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

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

		Group		Bank	
	Note	**30.06.10 RM'000**	**31.03.10 RM'000**	**30.06.10 RM'000**	**31.03.10 RM'000**
ASSETS					
Cash and short-term funds		934,390	832,988	841,508	744,175
Securities purchased under resale agreements		14,017	16,992	-	-
Deposits and placements with banks and other financial institutions		724	735	-	-
Derivative financial assets		968	-	968	-
Financial assets held-for-trading	8	27,415	32,933	24,919	32,880
Financial investments available-for-sale	9	89,807	45,424	87,605	43,224
Financial investments held-to-maturity	10	100	15,052	100	15,050
Loans, advances and financing	11	421,454	392,944	421,422	392,911
Other assets	12	590,648	743,598	348,334	432,573
Deferred tax assets		3,094	2,021	3,094	1,707
Investments in subsidiaries		-	-	88,231	88,231
Investments in associated companies		2,490	2,471	100	100
Property and equipment		30,731	31,764	28,358	29,140
Intangible assets		13,511	13,544	2,249	2,281
TOTAL ASSETS		2,129,349	2,130,466	1,846,888	1,782,272
LIABILITIES AND EQUITY					
Deposits and placements of banks and other financial institutions	13	732,853	609,129	732,853	609,129
Derivative financial liabilities		-	467	-	467
Deposits from customers	14	14,050	13,917	14,050	13,917
Term funding		-	15,146	-	-
Debt capital		135,000	135,000	135,000	135,000
Other liabilities	15	685,458	802,831	441,040	506,737
Total Liabilities		1,567,361	1,576,490	1,322,943	1,265,250
Share capital		200,000	200,000	200,000	200,000
Reserves		361,988	353,976	323,945	317,022
Equity attributable to equity holder of the Bank		561,988	553,976	523,945	517,022
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		2,129,349	2,130,466	1,846,888	1,782,272

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

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010 (CONTD.)

		Group		Bank	
	Note	**30.06.10 RM'000**	**31.03.10 RM'000**	**30.06.10 RM'000**	**31.03.10 RM'000**
COMMITMENTS AND CONTINGENCIES	25	641,541	643,545	641,541	643,545
NET ASSETS PER ORDINARY SHARE (RM)		2.81	2.77	2.62	2.59
CAPITAL ADEQUACY	27				
Before deducting proposed dividends					
Core Capital Ratio		25.40%	23.98%	29.44%	28.29%
Risk-Weighted Capital Ratio		31.10%	29.37%	31.24%	30.07%
After deducting proposed dividends					
Core Capital Ratio		23.01%	21.73%	26.53%	25.51%
Risk-Weighted Capital Ratio		28.71%	27.13%	28.33%	27.30%

The Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2010.

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

UNAUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2010

		Individual Quarter		Cumulative Quarter	
Group	**Note**	**30.06.10**	**30.06.09**	**30.06.10**	**30.06.09**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue		80,026	105,064	80,026	105,064
Interest income	16	10,692	10,669	10,692	10,669
Interest expense	17	(6,826)	(8,719)	(6,826)	(8,719)
Net interest income		3,866	1,950	3,866	1,950
Net income from Islamic banking business		5,481	73,437	5,481	73,437
Other operating income	18	63,853	20,958	63,853	20,958
Share in results of associated companies		19	77	19	77
Net income		73,219	96,422	73,219	96,422
Other operating expenses	19	(54,104)	(55,479)	(54,104)	(55,479)
Operating Profit		19,115	40,943	19,115	40,943
Allowances for impairment on loans and financing	20	(528)	(437)	(528)	(437)
Impairment loss on:					
Financial investment		(1,574)	(3,720)	(1,574)	(3,720)
Writeback of allowance for doubtful sundry receivables- net		600	254	600	254
Writeback of provision for commitments		1	-	1	-
Profit before taxation		17,614	37,040	17,614	37,040
Taxation		(4,691)	(20,294)	(4,691)	(20,294)
Profit for the period		12,923	16,746	12,923	16,746
Attributable to :					
Equity holder of the Bank		12,923	16,746	12,923	16,746
EARNINGS PER SHARE (SEN)					
Basic		6.46	8.37	6.46	8.37
Fully diluted		6.46	8.37	6.46	8.37

The Income Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2010.

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

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2010

		Individual Quarter		Cumulative Quarter	
Group	**Note**	**30.06.10**	**30.06.09**	**30.06.10**	**30.06.09**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Profit for the period		12,923	16,746	12,923	16,746
Other comprehensive (loss)/income:					
Exchange differences on translation of foreign operations		(538)	1,851	(538)	1,851
Net loss on financial investments available-for-sale		(2,975)	(4,913)	(2,975)	(4,913)
Income tax relating to the components of other comprehensive income		2,112	-	2,112	-
Other comprehensive loss for the period, net of tax		(1,401)	(3,062)	(1,401)	(3,062)
Total comprehensive income for the period		11,522	13,684	11,522	13,684
Total comprehensive income for the period attributable to:					
Equity holders of the Bank		11,522	13,684	11,522	13,684

The Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2010.

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

UNAUDITED CONSOLIDATED INCOME STATEMENTS (CONTD.)
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2010

		Individual Quarter		Cumulative Quarter	
Bank	**Note**	**30.06.10**	**30.06.09**	**30.06.10**	**30.06.09**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue		66,458	135,590	66,458	135,590
Interest income	16	9,722	9,289	9,722	9,289
Interest expense	17	(6,344)	(7,876)	(6,344)	(7,876)
Net interest income		3,378	1,413	3,378	1,413
Net income from Islamic banking business		5,481	73,437	5,481	73,437
Other operating income	18	51,255	52,864	51,255	52,864
Net income		60,114	127,714	60,114	127,714
Other operating expenses	19	(43,316)	(45,384)	(43,316)	(45,384)
Operating Profit		16,798	82,330	16,798	82,330
Allowances for impairment on loans and financing	20	(528)	(437)	(528)	(437)
Impairment loss on:					
Financial investment		(1,574)	(3,720)	(1,574)	(3,720)
Writeback of allowance/(allowance) for doubtful sundry receivables- net		568	(205)	568	(205)
Writeback of provision for commitments		1	-	1	-
Profit before taxation		15,265	77,968	15,265	77,968
Taxation		(3,969)	(19,492)	(3,969)	(19,492)
Net profit attributable to equity holder of the Bank		11,296	58,476	11,296	58,476
EARNINGS PER SHARE (SEN)					
Basic		5.65	29.24	5.65	29.24
Fully diluted		5.65	29.24	5.65	29.24

The Income Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2010.

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

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2010

		Individual Quarter		Cumulative Quarter	
Bank	**Note**	**30.06.10**	**30.06.09**	**30.06.10**	**30.06.09**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Profit for the period		11,296	58,476	11,296	58,476
Other comprehensive (loss)/income:					
Exchange differences on translation of foreign operations		-	683	-	683
Net loss on financial investments available-for-sale		(2,975)	(4,913)	(2,975)	(4,913)
Income tax relating to the components of other comprehensive income		2,112	-	2,112	-
Other comprehensive loss for the period, net of tax		(863)	(4,230)	(863)	(4,230)
Total comprehensive income for the period		10,433	54,246	10,433	54,246
Total comprehensive income for the period attributable to:					
Equity holders of the Bank		10,433	54,246	10,433	54,246

The Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2010.

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

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2010

	<----------Attributable to equity holder of the Bank---------->							
		Non-distributable					Distributable	
Group	**Share capital RM'000**	**Capital reserve 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**	**Total shareholder's equity RM'000**
At 1 April 2009	200,000	2,815	200,000	22,023	(5,557)	24,898	80,241	524,420
Profit for the period	-	-	-	-	-	-	16,746	16,746
Other comprehensive (loss)/income	-	-	-	-	(4,913)	1,851	-	(3,062)
Total comprehensive (loss)/ 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
At 1 April 2010	200,000	2,815	200,000	7,656	3,200	24,172	116,133	553,976
Effect of adoption of FRS139	-	-	-	-	(74)	-	(3,436)	(3,510)
As restated	200,000	2,815	200,000	7,656	3,126	24,172	112,697	550,466
Profit for the period	-	-	-	-	-	-	12,923	12,923
Other comprehensive loss	-	-	-	-	(863)	(538)	-	(1,401)
Total comprehensive (loss)/ income for the period	-	-	-	-	(863)	(538)	12,923	11,522
At 30 June 2010	200,000	2,815	200,000	7,656	2,263	23,634	125,620	561,988

The Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2010.

