

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 September 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 SEPTEMBER 2007

	Note	The Group		The Bank	
		30 Sept 2007 RM'000	31 March 2007 RM'000	30 Sept 2007 RM'000	31 March 2007 RM'000
ASSETS					
Cash and short-term funds		8,010,664	9,982,586	6,429,781	8,129,295
Deposits and placements with banks and other financial institutions		997,702	2,244,808	956,295	1,838,200
Securities held-for-trading	A8	2,634,052	1,117,257	2,376,400	972,646
Securities available-for-sale	A9	251,261	598,751	251,261	598,751
Securities held-to-maturity	A10	1,128,280	1,117,599	1,128,062	1,117,382
Loans, advances and financing	A11	45,470,564	43,465,547	38,254,661	37,095,578
Other assets		849,900	818,077	761,331	820,125
Statutory deposit with Bank Negara Malaysia		1,650,049	1,638,008	1,396,049	1,389,008
Deferred tax assets		746,683	857,790	560,024	630,832
Investment in subsidiary companies		–	–	813,849	813,849
Investment in associated companies		686	651	137	137
Prepaid land lease payment		4,455	4,509	3,234	3,278
Property and equipment		166,041	177,439	140,285	151,044
Intangible assets		63,934	54,476	63,450	54,412
TOTAL ASSETS		<u>61,974,271</u>	<u>62,077,498</u>	<u>53,134,819</u>	<u>53,614,537</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 BALANCE SHEETS AS AT 30 SEPTEMBER 2007

	Note	The Group		The Bank	
		30 Sept 2007 RM'000	31 March 2007 RM'000	30 Sept 2007 RM'000	31 March 2007 RM'000
LIABILITIES AND EQUITY					
Deposits from customers	A12	39,414,446	37,135,858	34,225,503	32,481,678
Deposits and placements of banks and other financial institutions	A13	13,331,400	16,153,699	11,039,339	13,608,725
Derivative financial liabilities		75,477	118,085	75,477	118,085
Securities sold under repurchase agreements		–	444,319	–	444,319
Bills and acceptance payable		1,606,591	1,461,577	1,083,245	1,014,963
Amount due to Cagamas Berhad		452,304	702,640	452,304	702,640
Other liabilities		1,063,601	1,223,710	942,626	1,068,469
Subordinated term loan		460,000	460,000	1,137,485	1,144,167
Hybrid securities		677,484	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		58,540,368	58,984,055	50,015,044	50,783,046
Share capital		610,364	610,364	610,364	610,364
Reserves		2,823,488	2,483,022	2,509,411	2,221,127
Shareholder's Equity		3,433,852	3,093,386	3,119,775	2,831,491
Minority interests		51	57	–	–
Total Equity		3,433,903	3,093,443	3,119,775	2,831,491
TOTAL LIABILITIES AND EQUITY		61,974,271	62,077,498	53,134,819	53,614,537
COMMITMENTS AND CONTINGENCIES	A29	30,006,270	26,299,934	26,052,770	22,260,903
NET ASSETS PER ORDINARY SHARE (RM)		5.63	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.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL HALF-YEAR ENDED 30 SEPTEMBER 2007

The Group	Note	Individual Quarter		Cumulative Quarter	
		30 Sept 2007 RM'000	30 Sept 2006 RM'000	30 Sept 2007 RM'000	30 Sept 2006 RM'000
Revenue		<u>1,146,172</u>	<u>1,004,646</u>	<u>2,338,743</u>	<u>1,998,590</u>
Interest income	A14	864,748	816,823	1,742,515	1,550,530
Interest expense	A15	<u>(537,881)</u>	<u>(507,814)</u>	<u>(1,085,810)</u>	<u>(940,832)</u>
Net interest income		326,867	309,009	656,705	609,698
Net income from Islamic Banking business	A16	118,744	129,358	260,028	246,439
Other operating income	A17	<u>75,886</u>	<u>(14,437)</u>	<u>181,647</u>	<u>54,658</u>
Net income		521,497	423,930	1,098,380	910,795
Other operating expenses	A18	<u>(208,109)</u>	<u>(176,655)</u>	<u>(403,750)</u>	<u>(367,218)</u>
Operating profit		313,388	247,275	694,630	543,577
Allowance for losses on loans and financing	A19	(197,088)	(182,526)	(373,177)	(313,497)
Impairment loss	A20	<u>(13,268)</u>	<u>(27,850)</u>	<u>(28,149)</u>	<u>(54,829)</u>
Profit before share in results of associated company and taxation		103,032	36,899	293,304	175,251
Share in results in associated company		<u>50</u>	<u>(26)</u>	<u>35</u>	<u>2</u>
Profit before zakat and taxation		103,082	36,873	293,339	175,253
Zakat		(304)	–	(304)	–
Taxation	A21	<u>(81,479)</u>	<u>(37,178)</u>	<u>(145,848)</u>	<u>(78,001)</u>
Profit after zakat and taxation		<u>21,299</u>	<u>(305)</u>	<u>147,187</u>	<u>97,252</u>
Attributable to:					
Equity holder of the Bank		21,302	(304)	147,193	97,256
Minority interests		<u>(3)</u>	<u>(1)</u>	<u>(6)</u>	<u>(4)</u>
Profit after taxation		<u>21,299</u>	<u>(305)</u>	<u>147,187</u>	<u>97,252</u>
Earnings per share (sen)	A23				
Basic		3.39	(0.05)	22.80	15.93
Fully diluted		<u>2.77</u>	<u>–</u>	<u>19.48</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 FINANCIAL HALF-YEAR ENDED 30 SEPTEMBER 2007

The Bank Legal Entity	Note	Individual Quarter		Cumulative Quarter	
		30 Sept 2007 RM'000	30 Sept 2006 RM'000	30 Sept 2007 RM'000	30 Sept 2006 RM'000
Revenue		940,104	740,701	1,923,460	1,604,051
Interest income	A14	864,570	816,893	1,742,349	1,550,600
Interest expense	A15	(538,028)	(507,948)	(1,086,111)	(940,978)
Net interest income		326,542	308,945	656,238	609,622
Other operating income	A17	75,534	(14,653)	181,111	53,451
Net income		402,076	294,292	837,349	663,073
Other operating expenses	A18	(158,420)	(134,624)	(305,721)	(288,002)
Operating profit		243,656	159,688	531,628	375,071
Allowance for losses on loans and financing	A19	(165,696)	(142,172)	(303,069)	(234,474)
Impairment loss	A20	(13,268)	(27,848)	(28,149)	(54,866)
Profit before taxation		64,692	(10,352)	200,410	85,731
Taxation	A21	(59,353)	(18,191)	(105,399)	(47,527)
Profit from continuing operations		5,339	(28,543)	95,011	38,204
Profit from discontinued operations	A22	–	–	–	11,846
Profit for the period		5,339	(28,543)	95,011	50,050
Earnings per share (sen)	A23				
Basic					
For profit from continuing operations		1.01	(4.68)	14.83	6.26
For profit from discontinued operations		–	–	–	1.94
		1.01	(4.68)	14.83	8.20
Fully diluted					
For profit from continuing operations		0.83	–	12.67	–
For profit from discontinued operations		–	–	–	–
		0.83	–	12.67	–

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 FINANCIAL HALF-YEAR ENDED 30 SEPTEMBER 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	Unappropriated 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	–	–	–	–	–	–	(7,519)	–	–	(7,519)	
Profit for the period	–	–	–	–	–	–	–	147,193	(6)	147,187	
Balance as at 30 Sept 2007	610,364	200,792	710,660	633,222	349,050	377,492	(1,512)	553,784	51	3,433,903	

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 FINANCIAL HALF-YEAR ENDED 30 SEPTEMBER 2007

