

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

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013**

		Group		Bank	
	Note	30.09.13 RM'000	31.03.13 RM'000	30.09.13 RM'000	31.03.13 RM'000
ASSETS					
Cash and short-term funds		928,112	570,797	893,079	545,150
Deposits and placements with banks and other financial institutions		732	713	-	-
Derivative financial assets	8	5	9	1	7
Financial assets held-for-trading	9	656	4,082	656	3,820
Financial investments available-for-sale	10	39,418	54,964	37,218	52,762
Financial investments held-to-maturity	11	224,401	265,909	224,401	265,909
Loans, advances and financing	12	1,116,260	947,084	1,116,260	947,084
Statutory deposit with Bank Negara Malaysia		22,385	14,049	22,385	14,049
Deferred tax assets		13,080	14,750	9,713	11,512
Investments in subsidiaries		-	-	125,310	87,981
Investments in associates		1,318	1,338	100	100
Other assets	13	897,952	941,272	373,507	582,972
Property and equipment		26,121	26,510	23,993	24,526
Intangible assets		13,416	13,646	2,100	2,347
TOTAL ASSETS		3,283,856	2,855,123	2,828,723	2,538,219
LIABILITIES AND EQUITY					
Deposits and placements of banks and other financial institutions	14	1,978,478	1,468,022	1,978,478	1,468,022
Derivative financial liabilities	8	1	5	-	-
Term funding		146,874	75,129	-	-
Other liabilities	15	591,953	777,827	323,346	548,780
TOTAL LIABILITIES		2,717,306	2,320,983	2,301,824	2,016,802
Share capital		200,000	200,000	200,000	200,000
Reserves		366,550	334,140	326,899	321,417
Equity attributable to equity holder of the Bank		566,550	534,140	526,899	521,417
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		3,283,856	2,855,123	2,828,723	2,538,219
COMMITMENTS AND CONTINGENCIES	23	548,097	428,046	545,352	424,811
NET ASSETS PER ORDINARY SHARE (RM)		2.83	2.67	2.63	2.61

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

	Note	Group		Bank	
		30.09.13	31.03.13	30.09.13	31.03.13
CAPITAL ADEQUACY	24(a)				
Before deducting proposed dividends					
Common Equity Tier 1 ("CET1") Capital Ratio		23.085%	24.385%	23.925%	25.749%
Tier 1 Capital Ratio		23.085%	24.385%	23.925%	25.749%
Total Capital Ratio		23.085%	24.385%	23.925%	25.749%
After deducting proposed dividends					
CET 1 Capital Ratio		23.085%	24.385%	23.925%	25.749%
Tier 1 Capital Ratio		23.085%	24.385%	23.925%	25.749%
Total Capital Ratio		23.085%	24.385%	23.925%	25.749%

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

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

Group	Note	Individual Quarter		Cumulative Quarter	
		30.09.13 RM'000	30.09.12 RM'000	30.09.13 RM'000	30.09.12 RM'000
Revenue		103,355	73,102	194,033	146,501
Interest income	16	19,637	12,581	38,656	24,042
Interest expense	17	(12,807)	(7,482)	(24,076)	(13,274)
Net interest income		6,830	5,099	14,580	10,768
Net income from Islamic banking business		2,754	4,515	8,341	10,119
Other operating income	18	80,821	55,917	146,831	112,138
Direct costs	19	(20,126)	(15,945)	(43,185)	(27,721)
Share in results of associates		143	89	205	202
Net income		70,422	49,675	126,772	105,506
Other operating expenses	20	(41,957)	(42,125)	(88,308)	(87,163)
Operating Profit		28,465	7,550	38,464	18,343
(Allowances)/writeback of allowances for impairment on loans and financing	21	(632)	115	(1,144)	627
Impairment writeback on foreclosed properties		-	-	100	-
Impairment loss on financial investment		(1)	-	(1)	-
Writeback of allowances/(allowances) on doubtful sundry receivables- net		968	(6,916)	10,354	(5,937)
Writeback of provision/(provision) for commitments and contingencies		68	249	(50)	82
Profit before taxation		28,868	998	47,723	13,115
Taxation		(14,935)	(37)	(17,591)	(6,882)
Profit for the period attributable to equity holder of the Bank		13,933	961	30,132	6,233
EARNINGS PER SHARE (SEN)					
Basic		6.97	0.48	15.07	3.12
Fully diluted		6.97	0.48	15.07	3.12

