1,993,345</u>	<u>1,669,712</u>
Assets of disposal group/Asset classified as held for sale		-	103,082	-	48,807
TOTAL ASSETS		<u>2,303,053</u>	<u>2,021,570</u>	<u>1,993,345</u>	<u>1,718,519</u>
LIABILITIES AND EQUITY					
Deposits from customers	13	139,892	185,616	139,892	185,616
Deposits and placements of banks and other financial institutions	14	610,046	566,479	610,046	566,479
Derivative financial liabilities		9,049	22,279	9,049	22,279
Other liabilities	15	873,170	562,165	612,490	362,156
Term loans		12,159	-	-	-
Redeemable unsecured subordinated bonds		135,000	135,000	135,000	135,000
		<u>1,779,316</u>	<u>1,471,539</u>	<u>1,506,477</u>	<u>1,271,530</u>
Liabilities directly associated with assets classified as held for sale		-	25,611	-	-
Total Liabilities		<u>1,779,316</u>	<u>1,497,150</u>	<u>1,506,477</u>	<u>1,271,530</u>
Share capital		200,000	200,000	200,000	200,000
Reserves		323,737	324,420	286,868	246,989
Equity attributable to equity holder of the Bank		<u>523,737</u>	<u>524,420</u>	<u>486,868</u>	<u>446,989</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		<u>2,303,053</u>	<u>2,021,570</u>	<u>1,993,345</u>	<u>1,718,519</u>

AmInvestment Bank Berhad
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UNAUDITED BALANCE SHEETS
AS AT 30 JUNE 2009 (CONTD.)

	Note	Group		Bank	
		30.06.09 RM'000	31.03.09 RM'000	30.06.09 RM'000	31.03.09 RM'000
COMMITMENTS AND CONTINGENCIES	26	763,888	699,699	763,888	699,699
NET ASSETS PER ORDINARY SHARE (RM)		2.62	2.51	2.43	2.16
CAPITAL ADEQUACY	30				
Core Capital Ratio		18.99%	27.14%	21.46%	28.13%
Risk-Weighted Capital Ratio		23.97%	34.16%	23.12%	28.13%

The Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 March 2009.

AmInvestment Bank Berhad
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UNAUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2009

Group	Note	Individual Quarter		Cumulative Quarter	
		30.06.09 RM'000	30.06.08 RM'000	30.06.09 RM'000	30.06.08 RM'000
Revenue		105,064	54,397	105,064	54,397
Interest income	16	10,669	47,700	10,669	47,700
Interest expense	17	(8,719)	(29,633)	(8,719)	(29,633)
Net interest income		1,950	18,067	1,950	18,067
Net income from Islamic banking business		73,437	4,651	73,437	4,651
Other operating income	18	20,958	2,046	20,958	2,046
Net income		96,345	24,764	96,345	24,764
Other operating expenses	19	(55,479)	(70,092)	(55,479)	(70,092)
Operating Profit/(Loss)		40,866	(45,328)	40,866	(45,328)
(Allowance)/Writeback of allowance for losses on loans and financing	20	(437)	1,095	(437)	1,095
Impairment loss on:					
Securities		(3,720)	-	(3,720)	-
Writeback of allowance for doubtful sundry receivables- net		254	456	254	456
Writeback of provision for commitments		-	-	-	-
Profit/(Loss) before share in results of associated companies		36,963	(43,777)	36,963	(43,777)
Share in results of associated companies		77	52	77	52
Profit/(Loss) before taxation		37,040	(43,725)	37,040	(43,725)
Taxation		(20,294)	(3,138)	(20,294)	(3,138)
Profit/(Loss) for the period from continuing operations		16,746	(46,863)	16,746	(46,863)
Profit for the period from discontinued operations		-	6,263	-	6,263
Profit/(Loss) for the period from continuing operations		16,746	(40,600)	16,746	(40,600)
Attributable to :					
Equity holder of the Bank		16,746	(40,600)	16,746	(40,600)
EARNINGS PER SHARE (SEN)					
Basic		8.37	(9.45)	8.37	(9.45)
Fully diluted		8.37	(7.67)	8.37	(7.67)

The Income Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2009.

AmInvestment Bank Berhad
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UNAUDITED CONSOLIDATED INCOME STATEMENTS (CONTD.)
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2009

Bank	Note	Individual Quarter		Cumulative Quarter	
		30.06.09 RM'000	30.06.08 RM'000	30.06.09 RM'000	30.06.08 RM'000
Revenue		135,590	94,701	135,590	94,701
Interest income	16	9,289	46,230	9,289	46,230
Interest expense	17	(7,876)	(29,327)	(7,876)	(29,327)
Net interest income		1,413	16,903	1,413	16,903
Net income from Islamic banking business		73,437	4,651	73,437	4,651
Other operating income	18	52,864	43,820	52,864	43,820
Net income		127,714	65,374	127,714	65,374
Other operating expenses	19	(45,384)	(57,898)	(45,384)	(57,898)
Operating Profit		82,330	7,476	82,330	7,476
(Allowance)/Writeback of allowance for losses on loans and financing	20	(437)	1,095	(437)	1,095
Impairment loss on: Securities		(3,720)	-	(3,720)	-
(Allowance)/Writeback of allowance for doubtful sundry receivables- net		(205)	324	(205)	324
Profit before taxation		77,968	8,895	77,968	8,895
Taxation		(19,492)	(3,219)	(19,492)	(3,219)
Net profit attributable to equity holder of the Bank		58,476	5,676	58,476	5,676
EARNINGS PER SHARE (SEN)					
Basic		29.24	1.32	29.24	1.32
Fully diluted		29.24	1.07	29.24	1.07

The Income Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2009.

AmInvestment Bank Berhad
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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2009

Group	-----Attributable to equity holder of the Bank----->								
	Non-distributable						Distributable		Total shareholder's equity RM'000
	Share capital RM'000	Capital reserve RM'000	Share premium RM'000	Statutory reserve RM'000	Merger reserve RM'000	Available-for- sale reserve RM'000	Exchange fluctuation reserve RM'000	Unappropriated profits RM'000	
At 1 April 2008	340,000	2,815	190,284	389,500	22,033	23,516	23,853	1,083,275	2,075,276
Net unrealised loss on revaluation of securities available-for-sale	-	-	-	-	-	(25,000)	-	-	(25,000)
Exchange fluctuation adjustments	-	-	-	-	-	-	3,232	-	3,232
Net (expense)/income recognised directly in equity	-	-	-	-	-	(25,000)	3,232	-	(21,768)
Loss for the period	-	-	-	-	-	-	-	(46,863)	(46,863)
Total recognised (expense)/income for the period	-	-	-	-	-	(25,000)	3,232	(46,863)	(68,631)
Effects arising from pooling of interest method	-	-	-	-	(10)	-	-	10	-
Capitalised for Bonus Issue	189,500	-	-	(189,500)	-	-	-	-	-
Special ordinary dividends paid	-	-	-	-	-	-	-	(864,000)	(864,000)
At 30 June 2008	529,500	2,815	190,284	200,000	22,023	(1,484)	27,085	172,422	1,142,645
At 1 April 2009	200,000	2,815	-	200,000	22,023	(5,557)	24,898	80,241	524,420
Net unrealised loss on revaluation of securities available-for-sale	-	-	-	-	-	(4,913)	-	-	(4,913)
Exchange fluctuation adjustments	-	-	-	-	-	-	1,851	-	1,851
Net (expense)/income recognised directly in equity	-	-	-	-	-	(4,913)	1,851	-	(3,062)
Profit for the period	-	-	-	-	-	-	-	16,746	16,746
Total recognised (expense)/income for the period	-	-	-	-	-	(4,913)	1,851	16,746	13,684
Effects arising from pooling of interest method	-	-	-	-	(14,367)	-	-	-	(14,367)
At 30 June 2009	200,000	2,815	-	200,000	7,656	(10,470)	26,749	96,987	523,737

The Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2009.

**AmInvestment Bank Berhad
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**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTD.)
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2009**

Bank	<-----Attributable to equity holder of the Bank----->							Total shareholder's equity RM'000
	Non-distributable					Distributable		
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Merger reserve RM'000	Available-for- sale reserve RM'000	Exchange fluctuation reserve RM'000	Unappropriated profits RM'000	
At 1 April 2008	340,000	190,284	389,500	14,367	23,464	8,878	984,642	1,951,135
Net unrealised loss on revaluation of securities available-for-sale	-	-	-	-	(25,000)	-	-	(25,000)
Exchange fluctuation adjustments	-	-	-	-	-	(77)	-	(77)
Net expense recognised directly in equity	-	-	-	-	(25,000)	(77)	-	(25,077)
Profit for the period	-	-	-	-	-	-	5,676	5,676
Total recognised (expense)/income for the period	-	-	-	-	(25,000)	(77)	5,676	(19,401)
Capitalised for Bonus Issue	189,500	-	(189,500)	-	-	-	-	-
Special ordinary dividends paid	-	-	-	-	-	-	(864,000)	(864,000)
At 30 June 2008	529,500	190,284	200,000	14,367	(1,536)	8,801	126,318	1,067,734
At 1 April 2009	200,000	-	200,000	14,367	(5,609)	6,840	31,391	446,989
Net unrealised loss on revaluation of securities available-for-sale	-	-	-	-	(4,913)	-	-	(4,913)
Exchange fluctuation adjustments	-	-	-	-	-	683	-	683
Net (expense)/income recognised directly in equity	-	-	-	-	(4,913)	683	-	(4,230)
Profit for the period	-	-	-	-	-	-	58,476	58,476
Total recognised (expense)/income for the period	-	-	-	-	(4,913)	683	58,476	54,246
Effects arising from pooling of interest method	-	-	-	(14,367)	-	-	-	(14,367)
At 30 June 2009	200,000	-	200,000	-	(10,522)	7,523	89,867	486,868

The Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2009.