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

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTD.)
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2010

	<----------Attributable to equity holder of the Bank---------->						
		Non-distributable				Distributable	
Bank	**Share capital 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**	**Total shareholder's equity RM'000**
At 1 April 2009	200,000	200,000	14,367	(5,609)	6,840	31,391	446,989
Profit for the period	-	-	-	-	-	58,476	58,476
Other comprehensive (loss)/income	-	-	-	(4,913)	683	-	(4,230)
Total comprehensive (loss)/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
At 1 April 2010	200,000	200,000	-	3,148	-	113,874	517,022
Effect of adoption of FRS139	-	-	-	(74)	-	(3,436)	(3,510)
As restated	200,000	200,000	-	3,074	-	110,438	513,512
Profit for the period	-	-	-	-	-	11,296	11,296
Other comprehensive loss	-	-	-	(863)	-	-	(863)
Total comprehensive (loss)/income for the period	-	-	-	(863)	-	11,296	10,433
At 30 June 2010	200,000	200,000	-	2,211	-	121,734	523,945

The Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2010.

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

UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2010

	Group		Bank	
	30.06.10 RM'000	**30.06.09 RM'000**	**30.06.10 RM'000**	**30.06.09 RM'000**
Profit before taxation	17,614	37,040	15,265	77,968
Adjustments for non-operating and non cash items	145	39,282	(880)	4,998
Operating profit before working capital changes	17,759	76,322	14,385	82,966
Decrease/(increase) in operating assets	145,637	(373,616)	64,290	(344,983)
(Decrease)/increase in operating liabilities	(3,923)	352,263	48,884	235,630
Cash generated from/(used in) operations	159,473	54,969	127,559	(26,387)
Taxation paid	(6,532)	(5,087)	(6,717)	(5,268)
Net cash generated from/(used in) operating activities	152,941	49,882	120,842	(31,655)
Net cash (used in)/generated from investing activities	(29,466)	(67,541)	(29,404)	36,841
Net cash used in financing activities	(15,146)	-	-	-
	(44,612)	(67,541)	(29,404)	36,841
Net increase/(decrease) in cash and cash equivalents	108,329	(17,659)	91,438	5,186
Cash and cash equivalents at beginning of period	589,075	656,015	575,065	632,710
Cash and cash equivalents at end of period	697,404	638,356	666,503	637,896

Note 1 : Cash and cash equivalents

For the purpose of the cash flow statements, cash and cash equivalents consist of cash and short-term funds 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	
	30.06.10 RM'000	**30.06.09 RM'000**	**30.06.10 RM'000**	**30.06.09 RM'000**
Cash and short-term funds	934,390	963,068	841,508	856,896
Less: Cash and bank balances and deposit held in trust	(236,986)	(324,712)	(175,005)	(219,000)
	697,404	638,356	666,503	637,896

The Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2010.

EXPLANATORY NOTES :

1. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and Financial Reporting Standards ("FRS") 134, Interim Financial Reporting, issued by Malaysian Accounting Standards Board ("MASB"). The financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the Annual Financial Statements of the Group and the Bank for the year ended 31 March 2010.

The condensed consolidated interim financial statements incorporate those activities relating to Islamic banking which have been undertaken by the Group and the Bank. Islamic banking refers generally to the acceptance of deposits, granting of financing and dealing in Islamic securities under Shariah principles.

The accounting policies and methods of computation applied in these condensed consolidated interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 March 2010 except for the adoption of the following FRSs, amendments to FRSs, IC Interpretations and Technical Releases:

FRS 7, Financial Instruments : Disclosure
FRS 8, Operating Segments
FRS 101, Presentation of Financial Statements (revised)
FRS 123, Borrowing Costs (revised)
FRS 139, Financial Instruments: Recognition and Measurement
Amendments to FRS 1, First-time Adoption of Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 132, Financial Instruments : Presentation and FRS 101, Presentation of Financial Statements
- Puttable Financial Instruments and Obligations Arising on Liquidation
- Separation of Compound Instruments
Amendments to FRS 132, Financial Instruments: Presentation – Classification of Rights Issues
Amendments to FRS 139, Financial Instruments: Recognition and Measurement, FRS 7, Financial Instruments:
Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives
- Reclassification of Financial Assets
- Puttable Financial Instruments and Obligations Arising on Liquidation
Amendments to FRS 139, Financial Instruments: Recognition and Measurement
- Collective Assessment of Impairment for Banking Institutions
Improvements to FRSs (2009)
IC Interpretation 9, Reassessment of Embedded Derivatives
IC Interpretation 10, Interim Financial Reporting and Impairment
IC Interpretation 11, FRS 2 - Group and Treasury Share Transactions
IC Interpretation 14, FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction
TR i – 3, Presentation of Financial Statements of Islamic Financial Institutions

The effects of adopting FRS 7, FRS 8, FRS 101, and the Amendments to FRS 117, which did not have any significant effect on the financial performance or position of the Group and the Bank and did not impact earnings per ordinary share, are discussed below:

FRS 7, Financial Instruments: Disclosures
Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132, Financial instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk, market risk and sensitivity analysis to market risk.

The Group and the Bank have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The adoption of FRS 7 did not impact the financial position or results of the Group and the Bank.

1. BASIS OF PREPARATION (CONTD.)

FRS 8, Operating Segments

FRS 8 requires an entity to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments disclosure in the financial statements. The application of FRS 8 did not have any impact to the financial statements of the Group and the Bank.

FRS 101, Presentation of Financial Statements

FRS 101 requires the Group and the Bank to present all owner changes in equity and all non-owner changes to be presented in either a single statement of comprehensive income or in two separate statements of income and comprehensive income. FRS 101 also requires the income tax effect of each component of comprehensive income be disclosed. FRS 101 requires retrospective restatement of comparative statement of financial position as at the beginning of the earliest comparative period. The Group and the Bank have opted for the two statements approach. The adoption of FRS 101 did not impact the financial position or results of the Group and the Bank as the changes introduced are presentational in nature.

FRS 117, Leases

The amendments to FRS 117 require leasehold land which are in substance finance leases to be classified as Property, Plant and Equipment or Investment Property as appropriate. The Group and the Bank have reassessed and determined that all leasehold land of the Group and the Bank which in substance are finance leases and has reclassified the leasehold land to Property, Plant and Equipment and Investment Property accordingly. The change in accounting policy has been applied retrospectively in accordance with the transitional provisions of the amendment. The reclassification does not affect earnings per ordinary share for the current and prior periods.

The principal effects of the changes in accounting policies arising from the adoption of FRS 139 and its related amendments and IC Interpretations are disclosed in Note 29.

The adoption of the other FRSs, amendments to FRSs, IC Interpretations and Technical Release did not have any material financial impact on the financial statements of the Group and the Bank.

At the date of authorisation of these condensed consolidated interim financial statements, the following revised FRSs, new IC Interpretations and Amendments to certain FRSs and IC Interpretations have been issued by the MASB but are not yet effective for, and have not been applied by the Group and the Bank:

FRSs, IC Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

FRS 1, First-time Adoption of Financial Reporting Standards (revised)
FRS 3, Business Combinations (revised)
FRS 127, Consolidated and Separate Financial Statements (revised)
Amendments to FRS 2, Share-based Payment
Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS138, Intangible Assets
Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives
IC Interpretation 12, Service Concession Arrangements
IC Interpretation I5, Agreements for the Construction of Real Estate
IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17, Distributions of Non-cash Assets to Owners

Technical Release effective for annual periods ending on or after 31 December 2010

TR 3, Guidance on Disclosures of Transition to IFRSs

1. BASIS OF PREPARATION (CONTD.)

FRSs, IC Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
- Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Additional Exemptions for First-time Adopters

Amendments to FRS 2, Share-based Payment – Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7, Financial Instruments: Disclosure – Improving Disclosures about Financial Instruments
IC Interpretation 4, Determining whether an Arrangement contains a Lease
IC Interpretation 18, Transfers of Assets from Customers
TR i – 4, Shariah Compliant Sale Contracts

2. AUDIT QUALIFICATION

There were no audit qualification in the audited annual financial statements for the year ended 31 March 2010.

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 2010.

