

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013**

		Group		Bank	
	Note	30.06.13	31.03.13	30.06.13	31.03.13
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		716,360	570,797	687,464	545,150
Deposits and placements with banks and other financial institutions		719	713	-	-
Derivative financial assets	8	10	9	-	7
Financial assets held-for-trading	9	13,501	4,082	13,371	3,820
Financial investments available-for-sale	10	54,023	54,964	51,822	52,762
Financial investments held-to-maturity	11	274,644	265,909	274,644	265,909
Loans, advances and financing	12	1,123,029	947,084	1,123,029	947,084
Statutory deposit with Bank Negara Malaysia		22,209	14,049	22,209	14,049
Deferred tax assets		13,803	14,750	10,555	11,512
Investments in subsidiaries		-	-	125,310	87,981
Investments in associates		1,400	1,338	100	100
Other assets	13	954,127	941,272	546,989	582,972
Property and equipment		25,744	26,510	23,892	24,526
Intangible assets		13,609	13,646	2,295	2,347
TOTAL ASSETS		3,213,178	2,855,123	2,881,680	2,538,219
LIABILITIES AND EQUITY					
Deposits and placements of banks and other financial institutions	14	1,863,472	1,468,022	1,863,472	1,468,022
Derivative financial liabilities	8	99	5	93	-
Term funding		99,646	75,129	-	-
Other liabilities	15	700,395	777,827	488,970	548,780
TOTAL LIABILITIES		2,663,612	2,320,983	2,352,535	2,016,802
Share capital		200,000	200,000	200,000	200,000
Reserves		349,566	334,140	329,145	321,417
Equity attributable to equity holder of the Bank		549,566	534,140	529,145	521,417
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		3,213,178	2,855,123	2,881,680	2,538,219
COMMITMENTS AND CONTINGENCIES	23	455,019	428,046	450,774	424,811
NET ASSETS PER ORDINARY SHARE (RM)		2.75	2.67	2.65	2.61

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

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013 (CONTD.)

	Note	Group		Bank	
		30.06.13	31.03.13	30.06.13	31.03.13
CAPITAL ADEQUACY	24(a)				
Before deducting proposed dividends					
Core Capital Ratio		22.971%	24.385%	22.274%	25.749%
Risk-Weighted Capital Ratio		<u>22.971%</u>	<u>24.385%</u>	<u>22.274%</u>	<u>25.749%</u>
After deducting proposed dividends					
Core Capital Ratio		22.971%	24.385%	22.274%	25.749%
Risk-Weighted Capital Ratio		<u>22.971%</u>	<u>24.385%</u>	<u>22.274%</u>	<u>25.749%</u>

The Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2013.

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

UNAUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2013

Group	Note	Individual Quarter		Cumulative Quarter	
		30.06.13 RM'000	30.06.12 RM'000	30.06.13 RM'000	30.06.12 RM'000
Revenue		88,163	72,278	88,163	72,278
Interest income	16	19,019	11,461	19,019	11,461
Interest expense	17	(11,269)	(5,792)	(11,269)	(5,792)
Net interest income		7,750	5,669	7,750	5,669
Net income from Islamic banking business		5,587	5,604	5,587	5,604
Other operating income	18	63,495	55,100	63,495	55,100
Direct costs	19	(20,544)	(10,655)	(20,544)	(10,655)
Share in results of associates		62	113	62	113
Net income		56,350	55,831	56,350	55,831
Other operating expenses	20	(46,351)	(45,039)	(46,351)	(45,039)
Operating Profit		9,999	10,792	9,999	10,792
(Allowances)/writeback of allowances for impairment on loans, advances and financing	21	(512)	513	(512)	513
Impairment writeback on foreclosed properties		100	-	100	-
Writeback of allowances for doubtful sundry receivables- net		9,388	979	9,388	979
Provision for commitments and contingencies		(118)	(167)	(118)	(167)
Profit before taxation		18,857	12,117	18,857	12,117
Taxation		(2,656)	(6,845)	(2,656)	(6,845)
Profit for the period attributable to equity holder of the Bank		16,201	5,272	16,201	5,272
EARNINGS PER SHARE (SEN)					
Basic		8.10	2.64	8.10	2.64
Fully diluted		8.10	2.64	8.10	2.64

The Income Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2013.

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

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2013

Group	Note	Individual Quarter		Cumulative Quarter	
		30.06.13	30.06.12	30.06.13	30.06.12
		RM'000	RM'000	RM'000	RM'000
Profit for the period		16,201	5,272	16,201	5,272
Other comprehensive income/(loss):					
Exchange differences on translation of foreign operations		453	2,129	453	2,129
Net loss on financial investments available-for-sale		(1,602)	(899)	(1,602)	(899)
Income tax relating to the components of other comprehensive income		400	225	400	225
Other comprehensive (loss)/income for the period, net of tax		(749)	1,455	(749)	1,455
Total comprehensive income for the period attributable to equity holders of the Bank		15,452	6,727	15,452	6,727

The Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2013.

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

UNAUDITED CONSOLIDATED INCOME STATEMENTS (CONTD.)
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2013

Bank	Note	Individual Quarter		Cumulative Quarter	
		30.06.13 RM'000	30.06.12 RM'000	30.06.13 RM'000	30.06.12 RM'000
Revenue		73,013	62,536	73,013	62,536
Interest income	16	17,158	10,628	17,158	10,628
Interest expense	17	(10,507)	(5,493)	(10,507)	(5,493)
Net interest income		6,651	5,135	6,651	5,135
Net income from Islamic banking business		5,587	5,604	5,587	5,604
Other operating income	18	50,268	46,304	50,268	46,304
Direct costs	19	(15,299)	(7,852)	(15,299)	(7,852)
Net income		47,207	49,191	47,207	49,191
Other operating expenses	20	(35,454)	(35,294)	(35,454)	(35,294)
Operating Profit		11,753	13,897	11,753	13,897
(Allowances)/writeback of allowances for impairment on loans, advances and financing	21	(512)	513	(512)	513
Impairment writeback on foreclosed properties		100	-	100	-
Writeback of allowances for doubtful sundry receivables- net		384	606	384	606
Provision for commitments and contingencies		(118)	(167)	(118)	(167)
Profit before taxation		11,607	14,849	11,607	14,849
Taxation		(2,651)	(7,275)	(2,651)	(7,275)
Profit for the period attributable to equity holder of the Bank		8,956	7,574	8,956	7,574
EARNINGS PER SHARE (SEN)					
Basic		4.48	3.79	4.48	3.79
Fully diluted		4.48	3.79	4.48	3.79

The Income Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2013.

