

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

	Note	Group 30.06.11 RM'000	31.03.11 RM'000	Bank 30.06.11 RM'000	31.03.11 RM'000
ASSETS					
Cash and short-term funds		1,089,903	932,560	1,005,072	844,197
Deposits and placements with banks and other financial institutions		676	676	-	-
Derivative financial assets	8	528	313	-	-
Financial assets held-for-trading	9	32,253	7,385	29,839	4,798
Financial investments available-for-sale	10	54,437	55,209	51,709	52,495
Financial investments held-to-maturity	11	100	100	100	100
Loans, advances and financing	12	544,543	548,266	544,516	548,239
Other assets	13	736,608	856,839	421,690	562,105
Statutory deposit with Bank Negara Malaysia		5,211	2,031	5,211	2,031
Deferred tax assets		17,821	18,571	17,419	18,378
Investments in subsidiaries		-	-	88,231	88,231
Investments in associated companies		2,840	2,729	100	100
Property and equipment		29,511	29,962	26,647	27,383
Intangible assets		13,829	13,787	2,556	2,520
TOTAL ASSETS		2,528,260	2,468,428	2,193,090	2,150,577
LIABILITIES AND EQUITY					
Deposits and placements of banks and other financial institutions	14	986,570	878,225	986,570	878,225
Derivative financial liabilities	8	578	369	51	66
Deposits from customers	15	12,510	12,982	12,510	12,982
Term funding		8,603	2,401	-	-
Other liabilities	16	926,336	998,576	643,699	725,779
Total Liabilities		1,934,597	1,892,553	1,642,830	1,617,052
Share capital		200,000	200,000	200,000	200,000
Reserves		393,663	375,875	350,260	333,525
Equity attributable to equity holder of the Bank		593,663	575,875	550,260	533,525
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		2,528,260	2,468,428	2,193,090	2,150,577

**AmlInvestment Bank Berhad
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**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011 (CONTD.)**

	Note	Group		Bank	
		30.06.11 RM'000	31.03.11 RM'000	30.06.11 RM'000	31.03.11 RM'000
COMMITMENTS AND CONTINGENCIES	26	423,208	432,483	410,095	416,628
NET ASSETS PER ORDINARY SHARE (RM)		2.97	2.88	2.75	2.67
CAPITAL ADEQUACY	27(a)				
Before deducting proposed dividends					
Core Capital Ratio		28.3%	25.4%	28.8%	24.7%
Risk-Weighted Capital Ratio		28.3%	25.4%	28.8%	24.7%
After deducting proposed dividends					
Core Capital Ratio		25.6%	23.0%	25.2%	21.7%
Risk-Weighted Capital Ratio		25.6%	23.0%	25.2%	21.7%

The Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2011.

**AmlInvestment Bank Berhad
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**UNAUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2011**

Group	Note	Individual Quarter		Cumulative Quarter	
		30.06.11 RM'000	30.06.10 RM'000	30.06.11 RM'000	30.06.10 RM'000
Revenue		95,957	80,026	95,957	80,026
Interest income	17	13,595	10,692	13,595	10,692
Interest expense	18	(7,218)	(6,826)	(7,218)	(6,826)
Net interest income		6,377	3,866	6,377	3,866
Net income from Islamic banking business		6,407	5,481	6,407	5,481
Other operating income	19	75,955	63,853	75,955	63,853
Share in results of associated companies		112	19	112	19
Net income		88,851	73,219	88,851	73,219
Other operating expenses	20	(65,280)	(54,104)	(65,280)	(54,104)
Operating Profit		23,571	19,115	23,571	19,115
Writeback of allowances/(allowances) for impairment on loans and financing	21	148	(528)	148	(528)
Impairment writeback/(loss) on:					
Financial investment		-	(1,574)	-	(1,574)
Doubtful sundry receivables- net		500	600	500	600
Write-back of provision for commitments		91	1	91	1
Profit before taxation		24,310	17,614	24,310	17,614
Taxation		(7,021)	(4,691)	(7,021)	(4,691)
Profit for the period		17,289	12,923	17,289	12,923
Attributable to :					
Equity holder of the Bank		17,289	12,923	17,289	12,923
EARNINGS PER SHARE (SEN)					
Basic		8.64	6.46	8.64	6.46
Fully diluted		8.64	6.46	8.64	6.46

The Income Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2011.

AmlInvestment Bank Berhad
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UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2011

Group	Note	Individual Quarter		Cumulative Quarter	
		30.06.11 RM'000	30.06.10 RM'000	30.06.11 RM'000	30.06.10 RM'000
Profit for the period		17,289	12,923	17,289	12,923
Other comprehensive income/(loss):					
Exchange differences on translation of foreign operations		2,070	(538)	2,070	(538)
Net loss on financial investments available-for-sale		(616)	(2,975)	(616)	(2,975)
Income tax relating to the components of other comprehensive income		154	2,112	154	2,112
Other comprehensive income/(loss) for the period, net of tax		1,608	(1,401)	1,608	(1,401)
Total comprehensive income for the period		18,897	11,522	18,897	11,522
Total comprehensive income for the period attributable to:					
Equity holders of the Bank		18,897	11,522	18,897	11,522

The Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2011.

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

**UNAUDITED CONSOLIDATED INCOME STATEMENTS (CONTD.)
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2011**

Bank	Note	Individual Quarter		Cumulative Quarter	
		30.06.11 RM'000	30.06.10 RM'000	30.06.11 RM'000	30.06.10 RM'000
Revenue		86,004	66,458	86,004	66,458
Interest income	17	12,481	9,722	12,481	9,722
Interest expense	18	(6,757)	(6,344)	(6,757)	(6,344)
Net interest income		5,724	3,378	5,724	3,378
Net income from Islamic banking business		6,407	5,481	6,407	5,481
Other operating income	19	67,116	51,255	67,116	51,255
Net income		79,247	60,114	79,247	60,114
Other operating expenses	20	(55,008)	(43,316)	(55,008)	(43,316)
Operating Profit		24,239	16,798	24,239	16,798
Writeback of allowances/(allowances) for impairment on loans and financing	21	148	(528)	148	(528)
Impairment writeback/(loss) on:					
Financial investment		-	(1,574)	-	(1,574)
Doubtful sundry receivables- net		332	568	332	568
Write-back of provision for commitments		91	1	91	1
Profit before taxation		24,810	15,265	24,810	15,265
Taxation		(6,528)	(3,969)	(6,528)	(3,969)
Net profit attributable to equity holder of the Bank		18,282	11,296	18,282	11,296
EARNINGS PER SHARE (SEN)					
Basic		9.14	5.65	9.14	5.65
Fully diluted		9.14	5.65	9.14	5.65

The Income Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2011.