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

Group	Note	Individual Quarter		Cumulative Quarter	
		30.09.13	30.09.12	30.09.13	30.09.12
		RM'000	RM'000	RM'000	RM'000
Profit for the period		13,933	961	30,132	6,233
Other comprehensive income/(loss):					
Exchange differences on translation of foreign operations		4,149	(213)	4,602	1,916
Net movement on financial investments available-for-sale		(116)	1,859	(1,718)	960
Income tax relating to the components of other comprehensive income		29	(465)	429	(240)
Other comprehensive income for the period, net of tax		4,062	1,181	3,313	2,636
Total comprehensive income for the period attributable to equity holders of the Bank		17,995	2,142	33,445	8,869

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AmlInvestment Bank Berhad
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UNAUDITED CONSOLIDATED INCOME STATEMENTS (CONTD.)
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2013

Bank	Note	Individual Quarter		Cumulative Quarter	
		30.09.13 RM'000	30.09.12 RM'000	30.09.13 RM'000	30.09.12 RM'000
Revenue		75,241	60,792	150,769	124,449
Interest income	16	18,407	11,733	35,565	22,361
Interest expense	17	(12,008)	(7,206)	(22,515)	(12,699)
Net interest income		6,399	4,527	13,050	9,662
Net income from Islamic banking business		2,754	4,515	8,341	10,119
Other operating income	18	54,080	44,544	106,863	91,969
Direct costs	19	(14,657)	(11,657)	(32,471)	(20,630)
Net income		48,576	41,929	95,783	91,120
Other operating expenses	20	(36,062)	(32,121)	(71,516)	(67,414)
Operating Profit		12,514	9,808	24,267	23,706
(Allowances)/writeback of allowances for impairment on loans and financing	21	(632)	115	(1,144)	627
Impairment writeback on foreclosed properties		-	-	100	-
Writeback of allowances/(allowances) on doubtful sundry receivables- net		609	(232)	993	374
Writeback of provision/(provision) for commitments and contingencies		68	249	(50)	82
Profit before taxation		12,559	9,940	24,166	24,789
Taxation		(13,728)	(71)	(16,379)	(7,346)
Net (loss)/profit attributable to equity holder of the Bank		(1,169)	9,869	7,787	17,443
EARNINGS PER SHARE (SEN)					
Basic		(0.58)	4.93	3.89	8.72
Fully diluted		(0.58)	4.93	3.89	8.72

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

Bank	Note	Individual Quarter		Cumulative Quarter	
		30.09.13	30.09.12 (Restated)	30.09.13	30.09.12 (Restated)
		RM'000	RM'000	RM'000	RM'000
(Loss)/profit for the period		(1,169)	9,869	7,787	17,443
Other comprehensive (loss)/income:					
Net movement on financial investments available-for-sale		(116)	1,859	(1,718)	960
Income tax relating to the components of other comprehensive income		29	(465)	429	(240)
Other comprehensive (loss)/income for the period, net of tax		(87)	1,394	(1,289)	720
Total comprehensive (loss)/income for the period attributable to equity holders of the Bank		(1,256)	11,263	6,498	18,163

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**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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	-	-	-	-	-	-	6,233	6,233
Other comprehensive income	-	-	-	-	720	1,916	-	2,636
Total comprehensive income for the period	-	-	-	-	720	1,916	6,233	8,869
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	(3,412)	(3,412)
Ordinary dividends paid	-	-	-	-	-	-	(23,600)	(23,600)
At 30 September 2012	200,000	2,815	200,000	7,656	3,057	29,982	76,368	519,878
At 1 April 2013	200,000	2,815	200,000	7,656	3,162	29,988	90,519	534,140
Profit for the period	-	-	-	-	-	-	30,132	30,132
Other comprehensive (loss)/income	-	-	-	-	(1,289)	4,602	-	3,313
Total comprehensive (loss)/income for the period	-	-	-	-	(1,289)	4,602	30,132	33,445
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	(1,035)	(1,035)
At 30 September 2013	200,000	2,815	200,000	7,656	1,873	34,590	119,616	566,550