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

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2013

Bank	Note	Individual Quarter		Cumulative Quarter	
		30.06.13	30.06.12	30.06.13	30.06.12
		RM'000	RM'000	RM'000	RM'000
Profit for the period		8,956	7,574	8,956	7,574
Other comprehensive (loss)/income:					
Net loss on financial investments available-for-sale		(1,602)	(899)	(1,602)	(899)
Income tax relating to the components of other comprehensive income		400	225	400	225
Other comprehensive loss for the period, net of tax		(1,202)	(674)	(1,202)	(674)
Total comprehensive income for the period attributable to equity holders of the Bank		7,754	6,900	7,754	6,900

The Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2013.

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

**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2013**

Group	Attributable to equity holder of the Bank							Total shareholder's equity RM'000
	Non-distributable					Distributable		
	Share capital RM'000	Capital reserve RM'000	Statutory reserve RM'000	Merger reserve RM'000	Available-for- sale reserve RM'000	Exchange fluctuation reserve RM'000	Retained earnings RM'000	
At 1 April 2012	200,000	2,815	200,000	7,656	2,337	28,066	97,147	538,021
Profit for the period	-	-	-	-	-	-	5,272	5,272
Other comprehensive (loss)/income	-	-	-	-	(674)	2,129	-	1,455
Total comprehensive income for the period	-	-	-	-	(674)	2,129	5,272	6,727
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	(1,978)	(1,978)
At 30 June 2012	200,000	2,815	200,000	7,656	1,663	30,195	100,441	542,770
At 1 April 2013	200,000	2,815	200,000	7,656	3,162	29,988	90,519	534,140
Profit for the period	-	-	-	-	-	-	16,201	16,201
Other comprehensive (loss)/income	-	-	-	-	(1,202)	453	-	(749)
Total comprehensive income for the period	-	-	-	-	(1,202)	453	16,201	15,452
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	(26)	(26)
At 30 June 2013	200,000	2,815	200,000	7,656	1,960	30,441	106,694	549,566

The Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2013.

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

**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTD.)
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2013**

	<-----Attributable to equity holder of the Bank----->				Total shareholder's equity RM'000
	Non-distributable		Distributable		
Bank	Share capital RM'000	Statutory reserve RM'000	Available-for- sale reserve RM'000	Retained earnings RM'000	
At 1 April 2012	200,000	200,000	2,285	107,003	509,288
Profit for the period	-	-	-	7,574	7,574
Other comprehensive loss	-	-	(674)	-	(674)
Total comprehensive income for the period	-	-	(674)	7,574	6,900
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	(1,813)	(1,813)
At 30 June 2012	200,000	200,000	1,611	112,764	514,375
At 1 April 2013	200,000	200,000	3,110	118,307	521,417
Profit for the period	-	-	-	8,956	8,956
Other comprehensive loss	-	-	(1,202)	-	(1,202)
Total comprehensive income for the period	-	-	(1,202)	8,956	7,754
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	(26)	(26)
At 30 June 2013	200,000	200,000	1,908	127,237	529,145

The Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2013.

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

UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013

	Group		Bank	
	30.06.13	30.06.12	30.06.13	30.06.12
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	18,857	12,117	11,607	14,849
Adjustments for non-operating and non cash items	(12,123)	(2,454)	(2,959)	(3,099)
Operating profit before working capital changes	6,734	9,663	8,648	11,750
(Decrease)/increase in operating assets	(194,019)	255,922	(152,797)	232,963
Increase/(decrease) in operating liabilities	318,419	(178,901)	335,187	(155,158)
Cash generated from operations	131,134	86,684	191,038	89,555
Taxation paid	(3,286)	(1,505)	(4,640)	(5,141)
Net cash generated from operating activities	127,848	85,179	186,398	84,414
Net cash (used in)/generated from investing activities	(6,802)	191	(44,084)	318
Net cash generated from/(used in) financing activities	24,517	(14,877)	-	-
	17,715	(14,686)	(44,084)	318
Net increase in cash and cash equivalents	145,563	70,493	142,314	84,732
Cash and cash equivalents at beginning of period	570,797	597,533	545,150	548,051
Cash and cash equivalents at end of period	716,360	668,026	687,464	632,783

The Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2013.

EXPLANATORY NOTES :

1. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia.

These condensed consolidated interim financial statements also comply with IAS 34, Interim Financial Statements issued by the International Accounting Standards Board (“IASB”).

The financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Group and the Bank for the financial year ended 31 March 2013 which are available upon request from the Company’s registered office at Level 22, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

These condensed consolidated interim financial statements incorporate those activities relating to Islamic banking which have been undertaken by the Group and the Bank. Islamic banking refers generally to the acceptance of deposits, granting of financing and dealing in Islamic securities under Shariah principles.

These condensed consolidated interim financial statements are the Group’s and the Bank’s first MFRS condensed consolidated interim financial statements for part of the period covered by the Group’s and the Bank’s first MFRS annual financial statements for the year ending 31 March 2013. MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (“MFRS 1”) has been applied.

The accounting policies and methods of computation applied in these condensed consolidated interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2013 except for the adoption of the following financial reporting standards, which did not have any impact on the accounting policies, financial position or performance of the Group:

1.1 Standards effective for financial year ending 31 March 2014:

- MFRS 3, Business Combinations (IFRS 3, Business Combinations issued by IASB in March 2004)
- MFRS 10, Consolidated Financial Statements
- MFRS 11, Joint Arrangements
- MFRS 12, Disclosure of Interests in Other Entities
- MFRS 13, Fair Value Measurement
- MFRS 127, Separate Financial Statements
- MFRS 128, Investments in Associates and Joint Ventures
- Amendments to MFRS 7, Disclosures: Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10, MFRS 11 and MFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
- Amendments to MFRS 101, Presentation of Items of Other Comprehensive Income
- Amendments to MFRSs contained in the document entitled “Annual Improvements 2009–2011 Cycle”

1.2 Standards issued but not yet effective

The following are financial reporting standards issued by MASB that will be effective for the Group in future years. The Group intends to adopt the relevant standards when they become effective.

1.2a Standards effective for financial year ending 31 March 2015:

- Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities
- Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

1.2b Standards effective for financial year ending 31 March 2016:

- MFRS 9, Financial Instruments

2. AUDIT QUALIFICATION

There were no audit qualification in the audited annual financial statements for the year ended 31 March 2013.

