

Company No. 8515-D

AmBank (M) Berhad
(Company No. 8515-D)
(Incorporated in Malaysia)
And Its Subsidiary Companies

Interim Financial Statements
For the Financial Period
1 April 2007 to
30 June 2007
(In Ringgit Malaysia)

Company No. 8515-D

AmBank (M) Berhad

(Incorporated in Malaysia)

And Its Subsidiary Companies

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEET AS AT 30 JUNE 2007**

	Note	The Group		The Bank	
		30 June	31 March	30 June	31 March
		2007	2007	2007	2007
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		9,499,223	9,982,586	7,361,512	8,129,295
Deposits and placements with banks and other financial institutions		1,063,001	2,244,808	1,071,394	1,838,200
Securities held-for-trading	A8	1,447,753	1,117,257	1,079,059	972,646
Securities available-for-sale	A9	280,563	598,751	280,563	598,751
Securities held-to-maturity	A10	1,139,557	1,117,599	1,139,340	1,117,382
Loans, advances and financing	A11	43,740,084	43,465,547	37,317,128	37,095,578
Other assets		744,724	818,077	650,748	820,125
Statutory deposit with Bank Negara Malaysia		1,593,694	1,638,008	1,346,194	1,389,008
Deferred tax asset		828,067	857,790	619,377	630,832
Investment in subsidiary companies		–	–	813,849	813,849
Investment in associated companies		637	651	137	137
Prepaid land lease payments		4,482	4,509	3,256	3,278
Property and equipment		168,086	177,439	141,751	151,044
Intangible assets		64,377	54,476	64,312	54,412
TOTAL ASSETS		60,574,248	62,077,498	51,888,620	53,614,537

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2007.

AmBank (M) Berhad

(Incorporated in Malaysia)

And Its Subsidiary Companies**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 30 JUNE 2007**

	Note	The Group		The Bank	
		30 June 2007 RM'000	31 March 2007 RM'000	30 June 2007 RM'000	31 March 2007 RM'000
LIABILITIES AND EQUITY					
Deposits from customers	A12	37,909,870	37,135,858	32,970,295	32,481,678
Deposits and placements of banks and other financial institutions	A13	13,382,675	16,153,699	10,877,810	13,608,725
Derivative financial liabilities		127,204	118,085	127,204	118,085
Securities sold under repurchase agreements		–	444,319	–	444,319
Bills and acceptance payable		1,469,582	1,461,577	1,050,114	1,014,963
Amount due to Cagamas Berhad		645,416	702,640	645,416	702,640
Other liabilities		1,041,933	1,223,710	918,381	1,068,469
Subordinated term loan		460,000	460,000	1,118,862	1,144,167
Hybrid securities		658,862	684,167	–	–
Subordinated bonds		600,000	600,000	200,000	200,000
Exchangeable bonds		575,000	–	575,000	–
Irredeemable Convertible Unsecured Loan Stocks		134,065	–	134,065	–
Irredeemable Non-Cumulative Convertible Preference shares		150,000	–	150,000	–
Total Liabilities		57,154,607	58,984,055	48,767,147	50,783,046
Share capital		610,364	610,364	610,364	610,364
Reserves		2,809,223	2,483,022	2,511,109	2,221,127
Shareholder's Equity		3,419,587	3,093,386	3,121,473	2,831,491
Minority interests		54	57	–	–
Total Equity		3,419,641	3,093,443	3,121,473	2,831,491
TOTAL LIABILITIES AND EQUITY		60,574,248	62,077,498	51,888,620	53,614,537
COMMITMENTS AND CONTINGENCIES	A29	26,710,762	26,299,934	22,862,474	22,260,903
NET ASSETS PER ORDINARY SHARE (RM)		5.60	5.07	5.11	4.64

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2007.

AmBank (M) Berhad
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2007

The Group	Note	Individual Quarter		Cumulative Quarter ended	
		30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Revenue		<u>1,192,571</u>	<u>993,944</u>	<u>1,192,571</u>	<u>993,944</u>
Interest income	A14	877,767	733,707	877,767	733,707
Interest expense	A15	<u>(547,929)</u>	<u>(433,018)</u>	<u>(547,929)</u>	<u>(433,018)</u>
Net interest income		329,838	300,689	329,838	300,689
Net income from Islamic Banking business	A16	141,284	117,081	141,284	117,081
Other operating income	A17	<u>105,761</u>	<u>69,095</u>	<u>105,761</u>	<u>69,095</u>
Net income		576,883	486,865	576,883	486,865
Other operating expenses	A18	<u>(195,641)</u>	<u>(190,563)</u>	<u>(195,641)</u>	<u>(190,563)</u>
Operating profit		381,242	296,302	381,242	296,302
Allowance for losses on loans and financing	A19	(176,089)	(130,971)	(176,089)	(130,971)
Impairment (loss)/write back	A20	<u>(14,881)</u>	<u>(26,979)</u>	<u>(14,881)</u>	<u>(26,979)</u>
Profit before share in results of associated company and taxation		190,272	138,352	190,272	138,352
Share in results in associated company		<u>(15)</u>	<u>28</u>	<u>(15)</u>	<u>28</u>
Profit before taxation		190,257	138,380	190,257	138,380
Taxation	A21	<u>(64,369)</u>	<u>(40,823)</u>	<u>(64,369)</u>	<u>(40,823)</u>
Profit after taxation		<u>125,888</u>	<u>97,557</u>	<u>125,888</u>	<u>97,557</u>
Attributable to:					
Equity holder of the Bank		125,891	97,560	125,891	97,560
Minority interests		<u>(3)</u>	<u>(3)</u>	<u>(3)</u>	<u>(3)</u>
Profit after taxation		<u>125,888</u>	<u>97,557</u>	<u>125,888</u>	<u>97,557</u>
Earnings per share	A23				
Basic		19.80	15.98	19.80	15.98
Fully diluted		<u>17.78</u>	<u>-</u>	<u>17.78</u>	<u>-</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2007.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2007

The Bank Legal Entity	Note	Individual Quarter		Cumulative Quarter ended	
		30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Revenue		<u>983,356</u>	<u>863,350</u>	<u>983,356</u>	<u>863,350</u>
Interest income	A14	877,779	733,707	877,779	733,707
Interest expense	A15	<u>(548,083)</u>	<u>(433,030)</u>	<u>(548,083)</u>	<u>(433,030)</u>
Net interest income		329,696	300,677	329,696	300,677
Other operating income	A17	<u>105,577</u>	<u>68,104</u>	<u>105,577</u>	<u>68,104</u>
Net income		435,273	368,781	435,273	368,781
Other operating expenses	A18	<u>(147,301)</u>	<u>(153,378)</u>	<u>(147,301)</u>	<u>(153,378)</u>
Operating profit		287,972	215,403	287,972	215,403
Allowance for losses on loans and financing	A19	(137,373)	(92,302)	(137,373)	(92,302)
Impairment (loss)/write back	A20	<u>(14,881)</u>	<u>(27,018)</u>	<u>(14,881)</u>	<u>(27,018)</u>
Profit before taxation		135,718	96,083	135,718	96,083
Taxation	A21	<u>(46,046)</u>	<u>(29,336)</u>	<u>(46,046)</u>	<u>(29,336)</u>
Profit from continuing operations		89,672	66,747	89,672	66,747
Profit from discontinued operations	A22	<u>–</u>	<u>11,846</u>	<u>–</u>	<u>11,846</u>
Profit for the period		<u>89,672</u>	<u>78,593</u>	<u>89,672</u>	<u>78,593</u>
Earnings per share (sen)	A23				
Basic					
For profit from continuing operations		14.13	10.94	14.13	10.94
For profit from discontinued operations		<u>–</u>	<u>1.94</u>	<u>–</u>	<u>1.94</u>
		<u>14.13</u>	<u>12.88</u>	<u>14.13</u>	<u>12.88</u>
Fully diluted					
For profit from continuing operations		12.69	–	12.69	–
For profit from discontinued operations		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
		<u>12.69</u>	<u>–</u>	<u>12.69</u>	<u>–</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2007.

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2007

The Group	← Attributable to Equity Holder of the Bank →										
	Share Capital RM'000	ICULS (equity component) RM'000	Non-distributable					Distributable		Minority Interest RM'000	Total Equity RM'000
			Share Premium RM'000	Statutory Reserve RM'000	Merger Reserve RM'000	Capital Reserve RM'000	Available For-Sale Reserve RM'000	Unappro- priated Profits RM'000			
Balance as at 1 April 2006											
As previously stated	610,364	–	710,660	585,832	349,050	377,492	2,728	903,647	70	3,539,843	
Prior year adjustments	–	–	–	–	–	–	–	(7,454)	–	(7,454)	
As restated	610,364	–	710,660	585,832	349,050	377,492	2,728	896,193	70	3,532,389	
Unrealised net gain on revaluation of securities available-for-sale	–	–	–	–	–	–	3,279	–	–	3,279	
Transfer to statutory reserve	–	–	–	47,390	–	–	–	(47,390)	–	–	
Loss for the year	–	–	–	–	–	–	–	(442,212)	(13)	(442,225)	
Balance as at 31 March 2007	610,364	–	710,660	633,222	349,050	377,492	6,007	406,591	57	3,093,443	
Balance as at 1 April 2007											
As previously stated	610,364	–	710,660	633,222	349,050	377,492	6,007	493,861	57	3,180,713	
Prior year adjustments	–	–	–	–	–	–	–	(87,270)	–	(87,270)	
As restated	610,364	–	710,660	633,222	349,050	377,492	6,007	406,591	57	3,093,443	
Issue of Irredeemable Convertible Unsecured Loan Stocks	–	200,792	–	–	–	–	–	–	–	200,792	
Unrealised net loss on revaluation of securities available-for-sale	–	–	–	–	–	–	(482)	–	–	(482)	
Profit for the period	–	–	–	–	–	–	–	125,891	(3)	125,888	
Balance as at 30 June 2007	610,364	200,792	710,660	633,222	349,050	377,492	5,525	532,482	54	3,419,641	

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2007.

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2007

The Bank	← Attributable to Equity Holder of the Bank →							Total RM'000
	Share Capital RM'000	ICULS (equity component) RM'000	Non-distributable			Distributable		
			Share Premium RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Available For-Sale Reserve RM'000	Unappro- priated Profits RM'000	
Balance as at 1 April 2006								
As previously stated	610,364	–	710,660	585,832	–	2,728	1,466,104	3,375,688
Prior year adjustments							(7,454)	(7,454)
As restated	610,364	–	710,660	585,832	–	2,728	1,458,650	3,368,234
Issue of shares	–	–	–	–	–	–	–	–
Arising from return of capital by a subsidiary company	–	–	–	–	–	–	–	–
Unrealised net gain on revaluation of securities available-for-sale	–	–	–	–	–	3,279	–	3,279
Loss for the year	–	–	–	–	–	–	(540,022)	(540,022)
Balance as at 31 March 2007	610,364	–	710,660	585,832	–	6,007	918,628	2,831,491
Balance as at 1 April 2007								
As previously stated	610,364	–	710,660	585,832	–	6,007	1,005,898	2,918,761
Prior year adjustments	–	–	–	–	–	–	(87,270)	(87,270)
As restated	610,364	–	710,660	585,832	–	6,007	918,628	2,831,491
Issue of Irredeemable Convertible Unsecured Loan Stocks	–	200,792	–	–	–	–	–	200,792
Unrealised net loss on revaluation of securities available-for-sale	–	–	–	–	–	(482)	–	(482)
Profit for the period	–	–	–	–	–	–	89,672	89,672
Balance as at 30 June 2007	610,364	200,792	710,660	585,832	–	5,525	1,008,300	3,121,473

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2007.