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

	<-----Attributable to equity holder of the Bank----->				
	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	-	-	-	17,443	17,443
Other comprehensive income	-	-	720	-	720
Total comprehensive income for the period	-	-	720	17,443	18,163
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	(3,131)	(3,131)
Ordinary dividends paid	-	-	-	(23,600)	(23,600)
At 30 September 2012	200,000	200,000	3,005	97,715	500,720
At 1 April 2013	200,000	200,000	3,110	118,307	521,417
Profit for the period	-	-	-	7,787	7,787
Other comprehensive loss	-	-	(1,289)	-	(1,289)
Total comprehensive (loss)/income for the period	-	-	(1,289)	7,787	6,498
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	(1,016)	(1,016)
At 30 September 2013	200,000	200,000	1,821	125,078	526,899

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

	Group		Bank	
	30.09.13	30.09.12	30.09.13	30.09.12
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	47,723	13,115	24,166	24,789
Adjustments for non-operating and non cash items	(17,062)	(387)	(7,310)	(7,316)
Operating profit before working capital changes	30,661	12,728	16,856	17,473
(Decrease)/increase in operating assets	(123,220)	297,284	33,994	327,318
Increase/(decrease) in operating liabilities	328,096	(22,677)	283,956	(63,163)
Cash generated from operations	235,537	287,335	334,806	281,628
Taxation paid	(8,722)	(10,239)	(8,497)	(9,996)
Net cash generated from operating activities	226,815	277,096	326,309	271,632
Net cash generated from/(used in) investing activities	58,755	(5,056)	21,620	(4,450)
Net cash generated from/(used in) financing activities	71,745	(45,244)	-	(23,600)
	130,500	(50,300)	21,620	(28,050)
Net increase in cash and cash equivalents	357,315	226,796	347,929	243,582
Cash and cash equivalents at beginning of period	570,797	597,533	545,150	548,051
Cash and cash equivalents at end of period	928,112	824,329	893,079	791,633

The unaudited condensed financial 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 complied with IAS 34 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia.

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 of 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.

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 and of the Bank:

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)
- Amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009)
- 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 12, Investment Entities (amendments to MFRS 10, MFRS 12 and MFRS 127)
- Amendments to MFRS 101, Presentation of Items of Other Comprehensive Income
- Amendments to MFRSs contained in the document entitled “Annual Improvements 2009–2011 Cycle”
- Amendments to MFRS 136, Recoverable Amount Disclosures for Non-financial Assets
- Amendments to MFRS 139, Novation of Derivatives and continuation of Hedge Accounting
- Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21: Levies

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 was 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 September 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	30.09.13		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	5,475	4	1	3,977	-	5
Equity related contracts:						
Less than one year	622	1	-	5,822	7	-
Over three years	-	-	-	21	2	-
Total	6,097	5	1	9,820	9	5
Bank						
Trading derivative						
Foreign exchange related contracts:						
Less than one year	2,730	-	-	763	-	-
Equity related contracts:						
Less than one year	622	1	-	5,822	7	-
Total	3,352	1	-	6,585	7	-

9. FINANCIAL ASSETS HELD-FOR-TRADING

	Group		Bank	
	30.09.13 RM'000	31.03.13 RM'000	30.09.13 RM'000	31.03.13 RM'000
At Fair Value				
Quoted Securities:				
In Malaysia:				
Shares	-	3,211	-	3,211
Unit trusts	656	609	656	609
Outside Malaysia:				
Shares	-	262	-	-
	<u>656</u>	<u>4,082</u>	<u>656</u>	<u>3,820</u>

10. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Bank	
	30.09.13 RM'000	31.03.13 RM'000	30.09.13 RM'000	31.03.13 RM'000
At Fair value				
Quoted Securities				
In Malaysia:				
Unit trusts	-	16,133	-	16,133
Shares	-	2	-	-
	<u>-</u>	<u>16,135</u>	<u>-</u>	<u>16,133</u>
Unquoted Securities				
Outside Malaysia:				
Private debt securities	25,300	24,718	25,300	24,718
At Cost				
Unquoted Securities:				
In Malaysia:				
Shares	13,988	13,988	11,788	11,788
Outside Malaysia:				
Shares	130	123	130	123
	<u>39,418</u>	<u>54,964</u>	<u>37,218</u>	<u>52,762</u>

11. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group		Bank	
	30.09.13 RM'000	31.03.13 RM'000	30.09.13 RM'000	31.03.13 RM'000
At Amortised Cost:				
Money Market Securities:				
Bank Negara Monetary Notes	149,301	190,809	149,301	190,809
Unquoted Securities Of Companies				
In Malaysia:				
Private debt securities	75,100	75,100	75,100	75,100
	<u>224,401</u>	<u>265,909</u>	<u>224,401</u>	<u>265,909</u>

12. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	30.09.13 RM'000	31.03.13 RM'000	30.09.13 RM'000	31.03.13 RM'000
At Amortised Cost				
Share margin financing	300,912	313,099	300,912	313,099
Revolving credits	817,462	634,197	817,462	634,197
Staff loans	5,526	6,283	5,526	6,283
Gross loans, advances and financing	1,123,900	953,579	1,123,900	953,579
Less:				
Allowance for impairment on loans, advances and financing:				
Collective allowance	5,135	3,664	5,135	3,664
Individual allowance	2,505	2,831	2,505	2,831
	7,640	6,495	7,640	6,495
Net loans, advances and financing	1,116,260	947,084	1,116,260	947,084

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

	Group		Bank	
	30.09.13 RM'000	31.03.13 RM'000	30.09.13 RM'000	31.03.13 RM'000
Domestic :				
Business enterprises:				
Small medium enterprises	37,940	30,214	37,940	30,214
Others	77,171	154,501	77,171	154,501
Individuals	1,002,431	766,614	1,002,431	766,614
Foreign entities	6,358	2,250	6,358	2,250
	1,123,900	953,579	1,123,900	953,579

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

	Group		Bank	
	30.09.13 RM'000	31.03.13 RM'000	30.09.13 RM'000	31.03.13 RM'000
In Malaysia	1,108,867	944,184	1,108,867	944,184
Outside Malaysia	15,033	9,395	15,033	9,395
	1,123,900	953,579	1,123,900	953,579

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

	Group		Bank	
	30.09.13 RM'000	31.03.13 RM'000	30.09.13 RM'000	31.03.13 RM'000
Fixed rate:				
Fixed-rate loans	306,438	319,382	306,438	319,382
Variable rate:				
Cost-plus	817,462	634,197	817,462	634,197
	1,123,900	953,579	1,123,900	953,579

12. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	Group		Bank	
	30.09.13 RM'000	31.03.13 RM'000	30.09.13 RM'000	31.03.13 RM'000
Agriculture	11,245	6,617	11,245	6,617
Manufacturing	6,976	5,075	6,976	5,075
Wholesale and retail trade and hotels and restaurant	-	371	-	371
Real estate	21,141	22,208	21,141	22,208
Business activities	59,824	137,822	59,824	137,822
Education and health	1,128	1,655	1,128	1,655
Household, of which:				
Purchase of residential properties	3,381	3,641	3,381	3,641
Purchase of transport vehicles	2,145	2,642	2,145	2,642
Others	999,983	766,153	999,983	766,153
Others	18,077	7,395	18,077	7,395
	<u>1,123,900</u>	<u>953,579</u>	<u>1,123,900</u>	<u>953,579</u>

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

	Group		Bank	
	30.09.13 RM'000	31.03.13 RM'000	30.09.13 RM'000	31.03.13 RM'000
Maturing within one year	1,118,407	947,363	1,118,407	947,363
One to three years	550	307	550	307
Three to five years	1,302	1,657	1,302	1,657
Over five years	3,641	4,252	3,641	4,252
	<u>1,123,900</u>	<u>953,579</u>	<u>1,123,900</u>	<u>953,579</u>

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

	Group		Bank	
	30.09.13 RM'000	31.03.13 RM'000	30.09.13 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	6	30	6	30
Recoveries	(356)	(730)	(356)	(730)
Balance at end of period/year	<u>3,504</u>	<u>3,854</u>	<u>3,504</u>	<u>3,854</u>
Gross impaired loans, advances and financing as % of gross loans, advances and financing	<u>0.31%</u>	<u>0.40%</u>	<u>0.31%</u>	<u>0.40%</u>
Loan loss coverage (excluding collateral values)	<u>218.04%</u>	<u>168.53%</u>	<u>218.04%</u>	<u>168.53%</u>