3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The operations of the Group and the Bank are not materially affected by any seasonal or cyclical fluctuation in the current financial quarter.

4. UNUSUAL ITEMS

There were no unusual items during the current financial quarter.

5. USE OF ESTIMATES

There was no material change in estimates of amounts reported in the prior financial years that have a material effect on the financial quarter ended 30 June 2013.

6. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

The Bank has not issued any new shares or debentures during the financial quarter.

There were no share buy-back, share cancellation, shares held as treasury shares nor resale of treasury shares by the Bank during the financial quarter.

7. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the current financial quarter.

8. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

Group	Contract/ Notional Amount RM'000	30.06.13		Contract/ Notional Amount RM'000	31.03.13		
		Fair value			Fair value		
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000	
Trading derivative							
Foreign exchange related contracts:							
Less than one year	7,906	4	6	3,977	-	5	
Equity related contracts:							
Less than one year	13,428	-	93	5,822	7	-	
Over three years				21	2	-	
More than five years	21	6	-	-	-	-	
Total	21,355	10	99	9,820	9	5	
Bank							
Trading derivative							
Foreign exchange related contracts:							
Less than one year	3,682	-	-	763	-	-	
Equity related contracts:							
Less than one year	13,428	-	93	5,822	7	-	
Total	17,110	-	93	6,585	7	-	

9. FINANCIAL ASSETS HELD-FOR-TRADING

	Group		Bank	
	30.06.13 RM'000	31.03.13 RM'000	30.06.13 RM'000	31.03.13 RM'000
At Fair Value				
Quoted Securities:				
In Malaysia:				
Shares	12,597	3,211	12,597	3,211
Unit trusts	774	609	774	609
Outside Malaysia:				
Shares	130	262	-	-
	<u>13,501</u>	<u>4,082</u>	<u>13,371</u>	<u>3,820</u>

10. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Bank	
	30.06.13 RM'000	31.03.13 RM'000	30.06.13 RM'000	31.03.13 RM'000
At Fair value				
Quoted Securities				
In Malaysia:				
Unit trust	15,535	16,133	15,535	16,133
Shares	2	2	-	-
	<u>15,537</u>	<u>16,135</u>	<u>15,535</u>	<u>16,133</u>
Unquoted Securities				
Outside Malaysia:				
Private debt securities	24,372	24,718	24,372	24,718
At Cost				
Unquoted Securities:				
In Malaysia:				
Shares	13,988	13,988	11,788	11,788
Outside Malaysia:				
Shares	126	123	127	123
	<u>54,023</u>	<u>54,964</u>	<u>51,822</u>	<u>52,762</u>

11. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group		Bank	
	30.06.13 RM'000	31.03.13 RM'000	30.06.13 RM'000	31.03.13 RM'000
At Amortised Cost:				
Money Market Securities:				
Bank Negara Monetary Notes	199,544	190,809	199,544	190,809
Unquoted Securities				
In Malaysia:				
Private debt securities	75,100	75,100	75,100	75,100
	<u>274,644</u>	<u>265,909</u>	<u>274,644</u>	<u>265,909</u>

12. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	30.06.13 RM'000	31.03.13 RM'000	30.06.13 RM'000	31.03.13 RM'000
At Amortised Cost				
Share margin financing	346,032	313,099	346,032	313,099
Revolving credits	778,007	634,197	778,007	634,197
Staff loans	5,998	6,283	5,998	6,283
Gross loans, advances and financing	1,130,037	953,579	1,130,037	953,579
Less:				
Allowance for impairment on loans, advances and financing:				
Collective allowance	4,327	3,664	4,327	3,664
Individual allowance	2,681	2,831	2,681	2,831
	7,008	6,495	7,008	6,495
Net loans, advances and financing	1,123,029	947,084	1,123,029	947,084

(a) Gross loans, advances and financing analysed by type of customers are as follows:

	Group		Bank	
	30.06.13 RM'000	31.03.13 RM'000	30.06.13 RM'000	31.03.13 RM'000
Domestic :				
Business enterprises:				
Small medium enterprises	38,973	30,214	38,973	30,214
Others	155,367	154,501	155,367	154,501
Individuals	930,457	766,614	930,457	766,614
Foreign entities	5,240	2,250	5,240	2,250
	1,130,037	953,579	1,130,037	953,579

(b) Gross loans, advances and financing analysed by geographical distribution are as follows:

	Group		Bank	
	30.06.13 RM'000	31.03.13 RM'000	30.06.13 RM'000	31.03.13 RM'000
In Malaysia	1,118,010	944,184	1,118,010	944,184
Outside Malaysia	12,027	9,395	12,027	9,395
	1,130,037	953,579	1,130,037	953,579

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

	Group		Bank	
	30.06.13 RM'000	31.03.13 RM'000	30.06.13 RM'000	31.03.13 RM'000
Fixed rate:				
Fixed-rate loans	352,030	319,382	352,030	319,382
Variable rate:				
Cost-plus	778,007	634,197	778,007	634,197
	1,130,037	953,579	1,130,037	953,579

12. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	Group		Bank	
	30.06.13 RM'000	31.03.13 RM'000	30.06.13 RM'000	31.03.13 RM'000
Agriculture	12,373	6,617	12,373	6,617
Manufacturing	6,765	5,075	6,765	5,075
Wholesale and retail trade and hotels and restaurant	-	371	-	371
Real estate	22,613	22,208	22,613	22,208
Business activities	137,751	137,822	137,751	137,822
Education and health	802	1,655	802	1,655
Household, of which:				
Purchase of residential properties	3,520	3,641	3,520	3,641
Purchase of transport vehicles	2,478	2,642	2,478	2,642
Others	927,523	766,153	927,523	766,153
Others	16,212	7,395	16,212	7,395
	1,130,037	953,579	1,130,037	953,579

(e) Loans, advances and financing analysed by residual contractual maturity are as follows:

	Group		Bank	
	30.06.13 RM'000	31.03.13 RM'000	30.06.13 RM'000	31.03.13 RM'000
Maturing within one year	1,124,086	947,363	1,124,086	947,363
One to three years	306	307	306	307
Three to five years	1,552	1,657	1,552	1,657
Over five years	4,093	4,252	4,093	4,252
	1,130,037	953,579	1,130,037	953,579

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

	Group		Bank	
	30.06.13 RM'000	31.03.13 RM'000	30.06.13 RM'000	31.03.13 RM'000
Balance at beginning of period/year	3,854	4,554	3,854	4,554
Impaired during the period/year	3	30	3	30
Recoveries	(150)	(730)	(150)	(730)
Balance at end of period/year	3,707	3,854	3,707	3,854
Gross impaired loans, advances and financing as % of gross loans, advances and financing	0.33%	0.40%	0.33%	0.40%
Loan loss coverage (excluding collateral values)	189.05%	168.53%	189.05%	168.53%

12. LOANS, ADVANCES AND FINANCING (CONTD.)

(g) All impaired loans, advances and financing reside in Malaysia.

