

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

		Group		Bank	
	Note	31.12.10	31.03.10	31.12.10	31.03.10
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		963,133	832,988	841,831	744,175
Securities purchased under resale agreements		-	16,992	-	-
Deposits and placements with banks and other financial institutions		694	735	-	-
Derivative financial assets		113	-	-	-
Financial assets held-for-trading	8	31,074	32,933	28,397	32,880
Financial investments available-for-sale	9	56,484	45,424	53,775	43,224
Financial investments held-to-maturity	10	100	15,052	100	15,050
Loans, advances and financing	11	496,448	392,944	496,420	392,911
Other assets	12	695,694	743,598	423,053	432,573
Statutory deposit with Bank Negara Malaysia		2,342	-	2,342	-
Deferred tax assets		-	2,021	-	1,707
Investments in subsidiaries		-	-	88,231	88,231
Investments in associated companies		2,641	2,471	100	100
Property and equipment		30,328	31,764	28,186	29,140
Intangible assets		13,804	13,544	2,543	2,281
TOTAL ASSETS		2,292,855	2,130,466	1,964,978	1,782,272
LIABILITIES AND EQUITY					
Deposits and placements of banks and other financial institutions	13	918,942	609,129	918,942	609,129
Derivative financial liabilities		111	467	-	467
Deposits from customers	14	13,055	13,917	13,055	13,917
Term funding		-	15,146	-	-
Debt capital		-	135,000	-	135,000
Deferred tax liabilities		2,251	-	2,251	-
Other liabilities	15	809,198	802,831	523,486	506,737
Total Liabilities		1,743,557	1,576,490	1,457,734	1,265,250
Share capital		200,000	200,000	200,000	200,000
Reserves		349,298	353,976	307,244	317,022
Equity attributable to equity holder of the Bank		549,298	553,976	507,244	517,022
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		2,292,855	2,130,466	1,964,978	1,782,272

**AmlInvestment Bank Berhad
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(23742-V)(Incorporated in Malaysia. Licensed Investment Bank)**

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010 (CONTD.)**

	Note	Group		Bank	
		31.12.10 RM'000	31.03.10 RM'000	31.12.10 RM'000	31.03.10 RM'000
COMMITMENTS AND CONTINGENCIES	25	506,981	643,545	490,521	643,545
NET ASSETS PER ORDINARY SHARE (RM)		2.75	2.77	2.54	2.59
CAPITAL ADEQUACY	27(a)				
Before deducting proposed dividends					
Core Capital Ratio		25.7%	24.0%	25.1%	28.3%
Risk-Weighted Capital Ratio		25.7%	29.4%	25.1%	30.1%
After deducting proposed dividends					
Core Capital Ratio		25.7%	21.7%	25.1%	25.5%
Risk-Weighted Capital Ratio		25.7%	27.1%	25.1%	27.3%

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

**AmlInvestment Bank Berhad
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(23742-V)(Incorporated in Malaysia. Licensed Investment Bank)**

**UNAUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2010**

Group	Note	Individual Quarter		Cumulative Quarter	
		31.12.10 RM'000	31.12.09 RM'000	31.12.10 RM'000	31.12.09 RM'000
Revenue		85,359	83,832	259,462	268,416
Interest income	16	11,602	11,929	32,054	33,696
Interest expense	17	(6,477)	(7,010)	(18,946)	(20,837)
Net interest income		5,125	4,919	13,108	12,859
Net income from Islamic banking business		5,944	2,454	18,686	79,129
Other operating income	18	67,813	69,449	208,722	155,591
Share in results of associated companies		94	27	170	141
Net income		78,976	76,849	240,686	247,720
Other operating expenses	19	(56,195)	(54,439)	(173,826)	(163,895)
Operating Profit		22,781	22,410	66,860	83,825
Allowances for impairment on loans and financing	20	(656)	(282)	(1,472)	(841)
Impairment writeback/(loss) on:					
Financial investment		-	(2,013)	(1,000)	(9,602)
Doubtful sundry receivables- net		486	(3,898)	754	(2,893)
Writeback of provision for commitments		(57)	(5,000)	2,176	(5,000)
Profit before taxation		22,554	11,217	67,318	65,489
Taxation		(9,227)	(3,042)	(21,591)	(26,825)
Profit for the period		13,327	8,175	45,727	38,664
Attributable to :					
Equity holder of the Bank		13,327	8,175	45,727	38,664
EARNINGS PER SHARE (SEN)					
Basic		6.66	4.09	22.86	19.33
Fully diluted		6.66	4.09	22.86	19.33

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

**AmlInvestment Bank Berhad
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(23742-V)(Incorporated in Malaysia. Licensed Investment Bank)**

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2010**

Group	Note	Individual Quarter		Cumulative Quarter	
		31.12.10 RM'000	31.12.09 RM'000	31.12.10 RM'000	31.12.09 RM'000
Profit for the period		13,327	8,175	45,727	38,664
Other comprehensive (loss)/income:					
Exchange differences on translation of foreign operations		1,401	(363)	1,981	2,711
Net loss on financial investments available-for-sale		1,426	(1,091)	1,544	6,847
Income tax relating to the components of other comprehensive income		(356)	-	(420)	(2,849)
Other comprehensive income for the period, net of tax		2,471	(1,454)	3,105	6,709
Total comprehensive income for the period		15,798	6,721	48,832	45,373
Total comprehensive income for the period attributable to:					
Equity holders of the Bank		15,798	6,721	48,832	45,373