**AmlInvestment Bank Berhad
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**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2011**

Bank	Note	Individual Quarter		Cumulative Quarter	
		30.06.11 RM'000	30.06.10 RM'000	30.06.11 RM'000	30.06.10 RM'000
Profit for the period		18,282	11,296	18,282	11,296
Other comprehensive (loss)/income:					
Net loss on financial investments available-for-sale		(616)	(2,975)	(616)	(2,975)
Income tax relating to the components of other comprehensive income		154	2,112	154	2,112
Other comprehensive loss for the period, net of tax		(462)	(863)	(462)	(863)
Total comprehensive income for the period		17,820	10,433	17,820	10,433
Total comprehensive income for the period attributable to:					
Equity holders of the Bank		17,820	10,433	17,820	10,433

The Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2011.

**AmlInvestment Bank Berhad
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**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2011**

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 2010	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 income	-	-	-	-	(863)	(538)	-	(1,401)
Total comprehensive 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
At 1 April 2011	200,000	2,815	200,000	7,656	3,350	26,707	135,347	575,875
Profit for the period	-	-	-	-	-	-	17,289	17,289
Other comprehensive income	-	-	-	-	(462)	2,070	-	1,608
Total comprehensive income for the period	-	-	-	-	(462)	2,070	17,289	18,897
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	(1,109)	(1,109)
At 30 June 2011	200,000	2,815	200,000	7,656	2,888	28,777	151,527	593,663

The Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2011.

**AmlInvestment Bank Berhad
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**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTD.)
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2011**

	<div><-----Attributable to equity holder of the Bank-----></div>				
	Non-distributable			Distributable	
Bank	Share capital RM'000	Statutory reserve RM'000	Available-for-sale reserve RM'000	Unappropriated profits RM'000	Total shareholder's equity RM'000
At 1 April 2010	200,000	200,000	3,074	110,438	513,512
Profit for the period	-	-	-	11,296	11,296
Other comprehensive income	-	-	(863)	-	(863)
Total comprehensive income for the period	-	-	(863)	11,296	10,433
At 30 June 2010	200,000	200,000	2,211	121,734	523,945
At 1 April 2011	200,000	200,000	3,298	130,227	533,525
Profit for the period	-	-	-	18,282	18,282
Other comprehensive income	-	-	(462)	-	(462)
Total comprehensive income for the period	-	-	(462)	18,282	17,820
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	(1,085)	(1,085)
At 30 June 2011	200,000	200,000	2,836	147,424	550,260

The Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2011.

**AmlInvestment Bank Berhad
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**UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011**

	Group		Bank	
	30.06.11	30.06.10	30.06.11	30.06.10
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	24,310	17,614	24,810	15,265
Adjustments for non-operating and non cash items	(586)	145	(294)	(880)
Operating profit before working capital changes	23,724	17,759	24,516	14,385
Decrease in operating assets	94,137	145,637	108,664	64,290
Increase/(decrease) in operating liabilities	36,898	(3,923)	25,651	48,884
Cash generated from operations	154,759	159,473	158,831	127,559
Taxation paid	(6,657)	(6,532)	(6,047)	(6,717)
Net cash generated from operating activities	148,102	152,941	152,784	120,842
Net cash generated from/(used in) investing activities	181	(29,466)	316	(29,404)
Net cash generated from/(used in) financing activities	6,202	(15,146)	-	-
	6,383	(44,612)	316	(29,404)
Net increase in cash and cash equivalents	154,485	108,329	153,100	91,438
Cash and cash equivalents at beginning of period	666,653	589,075	647,870	575,065
Cash and cash equivalents at end of period	821,138	697,404	800,970	666,503

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	
	30.06.11	30.06.10	30.06.11	30.06.10
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	1,089,903	934,390	1,005,072	841,508
Less: Cash and bank balances and deposit held in trust	(268,765)	(236,986)	(204,102)	(175,005)
	821,138	697,404	800,970	666,503

The Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2011.

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 Standard ("FRS") 134, Interim Financial Reporting issued by the 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 as at and for the year ended 31 March 2011.

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 2011 except for the adoption of the following FRSs and Technical Releases:

- FRS 1, First-time Adoption of Financial Reporting Standards
- Amendments to FRS 1, Limited Exemption from Comparative FRS 7, Disclosures for First-time Adopters and Additional Exemptions for First-time Adopters
- Amendments to FRS 2, Share-based Payment and Group Cash-settled Share-based Payment Transactions
- FRS 3, Business Combinations
- Amendments to FRS 7, Improving Disclosures about Financial Instruments
- FRS 127, Consolidated and Separate Financial Statements
- Amendments to FRS 138, Intangible Assets
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 12, Service Concession Arrangements
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17, Distributions of Non-cash Assets to Owners
- IC Interpretation 18, Transfers of Assets from Customers
- Amendments to FRSs contained in Improvements to FRSs (2010)
- TR i-4, Shariah Compliant Sale Contract

The adoption of FRS 3 (revised) will potentially have a financial impact on the Group and the Bank as it will result in changes in accounting for business combinations. FRS 3 (revised) is effective for business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 July 2010. The changes in FRS 3 (revised) is summarised as follows:

- FRS 3 (revised) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as "minority" interests) either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree. Consequently, the goodwill arising from the acquisition reflects the impact of the difference between the fair value of the non-controlling interests and their share of the fair value of the identifiable net assets of the acquiree;
- FRS 3 (revised) changes the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the "measurement period" (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognised in profit or loss;
- FRS 3 (revised) requires that a settlement gain or loss be recognised where a business combination in effect settles a pre-existing relationship between the Group and the acquiree; and
- FRS 3 (revised) requires that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

1. BASIS OF PREPARATION (CONTD.)

The adoption of the revised FRS 127 is likely to affect the Group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in a change in control. In prior years, in the absence of specific requirements in FRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit or loss.