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

	Group		Bank	
	30.06.13 RM'000	31.03.13 RM'000	30.06.13 RM'000	31.03.13 RM'000
Household, of which:				
Purchase of residential properties	130	127	130	127
Others	137	227	137	227
Business activities	3,440	3,500	3,440	3,500
	<u>3,707</u>	<u>3,854</u>	<u>3,707</u>	<u>3,854</u>

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

	Group		Bank	
	30.06.13 RM'000	31.03.13 RM'000	30.06.13 RM'000	31.03.13 RM'000
Collective allowance				
Balance at beginning of year	3,664	4,116	3,664	4,116
Allowance made/(written back) during the period/year	662	(450)	662	(450)
Foreign exchange differences	1	(2)	1	(2)
Balance at end of period/year	<u>4,327</u>	<u>3,664</u>	<u>4,327</u>	<u>3,664</u>
% of total loans, advances and financing less individual allowance	<u>0.38%</u>	<u>0.39%</u>	<u>0.38%</u>	<u>0.39%</u>
Individual allowance				
Balance at beginning of year	2,831	3,561	2,831	3,561
Net charge to income statements	(150)	(730)	(150)	(730)
Balance at end of period/year	<u>2,681</u>	<u>2,831</u>	<u>2,681</u>	<u>2,831</u>

13. OTHER ASSETS

	Group		Bank	
	30.06.13 RM'000	31.03.13 RM'000	30.06.13 RM'000	31.03.13 RM'000
Trade receivables, net of allowance for doubtful debts	810,134	810,559	423,709	473,046
Other receivables, deposits and prepayments, net of allowance for doubtful debts	43,004	44,627	31,105	32,931
Interest/Dividends receivable	3,139	1,472	3,130	1,456
Income tax recoverable	74,186	71,108	74,181	71,103
Amount due from brokers	10,597	9,640	-	-
Amount due from:				
Ultimate holding company	22	-	22	-
Subsidiaries	-	-	813	334
Related companies	13,045	3,701	14,029	3,937
Assets acquired in exchange of debts, net of impairment loss	-	165	-	165
	<u>954,127</u>	<u>941,272</u>	<u>546,989</u>	<u>582,972</u>

Trade receivables mainly relate to the stock and share-broking operations of the Bank and its subsidiaries, and represent amount outstanding from purchase contracts net of allowance for impairment.

Amounts due from ultimate holding company, subsidiaries and other related companies are unsecured, non-interest bearing, are repayable on demand and represent expenses paid on behalf.

14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	30.06.13 RM'000	31.03.13 RM'000	30.06.13 RM'000	31.03.13 RM'000
Licensed banks: Related	1,863,472	1,468,022	1,863,472	1,468,022

15. OTHER LIABILITIES

	Group		Bank	
	30.06.13 RM'000	31.03.13 RM'000	30.06.13 RM'000	31.03.13 RM'000
Trade payables	592,453	671,485	392,770	452,648
Other payables and accruals	81,049	84,885	71,079	75,665
Interest payables	10,246	6,269	10,246	6,269
Provision for commitments and contingencies	5,938	5,819	5,938	5,819
Amount due to ultimate holding company	-	125	-	125
Amount due to subsidiaries	-	-	62	318
Amount due to related companies	10,673	9,208	8,837	7,898
Taxation payable	(2)	(2)	-	-
Zakat payable	38	38	38	38
	<u>700,395</u>	<u>777,827</u>	<u>488,970</u>	<u>548,780</u>

Trade payables mainly relate to the stock and share-broking operations of the Bank and its subsidiaries, and represent amount payable in outstanding sales contracts.

Amount due to subsidiaries and related companies are unsecured, non-interest bearing, are repayable on demand and represent expenses paid on behalf.

16. INTEREST INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.06.13 RM'000	30.06.12 RM'000	30.06.13 RM'000	30.06.12 RM'000
Short-term funds and deposits with financial institutions	3,946	2,707	3,946	2,707
Financial investments available-for-sale	400	406	400	406
Securities held-to-maturity	780	-	780	-
Loans, advances and financing				
- Interest income other than recoveries from impaired loans	10,673	7,758	10,673	7,758
Others	1,667	416	1,667	416
Gross interest income	17,466	11,287	17,466	11,287
Accretion of discounts less amortisation of premiums	1,553	174	1,553	174
	19,019	11,461	19,019	11,461

Bank	Individual Quarter		Cumulative Quarter	
	30.06.13 RM'000	30.06.12 RM'000	30.06.13 RM'000	30.06.12 RM'000
Short-term funds and deposits with financial institutions	3,485	2,215	3,485	2,215
Financial investments available-for-sale	400	406	400	406
Securities held-to-maturity	780	-	780	-
Loans and advances				
- Interest income other than recoveries from impaired loans	10,673	7,758	10,673	7,758
Others	267	75	267	75
Gross interest income	15,605	10,454	15,605	10,454
Accretion of discounts less amortisation of premiums	1,553	174	1,553	174
	17,158	10,628	17,158	10,628

17. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	30.06.13 RM'000	30.06.12 RM'000	30.06.13 RM'000	30.06.12 RM'000
Deposit of banks and other financial institutions	10,507	5,493	10,507	5,493
Others	762	299	762	299
	11,269	5,792	11,269	5,792

Bank	Individual Quarter		Cumulative Quarter	
	30.06.13 RM'000	30.06.12 RM'000	30.06.13 RM'000	30.06.12 RM'000
Deposit of banks and other financial institutions	10,507	5,493	10,507	5,493

18. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.06.13 RM'000	30.06.12 RM'000	30.06.13 RM'000	30.06.12 RM'000
Fee and commission income:				
Brokerage fees and commissions	43,877	29,073	43,877	29,073
Corporate advisory	4,011	9,273	4,011	9,273
Fees on loans and securities	3,548	2,873	3,548	2,873
Guarantee fees	118	152	118	152
Portfolio management fees	78	94	78	94
Underwriting commission	1	3,607	1	3,607
Wealth management fees	6,632	5,096	6,632	5,096
Other fee and commission income	913	1,614	913	1,614
	<u>59,178</u>	<u>51,782</u>	<u>59,178</u>	<u>51,782</u>
Investment and trading income:				
Gross dividend income from:				
Financial assets held-for-trading	39	173	39	173
Financial investments available-for-sale	1,208	1,141	1,208	1,141
Net foreign exchange gain/(loss)	44	(4)	44	(4)
Net gain from sale of financial assets held-for-trading	196	400	196	400
Net loss on revaluation of derivatives	(294)	(227)	(294)	(227)
Net gain/(loss) on revaluation of financial assets held-for-trading	192	(371)	192	(371)
Portfolio income	1,742	1,125	1,742	1,125
	<u>3,127</u>	<u>2,237</u>	<u>3,127</u>	<u>2,237</u>
Other income:				
Net gain on disposal of property and equipment	61	3	61	3
Non-trading foreign exchange gain	175	227	175	227
Rental income	578	600	578	600
Others	376	251	376	251
	<u>1,190</u>	<u>1,081</u>	<u>1,190</u>	<u>1,081</u>
	<u>63,495</u>	<u>55,100</u>	<u>63,495</u>	<u>55,100</u>

18. OTHER OPERATING INCOME (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	30.06.13 RM'000	30.06.12 RM'000	30.06.13 RM'000	30.06.12 RM'000
Fee and commission income:				
Brokerage fees and commissions	31,272	20,477	31,272	20,477
Corporate advisory	4,011	9,000	4,011	9,000
Fees on loans and securities	3,548	2,873	3,548	2,873
Guarantee fees	118	152	118	152
Portfolio management fees	78	94	78	94
Underwriting commission	1	3,607	1	3,607
Wealth management fees	6,632	5,096	6,632	5,096
Other fee and commission income	654	949	654	949
	<u>46,314</u>	<u>42,248</u>	<u>46,314</u>	<u>42,248</u>
Investment and trading income:				
Gross dividend income from:				
Unquoted associated company	-	1,160	-	1,160
Financial assets held-for-trading	39	171	39	171
Financial investments				
available-for-sale	1,208	1,141	1,208	1,141
Net foreign exchange gain/(loss)	41	(7)	41	(7)
Net gain from sale of financial assets				
held-for-trading	208	418	208	418
Net loss on revaluation of derivatives	(294)	(227)	(294)	(227)
Net gain/(loss) on revaluation of financial				
assets held-for-trading	192	(368)	192	(368)
Portfolio income	1,742	1,125	1,742	1,125
	<u>3,136</u>	<u>3,413</u>	<u>3,136</u>	<u>3,413</u>
Other income:				
Net gain on disposal of property and				
equipment	61	3	61	3
Non-trading foreign exchange gain	4	1	4	1
Rental income	578	600	578	600
Others	175	39	175	39
	<u>818</u>	<u>643</u>	<u>818</u>	<u>643</u>
	<u>50,268</u>	<u>46,304</u>	<u>50,268</u>	<u>46,304</u>

19. DIRECT COSTS

Group	Individual Quarter		Cumulative Quarter	
	30.06.13 RM'000	30.06.12 RM'000	30.06.13 RM'000	30.06.12 RM'000
Dealers incentive	3,877	1,911	3,877	1,911
Brokerage commission	12,823	7,581	12,823	7,581
Others	3,844	1,163	3,844	1,163
	<u>20,544</u>	<u>10,655</u>	<u>20,544</u>	<u>10,655</u>

19. DIRECT COSTS (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	30.06.13	30.06.12	30.06.13	30.06.12
	RM'000	RM'000	RM'000	RM'000
Dealers incentive	3,877	1,911	3,877	1,911
Brokerage commission	7,579	4,778	7,579	4,778
Others	3,843	1,163	3,843	1,163
	<u>15,299</u>	<u>7,852</u>	<u>15,299</u>	<u>7,852</u>

20. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	30.06.13	30.06.12	30.06.13	30.06.12
	RM'000	RM'000	RM'000	RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	27,047	25,690	27,047	25,690
- Scheme shares and options granted under AMMB Executives' Share Scheme	1,338	837	1,338	837
- Others	7,568	8,252	7,568	8,252
	<u>35,953</u>	<u>34,779</u>	<u>35,953</u>	<u>34,779</u>
Establishment costs				
- Amortisation of intangible assets	219	159	219	159
- Computerisation costs	1,965	1,648	1,965	1,648
- Depreciation of property and equipment	942	1,179	942	1,179
- Rental	3,514	3,317	3,514	3,317
- Others	1,875	1,314	1,875	1,314
	<u>8,515</u>	<u>7,617</u>	<u>8,515</u>	<u>7,617</u>
Marketing and communication expenses				
- Advertising and marketing	212	300	212	300
- Sales commission	345	170	345	170
- Travel and entertainment	853	768	853	768
- Others	1,446	1,709	1,446	1,709
	<u>2,856</u>	<u>2,947</u>	<u>2,856</u>	<u>2,947</u>
Administration and general expenses				
- Professional fees	503	1,160	503	1,160
- Others	2,387	1,645	2,387	1,645
	<u>2,890</u>	<u>2,805</u>	<u>2,890</u>	<u>2,805</u>
Service transfer pricing recovery, net	(3,863)	(3,109)	(3,863)	(3,109)
	<u>46,351</u>	<u>45,039</u>	<u>46,351</u>	<u>45,039</u>

20. OTHER OPERATING EXPENSES (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	30.06.13 RM'000	30.06.12 RM'000	30.06.13 RM'000	30.06.12 RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	21,928	21,263	21,928	21,263
- Scheme shares and options granted under AMMB Executives' Share Scheme	1,230	730	1,230	730
- Others	5,815	6,445	5,815	6,445
	<u>28,973</u>	<u>28,438</u>	<u>28,973</u>	<u>28,438</u>
Establishment costs				
- Amortisation of intangible assets	215	157	215	157
- Computerisation costs	53	(1)	53	(1)
- Depreciation of property and equipment	779	897	779	897
- Rental	2,435	2,398	2,435	2,398
- Others	1,111	801	1,111	801
	<u>4,593</u>	<u>4,252</u>	<u>4,593</u>	<u>4,252</u>
Marketing and communication expenses				
- Advertising and marketing	204	294	204	294
- Sales commission	345	170	345	170
- Travel and entertainment	687	629	687	629
- Others	1,155	1,453	1,155	1,453
	<u>2,391</u>	<u>2,546</u>	<u>2,391</u>	<u>2,546</u>
Administration and general expenses				
- Professional fees	454	1,002	454	1,002
- Others	1,925	1,151	1,925	1,151
	<u>2,379</u>	<u>2,153</u>	<u>2,379</u>	<u>2,153</u>
Service transfer pricing recovery, net	(2,882)	(2,095)	(2,882)	(2,095)
	<u>35,454</u>	<u>35,294</u>	<u>35,454</u>	<u>35,294</u>