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

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

**UNAUDITED CONSOLIDATED INCOME STATEMENTS (CONTD.)
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2010**

Bank	Note	Individual Quarter		Cumulative Quarter	
		31.12.10 RM'000	31.12.09 RM'000	31.12.10 RM'000	31.12.09 RM'000
Revenue		74,532	76,048	225,647	275,020
Interest income	16	10,669	10,442	29,270	29,364
Interest expense	17	(5,991)	(6,056)	(17,743)	(17,985)
Net interest income		4,678	4,386	11,527	11,379
Net income from Islamic banking business		5,944	2,454	18,686	79,129
Other operating income	18	57,919	63,152	177,691	166,527
Net income		68,541	69,992	207,904	257,035
Other operating expenses	19	(46,964)	(47,124)	(144,869)	(135,911)
Operating Profit		21,577	22,868	63,035	121,124
Allowances for impairment on loans and financing	20	(656)	(282)	(1,472)	(841)
Impairment writeback/(loss) on:					
Financial investment		-	(2,013)	(1,000)	(9,602)
Doubtful sundry receivables- net		209	(3,451)	74	(3,711)
Writeback of provision for commitments		(57)	(5,000)	2,176	(5,000)
Profit before taxation		21,073	12,122	62,813	101,970
Taxation		(8,859)	(3,149)	(20,205)	(25,112)
Net profit attributable to equity holder of the Bank		12,214	8,973	42,608	76,858
EARNINGS PER SHARE (SEN)					
Basic		6.11	4.49	21.30	38.43
Fully diluted		6.11	4.49	21.30	38.43

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

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

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2010**

Bank	Note	Individual Quarter		Cumulative Quarter	
		31.12.10 RM'000	31.12.09 RM'000	31.12.10 RM'000	31.12.09 RM'000
Profit for the period		12,214	8,973	42,608	76,858
Other comprehensive (loss)/income:					
Exchange differences on translation of foreign operations		-	196	-	1,180
Net loss on financial investments available-for-sale		1,426	(1,091)	1,544	6,847
Income tax relating to the components of other comprehensive income		(356)	-	(420)	(2,849)
Other comprehensive income for the period, net of tax		1,070	(895)	1,124	5,178
Total comprehensive income for the period		13,284	8,078	43,732	82,036
Total comprehensive income for the period attributable to:					
Equity holders of the Bank		13,284	8,078	43,732	82,036

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

**AmlInvestment 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 31 DECEMBER 2010**

Group	Attributable to equity holder of the Bank							Total shareholder's equity RM'000
	Non-distributable					Distributable		
	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	
At 1 April 2009	200,000	2,815	200,000	22,023	(5,557)	24,900	80,239	524,420
Profit for the period	-	-	-	-	-	-	38,664	38,664
Other comprehensive income	-	-	-	-	3,998	2,711	-	6,709
Total comprehensive income for the period	-	-	-	-	3,998	2,711	38,664	45,373
Effects arising from pooling of interest method	-	-	-	(14,367)	-	-	-	(14,367)
At 31 December 2009	200,000	2,815	200,000	7,656	(1,559)	27,611	118,903	555,426
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	-	-	-	-	-	-	45,727	45,727
Other comprehensive income	-	-	-	-	1,124	1,981	-	3,105
Total comprehensive income for the period	-	-	-	-	1,124	1,981	45,727	48,832
Ordinary dividends paid	-	-	-	-	-	-	(50,000)	(50,000)
At 31 December 2010	200,000	2,815	200,000	7,656	4,250	26,153	108,424	549,298

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

**AmlInvestment 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 31 DECEMBER 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	-	-	-	-	-	76,858	76,858
Other comprehensive income	-	-	-	3,998	1,180	-	5,178
Total comprehensive income for the period	-	-	-	3,998	1,180	76,858	82,036
Effects arising from pooling of interest method	-	-	(14,367)	-	-	-	(14,367)
At 31 December 2009	200,000	200,000	-	(1,611)	8,020	108,249	514,658
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	-	-	-	-	-	42,608	42,608
Other comprehensive income	-	-	-	1,124	-	-	1,124
Total comprehensive income for the period	-	-	-	1,124	-	42,608	43,732
Ordinary dividends paid	-	-	-	-	-	(50,000)	(50,000)
At 31 December 2010	200,000	200,000	-	4,198	-	103,046	507,244

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

**AmlInvestment Bank Berhad
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(23742-V)(Incorporated in Malaysia. Licensed Investment Bank)**

**UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2010**

	Group		Bank	
	31.12.10	31.12.09	31.12.10	31.12.09
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	67,318	65,489	62,813	101,970
Adjustments for non-operating and non cash items	(3,542)	54,857	(3,958)	10,023
Operating profit before working capital changes	63,776	120,346	58,855	111,993
Increase in operating assets	(54,050)	(243,610)	(97,304)	(140,590)
Increase in operating liabilities	310,086	526,855	319,260	367,165
Cash generated from/(used in) operations	319,812	403,591	280,811	338,568
Taxation paid	(13,415)	(28,021)	(17,912)	(19,811)
Net cash (used in)/generated from operating activities	306,397	375,570	262,899	318,757
Net cash generated from/(used in) investing activities	6,271	(60,254)	7,132	20,198
Net cash (used in)/generated from financing activities	(200,146)	4,886	(185,000)	-
	(193,875)	(55,368)	(177,868)	20,198
Net (decrease)/increase in cash and cash equivalents	112,522	320,202	85,031	338,955
Cash and cash equivalents at beginning of period	589,075	656,015	575,065	632,710
Cash and cash equivalents at end of period	701,597	976,217	660,096	971,665

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	
	31.12.10	31.12.09	31.12.10	31.12.09
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	963,133	1,249,962	841,831	1,168,601
Less: Cash and bank balances and deposit held in trust	(261,536)	(273,745)	(181,735)	(196,936)
	701,597	976,217	660,096	971,665

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 have reclassified the leasehold land to Property and Equipment 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

Improvements to FRSs (2010)

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

IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments

Amendment to IC Interpretation 14, Prepayments of a Minimum Funding Requirement

FRSs, IC Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

Amendment to IC Interpretation 15, Agreements for the Construction of Real Estate

FRS 124, Related Party Disclosures

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 31 December 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. FINANCIAL ASSETS HELD-FOR-TRADING

	Group		Bank	
	31.12.10	31.03.10	31.12.10	31.03.10
	RM'000	RM'000	RM'000	RM'000
At Fair Value				
Securities Quoted:				
In Malaysia:				
Shares	27,259	31,081	27,259	31,081
Trust units	1,138	1,799	1,138	1,799
Outside Malaysia:				
Shares	2,677	53	-	-
Total financial assets held-for-trading	31,074	32,933	28,397	32,880