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	
	30.09.13 RM'000	31.03.13 RM'000	30.09.13 RM'000	31.03.13 RM'000
Household, of which:				
Purchase of residential properties	103	127	103	127
Others	47	227	47	227
Business activities	3,354	3,500	3,354	3,500
	<u>3,504</u>	<u>3,854</u>	<u>3,504</u>	<u>3,854</u>

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

	Group		Bank	
	30.09.13 RM'000	31.03.13 RM'000	30.09.13 RM'000	31.03.13 RM'000
Collective allowance				
Balance at beginning of year	3,664	4,116	3,664	4,116
Allowance made/(writeback of allowance) during the period/year	1,470	(450)	1,470	(450)
Foreign exchange differences	1	(2)	1	(2)
Balance at end of period/year	<u>5,135</u>	<u>3,664</u>	<u>5,135</u>	<u>3,664</u>
% of total loans, advances and financing less individual allowance	<u>0.46%</u>	<u>0.39%</u>	<u>0.46%</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	(326)	(730)	(326)	(730)
Balance at end of period/year	<u>2,505</u>	<u>2,831</u>	<u>2,505</u>	<u>2,831</u>

13. OTHER ASSETS

	Group		Bank	
	30.09.13 RM'000	31.03.13 RM'000	30.09.13 RM'000	31.03.13 RM'000
Trade receivables, net of allowance for doubtful debts	755,839	810,559	250,293	473,046
Other receivables, deposits and prepayments, net of allowance for doubtful debts	63,171	44,627	51,947	32,931
Interest/dividends receivable	2,144	1,472	2,136	1,456
Income tax recoverable	65,512	71,108	65,512	71,103
Amount due from brokers	7,991	9,640	-	-
Amount due from:				
Subsidiaries	-	-	102	334
Related companies	3,295	3,701	3,517	3,937
Assets acquired in exchange of debts, net of impairment loss	-	165	-	165
	<u>897,952</u>	<u>941,272</u>	<u>373,507</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	
	30.09.13 RM'000	31.03.13 RM'000	30.09.13 RM'000	31.03.13 RM'000
Licensed banks:				
Related	<u>1,978,478</u>	<u>1,468,022</u>	<u>1,978,478</u>	<u>1,468,022</u>

15. OTHER LIABILITIES

	Group		Bank	
	30.09.13 RM'000	31.03.13 RM'000	30.09.13 RM'000	31.03.13 RM'000
Trade payables	479,737	671,485	222,897	452,648
Other payables and accruals	68,003	84,885	57,073	75,665
Interest payables	14,336	6,269	14,336	6,269
Provision for commitments and contingencies	5,870	5,819	5,870	5,819
Amount due to ultimate holding company	10,283	125	9,994	125
Amount due to subsidiaries	-	-	1,823	318
Amount due to related companies	11,654	9,208	11,315	7,898
Taxation payable	(4)	(2)	-	-
Zakat payable	38	38	38	38
Bank Overdraft	2,036	-	-	-
	<u>591,953</u>	<u>777,827</u>	<u>323,346</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	
	30.09.13 RM'000	30.09.12 RM'000	30.09.13 RM'000	30.09.12 RM'000
Short-term funds and deposits with financial institutions	4,379	3,933	8,325	6,640
Financial investments available-for-sale	422	407	822	813
Securities held-to-maturity	788	-	1,568	-
Loans, advances and financing				
- Interest income other than recoveries from impaired loans	11,613	7,708	22,286	15,466
Others	967	353	2,634	769
Gross interest income	18,169	12,401	35,635	23,688
Accretion of discounts less amortisation of premiums	1,468	180	3,021	354
	19,637	12,581	38,656	24,042

Bank	Individual Quarter		Cumulative Quarter	
	30.09.13 RM'000	30.09.12 RM'000	30.09.13 RM'000	30.09.12 RM'000
Short-term funds and deposits with financial institutions	4,063	3,403	7,548	5,618
Financial investments available-for-sale	422	407	822	813
Securities held-to-maturity	788	-	1,568	-
Loans, advances and financing				
- Interest income other than recoveries from impaired loans	11,613	7,708	22,286	15,466
Others	53	35	320	110
Gross interest income	16,939	11,553	32,544	22,007
Accretion of discounts less amortisation of premiums	1,468	180	3,021	354
	18,407	11,733	35,565	22,361

17. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	30.09.13 RM'000	30.09.12 RM'000	30.09.13 RM'000	30.09.12 RM'000
Deposit of banks and other financial institutions	12,008	7,206	22,515	12,699
Others	799	276	1,561	575
	12,807	7,482	24,076	13,274

Bank	Individual Quarter		Cumulative Quarter	
	30.09.13 RM'000	30.09.12 RM'000	30.09.13 RM'000	30.09.12 RM'000
Deposit of banks and other financial institutions	12,008	7,206	22,515	12,699

18. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	30.09.13 RM'000	30.09.12 RM'000	30.09.13 RM'000	30.09.12 RM'000
Fee income:				
Brokerage fees and commissions	38,096	31,017	81,990	60,096
Corporate advisory fees	19,885	4,383	23,896	13,656
Fees on loans and securities	1,286	3,686	4,834	6,559
Guarantee fees	107	143	225	295
Portfolio management fees	121	104	232	223
Underwriting commissions	1,809	3,633	1,810	7,240
Wealth management fees	5,961	9,171	15,058	15,356
Other fee and commission income	907	849	1,820	2,463
	<u>68,172</u>	<u>52,986</u>	<u>129,865</u>	<u>105,888</u>
Investment and trading income:				
Gross dividend income from:				
Financial assets held-for-trading	38	105	77	278
Financial investments available-for-sale	245	-	1,453	1,141
Net foreign exchange gain	216	122	260	118
Net gain from sale of financial assets held-for-trading	364	1,069	560	1,469
Net gain from sale of financial investments available-for-sale	152	-	152	-
Net loss on revaluation of derivatives	(263)	(474)	(557)	(701)
Net loss on revaluation of financial assets held-for-trading	(216)	(4)	(24)	(375)
Portfolio (loss)/income	<u>(1,742)</u>	<u>919</u>	<u>-</u>	<u>2,044</u>
	<u>(1,206)</u>	<u>1,737</u>	<u>1,921</u>	<u>3,974</u>
Other income:				
Non-trading foreign exchange gain	131	152	306	379
Net gain/(loss) on disposal of property and equipment	19	(1)	80	2
Rental income	577	578	1,155	1,178
Other operating income *	13,128	465	13,504	717
	<u>13,855</u>	<u>1,194</u>	<u>15,045</u>	<u>2,276</u>
	<u>80,821</u>	<u>55,917</u>	<u>146,831</u>	<u>112,138</u>

* Includes gain arising from the liquidation of a Singapore subsidiary of SGD5 million.

18. OTHER OPERATING INCOME (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	30.09.13 RM'000	30.09.12 RM'000	30.09.13 RM'000	30.09.12 RM'000
Fee income:				
Brokerage fees and commissions	24,787	20,628	56,076	41,111
Corporate advisory fees	19,885	4,176	23,896	13,176
Fees on loans and securities	1,286	3,686	4,834	6,559
Guarantee fees	107	143	225	295
Portfolio management fees	121	104	232	223
Underwriting commissions	1,757	2,912	1,758	6,519
Wealth management fees	5,961	9,171	15,058	15,356
Other fee and commission income	600	368	1,254	1,317
	<u>54,504</u>	<u>41,188</u>	<u>103,333</u>	<u>84,556</u>
Investment and trading income:				
Gross dividend income from:				
Unquoted associated company	-	-	-	1,160
Financial assets held-for-trading	38	106	77	277
Financial investments available-for-sale	245	-	1,453	1,141
Net foreign exchange gain	212	125	253	118
Net gain from sale of financial assets held-for-trading	431	1,079	639	1,497
Net gain from sale of financial investments available-for-sale	152	-	152	-
Net loss on revaluation of derivatives	(263)	(474)	(557)	(701)
Net loss on revaluation of financial assets held-for-trading	(218)	(4)	(26)	(372)
Portfolio (loss)/income	<u>(1,742)</u>	<u>919</u>	<u>-</u>	<u>2,044</u>
	<u>(1,145)</u>	<u>1,751</u>	<u>1,991</u>	<u>5,164</u>
Other income:				
Net (loss)/gain on disposal of property and equipment	-	(1)	61	2
Non-trading foreign exchange (loss)/gain	-	(5)	4	(4)
Rental income	577	578	1,155	1,178
Others	144	1,033	319	1,073
	<u>721</u>	<u>1,605</u>	<u>1,539</u>	<u>2,249</u>
	<u>54,080</u>	<u>44,544</u>	<u>106,863</u>	<u>91,969</u>

