

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

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2011

		Group		Bank	
	Note	30.09.11	31.03.11	30.09.11	31.03.11
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		916,531	932,560	843,710	844,197
Deposits and placements with banks and other financial institutions		711	676	-	-
Derivative financial assets	8	884	313	-	-
Financial assets held-for-trading	9	8,611	7,385	7,060	4,798
Financial investments available-for-sale	10	37,961	55,209	35,268	52,495
Financial investments held-to-maturity	11	100	100	100	100
Loans, advances and financing	12	528,485	548,266	528,458	548,239
Other assets	13	587,851	856,839	308,605	562,105
Statutory deposit with Bank Negara Malaysia		8,592	2,031	8,592	2,031
Deferred tax assets		16,923	18,571	15,319	18,378
Investments in subsidiaries		-	-	88,231	88,231
Investments in associated companies		2,895	2,729	100	100
Property and equipment		28,807	29,962	26,046	27,383
Intangible assets		13,730	13,787	2,460	2,520
TOTAL ASSETS		2,152,081	2,468,428	1,863,949	2,150,577
LIABILITIES AND EQUITY					
Deposits and placements of banks and other financial institutions	14	870,406	878,225	870,406	878,225
Derivative financial liabilities	8	884	369	-	66
Deposits from customers	15	-	12,982	-	12,982
Term funding		22,834	2,401	-	-
Other liabilities	16	708,143	998,576	477,422	725,779
Total Liabilities		1,602,267	1,892,553	1,347,828	1,617,052
Share capital		200,000	200,000	200,000	200,000
Reserves		349,814	375,875	316,121	333,525
Equity attributable to equity holder of the Bank		549,814	575,875	516,121	533,525
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		2,152,081	2,468,428	1,863,949	2,150,577

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UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2011 (CONTD.)

		Group		Bank	
	Note	30.09.11	31.03.11	30.09.11	31.03.11
		RM'000	RM'000	RM'000	RM'000
COMMITMENTS AND CONTINGENCIES	26	401,881	432,483	386,708	416,628
NET ASSETS PER ORDINARY SHARE (RM)		2.75	2.88	2.58	2.67
CAPITAL ADEQUACY	27(a)				
Before deducting proposed dividends					
Core Capital Ratio		31.9%	25.4%	33.4%	24.7%
Risk-Weighted Capital Ratio		31.9%	25.4%	33.4%	24.7%
After deducting proposed dividends					
Core Capital Ratio		29.7%	23.0%	30.4%	21.7%
Risk-Weighted Capital Ratio		29.7%	23.0%	30.4%	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 SEPTEMBER 2011

Group	Note	Individual Quarter		Cumulative Quarter	
		30.09.11 RM'000	30.09.10 RM'000	30.09.11 RM'000	30.09.10 RM'000
Revenue		72,405	83,205	154,793	151,525
Interest income	17	13,811	9,760	27,406	20,452
Interest expense	18	(7,357)	(5,643)	(14,575)	(12,469)
Net interest income		6,454	4,117	12,831	7,983
Net income from Islamic banking business		22,177	7,261	28,584	12,742
Other operating income	19	36,417	66,184	98,803	118,331
Share in results of associated companies		55	57	167	76
Net income		65,103	77,619	140,385	139,132
Other operating expenses	20	(47,881)	(52,655)	(99,592)	(95,053)
Operating Profit		17,222	24,964	40,793	44,079
Writeback of allowances/(allowances) for impairment on loans and financing	21	860	(288)	1,008	(816)
Impairment writeback/(loss) on:					
Financial investment		-	574	-	(1,000)
Doubtful sundry receivables- net		(5,481)	(332)	(4,981)	268
Write-back of provision for commitments		114	2,232	205	2,233
Profit before taxation		12,715	27,150	37,025	44,764
Taxation		(4,320)	(7,673)	(11,341)	(12,364)
Profit for the period		8,395	19,477	25,684	32,400
Attributable to :					
Equity holder of the Bank		8,395	19,477	25,684	32,400
EARNINGS PER SHARE (SEN)					
Basic		4.20	9.74	12.84	16.20
Fully diluted		4.20	9.74	12.84	16.20

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 SEPTEMBER 2011

Group	Note	Individual Quarter		Cumulative Quarter	
		30.09.11 RM'000	30.09.10 RM'000	30.09.11 RM'000	30.09.10 RM'000
Profit for the period		8,395	19,477	25,684	32,400
Other comprehensive (loss)/income:					
Exchange differences on translation of foreign operations		(33)	1,118	2,037	580
Net (loss)/gain on financial investments available-for-sale		(1,841)	3,093	(2,457)	118
Income tax relating to the components of other comprehensive income		460	(2,176)	614	(64)
Other comprehensive (loss)/ income for the period, net of tax		(1,414)	2,035	194	634
Total comprehensive income for the period		6,981	21,512	25,878	33,034
Total comprehensive income for the period attributable to:					
Equity holders of the Bank		6,981	21,512	25,878	33,034

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 INCOME STATEMENTS (CONTD.)
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2011

Bank	Note	Individual Quarter		Cumulative Quarter	
		30.09.11 RM'000	30.09.10 RM'000	30.09.11 RM'000	30.09.10 RM'000
Revenue		68,199	73,033	140,358	127,478
Interest income	17	12,691	8,879	25,172	18,601
Interest expense	18	(6,861)	(5,408)	(13,618)	(11,752)
Net interest income		5,830	3,471	11,554	6,849
Net income from Islamic banking business		22,177	7,261	28,584	12,742
Other operating income	19	33,331	56,893	86,602	96,135
Net income		61,338	67,625	126,740	115,726
Other operating expenses	20	(38,045)	(42,965)	(79,209)	(74,268)
Operating profit		23,293	24,660	47,531	41,458
Writeback of allowances/(allowances) for impairment on loans and financing	21	860	(288)	1,008	(816)
Impairment writeback/(loss) on:					
Financial investment		-	574	-	(1,000)
Doubtful sundry receivables- net		(114)	(703)	218	(135)
Writeback of provision for commitments		114	2,232	205	2,233
Profit before taxation		24,153	26,475	48,962	41,740
Taxation		(6,139)	(7,377)	(12,667)	(11,346)
Net profit attributable to equity holder of the Bank		18,014	19,098	36,295	30,394
EARNINGS PER SHARE (SEN)					
Basic		9.01	9.55	18.15	15.20
Fully diluted		9.01	9.55	18.15	15.20