Under the amended FRS 127, all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the amended Standard requires that the Group derecognises all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost, with the gain or loss arising recognised in profit or loss.

There is no financial impact immediately upon adoption of FRS 3 and FRS 127 as they both only have prospective effect, and hence their adoption will only have impact on future acquisitions of the Group.

The adoption of the Amendments to FRS 7 which promotes enhanced disclosures on fair value measurement of financial instruments via the introduction of the concept of the fair value hierarchy will only affect disclosures and will not have any financial impact on the results of the Group and the Bank.

The adoption of the other FRSs and Technical Releases did not have any material impact on the financial results of the Group and the Bank as they mainly deal with accounting policies affecting transactions which do not form part of the Group's and the Bank's normal business operations or transactions where the Group and the Bank only have minimal exposure.

At the date of authorisation of these condensed consolidated interim financial statements, the following 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 effective for annual periods beginning on or after 1 July 2011:

- Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement
- IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments

FRSs effective for annual periods beginning on or after 1 January 2012:

- IC Interpretation 15, Agreements for the Construction of Real Estate
- FRS 124, Related Party Disclosures

The Directors expect that the FRSs above will not have material impact on the financial statements in the period of initial application.

2. AUDIT QUALIFICATION

There were no audit qualification in the audited annual financial statements for the year ended 31 March 2011.

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 2011.

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. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

The Group	Contract/ Notional Amount RM'000	30.06.11 Positive Fair Value RM'000	Negative Fair Value RM'000	Contract/ Notional Amount RM'000	31.03.11 Positive Fair Value RM'000	Negative Fair Value RM'000
Trading derivative						
Foreign exchange related contracts:						
Less than one year	841	-	-	2,375	10	-
Equity related contracts:						
Less than one year	26,826	-	51	2,247	-	66
More than three years	12,272	528	527	13,480	303	303
Total	39,939	528	578	18,102	313	369
The Bank						
Trading derivative						
Equity related contracts:						
Less than one year	26,826	-	51	2,247	-	66

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 and the Bank, both for client solutions generating revenue for future as well as to manage the Group's and Bank's own market risk exposure. The Group's and Bank'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 option is a financial derivative 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 Option ("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.

8. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTD.)

Purpose of engaging in financial derivatives (Contd.)

The Group and Bank maintain 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 and the Bank from the buy-sell spreads. The Group and the Bank also take 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 and the Bank use derivatives to manage the Group's and the Bank's market risk exposure. As the value of these financial derivatives are principally driven by interest rate and foreign exchange rate factors, the Group and the Bank use them to reduce the overall interest rate and foreign exchange rate exposures of the Group and the Bank. 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 and the Bank. The Group and the Bank manage 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 and the Bank.

Risk associated with financial derivatives

As derivatives are contracts that transfer risks, they expose the holder to the same type of market and credit risk as other financial instruments, and the Group and the Bank manage 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 and the Bank'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 and the Bank have 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 and the Bank'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 and the Bank's or a counterparty's external rating were downgraded, the Group and the Bank 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.

8. 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 and the Bank 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 and the Bank. This would also result in the Group and the Bank no longer being hedged).

Generally, the Group and the Bank measure and monitor funding risk through the cash flow gap analysis according to specified time interval. The Group's and the Bank'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 statement of financial position, 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 and the Bank enter 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 and the Bank apply either fair value, cash flow or net investment hedge accounting.

At the time a financial instrument is designated as a hedge, the Group and the Bank formally document 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 and the Bank discontinue 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.

8. 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 similar 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.

9. FINANCIAL ASSETS HELD-FOR-TRADING

	Group		Bank	
	30.06.11	31.03.11	30.06.11	31.03.11
	RM'000	RM'000	RM'000	RM'000
At Fair Value				
Securities Quoted:				
In Malaysia:				
Shares	28,707	3,687	28,707	3,687
Trust units	1,132	1,111	1,132	1,111
Outside Malaysia:				
Shares	2,414	2,587	-	-
Total financial assets held-for-trading	32,253	7,385	29,839	4,798

10. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Bank	
	30.06.11	31.03.11	30.06.11	31.03.11
	RM'000	RM'000	RM'000	RM'000
At Fair value				
Money Market Securities:				
Negotiable instruments of deposits	15,898	15,784	15,898	15,784
Securities Quoted in Malaysia:				
Shares	528	514	-	-
Unquoted Securities Of Companies				
Incorporated at cost less impairment				
In Malaysia				
Shares	13,988	13,993	11,788	11,793
Outside Malaysia:				
Shares	635	1,080	635	1,080
Unquoted Private Debt Securities				
Of Companies Incorporated				
In Malaysia:				
Corporate bonds	23,388	23,838	23,388	23,838
Total financial investments available-for-sale	54,437	55,209	51,709	52,495

11. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group		Bank	
	30.06.11	31.03.11	30.06.11	31.03.11
	RM'000	RM'000	RM'000	RM'000
At Amortised Cost:				
Unquoted Securities Of Companies				
Incorporated:				
In Malaysia:				
Corporate bonds	100	100	100	100
Total financial investments held-to-maturity	100	100	100	100

12. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	30.06.11	31.03.11	30.06.11	31.03.11
	RM'000	RM'000	RM'000	RM'000
Term loans and revolving credits				
Customers	550,040	553,518	550,041	553,518
Staff loans	8,475	8,862	8,447	8,835
Gross loans, advances and financing	558,515	562,380	558,488	562,353
Less:				
Allowance for impairment on loans and financing:				
Collective allowance	9,148	9,202	9,148	9,202
Individual allowance	4,824	4,912	4,824	4,912
	13,972	14,114	13,972	14,114
Net loans, advances and financing	544,543	548,266	544,516	548,239