Company No. 8515-D

AmBank (M) Berhad

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**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2007**

	The Group		The Bank	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Profit before taxation	190,257	138,380	135,718	112,536
Adjustments for non-cash items	141,427	242,198	128,099	197,196
Operating Profit Before Working Capital Changes	331,684	380,578	263,817	309,732
Changes in working capital:				
Net changes in operating assets	506,478	(1,090,259)	502,052	(1,161,337)
Net changes in operating liabilities	(2,646,535)	367,757	(2,858,778)	(72,991)
Net assets vested to AmIslamic Bank Berhad	—	—	—	784,068
Tax (paid)/refund	266	—	266	—
Net Cash Generated From/(Used in) Operating Activities	(1,808,107)	(341,924)	(2,092,643)	(140,528)
Net Cash Generated From/(Used in) Investing Activities	299,744	1,023,488	299,860	(995,895)
Net Cash Generated From/(Used in) Financing Activities	1,025,000	(2,897)	1,025,000	(2,897)
Net Increase/(Decrease) In Cash And Cash Equivalents	(483,363)	678,667	(767,783)	(1,139,320)
Cash And Cash Equivalents At Beginning Of The Period	9,982,586	7,317,898	8,129,295	7,303,343
Cash And Cash Equivalents At End Of The Period	9,499,223	7,996,565	7,361,512	6,164,023

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 March 2007.

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Explanatory Notes

A1. Basis of Preparation

The interim financial statements have been prepared in accordance with Financial Reporting Standards ("FRS") 134 Interim Financial Reporting issued by Malaysian Accounting Standards Board ("MASB") and should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2007.

The accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the previous audited annual financial statements except for the adoption of FRS 117 Leases issued by MASB and Bank Negara Malaysia's Revised Guidelines on Financial Reporting for Licensed Institutions ("BNM Revised Guidelines") dated 5 October 2004 on the accounting treatment of derivative financial instruments which are transacted for the purpose of hedging, both of which are effective for the Group's annual reporting date, 31 March 2008. The adoption of FRS 117 and BNM Revised Guidelines has resulted in changes in the accounting policies of the Group and are disclosed in Note A33.

The specific and general allowance for loans, advances and financing of the Bank are computed based on BNM's guidelines on the "Classification of Non-Performing Loans and Provisions for Substandard, Bad and Doubtful Debts" ("BNM/GP3") requirements. However, the Group has adopted a more stringent classification policy on non-performing loans, whereby loans are classified as non-performing and sub-standard when repayments are in arrears for more than three (3) months from the first day of default or after maturity date.

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

- (i) Values assigned to collateral held for non-performing loans secured by properties is determined based on the realisable values of the properties on the following basis:
 - (a) assigning only fifty percent (50%) of the realisable value of the properties held as collateral for non-performing loans which are in arrears for more than five (5) years but less than seven (7) years; and
 - (b) no value assigned to the realisable value of the properties held as collateral for non-performing loans which are in arrears for more than seven (7) years.
- (ii) Specific allowance of 20% is provided on non-performing loans which are four (4) to less than six (6) months-in-arrears. Previously, specific allowance was only made when a non-performing loan was in arrears of 6 months and above.

The unaudited condensed interim financial statements incorporates those activities relating to the Islamic banking business of the wholly owned subsidiary and refers generally to the acceptance of deposits, dealing in Islamic securities, granting of financing, capital market and treasury activities under the Shariah principles.

A2. Audit Qualification

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2007 was not qualified.

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A3. Seasonality or Cyclicity of Operations

The operations of the Group are not subject to seasonal or cyclical fluctuation in the current financial period.

A4. Unusual Items

There were no unusual items during the current financial period.

A5. Use of Estimates

There was no material change in estimates of amounts reported in prior financial years that have a material effect on the financial period ended 30 June 2007.

A6. Issuance, Cancellation, Repurchase, Resale and Repayment of Debt and Equity Securities

a) Issuance of RM575 million Exchangeable Bonds (EBs)

On 18 May 2007 the Bank issued RM575,000,000 Exchangeable Bonds ("EB") to ANZ Funds. The EBs will mature on the 10th anniversary from the date of issue. Interest will accrue on the EBs at a rate of 5% per annum for the first five years and 5.5% for the next five years. The EBs are exchangeable into 188,524,590 new ordinary shares in ultimate holding company, AMMB Holdings Berhad ("AHB") at an exchange price of RM3.05 per share.

Bank Negara Malaysia has approved the Exchangeable Bonds as Tier 2 capital of the Bank under the capital adequacy framework.

b) Issuance of RM300 million Irredeemable Convertible Unsecured Loan Stock (ICULS)

On 18 May 2007, the Bank issued RM300 million ICULS to the holding company, AMFB Holdings Berhad. The ICULS is for a period of ten years to mature on 2017. Interest shall be payable on the loan stock at the interest rate of 6% per annum. The ICULS shall be convertible to new shares in the Bank all credited as fully paid on the basis of one new share for every Ringgit Malaysia Five (RM5.00) nominal amount of ICULS tendered. Bank Negara Malaysia has approved the ICULS as Tier 2 capital of the Bank under the capital adequacy framework.

c) Issuance of RM150 million Irredeemable Non-Cumulative Convertible Preference shares (INCPS)

The Bank further issued RM150 million INCPS to the holding company, AMFB Holdings Berhad. The INCPS are perpetual securities and do not have a fixed maturity date. The dividend rate will be 6% per annum. The INCPS are convertible into new ordinary shares of the Bank on the basis of one (1) new ordinary share for every one (1) INCPS held. Bank Negara Malaysia has approved the INCPS as Tier 1 capital of the Bank under the capital adequacy framework.

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A7. Dividends Paid

The directors do not recommend the payment of any dividend in respect of the financial period ended 30 June 2007 and no dividends were paid in the current financial period.

A8. Securities Held-for-trading

	The Group		The Bank	
	30 June 2007 RM'000	31 March 2007 RM'000	30 June 2007 RM'000	31 March 2007 RM'000
At fair value				
Money Market Securities:				
Islamic Treasury bills	48,822	214,745	–	166,303
Malaysian Government Securities	13,667	104,896	13,667	104,896
Malaysian Government Investment Certificates	–	39,736	–	–
Cagamas bonds	25,052	–	25,052	–
Islamic Cagamas bonds	14,997	–	14,997	–
Negotiable instruments of deposit	300,087	–	300,087	–
Bank Negara Malaysia Monetary Notes	178,852	167,330	–	167,330
	<u>581,477</u>	<u>526,707</u>	<u>353,803</u>	<u>438,529</u>
Quoted Securities:				
Shares in Malaysia	132,975	123,325	132,951	123,301
	<u>132,975</u>	<u>123,325</u>	<u>132,951</u>	<u>123,301</u>
Unquoted Securities:				
Private debt securities	608,646	462,231	467,650	405,822
Guaranteed private debt securities	124,655	4,994	124,655	4,994
	<u>733,301</u>	<u>467,225</u>	<u>592,305</u>	<u>410,816</u>
Total securities held-for-trading	<u>1,447,753</u>	<u>1,117,257</u>	<u>1,079,059</u>	<u>972,646</u>

Company No. 8515-D

AmBank (M) Berhad

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A9. Securities Available-for-sale

	The Group		The Bank	
	30 June 2007 RM'000	31 March 2007 RM'000	30 June 2007 RM'000	31 March 2007 RM'000
At fair value				
Money Market Securities:				
Negotiable instruments of deposit	100,000	399,995	100,000	399,995
Quoted Securities In Malaysia:				
Quoted shares	33,557	33,927	33,557	33,927
Quoted shares with options and/or collateral	50,878	67,643	50,878	67,643
Quoted Securities Outside Malaysia				
Quoted shares	265	229	265	229
Unquoted Securities In Malaysia				
Unquoted shares	65	–	65	–
Unquoted Securities In Malaysia:				
Private debt securities	95,798	96,957	95,798	96,957
Total securities available-for-sale	<u>280,563</u>	<u>598,751</u>	<u>280,563</u>	<u>598,751</u>

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A10. Securities Held-to-maturity

	The Group		The Bank	
	30 June 2007 RM'000	31 March 2007 RM'000	30 June 2007 RM'000	31 March 2007 RM'000
At amortised cost				
Quoted Securities In Malaysia:				
Quoted shares	2,650	8,099	2,553	8,001
Quoted debt securities	52,754	–	52,754	–
Quoted debt securities with options and/or collateral	413,720	418,571	413,720	418,571
Warrants	15	15	15	15
	<u>469,139</u>	<u>426,685</u>	<u>469,042</u>	<u>426,587</u>
Unquoted Securities In Malaysia:				
Unquoted shares	84,588	84,587	84,171	84,171
Unquoted debt securities	115,632	132,316	115,632	132,316
Unquoted debt securities with options and/or collateral	814,396	818,940	814,396	818,940
	<u>1,014,616</u>	<u>1,035,843</u>	<u>1,014,199</u>	<u>1,035,427</u>
Unquoted Securities Outside Malaysia:				
Shares	16	16	16	16
	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>
Total	1,483,771	1,462,544	1,483,257	1,462,030
Less: Accumulated Impairment losses	<u>(344,214)</u>	<u>(344,945)</u>	<u>(343,917)</u>	<u>(344,648)</u>
Total securities held-to-maturity	<u><u>1,139,557</u></u>	<u><u>1,117,599</u></u>	<u><u>1,139,340</u></u>	<u><u>1,117,382</u></u>

AmBank (M) Berhad

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And Its Subsidiary Companies**A11. Loans, Advances and Financing**