19. DIRECT COSTS

Group	Individual Quarter		Cumulative Quarter	
	30.09.13 RM'000	30.09.12 RM'000	30.09.13 RM'000	30.09.12 RM'000
Dealers incentive	2,536	3,140	6,413	5,051
Brokerage commission	12,464	8,932	25,288	16,513
Others	5,126	3,873	11,484	6,157
	<u>20,126</u>	<u>15,945</u>	<u>43,185</u>	<u>27,721</u>

19. DIRECT COSTS (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	30.09.13	30.09.12	30.09.13	30.09.12
	RM'000	RM'000	RM'000	RM'000
Dealers incentive	2,536	3,140	6,413	5,051
Brokerage commission	6,995	4,644	14,574	9,422
Others	5,126	3,873	11,484	6,157
	<u>14,657</u>	<u>11,657</u>	<u>32,471</u>	<u>20,630</u>

20. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	30.09.13	30.09.12	30.09.13	30.09.12
	RM'000	RM'000	RM'000	RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	20,879	24,175	47,926	49,865
- Scheme shares and options granted under AMMB Executives' Share Scheme	3,609	4,742	4,947	5,579
- Others	8,003	8,941	15,571	17,193
	<u>32,491</u>	<u>37,858</u>	<u>68,444</u>	<u>72,637</u>
Establishment costs				
- Amortisation of computer software	223	160	442	319
- Computerisation costs	1,703	1,838	3,668	3,486
- Depreciation of property and equipment	932	1,184	1,874	2,363
- Rental	3,627	3,327	7,141	6,644
- Others	1,713	1,676	3,588	2,990
	<u>8,198</u>	<u>8,185</u>	<u>16,713</u>	<u>15,802</u>
Marketing and communication expenses				
- Advertising	229	165	441	465
- Sales commission	267	(130)	612	40
- Travel and entertainment	829	837	1,682	1,605
- Others	1,803	1,676	3,249	3,385
	<u>3,128</u>	<u>2,548</u>	<u>5,984</u>	<u>5,495</u>
Administration and general expenses				
- Professional fees	3,190	(146)	3,693	1,014
- Others	1,126	(3,516)	3,513	(1,872)
	<u>4,316</u>	<u>(3,662)</u>	<u>7,206</u>	<u>(858)</u>
Service transfer pricing recovery, net	(6,176)	(2,804)	(10,039)	(5,913)
	<u>41,957</u>	<u>42,125</u>	<u>88,308</u>	<u>87,163</u>

20. OTHER OPERATING EXPENSES (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	30.09.13 RM'000	30.09.12 RM'000	30.09.13 RM'000	30.09.12 RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	17,764	20,340	39,692	41,603
- Scheme shares and options granted under AMMB Executives' Share Scheme	3,435	4,270	4,665	5,000
- Others	5,717	7,199	11,532	13,644
	<u>26,916</u>	<u>31,809</u>	<u>55,889</u>	<u>60,247</u>
Establishment costs				
- Amortisation of computer software	218	157	433	314
- Computerisation costs	-	90	53	89
- Depreciation of property and equipment	764	907	1,543	1,804
- Rental	2,513	2,425	4,948	4,823
- Others	986	879	2,097	1,680
	<u>4,481</u>	<u>4,458</u>	<u>9,074</u>	<u>8,710</u>
Marketing and communication expenses				
- Advertising	209	156	413	450
- Sales commission	267	(130)	612	40
- Travel and entertainment	632	663	1,319	1,292
- Others	1,452	1,408	2,607	2,861
	<u>2,560</u>	<u>2,097</u>	<u>4,951</u>	<u>4,643</u>
Administration and general expenses				
- Professional fees	3,102	(390)	3,556	612
- Others	623	(3,982)	2,548	(2,832)
	<u>3,725</u>	<u>(4,372)</u>	<u>6,104</u>	<u>(2,220)</u>
Service transfer pricing recovery, net	(1,620)	(1,871)	(4,502)	(3,966)
	<u>36,062</u>	<u>32,121</u>	<u>71,516</u>	<u>67,414</u>