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

Group	Individual Quarter		Cumulative Quarter	
	30.06.13 RM'000	30.06.12 RM'000	30.06.13 RM'000	30.06.12 RM'000
(Allowance)/writeback of allowance for impairment on loans, advances and financing:				
Collective allowance	(662)	284	(662)	284
Individual allowance	150	229	150	229
	<u>(512)</u>	<u>513</u>	<u>(512)</u>	<u>513</u>
Bank				
(Allowance)/writeback of allowance for impairment on loans, advances and financing:				
Collective allowance	(662)	284	(662)	284
Individual allowance	150	229	150	229
	<u>(512)</u>	<u>513</u>	<u>(512)</u>	<u>513</u>

22. BUSINESS SEGMENT ANALYSIS

30.06.2013 Group	Investment Banking RM'000	Corporate and Institutional Banking RM'000	Markets RM'000	Group Functions and Others RM'000	Total RM'000
Revenue	76,379	859	560	10,365	88,163
Income	55,052	859	560	(121)	56,350
Expenses	(40,703)	(966)	-	(4,682)	(46,351)
Profit/(loss) before provisions	14,349	(107)	560	(4,803)	9,999
Provisions	8,744	8	-	106	8,858
Profit/(loss) after provisions	23,093	(99)	560	(4,697)	18,857
Taxation and zakat	(3,977)	25	(140)	1,436	(2,656)
Net profit/(loss) for the period	19,116	(74)	420	(3,261)	16,201
Other information:					
Cost to income ratio	73.9%	112.5%	0.0%	-3869.4%	82.3%
Gross loans/ financing	1,124,039	-	-	5,998	1,130,037
Net loans/ financing	1,117,126	-	-	5,903	1,123,029
Gross impaired loans, advances and financing	3,707	-	-	-	3,707
Total deposits	11,657	-	-	1,851,815	1,863,472

22. BUSINESS SEGMENT ANALYSIS (CONTD.)

30.06.2012 Group	Investment Banking RM'000	Corporate and Institutional Banking RM'000	Markets RM'000	Group Functions and Others RM'000	Total RM'000
Revenue	64,493	627	553	6,605	72,278
Income	53,465	627	553	1,186	55,831
Expenses	(41,330)	189	-	(3,898)	(45,039)
Profit/(loss) before provisions	12,135	816	553	(2,712)	10,792
Provisions	1,002	1	-	322	1,325
Profit/(loss) after provisions	13,137	817	553	(2,390)	12,117
Taxation and zakat	(3,560)	(204)	(138)	(2,943)	(6,845)
Net profit/(loss) for the period	9,577	613	415	(5,333)	5,272
Other information					
Cost to income ratio	77.3%	-30.1%	0.0%	328.7%	80.7%
Gross loans/ financing	645,676	-	-	7,178	652,854
Net loans/ financing	638,577	-	-	7,112	645,689
Gross impaired loans, advances and financing	4,327	-	-	-	4,327
Total deposits	30,400	-	-	943,558	973,958

Included in the above is Islamic banking business profit before taxation of RM4.6 million for the Group and the Bank for the period ended 30 June 2013 (RM4.7 million for the Group and the Bank for the period ended 30 June 2012).

The Group's activities are principally conducted in Malaysia except for AmFrasers International Pte. Ltd. and its subsidiaries, activities of which are principally conducted in Singapore, which contributed to a profit before tax of RM7.5 million for the period ended 30 June 2013 (Loss before tax RM 1.5 million for the period ended 30 June 2012).

23. COMMITMENTS AND CONTINGENCIES

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

As at the reporting date, the commitments and contingencies of the Group and the Bank are as follows:

	30.06.13	31.03.13
	Principal Amount RM'000	Principal Amount RM'000
Group		
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	303,340	287,902
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	19	19
	<u>303,359</u>	<u>287,921</u>
Contingent Liabilities		
Direct credit substitutes	130,205	130,205
Others	100	100
	<u>130,305</u>	<u>130,305</u>
Derivative Financial Instruments		
Foreign exchange related contracts:		
- One year or less	7,906	3,977
Equity related contracts:		
- One year or less	13,428	5,822
- Over five years	21	21
	<u>21,355</u>	<u>9,820</u>
	<u>455,019</u>	<u>428,046</u>
Bank		
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	303,340	287,902
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	19	19
	<u>303,359</u>	<u>287,921</u>
Contingent Liabilities		
Direct credit substitutes	130,205	130,205
Others	100	100
	<u>130,305</u>	<u>130,305</u>
Derivative Financial Instruments		
Foreign exchange related contracts:		
- One year or less	3,682	763
Equity related contracts:		
- One year or less	13,428	5,822
	<u>17,110</u>	<u>6,585</u>
	<u>450,774</u>	<u>424,811</u>

23. COMMITMENTS AND CONTINGENCIES (CONTD.)

AmTrustee Berhad ("AmTrustee"), an associated company of the Bank was served with a Writ and Statement of Claim dated 12 December 2005 by solicitors acting for Meridian Asset Management Sdn Bhd ("Meridian") for alleged loss and damage amounting to RM27,606,170 together with interest and costs arising from the provision of custodian services by AmTrustee to Meridian ("Meridian Suit").

AmTrustee was served on 24 March 2006 with a Writ and Statement of Claim dated 25 January 2006 by solicitors acting for Malaysian Assurance Alliance Berhad ("MAA") for alleged loss and damages amounting to RM19,602,119.23 together with interest and costs ("MAA Suit"). MAA had appointed Meridian as an external fund manager for certain of its insurance funds, and part of the insurance funds were deposited by Meridian with AmTrustee. The claim by MAA in the MAA Suit is part of the portion of the claim as mentioned in the above Meridian Suit. Just before the trial proceeded, MAA added Meridian as a Co-Defendant in the MAA Suit.