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	
	30.06.10 RM'000	31.03.10 RM'000	30.06.10 RM'000	31.03.10 RM'000
At Fair Value				
Securities Quoted:				
In Malaysia:				
Shares	22,874	31,081	22,874	31,081
Trust units	2,045	1,799	2,045	1,799
Outside Malaysia:				
Shares	2,496	53	-	-
Total securities held-for-trading	27,415	32,933	24,919	32,880

9. SECURITIES AVAILABLE-FOR-SALE

	Group		Bank	
	30.06.10 RM'000	31.03.10 RM'000	30.06.10 RM'000	31.03.10 RM'000
At Fair Value				
Money Market Securities:				
Negotiable instruments of deposits	15,438	15,360	15,438	15,360
Securities Quoted in Malaysia:				
Shares	35,080	4,072	35,078	4,072
Unquoted Securities Of Companies Incorporated in Malaysia:				
Shares	17,133	2,200	14,933	-
Unquoted Private Debt Securities Of Companies Incorporated				
Outside Malaysia:				
Islamic corporate bonds	-	9,562	-	9,562
Corporate bonds	23,156	24,448	23,156	24,448
	23,156	34,010	23,156	34,010
Total	90,807	55,642	88,605	53,442
Accumulated impairment losses	(1,000)	(10,218)	(1,000)	(10,218)
Total securities available-for-sale	89,807	45,424	87,605	43,224

10. SECURITIES HELD-TO-MATURITY

	Group		Bank	
	30.06.10 RM'000	31.03.10 RM'000	30.06.10 RM'000	31.03.10 RM'000
At Amortised Cost:				
Quoted Securities:				
In Malaysia:				
Shares	-	2	-	-
Unquoted Securities Of Companies Incorporated:				
In Malaysia:				
Shares	-	12,788	-	12,788
Corporate bonds	100	100	100	100
Outside Malaysia:				
Shares	-	2,162	-	2,162
	100	15,050	100	15,050
Total securities held-to-maturity	100	15,052	100	15,050

11. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	30.06.10	**31.03.10**	**30.06.10**	**31.03.10**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Term loans and revolving credits				
Customers	424,485	363,982	424,484	363,982
Related companies	-	31,210	-	31,210
Staff loans	9,384	9,551	9,353	9,518
Gross loans, advances and financing	433,869	404,743	433,837	404,710
Less:				
Allowance for impairment on loans and financing:				
Collective allowance	7,265	-	7,265	-
Individual allowance	5,150	-	5,150	-
General allowance	-	5,982	-	5,982
Specific allowance	-	5,817	-	5,817
	12,415	11,799	12,415	11,799
Net loans, advances and financing	421,454	392,944	421,422	392,911

(a) The maturity structure of loans, advances and financing is as follows:

	Group		Bank	
	30.06.10	**31.03.10**	**30.06.10**	**31.03.10**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Maturing within one year	424,533	395,225	424,525	395,217
One to three years	460	414	436	391
Three to five years	905	984	905	982
Over five years	7,971	8,120	7,971	8,120
	433,869	404,743	433,837	404,710

(b) Loans, advances and financing analysed by sectors are as follows:

	Group		Bank	
	30.06.10	**31.03.10**	**30.06.10**	**31.03.10**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Agriculture	2,000	-	2,000	-
Manufacturing	354	350	354	350
Transport, storage and communication	2,285	-	2,285	-
Fin, real estate, ins and bus activities	32,017	60,897	32,017	60,897
Education and health	1,351	1,301	1,351	1,301
Investment holdings	40,874	35,958	40,874	35,958
Others	354,988	306,237	354,956	306,204
	433,869	404,743	433,837	404,710

11. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	Group		Bank	
	30.06.10 RM'000	**31.03.10 RM'000**	**30.06.10 RM'000**	**31.03.10 RM'000**
Individuals	377,380	332,472	377,348	332,439
Domestic :				
Other non-bank financial institutions	-	31,209	-	31,209
Business enterprises:				
Small medium enterprises	1,955	2,404	1,955	2,404
Other domestic business enterprise	52,179	36,304	52,179	36,304
Foreign entities	2,355	2,354	2,355	2,354
	433,869	404,743	433,837	404,710

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

	Group		Bank	
	30.06.10 RM'000	**31.03.10 RM'000**	**30.06.10 RM'000**	**31.03.10 RM'000**
Variable rate				
Cost-plus	212,062	181,500	212,062	181,500
Other variable rates	-	31,209	-	31,209
	212,062	212,709	212,062	212,709
Fixed rate				
Housing loans	7,069	7,316	7,069	7,316
Hire purchase receivables	2,317	2,235	2,285	2,202
Other fixed rates	212,421	182,483	212,421	182,483
	221,807	192,034	221,775	192,001
	433,869	404,743	433,837	404,710

(e) Loans, advances and financing analysed by geographical distribution are as follows:

	Group		Bank	
	30.06.10 RM'000	**31.03.10 RM'000**	**30.06.10 RM'000**	**31.03.10 RM'000**
Domestic	433,869	404,743	433,837	404,710

11. LOANS, ADVANCES AND FINANCING (CONTD.)

(f) Movements in impaired loans, advances and financing are as follows:

	Group		Bank	
	30.06.10	**31.03.10**	**30.06.10**	**31.03.10**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Balance at beginning of period/year	5,995	6,733	5,995	6,733
Effect of adopting of FRS 139	844	-	844	-
Balance at beginning of period/year (restated)	6,839	6,733	6,839	6,733
Impaired during the period/year	2	70	2	70
Recoveries	(158)	(808)	(158)	(808)
Amount written off	(520)	-	(520)	-
Balance at end of period/year	6,163	5,995	6,163	5,995
Ratios of impaired loans, advances and financing to total loans, advances and financing	1.42%	1.48%	1.42%	1.48%

(g) Impaired loans, advances and financing analysed by sectors are as follows:

	Group		Bank	
	30.06.10	**31.03.10**	**30.06.10**	**31.03.10**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Others	6,164	5,995	6,163	5,995

(h) Impaired loans, advances and financing analysed by geographical distribution are as follows:

	Group		Bank	
	30.06.10	**31.03.10**	**30.06.10**	**31.03.10**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Domestic	6,163	5,995	6,163	5,995

11. LOANS, ADVANCES AND FINANCING (CONTD.)

(i) Movements in allowances for impaired loans and financing are as follows:

	Group		Bank	
	30.06.10 RM'000	**31.03.10 RM'000**	**30.06.10 RM'000**	**31.03.10 RM'000**
Collective allowance				
Balance at beginning of period/year	-	-	-	-
Effect of adopting FRS 139	6,624	-	6,624	-
Balance at beginning of year (restated)	6,624	-	6,624	-
Allowance made during the period/year	652	-	652	-
Amount written off	(11)	-	(11)	-
Balance at end of period/year	7,265	-	7,265	-
% of total loans, advances and financing less individual allowance	1.69%	-	1.69%	-
Individual allowance				
Balance at beginning of period/year	-	-	-	-
Effect of adopting FRS 139	5,817	-	5,817	-
Balance at beginning of year (restated)	5,817	-	5,817	-
Amount written back in respect of recoveries and reversals	(158)	-	(158)	-
Amount written off	(509)	-	(509)	-
Balance at end of period/year	5,150	-	5,150	-

	Group		Bank	
	30.06.10 RM'000	**31.03.10 RM'000**	**30.06.10 RM'000**	**31.03.10 RM'000**
General allowance				
Balance at beginning of period/year	5,982	3,862	5,982	3,862
Effect of adopting FRS 139	(5,982)	-	(5,982)	-
Balance at beginning of year (restated)	-	3,862	-	3,862
Allowance during the period/year	-	2,120	-	2,120
Balance at end of period/year	-	5,982	-	5,982
% of total loans, advances and financing less specific allowances	-	1.50%	-	1.50%
Specific allowance				
Balance at beginning of period/year	5,817	6,625	5,817	6,625
Effect of adopting FRS 139	(5,817)	-	(5,817)	-
Balance at beginning of year (restated)	-	6,625	-	6,625
Amount written back in respect of recoveries and reversals	-	(808)	-	(808)
Balance at end of period/year	-	5,817	-	5,817

12. OTHER ASSETS

	Group		Bank	
	30.06.10	**31.03.10**	**30.06.10**	**31.03.10**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade receivables, net of allowance for doubtful debts	442,744	599,808	206,306	296,342
Other receivables, deposits and prepayments, net of allowance for doubtful debts	138,353	135,942	132,351	130,173
Interest/Dividends receivable	1,655	1,168	1,607	1,126
Amount due from brokers	1,995	1,987	-	-
Amount due from:				
Ultimate holding company	482	482	482	482
Subsidiary companies	-	-	1,962	74
Related companies	4,834	3,626	5,041	3,791
Assets acquired in exchange of debts, net of impairment loss	585	585	585	585
	590,648	743,598	348,334	432,573