The Bank	← Attributable to Equity Holder of the Bank →							Total RM'000
	Share Capital RM'000	ICULS (equity component) RM'000	Non-distributable			Available For-Sale Reserve RM'000	Distributable	
			Share Premium RM'000	Statutory Reserve RM'000	Capital Reserve RM'000		Unapp- ropriated 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
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	–	–	–	–	–	(7,519)	–	(7,519)
Profit for the period	–	–	–	–	–	–	95,011	95,011
Balance as at 30 Sept 2007	610,364	200,792	710,660	585,832	–	(1,512)	1,013,639	3,119,775

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

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FINANCIAL HALF-YEAR ENDED 30 SEPTEMBER 2007

	The Group		The Bank	
	30 Sept 2007 RM'000	30 Sept 2006 RM'000	30 Sept 2007 RM'000	30 Sept 2006 RM'000
Profit before zakat and taxation	293,339	175,253	200,410	102,184
Adjustments for non-cash items	336,418	744,417	317,785	497,095
Operating Profit Before Working Capital Changes	629,757	919,670	518,195	599,279
Changes in working capital:				
Net changes in operating assets	(2,720,515)	(2,215,773)	(1,984,591)	(2,434,536)
Net changes in operating liabilities	(1,225,556)	(415,890)	(1,577,777)	58,546
Net assets vested to AmIslamic Bank Berhad	–	–	–	784,068
Tax (paid)/refund	87	–	266	–
Net Cash Generated From/(Used in) Operating Activities	(3,316,227)	(1,711,993)	(3,043,907)	(992,643)
Net Cash Generated From/(Used in) Investing Activities	319,305	1,465,792	319,393	(586,395)
Net Cash Generated From/(Used in) Financing Activities	1,025,000	202	1,025,000	202
Net Increase/(Decrease) In Cash And Cash Equivalents	(1,971,922)	(245,999)	(1,699,514)	(1,578,836)
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	8,010,664	7,071,899	6,429,781	5,724,507

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 allowances 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 quarter and period.

A4. Unusual Items

There were no unusual items during the current financial quarter and 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 quarter and period ended 30 September 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 the 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 September 2007 and no dividends were paid in the current financial period.

A8. Securities Held-for-trading

	The Group		The Bank	
	30 Sept 2007 RM'000	31 March 2007 RM'000	30 Sept 2007 RM'000	31 March 2007 RM'000
At fair value				
Money Market Securities:				
Islamic Treasury bills	4,921	214,745	–	166,303
Malaysian Government Securities	486,206	104,896	486,206	104,896
Malaysian Government Investment Certificates	181,833	39,736	146,644	–
Cagamas bonds	25,113	–	25,113	–
Cagamas Mudharabah Bearer Bonds	35,093	–	35,093	–
Negotiable instruments of deposit Bank Negara Malaysia Monetary Notes	982	–	982	–
	<u>302,937</u>	<u>167,330</u>	<u>200,962</u>	<u>167,330</u>
	<u>1,037,085</u>	<u>526,707</u>	<u>895,000</u>	<u>438,529</u>
Quoted Securities:				
Shares in Malaysia	106,891	123,325	106,807	123,301
	<u>106,891</u>	<u>123,325</u>	<u>106,807</u>	<u>123,301</u>
Unquoted Securities:				
Private debt securities	1,320,429	462,231	1,204,946	405,822
Guaranteed private debt securities	169,647	4,994	169,647	4,994
	<u>1,490,076</u>	<u>467,225</u>	<u>1,374,593</u>	<u>410,816</u>
Total securities held-for-trading	<u>2,634,052</u>	<u>1,117,257</u>	<u>2,376,400</u>	<u>972,646</u>

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A9. Securities Available-for-sale

	The Group		The Bank	
	30 Sept 2007 RM'000	31 March 2007 RM'000	30 Sept 2007 RM'000	31 March 2007 RM'000
At fair value				
Money Market Securities:				
Negotiable instruments of deposit	100,106	399,995	100,106	399,995
Quoted Securities In Malaysia:				
Quoted shares	24,542	33,927	24,542	33,927
Quoted shares with options and/or collateral	30,554	67,643	30,554	67,643
Quoted Securities Outside Malaysia:				
Quoted shares	154	229	154	229
Unquoted Securities In Malaysia:				
Private debt securities	95,905	96,957	95,905	96,957
Total securities available-for-sale	<u>251,261</u>	<u>598,751</u>	<u>251,261</u>	<u>598,751</u>

A10. Securities Held-to-maturity

	The Group		The Bank	
	30 Sept 2007 RM'000	31 March 2007 RM'000	30 Sept 2007 RM'000	31 March 2007 RM'000
At amortised cost				
Quoted Securities In Malaysia:				
Quoted shares	219	8,099	121	8,001
Quoted debt securities with options and/or collateral	453,090	418,571	453,090	418,571
Warrants	15	15	15	15
	<u>453,324</u>	<u>426,685</u>	<u>453,226</u>	<u>426,587</u>
Unquoted Securities In Malaysia:				
Unquoted shares	84,588	84,587	84,171	84,171
Unquoted Bonds	12,269	859	12,269	859
Unquoted debt securities	113,365	131,457	113,365	131,457
Unquoted debt securities with options and/or collateral	801,058	818,940	801,058	818,940
	<u>1,011,280</u>	<u>1,035,843</u>	<u>1,010,863</u>	<u>1,035,427</u>
Unquoted Securities Outside Malaysia:				
Shares	17	16	17	16
Total	1,464,621	1,462,544	1,464,106	1,462,030
Less: Accumulated impairment losses	(336,341)	(344,945)	(336,044)	(344,648)
Total securities held-to-maturity	<u>1,128,280</u>	<u>1,117,599</u>	<u>1,128,062</u>	<u>1,117,382</u>

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A11. Loans, Advances and Financing

	The Group		The Bank	
	30 Sept 2007 RM'000	31 March 2007 RM'000	30 Sept 2007 RM'000	31 March 2007 RM'000
Overdrafts	1,445,317	1,343,383	1,399,753	1,320,963
Term loan facilities				
– Housing loans/financing	11,166,439	11,074,856	10,329,188	10,218,542
– Hire-purchase receivables	29,684,271	28,552,294	21,821,397	20,665,214
– Other loans/financing	8,547,612	8,235,822	5,736,882	5,850,985
Credit card receivables	2,000,088	2,218,724	1,718,683	1,900,253
Bills receivables	25,362	17,765	20,293	10,905
Trust receipts	250,347	215,921	218,632	190,337
Claims on customers under acceptance credits	1,812,028	1,656,939	1,266,460	1,181,820
Revolving credits	1,461,688	1,385,432	1,379,981	1,314,677
Staff loans	158,585	159,849	158,585	159,849
Total	56,551,737	54,860,985	44,049,854	42,813,545
Unearned interest and income	(6,281,992)	(6,022,061)	(3,596,400)	(3,432,582)
	50,269,745	48,838,924	40,453,454	39,380,963
Less: Islamic financing sold to Cagamas Berhad	(2,211,462)	(2,718,833)	–	–
Gross loans, advances and financing	48,058,283	46,120,091	40,453,454	39,380,963
Allowance for bad and doubtful debts and financing:				
General	(742,424)	(713,761)	(597,889)	(574,763)
Specific	(1,845,295)	(1,940,783)	(1,600,904)	(1,710,622)
Net loans, advances and financing	<u>45,470,564</u>	<u>43,465,547</u>	<u>38,254,661</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 Sept 2007 RM'000	31 March 2007 RM'000	30 Sept 2007 RM'000	31 March 2007 RM'000
Domestic banking institutions	9,545	703	9,545	703
Domestic non-bank financial institutions	678,567	668,403	677,893	667,750
Domestic business enterprises				
– Small medium enterprises	4,854,122	4,592,600	4,302,337	4,073,959
– Others	6,575,926	6,278,504	5,830,981	5,688,351
Government and statutory bodies	76,328	82,174	54,998	60,995
Individuals	35,782,996	34,425,531	29,503,645	28,821,742
Other domestic entities	31,067	30,401	27,810	28,030
Foreign entities	49,732	41,775	46,245	39,433
Gross loans, advances and financing	<u>48,058,283</u>	<u>46,120,091</u>	<u>40,453,454</u>	<u>39,380,963</u>