AmTrustee was also served on 2 September 2009 with a copy of a Third Party Notice dated 12 August 2009 by solicitors acting for Meridian. The Third Party Notice was taken against AmTrustee by Meridian to indemnify Meridian on a suit filed by Kumpulan Wang Persaraan (DiPerbadankan) ("KWAP") against Meridian in 2007. AmTrustee filed an application to strike out the Third Party Notice. The court allowed AmTrustee's application. Meridian appealed against this decision to the Court of Appeal and the Court of Appeal dismissed the appeal on 1 November 2010 ("Order"). With this Order, AmTrustee is no longer involved in KWAP's claim against Meridian. Decision was handed down by the High Court against Meridian in KWAP's claim on 5 May 2012 for a sum of RM7,254,050.42 with interest on the said sum from the date of the misappropriation of the said sum to the date of judgment and a further interest of 8% on the said sum from the date of judgment to the date of settlement of the judgment sum.

In the MAA Suit, prior to the commencement of the trial, MAA amended its Statement of Claim to include Meridian as a second Defendant. Prior to this MAA's amendment, AmTrustee had already filed a Third Party Notice against Meridian on 6 November 2006 in the MAA Suit seeking indemnification/contribution from Meridian. Meridian in turn filed a counter claim against AmTrustee over AmTrustee's Third Party Notice which in essence introduced the same argument and claim as in their Meridian Suit.

Parties filed several interim applications in the Meridian Suit amongst which was an Application by Meridian to add the Bank to the Meridian Suit as the Co-Defendant and also to increase the alleged loss and damage from RM27,606,170 to RM36,967,167.

The High Court dismissed Meridian's application to add the Bank as a party to the Meridian's Suit "Order" but allowed Meridian's application to increase its claim against AmTrustee from RM27,606,169.65 to RM36,967,166.84. No appeal was filed by Meridian against this "Order", hence no litigation is pending today against the Bank by Meridian.

As facts of both the Meridian and MAA suit are similar in nature with the same parties involved, the court has ordered that these two suits are to be heard together.

Trial proceeded on 3rd to 5th of December 2012 and on 10th and 13th December 2012 and continued on 18th to 20th February 2013. Matter was fixed for decision and or clarification on 11 April 2013.

After clarification of the matter on 11 April 2013 the court decided as follows ("Decision"):

In the MAA Suit:

- the court dismissed MAA's claim against AmTrustee with costs of RM100,000.00 and interest on the cost from the date of the decision to the date of settlement. Meridian on the other hand was found to be fully liable to MAA and was ordered to pay the sum of RM19,602,119.23 with interest from the date of filing of the writ to the date of realization.

In the Meridian Suit:

- the court found that AmTrustee is liable to contribute and indemnify Meridian for 40% of the amount that Meridian has been found liable to MAA and KWAP.

23. COMMITMENTS AND CONTINGENCIES (CONTD.)

This essentially means that Meridian has to pay MAA and KWAP for all the damages claimed by MAA and KWAP and AmTrustee has to pay 40% of that amount that Meridian has paid to MAA and KWAP. Court further awarded Meridian to pay AmTrustee cost of RM20,000.00.

Both Meridian and MAA to date have filed their Appeal (against the Decision on 8 May 2013 and 9 May 2013 respectively. The appeals were called up for Case Management on 20 June 2013, wherein parties were directed to take steps prior to the actual hearing of the appeals and is now refixed for further Case Management on 6 August 2013.

AmTrustee is currently taking solicitors' advice on the above mentioned Decision.

24. CAPITAL ADEQUACY

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

	Group		Bank	
	30.06.13	31.03.13	30.06.13	31.03.13
Before deducting proposed dividends:				
Common Equity Tier 1 ("CET 1") Capital Ratio	22.971%	24.385%	22.274%	25.749%
Tier 1 Capital Ratio	22.971%	24.385%	22.274%	25.749%
Total Capital Ratio	22.971%	24.385%	22.274%	25.749%
<hr/>				
After deducting proposed dividend:				
CET 1 Capital Ratio	22.971%	24.385%	22.274%	25.749%
Tier 1 Capital Ratio	22.971%	24.385%	22.274%	25.749%
Total Capital Ratio	22.971%	24.385%	22.274%	25.749%

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

The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. With effect from 1 January 2013, the capital adequacy ratios are computed in accordance to BNM's guidelines on Capital Adequacy Framework (Capital Components) issued by the Prudential Financial Policy Department on 28 November 2012, which is based on the Basel III capital accord.

The minimum regulatory capital adequacy requirements for the risk weighted capital ratios are as follows:

	Calendar Year		
	2013	2014	2015
CET 1 Capital Ratio	3.5%	4.0%	4.5%
Tier 1 Capital Ratio	4.5%	5.5%	6.0%
Total Capital Ratio	8.0%	8.0%	8.0%

24. CAPITAL ADEQUACY RATIO (CONTD.)

(b) The components of Tier I and Tier II Capital of the Group and the Bank are as follows:

	Group		Bank	
	30.06.13 RM'000	31.03.13 RM'000	30.06.13 RM'000	31.03.13 RM'000
<u>Common Equity Tier 1 ("CET1") Capital</u>				
Ordinary shares	200,000	200,000	200,000	200,000
Retained earnings	90,519	90,519	118,307	118,307
Unrealised gains on available-for-sale ("AFS") financial instruments	1,962	3,162	1,910	3,110
Foreign exchange translation reserve	30,441	29,988	-	-
Statutory reserve fund	200,000	200,000	200,000	200,000
Capital reserve	2,815	2,815	-	-
Merger reserve	7,656	7,656	-	-
Less : Regulatory adjustments applied on CET1 capital				
Goodwill	(11,243)	(11,243)	-	-
Other intangibles	(2,366)	(2,403)	(2,295)	(2,347)
Deferred tax assets	(14,528)	(14,750)	(10,555)	(11,512)
55% of cumulative gains of AFS financial instruments	(1,079)	(1,739)	(1,051)	(1,711)
Regulatory adjustments applied to CET1 Capital due to insufficient Additional Tier 1 and Tier 2 Capital	(22,319)	(23,267)	(146,329)	(110,010)
CET1 capital	481,858	480,738	359,987	395,837
Tier 1 ("T1") capital	481,858	480,738	359,987	395,837
<u>Tier 2 ("T2") capital</u>				
Collective impairment provisions and regulatory reserves #	3,454	2,789	3,454	2,789
Less : Regulatory adjustments applied on Tier 2 capital	(3,454)	(2,789)	(3,454)	(2,789)
Tier 2 capital	-	-	-	-
Total Capital	481,858	480,738	359,987	395,837

#Excludes collective allowance on impaired loans restricted from Tier 2 capital of the Group and the Bank of RM873,808.(31 March 2013 : RM875,275)