AmInvestment Bank Berhad
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UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2009

	Group		Bank	
	30.06.09 RM'000	30.06.08 RM'000	30.06.09 RM'000	30.06.08 RM'000
Profit/(Loss) before taxation from:				
Continuing operations	37,040	(43,725)	77,968	8,895
Discontinued operations	-	9,517	-	-
Adjustments for non-operating and non cash items	39,282	58,165	4,998	8,842
Operating profit before working capital changes	76,322	23,957	82,966	17,737
(Increase)/Decrease in operating assets	(373,616)	853,118	(344,983)	677,658
Increase/(Decrease) in operating liabilities	352,263	(174,951)	235,630	(21,017)
Cash generated from/(used in) operations	54,969	702,124	(26,387)	674,378
Taxation paid	(5,087)	(17,177)	(5,268)	(12,446)
Net cash generated from/(used in) operating activities	49,882	684,947	(31,655)	661,932
Net cash (used in)/generated from investing activities	(67,541)	(1,272,914)	36,841	(736,701)
Net cash used in financing activities	-	(864,000)	-	(864,000)
	(67,541)	(2,136,914)	36,841	(1,600,701)
Net decrease/(increase) in cash and cash equivalents	(17,659)	(1,451,967)	5,186	(938,769)
Cash and cash equivalents at beginning of period	656,015	2,931,865	632,710	2,310,779
Cash and cash equivalents at end of period	638,356	1,479,898	637,896	1,372,010

Note 1: Disposal of subsidiaries

The assets and liabilities disposed arising on the transfer of AmInvestment Management Berhad & AmInvestment Services Berhad during the financial period ended 30 June 2009 were as follows:

	Unaudited As at 1 April 2009 RM'000
Net assets disposed:	
Cash and short-term funds	80,116
Other assets	21,515
Property and equipment	1,459
Intangible assets	972
Other liabilities	(46,576)
Net assets disposed as at date of disposal	57,486
Loss on transfer of subsidiaries	(45,121)
Net value on disposals	12,365
Less : Cash and short-term funds	(80,116)
Cash flow on disposal, net of cash disposed	(67,751)

The Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2009.

Note 2 : 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 overdraft. Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Group		Bank	
	30.06.09	30.06.08	30.06.09	30.06.08
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	963,068	1,600,118	856,896	1,491,489
Less: Cash and bank balances and deposit held in trust	(324,712)	(120,220)	(219,000)	(119,479)
	<u>638,356</u>	<u>1,479,898</u>	<u>637,896</u>	<u>1,372,010</u>

The Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2009.

EXPLANATORY NOTES :

1. 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 2009.

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.

Standards and IC Interpretations to existing standards that are not relevant or material for the Group and the Bank's operations:

FRS 111 : Construction Contracts

FRS 120 : Accounting for Government Grants and Disclosure of Government Assistance

IC Interpretation 1 : Changes in Existing Decommissioning, Restoration and Similar Liabilities

IC Interpretation 2 : Members' Shares in Co-operative Entities and Similar Instruments

IC Interpretation 5 : Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

IC Interpretation 6 : Liabilities arising from Participating In a Specific Market – Waste Electrical and Electronic Equipment

IC Interpretation 7 : Applying the Restatement Approach to FRS 129 Financial Accounting in Hyperinflationary Economies

The following are the FRSs and IC Interpretations which have been issued by the Malaysian Accounting Standards Board ("MASB") as of the balance sheet date but are not yet effective:

FRS 139 Financial Instruments: Recognition and Measurement

FRS 4 Insurance Contracts

FRS 7 Financial Instruments: Disclosures

FRS 8 Operating Segments

IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 10 Interim Financial Reporting and Impairment

All the new FRSs and IC Interpretations above are effective from 1 January 2010, except for FRS 8, which is effective from 1 July 2009. The new FRSs and IC Interpretations above are expected to have no significant impact on the financial statements of the Group and the Bank upon their initial application except for changes on disclosure arising from the adoption of FRS 7 and FRS 8. The Group and the Bank are exempted from disclosing the possible impact, if any, in the financial statements upon the initial application of FRS 139.

The specific and general allowances for loans, advances and financing of the Group and 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. However, the Group and the Bank have adopted a more stringent classification policy on non-performing loans, whereby loans are classified as non-performing and sub-standard when repayments are in arrears for more than three (3) months from the first day of default or after maturity date.

Consistent with the previous year, the Group and the Bank has also adopted a more stringent basis for specific allowances on non-performing loans as follows:

- (i) Values assigned to collateral held for non-performing loans secured by properties is determined based on the realisable values of the properties on the following basis:
 - (a) assigning only fifty percent (50%) of the realisable value of the properties held as collateral for non-performing loans which are in arrears for more than five (5) years but less than seven (7) years; and
 - (b) no value assigned to the realisable value of the properties held as collateral for non-performing loans which are in arrears for more than seven (7) years.
- (ii) Specific allowance of 20% is provided on non-performing loans which are three (3) to less than six (6) months-in-arrears. Previously, specific allowance was only made when a non-performing loan was in arrears of 6 months and above.

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

2. AUDIT QUALIFICATION

There were no audit qualification in the audited annual financial statements for the year ended 31 March 2009.

3. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

4. UNUSUAL ITEMS

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

5. USE OF ESTIMATES

There was no material change in estimates of amounts reported in the prior financial years that have a material effect on the financial quarter and period ended 30 June 2009.

6. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

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

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

7. DIVIDENDS

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

8. SECURITIES HELD-FOR-TRADING

	Group		Bank	
	30.06.09 RM'000	31.03.09 RM'000	30.06.09 RM'000	31.03.09 RM'000
At Fair Value				
Securities Quoted:				
In Malaysia:				
Shares	22,161	7,871	22,161	7,871
Trust units	1,937	1,450	1,937	1,450
Outside Malaysia:				
Shares	117	1,663	-	1,431
Total securities held-for-trading	24,215	10,984	24,098	10,752

9. SECURITIES AVAILABLE-FOR-SALE

	Group		Bank	
	30.06.09 RM'000	31.03.09 RM'000	30.06.09 RM'000	31.03.09 RM'000
At Fair Value				
Money Market Securities:				
Negotiable instruments of deposits	15,147	15,129	15,147	15,129
Securities Quoted in Malaysia:				
Shares	6,144	4,861	6,144	4,861
Unquoted Securities Of Companies Incorporated in Malaysia:				
Shares	2,200	2,200	-	-
Unquoted Private Debt Securities Of Companies Incorporated				
In Malaysia:				
Islamic corporate bonds	2,268	-	2,268	-
Outside Malaysia:				
Corporate bonds	17,332	26,581	17,332	26,581
	19,600	26,581	19,600	26,581
Total	43,091	48,771	40,891	46,571
Accumulated impairment losses	(3,720)	-	(3,720)	-
Total securities available-for-sale	39,371	48,771	37,171	46,571

10. SECURITIES HELD-TO-MATURITY

	Group		Bank	
	30.06.09 RM'000	31.03.09 RM'000	30.06.09 RM'000	31.03.09 RM'000
At Amortised Cost:				
Money Market Securities:				
Negotiable Instrument of Deposit	97,525	96,614	97,525	96,614
Quoted Securities:				
In Malaysia:				
Shares	2	2	-	-
Trust Units	1,000	1,000	1,000	1,000
	<u>1,002</u>	<u>1,002</u>	<u>1,000</u>	<u>1,000</u>
Unquoted Securities Of Companies				
Incorporated:				
In Malaysia:				
Shares	12,788	12,788	12,788	12,788
Corporate bonds	100	100	100	100
Outside Malaysia:				
Shares	4,313	4,313	4,313	4,313
	<u>17,201</u>	<u>17,201</u>	<u>17,201</u>	<u>17,201</u>
Total	115,728	114,817	115,726	114,815
Accumulated impairment losses	(1,398)	(1,398)	(1,398)	(1,398)
Total securities held-to-maturity	<u>114,330</u>	<u>113,419</u>	<u>114,328</u>	<u>113,417</u>

11. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	30.06.09 RM'000	31.03.09 RM'000	30.06.09 RM'000	31.03.09 RM'000
Term loans and revolving credits				
Customers	265,019	220,924	265,019	220,924
Related companies	30,004	31,130	30,004	31,130
Staff loans	10,109	12,141	10,109	12,141
Gross loans, advances and financing	305,132	264,195	305,132	264,195
Less:				
Allowance for bad and doubtful debts and financing:				
General	4,479	3,862	4,479	3,862
Specific	6,449	6,625	6,449	6,625
	10,928	10,487	10,928	10,487
Net loans, advances and financing	294,204	253,708	294,204	253,708

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

	Group		Bank	
	30.06.09 RM'000	31.03.09 RM'000	30.06.09 RM'000	31.03.09 RM'000
Working capital	30,004	31,130	30,004	31,130
Purchase of securities	263,014	220,423	263,014	220,423
Other purpose	1,504	-	1,504	-
Residential landed properties	8,073	9,870	8,073	9,870
Personal use	501	501	501	501
Purchase of transport vehicles	2,036	2,271	2,036	2,271
Gross loans, advances and financing	305,132	264,195	305,132	264,195

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

	Group		Bank	
	30.06.09 RM'000	31.03.09 RM'000	30.06.09 RM'000	31.03.09 RM'000
Domestic :				
Other non-bank financial institutions	30,004	31,130	30,004	31,130
Business enterprises:				
Small medium enterprises	1,303	-	1,303	-
Others	19,865	30,882	19,865	30,882
Individuals	251,859	200,066	251,859	200,066
Foreign entities	2,101	2,117	2,101	2,117
	<u>305,132</u>	<u>264,195</u>	<u>305,132</u>	<u>264,195</u>