	The Group		The Bank	
	30 June 2007 RM'000	31 March 2007 RM'000	30 June 2007 RM'000	31 March 2007 RM'000
Overdrafts	1,273,912	1,343,383	1,254,175	1,320,963
Term loan facilities				
– Housing loans/financing	11,223,239	11,074,856	10,375,970	10,218,542
– Hire-purchase receivables	28,798,632	28,552,294	21,005,889	20,665,214
– Other loans/financing	8,161,686	8,235,822	5,739,022	5,850,985
Card receivables	2,183,678	2,218,724	1,858,052	1,900,253
Bills receivables	23,390	17,765	19,270	10,905
Trust receipts	234,980	215,921	208,925	190,337
Claims on customers under acceptance credits	1,684,838	1,656,939	1,233,173	1,181,820
Revolving credits	1,448,431	1,385,432	1,366,422	1,314,677
Staff loans	157,982	159,849	157,982	159,849
Total	55,190,768	54,860,985	43,218,880	42,813,545
Unearned interest and income	(6,005,019)	(6,022,061)	(3,437,686)	(3,432,582)
	49,185,749	48,838,924	39,781,194	39,380,963
Less: Islamic financing sold to Cagamas Berhad	(2,569,961)	(2,718,833)	–	–
Gross loans, advances and financing	46,615,788	46,120,091	39,781,194	39,380,963
Allowance for bad and doubtful debts and financing:				
General	(718,397)	(713,761)	(580,523)	(574,763)
Specific	(2,157,307)	(1,940,783)	(1,883,543)	(1,710,622)
Net loans, advances and financing	<u>43,740,084</u>	<u>43,465,547</u>	<u>37,317,128</u>	<u>37,095,578</u>

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A11. Loans, Advances and Financing (continued)

A11a. By type of customer

	The Group		The Bank	
	30 June 2007 RM'000	31 March 2007 RM'000	30 June 2007 RM'000	31 March 2007 RM'000
Domestic banking institutions	12,748	703	12,748	703
Domestic non-bank financial institutions	713,735	668,403	713,088	667,750
Domestic business enterprises				
– Small medium enterprises	4,559,201	4,592,600	4,108,422	4,073,959
– Others	6,242,724	6,278,504	5,660,986	5,688,351
Government and statutory bodies	79,657	82,174	58,066	60,995
Individuals	34,931,686	34,425,531	29,157,819	28,821,742
Other domestic entities	31,008	30,401	28,018	28,030
Foreign entities	45,029	41,775	42,047	39,433
Gross loans, advances and financing	<u>46,615,788</u>	<u>46,120,091</u>	<u>39,781,194</u>	<u>39,380,963</u>

A11b. By interest/profit rate sensitivity

	The Group		The Bank	
	30 June 2007 RM'000	31 March 2007 RM'000	30 June 2007 RM'000	31 March 2007 RM'000
Fixed rate				
– Housing loans/financing	2,734,078	3,107,892	2,305,043	2,677,486
– Hire purchase receivables	21,479,492	21,050,206	17,576,729	17,243,010
– Other fixed rate loan/financing	6,359,643	6,346,997	3,856,847	3,845,471
Variable rate				
– Base lending rate plus	14,505,016	14,165,941	14,505,016	14,165,941
– Cost plus	1,147,127	1,069,461	1,147,127	1,069,461
– Other variable rates	390,432	379,594	390,432	379,594
Gross loans, advances and financing	<u>46,615,788</u>	<u>46,120,091</u>	<u>39,781,194</u>	<u>39,380,963</u>

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	The Group		The Bank	
	30 June 2007 RM'000	31 March 2007 RM'000	30 June 2007 RM'000	31 March 2007 RM'000
Purchase of securities	455,417	495,100	453,290	492,400
Purchase of transport vehicles	22,980,280	22,736,027	16,650,166	16,372,674
Purchase of landed property				
– Residential	10,887,134	10,726,030	10,455,031	10,293,915
– Non-residential	2,235,105	2,291,003	2,170,427	2,236,663
Purchase of fixed assets other than land and building	1,293,889	1,261,208	1,146,106	1,093,065
Personal use	1,698,569	1,646,300	315,692	315,515
Credit card	2,165,108	2,207,352	1,839,482	1,888,882
Purchase of consumer durables	4,605	4,648	3,205	3,289
Construction	283,847	328,316	281,343	325,812
Working capital	6,146,142	6,112,483	5,489,953	5,390,733
Other purpose	1,035,653	1,030,457	976,499	968,015
	49,185,749	48,838,924	39,781,194	39,380,963
Less: Islamic financing sold to Cagamas Berhad	(2,569,961)	(2,718,833)	–	–
Gross loans, advances and financing	<u>46,615,788</u>	<u>46,120,091</u>	<u>39,781,194</u>	<u>39,380,963</u>

A11d. Non-performing loans by purpose

	The Group		The Bank	
	30 June 2007 RM'000	31 March 2007 RM'000	30 June 2007 RM'000	31 March 2007 RM'000
Purchase of securities	139,292	139,249	138,108	138,008
Purchase of transport vehicles	849,588	806,759	588,743	554,728
Purchase of landed property				
– Residential	1,411,609	1,372,806	1,313,405	1,274,591
– Non-residential	701,280	764,376	668,848	728,290
Purchase of fixed assets other than land and building	64,501	62,217	54,001	52,330
Personal use	50,111	50,004	49,092	49,029
Credit card	234,947	216,850	175,407	162,239
Purchase of consumer durables	443	327	443	327
Construction	122,755	166,814	120,251	164,310
Working capital	952,954	952,330	931,922	933,986
Other purpose	281,112	300,067	276,593	294,414
	<u>4,808,592</u>	<u>4,831,799</u>	<u>4,316,813</u>	<u>4,352,252</u>

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And Its Subsidiary Companies**A11. Loans, Advances and Financing** (continued)**A11e. Movements in non-performing loans, advances and financing ("NPL") are as follows:**

	The Group		The Bank	
	30 June 2007 RM'000	31 March 2007 RM'000	30 June 2007 RM'000	31 March 2007 RM'000
Gross				
Balance at 1 April	4,831,799	4,992,850	4,352,252	4,992,850
Non-performing during the period/year	615,316	1,800,547	510,361	1,577,054
Reclassification to performing loans, advances and financing	(442,581)	(809,969)	(374,725)	(767,214)
Amount recovered	(121,199)	(383,958)	(97,177)	(304,775)
Debt equity conversion	(50,705)	(6,182)	(50,705)	(6,182)
Amount written off	(24,038)	(761,489)	(23,193)	(628,505)
Amount vested (to)/from subsidiary company	—	—	—	(510,976)
Balance at end of period/year	4,808,592	4,831,799	4,316,813	4,352,252
Less: Specific allowance	(2,157,307)	(1,940,783)	(1,883,543)	(1,710,622)
Non-performing loans and financing – net	<u>2,651,285</u>	<u>2,891,016</u>	<u>2,433,270</u>	<u>2,641,630</u>
Gross loans, advances and financing	46,615,788	46,120,091	39,781,194	39,380,963
Add: Islamic financing sold to Cagamas Berhad	2,569,961	2,718,833	—	—
	<u>49,185,749</u>	<u>48,838,924</u>	<u>39,781,194</u>	<u>39,380,963</u>
Less: Specific allowance	(2,157,307)	(1,940,783)	(1,883,543)	(1,710,622)
Net loans, advances and financing (including Islamic financing sold to Cagamas Berhad)	<u>47,028,442</u>	<u>46,898,141</u>	<u>37,897,651</u>	<u>37,670,341</u>
Ratio of net non-performing loans and financing	<u>5.64%</u>	<u>6.16%</u>	<u>6.42%</u>	<u>7.01%</u>

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	The Group		The Bank	
	30 June 2007 RM'000	31 March 2007 RM'000	30 June 2007 RM'000	31 March 2007 RM'000
General Allowance				
Balance at 1 April	713,761	656,794	574,763	656,794
Allowance made during the period/year				
– Continuing operations	4,636	56,967	5,760	49,502
– Discontinued operations	–	–	–	775
Amount vested (to)/from subsidiary company	–	–	–	(132,308)
Balance at end of period	<u>718,397</u>	<u>713,761</u>	<u>580,523</u>	<u>574,763</u>
% Net loans, advances and financing (including Islamic financing sold to Cagamas Berhad)	<u>1.5%</u>	<u>1.5%</u>	<u>1.5%</u>	<u>1.5%</u>
Specific Allowance				
Balance at 1 April	<u>1,940,783</u>	<u>1,043,558</u>	<u>1,710,622</u>	<u>1,043,558</u>
Allowance made during the period/year				
– Continuing operations	340,431	2,029,923	274,674	1,729,271
– Discontinued operations	–	–	–	18,509
Amount written back in respect of recoveries during the period/year				
– Continuing operations	(91,929)	(383,975)	(70,607)	(295,188)
– Discontinued operations	–	–	–	(7,732)
Net charge to income statements	248,502	1,645,948	204,067	1,444,860
Debt equity conversion	(7,885)	(3,182)	(7,885)	(3,182)
Amount written off/ Adjustment to Asset Deficiency Account	(24,093)	(745,541)	(23,261)	(620,567)
Amount vested (to)/from subsidiary company	–	–	–	(154,047)
Balance at end of period	<u>2,157,307</u>	<u>1,940,783</u>	<u>1,883,543</u>	<u>1,710,622</u>

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A12. Deposits from Customers

	The Group		The Bank	
	30 June 2007 RM'000	31 March 2007 RM'000	30 June 2007 RM'000	31 March 2007 RM'000
Current deposits	2,402,962	2,160,052	1,962,741	1,806,032
Savings deposits	3,157,721	3,160,423	2,472,317	2,492,693
Other deposits	1,650,856	634,217	1,650,856	634,217
Fixed/Investment deposits	30,681,757	31,164,516	26,874,188	27,538,634
Negotiable certificates of deposits	16,574	16,650	10,193	10,102
	<u>37,909,870</u>	<u>37,135,858</u>	<u>32,970,295</u>	<u>32,481,678</u>
<u>By type of customer</u>				
Individuals	23,118,104	22,993,524	21,670,321	21,573,627
Business enterprises	10,117,610	9,288,795	8,132,213	7,686,515
Government and other statutory bodies	3,939,085	4,139,864	2,641,123	2,711,873
Others	735,071	713,675	526,638	509,663
	<u>37,909,870</u>	<u>37,135,858</u>	<u>32,970,295</u>	<u>32,481,678</u>

A13. Deposits and Placements of Banks and Other Financial Institutions

	The Group		The Bank	
	30 June 2007 RM'000	31 March 2007 RM'000	30 June 2007 RM'000	31 March 2007 RM'000
Licensed banks	1,586,878	2,560,370	1,428,108	2,397,952
Licensed merchant banks	3,433,984	5,124,316	2,326,059	4,080,536
Non-banking institutions	7,110,448	7,199,793	5,875,211	5,869,102
Bank Negara Malaysia ("BNM")	1,251,365	1,269,220	1,248,432	1,261,135
	<u>13,382,675</u>	<u>16,153,699</u>	<u>10,877,810</u>	<u>13,608,725</u>