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

	Group		Bank	
	30.06.13 RM'000	31.03.13 RM'000	30.06.13 RM'000	31.03.13 RM'000
Credit risk	1,609,269	1,487,710	1,191,060	1,118,859
Market risk	23,038	13,146	19,086	9,366
Operational risk	465,377	470,556	406,051	409,052
	2,097,684	1,971,412	1,616,197	1,537,277

25. OPERATIONS OF ISLAMIC BANKING

The statements of financial position as at 30 June 2013 and the results for the period ended 30 June 2013 of the Islamic banking business of the Group and the Bank, included in the financial statements, after elimination of intercompany transactions and balances are summarised as follows:

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Group and Bank	
	30.06.13	31.03.13
	RM'000	RM'000
ASSETS		
Cash and short-term funds	180,087	191,813
Other receivables, deposits and prepayments	24,448	16,940
Deferred tax assets	312	212
Property and equipment	36	40
Intangible assets	3	4
TOTAL ASSETS	204,886	209,009
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits and placements of banks and other financial institutions	1,400	1,750
Other liabilities	51,785	59,141
Total Liabilities	53,185	60,891
ISLAMIC BANKING FUNDS		
Capital funds	30,000	30,000
Reserves	121,701	118,118
Islamic Banking Funds	151,701	148,118
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	204,886	209,009
COMMITMENTS AND CONTINGENCIES	77,650	77,650

25. OPERATIONS OF ISLAMIC BANKING (CONTD.)

**UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2013**

Group and Bank	Individual Quarter		Cumulative Quarter	
	30.06.13	30.06.12	30.06.13	30.06.12
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	320	372	320	372
Total attributable income	320	372	320	372
Income attributable to depositors	(6)	-	(6)	-
Profit attributable to the Group and the Bank	314	372	314	372
Income derived from investment of Islamic banking funds	5,303	5,246	5,303	5,246
Direct costs	(30)	(14)	(30)	(14)
Total net income	5,587	5,604	5,587	5,604
Other operating expenses	(946)	(881)	(946)	(881)
Profit before taxation	4,641	4,723	4,641	4,723
Taxation	(1,058)	(1,221)	(1,058)	(1,221)
Profit after taxation	3,583	3,502	3,583	3,502

25. OPERATIONS OF ISLAMIC BANKING (CONTD.)

25a. OTHER LIABILITIES

	Group and Bank	
	30.06.13	31.03.13
	RM'000	RM'000
Trade payables	4,695	911
Other payables and accruals	1,290	1,308
Amount due to head office	23,145	35,425
Taxation and zakat payable	22,655	21,497
	<u>51,785</u>	<u>59,141</u>

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

The Group reported a pretax profit of RM18.9 million (RM12.1 million for the period ended 30 June 2012) and the Bank reported a pretax profit of RM11.6 million (RM14.8 million for the period ended 30 June 2012), and in respect of the non-Islamic business, are attributable to:

- (i) Higher net interest income of RM7.8 million and RM6.7 million (RM5.7 million and RM5.1 million for the period ended 30 June 2012) for the Group and Bank, respectively due to higher income from loans.
- (ii) Higher fee income of RM59.2 million and RM46.3 million (RM51.8 million and RM42.2 million for the period ended 30 June 2012), for the Group and the Bank, respectively, from higher brokerage fees and commission.
- (iii) Higher investment and trading income of RM3.1 million (RM2.2 million for the period ended 30 June 2012), for the Group from higher portfolio income and gain on revaluation of financial assets held for trading. Lower investment and trading income of RM 3.1 million (RM3.4 million for the period ended 30 June 2012), for the Bank due to no dividend from associated company received this year (RM1.2 million for the period ended 30 June 2012) mitigated by higher portfolio income of RM 1.7 million (RM 1.1 million for the period ended 30 June 2012)
- (iv) A higher collective allowance for impairment on loan and financing of RM0.6 million for the Group and the Bank (Writeback of RM0.3 million for the period ended 30 June 2012 for the Group and the Bank) in line with a higher loan base.

Net income from Islamic banking business remain relatively unchanged at RM5.6 million for the Group and the Bank (RM5.6 million for the period ended 30 June 2012 for the Group and the Bank).

Shareholder's equity stood at RM0.5 billion (RM0.5 billion as at 31 March 2013) for the Group and the Bank, respectively.

In the opinion of the directors, the results of operations of the Group and the Bank for the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature .

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and the Bank for the succeeding financial period.

27. CURRENT PERIOD PROSPECTS

The domestic economy registered a slower growth of 4.1% year-on-year in first quarter 2013 (6.5% year-on-year growth in fourth quarter 2012) supported by domestic demand despite the weaker external demand environment. Consumption benefitted from a slew of targeted fiscal policy and people friendly measures implemented as a result of Budget 2013. Investments continued its strong growth as a result of progress of Economic Transformation Programme ("ETP") projects.

Looking ahead, domestic demand is expected to be supported by the low inflationary environment and stable employment. In addition, expansion in private investments would be driven by a pickup in the pace of rollout of ETP projects. External environment, while remaining challenging is expected to gradually improve. Both resilient domestic demand and increased private investments are expected to drive economic growth for Malaysia to circa 5.0% for 2013. Capital markets activities and non-retail lending are expected to remain robust driven by funding requirements generated by ETP projects.

The rollout of ETP will support lending and capital market activities in the Malaysian banking industry. Nevertheless, consumer loans growth will continue to moderate in selected segments with the introduction of new responsible lending guidelines. Margins continue to be impacted by ongoing competition for loans and deposits.

27. CURRENT PERIOD PROSPECTS (CONTD.)

Government policies are expected to focus on sustaining growth momentum, reducing the fiscal deficit and driving progress of long-term economic transformation plans to achieve high-income developed nation status by 2020. Notwithstanding that, the regulatory authorities have recently introduced further measures to ensure responsible and sustainable lending practices, in addressing concerns regarding the nation's high household debt levels. These measures could moderate retail loans growth as the industry adjusts to the new measures. Monetary policy is expected to remain accommodative while managing volatility from capital flows.

Our strategic agenda for FY2014 – 2016 will be to (1) Integrate acquisitions and deliver synergies; (2) Simplify business model and streamline processes; (3) Accelerate organic growth with focus on cross-sell, flow business, small business, and emerging affluent customers; (4) Build scale in specialist businesses with strategic partners; and (5) Optimise capital and holding company structures.

28. VALUATIONS OF PROPERTY AND EQUIPMENT

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

29. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and the Bank for the current financial quarter.