A11b. By interest/profit rate sensitivity

	The Group		The Bank	
	30 Sept 2007 RM'000	31 March 2007 RM'000	30 Sept 2007 RM'000	31 March 2007 RM'000
Fixed rate				
– Housing loans/financing	2,614,666	3,107,892	2,187,603	2,677,486
– Hire purchase receivables	22,568,814	21,050,206	18,235,525	17,243,010
– Other fixed rate loan/financing	6,667,731	6,329,882	3,852,835	3,845,471
Variable rate				
– Base lending rate plus	14,619,859	14,165,941	14,616,380	14,165,941
– Cost plus	1,191,013	1,086,576	1,164,911	1,069,461
– Other variable rates	396,200	379,594	396,200	379,594
Gross loans, advances and financing	<u>48,058,283</u>	<u>46,120,091</u>	<u>40,453,454</u>	<u>39,380,963</u>

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A11. Loans, Advances and Financing (continued)**A11c. By loan purpose**

	The Group		The Bank	
	30 Sept 2007 RM'000	31 March 2007 RM'000	30 Sept 2007 RM'000	31 March 2007 RM'000
Purchase of securities	423,691	495,100	412,607	492,400
Purchase of transport vehicles	23,815,334	22,736,027	17,339,054	16,372,674
Purchase of landed property				
– Residential	10,814,076	10,726,030	10,385,523	10,293,915
– Non-residential	2,209,365	2,291,003	2,094,794	2,236,663
Purchase of fixed assets other than land and building	1,336,050	1,261,208	1,200,110	1,093,065
Personal use	1,839,110	1,646,300	322,773	315,515
Credit card	1,973,128	2,207,352	1,691,722	1,888,882
Purchase of consumer durables	4,355	4,648	3,051	3,289
Construction	290,909	328,316	287,131	325,812
Working capital	6,559,456	6,112,483	5,767,672	5,390,733
Other purpose	1,004,271	1,030,457	949,017	968,015
	50,269,745	48,838,924	40,453,454	39,380,963
Less: Islamic financing sold to Cagamas Berhad	(2,211,462)	(2,718,833)	–	–
Gross loans, advances and financing	<u>48,058,283</u>	<u>46,120,091</u>	<u>40,453,454</u>	<u>39,380,963</u>

A11d. Non-performing loans by purpose

	The Group		The Bank	
	30 Sept 2007 RM'000	31 March 2007 RM'000	30 Sept 2007 RM'000	31 March 2007 RM'000
Purchase of securities	137,163	139,249	136,128	138,008
Purchase of transport vehicles	638,290	806,759	377,072	554,728
Purchase of landed property				
– Residential	1,103,432	1,372,806	1,018,133	1,274,591
– Non-residential	579,828	764,376	550,359	728,290
Purchase of fixed assets other than land and building	83,512	62,217	71,376	52,330
Personal use	39,513	50,004	39,093	49,029
Credit card	99,009	216,850	83,409	162,239
Purchase of consumer durables	450	327	450	327
Construction	122,865	166,814	120,361	164,310
Working capital	982,116	952,330	956,388	933,986
Other purpose	177,696	300,067	173,873	294,414
	<u>3,963,874</u>	<u>4,831,799</u>	<u>3,526,642</u>	<u>4,352,252</u>

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

	The Group		The Bank	
	30 Sept 2007 RM'000	31 March 2007 RM'000	30 Sept 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	872,667	1,800,547	729,981	1,577,054
Reclassification to performing loans, advances and financing	(597,996)	(809,969)	(511,950)	(767,214)
Amount recovered	(272,401)	(383,958)	(224,225)	(304,775)
Debt equity conversion	(53,918)	(6,182)	(53,918)	(6,182)
Amount written off	(408,464)	(761,489)	(357,685)	(628,505)
Sale of non-performing loans	(407,813)	–	(407,813)	–
Amount vested to subsidiary company	–	–	–	(510,976)
Balance at end of period/year	3,963,874	4,831,799	3,526,642	4,352,252
Less: Specific allowance	(1,845,295)	(1,940,783)	(1,600,904)	(1,710,622)
Non-performing loans and financing – net	<u>2,118,579</u>	<u>2,891,016</u>	<u>1,925,738</u>	<u>2,641,630</u>
Gross financing, advances and other loans	48,058,283	46,120,091	40,453,454	39,380,963
Add: Islamic financing sold to Cagamas Berhad	<u>2,211,462</u>	<u>2,718,833</u>	–	–
	50,269,745	48,838,924	40,453,454	39,380,963
Less: Specific allowance	<u>(1,845,295)</u>	<u>(1,940,783)</u>	<u>(1,600,904)</u>	<u>(1,710,622)</u>
Net financing, advances and other loans (including Islamic financing sold to Cagamas Berhad)	<u>48,424,450</u>	<u>46,898,141</u>	<u>38,852,550</u>	<u>37,670,341</u>
Ratio of net non-performing loans and financing	<u>4.38%</u>	<u>6.16%</u>	<u>4.96%</u>	<u>7.01%</u>

On 28 September 2007, the Bank entered into a sale and purchase agreement with Neptune ABS One Berhad ("Neptune One"), for the proposed sale of second tranche of corporate non-performing loans for a total cash consideration of RM124,778,006 to Neptune One by way of securitisation. Upon completion of the sale, the Group non-performing loans (net) ratio will further reduce to 4.28% from 4.38% as at 30 September 2007.

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A11. Loans, Advances and Financing (continued)

A11f. Movements in the allowance for bad and doubtful debts (and financing) accounts are as follows:

	The Group		The Bank	
	30 Sept 2007 RM'000	31 March 2007 RM'000	30 Sept 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	28,663	56,967	23,126	49,502
– Discontinued operations	–	–	–	775
Amount vested to subsidiary company	–	–	–	(132,308)
Balance at end of period/year	<u>742,424</u>	<u>713,761</u>	<u>597,889</u>	<u>574,763</u>
% of total loans less specific allowance	<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	714,457	2,029,923	593,487	1,729,271
– Discontinued operations	–	–	–	18,509
Amount written back in respect of recoveries during the period/year				
– Continuing operations	(218,658)	(383,975)	(171,924)	(295,188)
– Discontinued operations	–	–	–	(7,732)
Net charge to income statements	495,799	1,645,948	421,563	1,444,860
Debt equity conversion	(8,144)	(3,182)	(8,144)	(3,182)
Amount written off/ Adjustment to Asset Deficiency Account	(399,393)	(745,541)	(339,387)	(620,567)
Amount vested to subsidiary company	–	–	–	(154,047)
Sale of non-performing loans	<u>(183,750)</u>	<u>–</u>	<u>(183,750)</u>	<u>–</u>
Balance at end of period/year	<u>1,845,295</u>	<u>1,940,783</u>	<u>1,600,904</u>	<u>1,710,622</u>

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A12. Deposits from Customers

	The Group		The Bank	
	30 Sept 2007 RM'000	31 March 2007 RM'000	30 Sept 2007 RM'000	31 March 2007 RM'000
Current deposits	2,583,128	2,160,052	2,133,459	1,806,032
Savings deposits	3,206,202	3,160,423	2,473,073	2,492,693
Other deposits	1,823,080	634,217	1,823,081	634,217
Fixed/Investment deposits	31,482,882	31,164,516	27,483,173	27,538,634
Negotiable certificates of deposits	319,154	16,650	312,717	10,102
	<u>39,414,446</u>	<u>37,135,858</u>	<u>34,225,503</u>	<u>32,481,678</u>
<u>By type of customer</u>				
Individuals	23,157,146	22,993,524	21,665,141	21,573,627
Business enterprises	10,932,226	9,288,795	8,971,484	7,686,515
Government and other statutory bodies	4,574,671	4,139,864	3,052,436	2,711,873
Others	750,403	713,675	536,442	509,663
	<u>39,414,446</u>	<u>37,135,858</u>	<u>34,225,503</u>	<u>32,481,678</u>