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 SEPTEMBER 2011

Bank	Note	Individual Quarter		Cumulative Quarter	
		30.09.11 RM'000	30.09.10 RM'000	30.09.11 RM'000	30.09.10 RM'000
Profit for the period		18,013	19,098	36,295	30,394
Other comprehensive (loss)/income:					
Net (loss)/gain on financial investments available-for-sale		(1,841)	3,093	(2,457)	118
Income tax relating to the components of other comprehensive income		460	(2,176)	614	(64)
Other comprehensive (loss)/income for the period, net of tax		(1,381)	917	(1,843)	54
Total comprehensive income for the period		16,632	20,015	34,452	30,448
Total comprehensive income for the period attributable to:					
Equity holders of the Bank		16,632	20,015	34,452	30,448

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 SEPTEMBER 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	-	-	-	-	-	-	32,400	32,400
Other comprehensive income	-	-	-	-	54	580	-	634
Total comprehensive income for the period	-	-	-	-	54	580	32,400	33,034
Ordinary dividends paid	-	-	-	-	-	-	(50,000)	(50,000)
At 30 September 2010	200,000	2,815	200,000	7,656	3,180	24,752	95,097	533,500
At 1 April 2011	200,000	2,815	200,000	7,656	3,350	26,707	135,347	575,875
Profit for the period	-	-	-	-	-	-	25,684	25,684
Other comprehensive (loss)/income	-	-	-	-	(1,843)	2,037	-	194
Total comprehensive (loss)/income for the period	-	-	-	-	(1,843)	2,037	25,684	25,878
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	(1,939)	(1,939)
Ordinary dividends paid	-	-	-	-	-	-	(50,000)	(50,000)
At 30 September 2011	200,000	2,815	200,000	7,656	1,507	28,744	109,092	549,814

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 SEPTEMBER 2011**

	<-----Attributable to equity holder of the Bank----->				Total shareholder's equity RM'000
	Share capital RM'000	Statutory reserve RM'000	Available-for- sale reserve RM'000	Distributable Unappropriated profits RM'000	
Bank					
At 1 April 2010	200,000	200,000	3,074	110,438	513,512
Profit for the period	-	-	-	30,394	30,394
Other comprehensive income	-	-	54	-	54
Total comprehensive income for the period	-	-	54	30,394	30,448
Ordinary dividends paid	-	-	-	(50,000)	(50,000)
At 30 September 2010	<u>200,000</u>	<u>200,000</u>	<u>3,128</u>	<u>90,832</u>	<u>493,960</u>
At 1 April 2011	200,000	200,000	3,298	130,227	533,525
Profit for the period	-	-	-	36,295	36,295
Other comprehensive loss	-	-	(1,843)	-	(1,843)
Total comprehensive (loss)/income for the period	-	-	(1,843)	36,295	34,452
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	(1,856)	(1,856)
Ordinary dividends paid	-	-	-	(50,000)	(50,000)
At 30 September 2011	<u>200,000</u>	<u>200,000</u>	<u>1,455</u>	<u>114,666</u>	<u>516,121</u>

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 STATEMENTS OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011**

	Group		Bank	
	30.09.11	30.09.10	30.09.11	30.09.10
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	37,025	44,764	48,962	41,740
Adjustments for non-operating and non cash items	10,955	(2,363)	1,431	(3,180)
Operating profit before working capital changes	47,980	42,401	50,393	38,560
Decrease/(increase) in operating assets	277,985	(1,284,193)	252,139	(1,258,600)
(Decrease)/increase in operating liabilities	(311,114)	1,243,256	(271,489)	1,216,969
Cash generated from/(used in) operations	14,851	1,464	31,043	(3,071)
Taxation paid	(8,086)	(10,173)	(11,759)	(13,434)
Net cash generated from/(used in) operating activities	6,765	(8,709)	19,284	(16,505)
Net cash generated from investing activities	14,856	6,450	18,027	6,707
Net cash used in financing activities	(29,567)	(40,506)	(50,000)	(50,000)
	(14,711)	(34,056)	(31,973)	(43,293)
Net decrease in cash and cash equivalents	(7,946)	(42,765)	(12,689)	(59,798)
Cash and cash equivalents at beginning of period	666,653	589,075	647,870	575,065
Cash and cash equivalents at end of period	658,707	546,310	635,181	515,267

Note 1 : Cash and cash equivalents

For the purpose of the statements of cash flows, 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 statements of cash flows comprise the following balance sheet amounts:

	Group		Bank	
	30.09.11	30.09.10	30.09.11	30.09.10
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	916,531	792,947	843,710	703,114
Less: Cash and bank balances and deposit held in trust	(257,824)	(246,637)	(208,529)	(187,847)
	658,707	546,310	635,181	515,267

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 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 5, Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 7, Improving Disclosures about Financial Instruments
- FRS 127, Consolidated and Separate Financial Statements
- Amendments to FRS 138, Intangible Assets
- IC Interpretation 4, Determining Whether an Arrangement contains a Lease
- 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 reporting 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 September 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

During the financial quarter, the Bank paid a dividend of 33.3%, less 25.0% taxation, in respect of the financial year ended 31 March 2011 amounting to RM50,000,000 for the ordinary shares and which had been reported in the directors' report for that financial year.

The Board of Directors now recommend a cash interim dividend of 24.0%, less 25.0% taxation, amounting to RM36,000,000 for the ordinary shares, in respect of the current financial year ending 31 March 2012.

8. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

The Group	Contract/ Notional Amount RM'000	30.09.11 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	5,125	-	-	2,375	10	-
Equity related contracts:						
Less than one year	-	-	-	2,247	-	66
More than three years	10,048	884	884	13,480	303	303
Total	15,173	884	884	18,102	313	369

The Bank

Trading derivative

Equity related contracts:

Less than one year	-	-	-	2,247	-	66
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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 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	
	30.09.11	31.03.11	30.09.11	31.03.11
	RM'000	RM'000	RM'000	RM'000
At Fair Value				
Securities Quoted:				
In Malaysia:				
Shares	5,850	3,687	5,850	3,687
Trust units	1,210	1,111	1,210	1,111
Outside Malaysia:				
Shares	1,551	2,587	-	-
Total financial assets held-for-trading	8,611	7,385	7,060	4,798

10. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Bank	
	30.09.11	31.03.11	30.09.11	31.03.11
	RM'000	RM'000	RM'000	RM'000
At Fair value				
Money Market Securities:				
Negotiable instruments of deposits	-	15,784	-	15,784
Securities Quoted in Malaysia:				
Shares	493	514	-	-
Unquoted Securities Of Companies				
Incorporated at cost less impairment				
In Malaysia				
Shares	13,988	13,993	11,788	11,793
Outside Malaysia:				
Shares	669	1,080	669	1,080
Unquoted Private Debt Securities				
Of Companies Incorporated				
Outside Malaysia:				
Corporate bonds	22,811	23,838	22,811	23,838
Total financial investments available-for-sale	37,961	55,209	35,268	52,495

11. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group		Bank	
	30.09.11	31.03.11	30.09.11	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	
	30.09.11	31.03.11	30.09.11	31.03.11
	RM'000	RM'000	RM'000	RM'000
Term loans and revolving credits				
Customers	533,418	553,518	533,418	553,518
Staff loans	8,177	8,862	8,150	8,835
Gross loans, advances and financing	541,595	562,380	541,568	562,353
Less:				
Allowance for impairment on loans and financing:				
Collective allowance	8,905	9,202	8,905	9,202
Individual allowance	4,205	4,912	4,205	4,912
	13,110	14,114	13,110	14,114
Net loans, advances and financing	528,485	548,266	528,458	548,239

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

	Group		Bank	
	30.09.11	31.03.11	30.09.11	31.03.11
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	533,426	553,277	533,418	553,269
One to three years	311	688	292	669
Three to five years	685	766	685	766
Over five years	7,173	7,649	7,173	7,649
	541,595	562,380	541,568	562,353

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

	Group		Bank	
	30.09.11	31.03.11	30.09.11	31.03.11
	RM'000	RM'000	RM'000	RM'000
Agriculture	2,860	2,000	2,860	2,000
Manufacturing	350	1,702	350	1,702
Wholesale, retail, restaurant and hotel	3,206	4,129	3,206	4,129
Finance, real estate, insurance and business activities	54,460	42,461	54,460	42,461
Education and health	1,201	-	1,201	-
Household, of which:				
Purchase of residential properties	5,783	6,071	5,783	6,071
Purchase of transport vehicles	2,394	2,791	2,367	2,764
Purchase of securities	465,439	499,850	465,439	499,850
Others	5,902	3,376	5,902	3,376
	541,595	562,380	541,568	562,353

12. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	Group		Bank	
	30.09.11	31.03.11	30.09.11	31.03.11
	RM'000	RM'000	RM'000	RM'000
Individuals	468,843	503,008	468,816	502,981
Domestic :				
Business enterprises:				
Small medium enterprises	9,999	3,869	9,999	3,869
Other domestic business enterprises	57,980	49,799	57,980	49,799
Foreign entities	4,773	5,704	4,773	5,704
	<u>541,595</u>	<u>562,380</u>	<u>541,568</u>	<u>562,353</u>

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

	Group		Bank	
	30.09.11	31.03.11	30.09.11	31.03.11
	RM'000	RM'000	RM'000	RM'000
Variable rate				
Cost-plus	<u>302,839</u>	<u>320,267</u>	<u>302,839</u>	<u>320,267</u>
Fixed rate				
Other fixed rates	<u>238,756</u>	<u>242,113</u>	<u>238,729</u>	<u>242,086</u>
	<u>541,595</u>	<u>562,380</u>	<u>541,568</u>	<u>562,353</u>

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

	Group		Bank	
	30.09.11	31.03.11	30.09.11	31.03.11
	RM'000	RM'000	RM'000	RM'000
Domestic	537,122	559,698	537,095	559,671
Offshore	4,473	2,682	4,473	2,682
	<u>541,595</u>	<u>562,380</u>	<u>541,568</u>	<u>562,353</u>

12. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	Group		Bank	
	30.09.11	31.03.11	30.09.11	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	5	13	5	13
Recoveries	(707)	(412)	(707)	(412)
Amount written off	-	(520)	-	(520)
Balance at end of period/year	<u>5,218</u>	<u>5,920</u>	<u>5,218</u>	<u>5,920</u>
Ratios of impaired loans, advances and financing to total loans, advances and financing	<u>1.0%</u>	<u>1.1%</u>	<u>1.0%</u>	<u>1.1%</u>

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

	Group		Bank	
	30.09.11	31.03.11	30.09.11	31.03.11
	RM'000	RM'000	RM'000	RM'000
Household, of which:				
Purchase of residential properties	92	87	92	87
Purchase of securities	930	1,138	930	1,138
Others	4,196	4,695	4,196	4,695
	<u>5,218</u>	<u>5,920</u>	<u>5,218</u>	<u>5,920</u>

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

	Group		Bank	
	30.09.11	31.03.10	30.09.11	31.03.10
	RM'000	RM'000	RM'000	RM'000
Domestic	<u>5,218</u>	<u>5,920</u>	<u>5,218</u>	<u>5,920</u>

12. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	Group		Bank	
	30.09.11	31.03.11	30.09.11	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
(Writeback of allowance)/allowance made during the period/year	(297)	2,589	(297)	2,589
Amount written off	-	(11)	-	(11)
Balance at end of period/year	<u>8,905</u>	<u>9,202</u>	<u>8,905</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	(707)	(397)	(707)	(397)
Amount written off	-	(508)	-	(508)
Balance at end of period/year	<u>4,205</u>	<u>4,912</u>	<u>4,205</u>	<u>4,912</u>

13. OTHER ASSETS

	Group		Bank	
	30.09.11	31.03.11	30.09.11	31.03.11
	RM'000	RM'000	RM'000	RM'000
Trade receivables, net of allowance for doubtful debts	433,225	704,802	218,065	463,041
Other receivables, deposits and prepayments, net of allowance for doubtful debts	52,608	41,244	43,141	33,703
Interest/Dividends receivable	1,515	1,568	1,502	1,550
Income tax recoverable	37,450	34,846	37,450	34,501
Amount due from brokers	56,690	45,639	-	133
Amount due from:				
Ultimate holding company	-	773	-	749
Subsidiaries	-	-	1,859	314
Related companies	6,198	27,802	6,423	27,949
Assets acquired in exchange of debts, net of impairment loss	165	165	165	165
	<u>587,851</u>	<u>856,839</u>	<u>308,605</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	
	30.09.11	31.03.11	30.09.11	31.03.11
	RM'000	RM'000	RM'000	RM'000
Licensed banks:				
Related	870,406	878,225	870,406	878,225

15. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	30.09.11	31.03.11	30.09.11	31.03.11
	RM'000	RM'000	RM'000	RM'000
Negotiable instruments of deposits	-	12,982	-	12,982

The deposits are sourced totally from business enterprises.

16. OTHER LIABILITIES

	Group		Bank	
	30.09.11	31.03.11	30.09.11	31.03.11
	RM'000	RM'000	RM'000	RM'000
Trade payables	603,201	873,906	379,168	607,646
Other payables and accruals	86,792	116,503	81,878	109,916
Provision for commitments	7,750	7,955	7,750	7,955
Amount due to ultimate holding company	1,863	-	406	-
Amount due to subsidiaries	-	-	-	224
Amount due to related companies	8,391	163	8,182	-
Taxation payable	108	11	-	-
Zakat payable	38	38	38	38
	<u>708,143</u>	<u>998,576</u>	<u>477,422</u>	<u>725,779</u>

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	
	30.09.11 RM'000	30.09.10 RM'000	30.09.11 RM'000	30.09.10 RM'000
Short-term funds and deposits with financial institutions	4,579	1,887	8,934	5,316
Financial investments available-for-sale	394	411	787	708
Loans and advances				
- Interest income other than recoveries from impaired loans	8,205	6,819	16,333	13,120
Others	353	338	757	681
Gross interest income	13,531	9,455	26,811	19,825
Accretion of discounts less amortisation of premiums	280	305	595	627
	13,811	9,760	27,406	20,452

Bank	Individual Quarter		Cumulative Quarter	
	30.09.11 RM'000	30.09.10 RM'000	30.09.11 RM'000	30.09.10 RM'000
Short-term funds and deposits with financial institutions	3,757	1,284	7,331	4,034
Financial investments available-for-sale	394	411	787	708
Loans and advances				
- Interest income other than recoveries from impaired loans	8,205	6,818	16,333	13,119
Others	55	61	126	113
Gross interest income	12,411	8,574	24,577	17,974
Accretion of discounts less amortisation of premiums	280	305	595	627
	12,691	8,879	25,172	18,601

18. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	30.09.11	30.09.10	30.09.11	30.09.10
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	204	222	437	619
Deposit of banks and other financial institutions	6,775	3,658	13,410	8,271
Redeemable unsecured bonds	-	1,616	-	3,215
Others	378	147	728	364
	<u>7,357</u>	<u>5,643</u>	<u>14,575</u>	<u>12,469</u>

Bank	Individual Quarter		Cumulative Quarter	
	30.09.11	30.09.10	30.09.11	30.09.10
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	87	134	208	267
Deposit of banks and other financial institutions	6,774	3,658	13,410	8,270
Redeemable unsecured bonds	-	1,616	-	3,215
	<u>6,861</u>	<u>5,408</u>	<u>13,618</u>	<u>11,752</u>

19. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.09.11 RM'000	30.09.10 RM'000	30.09.11 RM'000	30.09.10 RM'000
Fee income:				
Fees on loans and securities	2,763	21,378	10,774	25,205
Corporate advisory fees	4,976	8,081	11,250	17,429
Guarantee fees	176	127	355	390
Underwriting commissions	(151)	1,120	5,359	4,182
Portfolio management fees	159	123	350	2,043
Unit trust management fees	-	2,206	-	4,151
Brokerage fees and commissions	21,284	24,332	41,961	46,509
Other fee income	8,082	6,404	16,812	13,629
	<u>37,289</u>	<u>63,771</u>	<u>86,861</u>	<u>113,538</u>
Investment and trading income:				
Net (loss)/gain from sale of financial assets held-for-trading	(2,945)	1,008	(2,635)	430
Net gain from sale of financial investments available-for-sale	1	490	30	2,475
Gain/(loss) on revaluation of derivatives	308	(551)	200	655
Gross dividend income from:				
Financial assets held-for-trading	41	167	80	264
Financial investments available-for-sale	-	-	691	691
(Loss)/gain on revaluation of financial assets held-for-trading	(3,214)	15	(3,439)	(996)
Portfolio income	4,405	-	15,869	-
Foreign exchange (loss)/gain	(178)	178	(149)	(720)
	<u>(1,582)</u>	<u>1,307</u>	<u>10,647</u>	<u>2,799</u>
Other income:				
Non-trading foreign exchange gain	244	281	375	381
Gain on disposal of property and equipment - net	-	3	2	3
Rental income	505	580	1,048	1,108
Other non-operating income	(39)	242	(130)	502
	<u>710</u>	<u>1,106</u>	<u>1,295</u>	<u>1,994</u>
	<u>36,417</u>	<u>66,184</u>	<u>98,803</u>	<u>118,331</u>