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A14. Interest Income

	Individual Quarter		Cumulative Quarter ended	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
<u>The Group</u>				
Loans and advances				
– Interest income other than recoveries from NPL	620,069	536,787	620,069	536,787
– Recoveries from NPLs	64,969	79,162	64,969	79,162
Money at call and deposits placements with financial institutions	93,146	63,945	93,146	63,945
Securities held-for-trading	9,572	13,543	9,572	13,543
Securities available-for-sale	2,647	1,087	2,647	1,087
Securities held-to-maturity	7,448	18,870	7,448	18,870
Others	102,242	58,373	102,242	58,373
	<u>900,093</u>	<u>771,767</u>	<u>900,093</u>	<u>771,767</u>
Interest suspended	(23,483)	(37,381)	(23,483)	(37,381)
Amortisation of premiums less accretion of discounts	1,157	(679)	1,157	(679)
	<u>877,767</u>	<u>733,707</u>	<u>877,767</u>	<u>733,707</u>
<u>The Bank</u>				
Loans and advances				
– Interest income other than recoveries from NPL	620,069	542,570	620,069	542,570
– Recoveries from NPLs	64,969	70,432	64,969	70,432
Money at call, deposits and placements with financial institutions	93,158	63,945	93,158	63,945
Securities held-for-trading	9,572	13,543	9,572	13,543
Securities available-for-sale	2,647	1,087	2,647	1,087
Securities held-to-maturity	7,448	18,870	7,448	18,870
Others	102,242	58,373	102,242	58,373
	<u>900,105</u>	<u>768,820</u>	<u>900,105</u>	<u>768,820</u>
Interest suspended	(23,483)	(34,434)	(23,483)	(34,434)
Amortisation of premiums less accretion of discounts	1,157	(679)	1,157	(679)
	<u>877,779</u>	<u>733,707</u>	<u>877,779</u>	<u>733,707</u>

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A15. Interest Expense

	Individual Quarter		Cumulative Quarter ended	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
<u>The Group</u>				
Deposits from customers	275,145	234,728	275,145	234,728
Deposits and placements of banks and other financial institutions	114,824	82,500	114,824	82,500
Recourse obligation of loans sold to Cagamas Berhad	6,000	14,780	6,000	14,780
Subordinated term loans and bonds	15,467	22,868	15,467	22,868
Hybrid securities	11,595	12,600	11,595	12,600
Others	124,898	65,542	124,898	65,542
	<u>547,929</u>	<u>433,018</u>	<u>547,929</u>	<u>433,018</u>
<u>The Bank</u>				
Deposits from customers	275,145	234,740	275,145	234,740
Deposits and placements of banks and other financial institutions	114,824	82,500	114,824	82,500
Recourse obligation of loans sold to Cagamas Berhad	6,000	14,780	6,000	14,780
Subordinated term loans and bonds	27,062	35,468	27,062	35,468
Others	125,052	65,542	125,052	65,542
	<u>548,083</u>	<u>433,030</u>	<u>548,083</u>	<u>433,030</u>

A16. Net Income from Islamic Banking Business

	Individual Quarter		Cumulative Quarter ended	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
<u>The Group</u>				
Income derived from investment of depositors' funds and others	171,688	161,590	171,688	161,590
Income derived from investment of shareholders' funds	37,355	29,552	37,355	29,552
Transfer from/(to) profit equalisation reserve	25,883	4,845	25,883	4,845
Income attributable to the depositors	(87,530)	(78,906)	(87,530)	(78,906)
Finance cost	(6,112)	–	(6,112)	–
	<u>141,284</u>	<u>117,081</u>	<u>141,284</u>	<u>117,081</u>

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A17. Other Operating Income

	Individual Quarter		Cumulative Quarter ended	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
The Group				
(a) Fee Income:				
Commissions	10,076	7,996	10,076	7,996
Guarantee fees	2,487	1,217	2,487	1,217
Other fee income	28,875	24,008	28,875	24,008
	<u>41,438</u>	<u>33,221</u>	<u>41,438</u>	<u>33,221</u>
(b) Investment Income:				
Net gain/(loss) on sale of securities held-for-trading	13,525	(73)	13,525	(73)
Net gain/(loss) on sale of securities available-for-sale	20,701	16,012	20,701	16,012
Net gain/(loss) on sale of securities held-to-maturity	2,978	128	2,978	128
Gain/(loss) on revaluation of securities held-for-trading	3,843	(4,571)	3,843	(4,571)
Gain/(loss) on revaluation of derivatives held-for-hedging	15,891	10,697	15,891	10,697
Gross dividend income from:				
Securities held-for-trading	1,415	759	1,415	759
Securities available-for-sale	–	4,227	–	4,227
Securities held-to-maturity	2,321	1,058	2,321	1,058
	<u>60,674</u>	<u>28,237</u>	<u>60,674</u>	<u>28,237</u>
(c) Other Income:				
Gain on disposal of foreclosed properties	–	1,840	–	1,840
Rental income	794	2,105	794	2,105
Gain on disposal of property and equipment	7	981	7	981
Foreign exchange gain	2,848	2,702	2,848	2,702
Other operating income	–	9	–	9
	<u>3,649</u>	<u>7,637</u>	<u>3,649</u>	<u>7,637</u>
Total other operating income	<u>105,761</u>	<u>69,095</u>	<u>105,761</u>	<u>69,095</u>

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	Individual Quarter		Cumulative Quarter ended	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
The Bank				
(a) Fee Income:				
Commissions	10,076	7,996	10,076	7,996
Guarantee fees	2,487	1,217	2,487	1,217
Other fee income	28,801	24,008	28,801	24,008
	<u>41,364</u>	<u>33,221</u>	<u>41,364</u>	<u>33,221</u>
(b) Investment Income:				
Net gain/(loss) on sale of securities held-for-trading	13,525	(73)	13,525	(73)
Net gain on sale of securities available-for-sale	20,701	16,012	20,701	16,012
Net gain on sale of securities held-to-maturity	2,978	128	2,978	128
Gain/(loss) on revaluation of securities held-for-trading	3,843	(4,571)	3,843	(4,571)
Gain/(loss) on revaluation of derivatives held-for-hedging	15,891	10,697	15,891	10,697
Gross dividend income from:				
Securities held-for-trading	1,415	759	1,415	759
Securities available-for-sale	–	4,227	–	4,227
Securities held-to-maturity	2,321	1,058	2,321	1,058
	<u>60,674</u>	<u>28,237</u>	<u>60,674</u>	<u>28,237</u>
(c) Other Income:				
Gain on disposal of foreclosed properties	–	1,840	–	1,840
Rental income	679	1,947	679	1,947
Gain on disposal of property and equipment	2	157	2	157
Foreign exchange gain	2,858	2,702	2,858	2,702
	<u>3,539</u>	<u>6,646</u>	<u>3,539</u>	<u>6,646</u>
Total other operating income	<u>105,577</u>	<u>68,104</u>	<u>105,577</u>	<u>68,104</u>

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	Individual Quarter		Cumulative Quarter ended	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
<u>The Group</u>				
Personnel costs				
– Salaries, allowances and bonuses	96,694	91,713	96,694	91,713
– Others	5,528	4,551	5,528	4,551
Establishment costs				
– Depreciation	9,993	12,636	9,993	12,636
– Rental	11,364	7,143	11,364	7,143
– Cleaning, maintenance & security	4,209	4,754	4,209	4,754
– Computerisation cost	7,174	11,749	7,174	11,749
– Others	4,602	4,202	4,602	4,202
– Amortisation of Intangible assets	4,641	5,556	4,641	5,556
Marketing and communication expenses				
– Commission	1,546	1,701	1,546	1,701
– Advertising & marketing expenses	11,541	14,296	11,541	14,296
– Communication	12,168	10,594	12,168	10,594
– Others	1,793	1,607	1,793	1,607
Administration and general expenses				
– Professional services	14,243	8,684	14,243	8,684
– Others	10,145	11,377	10,145	11,377
	<u>195,641</u>	<u>190,563</u>	<u>195,641</u>	<u>190,563</u>
<u>The Bank</u>				
Personnel costs				
– Salaries, allowances and bonuses	95,443	90,672	95,443	90,672
– Others	5,429	4,546	5,429	4,546
Establishment costs				
– Depreciation	9,853	12,509	9,853	12,509
– Rental	11,678	7,949	11,678	7,949
– Cleaning, maintenance & security	4,093	4,547	4,093	4,547
– Computerisation cost	7,077	11,634	7,077	11,634
– Others	4,484	4,011	4,484	4,011
– Amortisation of Intangible assets	4,637	5,556	4,637	5,556
Marketing and communication expenses				
– Commission	1,546	1,701	1,546	1,701
– Advertising & marketing expenses	10,123	12,660	10,123	12,660
– Communication	11,490	11,192	11,490	11,192
– Others	1,787	1,597	1,787	1,597
Administration and general expenses				
– Professional services	13,615	8,531	13,615	8,531
– Others	8,337	9,936	8,337	9,936
Shared service cost recoveries (Subsidiary)	<u>(42,291)</u>	<u>(33,663)</u>	<u>(42,291)</u>	<u>(33,663)</u>
	<u>147,301</u>	<u>153,378</u>	<u>147,301</u>	<u>153,378</u>

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	Individual Quarter		Cumulative Quarter ended	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
<u>The Group</u>				
Allowance for bad and doubtful debts and financing:				
Specific allowance (net)				
– made in the financial year	340,431	298,885	340,431	298,885
– written back	(91,929)	(92,085)	(91,929)	(92,085)
General allowance	4,636	6,153	4,636	6,153
Bad debts and financing recovered	(76,440)	(70,617)	(76,440)	(70,617)
Amount recovered from Danaharta	(609)	(11,365)	(609)	(11,365)
	<u>176,089</u>	<u>130,971</u>	<u>176,089</u>	<u>130,971</u>
<u>The Bank</u>				
Continuing operations				
Allowance for bad and doubtful debts and financing:				
Specific allowance (net)				
– made in the financial year	274,674	238,348	274,674	238,348
– written back	(70,607)	(70,288)	(70,607)	(70,288)
General allowance	5,760	3,628	5,760	3,628
Bad debts and financing recovered	(71,845)	(68,021)	(71,845)	(68,021)
Amount recovered from Danaharta	(609)	(11,365)	(609)	(11,365)
	<u>137,373</u>	<u>92,302</u>	<u>137,373</u>	<u>92,302</u>
<u>The Bank</u>				
Discontinued operations				
Allowance for bad and doubtful debts and financing:				
Specific allowance (net)				
– made in the financial year	–	18,509	–	18,509
– written back	–	(7,732)	–	(7,732)
General allowance	–	775	–	775
Bad debts and financing recovered	–	(605)	–	(605)
	<u>–</u>	<u>10,947</u>	<u>–</u>	<u>10,947</u>