A13. Deposits and Placements of Banks and Other Financial Institutions

	The Group		The Bank	
	30 Sept 2007 RM'000	31 March 2007 RM'000	30 Sept 2007 RM'000	31 March 2007 RM'000
Licensed banks	1,463,673	2,560,370	1,323,413	2,397,952
Licensed merchant banks	4,291,985	5,124,316	3,446,862	4,080,536
Non-banking institutions	6,292,236	7,199,793	4,988,334	5,869,102
Bank Negara Malaysia ("BNM")	1,283,506	1,269,220	1,280,730	1,261,135
	<u>13,331,400</u>	<u>16,153,699</u>	<u>11,039,339</u>	<u>13,608,725</u>

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A14. Interest Income

	Individual Quarter		Cumulative Quarter	
	30 Sept 2007 RM'000	30 Sept 2006 RM'000	30 Sept 2007 RM'000	30 Sept 2006 RM'000
<u>The Group</u>				
Loans and advances				
– Interest income other than recoveries from NPLs	629,765	583,841	1,249,834	1,120,628
– Recoveries from NPLs	63,374	51,940	128,343	131,102
Money at call and deposits placements with financial institutions	70,845	68,148	163,991	132,093
Securities held-for-trading	18,125	5,403	27,697	18,946
Securities available-for-sale	2,649	5,704	5,296	6,791
Securities held-to-maturity	11,643	26,567	19,091	45,437
Others	100,195	104,008	202,437	162,381
	<u>896,596</u>	<u>845,611</u>	<u>1,796,689</u>	<u>1,617,378</u>
Interest suspended	(31,741)	(28,883)	(55,224)	(66,264)
Amortisation of premiums less accretion of discounts	<u>(107)</u>	<u>95</u>	<u>1,050</u>	<u>(584)</u>
	<u>864,748</u>	<u>816,823</u>	<u>1,742,515</u>	<u>1,550,530</u>
<u>The Bank</u>				
Loans and advances				
– Interest income other than recoveries from NPLs	629,765	578,058	1,249,834	1,120,628
– Recoveries from NPLs	63,374	60,670	128,343	131,102
Money at call, deposits and placements with financial institutions	70,666	68,218	163,824	132,163
Securities held-for-trading	18,125	5,403	27,697	18,946
Securities available-for-sale	2,649	5,704	5,296	6,791
Securities held-to-maturity	11,643	26,567	19,091	45,437
Others	100,196	104,008	202,438	162,381
	<u>896,418</u>	<u>848,628</u>	<u>1,796,523</u>	<u>1,617,448</u>
Interest suspended	(31,741)	(31,830)	(55,224)	(66,264)
Amortisation of premiums less accretion of discounts	<u>(107)</u>	<u>95</u>	<u>1,050</u>	<u>(584)</u>
	<u>864,570</u>	<u>816,893</u>	<u>1,742,349</u>	<u>1,550,600</u>

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A15. Interest Expense

	Individual Quarter		Cumulative Quarter	
	30 Sept 2007 RM'000	30 Sept 2006 RM'000	30 Sept 2007 RM'000	30 Sept 2006 RM'000
<u>The Group</u>				
Deposits from customers	268,202	244,022	543,347	478,750
Deposits and placements of banks and other financial institutions	106,524	99,852	221,348	182,352
Recourse obligation of loans sold to Cagamas Berhad	4,600	13,223	10,600	28,003
Subordinated term loans and bonds	11,978	23,120	23,827	45,988
Exchangeable bonds	7,566	–	11,184	–
Hybrid securities	11,747	12,425	23,342	25,025
Irredeemable Convertible Unsecured Loan Stocks	1,943	–	2,872	–
Others	125,321	115,172	249,290	180,714
	<u>537,881</u>	<u>507,814</u>	<u>1,085,810</u>	<u>940,832</u>
<u>The Bank</u>				
Deposits from customers	268,488	244,010	543,633	478,750
Deposits and placements of banks and other financial institutions	106,596	99,998	221,420	182,498
Recourse obligation of loans sold to Cagamas Berhad	4,600	13,223	10,600	28,003
Subordinated term loans and bonds	23,726	35,545	47,170	71,013
Exchangeable bonds	7,566	–	11,184	–
Irredeemable Convertible Unsecured Loan Stocks	1,943	–	2,872	–
Others	125,109	115,172	249,232	180,714
	<u>538,028</u>	<u>507,948</u>	<u>1,086,111</u>	<u>940,978</u>

A16. Net Income from Islamic Banking Business

	Individual Quarter		Cumulative Quarter	
	30 Sept 2007 RM'000	30 Sept 2006 RM'000	30 Sept 2007 RM'000	30 Sept 2006 RM'000
<u>The Group</u>				
Income derived from investment of depositors' funds and others	169,207	170,448	340,895	332,038
Income derived from investment of shareholders' funds	36,510	31,741	73,865	61,293
Transfer from/(to) profit equalisation reserve	2,326	15,470	28,209	20,315
Income attributable to the depositors	(83,824)	(88,301)	(171,354)	(167,207)
Finance cost	(5,475)	–	(11,587)	–
	<u>118,744</u>	<u>129,358</u>	<u>260,028</u>	<u>246,439</u>

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A17. Other Operating Income

	Individual Quarter		Cumulative Quarter	
	30 Sept 2007 RM'000	30 Sept 2006 RM'000	30 Sept 2007 RM'000	30 Sept 2006 RM'000
The Group				
(a) Fee Income:				
Commissions	11,549	9,272	21,625	17,268
Guarantee fees	3,472	2,030	5,959	3,247
Other fee income	28,547	26,000	57,422	50,008
	<u>43,568</u>	<u>37,302</u>	<u>85,006</u>	<u>70,523</u>
(b) Investment income:				
Net gain/(loss) on sale of securities held-for-trading	6,675	1,481	20,200	1,408
Net gain/(loss) on sale of securities available-for-sale	1,213	1,730	21,914	17,742
Net gain/(loss) on sale of securities held-to-maturity	4,495	9,139	7,473	9,267
Gain/(loss) on revaluation of securities held-for-trading	(13,972)	2,359	(10,129)	(2,212)
Gain/(loss) on revaluation of derivatives held-for-hedging	24,408	(73,303)	40,299	(62,606)
Gross dividend income from:				
Securities held-for-trading	1,418	1,064	2,833	1,823
Securities available-for-sale	774	666	774	4,893
Securities held-to-maturity	2,336	–	4,657	1,058
	<u>27,347</u>	<u>(56,864)</u>	<u>88,021</u>	<u>(28,627)</u>
(c) Other Income:				
Gain on disposal of foreclosed properties	1,036	–	–	1,840
Rental income	5	2,141	1,830	4,246
Gain on disposal of property and equipment	–	68	12	1,049
Foreign exchange gain	3,930	2,910	6,778	5,612
Other operating income	–	6	–	15
	<u>4,971</u>	<u>5,125</u>	<u>8,620</u>	<u>12,762</u>
	<u><u>75,886</u></u>	<u><u>(14,437)</u></u>	<u><u>181,647</u></u>	<u><u>54,658</u></u>

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A17. Other Operating Income (continued)