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

	Group		Bank	
	30.06.11	31.03.11	30.06.11	31.03.11
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	549,830	553,277	549,823	553,269
One to three years	596	688	576	669
Three to five years	746	766	746	766
Over five years	7,343	7,649	7,343	7,649
	558,515	562,380	558,488	562,353

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

	Group		Bank	
	30.06.11	31.03.11	30.06.11	31.03.11
	RM'000	RM'000	RM'000	RM'000
Agriculture	2,860	2,000	2,860	2,000
Manufacturing	354	1,702	354	1,702
Wholesale, retail, restaurant and hotel	3,257	4,129	3,257	4,129
Finance, real estate, insurance and business activities	45,063	42,461	45,063	42,461
Education and health	1,201	-	1,201	-
Household, of which:				
Purchase of residential properties	5,887	6,071	5,887	6,071
Purchase of transport vehicles	2,588	2,791	2,560	2,764
Others	495,675	499,850	495,675	499,850
Others	1,630	3,376	1,631	3,376
	558,515	562,380	558,488	562,353

12. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	Group		Bank	
	30.06.11 RM'000	31.03.11 RM'000	30.06.11 RM'000	31.03.11 RM'000
Individuals	497,136	503,008	497,109	502,981
Domestic :				
Business enterprises:				
Small medium enterprises	3,644	3,869	3,644	3,869
Other domestic business enterprises	51,129	49,799	51,129	49,799
Foreign entities	6,606	5,704	6,606	5,704
	<u>558,515</u>	<u>562,380</u>	<u>558,488</u>	<u>562,353</u>

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

	Group		Bank	
	30.06.11 RM'000	31.03.11 RM'000	30.06.11 RM'000	31.03.11 RM'000
Variable rate				
Cost-plus	311,795	320,267	311,795	320,267
Fixed rate				
Other fixed rates	246,720	242,113	246,693	242,086
	<u>558,515</u>	<u>562,380</u>	<u>558,488</u>	<u>562,353</u>

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

	Group		Bank	
	30.06.11 RM'000	31.03.11 RM'000	30.06.11 RM'000	31.03.11 RM'000
Domestic	552,813	559,698	552,786	559,671
Offshore	5,702	2,682	5,702	2,682
	<u>558,515</u>	<u>562,380</u>	<u>558,488</u>	<u>562,353</u>

12. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	Group		Bank	
	30.06.11	31.03.11	30.06.11	31.03.11
	RM'000	RM'000	RM'000	RM'000
Balance at beginning of period/year	5,920	6,839	5,920	6,839
Impaired during the period/year	2	13	2	13
Recoveries	(87)	(412)	(87)	(412)
Amount written off	-	(520)	-	(520)
Balance at end of period/year	5,835	5,920	5,835	5,920
Ratios of impaired loans, advances and financing to total loans, advances and financing	1.0%	1.1%	1.0%	1.1%

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

	Group		Bank	
	30.06.11	31.03.11	30.06.11	31.03.11
	RM'000	RM'000	RM'000	RM'000
Household, of which:				
Purchase of residential properties	90	87	90	87
Others	1,050	1,138	1,050	1,138
Others	4,695	4,695	4,695	4,695
	5,835	5,920	5,835	5,920

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

	Group		Bank	
	30.06.11	31.03.10	30.06.11	31.03.10
	RM'000	RM'000	RM'000	RM'000
Domestic	5,835	5,920	5,835	5,920

12. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	Group		Bank	
	30.06.11	31.03.11	30.06.11	31.03.11
	RM'000	RM'000	RM'000	RM'000
Collective allowance				
Balance at beginning of year	9,202	6,624	9,202	6,624
Allowance made during the period/year	(54)	2,589	(54)	2,589
Amount written off	-	(11)	-	(11)
Balance at end of period/year	<u>9,148</u>	<u>9,202</u>	<u>9,148</u>	<u>9,202</u>
% of total loans, advances and financing less individual allowance	<u>1.7%</u>	<u>1.7%</u>	<u>1.7%</u>	<u>1.7%</u>
Individual allowance				
Balance at beginning of year	4,912	5,817	4,912	5,817
Net charge to income statements	(87)	(397)	(87)	(397)
Amount written off	(1)	(508)	(1)	(508)
Balance at end of period/year	<u>4,824</u>	<u>4,912</u>	<u>4,824</u>	<u>4,912</u>

13. OTHER ASSETS

	Group		Bank	
	30.06.11	31.03.11	30.06.11	31.03.11
	RM'000	RM'000	RM'000	RM'000
Trade receivables, net of allowance for doubtful debts	583,948	704,802	340,156	463,041
Other receivables, deposits and prepayments, net of allowance for doubtful debts	42,781	41,244	34,620	33,703
Interest/Dividends receivable	2,040	1,568	2,023	1,550
Income tax recoverable	34,587	34,846	34,587	34,501
Amount due from brokers	66,940	45,639	559	133
Amount due from:				
Ultimate holding company	1,145	773	1,136	749
Subsidiaries	-	-	3,393	314
Related companies	5,002	27,802	5,051	27,949
Assets acquired in exchange of debts, net of impairment loss	165	165	165	165
	<u>736,608</u>	<u>856,839</u>	<u>421,690</u>	<u>562,105</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.

14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	30.06.11	31.03.11	30.06.11	31.03.11
	RM'000	RM'000	RM'000	RM'000
Licensed banks:				
Related	986,570	878,225	986,570	878,225

15. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	30.06.11	31.03.11	30.06.11	31.03.11
	RM'000	RM'000	RM'000	RM'000
Negotiable instruments of deposits	12,510	12,982	12,510	12,982

The deposits are sourced totally from business enterprises.

16. OTHER LIABILITIES

	Group		Bank	
	30.06.11	31.03.11	30.06.11	31.03.11
	RM'000	RM'000	RM'000	RM'000
Trade payables	806,566	873,906	529,417	607,646
Other payables and accruals	92,871	116,503	89,762	109,916
Provision for commitments	7,864	7,955	7,864	7,955
Amount due to subsidiaries	-	-	-	224
Amount due to related companies	16,847	163	16,618	-
Taxation payable	9	11	-	-
Zakat payable	38	38	38	38
Bank Overdraft	2,141	-	-	-
	926,336	998,576	643,699	725,779

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.

17. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.06.11 RM'000	30.06.10 RM'000	30.06.11 RM'000	30.06.10 RM'000
Short-term funds and deposits with financial institutions	4,355	3,429	4,355	3,429
Financial investments available-for-sale	393	297	393	297
Loans and advances				
- Interest income other than recoveries from impaired loans	8,128	6,301	8,128	6,301
Others	404	343	404	343
Gross interest income	13,280	10,370	13,280	10,370
Accretion of discounts less amortisation of premiums	315	322	315	322
	13,595	10,692	13,595	10,692
Bank	Individual Quarter		Cumulative Quarter	
	30.06.11 RM'000	30.06.10 RM'000	30.06.11 RM'000	30.06.10 RM'000
Short-term funds and deposits with financial institutions	3,574	2,750	3,574	2,750
Financial investments available-for-sale	393	297	393	297
Loans and advances				
- Interest income other than recoveries from impaired loans	8,128	6,301	8,128	6,301
Others	71	52	71	52
Gross interest income	12,166	9,400	12,166	9,400
Accretion of discounts less amortisation of premiums	315	322	315	322
	12,481	9,722	12,481	9,722

18. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	30.06.11	30.06.10	30.06.11	30.06.10
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	233	397	233	397
Deposit of banks and other financial institutions	6,635	4,613	6,635	4,613
Redeemable unsecured bonds	-	1,599	-	1,599
Others	350	217	350	217
	<u>7,218</u>	<u>6,826</u>	<u>7,218</u>	<u>6,826</u>

Bank	Individual Quarter		Cumulative Quarter	
	30.06.11	30.06.10	30.06.11	30.06.10
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	121	133	121	133
Deposit of banks and other financial institutions	6,636	4,612	6,636	4,612
Redeemable unsecured bonds	-	1,599	-	1,599
	<u>6,757</u>	<u>6,344</u>	<u>6,757</u>	<u>6,344</u>

19. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.06.11 RM'000	30.06.10 RM'000	30.06.11 RM'000	30.06.10 RM'000
Fee income:				
Fees on loans and securities	8,011	3,827	8,011	3,827
Corporate advisory fees	6,274	9,348	6,274	9,348
Guarantee fees	179	263	179	263
Underwriting commissions	5,510	3,062	5,510	3,062
Portfolio management fees	191	1,920	191	1,920
Unit trust management fees	-	1,945	-	1,945
Brokerage fees and commissions	20,677	22,177	20,677	22,177
Other fee income	8,730	7,225	8,730	7,225
	<u>49,572</u>	<u>49,767</u>	<u>49,572</u>	<u>49,767</u>
Investment and trading income:				
Net gain from sale of financial assets held-for-trading	310	(578)	310	(578)
Net gain/(loss) from sale of financial investments available-for-sale	29	1,985	29	1,985
(Loss)/gain on revaluation of derivatives	(108)	1,206	(108)	1,206
Gross dividend income from:				
Financial assets held-for-trading	39	97	39	97
Financial investments available-for-sale	691	691	691	691
Gain/(loss) on revaluation of financial assets held-for-trading	(225)	(1,011)	(225)	(1,011)
Portfolio income	11,464	-	11,464	-
Foreign exchange loss	29	(898)	29	(898)
	<u>12,229</u>	<u>1,492</u>	<u>12,229</u>	<u>1,492</u>
Other income:				
Non-trading foreign exchange gain	131	100	131	100
Gain/(loss) on disposal of property and equipment - net	2	-	2	-
Rental income	543	528	543	528
Other non-operating income	(91)	260	(91)	260
Service transfer pricing income	13,569	11,706	13,569	11,706
	<u>14,154</u>	<u>12,594</u>	<u>14,154</u>	<u>12,594</u>
	<u>75,955</u>	<u>63,853</u>	<u>75,955</u>	<u>63,853</u>

19. OTHER OPERATING INCOME (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	30.06.11 RM'000	30.06.10 RM'000	30.06.11 RM'000	30.06.10 RM'000
Fee income:				
Fees on loans and securities	8,011	3,827	8,011	3,827
Corporate advisory fees	5,917	5,861	5,917	5,861
Guarantee fees	179	263	179	263
Underwriting commissions	3,467	1,036	3,467	1,036
Portfolio management fees	191	1,920	191	1,920
Brokerage fees and commissions	15,093	14,793	15,093	14,793
Other fee income	7,895	8,394	7,895	8,394
	<u>40,753</u>	<u>36,094</u>	<u>40,753</u>	<u>36,094</u>
Investment and trading income:				
Net gain from sale of financial assets held-for-trading	329	(545)	329	(545)
Net gain/(loss) from sale of financial investments available-for-sale	29	1,985	29	1,985
(Loss)/gain on revaluation of derivatives	(108)	1,206	(108)	1,206
Gross dividend income from:				
Unquoted subsidiaries	(562)	-	(562)	-
Financial assets held-for-trading	28	97	28	97
Financial investments available-for-sale	691	691	691	691
Gain/(loss) on revaluation of financial assets held-for-trading	140	(194)	140	(194)
Portfolio income	11,464	-	11,464	-
Foreign exchange loss	27	(898)	27	(898)
	<u>12,038</u>	<u>2,342</u>	<u>12,038</u>	<u>2,342</u>
Other income:				
Non-trading foreign exchange gain	28	25	28	25
Gain/(loss) on disposal of property and equipment - net	2	-	2	-
Rental income	543	528	543	528
Other non-operating income	(93)	253	(93)	253
Service transfer pricing income	13,845	12,013	13,845	12,013
	<u>14,325</u>	<u>12,819</u>	<u>14,325</u>	<u>12,819</u>
	<u>67,116</u>	<u>51,255</u>	<u>67,116</u>	<u>51,255</u>

20. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	30.06.11 RM'000	30.06.10 RM'000	30.06.11 RM'000	30.06.10 RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	33,868	29,017	33,868	29,017
- Others	12,131	7,323	12,131	7,323
	<u>45,999</u>	<u>36,340</u>	<u>45,999</u>	<u>36,340</u>
Establishment costs				
- Depreciation of property and equipment	1,267	1,315	1,267	1,315
- Amortisation of computer software	183	159	183	159
- Computerisation costs	1,994	3,822	1,994	3,822
- Rental	3,317	3,310	3,317	3,310
- Others	1,132	1,179	1,132	1,179
	<u>7,893</u>	<u>9,785</u>	<u>7,893</u>	<u>9,785</u>
Marketing and communication expenses				
- Sales commission	53	774	53	774
- Advertising	565	425	565	425
- Travel and entertainment	956	980	956	980
- Others	1,642	1,145	1,642	1,145
	<u>3,216</u>	<u>3,324</u>	<u>3,216</u>	<u>3,324</u>
Administration and general expenses				
- Professional fees	1,213	538	1,213	538
- Others	1,580	1,228	1,580	1,228
	<u>2,793</u>	<u>1,766</u>	<u>2,793</u>	<u>1,766</u>
Others				
- Service transfer pricing expenses	5,379	2,889	5,379	2,889
	<u>65,280</u>	<u>54,104</u>	<u>65,280</u>	<u>54,104</u>

20. OTHER OPERATING EXPENSES (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	30.06.11 RM'000	30.06.10 RM'000	30.06.11 RM'000	30.06.10 RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	28,503	23,722	28,503	23,722
- Others	10,487	5,308	10,487	5,308
	<u>38,990</u>	<u>29,030</u>	<u>38,990</u>	<u>29,030</u>
Establishment costs				
- Depreciation of property and equipment	989	1,016	989	1,016
- Amortisation of computer software	180	158	180	158
- Computerisation costs	202	2,077	202	2,077
- Rental	2,421	2,529	2,421	2,529
- Others	626	878	626	878
	<u>4,418</u>	<u>6,658</u>	<u>4,418</u>	<u>6,658</u>
Marketing and communication expenses				
- Sales commission	53	200	53	200
- Advertising	520	402	520	402
- Travel and entertainment	750	751	750	751
- Others	1,283	833	1,283	833
	<u>2,606</u>	<u>2,186</u>	<u>2,606</u>	<u>2,186</u>
Administration and general expenses				
- Professional fees	1,131	416	1,131	416
- Others	1,094	773	1,094	773
	<u>2,225</u>	<u>1,189</u>	<u>2,225</u>	<u>1,189</u>
Others				
- Service transfer pricing expenses	6,769	4,253	6,769	4,253
	<u>55,008</u>	<u>43,316</u>	<u>55,008</u>	<u>43,316</u>

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

Group	Individual Quarter		Cumulative Quarter	
	30.06.11	30.06.10	30.06.11	30.06.10
	RM'000	RM'000	RM'000	RM'000
Write-back of allowance/(allowance) for impaired loans and financing:				
Collective allowance	54	(652)	54	(652)
Individual allowance	87	158	87	158
Impaired loans and financing written off	-	(36)	-	(36)
Impaired loans and financing recovered	7	2	7	2
	<u>148</u>	<u>(528)</u>	<u>148</u>	<u>(528)</u>
Bank	Individual Quarter		Cumulative Quarter	
	30.06.11	30.06.10	30.06.11	30.06.10
	RM'000	RM'000	RM'000	RM'000
Write-back of allowance/(allowance) for impaired loans and financing:				
Collective allowance	54	(652)	54	(652)
Individual allowance	87	158	87	158
Impaired loans and financing written off	-	(36)	-	(36)
Impaired loans and financing recovered	7	2	7	2
	<u>148</u>	<u>(528)</u>	<u>148</u>	<u>(528)</u>

22. BUSINESS SEGMENT ANALYSIS

30.06.2011 Group	Investment Banking RM'000	Corporate and Institutional Banking RM'000	Markets RM'000	Group Functions and Others RM'000	Total RM'000
Revenue	65,597	8,651	470	21,239	95,957
Income	65,329	8,543	470	14,509	88,851
Expenses	(38,822)	(10,158)	-	(16,300)	(65,280)
Profit/(loss) before provisions	26,507	(1,615)	470	(1,791)	23,571
Provisions	498	146	1	94	739
Profit/(loss) after provisions	27,005	(1,469)	471	(1,697)	24,310
Taxation and zakat	(6,792)	181	(117)	268	(7,021)
Net profit/(loss) for the period	20,213	(1,288)	354	(1,429)	17,289

Other information:

Cost to income ratio	59.4%	118.9%	0.0%	112.3%	73.5%
Gross loans/ financing	550,068	-	-	8,447	558,515
Net loans/ financing	536,253	-	-	8,290	544,543
Gross impaired loans, advances and financing	5,835	-	-	-	5,835
Total deposits	4,712	-	-	994,368	999,080

22. BUSINESS SEGMENT ANALYSIS (CONTD.)

	Investment Banking RM'000	Corporate and Institutional Banking RM'000	Markets RM'000	Group Functions and Others RM'000	Total RM'000
30.06.2010					
Group					
Revenue	43,893	14,790	4,037	17,306	80,026
Income	43,670	14,660	4,037	10,852	73,219
Expenses	(29,123)	(10,381)	-	(14,600)	(54,104)
Profit/(loss) before provisions	14,547	4,279	4,037	(3,748)	19,115
Provisions	(357)	285	179	(1,608)	(1,501)
Profit/(loss) after provisions	14,190	4,564	4,216	(5,356)	17,614
Taxation and zakat	(3,606)	(1,219)	(1,054)	1,188	(4,691)
Net profit/(loss) for the period	10,584	3,345	3,162	(4,168)	12,923

Other information

Cost to income ratio	66.7%	70.8%	0.0%	134.5%	73.9%
Gross loans/ financing	424,515	-	-	9,353	433,868
Net loans/ financing	412,262	-	-	9,192	421,454
Gross impaired loans, advances and financing	6,163	-	-	-	6,163
Total deposits	25,750	-	-	721,153	746,903

Included in the above is Islamic banking business profit before taxation of RM5.5 million for the Group and the Bank for the period ended 30 June 2011 (RM4.7 million for the Group and the Bank for the period ended 30 June 2010).