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	Individual Quarter		Cumulative Quarter ended	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
The Group				
Securities	(7,784)	(23,915)	(7,784)	(23,915)
Impairment on amount recoverable under asset-backed securitisation transaction	(7,000)	(3,000)	(7,000)	(3,000)
Sundry receivables	(97)	(64)	(97)	(64)
	<u>(14,881)</u>	<u>(26,979)</u>	<u>(14,881)</u>	<u>(26,979)</u>
The Bank				
Securities	(7,784)	(23,954)	(7,784)	(23,954)
Impairment on amount recoverable under asset-backed securitisation transaction	(7,000)	(3,000)	(7,000)	(3,000)
Sundry receivables	(97)	(64)	(97)	(64)
	<u>(14,881)</u>	<u>(27,018)</u>	<u>(14,881)</u>	<u>(27,018)</u>

A21. Taxation

	Individual Quarter		Cumulative Quarter ended	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
The Group				
Estimated current tax payable	63	47	63	47
Net transfer from deferred taxation	<u>64,580</u>	<u>38,373</u>	<u>64,580</u>	<u>38,373</u>
	64,643	38,420	64,643	38,420
Tax recovered in respect of prior year	(266)	–	(266)	–
Prior year tax expense in respect of business vested over	–	2,403	–	2,403
Under/(Over) provision of tax expense in prior years	<u>(8)</u>	<u>–</u>	<u>(8)</u>	<u>–</u>
	<u>64,369</u>	<u>40,823</u>	<u>64,369</u>	<u>40,823</u>
The Bank				
Taxation on profit from continuing operations				
Net transfer from deferred taxation	46,312	26,933	46,312	26,933
Tax recovered in respect of prior year	(266)	–	(266)	–
Prior year tax expense in respect of business vested over	–	2,403	–	2,403
	<u>46,046</u>	<u>29,336</u>	<u>46,046</u>	<u>29,336</u>

The total tax charge of the Group and the Bank for the period ended 30 June 2007 reflects an effective tax rate which is higher than the statutory tax rate due mainly to the effect on deferred taxes as a result of a reduction in statutory tax rate from 27.0% to 26.0% and disallowance of certain expenses.

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A22. Discontinued operations

i) Transfer of Islamic Banking Business of AmBank (M) Berhad to Amlslamic Bank Berhad

On 1 May 2006, the Islamic banking business of AmBank (M) Berhad was transferred to and vested into Amlslamic Bank Berhad pursuant to the vesting order of the High Court of Malaya made pursuant to Section 50 of the Banking and Financial Institutions Act, 1989. The net book value of the assets and liabilities transferred was RM784.1 million.

The amounts of assets and liabilities vested are as follows:

	1 May 2006 RM'000
ASSETS	
Cash and short-term funds	1,160,139
Deposits and placements with banks and other financial institutions	2,126
Securities held-for-trading	502,219
Loans, advances and financing	6,512,189
Deferred tax asset	68,501
Other assets	29,567
Statutory deposit with Bank Negara Malaysia	<u>268,794</u>
TOTAL ASSETS	<u>8,543,535</u>
LIABILITIES AND EQUITY	
Deposits from customers	4,323,243
Deposits and placements of banks and other financial institutions	2,952,207
Bills and acceptance payable	225,364
Other liabilities	<u>258,653</u>
Total Liabilities	<u>7,759,467</u>
Net Assets vested	<u>784,068</u>

ii) Purchase Consideration

The consideration for the transfer of business was satisfied by way of issue of 250.0 million new ordinary shares of RM1.00 each by Amlslamic Bank Berhad to the Bank at RM3.14 per share.

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iii) Impact to the Income Statement

Arising from the corporate separation of the Islamic Banking and Conventional Banking operations, the profit from the Islamic Banking operations of the Bank for the current quarter and the corresponding quarter in the previous year were reported as discontinued operations in compliance with FRS 5: Non-Current assets held for sale and Discontinued operations.

The results of the Islamic Banking operations of the Bank reported as discontinued operations were as follows:

<u>The Bank</u>	Individual Quarter		Cumulative Quarter ended	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Income derived from investment of depositors' funds	–	52,287	–	52,287
Income derived from investment of Islamic Banking Capital Fund	–	9,252	–	9,252
Allowance for losses on financing, advances and other loans (Note A19)	–	(10,947)	–	(10,947)
Transfer from/(to) profit equalisation reserve	–	1,739	–	1,739
Total attributable income	–	52,331	–	52,331
Income attributable to the depositors	–	(25,402)	–	(25,402)
Total net income	–	26,929	–	26,929
Other operating expenses	–	(10,476)	–	(10,476)
Profit before taxation	–	16,453	–	16,453
Taxation	–	(4,607)	–	(4,607)
Profit after taxation	–	11,846	–	11,846

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	Individual Quarter		Cumulative Quarter ended	
	30 June 2007 RM'000'000	30 June 2006 RM'000'000	30 June 2007 RM'000'000	30 June 2006 RM'000'000
<u>The Group</u>				
Net profit attributable to shareholder of the Bank	125,891	97,560	125,891	97,560
Effect of savings on interest on ICULS (net of tax)	688	–	688	–
	<u>126,579</u>	<u>97,560</u>	<u>126,579</u>	<u>97,560</u>
Number of ordinary shares at beginning of year	610,364	610,364	610,364	610,364
Effect of the conversion of ICULS	29,011	–	29,011	–
Weighted average number of ordinary shares in issue	<u>639,375</u>	<u>610,364</u>	<u>639,375</u>	<u>610,364</u>
Basic earnings per share (sen)	<u>19.80</u>	<u>15.98</u>	<u>19.80</u>	<u>15.98</u>
<u>The Bank</u>				
Basic, for profit from continuing operations				
Net profit attributable to shareholders of the Bank	89,672	66,747	89,672	66,747
Effect of savings on interest on ICULS (net of tax)	688	–	688	–
	<u>90,360</u>	<u>66,747</u>	<u>90,360</u>	<u>66,747</u>
Number of ordinary shares at beginning of year	610,364	610,364	610,364	610,364
Effect of the conversion of ICULS	29,011	–	29,011	–
Weighted average number of ordinary shares in issue	<u>639,375</u>	<u>610,364</u>	<u>639,375</u>	<u>610,364</u>
Basic earnings per share (sen)	<u>14.13</u>	<u>10.94</u>	<u>14.13</u>	<u>10.94</u>
<u>The Bank</u>				
Basic, for profit from discontinued operations				
Net profit attributable to shareholders of the Bank	–	11,846	–	11,846
Number of ordinary shares at beginning of year	–	610,364	–	610,364
Effect of the conversion of ICULS	–	–	–	–
Weighted average number of ordinary shares in issue	–	<u>610,364</u>	–	<u>610,364</u>
Basic earnings per share (sen)	–	<u>1.94</u>	–	<u>1.94</u>

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Fully diluted earnings per share is calculated by dividing the adjusted net profit attributable to equity holder of the Bank by the adjusted weighted average number of ordinary shares in issue and issuable during the financial quarter and period.

The Bank has one category of dilutive potential ordinary shares:

- i) Irredeemable Non-Cumulative Convertible Preference shares ("INCPS")

	Individual Quarter		Cumulative Quarter ended	
	30 June 2007 RM'000/000	30 June 2006 RM'000/000	30 June 2007 RM'000/000	30 June 2006 RM'000/000
The Group				
Net profit attributable to shareholder of the Bank (as in (a) above)	126,579	–	126,579	–
Weighted average number of ordinary shares in issue (as in (a) above)	639,375	–	639,375	–
Adjusted for the effect of the INCPS	72,527	–	72,527	–
Adjusted weighted average number of ordinary shares in issue	711,902	–	711,902	–
Fully diluted earnings per share (sen)	17.78	–	17.78	–
The Bank				
For profit from continuing operations				
Net profit attributable to shareholder of the Bank (as in (a) above)	90,360	–	90,360	–
Weighted average number of ordinary shares in issue (as in (a) above)	639,375	–	639,375	–
Adjusted for the effect of the INCPS	72,527	–	72,527	–
Weighted average number of ordinary shares in issue	711,902	–	711,902	–
Fully diluted earnings per share (sen)	12.69	–	12.69	–

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A24a. Performance Review for the Quarter ended 30 June 2007

The Group registered a pre-tax profit of RM190.3 million, an increase of RM51.9 million (+38%) from the pre-tax profit of RM138.4 million in the corresponding period last year.

The improvement is attributable to increase in investment income, fees and commission and net interest income set-off against higher loan loss provision as the Group continues to build up its loan loss coverage.

A24b. Prospects for 31 March 2008

In tandem with the thrusts of the Ninth Malaysian Plan (9MP), the Malaysian economy is projected to see sustained growth in 2007 with GDP growth projected at 5.9%. On the back of favourable macroeconomic conditions, the banking sector is expected to remain robust with strong capitalization and continuous improvement in asset quality.

For the upcoming year, capital market activities are expected to be robust. The active promotion of Islamic financing by the Malaysian government and growing demand for Shariah compliant securities from local and international investors provide an impetus for more capital market issues.

The Group will continue to pursue its strategy of expanding its business operations regionally whilst maintaining its leadership position in the industry. The Group is confident that it has built an infrastructure, customer base and brand-awareness that enables it to take advantage of industry growth opportunities. Further, it is envisaged that the Group's strategic tie-up with Australia and New Zealand Banking Group Limited will elevate the Group to a level on par with international banks.

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A25. Segment Information on Operating Revenue, Profit Before Tax Expense and Assets**By Business Segments**

The Group 30 June 2007	Conventional Banking RM'000	Islamic Banking RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
<u>External revenue</u>					
Interest income (net of IIS)	877,779	–	–	–	877,779
Fee income	41,364	–	73	–	41,437
Investment & other operating income	64,213	–	60	–	64,273
Income from Islamic Banking Financing income	–	199,705	–	–	199,705
Investment and Fees on financing	–	9,338	–	–	9,338
Others Subsidiaries - Rental	–	–	39	–	39
	<u>983,356</u>	<u>209,043</u>	<u>172</u>	<u>–</u>	<u>1,192,571</u>
<u>Inter-segment revenue</u>					
Interest Income (net of IIS)	–	–	11,737	(11,737)	–
Others Subsidiaries - Rental	–	–	474	(474)	–
	<u>–</u>	<u>–</u>	<u>12,211</u>	<u>(12,211)</u>	<u>–</u>
Total revenue	<u>983,356</u>	<u>209,043</u>	<u>12,383</u>	<u>(12,211)</u>	<u>1,192,571</u>
Results					
Profit before share in results of associated company and taxation	135,718	53,939	622	(7)	190,272
Share of profits of associated company	–	–	–	(15)	(15)
Profit before taxation	135,718	53,939	622	(22)	190,257
Taxation	(46,046)	(18,268)	(55)	–	(64,369)
Profit after taxation	89,672	35,671	567	(22)	125,888
Total Assets	51,888,620	9,474,557	789,458	(1,578,387)	60,574,248

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A25. Segment Information on Operating Revenue, Profit Before Tax Expense and Assets (continued)

The Group 30 June 2006	Conventional Banking RM'000	Islamic Banking RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External revenue					
Interest income (net of IIS)	733,707	–	–	–	733,707
Fee income	33,221	–	–	–	33,221
Investment & other operating income	34,883	–	833	–	35,716
Income from Islamic Banking Financing income	–	184,246	–	–	184,246
Investment and Fees on financing	–	6,896	–	–	6,896
Others Subsidiaries - Rental	–	–	158	–	158
	<u>801,811</u>	<u>191,142</u>	<u>991</u>	<u>–</u>	<u>993,944</u>
Inter-segment revenue					
Interest income (net of IIS)	–	–	12,219	(12,219)	–
Others Subsidiaries - Rental	–	–	892	(892)	–
	<u>–</u>	<u>–</u>	<u>13,111</u>	<u>(13,111)</u>	<u>–</u>
Total revenue	<u>801,811</u>	<u>191,142</u>	<u>14,102</u>	<u>(13,111)</u>	<u>993,944</u>
Results					
Profit before share in results of associated company and taxation	96,083	40,904	1,336	29	138,352
Share of profits of associated company	–	–	–	28	28
Profit before taxation	96,083	40,904	1,336	57	138,380
Taxation	(29,336)	(11,405)	(82)	–	(40,823)
Profit after taxation	66,747	29,499	1,254	57	97,557
Total Assets	48,579,555	9,410,375	833,642	(1,740,080)	57,083,492

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established under terms and conditions that are no less favourable than those arranged with independent parties.