	Individual Quarter		Cumulative Quarter	
	30 Sept 2007 RM'000	30 Sept 2006 RM'000	30 Sept 2007 RM'000	30 Sept 2006 RM'000
The Bank				
(a) Fee Income:				
Commissions	11,549	9,272	21,625	17,268
Guarantee fees	3,472	2,030	5,959	3,247
Other fee income	28,492	25,937	57,293	49,945
	<u>43,513</u>	<u>37,239</u>	<u>84,877</u>	<u>70,460</u>
(b) Investment income:				
Net gain/(loss) on sale of securities held-for-trading	6,675	1,481	20,200	1,408
Net gain on sale of securities available-for-sale	1,212	1,730	21,913	17,742
Net gain on sale of securities held-to-maturity	4,495	9,139	7,473	9,267
Gain/(loss) on revaluation of securities held-for-trading	(14,033)	2,359	(10,190)	(2,212)
Gain/(loss) on revaluation of derivatives held-for-hedging	24,408	(73,303)	40,299	(62,606)
Gross dividend income from:				
Securities held-for-trading	1,418	1,064	2,833	1,823
Securities available-for-sale	775	666	775	4,893
Securities held-to-maturity	2,336	–	4,657	1,058
	<u>27,286</u>	<u>(56,864)</u>	<u>87,960</u>	<u>(28,627)</u>
(c) Other Income:				
Gain on disposal of foreclosed properties	–	–	–	1,840
Rental income	827	1,993	1,506	3,940
Gain on disposal of property and equipment	(1)	69	1	226
Foreign exchange gain	3,909	2,910	6,767	5,612
	<u>4,735</u>	<u>4,972</u>	<u>8,274</u>	<u>11,618</u>
	<u>75,534</u>	<u>(14,653)</u>	<u>181,111</u>	<u>53,451</u>

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A18. Other Operating Expenses

	Individual Quarter		Cumulative Quarter	
	30 Sept 2007 RM'000	30 Sept 2006 RM'000	30 Sept 2007 RM'000	30 Sept 2006 RM'000
<u>The Group</u>				
Personnel costs				
– Salaries, allowances and bonuses	94,938	89,038	191,632	180,751
– Others	5,522	8,442	11,050	12,993
Establishment costs				
– Depreciation	9,133	9,554	19,126	22,190
– Rental	11,660	7,382	23,024	14,525
– Cleaning, maintenance & security	5,516	4,670	9,725	9,424
– Computerisation cost	12,848	10,479	20,022	22,228
– Others	4,783	3,862	9,385	8,064
– Amortisation of Intangible assets	5,231	4,368	9,872	9,924
– Amortisation of prepaid land lease payments	54	–	54	–
Marketing and communication expenses				
– Commission	1,872	1,230	3,418	2,931
– Advertising & marketing expenses	17,364	9,629	28,905	23,925
– Communication	12,177	12,103	24,345	22,697
– Others	1,999	1,774	3,792	3,381
Administration and general expenses				
– Professional services	11,057	12,321	25,300	21,005
– Others	13,955	1,803	24,100	13,180
	<u>208,109</u>	<u>176,655</u>	<u>403,750</u>	<u>367,218</u>
<u>The Bank</u>				
Personnel costs				
– Salaries, allowances and bonuses	93,538	87,926	188,981	178,598
– Others	5,397	8,381	10,826	12,927
Establishment costs				
– Depreciation	8,997	9,429	18,850	21,938
– Rental	11,949	7,808	23,627	15,757
– Cleaning, maintenance & security	5,303	4,571	9,396	9,118
– Computerisation cost	12,780	10,453	19,857	22,087
– Others	4,574	3,678	9,058	7,689
– Amortisation of Intangible assets	5,205	4,368	9,842	9,924
– Amortisation of prepaid land lease payments	44	–	44	–
Marketing and communication expenses				
– Commission	1,872	1,232	3,418	2,933
– Advertising & marketing expenses	15,779	8,082	25,902	20,742
– Communication	11,834	11,216	23,324	22,408
– Others	1,988	1,763	3,775	3,360
Administration and general expenses				
– Professional services	10,196	12,240	23,811	20,771
– Others	11,987	761	20,324	10,697
Shared service cost recoveries (Subsidiary)	(43,023)	(37,284)	(85,314)	(61,395)
Shared service cost recoveries (SPI Operations)	–	–	–	(9,552)
	<u>158,420</u>	<u>134,624</u>	<u>305,721</u>	<u>288,002</u>

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A19. Allowance for Losses on Loans, Advances and Financing

	Individual Quarter		Cumulative Quarter	
	30 Sept 2007 RM'000	30 Sept 2006 RM'000	30 Sept 2007 RM'000	30 Sept 2006 RM'000
<u>The Group</u>				
Allowance for bad and doubtful debts and financing:				
Specific allowance (net)				
– made in the financial year	374,026	307,344	714,457	606,229
– written back	(126,729)	(94,525)	(218,658)	(186,610)
General allowance	24,027	21,598	28,663	27,751
Bad debts and financing recovered	(74,236)	(51,891)	(150,676)	(122,508)
Amount recovered from Danaharta	–	–	(609)	(11,365)
	<u>197,088</u>	<u>182,526</u>	<u>373,177</u>	<u>313,497</u>
<u>The Bank</u>				
Continuing operations				
Allowance for bad and doubtful debts and financing:				
Specific allowance (net)				
– made in the financial year	318,813	246,327	593,487	484,675
– written back	(101,317)	(73,098)	(171,924)	(143,386)
General allowance	17,366	17,890	23,126	21,518
Bad debts and financing recovered	(69,166)	(48,947)	(141,011)	(116,968)
Amount recovered from Danaharta	–	–	(609)	(11,365)
	<u>165,696</u>	<u>142,172</u>	<u>303,069</u>	<u>234,474</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
– written back	–	–	–	(7,732)
General allowance	–	–	–	775
Bad debts and financing recovered	–	–	–	(605)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>10,947</u>

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A20. Impairment (loss)/written back

	Individual Quarter		Cumulative Quarter	
	30 Sept 2007 RM'000	30 Sept 2006 RM'000	30 Sept 2007 RM'000	30 Sept 2006 RM'000
<u>The Group</u>				
Securities	(11,386)	(25,583)	(19,170)	(49,498)
Impairment on amount recoverable under asset-backed securitisation transaction	–	(2,000)	(7,000)	(5,000)
Sundry receivables	(1,882)	(267)	(1,979)	(331)
	<u>(13,268)</u>	<u>(27,850)</u>	<u>(28,149)</u>	<u>(54,829)</u>
<u>The Bank</u>				
Securities	(11,386)	(25,581)	(19,170)	(49,535)
Impairment on amount recoverable under asset-backed securitisation transaction	–	(2,000)	(7,000)	(5,000)
Sundry receivables	(1,882)	(267)	(1,979)	(331)
	<u>(13,268)</u>	<u>(27,848)</u>	<u>(28,149)</u>	<u>(54,866)</u>

A21. Taxation

	Individual Quarter		Cumulative Quarter	
	30 Sept 2007 RM'000	30 Sept 2006 RM'000	30 Sept 2007 RM'000	30 Sept 2006 RM'000
<u>The Group</u>				
Estimated current tax payable	95	133	158	180
Net transfer from deferred taxation	81,384	37,593	145,964	75,966
	<u>81,479</u>	<u>37,726</u>	<u>146,122</u>	<u>76,146</u>
Tax recovered in respect of prior year	–	(548)	(266)	(548)
Prior year tax expense in respect of business vested over	–	–	(8)	2,403
	<u>81,479</u>	<u>37,178</u>	<u>145,848</u>	<u>78,001</u>
<u>The Bank</u>				
Taxation on profit from continuing operations				
Net transfer from deferred taxation	59,353	18,739	105,665	45,672
Tax recovered in respect of prior year	–	(548)	(266)	(548)
Prior year tax expense in respect of business vested over	–	–	–	2,403
	<u>59,353</u>	<u>18,191</u>	<u>105,399</u>	<u>47,527</u>

The total tax charge of the Group and the Bank for the period ended 30 September 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% for year of assessment ("YA") 2008, 26.0% to 25.0% for YA2009 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><u>8,543,535</u></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><u>784,068</u></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 corresponding quarter in the previous year was 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 was as follows:

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

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A23. Earnings Per Share (EPS)**Basic**