9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Bank	
	31.12.10	31.03.10	31.12.10	31.03.10
	RM'000	RM'000	RM'000	RM'000
At Fair value, or cost less impairment for certain unquoted securities				
Money Market Securities:				
Negotiable instruments of deposits	15,723	15,360	15,723	15,360
Securities Quoted in Malaysia:				
Shares	509	4,072	-	4,072
Unquoted Securities Of Companies Incorporated in Malaysia:				
Shares	15,094	2,200	12,894	-
Unquoted Private Debt Securities Of Companies Incorporated				
Outside Malaysia:				
Corporate bonds	25,158	23,792	25,158	23,792
Total financial investments available-for-sale	56,484	45,424	53,775	43,224

10. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group		Bank	
	31.12.10	31.03.10	31.12.10	31.03.10
	RM'000	RM'000	RM'000	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 financial investments held-to-maturity	100	15,052	100	15,050

11. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	31.12.10	31.03.10	31.12.10	31.03.10
	RM'000	RM'000	RM'000	RM'000
Term loans and revolving credits				
Customers	501,070	363,982	501,070	363,982
Related companies	-	31,210	-	31,210
Staff loans	8,741	9,551	8,713	9,518
Gross loans, advances and financing	509,811	404,743	509,783	404,710
Less:				
Allowance for impairment on loans and financing:				
Collective allowance	8,411	-	8,411	-
Individual allowance	4,952	-	4,952	-
General allowance	-	5,982	-	5,982
Specific allowance	-	5,817	-	5,817
	13,363	11,799	13,363	11,799
Net loans, advances and financing	496,448	392,944	496,420	392,911

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

	Group		Bank	
	31.12.10	31.03.10	31.12.10	31.03.10
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	500,840	395,225	500,831	395,217
One to three years	736	414	717	391
Three to five years	875	984	875	982
Over five years	7,360	8,120	7,360	8,120
	509,811	404,743	509,783	404,710

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

	Group		Bank	
	31.12.10	31.03.10	31.12.10	31.03.10
	RM'000	RM'000	RM'000	RM'000
Agriculture	2,000	-	2,000	-
Manufacturing	1,808	1,802	1,808	1,802
Wholesale, retail, restaurant and hotel	2,956	-	2,956	-
Finance, real estate, insurance and business activities	3,527	60,897	3,527	60,897
Education and health	-	1,301	-	1,301
Investment holdings	46,657	951	46,657	951
Household, of which:				
Purchase of residential properties	6,065	7,316	6,065	7,316
Purchase of transport vehicles	2,676	2,235	2,648	2,202
Others	434,537	326,801	434,537	326,801
Others	9,585	3,440	9,585	3,440
	509,811	404,743	509,783	404,710

11. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	Group		Bank	
	31.12.10	31.03.10	31.12.10	31.03.10
	RM'000	RM'000	RM'000	RM'000
Individuals	434,618	332,472	434,590	332,439
Domestic :				
Other non-bank financial institutions	-	31,209	-	31,209
Business enterprises:				
Small medium enterprises	3,801	2,404	3,801	2,404
Other domestic business enterprise	59,804	36,304	59,804	36,304
Other domestic entities	8,714	-	8,714	-
Foreign entities	2,874	2,354	2,874	2,354
	<u>509,811</u>	<u>404,743</u>	<u>509,783</u>	<u>404,710</u>

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

	Group		Bank	
	31.12.10	31.03.10	31.12.10	31.03.10
	RM'000	RM'000	RM'000	RM'000
Variable rate				
Cost-plus	266,893	181,500	266,893	181,500
Other variable rates	-	31,209	-	31,209
	<u>266,893</u>	<u>212,709</u>	<u>266,893</u>	<u>212,709</u>
Fixed rate				
Housing loans	6,065	7,316	6,065	7,316
Hire purchase receivables	2,676	2,235	2,648	2,202
Other fixed rates	234,177	182,483	234,177	182,483
	<u>242,918</u>	<u>192,034</u>	<u>242,890</u>	<u>192,001</u>
	<u>509,811</u>	<u>404,743</u>	<u>509,783</u>	<u>404,710</u>

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

	Group		Bank	
	31.12.10	31.03.10	31.12.10	31.03.10
	RM'000	RM'000	RM'000	RM'000
Domestic	506,507	400,190	506,479	400,157
Offshore	3,304	4,553	3,304	4,553
	<u>509,811</u>	<u>404,743</u>	<u>509,783</u>	<u>404,710</u>

11. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	Group		Bank	
	31.12.10	31.03.10	31.12.10	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	7	70	7	70
Reclassification to non-impaired loans, advances and financing	(23)	-	(23)	-
Recoveries	(349)	(808)	(349)	(808)
Amount written off	(520)	-	(520)	-
Balance at end of period/year	5,954	5,995	5,954	5,995
Ratios of impaired loans, advances and financing to total loans, advances and financing	1.2%	1.5%	1.2%	1.5%

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

	Group		Bank	
	31.12.10	31.03.10	31.12.10	31.03.10
	RM'000	RM'000	RM'000	RM'000
Household, of which:				
Purchase of residential properties	81	69	81	69
Others	1,178	1,831	1,178	1,831
Others	4,695	4,095	4,695	4,095
	5,954	5,995	5,954	5,995

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

	Group		Bank	
	31.12.10	31.03.10	31.12.10	31.03.10
	RM'000	RM'000	RM'000	RM'000
Domestic	5,954	5,995	5,954	5,995

11. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	Group		Bank	
	31.12.10 RM'000	31.03.10 RM'000	31.12.10 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	1,798	-	1,798	-
Amount written off	(11)	-	(11)	-
Balance at end of period/year	8,411	-	8,411	-
% of total loans, advances and financing less individual allowance	1.7%	-	1.7%	-
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	-
Net charge to income statements	(357)	-	(357)	-
Amount written off	(508)	-	(508)	-
Balance at end of period/year	4,952	-	4,952	-
	Group		Bank	
	31.12.10 RM'000	31.03.10 RM'000	31.12.10 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	-	1.5%	-	1.5%
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	
	31.12.10	31.03.10	31.12.10	31.03.10
	RM'000	RM'000	RM'000	RM'000
Trade receivables, net of allowance for doubtful debts	517,166	599,808	272,508	296,342
Other receivables, deposits and prepayments, net of allowance for doubtful debts	152,867	135,942	142,751	130,173
Interest/Dividends receivable	1,483	1,168	1,466	1,126
Amount due from brokers	19,871	1,987	1,054	-
Amount due from:				
Ultimate holding company	17	482	17	482
Subsidiary companies	-	-	887	74
Related companies	3,705	3,626	3,785	3,791
Assets acquired in exchange of debts, net of impairment loss	585	585	585	585
	<u>695,694</u>	<u>743,598</u>	<u>423,053</u>	<u>432,573</u>