The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia.

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A26. Valuation of Property & Equipment

The Group's and the Bank's property and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

A27. 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 items, 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 for the current period.

A28. Changes in the Composition of Group

There were no significant changes in the composition of the Group for the financial period ended 30 June 2007.

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In the normal course of business, the Group and the 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 and the Bank's assets.

The risk-weighted exposure of the Group and the Bank is as follows:

The Group

	As at 30 June 2007			As at 31 March 2007		
	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000
Direct credit substitutes	711,389	711,389	552,653	703,510	703,510	613,274
Certain transaction- related contingent items	389,354	194,677	194,677	375,291	187,646	187,646
Short-term self- liquidating trade- related contingencies	368,004	73,601	73,601	283,789	56,757	56,757
Obligations under underwriting agreements	20,000	10,000	10,000	20,000	10,000	10,000
Unpaid portion of partly paid shares	250	250	250	250	250	250
Irrevocable commitments to extend credit:						
– maturing less than one year	10,024,722	–	–	9,027,360	–	–
– maturing more than one year	1,014,609	507,304	507,304	1,033,415	516,708	516,708
Foreign exchange related contracts:						
– less than one year	875,424	13,654	4,255	1,356,741	25,085	6,158
Interest rate swap contracts:						
– maturing within one year	4,904,772	19,307	3,862	1,432,067	2,790	558
– maturing more than one year to less than five years	4,985,907	67,547	13,509	8,489,797	111,428	22,286
– maturing more than five years	702,700	131,415	26,283	732,693	57,371	11,474
Forward purchase commitments:						
– less than one year	134,059	134,059	134,059	–	–	–
Islamic financing sold to Cagamas Berhad with recourse	2,524,916	2,524,916	2,524,916	2,718,833	2,718,833	2,718,833
Other commitments	54,656	–	–	126,188	–	–
Total	26,710,762	4,388,119	4,045,369	26,299,934	4,390,378	4,143,944

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<u>The Bank</u>	As at 30 June 2007			As at 31 March 2007		
	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000
Direct credit substitutes	603,671	603,671	449,860	583,562	583,562	510,737
Certain transaction- related contingent items	346,143	173,071	173,071	330,273	165,137	165,137
Short-term self- liquidating trade- related contingencies	307,982	61,597	61,597	209,612	41,922	41,922
Obligations under underwriting agreements	20,000	10,000	10,000	20,000	10,000	10,000
Unpaid portion of partly paid shares	150	150	150	150	150	150
Irrevocable commitments to extend credit:						
– maturing less than one year	8,930,430	–	–	8,005,411	–	–
– maturing more than one year	1,005,892	502,946	502,946	1,018,327	509,164	509,164
Foreign exchange related contracts:						
– less than one year	875,425	13,654	4,255	1,356,741	25,085	6,158
Interest rate swap contracts:						
– maturing within one year	4,904,772	19,307	3,862	1,432,067	2,790	558
– maturing more than one year to less than five years	4,985,907	67,547	13,509	8,489,797	111,428	22,286
– maturing more than five years	702,700	131,415	26,283	732,693	133,403	26,681
Forward purchase commitments:						
– less than one year	134,059	134,059	134,059	–	–	–
Other commitments	45,343	–	–	82,270	–	–
Total	22,862,474	1,717,417	1,379,592	22,260,903	1,582,641	1,292,793

* The credit equivalent amount is arrived at using the credit conversion factors as specified by Bank Negara Malaysia.

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A30. Risk Management Policy on Financial Derivatives

Purpose of engaging in financial derivatives

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

The principal exchange rate contracts used are forward foreign exchange contracts. 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.

The principal interest rate contracts used are interest rate swaps. Interest rate swap transactions generally involve the exchange of fixed and floating interest payment obligations without the exchange of the underlying principal amounts.

For revenue purposes, the Group maintains trading positions in these instruments and engages in transactions with customers to satisfy their needs in managing their respective interest rate and foreign exchange rate exposure. Derivative transactions generate income for the Group from the buy-sell spreads.

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

Risk associated with financial derivatives

As derivatives are contracts that transfer risks, they expose the holder to the same types of market and credit risk as other financial instruments, and the Group manages these risks in a consistent manner under the overall risk management framework.

Market risk of derivatives used for trading purposes

Market risk arising from the above interest rate-related and foreign exchange-related derivatives contracts measures the potential losses to the value of these contracts due to changes in market rate/prices. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions.

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A30. Risk Management Policy on Financial Derivatives (continued)

Credit risk of derivatives

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

As at 30 June 2007, the Group and the Bank has a counterparty credit risk of NIL (2007: NIL) being the cost to replace the positive value contracts. This may vary over the life of the contracts, mainly as a function of movement in market rates and time.

The Group limits its credit risk within a conservative framework by dealing with creditworthy counterparties, setting credit limits on exposures to counterparties, and obtaining collateral where appropriate.

Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from the change in the fair value of the derivative instrument is recognised in the income statements unless they are part of a hedging relationship which qualifies for hedge accounting where the gain or loss is recognised as follows:

- (i) **Fair value Hedge**
Where a derivative financial instrument hedges the changes in fair value of a recognised asset or liability, any gain or loss on the hedging instruments is recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.
- (ii) **Cash Flow Hedge**
Gains and losses on the hedging instruments, to the extent that the hedge is effective, are deferred in the separate component of equity. The ineffective part of any gain or loss is recognised in the income statement. The deferred gains and losses are then released to the income statement in the periods when the hedged item affects the income statement.
- (iii) **Derivatives that do not qualify for hedge accounting**
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

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A31. Capital Adequacy

Bank Negara Malaysia's ("BNM") guideline on capital adequacy requires the Bank to maintain an adequate level of capital to withstand any losses which may result from credit and other risks associated with financing operations. The capital adequacy ratio is computed based on the eligible capital in relation to the total risk-weighted assets as determined by BNM.

The risk weighted capital adequacy ratio of the Bank of 11.51% (31 March 2007: 9.16%) exceeds the minimum requirements of BNM.

	The Bank	
	30 June 2007 RM'000	31 March 2007* RM'000
<u>Tier 1 capital</u>		
Paid-up share capital	610,364	610,364
Irredeemable Non-Cumulative Convertible Preference Shares (INCPS)	150,000	-
Innovative Tier 1 capital	413,831	408,198
Share premium	710,660	710,660
Statutory reserve	585,832	585,832
Unappropriated profit	<u>918,628</u>	<u>1,005,898</u>
	3,389,315	3,320,952
Less: Deferred tax asset	<u>(630,832)</u>	<u>(600,017)</u>
Total Tier 1 capital	<u>2,758,483</u>	<u>2,720,935</u>
<u>Tier 2 capital</u>		
Irredeemable Convertible Unsecured Loan Stocks (ICULS)	300,000	-
Innovative Tier 1 capital	276,869	283,002
Subordinated term loan	460,000	460,000
Subordinated bonds	200,000	200,000
Exchangeable bonds	575,000	-
General allowance for bad and doubtful debts and financing	<u>579,813</u>	<u>574,053</u>
Total Tier 2 capital	<u>2,391,682</u>	<u>1,517,055</u>
	5,150,165	4,237,990
Less: Investment in subsidiary companies	<u>(813,849)</u>	<u>(813,849)</u>
Capital base	<u>4,336,316</u>	<u>3,424,141</u>

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A31. Capital Adequacy (continue)

	30 June 2007		31 March 2007	
	Principal RM'000	Risk - Weighted RM'000	Principal RM'000	Risk - Weighted RM'000
Notional risk-weighted assets				
Categories				
0%	6,802,989	–	7,817,721	–
10%	2,059	206	2,059	206
20%	4,408,866	881,773	5,127,377	1,025,476
50%	9,136,450	4,568,224	9,013,411	4,506,705
100%	<u>31,249,050</u>	<u>31,249,050</u>	<u>31,231,608</u>	<u>31,231,608</u>
	51,599,414	36,699,253	53,192,176	36,763,995
Market Risk	<u>–</u>	<u>961,836</u>	<u>–</u>	<u>631,046</u>
	<u>51,599,414</u>	<u>37,661,089</u>	<u>53,192,176</u>	<u>37,395,041</u>
Capital Ratios				
Core capital ratio		7.32%		7.27%
Risk-weighted capital ratio		<u>11.51%</u>		<u>9.16%</u>

The risk weighted capital adequacy ratio of the Group are as follows:

	The Group	
	30 June 2007 RM'000	31 March 2007* RM'000
<u>Tier 1 capital</u>		
Paid-up share capital	610,364	610,364
Irredeemable Non-Cumulative Convertible Preference Shares (INCPS)	150,000	–
Innovative Tier 1 capital	420,007	414,374
Share premium	710,660	710,660
Statutory reserves	633,222	633,222
Capital reserves	377,492	377,492
Merger reserves	349,050	349,050
Unappropriated profit	406,591	493,861
Minority interest	54	57
	<u>3,657,440</u>	<u>3,589,080</u>
Less: Deferred tax asset	<u>(857,790)</u>	<u>(826,975)</u>
Total Tier 1 capital	<u>2,799,650</u>	<u>2,762,105</u>

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A31. Capital Adequacy (continue)

	The Group			
	30 June 2007 RM'000	31 March 2007* RM'000		
<u>Tier 2 capital</u>				
Irredeemable Convertible Unsecured Loan Stocks (ICULS)	300,000	–		
Innovative Tier 1 capital	270,693	276,826		
Subordinated term loan	460,000	460,000		
Subordinated bonds	600,000	600,000		
Exchangeable bonds	575,000	–		
General allowance for bad and doubtful debts and financing	717,687	713,051		
Total Tier 2 capital	<u>2,923,380</u>	<u>2,049,877</u>		
Maximum allowable Tier 2 capital	<u>2,688,206</u>	<u>2,049,877</u>		
Capital base	<u>5,487,856</u>	<u>4,811,982</u>		
	30 June 2007	31 March 2007		
	Principal RM'000	Risk - Weighted RM'000	Principal RM'000	Risk - Weighted RM'000
Notional risk-weighted assets				
Categories				
0%	9,188,412	–	9,836,538	–
10%	2,059	206	2,059	206
20%	4,451,664	890,333	5,678,318	1,135,664
50%	9,465,942	4,732,971	9,344,174	4,672,087
100%	<u>40,267,051</u>	<u>40,267,051</u>	<u>40,258,917</u>	<u>40,258,917</u>
Market Risk	63,375,128	45,890,561	65,120,006	46,066,874
	<u>–</u>	<u>1,073,736</u>	<u>–</u>	<u>673,104</u>
	<u>63,375,128</u>	<u>46,964,297</u>	<u>65,120,006</u>	<u>46,739,978</u>
Capital Ratios				
Core capital ratio		5.96%		5.91%
Risk-weighted capital ratio		<u>11.68%</u>		<u>10.29%</u>

* The capital ratios are compliance ratios, as such the comparative are not adjusted for prior year adjustments.