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

	Group		Bank	
	30.06.09 RM'000	31.03.09 RM'000	30.06.09 RM'000	31.03.09 RM'000
Variable rate				
Cost-plus	127,685	76,813	127,685	76,813
Other variable rates	30,004	31,130	30,004	31,130
	<u>157,689</u>	<u>107,943</u>	<u>157,689</u>	<u>107,943</u>
Fixed rate				
Housing loans	8,073	9,870	8,073	9,870
Hire purchase receivables	2,036	2,271	2,036	2,271
Other fixed rates	137,334	144,111	137,334	144,111
	<u>147,443</u>	<u>156,252</u>	<u>147,443</u>	<u>156,252</u>
	<u>305,132</u>	<u>264,195</u>	<u>305,132</u>	<u>264,195</u>

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

	Group		Bank	
	30.06.09 RM'000	31.03.09 RM'000	30.06.09 RM'000	31.03.09 RM'000
Balance at beginning of period/year	6,733	293,172	6,733	293,172
Non-performing during the period/year	-	-	-	-
Reclassification to performing loans, advances and financing	-	-	-	-
Debt equity conversion	-	-	-	-
Recoveries	(176)	(595)	(176)	(595)
Amount written off	-	-	-	-
Amount vested to AmBank/AmIslamic Bank	-	(285,844)	-	(285,844)
Exchange fluctuation adjustment	-	-	-	-
Reclassification from trade receivable	-	-	-	-
Balance at end of period/year	6,557	6,733	6,557	6,733
Specific allowance	(6,449)	(6,625)	(6,449)	(6,625)
Non-performing loans, advances and financing - net	<u>108</u>	<u>108</u>	<u>108</u>	<u>108</u>
Ratios of non-performing loans, advances and financing to total loans, advances and financing - net	<u>0.04%</u>	<u>0.04%</u>	<u>0.04%</u>	<u>0.04%</u>

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

	Group		Bank	
	30.06.09 RM'000	31.03.09 RM'000	30.06.09 RM'000	31.03.09 RM'000
Purchase of securities	6,557	6,733	6,557	6,733

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

	Group		Bank	
	30.06.09	31.03.09	30.06.09	31.03.09
	RM'000	RM'000	RM'000	RM'000
General allowance				
Balance at beginning of period/year	3,862	69,179	3,862	68,689
Reversal of allowance during the period/year	617	3,272	617	3,272
Amount vested to AmBank/AmIslamic Bank	-	(68,895)	-	(68,895)
Exchange fluctuation adjustments	-	306	-	796
Balance at end of period/year	<u>4,479</u>	<u>3,862</u>	<u>4,479</u>	<u>3,862</u>
% of total loans, advances and financing less specific allowances	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>
Specific allowance				
Balance at beginning of period/year	6,625	160,266	6,625	160,250
Allowance during the period/year	-	124	-	124
Amount written back in respect of recoveries and reversals	(176)	(616)	(176)	(616)
Net charge to income statements	(176)	(492)	(176)	(492)
Reclassification from sundry receivables	-	78	-	78
Amount vested to AmBank/AmIslamic Bank	-	(153,211)	-	(153,211)
Exchange fluctuation adjustments	-	(16)	-	-
Balance at end of period/year	<u>6,449</u>	<u>6,625</u>	<u>6,449</u>	<u>6,625</u>

12. OTHER ASSETS

	Group		Bank	
	30.06.09 RM'000	31.03.09 RM'000	30.06.09 RM'000	31.03.09 RM'000
Trade receivables, net of allowance for doubtful debts	598,276	316,471	368,264	171,452
Other receivables, deposits and prepayments, net of allowance for doubtful debts	106,497	144,378	102,009	125,778
Interest/Dividends receivable	1,721	1,343	1,701	19,678
Amount due (to)/from brokers	4,466	13,923	-	5,739
Amount due from:				
Ultimate holding company	360	1,019	360	1,019
Subsidiary companies	-	-	604	1,177
Related companies	71,660	4,115	71,828	4,121
Assets acquired in exchange of debts, net of impairment loss	684	684	684	684
	<u>783,664</u>	<u>481,933</u>	<u>545,450</u>	<u>329,648</u>
Asset reclassified as held for sale	-	(20,535)		
	<u>783,664</u>	<u>461,398</u>	<u>545,450</u>	<u>329,648</u>

Trade receivables mainly relate to the stock and share-broking operations of subsidiary companies and the Bank, and represent amount outstanding in purchase contracts net of allowance.

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

13. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	30.06.09 RM'000	31.03.09 RM'000	30.06.09 RM'000	31.03.09 RM'000
Term/Investment deposits	-	-	-	-
Negotiable instruments of deposits	114,169	114,309	114,169	114,309
Other deposits	25,723	71,307	25,723	71,307
	<u>139,892</u>	<u>185,616</u>	<u>139,892</u>	<u>185,616</u>

The deposits are sourced from the following types of customers:

	Group		Bank	
	30.06.09 RM'000	31.03.09 RM'000	30.06.09 RM'000	31.03.09 RM'000
Business enterprises	14,169	85,616	14,169	85,616
Individuals	-	-	-	-
Government	100,000	100,000	100,000	100,000
Others	25,723	-	25,723	-
	<u>139,892</u>	<u>185,616</u>	<u>139,892</u>	<u>185,616</u>

14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	30.06.09 RM'000	31.03.09 RM'000	30.06.09 RM'000	31.03.09 RM'000
Licensed banks:				
Subsidiary	-	-	-	-
Related	610,046	566,479	610,046	566,479
Others	-	-	-	-
	<u>610,046</u>	<u>566,479</u>	<u>610,046</u>	<u>566,479</u>

15. OTHER LIABILITIES

	Group		Bank	
	30.06.09 RM'000	31.03.09 RM'000	30.06.09 RM'000	31.03.09 RM'000
Trade payables	762,046	468,454	510,832	271,097
Other payables and accruals	70,092	94,825	60,625	67,093
Amount due to subsidiaries	-	-	240	-
Amount due to related companies	34,281	17,282	34,118	17,291
Taxation payable	49	(340)	-	-
Zakat payable	38	38	38	38
Bank Overdraft	27	786	-	-
Deferred tax liabilities	6,637	6,731	6,637	6,637
	<u>873,170</u>	<u>587,776</u>	<u>612,490</u>	<u>362,156</u>
Liabilities directly associated with assets classified as held for sale	-	(25,611)	-	-
	<u>873,170</u>	<u>562,165</u>	<u>612,490</u>	<u>362,156</u>

Trade payables mainly relate to the stock and share-broking operations of subsidiary companies and the Bank, and represent amount payable in outstanding sales contracts.

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

The movements in profit equalisation reserve are as follows:

	Group		Bank	
	30.06.09 RM'000	31.03.09 RM'000	30.06.09 RM'000	31.03.09 RM'000
Balance at beginning of period/year	-	335	-	95
Amount vested to AmBank/AmIslamic Bank	-	(335)	-	(95)
Balance at end of period/year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

16. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.06.09 RM'000	30.06.08 RM'000	30.06.09 RM'000	30.06.08 RM'000
Short-term funds and deposits with financial institutions	4,259	17,305	4,259	17,305
Securities held-for-trading	-	9,112	-	9,112
Securities available-for-sale	555	3,043	555	3,043
Securities held-to-maturity	-	-	-	-
Loans and advances				
- Interest income other than recoveries from NPLs	4,311	16,719	4,311	16,719
- Recoveries from NPLs	-	218	-	218
Others	265	443	265	443
Gross interest income	9,390	46,840	9,390	46,840
Amortisation of premiums less accretion of discounts	1,279	1,679	1,279	1,679
Interest suspended	-	(819)	-	(819)
Total after net interest suspension	10,669	47,700	10,669	47,700
Bank	Individual Quarter		Cumulative Quarter	
	30.06.09 RM'000	30.06.08 RM'000	30.06.09 RM'000	30.06.08 RM'000
Short-term funds and deposits with financial institutions	3,060	16,177	3,060	16,177
Securities held-for-trading	-	9,112	-	9,112
Securities available-for-sale	555	3,043	555	3,043
Securities held-to-maturity	-	-	-	-
Loans and advances				
- Interest income other than recoveries from NPLs	4,311	16,720	4,311	16,720
- Recoveries from NPLs	-	218	-	218
Others	84	100	84	100
Gross interest income	8,010	45,370	8,010	45,370
Amortisation of premiums less accretion of discounts	1,279	1,679	1,279	1,679
Interest suspended	-	(819)	-	(819)
Total after net interest suspension	9,289	46,230	9,289	46,230

17. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	30.06.09 RM'000	30.06.08 RM'000	30.06.09 RM'000	30.06.08 RM'000
Deposits from customers	3,046	6,958	3,046	6,958
Deposit of banks and other financial institutions	3,590	12,291	3,590	12,291
Securities sold under repurchase agreements	-	-	-	-
Subordinated deposits and term loans	-	361	-	361
Securities sold not yet repurchased	-	-	-	-
Redeemable unsecured bonds	1,599	9,053	1,599	9,053
Others	484	970	484	970
	<u>8,719</u>	<u>29,633</u>	<u>8,719</u>	<u>29,633</u>