19. OTHER OPERATING INCOME (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	30.09.11 RM'000	30.09.10 RM'000	30.09.11 RM'000	30.09.10 RM'000
Fee income:				
Fees on loans and securities	2,763	21,378	10,774	25,205
Corporate advisory fees	4,930	7,952	10,847	13,813
Guarantee fees	176	127	355	390
Underwriting commissions	(151)	448	3,316	1,484
Portfolio management fees	159	123	350	2,043
Brokerage fees and commissions	14,816	16,664	29,909	31,457
Other fee income	7,322	7,882	15,217	16,276
	<u>30,015</u>	<u>54,574</u>	<u>70,768</u>	<u>90,668</u>
Investment and trading income:				
Net (loss)/ gain from sale of financial assets held-for-trading	(2,919)	1,035	(2,590)	490
Net gain from sale of financial investments available-for-sale	1	490	30	2,475
Gain/(loss) on revaluation of derivatives	308	(551)	200	655
Gross dividend income from:				
Unquoted subsidiaries	3,818	-	3,256	-
Financial assets held-for-trading	41	167	69	264
Financial investments available-for-sale	-	-	691	691
(Loss)/gain on revaluation of financial assets held-for-trading	(2,678)	49	(2,538)	(145)
Portfolio income	4,405	-	15,869	-
Foreign exchange (loss)/gain	(180)	178	(153)	(720)
	<u>2,796</u>	<u>1,368</u>	<u>14,834</u>	<u>3,710</u>
Other income:				
Non-trading foreign exchange gain	57	138	85	163
Gain on disposal of property and equipment - net	-	3	2	3
Rental income	505	580	1,048	1,108
Other non-operating income	(42)	230	(135)	483
	<u>520</u>	<u>951</u>	<u>1,000</u>	<u>1,757</u>
	<u>33,331</u>	<u>56,893</u>	<u>86,602</u>	<u>96,135</u>

20. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	30.09.11 RM'000	30.09.10 RM'000	30.09.11 RM'000	30.09.10 RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	23,439	25,918	57,307	54,935
- Others	10,025	18,357	22,156	25,680
	<u>33,464</u>	<u>44,275</u>	<u>79,463</u>	<u>80,615</u>
Establishment costs				
- Depreciation of property and equipment	1,328	1,290	2,595	2,605
- Amortisation of computer software	184	153	367	312
- Computerisation costs	2,064	4,278	4,058	8,100
- Rental	3,129	3,294	6,446	6,604
- Others	1,333	1,369	2,465	2,548
	<u>8,038</u>	<u>10,384</u>	<u>15,931</u>	<u>20,169</u>
Marketing and communication expenses				
- Sales commission	1,438	816	1,491	1,590
- Advertising	221	498	786	923
- Travel and entertainment	901	970	1,857	1,950
- Others	2,139	1,482	3,781	2,627
	<u>4,699</u>	<u>3,766</u>	<u>7,915</u>	<u>7,090</u>
Administration and general expenses				
- Professional fees	833	677	2,046	1,215
- Others	1,280	1,264	2,860	2,492
	<u>2,113</u>	<u>1,941</u>	<u>4,906</u>	<u>3,707</u>
Total external expenses before service transfer pricing	<u>48,314</u>	<u>60,366</u>	<u>108,215</u>	<u>111,581</u>
Service transfer pricing income - net	(433)	(7,711)	(8,623)	(16,528)
	<u>47,881</u>	<u>52,655</u>	<u>99,592</u>	<u>95,053</u>

20. OTHER OPERATING EXPENSES (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	30.09.11 RM'000	30.09.10 RM'000	30.09.11 RM'000	30.09.10 RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	19,310	21,935	47,813	45,657
- Others	7,943	16,801	18,430	22,109
	<u>27,253</u>	<u>38,736</u>	<u>66,243</u>	<u>67,766</u>
Establishment costs				
- Depreciation of property and equipment	1,019	989	2,008	2,005
- Amortisation of computer software	182	151	362	309
- Computerisation costs	186	2,533	388	4,610
- Rental	2,224	2,520	4,645	5,049
- Others	793	992	1,419	1,870
	<u>4,404</u>	<u>7,185</u>	<u>8,822</u>	<u>13,843</u>
Marketing and communication expenses				
- Sales commission	1,438	216	1,491	416
- Advertising	212	474	732	876
- Travel and entertainment	691	750	1,441	1,501
- Others	1,820	1,143	3,103	1,976
	<u>4,161</u>	<u>2,583</u>	<u>6,767</u>	<u>4,769</u>
Administration and general expenses				
- Professional fees	753	541	1,884	957
- Others	828	808	1,922	1,581
	<u>1,581</u>	<u>1,349</u>	<u>3,806</u>	<u>2,538</u>
Service transfer pricing income - net	646	(6,888)	(6,429)	(14,648)
	<u>38,045</u>	<u>42,965</u>	<u>79,209</u>	<u>74,268</u>

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

Group	Individual Quarter		Cumulative Quarter	
	30.09.11	30.09.10	30.09.11	30.09.10
	RM'000	RM'000	RM'000	RM'000
Write-back of allowance/(allowance) for impaired loans and financing:				
Collective allowance	243	(411)	297	(1,063)
Individual allowance	620	119	707	277
Impaired loans and financing written off	-	-	-	(36)
Impaired loans and financing recovered	(3)	4	4	6
	<u>860</u>	<u>(288)</u>	<u>1,008</u>	<u>(816)</u>

Bank	Individual Quarter		Cumulative Quarter	
	30.09.11	30.09.10	30.09.11	30.09.10
	RM'000	RM'000	RM'000	RM'000
Write-back of allowance/(allowance) for impaired loans and financing:				
Collective allowance	243	(411)	297	(1,063)
Individual allowance	620	119	707	277
Impaired loans and financing written off	-	-	-	(36)
Impaired loans and financing recovered	(3)	4	4	6
	<u>860</u>	<u>(288)</u>	<u>1,008</u>	<u>(816)</u>