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	
	31.12.10	31.03.10	31.12.10	31.03.10
	RM'000	RM'000	RM'000	RM'000
Licensed banks:				
Related	918,942	609,129	918,942	609,129

14. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	31.12.10	31.03.10	31.12.10	31.03.10
	RM'000	RM'000	RM'000	RM'000
Negotiable instruments of deposits	13,055	13,917	13,055	13,917

The deposits are sourced from the following types of customers:

	Group		Bank	
	31.12.10	31.03.10	31.12.10	31.03.10
	RM'000	RM'000	RM'000	RM'000
Business enterprises	13,055	13,917	13,055	13,917

15. OTHER LIABILITIES

	Group		Bank	
	31.12.10	31.03.10	31.12.10	31.03.10
	RM'000	RM'000	RM'000	RM'000
Trade payables	704,782	684,962	428,456	397,031
Other payables and accruals	92,316	97,793	84,497	89,117
Provision for commitments	7,824	5,001	7,824	5,001
Amount due to ultimate holding company	872	-	-	-
Amount due to subsidiaries	-	-	221	396
Amount due to related companies	2,856	15,377	2,450	15,154
Taxation payable	510	(340)	-	-
Zakat payable	38	38	38	38
	809,198	802,831	523,486	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	
	31.12.10 RM'000	31.12.09 RM'000	31.12.10 RM'000	31.12.09 RM'000
Short-term funds and deposits with financial institutions	3,008	4,655	8,324	13,014
Financial assets held-for-trading	-	-	-	2
Financial investments available-for-sale	406	533	1,114	1,643
Loans and advances				
- Interest income other than recoveries from impaired loans	7,463	5,069	20,583	14,201
Others	416	360	1,097	941
Gross interest income	11,293	10,617	31,118	29,801
Accretion of discounts less amortisation of premiums	309	1,312	936	3,895
	11,602	11,929	32,054	33,696

Bank	Individual Quarter		Cumulative Quarter	
	31.12.10 RM'000	31.12.09 RM'000	31.12.10 RM'000	31.12.09 RM'000
Short-term funds and deposits with financial institutions	2,447	3,480	6,481	9,431
Financial assets held-for-trading	-	-	-	2
Financial investments available-for-sale	406	533	1,114	1,643
Loans and advances				
- Interest income other than recoveries from impaired loans	7,464	5,069	20,583	14,201
Others	43	48	156	192
Gross interest income	10,360	9,130	28,334	25,469
Accretion of discounts less amortisation of premiums	309	1,312	936	3,895
	10,669	10,442	29,270	29,364

17. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	31.12.10 RM'000	31.12.09 RM'000	31.12.10 RM'000	31.12.09 RM'000
Deposits from customers	231	1,800	850	5,339
Deposit of banks and other financial institutions	5,360	3,376	13,631	9,652
Redeemable unsecured bonds	492	1,616	3,707	4,831
Others	394	218	758	1,015
	<u>6,477</u>	<u>7,010</u>	<u>18,946</u>	<u>20,837</u>

Bank	Individual Quarter		Cumulative Quarter	
	31.12.10 RM'000	31.12.09 RM'000	31.12.10 RM'000	31.12.09 RM'000
Deposits from customers	128	1,063	395	3,194
Deposit of banks and other financial institutions	5,360	3,376	13,630	9,652
Redeemable unsecured bonds	492	1,616	3,707	4,831
Others	11	1	11	308
	<u>5,991</u>	<u>6,056</u>	<u>17,743</u>	<u>17,985</u>

18. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	31.12.10 RM'000	31.12.09 RM'000	31.12.10 RM'000	31.12.09 RM'000
Fee income:				
Fees on loans and securities	2,531	9,186	27,736	18,884
Corporate advisory fees	8,404	6,593	25,833	17,751
Guarantee fees	192	308	582	928
Underwriting commissions	4,705	6,875	8,887	7,980
Portfolio management fees	190	352	2,233	411
Unit trust management fees	2,096	1,865	6,247	5,156
Brokerage fees and commissions	26,602	21,289	73,111	82,822
Other fee income	5,914	13,221	19,543	31,690
	<u>50,634</u>	<u>59,689</u>	<u>164,172</u>	<u>165,622</u>
Investment and trading income:				
Net gain from sale of financial assets held-for-trading	850	1,952	1,280	5,964
Net gain/(loss) from sale of financial investments available-for-sale	993	130	3,468	(836)
Loss on disposal of subsidiaries	-	-	-	(45,121)
(Loss)/gain on revaluation of derivatives	(365)	(1,777)	290	1,180
Gross dividend income from:				
Financial assets held-for-trading	31	119	295	362
Financial investments available-for-sale	220	-	911	632
Financial investments held-to-maturity	-	221	-	908
Gain/(loss) on revaluation of financial assets held-for-trading	89	42	(907)	89
Foreign exchange loss	19	973	(701)	(730)
	<u>1,837</u>	<u>1,660</u>	<u>4,636</u>	<u>(37,552)</u>
Other income:				
Non-trading foreign exchange gain	460	136	841	572
Gain/(loss) on disposal of property and equipment - net	171	188	174	203
Rental income	556	604	1,664	1,552
Other non-operating income	274	346	776	666
Service transfer pricing income	13,881	6,826	36,459	24,528
	<u>15,342</u>	<u>8,100</u>	<u>39,914</u>	<u>27,521</u>
	<u>67,813</u>	<u>69,449</u>	<u>208,722</u>	<u>155,591</u>