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

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

13. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	30.06.10 RM'000	**31.03.10 RM'000**	**30.06.10 RM'000**	**31.03.10 RM'000**
Licensed banks:				
Related	732,853	609,129	732,853	609,129

14. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	30.06.10 RM'000	**31.03.10 RM'000**	**30.06.10 RM'000**	**31.03.10 RM'000**
Negotiable instruments of deposits	14,050	13,917	14,050	13,917

The deposits are sourced from the following types of customers:

	Group		Bank	
	30.06.10 RM'000	**31.03.10 RM'000**	**30.06.10 RM'000**	**31.03.10 RM'000**
Business enterprises	14,050	13,917	14,050	13,917

15. OTHER LIABILITIES

	Group		Bank	
	30.06.10 RM'000	**31.03.10 RM'000**	**30.06.10 RM'000**	**31.03.10 RM'000**
Trade payables	575,469	684,962	340,098	397,031
Other payables and accruals	72,019	97,793	64,724	89,117
Provision for commitments	10,000	5,001	10,000	5,001
Amount due to subsidiaries	-	-	-	396
Amount due to related companies	26,466	15,377	26,180	15,154
Taxation payable	217	(340)	-	-
Zakat payable	38	38	38	38
Bank Overdraft	1,249	-	-	-
	685,458	802,831	441,040	506,737

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

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

16. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.06.10	30.06.09	30.06.10	30.06.09
	RM'000	RM'000	RM'000	RM'000
Short-term funds and deposits with financial institutions	3,429	4,259	3,429	4,259
Securities available-for-sale	297	555	297	555
Loans and advances				
- Interest income other than recoveries from NPLs	6,301	4,311	6,301	4,311
Others	343	265	343	265
Gross interest income	10,370	9,390	10,370	9,390
Amortisation of premiums less accretion of discounts	322	1,279	322	1,279
Total after amortisation of premium	10,692	10,669	10,692	10,669

Bank	Individual Quarter		Cumulative Quarter	
	30.06.10	30.06.09	30.06.10	30.06.09
	RM'000	RM'000	RM'000	RM'000
Short-term funds and deposits with financial institutions	2,750	3,060	2,750	3,060
Securities available-for-sale	297	555	297	555
Loans and advances				
- Interest income other than recoveries from NPLs	6,301	4,311	6,301	4,311
Others	52	84	52	84
Gross interest income	9,400	8,010	9,400	8,010
Amortisation of premiums less accretion of discounts	322	1,279	322	1,279
Total after amortisation of premium	9,722	9,289	9,722	9,289

17. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	30.06.10	30.06.09	30.06.10	30.06.09
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	397	2,620	397	2,620
Deposit of banks and other financial institutions	4,613	4,016	4,613	4,016
Redeemable unsecured bonds	1,599	1,599	1,599	1,599
Others	217	484	217	484
	6,826	8,719	6,826	8,719

Bank	Individual Quarter		Cumulative Quarter	
	30.06.10	30.06.09	30.06.10	30.06.09
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	133	1,956	133	1,956
Deposit of banks and other financial institutions	4,612	4,016	4,612	4,016
Redeemable unsecured bonds	1,599	1,599	1,599	1,599
Others	-	305	-	305
	6,344	7,876	6,344	7,876

18. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.06.10	30.06.09	30.06.10	30.06.09
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Fees on loans and advances	3,827	3,738	3,827	3,738
Corporate advisory fees	9,348	6,707	9,348	6,707
Guarantee fees	263	349	263	349
Underwriting commissions	3,062	589	3,062	589
Portfolio management fees	1,920	24	1,920	24
Unit trust management fees	1,945	1,551	1,945	1,551
Brokerage fees and commissions	22,177	32,611	22,177	32,611
Other fee income	7,225	5,633	7,225	5,633
	49,767	51,202	49,767	51,202
Investment and trading income:				
Net (loss)/gain from sale of securities held-for-trading	(578)	2,561	(578)	2,561
Net gain from sale of securities available-for-sale	1,985	14	1,985	14
Loss on disposal of subsidiaries	-	(45,121)	-	(45,121)
Gain on revaluation of derivatives	1,206	5,680	1,206	5,680
Gross dividend income from:				
Securities held-for-trading	97	34	97	34
Securities held-to-maturity	691	25	691	25
(Loss)/gain on revaluation of securities held-for-trading	(1,011)	231	(1,011)	231
Foreign exchange loss	(898)	(1,121)	(898)	(1,121)
	1,492	(37,697)	1,492	(37,697)
Other income:				
Non-trading foreign exchange gain	100	195	100	195
Gain on disposal of property and equipment - net	-	20	-	20
Rental income	528	350	528	350
Other non-operating income	260	214	260	214
Service transfer pricing income	11,706	6,674	11,706	6,674
	12,594	7,453	12,594	7,453
	63,853	20,958	63,853	20,958

18. OTHER OPERATING INCOME (CONTD.)

	Individual Quarter		Cumulative Quarter	
Bank	**30.06.10**	**30.06.09**	**30.06.10**	**30.06.09**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fee income:				
Fees on loans and advances	3,827	3,738	3,827	3,738
Corporate advisory fees	5,861	6,611	5,861	6,611
Guarantee fees	263	349	263	349
Underwriting commissions	1,036	150	1,036	150
Portfolio management fees	1,920	126	1,920	126
Brokerage fees and commissions	14,793	22,567	14,793	22,567
Other fee income	8,394	4,493	8,394	4,493
	36,094	38,034	36,094	38,034
Investment and trading income:				
Net (loss)/gain from sale of securities held-for-trading	(545)	2,700	(545)	2,700
Net gain from sale of securities available-for-sale	1,985	14	1,985	14
(Loss)/gain on revaluation of derivatives	1,206	5,680	1,206	5,680
Gross dividend income from:				
Securities held-for-trading	97	34	97	34
Securities available-for-sale	-	-	-	-
Securities held-to-maturity	691	25	691	25
(Loss)/gain on revaluation of securities held-for-trading	(194)	233	(194)	233
Foreign exchange loss	(898)	(1,121)	(898)	(1,121)
	2,342	7,565	2,342	7,565
Other income:				
Non-trading foreign exchange gain	25	18	25	18
(Loss)/gain on disposal of property and equipment - net	-	19	-	19
Rental income	528	350	528	350
Other non-operating income	253	199	253	199
Service transfer pricing income	12,013	6,679	12,013	6,679
	12,819	7,265	12,819	7,265
	51,255	52,864	51,255	52,864

19. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	30.06.10	30.06.09	30.06.10	30.06.09
	RM'000	RM'000	RM'000	RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	29,017	26,094	29,017	26,094
- Others	7,323	6,664	7,323	6,664
	36,340	32,758	36,340	32,758
Establishment costs				
- Depreciation of property and equipment	1,315	1,364	1,315	1,364
- Amortisation of computer software	159	90	159	90
- Computerisation costs	3,822	3,233	3,822	3,233
- Rental	3,310	3,499	3,310	3,499
- Others	1,179	908	1,179	908
	9,785	9,094	9,785	9,094
Marketing and communication expenses				
- Sales commission	774	3,752	774	3,752
- Advertising	425	96	425	96
- Travel and entertainment	980	1,032	980	1,032
- Others	1,145	1,607	1,145	1,607
	3,324	6,487	3,324	6,487
Administration and general expenses				
- Professional fees	232	883	232	883
- Others	1,534	3,922	1,534	3,922
	1,766	4,805	1,766	4,805
Others				
- Service transfer pricing expenses	2,889	2,335	2,889	2,335
	54,104	55,479	54,104	55,479

19. OTHER OPERATING EXPENSES (CONTD.)

	Individual Quarter		Cumulative Quarter	
Bank	**30.06.10**	**30.06.09**	**30.06.10**	**30.06.09**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Personnel/Staff costs				
- Salaries, allowances and bonuses	23,722	22,891	23,722	22,891
- Others	5,308	5,503	5,308	5,503
	29,030	28,394	29,030	28,394
Establishment costs				
- Depreciation of property and equipment	1,016	1,056	1,016	1,056
- Amortisation of computer software	158	89	158	89
- Computerisation costs	2,077	1,231	2,077	1,231
- Rental	2,529	2,477	2,529	2,477
- Others	878	605	878	605
	6,658	5,458	6,658	5,458
Marketing and communication expenses				
- Sales commission	200	2,920	200	2,920
- Advertising	402	77	402	77
- Travel and entertainment	751	775	751	775
- Others	833	1,237	833	1,237
	2,186	5,009	2,186	5,009
Administration and general expenses				
- Professional fees	151	781	151	781
- Others	1,038	3,555	1,038	3,555
	1,189	4,336	1,189	4,336
Others				
- Service transfer pricing expenses	4,253	2,187	4,253	2,187
	43,316	45,384	43,316	45,384