Bank	Individual Quarter		Cumulative Quarter	
	30.06.09 RM'000	30.06.08 RM'000	30.06.09 RM'000	30.06.08 RM'000
Deposits from customers	1,956	6,958	1,956	6,958
Deposit of banks and other financial institutions	4,016	12,291	4,016	12,291
Securities sold under repurchase agreements	-	-	-	-
Subordinated deposits and term loans	-	244	-	244
Securities sold not yet repurchased	-	-	-	-
Redeemable unsecured bonds	1,599	9,053	1,599	9,053
Others	305	781	305	781
	<u>7,876</u>	<u>29,327</u>	<u>7,876</u>	<u>29,327</u>

18. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.06.09 RM'000	30.06.08 RM'000	30.06.09 RM'000	30.06.08 RM'000
Fee income:				
Fees on loans and advances	4,064	2,954	4,064	2,954
Corporate advisory fees	6,707	8,861	6,707	8,861
Guarantee fees	349	429	349	429
Underwriting commissions	589	3,448	589	3,448
Portfolio management fees	(102)	(766)	(102)	(766)
Unit trust management fees	1,551	1,631	1,551	1,631
Brokerage fees and commissions	32,611	20,793	32,611	20,793
Other fee income	5,433	7,226	5,433	7,226
	<u>51,202</u>	<u>44,576</u>	<u>51,202</u>	<u>44,576</u>
Investment and trading income:				
Net gain/(loss) from sale of securities held-for-trading	2,561	(12,398)	2,561	(12,398)
Net gain/(loss) from sale of securities available-for-sale	14	(50)	14	(50)
Net gain on redemption of securities held-to-maturity	-	250	-	250
Loss on disposal of subsidiaries / transfer of offshore banking subsidiary	(45,121)	(48,515)	(45,121)	(48,515)
Loss on revaluation of derivatives	5,680	(3,096)	5,680	(3,096)
Gross dividend income from:				
Securities held-for-trading	34	910	34	910
Securities held-to-maturity	25	25	25	25
Loss on revaluation of securities held-for-trading	231	5,015	231	5,015
	<u>(36,576)</u>	<u>(57,859)</u>	<u>(36,576)</u>	<u>(57,859)</u>
Other income:				
Foreign exchange (loss)/gain	(926)	(1,450)	(926)	(1,450)
Gain on disposal of property and equipment - net	20	423	20	423
Rental income	350	251	350	251
Other non-operating income	214	7	214	7
Service transfer pricing income	6,674	16,098	6,674	16,098
	<u>6,332</u>	<u>15,329</u>	<u>6,332</u>	<u>15,329</u>
	<u>20,958</u>	<u>2,046</u>	<u>20,958</u>	<u>2,046</u>

18. OTHER OPERATING INCOME (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	30.06.09	30.06.08	30.06.09	30.06.08
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Fees on loans and advances	4,064	2,954	4,064	2,954
Corporate advisory fees	6,611	8,755	6,611	8,755
Guarantee fees	349	429	349	429
Underwriting commissions	150	3,448	150	3,448
Brokerage fees and commissions	22,567	15,216	22,567	15,216
Other fee income	4,293	6,403	4,293	6,403
	<u>38,034</u>	<u>37,205</u>	<u>38,034</u>	<u>37,205</u>
Investment and trading income:				
Net gain/(loss) from sale of securities held-for-trading	2,700	(12,390)	2,700	(12,390)
Net gain/(loss) from sale of securities available-for-sale	14	(50)	14	(50)
Net gain on redemption of securities held-to-maturity	-	250	-	250
Gain/(loss) on revaluation of derivatives	5,680	(3,096)	5,680	(3,096)
Gross dividend income from:				
Unquoted subsidiary companies	-	540	-	540
Securities held-for-trading	34	896	34	896
Securities held-to-maturity	25	25	25	25
Loss on revaluation of securities held-for-trading	233	5,015	233	5,015
	<u>8,686</u>	<u>(8,810)</u>	<u>8,686</u>	<u>(8,810)</u>
Other income:				
Foreign exchange (loss)/gain	(1,103)	(1,432)	(1,103)	(1,432)
Gain on disposal of property and equipment - net	19	423	19	423
Rental income	350	251	350	251
Other non-operating income	199	-	199	-
Service transfer pricing income	6,679	16,183	6,679	16,183
	<u>6,144</u>	<u>15,425</u>	<u>6,144</u>	<u>15,425</u>
	<u>52,864</u>	<u>43,820</u>	<u>52,864</u>	<u>43,820</u>

19. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	30.06.09 RM'000	30.06.08 RM'000	30.06.09 RM'000	30.06.08 RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	26,094	36,001	26,094	36,001
- Others	6,664	12,238	6,664	12,238
	<u>32,758</u>	<u>48,239</u>	<u>32,758</u>	<u>48,239</u>
Establishment costs				
- Depreciation of property and equipment	1,349	1,927	1,349	1,927
- Amortisation of computer software	90	345	90	345
- Computerisation costs	3,233	4,326	3,233	4,326
- Rental	3,499	4,164	3,499	4,164
- Others	923	1,393	923	1,393
	<u>9,094</u>	<u>12,155</u>	<u>9,094</u>	<u>12,155</u>
Marketing and communication expenses				
- Sales commission	3,752	1,348	3,752	1,348
- Advertising	96	1,616	96	1,616
- Travel and entertainment	1,032	1,612	1,032	1,612
- Others	1,607	1,583	1,607	1,583
	<u>6,487</u>	<u>6,159</u>	<u>6,487</u>	<u>6,159</u>
Administration and general expenses				
- Professional fees	883	829	883	829
- Others	3,922	2,621	3,922	2,621
	<u>4,805</u>	<u>3,450</u>	<u>4,805</u>	<u>3,450</u>
Others				
- Service transfer pricing expenses	2,335	89	2,335	89
	<u>55,479</u>	<u>70,092</u>	<u>55,479</u>	<u>70,092</u>

19. OTHER OPERATING EXPENSES (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	30.06.09 RM'000	30.06.08 RM'000	30.06.09 RM'000	30.06.08 RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	22,891	30,709	22,891	30,709
- Others	5,503	9,716	5,503	9,716
	<u>28,394</u>	<u>40,425</u>	<u>28,394</u>	<u>40,425</u>
Establishment costs				
- Depreciation of property and equipment	1,041	1,635	1,041	1,635
- Amortisation of computer software	89	344	89	344
- Computerisation costs	1,231	2,788	1,231	2,788
- Rental	2,477	3,227	2,477	3,227
- Others	620	1,056	620	1,056
	<u>5,458</u>	<u>9,050</u>	<u>5,458</u>	<u>9,050</u>
Marketing and communication expenses				
- Sales commission	2,920	750	2,920	750
- Advertising	77	1,596	77	1,596
- Travel and entertainment	775	1,328	775	1,328
- Others	1,237	1,184	1,237	1,184
	<u>5,009</u>	<u>4,858</u>	<u>5,009</u>	<u>4,858</u>
Administration and general expenses				
- Professional fees	781	759	781	759
- Others	3,555	2,806	3,555	2,806
	<u>4,336</u>	<u>3,565</u>	<u>4,336</u>	<u>3,565</u>
Others				
- Service transfer pricing expenses	2,187	-	2,187	-
	<u>45,384</u>	<u>57,898</u>	<u>45,384</u>	<u>57,898</u>

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

Group	Individual Quarter		Cumulative Quarter	
	30.06.09 RM'000	30.06.08 RM'000	30.06.09 RM'000	30.06.08 RM'000
Allowance for bad and doubtful debts and financing:				
Specific allowance - net	(176)	(169)	(176)	(169)
<i>Allowance during the period</i>	-	-	-	-
<i>Amount written back in respect of recoveries and reversals</i>	(176)	(169)	(176)	(169)
General allowance	617	1,354	617	1,354
Bad debts and financing				
Written off	-	-	-	-
Recovered	(4)	(2,280)	(4)	(2,280)
	<u>437</u>	<u>(1,095)</u>	<u>437</u>	<u>(1,095)</u>
Bank				
Allowance for bad and doubtful debts and financing:				
Specific allowance- net	(176)	(169)	(176)	(169)
<i>Allowance during the period</i>	-	-	-	-
<i>Amount written back in respect of recoveries and reversals</i>	(176)	(169)	(176)	(169)
General allowance	617	1,354	617	1,354
Bad debts and financing				
Written off	-	-	-	-
Recovered	(4)	(2,280)	(4)	(2,280)
	<u>437</u>	<u>(1,095)</u>	<u>437</u>	<u>(1,095)</u>

21. SEGMENTAL INFORMATION

BY BUSINESS SEGMENT

	Individual Quarter		Cumulative Quarter	
	30.06.09 RM'000	30.06.08 RM'000	30.06.09 RM'000	30.06.08 RM'000
Continuing Operations				
Investment banking				
Revenue	141,692	88,216	141,692	88,216
Profit before taxation	81,899	9,751	81,899	9,751
Offshore banking				
Revenue	-	(1,997)	-	(1,997)
Loss before taxation	-	(3,947)	-	(3,947)
Real estate management				
Revenue	6	11	6	11
Profit before taxation	-	5	-	5
Investment consultancy and advisory				
Revenue	1,195	1,837	1,195	1,837
Profit/(loss) before taxation	139	(591)	139	(591)
Others				
Revenue	57	68	57	68
Profit before taxation	45	60	45	60
Total before consolidation adjustments				
Revenue	142,950	88,135	142,950	88,135
Profit before taxation	82,083	5,278	82,083	5,278
Consolidation adjustments				
Revenue	(37,886)	(33,738)	(37,886)	(33,738)
Profit before taxation	(45,043)	(49,003)	(45,043)	(49,003)
Total after consolidation adjustments				
Revenue	105,064	54,397	105,064	54,397
Profit/(loss) before taxation	37,040	(43,725)	37,040	(43,725)
Discontinued Operations				
Unit trust management				
Revenue	-	10,213	-	10,213
Profit before taxation	-	7,119	-	7,119
Asset management				
Revenue	-	8,580	-	8,580
Profit before taxation	-	2,399	-	2,399
Total				
Revenue	-	18,793	-	18,793
Profit before taxation	-	9,518	-	9,518

21. SEGMENTAL INFORMATION (CONTD.)

Included in the above is Islamic banking business profit before taxation of RM73.4 million for the Group and the Bank for the period ended 30 June 2009 (RM4.7 million for the Group and the Bank for the period ended 30 June 2008).