18. OTHER OPERATING INCOME (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	31.12.10 RM'000	31.12.09 RM'000	31.12.10 RM'000	31.12.09 RM'000
Fee income:				
Fees on loans and securities	2,531	9,186	27,736	18,884
Corporate advisory fees	8,046	6,593	21,859	17,258
Guarantee fees	192	308	582	928
Underwriting commissions	4,163	6,097	5,647	6,763
Portfolio management fees	190	147	2,233	411
Brokerage fees and commissions	18,144	14,393	49,601	54,507
Other fee income	7,248	13,739	23,524	32,339
	<u>40,514</u>	<u>50,463</u>	<u>131,182</u>	<u>131,090</u>
Investment and trading income:				
Net gain from sale of financial assets held-for-trading	874	1,944	1,364	6,134
Net gain/(loss) from sale of financial investments available-for-sale	993	130	3,468	(836)
(Loss)/gain on revaluation of derivatives	(365)	(1,775)	290	1,193
Gross dividend income from:				
Financial assets held-for-trading	31	119	295	362
Financial investments available-for-sale	220	-	911	632
Financial investments held-to-maturity	-	221	-	908
Gain/(loss) on revaluation of financial assets held-for-trading	(40)	41	(185)	89
Foreign exchange loss	20	973	(700)	(730)
	<u>1,733</u>	<u>1,716</u>	<u>5,443</u>	<u>7,815</u>
Other income:				
Non-trading foreign exchange gain	254	15	417	76
Gain/(loss) on disposal of property and equipment - net	171	187	174	201
Rental income	556	604	1,664	1,552
Other non-operating income	267	333	750	598
Service transfer pricing income	14,424	9,834	38,061	25,195
	<u>15,672</u>	<u>10,973</u>	<u>41,066</u>	<u>27,622</u>
	<u>57,919</u>	<u>63,152</u>	<u>177,691</u>	<u>166,527</u>

19. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	31.12.10 RM'000	31.12.09 RM'000	31.12.10 RM'000	31.12.09 RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	25,827	27,290	80,762	79,244
- Others	9,663	9,272	35,343	22,913
	<u>35,490</u>	<u>36,562</u>	<u>116,105</u>	<u>102,157</u>
Establishment costs				
- Depreciation of property and equipment	1,281	1,378	3,886	4,127
- Amortisation of computer software	163	144	475	336
- Computerisation costs	4,501	3,977	12,601	11,789
- Rental	3,244	3,692	9,848	10,898
- Others	1,374	1,188	3,922	3,259
	<u>10,563</u>	<u>10,379</u>	<u>30,732</u>	<u>30,409</u>
Marketing and communication expenses				
- Sales commission	912	1,824	2,502	8,251
- Advertising	321	392	1,244	781
- Travel and entertainment	1,128	1,019	3,078	2,852
- Others	2,067	1,585	4,694	4,626
	<u>4,428</u>	<u>4,820</u>	<u>11,518</u>	<u>16,510</u>
Administration and general expenses				
- Professional fees	(103)	556	310	1,864
- Others	2,485	1,844	5,779	7,171
	<u>2,382</u>	<u>2,400</u>	<u>6,089</u>	<u>9,035</u>
Others				
- Service transfer pricing expenses	3,332	278	9,382	5,784
	<u>56,195</u>	<u>54,439</u>	<u>173,826</u>	<u>163,895</u>

19. OTHER OPERATING EXPENSES (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	31.12.10 RM'000	31.12.09 RM'000	31.12.10 RM'000	31.12.09 RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	21,788	23,509	67,445	69,122
- Others	7,983	7,533	30,092	18,429
	<u>29,771</u>	<u>31,042</u>	<u>97,537</u>	<u>87,551</u>
Establishment costs				
- Depreciation of property and equipment	1,003	1,083	3,008	3,217
- Amortisation of computer software	162	142	471	332
- Computerisation costs	2,893	1,697	7,503	5,209
- Rental	2,475	2,653	7,524	7,828
- Others	971	890	2,841	2,355
	<u>7,504</u>	<u>6,465</u>	<u>21,347</u>	<u>18,941</u>
Marketing and communication expenses				
- Sales commission	284	1,419	700	6,442
- Advertising	320	380	1,196	737
- Travel and entertainment	889	787	2,390	2,151
- Others	1,698	1,190	3,674	3,522
	<u>3,191</u>	<u>3,776</u>	<u>7,960</u>	<u>12,852</u>
Administration and general expenses				
- Professional fees	(161)	532	81	1,666
- Others	1,928	1,113	4,223	5,665
	<u>1,767</u>	<u>1,645</u>	<u>4,304</u>	<u>7,331</u>
Others				
- Service transfer pricing expenses	4,731	4,196	13,721	9,236
	<u>46,964</u>	<u>47,124</u>	<u>144,869</u>	<u>135,911</u>

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

Group	Individual Quarter		Cumulative Quarter	
	31.12.10	31.12.09	31.12.10	31.12.09
	RM'000	RM'000	RM'000	RM'000
Allowance for impaired loans and financing:				
Collective allowance	735	-	1,798	-
Individual allowance	(80)	-	(357)	-
General allowance	-	485	-	1,424
Specific allowance	-	(199)	-	(569)
Impaired loans and financing written off	-	-	36	-
Impaired loans and financing recovered	1	(4)	(5)	(14)
	<u>656</u>	<u>282</u>	<u>1,472</u>	<u>841</u>

Bank	Individual Quarter		Cumulative Quarter	
	31.12.10	31.12.09	31.12.10	31.12.09
	RM'000	RM'000	RM'000	RM'000
Allowance for impaired loans and financing:				
Collective allowance	735	-	1,798	-
Individual allowance	(80)	-	(357)	-
General allowance	-	485	-	1,424
Specific allowance	-	(199)	-	(569)
Impaired loans and financing written off	-	-	36	-
Impaired loans and financing recovered	1	(4)	(5)	(14)
	<u>656</u>	<u>282</u>	<u>1,472</u>	<u>841</u>