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

	Individual Quarter		Cumulative Quarter	
Group	**30.06.10**	**30.06.09**	**30.06.10**	**30.06.09**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Allowance for impaired loans and financing:				
Collective allowance	652	-	652	-
Individual allowance	(158)	-	(158)	-
General allowance	-	617	-	617
Specific allowance	-	(176)	-	(176)
Impaired loans and financing written off	36	-	36	-
Impaired loans and financing recovered	(2)	(4)	(2)	(4)
	528	437	528	437

	Individual Quarter		Cumulative Quarter	
Bank	**30.06.10**	**30.06.09**	**30.06.10**	**30.06.09**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Allowance for impaired loans and financing:				
Collective allowance	652	-	652	-
Individual allowance	(158)	-	(158)	-
General allowance	-	617	-	617
Specific allowance	-	(176)	-	(176)
Impaired loans and financing written off	36	-	36	-
Impaired loans and financing recovered	(2)	(4)	(2)	(4)
	528	437	528	437

21. BUSINESS SEGMENT ANALYSIS

30.06.2010 Group	Investment Banking RM'000	Commercial and Institutional Banking RM'000	Treasury & Market RM'000	Group Function and Others RM'000	Total RM'000
Revenue	45,093	14,868	4,106	15,959	80,026
Income	44,870	14,738	4,106	9,505	73,219
Expenses	(29,461)	(10,382)	-	(14,261)	(54,104)
Profit/(loss) before provisions	15,409	4,356	4,106	(4,756)	19,115
Provisions	(357)	285	179	(1,608)	(1,501)
Profit/(loss) before taxation	15,052	4,641	4,285	(6,364)	17,614
Taxation and zakat	(3,629)	(1,206)	(1,057)	1,201	(4,691)
Net profit/(loss) for the year	11,423	3,435	3,228	(5,163)	12,923
Other information					
Cost to Income ratio	65.66%	70.44%	-	150.04%	73.89%
Gross loans	424,484	-	-	9,384	433,868
Net loans	412,231	-	-	9,223	421,454
Gross non-performing loans	6,163	-	-	-	6,163
Net non-performing loans	1,013	-	-	-	1,013
Deposits	25,750	-	-	721,153	746,903

21. BUSINESS SEGMENT ANALYSIS

30.06.2009 Group	Investment Banking RM'000	Commercial and Institutional Banking RM'000	Treasury & Market RM'000	Group Function and Others RM'000	Total RM'000
Revenue	102,603	12,495	26,133	(36,167)	105,064
Income	102,444	12,440	24,311	(42,774)	96,421
Expenses	(28,143)	(8,675)	(120)	(18,540)	(55,478)
Profit/(loss) before provisions	74,301	3,765	24,191	(61,314)	40,943
Provisions	(750)	533	-	(3,686)	(3,903)
Profit/(loss) before taxation	73,551	4,298	24,191	(65,000)	37,040
Taxation and zakat	(18,255)	(836)	(6,305)	5,102	(20,294)
Net profit/(loss) for the year	55,296	3,462	17,886	(59,898)	16,746
Other information					
Cost to Income ratio	27.47%	69.73%	0.49%	-43.34%	57.54%
Gross loans	265,842	30,004	-	9,286	305,132
Net loans	254,692	29,554	-	9,958	294,204
Gross non-performing loans	6,557	-	-	-	6,557
Net non-performing loans	108	-	-	-	108
Deposits	16,948	-	100,000	632,990	749,938

Included in the above is Islamic banking business profit before taxation of RM4.7 million for the Group and the Bank for the period ended 30 June 2010 (RM66.8 million for the Group and the Bank for the period ended 30 June 2009).

The Group's activities are principally conducted in Malaysia except for AmFrasers International Pte. Ltd. and its subsidiaries, activities of which are principally conducted in Singapore, which contributed to a profit before tax of RM1.8 million for the period ended 30 June 2010 (RM 3.3 million for the period ended 30 June 2009).

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. BORROWINGS

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

	Group		Bank	
	30.06.10 RM'000	**31.03.10 RM'000**	**30.06.10 RM'000**	**31.03.10 RM'000**
(i) Deposits from customers				
One year to three years	14,050	13,917	14,050	13,917
(ii) Deposits and placements of banks and other financial institutions				
Due within six months	732,853	609,129	732,853	609,129
Recap :				
Interbank lendings	905,011	778,621	824,504	716,986
Interbank borrowings	(732,853)	(609,129)	(732,853)	(609,129)
Net interbank (borrowings)/ lendings	172,158	169,492	91,651	107,857
(iii) Term loans				
Due within one year				
Secured	-	15,146	-	-
(iv) Redeemable unsecured subordinated bonds				
More than one year	135,000	135,000	135,000	135,000

25. 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 assets.

As at 30 June 2010, the Off-balance sheet exposures are as follows:

		30.06.10			31.03.10	
Group	**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:						
Futures	21,582	-	-	28,173	-	-
Commitments						
Irrevocable commitments to extend credit maturing :						
within one year	161,678	-	-	166,459	-	-
more than one year	10,333	5,167	5,104	4,444	2,222	2,160
	172,011	5,167	5,104	171,109	2,222	2,172
Contingent Liabilities						
Guarantees given on behalf of customers	437,648	437,648	424,243	437,648	437,648	424,243
Underwriting liabilities	10,300	-	-	6,615	-	-
	447,948	437,648	424,243	444,263	437,648	424,243
	641,541	442,815	429,347	643,545	439,870	426,415

25. COMMITMENTS AND CONTINGENCIES (CONT'D)

Bank	30.06.10 Principal Amount RM'000	30.06.10 Credit Equivalent Amount RM'000	30.06.10 Risk Weighted Amount RM'000	31.03.10 Principal Amount RM'000	31.03.10 Credit Equivalent Amount RM'000	31.03.10 Risk Weighted Amount RM'000
Derivative Financial Instruments						
Equity related contracts:						
Futures	21,582	-	-	28,173	-	-
Commitments						
Irrevocable commitments to extend credit maturing:						
within one year	161,678	-	-	166,459	-	-
more than one year	10,333	5,167	5,104	4,444	2,222	2,160
	172,011	5,167	5,104	171,109	2,222	2,172
Contingent Liabilities						
Guarantees given on behalf of customers	437,648	437,648	424,243	437,648	437,648	424,243
Underwriting liabilities	10,300	-	-	6,615	-	-
	447,948	437,648	424,243	444,263	437,648	424,243
	641,541	442,815	429,347	643,545	439,870	426,415

25. COMMITMENTS AND CONTINGENCIES (CONTD.)

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

As at 30 June 2010, the commitments and contingencies of the Group and the Bank are as follows:

A suit dated 12 December 2005 was filed by Meridian Asset Management Sdn Bhd ("Meridian") against AmTrustee Berhad ("AmTrustee") ("Meridian's Suit"), an associated company of the Bank in respect of a claim amounting to RM27,606,169.95 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 above mentioned 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 Suit"). 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 had filed an application to dismiss Meridian's Suit on a point of law which was dismissed with costs on 17 January 2008. AmTrustee has since filed a Notice of Appeal to the Court of Appeal on 15 February 2008 and it was fixed for Hearing on 23 June 2010 . The Appeal was dismissed with cost.

AmTrustee has also filed a stay of proceedings application of the Meridian's Suit due to Meridian's counter claim in the MAA action amounting to duplicity/abuse of process on 22 February 2008 which was dismissed with costs on 26 June 2008. AmTrustee has since filed a Notice of Appeal to the Court of Appeal on 25 July 2008. No hearing date has been fixed as yet.

AmTrustee has been served on 5 October 2006 with an application to add the Bank as 2nd Defendant to the Meridian's Suit. The claim in the application by Meridian against the Bank is to increase the amount claimed for alleged loss and damage from RM 27,606,169.95 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 allowed Meridian's Appeal in part, in that the Court dismissed Meridian's application to add the 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 the Bank as a Party to its Suit. With the High Court decision dated 23 March 2009, in dismissing Meridian's application to add the Bank as a party to its suit, and with no appeal lodged at the Court of Appeal, there is no litigation pending today against the Bank by Meridian.

In the MAA Suit, AmTrustee has filed and served a Third Party Notice dated 6 November 2006 on Meridian seeking indemnification/contribution from Meridian for MAA’s claim. Exchange of pleadings has also been completed with Meridian.