	Individual Quarter		Cumulative Quarter	
	30 Sept 2007 RM'000'000	30 Sept 2006 RM'000'000	30 Sept 2007 RM'000'000	30 Sept 2006 RM'000'000
<u>The Group</u>				
Net profit attributable to shareholder of the Bank	21,299	(305)	147,187	97,252
Effect of savings on interest on ICULS (net of tax)	1,438	–	2,125	–
	<u>22,737</u>	<u>(305)</u>	<u>149,312</u>	<u>97,252</u>
Number of ordinary shares at beginning of year	610,364	610,364	610,364	610,364
Effect of the conversion of ICULS	60,000	–	44,590	–
Weighted average number of ordinary shares in issue	<u>670,364</u>	<u>610,364</u>	<u>654,954</u>	<u>610,364</u>
Basic earnings per share (sen)	<u>3.39</u>	<u>(0.05)</u>	<u>22.80</u>	<u>15.93</u>
<u>The Bank</u>				
Basic, for profit from continuing operations				
Net profit attributable to shareholders of the Bank	5,339	(28,543)	95,011	38,204
Effect of savings on interest on ICULS (net of tax)	1,438	–	2,125	–
	<u>6,777</u>	<u>(28,543)</u>	<u>97,136</u>	<u>38,204</u>
Number of ordinary shares at beginning of year	610,364	610,364	610,364	610,364
Effect of the conversion of ICULS	60,000	–	44,590	–
Weighted average number of ordinary shares in issue	<u>670,364</u>	<u>610,364</u>	<u>654,954</u>	<u>610,364</u>
Basic earnings per share (sen)	<u>1.01</u>	<u>(4.68)</u>	<u>14.83</u>	<u>6.26</u>
<u>The Bank</u>				
Basic, for profit from discontinued operations				
Net profit attributable to shareholders of the Bank	–	–	–	11,846
Number of ordinary shares at beginning of year	–	–	–	610,364
Effect of the conversion of ICULS	–	–	–	–
Weighted average number of ordinary shares in issue	<u>–</u>	<u>–</u>	<u>–</u>	<u>610,364</u>
Basic earnings per share (sen)	<u>–</u>	<u>–</u>	<u>–</u>	<u>1.94</u>

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Fully diluted

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	
	30 Sept 2007 RM'000/000	30 Sept 2006 RM'000/000	30 Sept 2007 RM'000/000	30 Sept 2006 RM'000/000
<u>The Group</u>				
Net profit attributable to shareholder of the Bank (as in (a) above)	22,737	–	149,312	–
Weighted average number of ordinary shares in issue (as in (a) above)	670,364	–	654,954	–
Adjusted for the effect of the INCPS	150,000	–	111,475	–
Adjusted weighted average number of ordinary shares in issue	820,364	–	766,429	–
Fully diluted earnings per share (sen)	2.77	–	19.48	–
<u>The Bank</u>				
For profit from continuing operations				
Net profit attributable to shareholder of the Bank (as in (a) above)	6,777	–	97,136	–
Weighted average number of ordinary shares in issue (as in (a) above)	670,364	–	654,954	–
Adjusted for the effect of the INCPS	150,000	–	111,475	–
Weighted average number of ordinary shares in issue	820,364	–	766,429	–
Fully diluted earnings per share (sen)	0.83	–	12.67	–

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A24a. Performance Review for the half-year ended 30 September 2007

The Group registered a pre-tax profit of RM293.3 million, a 67% increase from the pre-tax profit of RM175.2 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 operating expenses.

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 current 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 and leveraging on the ANZ partnership will enable the Group to take advantage of the growth opportunity and register an improvement in profit.

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

The Group 30 Sept 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)	1,742,349	–	–	–	1,742,349
Fee income	84,877	–	128	–	85,005
Investment & other operating income	96,234	–	222	–	96,456
Income from Islamic Banking Financing income	–	394,891	–	–	394,891
Investment and Fees on financing	–	19,869	–	–	19,869
Others (Subsidiaries) – Rental	–	–	173	–	173
	<u>1,923,460</u>	<u>414,760</u>	<u>523</u>	<u>–</u>	<u>2,338,743</u>
<u>Inter-segment revenue</u>					
Interest Income (net of IIS)	–	–	23,811	(23,811)	–
Others (Subsidiaries) – Rental	–	–	947	(947)	–
	<u>–</u>	<u>–</u>	<u>24,758</u>	<u>(24,758)</u>	<u>–</u>
Total revenue	<u>1,923,460</u>	<u>414,760</u>	<u>25,281</u>	<u>(24,758)</u>	<u>2,338,743</u>
Results					
Profit before share in results of associated company and taxation	200,410	91,751	1,160	(17)	293,304
Share of profits of associated company	–	–	–	35	35
Profit before zakat and taxation	200,410	91,751	1,160	18	293,339
Zakat	–	(304)	–	–	(304)
Taxation	(105,399)	(40,299)	(150)	–	(145,848)
Profit after zakat and taxation	95,011	51,148	1,010	18	147,187
Total Assets	53,134,819	9,640,268	771,727	(1,572,543)	61,974,271

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

The Group 30 Sept 2006	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)	1,550,600	–	–	–	1,550,600
Fee income	70,460	–	61	–	70,521
Investment & other operating income	(17,009)	–	998	–	(16,011)
Income from Islamic Banking					
Financing income	–	377,497	–	–	377,497
Investment and Fees on financing	–	15,836	–	–	15,836
Others (Subsidiaries) – Rental	–	–	147	–	147
	<u>1,604,051</u>	<u>393,333</u>	<u>1,206</u>	<u>–</u>	<u>1,998,590</u>
<u>Inter-segment revenue</u>					
Interest income (net of IIS)	–	–	24,709	(24,709)	–
Others (Subsidiaries) – Rental	–	–	1,375	(1,375)	–
	<u>–</u>	<u>–</u>	<u>26,084</u>	<u>(26,084)</u>	<u>–</u>
Total revenue	<u>1,604,051</u>	<u>393,333</u>	<u>27,290</u>	<u>(26,084)</u>	<u>1,998,590</u>
Results					
Profit before share in results of associated company and taxation	85,731	87,848	1,651	21	175,251
Share of profits of associated company	–	–	–	2	2
Profit before zakat and taxation	<u>85,731</u>	<u>87,848</u>	<u>1,651</u>	<u>23</u>	<u>175,253</u>
Taxation	(47,527)	(30,294)	(180)	–	(78,001)
Profit after zakat and taxation	<u>38,204</u>	<u>57,554</u>	<u>1,471</u>	<u>23</u>	<u>97,252</u>
Total Assets	<u>48,703,443</u>	<u>8,446,062</u>	<u>822,552</u>	<u>(1,651,627)</u>	<u>56,320,430</u>

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 quarter and period ended 30 September 2007.

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A29. Commitments and Contingencies

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:

<u>The Group</u>	As at 30 Sept 2007			As at 31 March 2007		
	Principal Amount RM'000	Equivalent Amount* RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Equivalent Amount* RM'000	Risk Weighted Amount RM'000
Direct credit substitutes	995,029	995,029	903,698	703,510	703,510	613,274
Certain transaction- related contingent items	457,157	228,579	228,579	375,291	187,646	187,646
Short-term self-liquidating trade-related contingencies	338,639	67,728	67,728	283,789	56,757	56,757
Obligations under underwriting agreements	1,070,000	535,000	535,000	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	12,391,188	–	–	9,027,360	–	–
– maturing more than one year	1,048,866	524,433	524,433	1,033,415	516,708	516,708
Foreign exchange related contracts:						
– less than one year	1,359,394	20,370	4,670	1,356,741	25,085	6,158
Interest rate swap contracts:						
– maturing within one year	5,933,889	13,913	2,783	1,432,067	2,790	558
– maturing more than one year to less than five years	3,444,930	44,990	8,998	8,489,797	111,428	22,286
– maturing more than five years	684,800	129,692	25,938	732,693	57,371	11,474
Forward purchase commitments:						
– less than one year	49,981	49,981	49,981	–	–	–
Islamic financing sold to Cagamas Berhad with recourse	2,161,823	2,161,823	2,161,823	2,718,833	2,718,833	2,718,833
Other commitments	70,324	–	–	126,188	–	–
Total	30,006,270	4,771,788	4,513,881	26,299,934	4,390,378	4,143,944

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A29. Commitments and Contingencies (continued)