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A32. The following table shows the interest rate sensitivity gap, by time bands, on which interest rates of instruments are next repriced on a contractual basis or, if earlier, the dates on which the instruments mature.

30 June 2007	Non-Trading Book							Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000			
The Group										
ASSETS										
Cash and short-term funds	7,149,023	–	–	–	–	–	2,350,200	–	9,499,223	3.81
Deposits and placements with financial institutions	–	240,868	131,233	–	–	690,700	200	–	1,063,001	3.70
Securities held-for-trading	–	–	–	–	–	–	368,694	1,079,059	1,447,753	4.53
Securities available-for-sale	100,000	–	–	–	54,898	40,900	84,765	–	280,563	3.02
Securities held-to-maturity	1,373	–	100,853	120,664	317,415	524,439	74,813	–	1,139,557	2.73
Loans, advances and financing										
– Performing	12,755,135	673,021	1,517,172	256,048	7,032,619	13,230,386	6,342,815	–	41,807,196	6.82
– Non-performing	–	–	–	–	–	–	1,932,888	–	1,932,888	–
Other non-interest sensitive balances	–	–	–	–	–	–	3,404,067	–	3,404,067	–
TOTAL ASSETS	20,005,531	913,889	1,749,258	376,712	7,404,932	14,486,425	14,558,442	1,079,059	60,574,248	
LIABILITIES AND EQUITY										
Deposits from customers	12,168,526	4,331,645	4,443,859	6,649,999	3,390,152	–	6,925,689	–	37,909,870	3.32
Deposits and placements of banks and other financial institutions	4,602,411	2,625,399	789,575	507,034	540,258	1,657,500	2,660,498	–	13,382,675	3.72
Derivative financial liability	–	–	–	–	–	–	127,204	–	127,204	–
Bills and acceptances payables	274,074	330,425	445,615	–	–	–	419,468	–	1,469,582	3.61
Amount due to Cagamas Berhad	157,904	–	225,365	106,250	155,897	–	–	–	645,416	3.56
Subordinated term loan	–	–	–	–	460,000	–	–	–	460,000	6.88
Hybrid securities	–	–	–	–	–	658,862	–	–	658,862	6.68
Subordinated bonds	–	–	–	–	200,000	–	400,000	–	600,000	6.27
Exchangeable bonds	–	–	–	–	–	575,000	–	–	575,000	5.22
Irredeemable Convertible Unsecured Loan Stocks	–	–	–	–	–	134,065	–	–	134,065	5.75
Irredeemable Non-Cumulative Convertible Preference shares	–	–	–	–	–	150,000	–	–	150,000	–
Other non-interest sensitive balances	–	–	–	–	–	–	1,041,933	–	1,041,933	–
Total Liabilities	17,202,915	7,287,469	5,904,414	7,263,283	4,746,307	3,175,427	11,574,792	–	57,154,607	

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The Group	Non-Trading Book							Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
Total Liabilities	17,202,915	7,287,469	5,904,414	7,263,283	4,746,307	3,175,427	11,574,792	–	57,154,607	
Minority interests	–	–	–	–	–	–	54	–	54	
Shareholder's Equity	–	–	–	–	–	–	3,419,587	–	3,419,587	
TOTAL LIABILITIES AND EQUITY	<u>17,202,915</u>	<u>7,287,469</u>	<u>5,904,414</u>	<u>7,263,283</u>	<u>4,746,307</u>	<u>3,175,427</u>	<u>14,994,433</u>	<u>–</u>	<u>60,574,248</u>	
On-balance sheet interest sensitivity gap	2,802,616	(6,373,580)	(4,155,156)	(6,886,571)	2,658,625	11,310,998	(435,991)	1,079,059	–	
Off-balance sheet interest sensitivity gap	<u>1,962,979</u>	<u>6,527,000</u>	<u>(780,000)</u>	<u>(3,404,772)</u>	<u>(4,983,907)</u>	<u>678,700</u>	<u>–</u>	<u>–</u>	<u>–</u>	
Total interest sensitivity gap	<u>4,765,595</u>	<u>153,420</u>	<u>(4,935,156)</u>	<u>(10,291,343)</u>	<u>(2,325,282)</u>	<u>11,989,698</u>	<u>(435,991)</u>	<u>1,079,059</u>	<u>–</u>	

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The Group	Non-Trading Book						Non-interest sensitive RM'000	Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000				
ASSETS										
Cash and short-term funds	7,927,079	–	–	–	–	–	2,055,507	–	9,982,586	3.80
Deposits and placements with financial institutions	–	832,000	202,727	103,680	–	691,200	415,201	–	2,244,808	3.64
Securities held-for -trading	–	–	–	–	–	–	144,587	972,670	1,117,257	2.85
Securities available-for-sale	350,000	49,995	–	–	55,152	41,804	–	101,800	598,751	3.51
Securities held-to-maturity	–	–	–	–	406,059	595,505	116,035	–	1,117,599	2.68
Loans, advances and financing										
– Performing	12,338,768	645,413	1,430,721	227,183	6,982,770	13,403,856	6,259,581	–	41,288,292	6.85
– Non-performing	–	–	–	–	–	–	2,177,255	–	2,177,255	–
Other non-interest sensitive balances	–	–	–	–	–	–	3,550,950	–	3,550,950	–
TOTAL ASSETS	20,615,847	1,527,408	1,633,448	330,863	7,443,981	14,732,365	14,719,116	1,074,470	62,077,498	
LIABILITIES AND EQUITY										
Deposits from customers	11,084,120	4,968,367	4,201,753	6,723,767	3,678,364	–	6,479,487	–	37,135,858	3.33
Deposits and placements of banks and other financial institutions	5,236,620	3,383,123	2,018,254	388,885	800,498	1,657,500	2,668,819	–	16,153,699	3.71
Securities sold under repurchase agreements	444,319	–	–	–	–	–	–	–	444,319	3.23
Derivative financial liability	–	–	–	–	–	–	118,085	–	118,085	–
Bills and acceptances payables	278,359	547,637	188,967	–	–	–	446,614	–	1,461,577	3.57
Amount due to Cagamas Berhad	18,934	38,037	192,329	242,016	211,324	–	–	–	702,640	3.67
Subordinated term loan	–	–	–	–	460,000	–	–	–	460,000	6.87
Hybrid securities	–	–	–	–	–	684,167	–	–	684,167	6.80
Subordinated bonds	–	–	–	–	200,000	–	400,000	–	600,000	5.85
Other non-interest sensitive balances	–	–	–	–	–	–	1,223,710	–	1,223,710	–
Total Liabilities	17,062,352	8,937,164	6,601,303	7,354,668	5,350,186	2,341,667	11,336,715	–	58,984,055	
Minority interests	–	–	–	–	–	–	57	–	57	
Shareholder's Equity	–	–	–	–	–	–	3,093,386	–	3,093,386	
TOTAL LIABILITIES AND EQUITY	17,062,352	8,937,164	6,601,303	7,354,668	5,350,186	2,341,667	14,430,158	–	62,077,498	
On-balance sheet interest sensitivity gap	3,553,495	(7,409,756)	(4,967,855)	(7,023,805)	2,093,795	12,390,698	288,958	1,074,470	–	
Off-balance sheet interest sensitivity gap	2,551,357	6,920,000	(520,000)	(832,067)	(8,089,797)	(29,493)	–	–	–	
Total interest sensitivity gap	6,104,852	(489,756)	(5,487,855)	(7,855,872)	(5,996,002)	12,361,205	288,958	1,074,470	–	

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The Bank	Non-Trading Book						Non-interest sensitive	Trading Book	Total	Effective interest rate
	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	>1 to 5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS										
Cash and short-term funds	7,149,022	–	–	–	–	–	212,490	–	7,361,512	3.81
Deposits and placements with financial institutions	7,971	240,868	131,233	–	622	690,700	–	–	1,071,394	3.70
Securities held-for-trading	–	–	–	–	–	–	–	1,079,059	1,079,059	4.53
Securities available-for-sale	100,000	–	–	–	54,898	40,900	84,765	–	280,563	3.02
Securities held-to-maturity	1,373	–	100,853	120,664	317,415	524,439	74,596	–	1,139,340	2.73
Loans, advances and financing										
– Performing	12,755,135	673,021	1,517,172	256,048	7,032,619	13,230,386	–	–	35,464,381	6.82
– Non-performing	–	–	–	–	–	–	1,852,747	–	1,852,747	–
Other non-interest sensitive balances	–	–	–	–	–	–	3,639,624	–	3,639,624	–
TOTAL ASSETS	20,013,501	913,889	1,749,258	376,712	7,405,554	14,486,425	5,864,222	1,079,059	51,888,620	
LIABILITIES AND EQUITY										
Deposits from customers	12,187,668	4,331,645	4,443,859	6,649,999	3,390,252	–	1,966,872	–	32,970,295	3.32
Deposits and placements of banks and other financial institutions	4,610,382	2,625,399	789,575	507,034	540,880	1,657,500	147,040	–	10,877,810	3.72
Derivative financial liability	–	–	–	–	–	–	127,204	–	127,204	–
Bills and acceptances payables	274,074	330,425	445,615	–	–	–	–	–	1,050,114	3.61
Amount due to Cagamas Berhad	157,904	–	225,365	106,250	155,897	–	–	–	645,416	3.56
Subordinated term loans	–	–	–	–	460,000	658,862	–	–	1,118,862	6.76
Subordinated bonds	–	–	–	–	200,000	–	–	–	200,000	7.95
Exchangable bonds	–	–	–	–	–	575,000	–	–	575,000	5.22
Irredeemable Convertible										
– Unsecured Loan Stocks	–	–	–	–	–	134,065	–	–	134,065	5.75
Irredeemable Non-Cumulative										
– Convertible Preference shares	–	–	–	–	–	150,000	–	–	150,000	–
Other non-interest sensitive balances	–	–	–	–	–	–	918,381	–	918,381	–
Total Liabilities	17,230,028	7,287,469	5,904,414	7,263,283	4,747,029	3,175,427	3,159,497	–	48,767,147	