It is to be noted that both the Meridian's Suit and MAA Suit were ordered on 16 September 2008 to be tried together at the same time pursuant to Order 4 Rule 1 of the Rules of the High Court 1980.

AmTrustee has also been served on 2 September 2009 with a copy of a Third Party Notice dated 12 August 2009 by solicitors acting for Meridian.

25. COMMITMENTS AND CONTINGENCIES (CONTD.)

The Third Party Notice is taken against AmTrustee by Meridian on a suit filed by Kumpulan Wang Persaraan (DiPerbadankan) ("KWAP") against Meridian in 2007, at the Kuala Lumpur High Court via suit number D5-22-1457-2007 ("KWAP Suit"). The facts of this case revolves around the same facts as that of the above Meridian Suit and MAA Suit. The High Court suit by KWAP is for an alleged breach by Meridian of an Investment Management Agreement executed between KWAP and Meridian in 2001 ("the Agreement") for a sum of RM7,254,050.42 general damages for breach of the Agreement and breach of trust together with interests and costs (KWAP's claim").

On the basis of KWAP's claim, Meridian is seeking against AmTrustee via the Third Party Notice for AmTrustee to indemnify Meridian in respect of KWAP's claim.

On 23rd March 2010, the Court directed all parties in all the three suits to consider the process of resolving these matters via Mediation rather than a trial and to revert back to court with an update on 23rd April 2010 on the outcome of parties consideration of the proposed Mediation. On 23rd April 2010, parties informed court they are not agreeable to resolving these matters via Mediation. Therefore matters have now reverted back to the court to be tried via trial.

That being the case, both Meridian and MAA Suits are fixed for Case Management on 24 September 2010, whilst the KWAP Suit is fixed for Case Management on 21st July 2010.

It is also to be noted that AmTrustee has filed an Application to strike out the Third Party Notice in the KWAP Suit and the Application is fixed for Mention on 21 July 2010.

Based on documents and evidence in their possession, the solicitors for AmTrustee are of the view that AmTrustee has a good defence in respect of the claim by Meridian and MAA and in any event, that AmTrustee will be entitled to an indemnity or contribution from Meridian in respect of the claim.

Neither material financial loss nor operational impact on the Group and the Bank is expected as a result of the Writs and Statements of Claim.

26. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

The Group and the Bank	30.06.10 Contract/ Notional Amount RM'000	30.06.10 Positive Fair Value RM'000	30.06.10 Negative Fair Value RM'000	31.03.10 Contract/ Notional Amount RM'000	31.03.10 Positive Fair Value RM'000	31.03.10 Negative Fair Value RM'000
Trading derivative						
Equity related contracts:						
Futures - Less than one year	21,582	968	-	28,173	-	467

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 derivative is one of the financial instruments engaged by the Group, both for client solutions generating revenue for future as well as to manage the Group's own market risk exposure. The Group's involvement in financial derivatives is currently focused on interest rate, equity and foreign exchange rate derivatives.

The principal foreign exchange rate contracts used are forward foreign exchange contracts, cross currency swaps and foreign exchange options. 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. A foreign exchange options is a financial derivatives that provides the buyer of the option with the right, but not obligation, to buy/sell a specified amount of one currency for another currency at a nominated strike rate during a certain period of time or on a specific date.

An Interest Rate Options ("IRO") is a financial derivative that provides the buyer of the option with the right, but not obligation, to buy/sell a specified underlying interest rate related asset e.g. the KLIBOR index at a nominated strike rate during a certain period of time or on a specific date. Basic IRO includes interest rate cap and interest rate floor.

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 or fixed income security 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.

The principal equity contracts used are equity option and equity futures. An equity option is a financial derivative that represents a contract sold by one party (option writer) to another party (option holder). The contract offers the buyer the right, but not the obligation, to buy (call) or sell (put) an equity at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date). An equity futures contract is an exchange traded contract to buy specific quantities of an equity at a specified price with delivery set at a specified time in the future.

The Group maintains trading positions in these instruments and engages in transactions with customers to satisfy their needs in managing their respective interest rate, equity 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.

26. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (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 and equity-related derivatives contracts measures the potential losses to the value of these contracts due to changes in market rates/prices. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions.

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

General disclosure for derivatives and counterparty credit risk

Market related credit risk is present in market instruments (derivatives and forward contracts), and comprises counterparty risk (default at the end of contract) and pre-settlement risk (default at any time during the life of contract). Market related credit risk requires a different method in calculating the pre-settlement risk because actual and potential market movements impact the Group's exposure. The markets covered by this treatment for transactions entered by the Group include interest rates, foreign exchange, credit default swaps and equities.

For counterparty credit risk, the general approach is to calculate the exposure as the sum of the mark-to-market value of the exposure, plus the sum of the notional principal multiplied by the potential credit risk exposure ("PCRE") factor for the exposure.

- The mark-to-market is essentially the current replacement cost of the contract, and can be positive or negative. Where it is positive, i.e. in the money, the Group has credit exposure against the counterparty; if it is negative, i.e. out of the money, the value used in calculation is zero.

- The PCRE factors recognize that prices change over the remaining period to maturity, and that risk increases with time. The PCRE factors are mandated for regulatory capital purposes.

Exposure to the counterparty risk is governed by setting a credit limit to manage such exposure. This limit is governed under the Group Risk Appetite Framework approved by the Board.

Other than credit limit setting, the Group's primary tool to mitigate counterparty credit risk by having collateral arrangement with the counterparty. Standard market documentation governs the amount of collateral required and the re-margining frequency between counterparties. Some of the standard market documentation has link between the amount of collateral required and external ratings, as well as minimum transfer amounts. This means that if the Group's or a counterparty's external rating were downgraded, the Group or the counterparty would likely to be required to place additional collateral. The amount required to be placed would depend upon the underlying instruments and the state of the markets, so would be different at each re-margining interval.

Liquidity risk of derivatives

Two types of liquidity risk are associated with derivatives: market liquidity risk and funding risk.

Market liquidity risk arises when a position cannot be sold or closed out quickly or risk be eliminated by entering into an offsetting position. In general, an over-the counter ("OTC") market tends to offer less liquidity than an exchange market due to the customized nature of some OTC contracts. OTC contracts include foreign exchange contracts, cross currency swaps, interest rate swaps and FX options while interest rate futures, equity futures and equity options are examples of exchange traded derivatives. The liquidity risk of a position can be estimated by the notional amount of contracts held and the market value of the contract position. Both the OTC and exchange markets have liquid and illiquid contracts.

26. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTD.)

Liquidity risk of derivatives (Contd.)

Funding risk is the risk of derivative activities placing an adverse funding and cash flow pressure on the Group arising from the need to post collateral (i.e. like a margin call due to mark-to-market valuations) to compensate for an existing out of the money position (Note: if collateral isn't posted, the counterparty can close out their position and claim such mark-to-market loss from the Group. This would also result in the Group no longer being hedged).

Generally, the Group measures and monitors funding risk through the cash flow gap analysis according to specified time interval. The Group's access to deposits and funding markets is dependent on its credit rating. A downgrading in the credit rating could adversely affect its access to liquidity, as well as the competitive position, and could increase the cost of funding.

The primary objective of funding risk management is to ensure the availability of sufficient funds at a reasonable cost to honour all financial commitments as they fall due under normal market condition and on contingency basis.

Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are recognised at fair value upon inception in the balance sheet, and are subsequently remeasured at fair value. Fair values of exchange-traded derivatives are obtained from quoted market prices. Fair values of over-the-counter derivatives are obtained using valuation techniques, including the discounted cash flows method and option pricing models. Financial derivatives are classified as assets when their fair values are positive and as liabilities when their fair values are negative.

The Group enters into derivative transactions for trading and for hedging purposes. For derivatives held-for-trading, fair value changes are recognised in the income statement. For derivative transactions that meet the specific criteria for hedge accounting, the Group applies either fair value, cash flow or net investment hedge accounting.

At the time a financial instrument is designated as a hedge, the Group formally documents the relationship between the hedging instrument and the hedged item, including the nature of the risk to be hedged, the risk management objective and strategy for undertaking the hedge and the method used to assess hedge effectiveness. Hedges are expected to be highly effective and are assessed on an ongoing basis to ensure that they remain highly effective throughout the hedge period. For actual effectiveness to be achieved, the changes in fair value or cash flows of the hedging instrument and the hedged item must offset each other in the range of 80% to 125%.

The Group discontinues hedge accounting if the hedging instrument expires, is sold, terminated or exercised or if the hedge no longer meets the criteria for hedge accounting or is revoked.