22. BUSINESS SEGMENT ANALYSIS

30.09.2011 Group	Investment Banking RM'000	Corporate and Institutional Banking RM'000	Markets RM'000	Group Functions and Others RM'000	Total RM'000
Revenue	121,817	19,559	3,941	9,476	154,793
Income	121,281	19,284	3,941	(4,121)	140,385
Expenses	(74,329)	(18,005)	-	(7,258)	(99,592)
Profit/(loss) before provisions	46,952	1,279	3,941	(11,379)	40,793
Provisions	1,261	(5,240)	1	210	(3,768)
Profit/(loss) after provisions	48,213	(3,961)	3,942	(11,169)	37,025
Taxation and zakat	(12,261)	133	(985)	1,607	(11,341)
Net profit/(loss) for the period	35,952	(3,828)	2,957	(9,562)	25,684
Other information:					
Cost to income ratio	61.3%	93.4%	0.0%	-176.1%	70.9%
Gross loans/ financing	533,446	-	-	8,149	541,595
Net loans/ financing	520,490	-	-	7,995	528,485
Gross impaired loans, advances and financing	5,218	-	-	-	5,218
Total deposits	271	-	-	870,135	870,406

22. BUSINESS SEGMENT ANALYSIS (CONTD.)

30.09.2010	Investment Banking RM'000	Corporate and Institutional Banking RM'000	Markets RM'000	Group Functions and Others RM'000	Total RM'000
Group					
Revenue	98,217	32,265	8,852	12,191	151,525
Income	97,785	32,091	8,852	404	139,132
Expenses	(67,715)	(16,751)	-	(10,587)	(95,053)
Profit/(loss) before provisions	30,070	15,340	8,852	(10,183)	44,079
Provisions	(903)	199	179	1,210	685
Profit/(loss) after provisions	29,167	15,539	9,031	(8,973)	44,764
Taxation and zakat	(7,473)	(3,982)	(2,258)	1,349	(12,364)
Net profit/(loss) for the period	21,694	11,557	6,773	(7,624)	32,400
Other information					
Cost to income ratio	69.2%	52.2%	0.0%	2620.5%	68.3%
Gross loans/ financing	452,169	-	-	8,835	461,004
Net loans/ financing	439,617	-	-	8,679	448,296
Gross impaired loans, advances and financing	6,047	-	-	-	6,047
Total deposits	15,353	-	-	612,234	627,587

Included in the above is Islamic banking business profit before taxation of RM26.6 million for the Group and the Bank for the period ended 30 September 2011 (RM10.4 million for the Group and the Bank for the period ended 30 September 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 RM9.1 million for the period ended 30 September 2011 (profit before tax RM 2.0 million for the period ended 30 September 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	
	30.09.11	31.03.11	30.09.11	31.03.11
	RM'000	RM'000	RM'000	RM'000
(i) Deposits from customers				
Due within six months	-	12,982	-	12,982
(ii) Deposits and placements of banks and other financial institutions				
Due within six months	870,406	878,225	870,406	878,225
<i>Recap :</i>				
<i>Interbank lendings</i>	868,303	910,428	815,212	837,598
<i>Interbank borrowings</i>	(870,406)	(878,225)	(870,406)	(878,225)
Net interbank (borrowings)/ lendings	(2,103)	32,203	(55,194)	(40,627)
(iii) Term loans				
Due within one year				
Secured	22,834	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 September 2011, the off-balance sheet exposures are as follows:

	30.09.11	31.03.11
	Principal Amount RM'000	Principal Amount RM'000
Group		
Commitments		
Irrevocable commitments to extend credit maturing :		
within one year	177,905	197,351
more than one year	3,826	7,451
	<u>181,731</u>	<u>204,802</u>
Contingent Liabilities		
Guarantees given on behalf of customers	<u>204,977</u>	<u>209,579</u>
	<u>204,977</u>	<u>209,579</u>
Derivative Financial Instruments		
Foreign exchange related contracts:		
Forward exchange contracts	5,125	2,375
Equity related contracts:		
- One year or less	-	2,247
- Over five years	10,048	13,480
	<u>15,173</u>	<u>18,102</u>
	<u>401,881</u>	<u>432,483</u>
Bank		
Commitments		
Irrevocable commitments to extend credit maturing:		
within one year	177,905	197,351
more than one year	3,826	7,451
	<u>181,731</u>	<u>204,802</u>
Contingent Liabilities		
Guarantees given on behalf of customers	<u>204,977</u>	<u>209,579</u>
	<u>204,977</u>	<u>209,579</u>
Derivative Financial Instruments		
Equity related contracts:		
- One year or less	-	2,247
	<u>386,708</u>	<u>416,628</u>

26. COMMITMENTS AND CONTINGENCIES (CONTD.)

As at 30 September 2011, the commitments and contingencies of the Group and the Bank are as follows:

AmTrustee Berhad ("AmTrustee"), an associated company of the Bank, was served with a Writ and Statement of Claim dated 12 December 2005 by solicitors acting for Meridian for alleged loss and damage amounting to RM27,606,169.65 together with interest and costs arising from the provision of custodian services by AmTrustee to Meridian ("Meridian Suit").

AmTrustee was served on 24 March 2006 with a Writ and Statement of Claim dated 25 January 2006 by solicitors acting for Malaysian Assurance Alliance Bhd ("MAA") for alleged loss and damages amounting to RM19,640,178.00, together with interest and costs ("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. The claim by MAA in the MAA suit is part of the portion of the claim as mentioned in the above Meridian Suit.

In the MAA Suit, AmTrustee filed a Third Party Notice against Meridian on 6 November 2006 seeking indemnification/contribution from Meridian. Meridian filed a counter claim against AmTrustee.