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The Bank	Non-Trading Book							Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
Total Liabilities	17,230,028	7,287,469	5,904,414	7,263,283	4,747,029	3,175,427	3,159,497	–	48,767,147	
Minority interests	–	–	–	–	–	–	–	–	–	
Shareholder's Equity	–	–	–	–	–	–	3,121,473	–	3,121,473	
TOTAL LIABILITIES AND EQUITY	17,230,028	7,287,469	5,904,414	7,263,283	4,747,029	3,175,427	6,280,970	–	51,888,620	
On-balance sheet interest sensitivity gap	2,783,473	(6,373,580)	(4,155,156)	(6,886,571)	2,658,525	11,310,998	(416,748)	1,079,059	–	
Off-balance sheet interest sensitivity gap	1,962,979	6,527,000	(780,000)	(3,404,772)	(4,983,907)	678,700	–	–	–	
Total interest sensitivity gap	4,746,452	153,420	(4,935,156)	(10,291,343)	(2,325,382)	11,989,698	(416,748)	1,079,059	–	

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The Bank	Non-Trading Book							Trading Book	Total	Effective interest rate
	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	>1 to 5 years	Over 5 years	Non-interest sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS										
Cash and short-term funds	7,927,079	–	–	–	–	–	202,216	–	8,129,295	3.80
Deposits and placements with financial institutions	7,971	832,000	202,727	103,680	–	691,822	–	–	1,838,200	3.64
Securities held-for-trading	–	–	–	–	–	–	–	972,646	972,646	2.85
Securities available-for-sale	350,000	49,995	–	–	55,152	41,804	–	101,800	598,751	3.51
Securities held-to-maturity	–	–	–	–	406,059	595,506	115,817	–	1,117,382	2.68
Loans, advances and financing										
– Performing	12,338,768	645,413	1,430,721	227,183	6,982,770	13,403,856	–	–	35,028,711	6.85
– Non-performing	–	–	–	–	–	–	2,066,867	–	2,066,867	–
Other non-interest sensitive balances	–	–	–	–	–	–	3,862,685	–	3,862,685	–
TOTAL ASSETS	20,623,818	1,527,408	1,633,448	330,863	7,443,981	14,732,988	6,247,585	1,074,446	53,614,537	
LIABILITIES AND SHAREHOLDER'S FUNDS										
Deposits from customers	11,100,994	4,968,367	4,201,753	6,723,767	3,678,364	–	1,808,433	–	32,481,678	3.33
Deposits and placements of banks and other financial institutions	5,244,591	3,383,123	2,018,254	388,885	801,120	1,657,500	115,252	–	13,608,725	3.71
Securities sold under repurchase agreements	444,319	–	–	–	–	–	–	–	444,319	3.23
Derivative financial liability	–	–	–	–	–	–	118,085	–	118,085	–
Bills and acceptances	278,359	547,637	188,967	–	–	–	–	–	1,014,963	3.57
Amount due to Cagamas Berhad	18,934	38,037	192,329	242,016	211,324	–	–	–	702,640	3.67
Subordinated term loans	–	–	–	–	460,000	684,167	–	–	1,144,167	6.83
Subordinated bonds	–	–	–	–	200,000	–	–	–	200,000	7.95
Other non-interest sensitive balances	–	–	–	–	–	–	1,068,469	–	1,068,469	–
Total Liabilities	17,087,197	8,937,164	6,601,303	7,354,668	5,350,808	2,341,667	3,110,239	–	50,783,046	
Shareholder's Funds	–	–	–	–	–	–	2,831,491	–	2,831,491	
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS	17,087,197	8,937,164	6,601,303	7,354,668	5,350,808	2,341,667	5,941,730	–	53,614,537	
On-balance sheet interest sensitivity gap	3,536,621	(7,409,756)	(4,967,855)	(7,023,805)	2,093,173	12,391,321	305,855	1,074,446	–	
Off-balance sheet interest sensitivity gap	2,551,357	6,920,000	(520,000)	(832,067)	(8,089,797)	(29,493)	–	–	–	
Total interest sensitivity gap	6,087,978	(489,756)	(5,487,855)	(7,855,872)	(5,996,624)	12,361,828	305,855	1,074,446	–	

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A33. Change in Accounting Policies

(a) Change in Accounting Policies in current financial period

During the financial quarter, the Group has adopted the revised FRS 117 Leases issued by MASB and BNM Revised Guidelines on derivative financial instruments that are transacted for the purposes of hedging, both of which are effective for the Group's annual reporting date, 31 March 2008 which have resulted in changes in accounting policies as follows:

(i) FRS 117: Leases

Prior to 1 April 2007, lease of land and buildings held for own use was classified as property and equipment and was stated at cost less accumulated depreciation and impairment loss. The adoption of the revised FRS 117 Leases in 2007 resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Under FRS 117, lease of land and buildings are classified as operating or finance leases in the same way as leases of other assets. The land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease. The up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and building element of the lease at the inception of the lease. The up-front payment represents prepaid land lease payment and is amortised on a straight-line basis over the remaining lease term.

The Group have applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 April 2007, the unamortised carrying amount of leasehold land is classified as prepaid land lease payments. The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively. Certain comparatives of the balance sheets of the Group as at 31 March 2007 have been restated. There were no effects on the income statements of the Group for the 1st quarter ended 30 June 2007.

(ii) BNM Revised Guidelines on Financial Reporting for Licensed Institutions

The Group adopted Bank Negara Malaysia's Revised Guidelines on Financial Reporting for Licensed Institutions dated 5 October 2004 on the accounting treatment of derivative financial instruments which are transacted for the purpose of hedging with effect from the Group's annual reporting date 31 March 2008.

Prior to 1 April 2007, the Group disclosed derivative financial instruments transacted for the purpose of hedging as off-balance sheet items as allowed by the BNM Revised Guidelines as an alternative accounting treatment until 31 March 2007. Thereafter, under the BNM Revised Guidelines, derivative financial instruments are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from the change in the fair value of the derivative instrument is recognised in the income statements. This change in accounting policy has been applied retrospectively for one financial year and certain comparative figures have been adjusted to conform with the requirements of the BNM Revised Guidelines.

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(iii) Changes in accounting policy in the fourth quarter of the previous financial year

During the 4th quarter of 2006, the Group adopted the BNM's Circular on Handling Fees dated 16 October 2006 which resulted in the Group capitalising handling fees paid for hire purchase loans in the Balance Sheet and amortising the amount in the Income Statement over the life of the loans with retrospective effect. Previously, such handling fees were expensed off in the Income Statement when incurred. The handling fees amount which was previously reported as operating expenses in the income statement has been reclassified and deducted from the interest income upon the change of this accounting policy. Certain comparative figures of the Group have been restated as set out below.

Effects on Balance Sheets as at 30 June 2007

Description of change	Increase / (Decrease)		
	FRS 117 RM'000	Guidelines on derivative financial instruments RM'000	Total RM'000
The Group			
Prepaid land lease payment	4,482	–	4,482
Property and equipment	(4,482)	–	(4,482)
Deferred tax assets	–	4,132	4,132
Derivative financial liabilities	–	9,119	9,119
Subordinated term loan	–	(25,009)	(25,009)
Unappropriated profits	–	11,759	11,759
The Bank			
Prepaid land lease payment	3,256	–	3,256
Property and equipment	(3,256)	–	(3,256)
Deferred tax assets	–	4,132	4,132
Derivative financial liabilities	–	9,119	9,119
Subordinated term loan	–	(25,009)	(25,009)
Unappropriated profits	–	11,759	11,759

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Effects on Income Statement for the period ended 30 June 2007 and 30 June 2006

	Individual Quarter		Cumulative Quarter	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
The Group				
Profit after taxation, before changes in accounting policies	114,129	85,201	114,129	85,201
Effects of adopting Revised BNM guidelines on derivative financial instruments	11,759	7,809	11,759	7,809
Effects of adopting BNM circular on Handling Fees	–	4,547	–	4,547
Profit after taxation, after changes in accounting policies	<u>125,888</u>	<u>97,557</u>	<u>125,888</u>	<u>97,557</u>
	Individual Quarter	Individual Quarter	Cumulative Quarter	Cumulative Quarter
	30 June	30 June	30 June	30 June
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
The Bank				
Profit after taxation, before changes in accounting policies	77,913	67,396	77,913	67,396
Effects of adopting Revised BNM guidelines on derivative financial instruments	11,759	7,809	11,759	7,809
Effects of adopting BNM circular on Handling Fees	–	3,388	–	3,388
Profit after taxation, after changes in accounting policies	<u>89,672</u>	<u>78,593</u>	<u>89,672</u>	<u>78,593</u>

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(b) Prior Year Adjustments

The following comparative figures as at 31 March 2007 and 30 June 2006 had been reclassified to conform with current period's presentation as a result of the adoption of the changes in accounting policies disclosed above:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
The Group			
Balance Sheet as at 31 March 2007			
Assets			
Property and equipment	181,948	(4,509)	177,439
Prepaid land lease payments	–	4,509	4,509
Deferred tax asset	826,975	30,815	857,790
Liabilities and equity			
Derivative financial liabilities	–	118,085	118,085
Reserves	2,570,292	(87,270)	2,483,022
Income Statement for the quarter ended 30 June 2006			
Interest Income	754,726	(21,019)	733,707
Net Income from Islamic Banking			
Business	122,758	(5,677)	117,081
Other Operating Income	60,621	8,474	69,095
Other Operating expenses	(225,710)	35,147	(190,563)
Share in results of associated company	42	(14)	28
Taxation	(36,268)	(4,555)	(40,823)
Profit after taxation	85,201	12,356	97,557
The Bank			
As at 31 March 2007			
Assets			
Property and equipment	154,322	(3,278)	151,044
Prepaid land lease payments	–	3,278	3,278
Deferred tax asset	600,017	30,815	630,832
Liabilities and equity			
Derivative financial liabilities	–	118,085	118,085
Reserves	2,308,397	(87,270)	2,221,127
Income Statement for the quarter ended 30 June 2006			
Interest Income	754,726	(21,019)	733,707
Other Operating Income	59,630	8,474	68,104
Other Operating expenses	(181,261)	27,883	(153,378)
Taxation	(25,195)	(4,141)	(29,336)
Profit after taxation	55,550	11,197	66,747