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 loss before tax of RM1.5 million for the period ended 30 June 2011 (Profit before tax RM 1.8 million for the period ended 30 June 2010).

23. VALUATIONS OF PROPERTY AND EQUIPMENT

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

24. 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.

25. BORROWINGS

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

	Group		Bank	
	30.06.11	31.03.11	30.06.11	31.03.11
	RM'000	RM'000	RM'000	RM'000
(i) Deposits from customers				
Due within six months	12,510	12,982	12,510	12,982
(ii) Deposits and placements of banks and other financial institutions				
Due within six months	986,570	878,225	986,570	878,225
Recap :				
Interbank lendings	1,035,253	910,428	967,561	837,598
Interbank borrowings	(986,570)	(878,225)	(986,570)	(878,225)
Net interbank (borrowings)/ lendings	48,683	32,203	(19,009)	(40,627)
(iii) Term loans				
Due within one year				
Secured	8,603	2,401	-	-

26. COMMITMENTS AND CONTINGENCIES

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

As at 30 June 2011, the off-balance sheet exposures are as follows:

	30.06.11	31.03.11
Group	Principal Amount RM'000	Principal Amount RM'000
Commitments		
Irrevocable commitments to extend credit maturing :		
within one year	168,592	197,351
more than one year	5,098	7,451
	<u>173,690</u>	<u>204,802</u>
Contingent Liabilities		
Guarantees given on behalf of customers	<u>209,579</u>	<u>209,579</u>
	<u>209,579</u>	<u>209,579</u>
Derivative Financial Instruments		
Foreign exchange related contracts:		
Forward exchange contracts	841	2,375
Equity related contracts:		
- One year or less	26,826	2,247
- Over five years	<u>12,272</u>	<u>13,480</u>
	<u>39,939</u>	<u>18,102</u>
	<u>423,208</u>	<u>432,483</u>
Bank		
Commitments		
Irrevocable commitments to extend credit maturing:		
within one year	168,592	197,351
more than one year	5,098	7,451
	<u>173,690</u>	<u>204,802</u>
Contingent Liabilities		
Guarantees given on behalf of customers	<u>209,579</u>	<u>209,579</u>
	<u>209,579</u>	<u>209,579</u>
Derivative Financial Instruments		
Equity related contracts:		
- One year or less	<u>26,826</u>	<u>2,247</u>
	<u>410,095</u>	<u>416,628</u>

26. COMMITMENTS AND CONTINGENCIES (CONTD.)

As at 30 June 2011, 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 RM27,606,169.65 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 RM19,640,178.00, 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.

Parties have filed several interim applications in the Meridian suit amongst which was application by Meridian to add the Bank as 2nd Defendant and also to increase the alleged loss and damage from RM27,606,169.65 to RM36,967,166.84 to include alleged loss due to reputation damage and loss of future earnings (together with interest and costs) arising from the provision of custodian services by AmTrustee to Meridian. This application was fixed for hearing on 17 October 2008, and the court dismissed the application with cost. Meridian filed an appeal to the judge in Chambers against this Order and the same was heard on the 8 January 2009 and was fixed for decision on the 23 January 2009. The Learned Judge dismissed Meridian's application to add the Bank as a Party to the Meridian's suit and allowed Meridian's claim 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 January 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.

26. 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 revolve 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. This Application was fixed for Hearing on 27 September 2010 and refixed for decision on 1 November 2010 and the court allowed AmTrustee's Application with cost. Meridian filed an appeal to the Court of Appeal against this decision on 30 November 2010 and the appeal is fixed for hearing on 14 July 2011.

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 for both Meridian and MAA Suits were initially fixed from 24 January to 26 January 2011 and are refixed now on 29 and 30 June and 1 July 2011. Both matters were fixed for Case Management on 25 May 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. AmTrustee's Appeal was fixed for hearing on 24 May 2011. The Court of Appeal allowed AmTrustee's Appeal.

When the matter came up for Case Management on 25 May 2011, solicitors informed the High Court of the Court of Appeal's decision to stay the civil trial pending the disposal of the criminal trial. Court then further fixed both Meridian and MAA Suits for Case Management on 1 September 2011 and vacated the initial trial dates.

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.

27. CAPITAL ADEQUACY RATIO

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

	Group		Bank	
	30.06.11	31.03.11	30.06.11	31.03.11
Before deducting proposed dividends:				
Core capital ratio	28.3%	25.4%	28.8%	24.7%
Risk-weighted capital ratio	28.3%	25.4%	28.8%	24.7%
After deducting proposed dividend:				
Core capital ratio	25.6%	23.0%	25.2%	21.7%
Risk-weighted capital ratio	25.6%	23.0%	25.2%	21.7%

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	
	30.06.11	31.03.11	30.06.11	31.03.11
	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	26,707	26,707	-	-
Unappropriated profit at end of year	135,347	135,347	130,227	130,227
Total	572,525	572,525	530,227	530,227
Less: Goodwill	(11,243)	(11,243)	-	-
Deferred tax liability/(asset) - net	(19,670)	(19,670)	(19,477)	(19,477)
Total Tier 1 capital	541,612	541,612	510,750	510,750
Deduction in excess of allowable Tier 2 Capital	(15,084)	(15,476)	(103,315)	(103,707)
Maximum allowable Tier 1 Capital	526,528	526,136	407,435	407,043
Tier 2 capital				
Collective allowance#	8,305	8,362	8,305	8,362
Total Tier 2 capital	8,305	8,362	8,305	8,362
Less: Investment in capital of related financial institution	(23,389)	(23,838)	(23,389)	(23,838)
Less: Investment in subsidiaries	-	-	(88,231)	(88,231)
Deduction in excess of allowable Tier 2 capital made against Tier 1 Capital	15,084	15,476	103,315	103,707
Capital base	526,528	526,136	407,435	407,043

#Excludes collective allowance on impaired loans restricted from Tier 2 capital of the Group and the Bank of RM843,000.