21. BUSINESS SEGMENT ANALYSIS

31.12.2010 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	153,999	42,283	10,820	52,360	259,462
Income	153,273	41,951	10,820	34,642	240,686
Expenses	(98,103)	(21,586)	-	(54,137)	(173,826)
Profit/(loss) before provisions	55,170	20,365	10,820	(19,495)	66,860
Provisions	(1,065)	190	179	1,154	458
Profit/(loss) before taxation	54,105	20,555	10,999	(18,341)	67,318
Taxation and zakat	(12,989)	(5,181)	(2,685)	(736)	(21,591)
Net profit/(loss) for the year	41,116	15,374	8,314	(19,077)	45,727
Other information					
Cost to Income ratio	64.0%	51.5%	0.0%	156.3%	72.2%
Gross loans	501,070	-	-	8,741	509,811
Net loans	487,864	-	-	8,584	496,448
Gross impaired loans and advances	5,954	-	-	-	5,954
Deposits	7,125	-	-	924,872	931,997

21. BUSINESS SEGMENT ANALYSIS

31.12.2009 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	191,383	48,280	36,183	(7,430)	268,416
Income	190,564	47,925	33,446	(24,215)	247,720
Expenses	(89,536)	(31,408)	1,178	(44,129)	(163,895)
Profit/(loss) before provisions	101,028	16,517	34,624	(68,344)	83,825
Provisions	(4,131)	59	(7,768)	(6,496)	(18,336)
Profit/(loss) before taxation	96,897	16,576	26,856	(74,840)	65,489
Taxation and zakat	(23,795)	(3,608)	(6,591)	7,169	(26,825)
Net profit/(loss) for the year	73,102	12,968	20,265	(67,671)	38,664
Other information					
Cost to Income ratio	47.0%	65.5%	-3.5%	-182.2%	66.2%
Gross loans	318,643	30,813	-	9,116	358,572
Net loans	307,088	30,351	-	9,791	347,230
Gross impaired loans and advances	6,164	-	-	-	6,164
Deposits	24,365	-	100,000	886,291	1,010,656

Included in the above is Islamic banking business profit before taxation of RM15.6 million for the Group and the Bank for the period ended 31 December 2010 (RM71.3 million for the Group and the Bank for the period ended 31 December 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 RM2.9 million for the period ended 31 December 2010 (RM 6.7 million for the period ended 31 December 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	
	31.12.10	31.03.10	31.12.10	31.03.10
	RM'000	RM'000	RM'000	RM'000
(i) Deposits from customers				
One year to three years	-	13,917	-	13,917
(ii) Deposits and placements of banks and other financial institutions				
Due within six months	918,942	609,129	918,942	609,129
<i>Recap :</i>				
Interbank lendings	908,609	778,621	824,861	716,986
Interbank borrowings	(918,942)	(609,129)	(918,942)	(609,129)
Net interbank (borrowings)/ lendings	(10,333)	169,492	(94,081)	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

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 31 December 2010, the off-balance sheet exposures are as follows:

Group	31.12.10			31.03.10		
	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						
Foreign exchange related contracts:						
Forward exchange contracts	1,363	-	-	-	-	-
Equity related contracts:						
Futures	27,017	-	-	28,173	-	-
Contracts for differences	15,097	-	-	-	-	-
	<u>43,477</u>	<u>-</u>	<u>-</u>	<u>28,173</u>	<u>-</u>	<u>-</u>
Commitments						
Irrevocable commitments to extend credit maturing :						
within one year	181,313	-	-	166,459	-	-
more than one year	206	103	52	4,444	2,222	2,160
Forward purchase commitments	-	-	-	206	-	12
	<u>181,519</u>	<u>103</u>	<u>52</u>	<u>171,109</u>	<u>2,222</u>	<u>2,172</u>
Contingent Liabilities						
Guarantees given on behalf of customers	238,160	238,160	224,756	437,648	437,648	424,243
Underwriting liabilities	43,825	-	-	6,615	-	-
	<u>281,985</u>	<u>238,160</u>	<u>224,756</u>	<u>444,263</u>	<u>437,648</u>	<u>424,243</u>
	<u>506,981</u>	<u>238,263</u>	<u>224,808</u>	<u>643,545</u>	<u>439,870</u>	<u>426,415</u>

25. COMMITMENTS AND CONTINGENCIES (CONT'D)

Bank	31.12.10			31.03.10		
	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	27,017	-	-	28,173	-	-
Commitments						
Irrevocable commitments to extend credit maturing:						
within one year	181,313	-	-	166,459	-	-
more than one year	206	103	52	4,444	2,222	2,160
Forward purchase commitments	-	-	-	206	-	12
	<u>181,519</u>	<u>103</u>	<u>52</u>	<u>171,109</u>	<u>2,222</u>	<u>2,172</u>
Contingent Liabilities						
Guarantees given on behalf of customers	238,160	238,160	224,756	437,648	437,648	424,243
Underwriting liabilities	43,825	-	-	6,615	-	-
	<u>281,985</u>	<u>238,160</u>	<u>224,756</u>	<u>444,263</u>	<u>437,648</u>	<u>424,243</u>
	<u>490,521</u>	<u>238,263</u>	<u>224,808</u>	<u>643,545</u>	<u>439,870</u>	<u>426,415</u>

25. COMMITMENTS AND CONTINGENCIES (CONTD.)

As at 30 September 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.

AmTrustee has filed an Application to Strike Out the Third Party Notice.

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.

Trial dates have been fixed for both Meridian and MAA Suits from 24 January to 26 January 2011.

AmTrustee had filed an Application for Stay of Proceeding of both the MAA and Meridian case pending the disposal of the criminal proceeding (which is still ongoing) involving a key witness of Meridian.

This Application came up for hearing on 1 December 2010 and the Court dismissed the Application. Based on solicitor's advice, AmTrustee filed an appeal to the court of appeal ("AmTrustee's Appeal") against this decision dated 1 December 2010 and also an Application to stay the court Order dated 1 December 2010 ("Stay Application").

The Stay Application came up for hearing on 27 December 2010, and the court allowed AmTrustee's Stay Application and further directed AmTrustee to expedite the AmTrustee's Appeal to the court of appeal prior to the hearing dates of this matter fixed on 24 January to 26 January 2011. AmTrustee's solicitors are working towards this.

Court had further fixed both Meridian and MAA Suits for Case Management on 21 January 2011.

In the meantime, AmTrustee's application to Strike Out the Third Party Notice by Meridian in the KWAP Suit was fixed for Hearing on 27 September 2010 and refixed for decision on 1 November 2010.