On 22 February 2008, AmTrustee filed an Application for a stay of proceedings of the Meridian's Suit on the grounds that Meridian's counter claim in the MAA Suit amounts to duplicity/abuse of process which was dismissed with costs on 26 June 2008. AmTrustee filed a Notice of Appeal to the Court of Appeal on 25 July 2008. The Appeal came up for hearing on 11 August 2011 and the Court of Appeal ordered that this appeal be heard with another of AmTrustee's appeal. Both the Appeals were fixed for Case Management on 7 October 2011 and refixed for Hearing on 17 November 2011.

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. 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 ("Decision").

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 no appeal against the Decision, there is no litigation pending today against the Bank by 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.

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 filed an Application to Strike out the Third Party Notice. This Application was fixed for Hearing on 27 September 2010 and the court allowed AmTrustee's Application with cost on 1 November 2010. Meridian filed an appeal to the Court of Appeal against this decision and the appeal was dismissed with costs ("Order"). With this court Order, AmTrustee is no longer involved in KWAP's claim against Meridian.

26. COMMITMENTS AND CONTINGENCIES (CONTD.)

Court directed parties to consider resolving this matter via mediation but Parties informed court that they are not agreeable to resolve this matter via mediation. 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 then fixed for Case Management on 25 May 2011.

In the meantime, AmTrustee filed an Application for Stay of Proceeding of both the MAA Suit and Meridian Suit pending the full and final disposal of a criminal proceeding (which is still ongoing) involving a key witness of Meridian.

This Application came up for hearing on 1 December 2010 and was dismissed. AmTrustee filed an appeal to the court of appeal against this decision. The Appeal came up for hearing on 24 May 2011 and the Appeal was allowed with costs and both the Suits are stayed pending the disposal of the criminal proceedings.

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 vacated the initial trial dates and both the Suits are fixed for Case Management on 20 October 2011.

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	
	30.09.11	31.03.11	30.09.11	31.03.11
Before deducting proposed dividends:				
Core capital ratio	31.9%	25.4%	33.4%	24.7%
Risk-weighted capital ratio	31.9%	25.4%	33.4%	24.7%
<hr/>				
After deducting proposed dividend:				
Core capital ratio	29.7%	23.0%	30.4%	21.7%
Risk-weighted capital ratio	29.7%	23.0%	30.4%	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	
	30.09.11	31.03.11	30.09.11	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	109,092	135,347	114,666	130,227
Total	546,270	572,525	514,666	530,227
Less: Goodwill	(11,243)	(11,243)	-	-
Deferred tax liability/(asset) - net	(15,996)	(19,670)	(15,804)	(19,477)
Total Tier 1 capital	519,031	541,612	498,862	510,750
Deduction in excess of allowable Tier 2 Capital	(14,751)	(15,476)	(102,982)	(103,707)
Maximum allowable Tier 1 Capital	504,280	526,136	395,880	407,043
Tier 2 capital				
Collective allowance#	8,060	8,362	8,060	8,362
Total Tier 2 capital	8,060	8,362	8,060	8,362
Less: Investment in capital of related financial institution	(22,811)	(23,838)	(22,811)	(23,838)
Less: Investment in subsidiaries	-	-	(88,231)	(88,231)
Deduction in excess of allowable Tier 2 capital made against Tier 1 Capital	14,751	15,476	102,982	103,707
Capital base	504,280	526,136	395,880	407,043

#Excludes collective allowance on impaired loans restricted from Tier 2 capital of the Group and the Bank of RM845,000 (2011 : RM841,000)

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

	Group		Bank	
	30.09.11	31.03.11	30.09.11	31.03.11
	RM'000	RM'000	RM'000	RM'000
Credit risk	1,029,855	1,552,679	713,275	1,219,262
Market risk	28,886	16,843	19,633	9,729
Operational risk	520,345	505,180	451,409	416,225
	1,579,086	2,074,702	1,184,317	1,645,216

28. OPERATIONS OF ISLAMIC BANKING

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2011

The state of affairs as at 30 September 2011 and the results for the period ended 30 September 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	
	30.09.11	31.03.11
	RM'000	RM'000
ASSETS		
Cash and short-term funds	154,827	133,819
Other receivables, deposits and prepayments	29,048	26,014
Deferred tax assets	1,505	1,542
Property and equipment	65	78
Intangible assets	7	8
TOTAL ASSETS	185,452	161,461
LIABILITIES AND ISLAMIC BANKING FUNDS		
Other liabilities	52,766	48,721
ISLAMIC BANKING FUNDS		
Capital funds	30,000	30,000
Reserves	102,686	82,740
Islamic Banking Funds	132,686	112,740
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	185,452	161,461
COMMITMENTS AND CONTINGENCIES	129,415	129,415

28. OPERATIONS OF ISLAMIC BANKING (CONTD.)

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

Group and Bank	Individual Quarter		Cumulative Quarter	
	30.09.11 RM'000	30.09.10 RM'000	30.09.11 RM'000	30.09.10 RM'000
Income derived from investment of depositors' funds and others	261	263	525	433
Impairment loss on doubtful sundry receivables, net	-	(710)	-	(710)
Total attributable (loss)/income	261	(447)	525	(277)
Loss attributable to depositors	(20)	(2)	(24)	(4)
Loss attributable to the Group	241	(449)	501	(281)
Income derived from investment of Islamic Banking Funds	21,936	6,999	28,083	12,313
Total net income	22,177	6,550	28,584	12,032
Other operating expenses	(1,047)	(864)	(1,964)	(1,670)
Profit before taxation	21,130	5,686	26,620	10,362
Taxation	(5,255)	(1,388)	(6,675)	(2,604)
Profit after taxation	15,875	4,298	19,945	7,758

28. OPERATIONS OF ISLAMIC BANKING (CONTD.)

28a. OTHER LIABILITIES

	Group and Bank	
	30.09.11	31.03.11
	RM'000	RM'000
Other payables and accruals	11,346	13,939
Taxation and zakat payable	41,420	34,782
	<u>52,766</u>	<u>48,721</u>

29. Credit Exposures Arising From Credit Transactions With Connected Parties

	30.09.11	30.09.10
Outstanding credit exposure with connected parties (RM'000)	-	1,216
Percentage of outstanding credit exposure to connected parties as proportion of total credit exposures	-	0.18%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	-	-

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008.