(i) Fair Value Hedge

Fair value hedges are hedges against exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment that is attributable to a particular risk and could affect profit or loss. For qualifying fair value hedges, the changes in fair value of the hedging instrument and the hedged item relating to the hedged risk are recognised in the income statement. In the event the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised to the income statement over the expected life of the hedged item.

(ii) Cash Flow Hedge

Cash flow hedges are hedges of the exposure to variability in future cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss. For qualifying cash flow hedges, the effective portion of the change in fair value of the hedging instrument is taken to equity as a cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in the income statement. Amounts accumulated in equity are released to the income statement in the periods when the hedged forecast transactions affect the income statement. If the hedged forecast transactions result in the recognition of a non-financial asset or a non-financial liability, the gain and loss previously deferred in equity is transferred from equity and included in the initial measurement of the cost of the asset or liability.

(iii) Net Investment Hedge

Net investment hedges are hedges against the exposure to exchange rate fluctuations on the net assets of its foreign operations. The hedge is accounted for similarly to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are taken directly to the foreign currency translation reserve while those relating to the ineffective portion of the hedge are recognised in the income statement. On disposal of the foreign operation, the cumulative gains or losses recognised in equity will be transferred to the income statement.

27. CAPITAL ADEQUACY RATIO

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

	Group		Bank	
	30.06.10	**31.03.10**	**30.06.10**	**31.03.10**
Before deducting proposed dividends:				
Core capital ratio	25.40%	23.98%	29.44%	28.29%
Risk-weighted capital ratio	31.10%	29.37%	31.24%	30.07%
After deducting proposed dividend:				
Core capital ratio	23.01%	21.73%	26.53%	25.51%
Risk-weighted capital ratio	28.71%	27.13%	28.33%	27.30%

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 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 has 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.

27. 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	
	30.06.10	**31.03.10**	**30.06.10**	**31.03.10**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Tier 1 capital				
Paid-up ordinary share capital	200,000	200,000	200,000	200,000
Statutory reserve	200,000	200,000	200,000	200,000
Capital reserve	2,815	2,815	-	-
Merger reserve	7,656	7,656	-	-
Exchange fluctuation reserve	24,172	24,172	-	-
Unappropriated profit at end of year	112,697	116,133	110,438	113,874
Total	547,340	550,776	510,438	513,874
Less: Goodwill	(11,243)	(11,243)	-	-
Deferred tax liability/(asset) - net	(4,870)	(4,870)	(4,556)	(4,556)
Total tier 1 capital	531,227	534,663	505,882	509,318
Tier 2 capital				
Subordinated bonds	135,000	135,000	135,000	135,000
General allowance for bad and doubtful debts	7,265	9,768	7,265	9,768
Total tier 2 capital	142,265	144,768	142,265	144,768
Less: Excess tier 2 capital	-	-	-	-
Maximum allowable tier 2 capital	142,265	144,768	142,265	144,768
Total capital funds	673,492	679,431	648,147	654,086
Less: Investment in capital of related financial institution	(23,156)	(24,448)	(23,156)	(24,448)
Less: Investment in subsidiaries	-	-	(88,231)	(88,231)
Capital base	650,336	654,983	536,760	541,407

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

	Group		Bank	
	30.06.10	**31.03.10**	**30.06.10**	**31.03.10**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Credit risk	1,542,232	1,652,878	1,247,829	1,287,199
Market risk	138,150	148,712	131,288	148,564
Operational risk	410,958	428,455	339,210	364,560
	2,091,340	2,230,045	1,718,327	1,800,323

28. OPERATIONS OF ISLAMIC BANKING

BALANCE SHEETS
AS AT 30 JUNE 2010

The state of affairs as at 30 June 2010 and the results for the period ended 30 June 2010 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	
	30.06.10	**31.03.10**	**30.06.10**	**31.03.10**
	RM'000	**RM'000**	**RM'000**	**RM'000**
ASSETS				
Cash and short-term funds	128,421	123,734	128,421	123,734
Other receivables, deposits and prepayments	10,770	10,959	10,770	10,959
Property and equipment	89	90	89	90
Intangible assets	3	3	3	3
TOTAL ASSETS	139,283	134,786	139,283	134,786
LIABILITIES AND ISLAMIC BANKING FUNDS				
Other liabilities	37,165	36,127	37,165	36,127
ISLAMIC BANKING FUNDS				
Capital funds	30,000	30,000	30,000	30,000
Reserves	72,118	68,659	72,118	68,659
Islamic Banking Funds	102,118	98,659	102,118	98,659
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	139,283	134,786	139,283	134,786
COMMITMENTS AND CONTINGENCIES	137,895	137,895	137,895	137,895

28. OPERATIONS OF ISLAMIC BANKING (CONTD.)

UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2010

	Individual Quarter		Cumulative Quarter	
Group	**30.06.10**	**30.06.09**	**30.06.10**	**30.06.09**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Income derived from investment of depositors' funds and others	170	66	170	66
Total attributable income	170	66	170	66
Income/(loss) attributable to depositors	902	(273)	902	(273)
Income/(loss) attributable to the Group	1,072	(207)	1,072	(207)
Income derived from investment of Islamic Banking Funds	4,409	73,644	4,409	73,644
Total net income	5,481	73,437	5,481	73,437
Other operating expenses	(806)	(6,641)	(806)	(6,641)
Profit before taxation	4,675	66,796	4,675	66,796
Taxation	(1,216)	(16,773)	(1,216)	(16,773)
Profit after taxation	3,459	50,023	3,459	50,023

	Individual Quarter		Cumulative Quarter	
Bank	**30.06.10**	**30.06.09**	**30.06.10**	**30.06.09**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Income derived from investment of depositors' funds and others	170	66	170	66
Total attributable income	170	66	170	66
Income/(loss) attributable to depositors	902	(273)	902	(273)
Income/(loss) attributable to the Bank	1,072	(207)	1,072	(207)
Income derived from investment of Islamic Banking Funds	4,409	73,644	4,409	73,644
Total net income	5,481	73,437	5,481	73,437
Other operating expenses	(806)	(6,641)	(806)	(6,641)
Profit before taxation	4,675	66,796	4,675	66,796
Taxation	(1,216)	(16,773)	(1,216)	(16,773)
Profit after taxation	3,459	50,023	3,459	50,023

28. OPERATIONS OF ISLAMIC BANKING (CONTD.)

28a. OTHER LIABILITIES

	Group		Bank	
	30.06.10	**31.03.10**	**30.06.10**	**31.03.10**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other payables and accruals	9,196	8,208	9,196	8,208
Amount owing to head office	(1,779)	(613)	(1,779)	(613)
Taxation and zakat payable	29,740	28,524	29,740	28,524
Deferred taxation	8	8	8	8
	37,165	36,127	37,165	36,127

29. CHANGE IN ACCOUNTING POLICIES

The adoption of new and revised FRSs during the financial period have resulted in changes to the following accounting policies:

(i) FRS 139, Financial Instruments: Recognition and Measurement
(ii) IC Interpretation 9, Reassessment of Embedded Derivatives
(iii) Amendments to FRS 139, Financial Instruments: Recognition and Measurement, FRS 7, Financial Instruments: Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives
- Reclassification of Financial Assets
- Puttable Financial Instruments and Obligations Arising on Liquidation

(iv) Amendments to FRS 139, Financial Instruments: Recognition and Measurement
- Collective Assessment of Impairment for Banking Institutions

FRS 139 establishes the principles for the recognition, derecognition and measurement of an entity's financial instruments and for hedge accounting. However, since the adoption of BNM's revised BNM/GP8 – Guidelines on Financial Reporting for Licensed Institutions on 1 January 2005, certain principles in connection with the recognition, derecognition and measurement of financial instruments, including derivative instruments, and hedge accounting which are similar to those prescribed by FRS 139 have already been adopted by the Group and the Bank. Therefore, the adoption of the full FRS 139 on 1 April 2010 resulted in changes in the following areas:

(i) Impairment of Loans, Advances and Financing

The adoption of FRS 139 changes the accounting policy relating to the assessment for impairment of financial assets, particularly loans, advances and financing. The existing accounting policies on the assessment of impairment of other financial assets of the Group and the Bank are generally in line with those of FRS 139. Prior to the adoption of FRS 139, allowances for impaired loans, advances and financing (previously referred to as non-performing loans) were computed in conformity with the BNM/GP3 Guidelines on Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts. On adoption of FRS 139, the Group and the Bank assess, at the end of each reporting period, whether there is any objective evidence that a loan or group of loans is impaired. The loan or group of loans is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the loan (an incurred 'loss event') and that the loss event has an impact on the estimated future cash flows of the loan or group of loans that can be reliablv estimated.