<u>The Bank</u>	As at 30 Sept 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	862,109	862,109	776,409	583,562	583,562	510,737
Certain transaction- related contingent items	407,792	203,896	203,896	330,273	165,137	165,137
Short-term self-liquidating trade-related contingencies	267,426	53,485	53,485	209,612	41,922	41,922
Obligations under underwriting agreements	1,070,000	535,000	535,000	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	10,902,369	–	–	8,005,411	–	–
– maturing more than one year	1,011,101	505,551	505,551	1,018,327	509,164	509,164
Foreign exchange related contracts:						
– less than one year	1,359,394	20,370	4,670	1,356,741	25,085	6,158
Interest rate swap contracts:						
– maturing within one year	5,933,889	13,913	2,783	1,432,067	2,790	558
– maturing more than one year to less than five years	3,444,930	44,990	8,998	8,489,797	111,428	22,286
– maturing more than five years	684,800	129,692	25,938	732,693	133,403	26,681
Forward purchase commitments:						
– less than one year	49,981	49,981	49,981	–	–	–
Other commitments	58,829	–	–	82,270	–	–
Total	26,052,770	2,419,137	2,166,861	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 September 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 11.35% (31 March 2007: 9.16%) exceeds the minimum requirements of BNM.

	The Bank	
	30 Sept 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	449,250	408,198
Share premium	710,660	710,660
Statutory reserve	585,832	585,832
Unappropriated profit	<u>1,013,639</u>	<u>1,005,898</u>
	3,519,745	3,320,952
Less: Deferred tax asset	<u>(525,167)</u>	<u>(600,017)</u>
Total Tier 1 capital	<u>2,994,578</u>	<u>2,720,935</u>
<u>Tier 2 capital</u>		
Irredeemable Convertible Unsecured Loan Stocks (ICULS)	300,000	–
Innovative Tier 1 capital	232,550	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>597,179</u>	<u>574,053</u>
Total Tier 2 capital	<u>2,364,729</u>	<u>1,517,055</u>
	5,359,307	4,237,990
Less: Investment in subsidiary companies	<u>(813,849)</u>	<u>(813,849)</u>
Capital base	<u><u>4,545,458</u></u>	<u><u>3,424,141</u></u>

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A31. Capital Adequacy (continue)

	30 Sept 2007		31 March 2007	
	Principal RM'000	Risk - Weighted RM'000	Principal RM'000	Risk - Weighted RM'000
Notional risk-weighted assets				
Categories				
0%	5,581,403	–	7,817,721	–
10%	2,059	206	2,059	206
20%	4,563,124	912,625	5,127,377	1,025,476
50%	9,303,907	4,651,953	9,013,411	4,506,705
100%	<u>32,841,340</u>	<u>32,841,340</u>	<u>31,231,608</u>	<u>31,231,608</u>
	52,291,833	38,406,124	53,192,176	36,763,995
Market Risk	<u>–</u>	<u>1,640,482</u>	<u>–</u>	<u>631,046</u>
	<u>52,291,833</u>	<u>40,046,606</u>	<u>53,192,176</u>	<u>37,395,041</u>
Capital Ratios				
Core capital ratio		7.47%		7.27%
Risk-weighted capital ratio		<u>11.35%</u>		<u>9.16%</u>

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

	The Group	
	30 Sept 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	471,748	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	553,784	493,861
Minority interest	51	57
	<u>3,856,371</u>	<u>3,589,080</u>
Less: Deferred tax asset	<u>(711,826)</u>	<u>(826,975)</u>
Total Tier 1 capital	<u>3,144,545</u>	<u>2,762,105</u>

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A31. Capital Adequacy (continue)

	The Group	
	30 Sept 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	210,052	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	741,714	713,051
	<u>2,886,766</u>	<u>2,049,877</u>
Total Tier 2 capital		
Tier 1 Capital	3,144,545	2,762,105
Eligible Tier 2 Capital	<u>2,824,039</u>	<u>2,049,877</u>
Capital base	<u>5,968,584</u>	<u>4,811,982</u>

	30 Sept 2007		31 March 2007	
	Principal RM'000	Risk - Weighted RM'000	Principal RM'000	Risk - Weighted RM'000
Notional risk-weighted assets				
Categories				
0%	7,259,253	–	9,836,538	–
10%	2,059	206	2,059	206
20%	4,838,646	967,730	5,678,318	1,135,664
50%	9,643,100	4,821,550	9,344,174	4,672,087
100%	<u>42,303,812</u>	<u>42,303,812</u>	<u>40,258,917</u>	<u>40,258,917</u>
Market Risk	64,046,870	48,093,298	65,120,006	46,066,874
	<u>–</u>	<u>1,739,296</u>	<u>–</u>	<u>673,104</u>
	<u>64,046,870</u>	<u>49,832,594</u>	<u>65,120,006</u>	<u>46,739,978</u>

Capital Ratios

Core capital ratio	6.31%	5.91%
Risk-weighted capital ratio	<u>11.98%</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.
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The Group	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	6,158,525	–	–	–	–	–	1,852,139	–	8,010,664	3.84
Deposits and placements with banks and other financial institutions	–	231,812	34,090	–	–	681,800	50,000	–	997,702	3.70
Securities held-for-trading	–	–	–	–	–	–	257,652	2,376,400	2,634,052	3.97
Securities available-for-sale	100,106	–	–	–	55,025	40,880	55,250	–	251,261	2.65
Securities held-to-maturity	–	15	126,034	68,217	325,414	512,681	95,919	–	1,128,280	2.73
Loans, advances and financing										
– Performing	12,028,069	975,123	435,984	353,180	8,503,848	14,630,607	7,167,598	–	44,094,409	6.58
– Non-performing	–	–	–	–	–	–	1,376,155	–	1,376,155	
Other non-interest sensitive balances	–	–	–	–	–	–	3,481,748	–	3,481,748	
TOTAL ASSETS	18,286,700	1,206,950	596,108	421,397	8,884,287	15,865,968	14,336,461	2,376,400	61,974,271	
LIABILITIES AND EQUITY										
Deposits from customers	12,668,408	5,431,330	4,190,271	7,063,701	2,713,927	–	7,346,809	–	39,414,446	3.28
Deposits and placements of banks and other financial institutions	4,100,169	3,142,917	943,675	500,563	640,538	1,657,500	2,346,038	–	13,331,400	3.77
Derivative financial liabilities	–	–	–	–	–	–	75,477	–	75,477	
Bills and acceptance payable	276,602	598,627	208,016	–	–	–	523,346	–	1,606,591	3.61
Amount due to Cagamas Berhad	207,241	–	–	92,384	152,679	–	–	–	452,304	3.52
Subordinated term loan	–	–	–	460,000	–	–	–	–	460,000	6.88
Hybrid securities	–	–	–	–	–	677,484	–	–	677,484	6.83
Subordinated bonds	–	–	–	200,000	–	–	400,000	–	600,000	7.95
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	–	–	–	–	–	–	1,063,601	–	1,063,601	
Total Liabilities	17,252,420	9,172,874	5,341,962	8,316,648	3,507,144	3,044,049	11,905,271	–	58,540,368	

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The Group	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	%
Total Liabilities	17,252,420	9,172,874	5,341,962	8,316,648	3,507,144	3,044,049	11,905,271	–	58,540,368	
Minority interests	–	–	–	–	–	–	51	–	51	
Shareholder's Equity	–	–	–	–	–	–	3,433,852	–	3,433,852	
TOTAL LIABILITIES AND EQUITY	<u>17,252,420</u>	<u>9,172,874</u>	<u>5,341,962</u>	<u>8,316,648</u>	<u>3,507,144</u>	<u>3,044,049</u>	<u>15,339,174</u>	<u>–</u>	<u>61,974,271</u>	
On-balance sheet interest sensitivity gap	1,034,280	(7,965,924)	(4,745,854)	(7,895,251)	5,377,143	12,821,919	(1,002,713)	2,376,400	–	
Off-balance sheet interest sensitivity gap	<u>2,272,819</u>	<u>(400,000)</u>	<u>5,796,167</u>	<u>(4,902,856)</u>	<u>(3,444,930)</u>	<u>678,800</u>	<u>–</u>	<u>–</u>	<u>–</u>	
Total interest sensitivity gap	<u>3,307,099</u>	<u>(8,365,924)</u>	<u>1,050,313</u>	<u>(12,798,107)</u>	<u>1,932,213</u>	<u>13,500,719</u>	<u>(1,002,713)</u>	<u>2,376,400</u>	<u>–</u>	