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

	Group		Bank	
	30.06.11	31.03.11	30.06.11	31.03.11
	RM'000	RM'000	RM'000	RM'000
Credit risk	1,300,664	1,552,679	946,302	1,219,262
Market risk	48,452	16,843	41,334	9,729
Operational risk	509,891	505,180	429,347	416,225
	1,859,007	2,074,702	1,416,983	1,645,216

28. OPERATIONS OF ISLAMIC BANKING

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

The state of affairs as at 30 June 2011 and the results for the period ended 30 June 2011 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 and Bank	
	30.06.11	31.03.11
	RM'000	RM'000
ASSETS		
Cash and short-term funds	136,607	133,819
Other receivables, deposits and prepayments	29,008	26,014
Deferred tax assets	1,549	1,542
Property and equipment	73	78
Intangible assets	8	8
TOTAL ASSETS	167,245	161,461
LIABILITIES AND ISLAMIC BANKING FUNDS		
Other liabilities	50,434	48,721
ISLAMIC BANKING FUNDS		
Capital funds	30,000	30,000
Reserves	86,811	82,740
Islamic Banking Funds	116,811	112,740
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	167,245	161,461
COMMITMENTS AND CONTINGENCIES	129,415	129,415

28. OPERATIONS OF ISLAMIC BANKING (CONTD.)

**UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2011**

Group and Bank	Individual Quarter		Cumulative Quarter	
	30.06.11 RM'000	30.06.10 RM'000	30.06.11 RM'000	30.06.10 RM'000
Income derived from investment of depositors' funds and others	264	170	264	170
Total attributable (loss)/income	264	170	264	170
Loss attributable to depositors	(4)	902	(4)	902
Loss attributable to the Group	260	1,072	260	1,072
Income derived from investment of Islamic Banking Funds	6,147	4,409	6,147	4,409
Total net income	6,407	5,481	6,407	5,481
Other operating expenses	(917)	(806)	(917)	(806)
Profit before taxation	5,490	4,675	5,490	4,675
Taxation	(1,420)	(1,216)	(1,420)	(1,216)
Profit after taxation	4,070	3,459	4,070	3,459

28. OPERATIONS OF ISLAMIC BANKING (CONTD.)

28a. OTHER LIABILITIES

	Group and Bank	
	30.06.11	31.03.11
	RM'000	RM'000
Other payables and accruals	14,225	13,939
Taxation and zakat payable	36,209	34,782
	<u>50,434</u>	<u>48,721</u>

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

The Bank posted a pretax profit of RM24.8 million for the quarter as compared to RM 15.3 million for the quarter ended 30 June 2010, mainly due to higher net interest income, fee income and investment and trading income.

In the non-Islamic business sectors, the net interest income rose to RM12.5 million from RM9.7 million in the quarter ended 30 June 2010. Other operating income rose to RM67.1 million from RM51.3 million in the quarter ended 30 June 2010 as a result of investment and trading income at RM12.0 million as compared to RM2.3 million, fee income increased to RM40.8 million as compared to RM36.1 million and other income rose marginally to RM14.3 million from RM12.8 million, for the quarter ended 30 June 2010.

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

The Group reported a pretax profit of RM24.3 million (RM17.6 million for the period ended 30 June 2010) and the Bank reported a pretax profit of RM24.8 million (RM15.3 million for the period ended 30 June 2010), and in respect of the non-Islamic business, are attributed to:

- (i) A write-back for impairment on loan and financing of RM0.1 million for the Group and the Bank (RM0.5 million allowance for the period ended 30 June 2010 for the Group and the Bank) due to some major repayments from private banking customers.
- (ii) Higher service-transfer pricing income of RM13.6 million and RM13.8 million as a result of higher recoveries on Relationship Banking costs (RM11.7 million and RM12.0 million for the period ended 30 June 2010) for the Group and Bank, respectively.
- (iv) Higher net interest income of RM6.4 million and RM5.7 million (RM3.9 million and RM3.4 million for the period ended 30 June 2010) for the Group and Bank, respectively due to higher income from loans.
- (iii) Investment and trading gain of RM12.2 million and RM12.0 million (RM1.5 million and RM2.3 million for the period ended 30 June 2010), for the Group and the Bank, respectively, due to portfolio income of RM11.5 million earned this period where it was nil for the period ended 30 June 2010.

Higher net income from Islamic banking business of RM6.4 million for the Group and the Bank (RM5.5 million for the period ended 30 June 2010 for the Group and the Bank) due to higher loan-related fees earned.

Shareholder's equity stood at RM0.6 billion (RM0.5 billion as at 31 March 2011) for the Group and the Bank, respectively.

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

Malaysia's gross domestic product ("GDP") is projected to grow at circa 5% in calendar year 2011. This will be supported by accommodative monetary policy, alongside the implementation of entry point projects ("EPPs") under the Economic Transformation Programme ("ETP"). The Government is expecting EPPs to encourage growth across most sectors and will be a catalyst for growth, creating higher employment and domestic demand from income push. To date, investments totalling RM169.8 billion have been announced under the ETP, potentially generating RM220.2 billion in gross national income ("GNI") and creating 362,396 jobs.

Prospects for the Malaysian banking sector remain positive. The sector is set to benefit from the ETP and the second Capital Market Master Plan ("CMP2"), with expected increase in loans and debt market activities, foreign investment flows, funds management, private sector involvement and domestic consumption.

However, Malaysia is not immune to external headwinds, with continual weakness of labour and housing markets in the United States, sovereign debt risk in the Eurozone, uncertain aftermath of the disaster in Japan, and fiscal risks in industrial economies.

Against this backdrop, the Bank is positioned to weather the economic uncertainties, with enhanced risk and financial disciplines in addition to capitalising on domestic growth opportunities. We are guided by strategic priorities and growth levers outlined under the Group's Medium Term Aspiration ("MTA") towards delivering greater value to our shareholders.

The Group will continue executing to our strategic themes and leverage on our strategic partners, the Australia and New Zealand Banking Group ("ANZ") in the banking businesses to drive business growth and achieve the Group's MTA. ANZ's established geographical presence throughout Asia Pacific provides the Group the access to cross-border markets, and is a key part of our international connectivity agenda.