Based on this guidelines, a connected party refers to the following:

- (i) Directors of the Bank and their close relatives;
- (ii) Controlling shareholder and their close relatives;
- (iii) Executive officer, being a member of management having authority and responsibility for planning and directing and/or controlling the activities of the Bank, and their close relatives;
- (iv) Officers who are responsible for or have the authority to appraise and/or approve credit transactions or review the status of existing credit transactions, either as a member of a committee or individually, and their close relatives;
- (v) Firms, partnerships, companies or any legal entities which control, or are controlled by any person listed in (i) to (iv) above, or in which they have an interest, as a director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;
- (vi) Any person for whom the persons listed in (i) to (iv) above is a guarantor; and
- (vii) Subsidiary of or an entity controlled by the Bank and its connected parties.

Credit transactions and exposure to connected parties as disclosed above includes the extension of credit facilities and/or off-balance sheet credit exposure such as guarantees, trade-related facilities and loan commitments. It also includes holding of equities and private debt securities issued by the connected parties.

The credit transactions with connected parties above are all transacted on an arm's length basis and on terms and conditions no more favourable than those entered into with other counterparties with similar circumstances and credit worthiness. Due care has been taken to ensure that the credit worthiness of the connected party is not less than that normally required of other persons.

30. RESTATEMENT OF COMPARATIVES

The following comparative figures have been restated to conform with current year presentation:

Unaudited consolidated Income statements for the financial quarter ended 30 September 2010	As previously reported RM'000	Reclassifications RM'000	As restated RM'000
Group			
Individual Quarter			
Revenue	94,077	(10,872)	83,205
Other operating income	77,056	(10,872)	66,184
Other operating expenses	(63,527)	10,872	(52,655)
Cumulative Quarter			
Revenue	174,103	(22,578)	151,525
Other operating income	140,909	(22,578)	118,331
Other operating expenses	(117,631)	22,578	(95,053)
Bank			
Individual Quarter			
Revenue	84,657	(11,624)	73,033
Other operating income	68,517	(11,624)	56,893
Other operating expenses	(54,589)	11,624	(42,965)
Cumulative Quarter			
Revenue	151,115	(23,637)	127,478
Other operating income	119,772	(23,637)	96,135
Other operating expenses	(97,905)	23,637	(74,268)

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

The Bank posted a pretax profit of RM24.2 million for the quarter as compared to RM 26.5 million for the quarter ended 30 September 2011, mainly due to lower operating income.

In the non-Islamic business sectors, the net interest income rose to RM5.8 million from RM3.5 million in the quarter ended 30 September 2011. Other operating income fell to RM33.3 million from RM56.9 million in the quarter ended 30 September 2011 as a result of fee income at RM30.0 million as compared to RM54.6 million, investment and trading income increased to RM2.8 million as compared to RM1.4 million and other income reduced to RM0.5 million from RM1.0 million, for the quarter ended 30 September 2011.

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

The Group reported a pretax profit of RM37.0 million (RM44.8 million for the period ended 30 September 2010) and the Bank reported a pretax profit of RM49.0 million (RM41.7 million for the period ended 30 September 2010), and in respect of the non-Islamic business, are attributed to:

- (i) Higher other operating expenses of RM99.6 million and RM79.2 million (RM95.1 million and RM74.3 million for the period ended 30 September 2010) for the Group and the Bank, respectively, due to lesser service transfer pricing recoveries of RM8.6 million and RM6.4 million (RM16.5 million and RM14.6 million for the period ended 30 September 2010) for the Group and the Bank, respectively.
- (ii) Lower other operating income of RM98.8 million and RM86.6 million (RM118.3 million and RM96.1 million for the period ended 30 September 2010) due to less fee income earned of RM86.9 million and RM70.8 million (RM113.5 million and RM90.7 million for the period ended 30 September 2010) for the Group and the Bank, respectively.
- (iii) Higher investment and trading income of RM10.6 million and RM14.8 million (RM2.8 million and RM3.7 million for the period ended 30 September 2010) for the Group and the Bank, respectively, due to the timely recognition of portfolio income (nil for the period ended 30 September 2010) and the dividend income from subsidiaries of RM3.3 million (nil for the period ended 30 September 2010).
- (iv) Higher impairment loss on doubtful sundry receivables of RM5.0 million (impairment write-back of RM0.3 million for the period ended 30 September 2010) for the Group but higher impairment writeback on doubtful sundry receivables of RM0.2 million (impairment loss of RM0.1 million for the period ended 30 September 2010) for the Bank.

Higher net income from Islamic banking business of RM28.6 million for the Group and the Bank (RM12.9 million for the period ended 30 September 2010 for the Group and the Bank) due to higher fund and fee income.

Shareholder's equity stood at RM0.5 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.

33. CURRENT PERIOD PROSPECTS

The Group projects Malaysia's economy to grow at around 5% in 2011 supported by private investments and domestic consumption. Domestic demand is expected to remain robust backed by stable employment outlook coupled with higher household income; whilst the sustained inflows in foreign direct investment and implementation of Economic Transformation Programme ("ETP") projects should support private investment. Nevertheless, headwinds from slower global growth will mean potentially slower growth in the next few years. As such, monetary policy is expected to remain accommodative to provide the basis for economic and financial stability.

The Malaysian banking sector is expected to remain vigilant against potential risks, supported with healthy asset quality, strong capital levels and improved risk management practices. Initiatives announced in Budget 2012 are expected to spur the development of capital markets and further strengthen Malaysia's leadership in Islamic banking. Implementation of high impact projects in addition to the existing initiatives announced under the ETP as well as special funds being setup to assist SMEs in recognition of their contribution to the economy provide potential growth opportunities for the banking sector.

The Group whilst cautious in its outlook given the weaker global economic backdrop will maintain its discipline approach in executing to our strategic themes to meet the FY2012 – 2014 Medium Term Aspirations of becoming "Malaysia's preferred banking group with international connectivity".