The Group's activities are principally conducted in Malaysia except for AmFrasers International Pte. Ltd. and its subsidiary companies, activities of which are principally conducted in Singapore, which contributed to a profit before tax of RM3.3 million for the period ended 30 June 2009 (Loss of RM 3.87 million for the period ended 30 June 2008).

22. VALUATIONS OF PROPERTY AND EQUIPMENT

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

23. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

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

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

On 1 April 2009, the Bank acquired 100% equity interest in AmResearch Sdn Bhd ("AMR") and AmFutures Sdn Bhd ("AMF") from AmSecurities Holdings Sdn Bhd pursuant to the reorganisation by AMMB Holdings Berhad of the Group's business operations after the privatisation of AmInvestment Group Berhad. The shareholding interest in these subsidiaries are acquired at their book values.

The balance sheets are as follows:

	As at 31 Mar 2009 AMR RM'000	As at 31 Mar 2009 AMF RM'000
ASSETS		
Cash and short-term funds	3,956	73,910
Securities purchased under resale agreements	-	16,807
Securities available-for-sale	-	2,200
Other assets	25	11,399
Property and equipment	170	361
Intangible assets	12	6
	<u>4,163</u>	<u>104,683</u>
LIABILITIES AND SHAREHOLDER'S EQUITY		
Other liabilities	1,489	85,334
Total liabilities	<u>1,489</u>	<u>85,334</u>
Share capital	500	15,000
Reserves	2,174	4,349
Shareholder's equity	<u>2,674</u>	<u>19,349</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	<u>4,163</u>	<u>104,683</u>

24. CHANGES IN THE COMPOSITION OF THE GROUP AND THE BANK (CONT'D.)

On 1 April 2009, the Bank divested the 100% equity interest in AmInvestment Management Sdn Bhd ("AIM") and AmInvestment Services Berhad ("AIS") at book values to AmInvestment Group Berhad.

The balance sheets are as follows:

	As at 31 Mar 2009 AIM RM'000	As at 31 Mar 2009 AIS RM'000
ASSETS		
Cash and short-term funds	22,133	57,983
Other assets	5,619	15,896
Property and equipment	1,041	418
Intangible assets	230	742
TOTAL ASSETS	<u>29,023</u>	<u>75,039</u>
LIABILITIES AND SHAREHOLDER'S EQUITY		
Other liabilities	<u>16,984</u>	<u>29,592</u>
Share capital	2,000	5,539
Reserves	10,039	39,908
Shareholder's equity	<u>12,039</u>	<u>45,447</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	<u>29,023</u>	<u>75,039</u>

In previous financial year, on 12 April 2008, the Bank completed the business transfer of assets and liabilities relating to the Bank's 100% shareholding interest in Labuan offshore banking subsidiary of AmInternational (L) Ltd (AMIL) at book value to AmBank.

The balance sheets for the transfer is as follows:

	Unaudited As at 12 April 2008 AMIL RM'000
ASSETS	
Cash and short-term funds	535,393
Securities available-for-sale	897
Securities held-to-maturity	40,954
Loans, advances and financing	32,146
Other assets	1,294
Property and equipment	510
Intangible assets	2
TOTAL ASSETS	<u>611,196</u>
LIABILITIES AND SHAREHOLDER'S EQUITY	
Deposits from customers	503,510
Deposits and placements of banks and other financial institutions	24,115
Other liabilities	2,036
Total liabilities	<u>529,661</u>
Share capital	33,020
Reserves	48,515
Shareholder's equity	<u>81,535</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	<u>611,196</u>

25. BORROWINGS

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

	Group		Bank	
	30.06.09 RM'000	31.03.09 RM'000	30.06.09 RM'000	31.03.09 RM'000
(i) Deposits from customers				
Due within six months	25,723	185,616	25,723	185,616
Six months to one year	100,000	-	100,000	-
One year to three years	14,169	-	14,169	-
Three years to five years	-	-	-	-
Total	<u>139,892</u>	<u>185,616</u>	<u>139,892</u>	<u>185,616</u>
(ii) Deposits and placements of banks and other financial institutions				
Due within six months	558,249	566,479	558,249	566,479
Six months to one year	-	-	-	-
One year to three years	51,797	-	51,797	-
Three years to five years	-	-	-	-
Total	<u>610,046</u>	<u>566,479</u>	<u>610,046</u>	<u>566,479</u>
<i>Recap :</i>				
<i>Interbank lendings</i>	912,080	863,032	827,631	758,946
<i>Interbank borrowings</i>	(610,046)	(566,479)	(610,046)	(566,479)
Net interbank (borrowings)/ lendings	<u>302,034</u>	<u>296,553</u>	<u>217,585</u>	<u>192,467</u>
(iii) Term loans				
Due within one year				
Secured	12,159	-	-	-
(iv) Redeemable unsecured subordinated bonds				
More than one year	135,000	135,000	135,000	135,000

26. COMMITMENTS AND CONTINGENCIES

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

As at 30 June 2009, the commitments and contingencies outstanding are as follows:

Group	30.06.09			31.03.09		
	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						
Equity related contracts:						
Options	123,668	-	-	127,290	-	-
Futures	17,282	-	-	8,262	-	-
	<u>140,950</u>	<u>-</u>	<u>-</u>	<u>135,552</u>	<u>-</u>	<u>-</u>
Commitments						
Irrevocable commitments to extend credit maturing :						
within one year	159,067	-	-	100,147	-	-
more than one year	1,199	600	444	1,328	664	485
	<u>160,266</u>	<u>600</u>	<u>444</u>	<u>101,475</u>	<u>664</u>	<u>485</u>
Contingent Liabilities						
Guarantees given on behalf of customers	<u>462,672</u>	<u>462,672</u>	<u>462,672</u>	<u>462,672</u>	<u>462,672</u>	<u>462,672</u>
	<u>763,888</u>	<u>463,272</u>	<u>463,116</u>	<u>699,699</u>	<u>463,336</u>	<u>463,157</u>

26. COMMITMENTS AND CONTINGENCIES (CONT'D)

Bank	30.06.09			31.03.09		
	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						
Equity related contracts:						
Options	123,668	-	-	127,290	-	-
Futures	17,282	-	-	8,262	-	-
	<u>140,950</u>	<u>-</u>	<u>-</u>	<u>135,552</u>	<u>-</u>	<u>-</u>
Commitments						
Irrevocable commitments to extend credit maturing:						
within one year	159,067	-	-	100,147	-	-
more than one year	1,199	600	444	1,328	664	485
	<u>160,266</u>	<u>600</u>	<u>444</u>	<u>101,475</u>	<u>664</u>	<u>485</u>
Contingent Liabilities						
Guarantees given on behalf of customers	<u>462,672</u>	<u>462,672</u>	<u>462,672</u>	<u>462,672</u>	<u>462,672</u>	<u>462,672</u>
	<u>763,888</u>	<u>463,272</u>	<u>463,116</u>	<u>699,699</u>	<u>463,336</u>	<u>463,157</u>

26. COMMITMENTS AND CONTINGENCIES (CONTD.)

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

- (a) The Bank has given guarantees in favour of Labuan International Financial Exchange ("LFX") in respect of USD 5 million each for AmInternational to act as a Listing Sponsor and as a Trading Agent of the LFX.
- (b) A suit dated 12 December 2005 was filed by Meridian Asset Management Sdn Bhd ("Meridian") against AmTrustee Berhad ("AmTrustee"), an associated company of the Bank in respect of a claim amounting to RM27.6 million for alleged loss and damage together with interests and costs arising from AmTrustee's provision of custodian services to Meridian.

Malaysian Assurance Alliance Bhd ("MAA") has claimed its portion of the abovementioned alleged loss, being general damages and special damages of RM19,640,178.83, together with interest and costs. AmTrustee was served on 24 March 2006 with a Writ and Statement of Claim dated 25 January 2006 by solicitors acting for MAA. MAA had appointed Meridian as an external fund manager for certain of its insurance funds, and part of these funds were deposited by Meridian with AmTrustee.

AmTrustee has been served on 5 October 2006 with an application to add the Bank as 2nd Defendant to the Writ and Statement of Claim dated 12 December 2005 filed against AmTrustee by solicitors acting for Meridian Asset Management Sdn Bhd (Meridian). The claim in the application by Meridian against the Bank is for alleged loss and damage amounting to RM36,967,166.84 together with interest and costs arising from the provision of custodian services by AmTrustee to Meridian.

The application was fixed for hearing before the Registrar on 17 October 2008, and the Registrar dismissed the Application with cost. Meridian filed an appeal to the Judge in Chambers against the Registrar's Order and the same was heard by the Judge on 8 January 2009 and was fixed for decision on 23 March 2009 wherein the High Court Judge dismissed Meridian's application to add AmInvestment Bank as a Party to Meridian's Suit and allowed Meridian to increase its claim against AmTrustee from RM27,606,169.65 to RM36,967,166.84.

No Appeal was lodged to the Court of Appeal by Meridian against the High Court's decision in dismissing its application to add AmInvestment Bank as a Party to its Suit. The time frame to lodge the appeal by Meridian has expired on 23 February 2009.