The court allowed AmTrustee's Application with cost on 1 November 2010. Meridian has on the 1 December 2010 filed a Notice of Appeal against this decision at the court of Appeal. No hearing date has been fixed as yet to hear the appeal.

The court allowed AmTrustee's Application with cost on 1 November 2010. Meridian has on the 1 December 2010 filed a Notice of Appeal against this decision at the court of Appeal. No hearing date has been fixed as yet to hear the appeal.

With such a Court Order, AmTrustee will not be involved in the litigation of KWAP Suit pending the disposal of Meridian's appeal at the court of Appeal.

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	31.12.10			31.03.10		
	Contract/ Notional Amount RM'000	Positive Fair Value RM'000	Negative Fair Value RM'000	Contract/ Notional Amount RM'000	Positive Fair Value RM'000	Negative Fair Value RM'000
Trading derivative						
Foreign exchange related contracts:						
Currency forward - Less than one year	1,363	5	3	-	-	-
Equity related contracts:						
Futures - Less than one year	27,017	-	-	28,173	-	467
Contracts for differences						
- More than three years	15,097	108	108	-	-	-
Total	43,477	113	111	28,173	-	467

The Bank

Trading derivative

Equity related contracts:

Futures - Less than one year	27,017	-	-	28,173	-	467
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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.

26. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTD.)

Purpose of engaging in financial derivatives (Contd.)

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.

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.

26. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTD.)

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.

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.

26. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTD.)

Derivative Financial Instruments and Hedge Accounting (Contd.)

(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	
	31.12.10	31.03.10	31.12.10	31.03.10
Before deducting proposed dividends:				
Core capital ratio	25.7%	24.0%	25.1%	28.3%
Risk-weighted capital ratio	25.7%	29.4%	25.1%	30.1%
After deducting proposed dividend:				
Core capital ratio	25.7%	21.7%	25.1%	25.5%
Risk-weighted capital ratio	25.7%	27.1%	25.1%	27.3%

The capital adequacy ratio of the Group refers to the consolidated capital base as a ratio of the consolidated risk-weighted assets of AmlInvestment 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 AmlInvestment Bank Berhad for the financial quarter.

The capital adequacy ratios of AmlInvestment Bank are computed in accordance with Bank Negara Malaysia's revised Risk-Weighted Capital Adequacy Framework (RWCAF-Basel II). AmlInvestment 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	
	31.12.10	31.03.10	31.12.10	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	93,091	116,133	90,832	113,874
Total	527,734	550,776	490,832	513,874
Less: Goodwill	(11,243)	(11,243)	-	-
Deferred tax liability/(asset) - net	194	(4,870)	508	(4,556)
Total Tier 1 capital	516,685	534,663	491,340	509,318
Deduction in excess of allowable Tier 2 Capital	(16,519)	-	(104,750)	-
Maximum allowable Tier 1 Capital	500,166	534,663	386,590	509,318
Tier 2 capital				
Subordinated bonds	-	135,000	-	135,000
Collective allowance#	7,572	-	7,572	-
General allowance for bad and doubtful debts	-	9,768	-	9,768
Total Tier 2 capital	7,572	144,768	7,572	144,768
Less: Investment in capital of related financial institution	(24,091)	(24,448)	(24,091)	(24,448)
Less: Investment in subsidiaries	-	-	(88,231)	(88,231)
Deduction in excess of allowable Tier 2 capital made against Tier 1 Capital	16,519	-	104,750	-
Capital base	500,166	654,983	386,590	541,407

#Excludes collective allowance on impaired loans restricted from Tier 2 capital of the Group and the Bank of RM839,000.

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

	Group		Bank	
	31.12.10	31.03.10	31.12.10	31.03.10
	RM'000	RM'000	RM'000	RM'000
Credit risk	1,380,453	1,652,878	1,063,273	1,287,199
Market risk	106,095	148,712	98,733	148,564
Operational risk	461,999	428,455	378,007	364,560
	1,948,547	2,230,045	1,540,013	1,800,323

28. OPERATIONS OF ISLAMIC BANKING

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

The state of affairs as at 31 December 2010 and the results for the period ended 31 December 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	
	31.12.10	31.03.10	31.12.10	31.03.10
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Cash and short-term funds	128,784	123,734	128,784	123,734
Other receivables, deposits and prepayments	24,433	10,959	24,433	10,959
Property and equipment	83	90	83	90
Deferred tax assets	88	-	88	-
Intangible assets	9	3	9	3
TOTAL ASSETS	153,397	134,786	153,397	134,786
LIABILITIES AND ISLAMIC BANKING FUNDS				
Other liabilities	43,020	36,127	43,020	36,127
ISLAMIC BANKING FUNDS				
Capital funds	30,000	30,000	30,000	30,000
Reserves	80,377	68,659	80,377	68,659
Islamic Banking Funds	110,377	98,659	110,377	98,659
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	153,397	134,786	153,397	134,786
COMMITMENTS AND CONTINGENCIES	153,395	137,895	153,395	137,895

28. OPERATIONS OF ISLAMIC BANKING (CONTD.)

UNAUDITED INCOME STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2010

Group	Individual Quarter		Cumulative Quarter	
	31.12.10 RM'000	31.12.09 RM'000	31.12.10 RM'000	31.12.09 RM'000
Income derived from investment of depositors' funds and others	219	204	652	456
Impairment loss on doubtful sundry receivables, net	-	-	(710)	-
Total attributable (loss)/income	219	204	(58)	456
Loss attributable to depositors	(2)	(659)	(6)	(1,549)
Loss attributable to the Group	217	(455)	(64)	(1,093)
Income derived from investment of Islamic Banking Funds	5,727	2,909	18,040	80,222
Total net income	5,944	2,454	17,976	79,129
Other operating expenses	(670)	(562)	(2,340)	(7,798)
Profit before taxation	5,274	1,892	15,636	71,331
Taxation	(1,315)	(492)	(3,919)	(17,850)
Profit after taxation	3,959	1,400	11,717	53,481