The Group and the Bank first assess individually whether objective evidence of impairment exists individually for loans which are individually significant, and collectively for loans which are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed loan, the loan is included in a group of loans with similar credit risk characteristics for purposes of calculating an estimated collective loss. Future cash flows on a group of financial assets that are collectively assessed for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the loan's carrying amount and the present value of the estimated future cash flows. The carrying amount of the loan is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

The Group and the Bank are currently reporting under BNM’s transitional arrangement as prescribed in its guidelines on Classification and Impairment Provisions for Loans/Financing issued on 8 January 2010 and as allowed by the MASB in its Amendments to FRS 139 issued on the same date. Pursuant to this transitional arrangement, banking institutions are required to maintain collective assessment impairment allowances of at least 1.5% of total outstanding loans/financing, net of individual impairment allowance.

The changes in accounting policies above have been accounted for prospectively, in line with the transitional arrangements in paragraph 103AA of FRS 139, with adjustments to the carrying values of financial assets affecting profit or loss as at the beginning of the current financial period being adjusted to opening retained profits as tabulated in item (iv) below.

29. CHANGE IN ACCOUNTING POLICIES (CONTD.)

(ii) Interest Income Recognition

FRS 139 prescribes that financial assets classified as held-to-maturity and loans and receivables are measured at amortised cost using the effective interest method. On adoption of FRS 139 on 1 April 2010, interest income on its loans, advances and financing is no longer recognised based on contractual interest rates but the effective interest rate ("EIR") is applied instead. EIR refers to the rate that exactly discounts estimated future cash receipts through the expected life of the loan or, when appropriate, a shorter period to the net carrying amount of the loan.

This change in accounting policy has been accounted for prospectively in line with the transitional arrangements in paragraph 103AA of FRS 139 and the resulting opening retained profits adjustment is tabulated in item (iv) below.

Prior to the adoption of FRS 139, interest accrued and recognised as income prior to the date that a loan is classified as non-performing is reversed out of income and set-off against the interest receivable account in the statement of financial position. Thereafter, interest on the non-performing loan is recognised as income on a cash basis. On adoption of FRS 139, once a loan has been written down for impairment loss, subsequent interest income thereon is thereafter recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The opening retained profits adjustment as a result of this change in accounting policy is presented in item (iv) below.

(iii) Recognition of Embedded Derivatives

On adoption of FRS 139, embedded derivatives are to be separated from the host contract and accounted for as a derivative if the economic characteristics and risks of the embedded derivative are not closely related to that of the host contract and the fair value of the resulting derivative can be reliably measured.

The Group and the Bank have assessed the impact of this requirement on adoption of FRS 139 on 1 April 2010 and concluded that there were no material embedded derivatives which were not closely related to the host contracts and which required bifurcation.

The adoption of FRS 139 and its related amendments did not impact earnings per ordinary share.

(iv) Opening Retained Profits Adjustments

The application of the above new accounting policies has the following effects:

	Group RM'000	Bank RM'000
Effects on retained profits:		
At 1 April 2010, as previously stated	116,133	113,874
Adjustments arising from adoption of FRS 139:		
- Impairment of loans, advances and financing	(3,436)	(3,436)
At 1 April 2010, as restated	112,697	110,438
Effects on other reserves:		
At 1 April 2010, as previously stated	3,200	3,148
Adjustments arising from adoption of FRS 139:		
- Fair value of equity securities classified as available-for-sale	(74)	(74)
At 1 April 2010, as restated	3,126	3,074

30. COMPARATIVES

a. **FRS 101, Presentation of Financial Statements**

Following the adoption of FRS 101 (revised), all non-owner changes in equity which were previously presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Consequently, components of comprehensive income are no longer presented in the statement of changes in equity.

b. FRS 7, Financial Instruments: Disclosures

The adoption of FRS 7 during the financial period results in more extensive disclosures of financial instruments in the annual financial statements. The standard also requires disclosure of the statement of financial position, income statement and statement of comprehensive income to be made by categories of financial assets and liabilities, which has minimal impact on the comparative disclosures of the Group and the Bank, as the current presentation is already made by categories of financial assets and liabilities.

c. FRS 117, Leases

The adoption of FRS 117 during the financial period resulted in the reclassification of all leasehold land of the Group and Bank which are in substance finance leases, to Property, Plant and Equipment accordingly.

The following comparative figures have been restated following the adoption of the above-mentioned FRSs:

	31.03.10 Group		**31.03.10 Bank**	
	RM'000 As previously reported	**RM'000 As restated**	**RM'000 As previously reported**	**RM'000 As restated**
Statement of Financial Position:				
Prepaid land lease payments	2,535	-	2,535	-
Property, plant and equipment	29,229	31,764	26,605	29,140

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

The Bank posted a pretax profit of RM15.3 million for the quarter as compared to RM 78.0 million for the quarter ended 30 June 2009, mainly due to lower revenue specifically from the Islamic Banking Business as compared to the quarter ended 30 June 2009.

In the non-Islamic business sectors, the net interest income rose to RM3.4 million from RM1.4 million in the quarter ended 30 June 2009, other operating income dipped marginally to RM51.3 million from RM52.9 million in the quarter ended 30 June 2009 as a result of fee income at RM36.1 million as compared to RM38.0 million in the quarter ended 30 June 2009, investment and trading income reduced to RM2.3 million as compared to RM7.6 million in the quarter ended 30 June 2009, offset by higher other income of RM12.8 million as compared to RM7.3 million for the quarter ended 30 June 2009.

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

The Group reported pretax profit of RM17.6 million (RM37.0 million for the period ended 30 June 2009) and the Bank reported pretax profit of RM15.3 million (RM78.0 million for the period ended 30 June 2009), and in respect of the non-Islamic business, are attributed to:

(i) Higher allowance for impairment on loan and financing of RM0.6 million for the Group and the Bank (RM0.4 million for the period ended 30 June 2009 for the Group and the Bank) due to increase in retail customers because of higher stockbroking and private banking turnover.

(ii) Lower fee income of RM49.8 million and RM36.1 million as a result of lower brokerage fees and commissions (RM51.2 million and RM38.0 million earned for the period ended 30 June 2009) for the Group and the Bank, respectively.

(iii) Higher net interest income of RM3.9 million and RM3.4 million (RM2.0 million and RM1.4 million for the period ended 30 June 2009) for the Group and the Bank, respectively due to lower interest expense.

(iv) Investment and trading gain of RM1.5 million and RM2.3 million (losses of RM37.7 million and gain of RM7.6 million for the period ended 30 June 2009), for the Group and the Bank, respectively, as no subsidiaries are divested during this period of which the gains or losses would be reflected at Group level.

Lower income from Islamic banking business of RM5.5 million for the Group and the Bank (RM73.4 million for the period ended 30 June 2009 for the Group and the Bank) due to exceptionally steep increase in trading gains in the period ended 30 June 2009.

Shareholder's equity stood at RM0.6 billion (RM0.6 billion as at 31 March 2010) for the Group and RM0.5 billion (RM0.5 billion as at 31 March 2010) for the Bank.

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

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

33. CURRENT PERIOD PROSPECTS

Recent positive indicators around the region point to greater optimism and an emerging recovery on the economic front, but potential volatility continues to linger. The 10th Malaysia Plan (2011 - 2015) recently announced by the government should provide opportunity for accelerating domestic economic growth. For 2010, current consensus view projects a GDP expansion of circa +8.0%. The Group will keep abreast with the progress of economic developments and continue to position its business for economic recovery domestically and regionally via leveraging on its strategic partner in banking, Australia and New Zealand Banking Group ("ANZ").

The Malaysian banking operating environment is likely to benefit from the economic recovery, with higher lending growth and increased capital market activity. However, Malaysian banks are expected to face greater competitive pressures as the financial sector progressively liberalises and with new entrants to the industry.

The Group remains focused on executing to its Medium Term Aspirations ("MTA") to position itself as Malaysia's Preferred Banking Group with International Connectivity. The Group's strategic aspirations centre on developing a well diversified business portfolio to deliver sustainable growth via its universal banking group platform and best-in-class key enablers, implementing customer centric business models and expanding regional connectivity in collaboration with ANZ. The Group will continue to accelerate growth in non-interest income and low cost deposits, maintain high vigilance on asset quality, risk disciplines and cost management, as well as explore potential tactical in-fill acquisitions.