With the High Court decision dated 23 March 2009, in dismissing Meridian's application to add AmInvestment Bank as a Party to its Suit, and with no Appeal lodged to the Court of Appeal, there is no litigation pending today against AmInvestment Bank by Meridian.

It is to be noted that both the Meridian and MAA suit against AmTrustee were ordered on 16.9.2008 to be tried together at the same time pursuant to Order 4 Rule 1 of the Rules of the High Court 1980. Case Management of this case with that of the other is fixed on 13.08.09.

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

27. RELATED PARTY TRANSACTIONS

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

28. DERIVATIVE FINANCIAL INSTRUMENTS

As at 30 June 2009, derivative financial instruments outstanding are as follows:

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	Margin requirement
Equity related contracts:								
Options	123,668	23,354	-	-	100,314	-	-	-
Futures	17,282	17,282			-			
Total	140,950	40,636	-	-	100,314	-	-	-

RISK MANAGEMENT POLICY ON FINANCIAL DERIVATIVES

Purpose of engaging in financial derivatives

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

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

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

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

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

28. DERIVATIVE FINANCIAL INSTRUMENTS (CONTD.)

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 measure that estimates the potential changes in portfolio value that may occur brought about by potential changes in market rates over a defined period at a 99% confidence level under normal market condition.

Credit risk

Counterparty credit risk arises from the possibility that a counterparty may be unable to meet the terms of the derivatives contract. Unlike conventional asset instruments, the Group's financial loss is not the entire contracted principal value of the derivatives, but rather a fraction equivalent to the cost to replace the defaulted contract with another in the market. The cost of replacement is equivalent to the difference between the original value of the derivatives at time of contract with the defaulted 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.

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.

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

Group	←-----Non-trading book----->						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				
30.06.09										
ASSETS										
Cash and short-term funds	854,833	-	-	-	-	-	108,235	-	963,068	1.44
Securities purchased under resale agreements	32,234	-	-	-	-	-	-	-	32,234	1.20
Deposits and placements with banks and other financial institutions	460	11	767	-	-	-	-	-	1,238	2.22
Securities held-for-trading	-	-	-	-	-	-	-	24,215	24,215	-
Securities available-for-sale	-	-	-	-	17,415	17,332	4,624	-	39,371	3.94
Securities held-to-maturity	-	-	-	97,525	-	-	16,805	-	114,330	3.80
Loans, advances and financing:										
- performing	46,754	164,819	25,953	50,978	2,387	7,625	59	-	298,575	7.23
- non-performing *	-	-	-	-	-	-	(4,371)	-	(4,371)	-
Other non-interest sensitive balances	-	-	-	-	-	-	834,393	-	834,393	-
TOTAL ASSETS	934,281	164,830	26,720	148,503	19,802	24,957	959,745	24,215	2,303,053	
LIABILITIES AND EQUITY										
Deposits from customers	25,723	-	-	100,000	14,169	-	-	-	139,892	0.34
Deposits and placements of banks and other financial institutions	226,948	181,301	150,000	-	51,797	-	-	-	610,046	2.44
Term loans	12,159	-	-	-	-	-	-	-	12,159	-
Redeemable unsecured subordinated bonds	-	-	-	-	-	135,000	-	-	135,000	4.52
Other non-interest sensitive balances	-	-	-	-	-	-	882,219	-	882,219	-
Total Liabilities	264,830	181,301	150,000	100,000	65,966	135,000	882,219	-	1,779,316	
Share capital	-	-	-	-	-	-	200,000	-	200,000	
Reserves	-	-	-	-	-	-	323,737	-	323,737	
TOTAL LIABILITIES AND EQUITY	264,830	181,301	150,000	100,000	65,966	135,000	1,405,956	-	2,303,053	

Group 30.06.09	<-----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				
On-balance sheet interest rate gap sensitivity	669,451	(16,471)	(123,280)	48,503	(46,164)	(110,043)	(446,211)	24,215	-	
Off-balance sheet interest rate gap sensitivity	-	-	-	-	-	-	-	-	-	
Total interest rate gap sensitivity	669,451	(16,471)	(123,280)	48,503	(46,164)	(110,043)	(446,211)	24,215	-	
Cumulative interest rate gap sensitivity	669,451	652,980	529,700	578,203	532,039	421,996	(24,215)	-		

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

Group	-----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				
31.3.09										
ASSETS										
Cash and short-term funds	834,673	-	-	-	-	-	72,434	-	907,107	1.83
Securities purchased under resale agreements	16,807	-	-	-	-	-	-	-	16,807	-
Deposits and placements with banks and other financial institutions	460	11	799	-	-	-	-	-	1,270	2.16
Securities held-for-trading	-	-	-	-	-	-	232	10,752	10,984	-
Securities available-for-sale	-	-	-	-	23,605	18,105	7,061	-	48,771	6.03
Securities held-to-maturity	-	-	-	96,614	-	-	16,805	-	113,419	4.46
Loans, advances and financing:										
- performing	47,758	185,652	6,732	5,228	2,839	9,072	181	-	257,462	6.07
- non-performing *	-	-	-	-	-	-	(3,754)	-	(3,754)	-
Derivative financial assets	-	-	-	-	-	-	5,800	-	5,800	-
Assets reclassified as held for sale	61,068	-	-	-	-	-	42,014	-	103,082	-
Other non-interest sensitive balances	-	-	-	-	-	-	560,622	-	560,622	-
TOTAL ASSETS	960,766	185,663	7,531	101,842	26,444	27,177	701,395	10,752	2,021,570	
LIABILITIES AND EQUITY										
Deposits from customers	71,307	-	-	100,000	14,309	-	-	-	185,616	3.43
Deposits and placements of banks and other financial institutions	145,180	220,000	150,000	-	51,049	-	250	-	566,479	3.14
Derivative financial liabilities	-	-	-	-	-	-	22,279	-	22,279	-
Recourse obligations on loans sold to Cagamas Berhad	-	-	-	-	-	-	-	-	-	4.33
Term loans	-	-	-	-	-	-	-	-	-	5.45
Redeemable unsecured subordinated bonds	-	-	-	-	-	135,000	-	-	135,000	6.10

Group	<-----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				
31.3.09										
Liabilities directly associated to assets reclassified as held for sale	-	-	-	-	-	-	25,611	-	25,611	-
Other non-interest sensitive balances	-	-	-	-	-	-	562,165	-	562,165	-
Total Liabilities	216,487	220,000	150,000	100,000	65,358	135,000	610,305	-	1,497,150	
Share capital	-	-	-	-	-	-	200,000	-	200,000	-
Reserves	-	-	-	-	-	-	324,420	-	324,420	-
TOTAL LIABILITIES AND EQUITY	216,487	220,000	150,000	100,000	65,358	135,000	1,134,725	-	2,021,570	
On-balance sheet interest rate gap sensitivity	744,279	(34,337)	(142,469)	1,842	(38,914)	(107,823)	(433,330)	10,752	-	
Off-balance sheet interest rate gap sensitivity	-	-	-	-	-	-	-	-	-	
Total interest rate gap sensitivity	744,279	(34,337)	(142,469)	1,842	(38,914)	(107,823)	(433,330)	10,752	-	
Cumulative interest rate gap sensitivity	744,279	709,942	567,473	569,315	530,401	422,578	(10,752)	-		

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

Bank 30.06.09	<-----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	771,623	-	-	-	-	-	85,273	-	856,896	1.38
Securities held-for-trading	-	-	-	-	-	-	-	24,098	24,098	-
Securities available-for-sale	-	-	-	-	17,415	17,332	2,424	-	37,171	4.17
Securities held-to-maturity	-	-	-	-	97,525	-	16,803	-	114,328	3.80
Loans, advances and financing:										
- performing	46,754	164,819	25,953	50,978	2,387	7,625	59	-	298,575	7.23
- non-performing *	-	-	-	-	-	-	(4,371)	-	(4,371)	-
Other non-interest sensitive balances	-	-	-	-	-	-	666,648	-	666,648	-
TOTAL ASSETS	818,377	164,819	25,953	50,978	117,327	24,957	766,836	24,098	1,993,345	
LIABILITIES AND EQUITY										
Deposits from customers	25,723	-	-	100,000	14,169	-	-	-	139,892	0.34
Deposits and placements of banks and other financial institutions	226,948	181,301	150,000	-	51,797	-	-	-	610,046	2.44
Redeemable unsecured subordinated bonds	-	-	-	-	-	135,000	-	-	135,000	4.75
Other non-interest sensitive balances	-	-	-	-	-	-	621,539	-	621,539	-
Total Liabilities	252,671	181,301	150,000	100,000	65,966	135,000	621,539	-	1,506,477	
Share capital	-	-	-	-	-	-	200,000	-	200,000	-
Reserves	-	-	-	-	-	-	286,868	-	286,868	-
TOTAL LIABILITIES AND EQUITY	252,671	181,301	150,000	100,000	65,966	135,000	1,108,407	-	1,993,345	

Bank	-----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				
30.06.09										
On-balance sheet interest rate gap sensitivity	565,706	(16,482)	(124,047)	(49,022)	51,361	(110,043)	(341,571)	24,098	-	
Off-balance sheet interest rate gap sensitivity	-	-	-	-	-	-	-	-	-	
Total interest rate gap sensitivity	565,706	(16,482)	(124,047)	(49,022)	51,361	(110,043)	(341,571)	24,098	-	
Cumulative interest rate gap sensitivity	565,706	549,224	425,177	376,155	427,516	317,473	(24,098)	-		