Bank	Individual Quarter		Cumulative Quarter	
	31.12.10 RM'000	31.12.09 RM'000	31.12.10 RM'000	31.12.09 RM'000
Income derived from investment of depositors' funds and others	219	204	652	456
Impairment loss on doubtful sundry receivables, net	-	-	(710)	-
Total attributable income	219	204	(58)	456
Loss attributable to depositors	(2)	(659)	(6)	(1,549)
Income/(loss) attributable to the Bank	217	(455)	(64)	(1,093)
Income derived from investment of Islamic Banking Funds	5,727	2,909	18,040	80,222
Total net income	5,944	2,454	17,976	79,129
Other operating expenses	(670)	(562)	(2,340)	(7,798)
Profit before taxation	5,274	1,892	15,636	71,331
Taxation	(1,315)	(492)	(3,919)	(17,850)
Profit after taxation	3,959	1,400	11,717	53,481

28. OPERATIONS OF ISLAMIC BANKING (CONTD.)

28a. OTHER LIABILITIES

	Group		Bank	
	31.12.10	31.03.10	31.12.10	31.03.10
	RM'000	RM'000	RM'000	RM'000
Other payables and accruals	10,482	8,208	10,482	8,208
Amount owing from head office	-	(613)	-	(613)
Taxation and zakat payable	32,538	28,524	32,538	28,524
Deferred taxation	-	8	-	8
	<u>43,020</u>	<u>36,127</u>	<u>43,020</u>	<u>36,127</u>

29. CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES

A) 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 reliably 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 AND COMPARATIVES (CONTD.)

A) Change in accounting policies (Cont'd)

(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

29. CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES (CONTD.)

B) Restatement of 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 and Equipment.

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

	As previously reported RM'000	Effect of reclassification RM'000	As restated RM'000
Statement of Financial Position as at 31 March 2010:			
Group			
Prepaid land lease payments	2,535	(2,535)	-
Property, plant and equipment	29,229	2,535	31,764
Bank			
Prepaid land lease payments	2,535	(2,535)	-
Property, plant and equipment	26,605	2,535	29,140

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

The Bank posted a pretax profit of RM21.1 million for the quarter as compared to a pretax profit of RM 12.1 million for the quarter ended 31 December 2009, mainly due to substantially lower overheads, impairment loss and provision for commitments as compared to the quarter ended 31 December 2009.

In the non-Islamic business sectors, the net interest income increased to RM4.7 million from RM4.4 million in the quarter ended 31 December 2009, other operating income reduced to RM57.9 million from RM63.2 million in the quarter ended 31 December 2009 as a result of fee income at RM40.5 million as compared to RM50.5 million in the quarter ended 31 December 2009, investment and trading income rose marginally and higher other income of RM15.7 million as compared to RM11.0 million for the quarter ended 31 December 2009.

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

The Group reported pretax profit of RM67.3 million (pretax profit of RM65.5 million for the period ended 31 December 2009) and the Bank reported pretax profit of RM62.8 million (pretax profit of RM102.0 million for the period ended 31 December 2009), and in respect of the non-Islamic business, are attributed to:

- (i) Higher allowance for impairment on loan and financing of RM1.5 million for the Group and the Bank (RM0.8 million for the period ended 31 December 2009 for the Group and the Bank) due to increase in retail customers because of higher stockbroking and private banking turnover.
- (ii) Fee income of RM164.2 million is lower for the Group but higher of RM131.2 million for the Bank (RM165.6 million and RM131.1 million earned for the period ended 31 December 2009 for the Group and the Bank, respectively) as a result of Bank's better performance this quarter on loans and advances, corporate advisory fees and wealth management fees while the marginal drop for the Group performance is due to decline in brokerage fees of RM5.0 million in this period from AmFrasers International Pte Ltd and its subsidiaries.
- (iii) Investment and trading gain of RM4.6 million and RM5.4 million (loss of RM37.8 million and gain of RM7.8 million for the period ended 31 December 2009), for the Group and the Bank, respectively. The poorer result for the Bank is due to a reduction of RM4.8 million in net gain from sale of financial assets held-for-trading (RM1.4 million and RM6.1 million for the period ended 31 December 2010 and 31 December 2009 respectively).
- (iv) Lower interest income of RM32.1 million and RM29.3 million for the Group and the Bank, respectively (RM33.7 million and RM29.4 million for the period 31 December 2009 for the Group and the Bank respectively), due to decrease in interest income received from short-term funds and deposits (RM4.7 million and RM3.0 million lower for the Group and Bank, respectively) mitigated by increase in loan interests of RM6.4 million for the Group and the Bank.

Lower income from Islamic banking business of RM18.7 million for the Group and the Bank (RM79.1 million for the period ended 31 December 2009 for the Group and the Bank) due to lower income derived from investment in Islamic Banking Funds.

Shareholder's equity stood at RM0.5 billion (RM0.5 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.

32. CURRENT PERIOD PROSPECTS

Malaysian economy grew 5.3% in third quarter of 2010 supported by positive consumer sentiment and continued growth in external demand. Nevertheless, recent key indicators around the Asia region point to slight moderation in economic growth, whilst sustainability remains a challenge in the global economic recovery. Moving into 2011, the domestic economic activity benefiting from favourable employment conditions and higher capital spending will continue to drive the national economy. However, gross domestic product ("GDP") growth momentum is expected to moderate to between 5% and 5.5%, influenced by the continued slowdown in global demand. Inflation is projected to remain at 2% for the full year 2010, and increase to circa 2.5% for 2011.

On the back of the benign inflation outlook, Bank Negara Malaysia is expected to maintain overnight policy rate ("OPR") accommodative at 2.75% into the first half of 2011. The Group projects OPR to hike by circa 50 basis points during the second half of the year as global economic growth picks up and domestic markets improve. Under the recently unveiled Budget 2011, financial service industry is expected to benefit in particular from initiatives to revitalise capital market and incentives to develop Islamic Finance. However, Malaysian banks are expected to face margin pressures as the financial sector progressively liberalises and competition heats up from new entrants.

The Group continues to focus on executing its agenda around strategic business transformation, growth initiatives and strengthening its governance and enablement functions. Progressive implementation of our planned customer centric business models, leveraging our international connectivity in collaboration with the Australia And New Zealand Banking Group ("ANZ"), diversifying revenue streams via wealth management should position us well to deliver sustainable growth over the medium term.