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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			
ASSETS										
Cash and short-term funds	7,927,079	–	–	–	–	–	2,055,507	–	9,982,586	3.80
Deposits and placements with banks and other 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	6,259,582	–	41,288,293	6.85
– Non-performing	–	–	–	–	–	–	2,177,254	–	2,177,254	–
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	14,820,916	972,670	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
Derivative financial liabilities	–	–	–	–	–	–	118,085	–	118,085	–
Securities sold under repurchase agreements	444,319	–	–	–	–	–	–	–	444,319	3.23
Bills and acceptance payable	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	7.95
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	390,758	972,670	–	
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	390,758	972,670	–	

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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	6,158,525	–	–	–	–	–	271,256	–	6,429,781	3.84
Deposits and placements with banks and other financial institutions	–	234,312	34,090	5,471	622	681,800	–	–	956,295	3.70
Securities held-for-trading	–	–	–	–	–	–	–	2,376,400	2,376,400	3.97
Securities available-for-sale	100,106	–	–	–	55,025	40,880	55,250	–	251,261	2.65
Securities held-to-maturity	–	15	126,034	68,217	325,414	512,681	95,701	–	1,128,062	2.73
Loans, advances and financing										
– Performing	12,028,069	975,123	435,984	353,180	8,503,848	14,630,608	–	–	36,926,812	6.58
– Non-performing	–	–	–	–	–	–	1,327,849	–	1,327,849	
Other non-interest sensitive balances	–	–	–	–	–	–	3,738,359	–	3,738,359	
TOTAL ASSETS	18,286,700	1,209,450	596,108	426,868	8,884,909	15,865,969	5,488,415	2,376,400	53,134,819	
LIABILITIES AND EQUITY										
Deposits from customers	12,688,104	5,431,330	4,190,271	7,063,801	2,713,927	–	2,138,070	–	34,225,503	3.28
Deposits and placements of banks and other financial institutions	4,100,169	3,142,917	943,675	500,563	640,538	1,657,500	53,977	–	11,039,339	3.77
Derivative financial liabilities	–	–	–	–	–	–	75,477	–	75,477	
Bills and acceptance payable	276,602	598,627	208,016	–	–	–	–	–	1,083,245	3.61
Amount due to Cagamas Berhad	207,241	–	–	92,384	152,679	–	–	–	452,304	3.52
Subordinated term loan	–	–	–	460,000	–	677,485	–	–	1,137,485	6.85
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	–	–	–	–	–	–	942,626	–	942,626	
Total Liabilities	17,272,116	9,172,874	5,341,962	8,316,748	3,507,144	3,044,050	3,360,150	–	50,015,044	

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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	17,272,116	9,172,874	5,341,962	8,316,748	3,507,144	3,044,050	3,360,150	–	50,015,044	
Minority interests	–	–	–	–	–	–	–	–	–	
Shareholder's Equity	–	–	–	–	–	–	3,119,775	–	3,119,775	
TOTAL LIABILITIES AND EQUITY	<u>17,272,116</u>	<u>9,172,874</u>	<u>5,341,962</u>	<u>8,316,748</u>	<u>3,507,144</u>	<u>3,044,050</u>	<u>6,479,925</u>	<u>–</u>	<u>53,134,819</u>	
On-balance sheet interest sensitivity gap	1,014,584	(7,963,424)	(4,745,854)	(7,889,880)	5,377,765	12,821,919	(991,510)	2,376,400	–	
Off-balance sheet interest sensitivity gap	2,272,819	(400,000)	5,796,167	(4,902,856)	(3,444,930)	678,800	–	–	–	
Total interest sensitivity gap	<u>3,287,403</u>	<u>(8,363,424)</u>	<u>1,050,313</u>	<u>(12,792,736)</u>	<u>1,932,835</u>	<u>13,500,719</u>	<u>(991,510)</u>	<u>2,376,400</u>	<u>–</u>	

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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			
ASSETS										
Cash and short-term funds	7,927,079	–	–	–	–	–	202,216	–	8,129,295	3.80
Deposits and placements with banks and other 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	6,349,385	972,646	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
Derivative financial liabilities	–	–	–	–	–	–	118,085	–	118,085	–
Securities sold under repurchase agreements	444,319	–	–	–	–	–	–	–	444,319	3.23
Bills and acceptance payable	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 loan	–	–	–	–	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	407,655	972,646	–	
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	407,655	972,646	–	

A33. Change in Accounting Policies

(a) Change in Accounting Policies in current financial period

During the financial period, 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 2nd quarter ended 30 September 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.

(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 September 2007

Description of change	Increase / (Decrease)		Total
	FRS 117 RM'000	Guidelines on derivative financial instruments RM'000	
The Group			
Prepaid land lease payment	4,455	–	4,455
Property and equipment	(4,455)	–	(4,455)
Deferred tax assets	–	(10,478)	(10,478)
Derivative financial liabilities	–	42,608	42,608
Subordinated term loan	–	(2,309)	(2,309)
Unappropriated profits	–	29,821	29,821
The Bank			
Prepaid land lease payment	3,234	–	3,234
Property and equipment	(3,234)	–	(3,234)
Deferred tax assets	–	(10,478)	(10,478)
Derivative financial liabilities	–	42,608	42,608
Subordinated term loan	–	(2,309)	(2,309)
Unappropriated profits	–	29,821	29,821

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

	Individual Quarter		Cumulative Quarter	
	30 Sept 2007 RM'000	30 Sept 2006 RM'000	30 Sept 2007 RM'000	30 Sept 2006 RM'000
The Group				
Profit after taxation, before changes in accounting policies	3,237	47,234	117,366	132,435
Effects of adopting Revised BNM guidelines on derivative financial instruments	18,062	(53,512)	29,821	(45,703)
Effects of adopting BNM circular on on handling fees	–	5,973	–	10,520
Profit after taxation, after changes in accounting policies	<u>21,299</u>	<u>(305)</u>	<u>147,187</u>	<u>97,252</u>
	30 Sept 2007 RM'000	30 Sept 2006 RM'000	30 Sept 2007 RM'000	30 Sept 2006 RM'000
The Bank				
Profit after taxation, before changes in accounting policies	(12,723)	20,834	65,190	88,230
Effects of adopting Revised BNM guidelines on derivative financial instruments	18,062	(53,512)	29,821	(45,703)
Effects of adopting BNM circular on handling fees	–	4,135	–	7,523
Profit after taxation, after changes in accounting policies	<u>5,339</u>	<u>(28,543)</u>	<u>95,011</u>	<u>50,050</u>

(b) Prior Year Adjustments

The following comparative figures as at 31 March 2007 and 30 September 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 half-year ended 30 September 2006			
Interest Income	1,592,315	(41,785)	1,550,530
Net Income from Islamic Banking Business	237,181	9,258	246,439
Other Operating Income	122,219	(67,561)	54,658
Other Operating expenses	(439,424)	72,206	(367,218)
Transfer from profit equalisation reserve	20,315	(20,315)	–
Share in results of associated company	12	(10)	2
Taxation	(91,025)	13,024	(78,001)
Profit after taxation	132,435	(35,183)	97,252
The Bank			
Balance Sheet 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 half-year ended 30 September 2006			
Interest Income	1,592,385	(41,785)	1,550,600
Other Operating Income	121,012	(67,561)	53,451
Other Operating expenses	(345,047)	57,045	(288,002)
Taxation	(61,648)	14,121	(47,527)
Profit after taxation from continued operation	76,384	(38,180)	38,204