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

Bank	-----Non-trading book----->						Non-interest sensitive	Trading Book	Total	Effective interest rate
	Up to 1 month	>1 - 3 months	>3 - 6 months	>6 - 12 months	1 - 5 years	Over 5 years				
31.3.09	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
ASSETS										
Cash and short-term funds	715,892	-	-	-	-	-	61,298	-	777,190	1.83
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-	-	-
Securities held-for-trading	-	-	-	-	-	-	-	10,752	10,752	-
Securities available-for-sale	-	-	-	-	23,605	18,105	4,861	-	46,571	4.64
Securities held-to-maturity	-	-	-	96,614	-	-	16,803	-	113,417	3.80
Loans, advances and financing:										
- performing	47,758	185,652	6,732	5,228	2,839	9,072	181	-	257,462	7.18
- non-performing *	-	-	-	-	-	-	(3,754)	-	(3,754)	-
Derivative financial assets	-	-	-	-	-	-	5,800	-	5,800	-
Amount due from Originators	-	-	-	-	-	-	-	-	-	-
Asset reclassified as held for sale	-	-	-	-	-	-	48,807	-	48,807	-
Other non-interest sensitive balances	-	-	-	-	-	-	462,274	-	462,274	-
TOTAL ASSETS	763,650	185,652	6,732	101,842	26,444	27,177	596,270	10,752	1,718,519	
LIABILITIES AND EQUITY										
Deposits from customers	71,307	-	-	100,000	14,309	-	-	-	185,616	0.71
Deposits and placements of banks and other financial institutions	145,180	220,000	150,000	-	51,049	-	250	-	566,479	2.76
Derivative financial liabilities	-	-	-	-	-	-	22,279	-	22,279	-
Recourse obligation on loans sold to Cagamas Berhad	-	-	-	-	-	-	-	-	-	-
Term loan	-	-	-	-	-	-	-	-	-	-

Bank	<-----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				
31.3.09										
Redeemable unsecured subordinated bonds	-	-	-	-	-	135,000	-	-	135,000	4.75
Other non-interest sensitive balances	-	-	-	-	-	-	362,156	-	362,156	-
Total Liabilities	216,487	220,000	150,000	100,000	65,358	135,000	384,685	-	1,271,530	
Share capital	-	-	-	-	-	-	200,000	-	200,000	-
Reserves	-	-	-	-	-	-	246,989	-	246,989	-
TOTAL LIABILITIES AND EQUITY	216,487	220,000	150,000	100,000	65,358	135,000	831,674	-	1,718,519	
On-balance sheet interest rate gap sensitivity	547,163	(34,348)	(143,268)	1,842	(38,914)	(107,823)	(235,404)	10,752	-	
Off-balance sheet interest rate gap sensitivity	-	-	-	-	-	-	-	-	-	
Total interest rate gap sensitivity	547,163	(34,348)	(143,268)	1,842	(38,914)	(107,823)	(235,404)	10,752	-	
Cumulative interest rate gap sensitivity	547,163	512,815	369,547	371,389	332,475	224,652	(10,752)	-		

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

30. CAPITAL ADEQUACY RATIO

(a) The capital adequacy ratios of the Group and the Bank are as follows:

	Group		Bank	
	30.06.09	31.03.09	30.06.09	31.03.09
Core capital ratio	18.99%	27.14%	21.46%	28.13%
Risk-weighted capital ratio	23.97%	34.16%	23.12%	28.13%

The capital adequacy ratio of the Group refers to the consolidated capital base as a ratio of the consolidated risk-weighted assets of AmInvestment Bank Berhad and its subsidiaries. The capital adequacy ratio of the Bank refers to the combined capital base as a ratio of the risk-weighted assets of AmInvestment Bank Berhad for the financial year.

The capital adequacy ratios of AmInvestment Bank are computed in accordance with Bank Negara Malaysia's revised Risk-Weighted Capital Adequacy Framework (RWCAF-Basel II). AmInvestment Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% for the risk-weighted capital ratio.

30. CAPITAL ADEQUACY RATIO (CONTD.)

(b) The components of Tier I and Tier II Capital of the Group and the Bank are as follows:

	Group		Bank	
	30.06.09 RM'000	31.03.09 RM'000	30.06.09 RM'000	31.03.09 RM'000
Tier 1 capital				
Paid-up ordinary share capital	200,000	200,000	200,000	200,000
Paid-up non cumulative preference share capital	-	-	-	-
Share premium	-	-	-	-
Statutory reserve	200,000	200,000	200,000	200,000
Capital reserve	2,815	2,815	-	-
Exchange fluctuation reserve	24,899	24,899	6,840	6,840
Unappropriated profit at end of year	80,240	80,240	31,391	31,391
Total	507,954	507,954	438,231	438,231
Less: Goodwill	(47,685)	(47,685)	-	-
Deferred tax liability - net	8,601	8,601	8,507	8,507
Total tier 1 capital	468,870	468,870	446,738	446,738
Tier 2 capital				
Subordinated bonds	135,000	135,000	135,000	135,000
General allowance for bad and doubtful debts	5,135	4,330	5,135	4,330
Total tier 2 capital	140,135	139,330	140,135	139,330
Less: Excess tier 2 capital	-	-	-	-
Maximum allowable tier 2 capital	140,135	139,330	140,135	139,330
Total capital funds	609,005	608,200	586,873	586,068
Less: Investment in capital of related financial institution	(17,332)	(18,105)	(17,332)	(18,105)
Less: Investment in subsidiaries	-	-	(88,231)	(122,671)
Less: Other deduction	-	-	-	-
Capital base	591,673	590,095	481,310	445,292

The breakdown of risk-weighted assets of the Group and the Bank in the various risk categories are as follows:

	Group		Bank	
	30.06.09 RM'000	31.03.09 RM'000	30.06.09 RM'000	31.03.09 RM'000
Credit risk	1,999,239	1,373,712	1,662,658	1,270,849
Market risk	149,762	127,467	149,762	127,467
Operational risk	319,215	226,052	269,091	184,082
Large exposure risk requirements for single equity	405	405	405	405
	2,468,621	1,727,636	2,081,916	1,582,803

31. OPERATIONS OF ISLAMIC BANKING

BALANCE SHEETS AS AT 30 JUNE 2009

The state of affairs as at 30 June 2009 and the results for the period ended 30 June 2009 of the Islamic banking business of the Group and the Bank and included in the financial statements after elimination of intercompany transactions and balances are summarised as follows:

	Group		Bank	
	30.06.09 RM'000	31.03.09 RM'000	30.06.09 RM'000	31.03.09 RM'000
ASSETS				
Cash and short-term funds	61,485	43,783	61,485	43,783
Other receivables, deposits and prepayments	62,406	3,366	62,406	3,366
Property and equipment	90	95	90	95
Intangible assets	4	5	4	5
TOTAL ASSETS	123,985	47,249	123,985	47,249
LIABILITIES AND ISLAMIC BANKING FUNDS				
Deposits and placements of banks and other financial institutions	-	250	-	250
Other liabilities	32,505	10,042	32,505	10,042
Total Liabilities	32,505	10,292	32,505	10,292
ISLAMIC BANKING FUNDS				
Capital funds	30,000	30,000	30,000	30,000
Reserves	61,480	6,957	61,480	6,957
Islamic Banking Funds	91,480	36,957	91,480	36,957
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	123,985	47,249	123,985	47,249
COMMITMENTS AND CONTINGENCIES	160,012	160,012	160,012	160,012

**UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2009**

Group	Individual Quarter		Cumulative Quarter	
	30.06.09	30.06.08	30.06.09	30.06.08
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	66	236	66	236
Writeback of allowance for losses on financing	-	1,832	-	1,832
Total attributable income	66	2,068	66	2,068
Loss attributable to depositors	(273)	(655)	(273)	(655)
(Loss)/Income attributable to the Group	(207)	1,413	(207)	1,413
Income derived from investment of Islamic Banking Funds	73,644	5,070	73,644	5,070
Total net income	73,437	6,483	73,437	6,483
Other operating expenses	(6,641)	(816)	(6,641)	(816)
Profit before taxation	66,796	5,667	66,796	5,667
Taxation	(16,773)	(1,475)	(16,773)	(1,475)
Profit after taxation	50,023	4,192	50,023	4,192

Bank	Individual Quarter		Cumulative Quarter	
	30.06.09	30.06.08	30.06.09	30.06.08
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	66	236	66	236
Writeback of allowance for losses on financing	-	1,832	-	1,832
Total attributable income	66	2,068	66	2,068
Loss attributable to depositors	(273)	(655)	(273)	(655)
(Loss)/Income attributable to the Bank	(207)	1,413	(207)	1,413
Income derived from investment of Islamic Banking Funds	73,644	5,070	73,644	5,070
Total net income	73,437	6,483	73,437	6,483
Other operating expenses	(6,641)	(816)	(6,641)	(816)
Profit before taxation	66,796	5,667	66,796	5,667
Taxation	(16,773)	(1,475)	(16,773)	(1,475)
Profit after taxation	50,023	4,192	50,023	4,192

31a. FINANCING ACTIVITIES

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

	Group		Bank	
	30.06.09 RM'000	31.03.09 RM'000	30.06.09 RM'000	31.03.09 RM'000
Gross				
Balance at beginning of period/year	-	23,189	-	23,189
Amount vested to AmIslamic Bank	-	(23,189)	-	(23,189)
Balance at end of period/year	-	-	-	-
Specific allowance	-	-	-	-
Net non-performing financing	-	-	-	-
Ratio of net non-performing financing to total financing - net	-	-	-	-

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

	Group		Bank	
	30.06.09 RM'000	31.03.09 RM'000	30.06.09 RM'000	31.03.09 RM'000
General Allowance				
Balance at beginning of period/year	-	287	-	287
Amount vested to AmIslamic Bank	-	(287)	-	(287)
Balance at end of period/year	-	-	-	-
% of total financing less specific allowance	-	-	-	-
Specific Allowance				
Balance at beginning of period/year	-	23,189	-	23,189
Amount vested to AmIslamic Bank	-	(23,189)	-	(23,189)
Balance at end of period/year	-	-	-	-

31b. OTHER LIABILITIES

	Group		Bank	
	30.06.09 RM'000	31.03.09 RM'000	30.06.09 RM'000	31.03.09 RM'000
Other payables and accruals	3,067	1,673	3,067	1,673
Amount owing to head office	3,196	401	3,196	401
Taxation and zakat payable	26,228	7,968	26,228	7,968
Deferred taxation	14	-	14	-
	<u>32,505</u>	<u>10,042</u>	<u>32,505</u>	<u>10,042</u>

32. RECLASSIFICATION

BNM Circular on Reclassification of Securities under Specific Circumstances

The Group and the Bank adopted Bank Negara Malaysia's Circular on the Reclassification of Securities under Specific Circumstances which allow banking institutions to reclassify securities in held-for-trading category under the Revised Guidelines of Financial Reporting for Licensed Institutions (BNM/GP8). The provisions in the Circular shall override the existing requirements of BNM/GP8 in relation to the reclassification of securities into or out of the held-for-trading category and are effective from 1 July 2008 until 31 December 2009.

A reclassification of securities held-for-trading to securities available-for-sale was made during the second quarter of 2009

(i) Effects on Balance Sheet as at 30 September 2008:

Description of change	(Decrease)/Increase BNM Guidelines on reclassification		
	Before reclass		After reclass
	RM'000	RM'000	RM'000
The Group			
Securities held-for-trading	135,605	(121,195)	14,410
Securities available-for-sale	111,144	121,195	232,339
Available-for-sale reserve	(3,275)	(9,997)	(13,272)
Unappropriated profits	64,727	8,900	73,627
The Bank			
Securities held-for-trading	134,815	(121,195)	13,620
Securities available-for-sale	111,144	121,195	232,339
Available-for-sale reserve	(3,327)	(9,997)	(13,324)
Unappropriated profits	9,789	8,900	18,689

(ii) Effects on Income Statements for the quarter ended 30 September 2008:

Description of change	Increase/(Decrease) BNM Guidelines on reclassification		
	Before reclass		After reclass
	RM'000	RM'000	RM'000
The Group			
Revenue	54,301	9,925	64,226
Other operating income	25,584	9,925	35,509
Taxation	(1,252)	(1,025)	(2,277)
Loss after taxation attributable to equity holders of the Company	(23,968)	8,900	(15,068)
The Bank			
Revenue	32,015	9,925	41,940
Other operating income	4,166	9,925	14,091
Taxation	765	(1,025)	(260)
Loss after taxation attributable to equity holders of the Company	(26,529)	8,900	(17,629)

32. RECLASSIFICATION (CONT'D)

(iii) Effects on Income Statements for the period ended 30 September 2008:

Description of change	Increase/(Decrease) BNM Guidelines on reclassification		
	Before reclass		After reclass
	RM'000	RM'000	RM'000
The Group			
Revenue	107,272	9,925	117,197
Other operating income	26,819	9,925	36,744
Taxation	(7,447)	(1,025)	(8,472)
Loss after taxation attributable to equity holders of the Company	(64,558)	8,900	(55,658)
The Bank			
Revenue	110,533	9,925	120,458
Other operating income	31,803	9,925	41,728
Taxation	(2,454)	(1,025)	(3,479)
Profit after taxation attributable to equity holders of the Company	(20,853)	8,900	(11,953)

(iv) The carrying amounts and fair values of all securities reclassified from securities held-for-trading to securities available-for-sale:

	As at 30.06.09 RM'000		As at 31.03.09 RM'000	
	Carrying amount	Fair values	Carrying amount	Fair values
The Group and the Bank				
Securities reclassified from securities held-for-trading to securities available-for-sale	7,477	6,144	7,477	4,861

33. BUSINESS AND INTERNAL TRANSFERS

Pursuant to the Business Transfers of the Bank's fund based activity to AmBank and AmIslamic Bank, the unaudited balance sheets as at 12 April 2008 for the Bank are as follows:

	Unaudited As at 12 April 2008 RM'000
ASSETS	
Cash and short-term funds	2,105,829
Deposits and placements with banks and other financial institutions	521,540
Securities held-for-trading	4,349,470
Securities available-for-sale	1,132,260
Securities held-to-maturity	458,799
Derivative financial assets	278,964
Loans, advances and financing	4,092,282
Other assets	202,551
Statutory deposit with Bank Negara Malaysia	130,090
Investments in subsidiary companies	33,020
Deferred tax assets	15,439
TOTAL ASSETS	<u>13,320,244</u>
LIABILITIES AND SHAREHOLDER'S EQUITY	
Deposits from customers	6,760,077
Deposits and placements with banks and other financial institutions	4,473,165
Derivative financial liabilities	317,266
Other liabilities	72,278
Recourse obligation on loans sold to Cagamas Berhad	34,837
Term loans	267,920
Total liabilities	<u>11,925,543</u>
Reserves	24,153
Shareholder's equity	<u>24,153</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	<u>11,949,696</u>
COMMITMENTS AND CONTINGENCIES	<u>46,950,719</u>
Net Assets Vested	<u>1,370,548</u>

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

Post-restructuring, the Bank operates with a leaner balance sheet, having in the last financial year transferred its treasury and large corporate lending activities to AmBank and AmIslamic Bank Berhad and reduced its capital base.

During this quarter, as part of the Group's reorganisation initiatives and also in an effort to streamline the Group's operations, the Bank divested its two funds management subsidiaries and acquired two broking subsidiaries.

The Bank posted a pretax profit of RM78 million for the quarter as compared to a pretax profit of RM8.9 million for the quarter ended 30 June 2008, mainly due to net income for Islamic Banking operation of RM73.4 million as compared to of RM4.6 million for the quarter ended 30 June 2008.

In the non-Islamic business sectors, the net interest income descended sharply to RM1.4 million from RM16.9 million in the quarter ended 30 June 2008, a sturdy rise of other operating income to RM52.9 million from RM43.8 million in the quarter ended 30 June 2008 as a result of fee income of RM38 million as compared to RM37.2 million in the quarter ended 30 June 2008, investment and trading income of RM8.7 million as compared to trading loss of RM8.9 million in the quarter ended 30 June 2008 and other income of RM6.1 million as compared to RM15.4 million for the quarter ended 30 June 2008.

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

After the Group's strategic reorganisation during the last financial year and this financial period, the bulk of the Bank's assets and liabilities had been transferred to AmBank, alongside a substantial portion of its lending activities and treasury operations.

The Group reported pretax profit of RM44.7 million (pretax loss of RM43.7 million for the period ended 30 June 2008) and the Bank reported pretax profit of RM78 million (pretax profit of RM8.9 million for the period ended 30 June 2008), and in respect of the non-Islamic business, are attributed to:

- (i) Higher allowance for losses on loan and financing of RM0.43 million for the Group & the Bank (RM1.095 million write-back of allowance for the period ended 30 June 2008 for the Group and the Bank) due to increase in retail customers because of higher stockbroking and private banking turnover.
- (ii) Higher fee income of RM51.2 million and RM38 million as a result of higher brokerage fees and commissions (RM41.5 million and RM37.2 million earned for the period ended 30 June 2008) for the Group and the Bank, respectively.
- (iii) Lower net interest income of RM1.9 million and RM1.4 million (RM17.3 million and RM16.9 million for the period ended 30 June 2008) for the Group and the Bank, respectively due to lesser funds for placements and loan financing.
- (iv) Investment and trading (loss)/gain of (RM36.6) million and RM8.7 million (losses of RM57.9 million and RM8.8 million for the period ended 30 June 2008), for the Group and the Bank, respectively, as a result of loss on disposal of subsidiaries of RM45.1 million and RM48.5 million for June 2009 and June 2008 respectively.

35. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP AND THE BANK FOR THE PERIOD (CONT'D.)

Higher income from Islamic banking business of RM73.4 million for the Group and the Bank (RM4.7 million for the period ended 30 June 2008 for the Group and the Bank) arising from exceptionally steep increase in trading gains.

Shareholder's equity stood at RM0.5 billion (RM0.5 billion as at 31 March 2009) for the Group and RM0.5 billion (RM0.4 billion as at 31 March 2009) for the Bank.

In the opinion of the directors, the results of operations of the Group and the Bank for the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature except for the Group's loss on transfer of subsidiaries to AmInvestment Group Berhad as mentioned in notes 18 and 24.

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

36. CURRENT PERIOD PROSPECTS

In the near-term, the Bank is expected to demonstrate increased earnings sensitivity to capital market activity. Its status as a core banking entity of the AmBank Group continues to be supported by its strong investment banking franchise and its market position within the domestic debt and equity capital markets, as evidenced by its ability to secure mandates in debt and equity origination as well as merger and acquisitions (M & A) and IPO advisory services.

The Bank is now focused on capital-market origination activities for large corporate clients in the domestic and offshore markets, particularly in corporate advisory, debt capital markets, structured finance, equity capital markets, underwriting, brokerage and futures trading. It has transformed into a pure investment-advisory house with minimal interest-bearing assets. It is still one of the more established players in the domestic investment-banking industry.

The Bank's profitability is expected to improve in tandem with the recovery of the capital's markets; retail customers provide better diversification, hence reducing the Bank's customer-concentration risk and funding requirements will be minimal going forward, after the assignation of its fund-based activities to AmBank and AmIslamic Bank.