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

Group	Individual Quarter		Cumulative Quarter	
	30.09.13 RM'000	30.09.12 RM'000	30.09.13 RM'000	30.09.12 RM'000
(Allowance)/writeback of allowance for impaired loans and financing:				
Collective allowance	(808)	(102)	(1,470)	181
Individual allowance	176	217	326	446
	<u>(632)</u>	<u>115</u>	<u>(1,144)</u>	<u>627</u>
Bank				
(Allowance)/writeback of allowance for impaired loans and financing:				
Collective allowance	(808)	(102)	(1,470)	181
Individual allowance	176	217	326	446
	<u>(632)</u>	<u>115</u>	<u>(1,144)</u>	<u>627</u>

22. BUSINESS SEGMENT ANALYSIS

30.09.2013 Group	Investment Banking RM'000	Corporate and Institutional Banking RM'000	Markets RM'000	Group Functions and Others RM'000	Total RM'000
Revenue	170,870	1,344	609	21,210	194,033
Income	126,044	1,344	609	(1,225)	126,772
Expenses	(78,160)	(1,223)	-	(8,925)	(88,308)
Profit/(loss) before provisions	47,884	121	609	(10,150)	38,464
Provisions	9,097	10	-	152	9,259
Profit/(loss) after provisions	56,981	131	609	(9,998)	47,723
Taxation and zakat	(9,543)	(33)	(152)	(7,863)	(17,591)
Net profit/(loss) for the period	47,438	98	457	(17,861)	30,132
Other information:					
Cost to income ratio	62.0%	91.0%	0.0%	-728.6%	69.7%
Gross loans/ financing	1,118,374	-	-	5,526	1,123,900
Net loans/ financing	1,110,780	-	-	5,480	1,116,260
Gross impaired loans, advances and financing	3,504	-	-	-	3,504
Total deposits	-	-	-	1,978,478	1,978,478

22. BUSINESS SEGMENT ANALYSIS (CONTD.)

	Investment Banking RM'000	Corporate and Institutional Banking RM'000	Markets RM'000	Group Functions and Others RM'000	Total RM'000
30.09.2012 Group					
Revenue	130,391	1,667	1,015	13,428	146,501
Income	101,812	1,667	1,015	1,012	105,506
Expenses	(84,439)	(280)	-	(2,444)	(87,163)
Profit/(loss) before provisions	17,373	1,387	1,015	(1,432)	18,343
Provisions	(5,513)	(1)	-	286	(5,228)
Profit/(loss) after provisions	11,860	1,386	1,015	(1,146)	13,115
Taxation and zakat	(5,202)	(346)	(254)	(1,080)	(6,882)
Net profit/(loss) for the period	6,658	1,040	761	(2,226)	6,233
Other information					
Cost to income ratio	82.9%	16.8%	0.0%	241.5%	82.6%
Gross loans/ financing	660,175	-	-	6,589	666,764
Net loans/ financing	653,229	-	-	6,485	659,714
Gross impaired loans, advances and financing	4,133	-	-	-	4,133
Total deposits	6,284	-	-	1,166,662	1,172,946

Included in the above is Islamic banking business profit before taxation of RM7.4 million for the Group and the Bank for the period ended 30 September 2013 (RM8.0 million for the Group and the Bank for the period ended 30 September 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 RM 19.1 million for the period ended 30 September 2013 (Loss before tax RM 9.7 million for the period ended 30 September 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:

	30.09.13	31.03.13
Group	Principal Amount RM'000	Principal Amount RM'000
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	297,445	287,902
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	19	19
	<u>297,464</u>	<u>287,921</u>
Contingent Liabilities		
Direct credit substitutes	122,455	130,205
Obligations under an on-going underwriting agreement	121,981	-
Others	100	100
	<u>244,536</u>	<u>130,305</u>
Derivative Financial Instruments		
Foreign exchange related contracts:		
- One year or less	5,475	3,977
Equity related contracts:		
- One year or less	622	5,822
- Over five years	-	21
	<u>6,097</u>	<u>9,820</u>
	<u>548,097</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	297,445	287,902
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	19	19
	<u>297,464</u>	<u>287,921</u>
Contingent Liabilities		
Direct credit substitutes	122,455	130,205
Obligations under an on-going underwriting agreement	121,981	-
Others	100	100
	<u>244,536</u>	<u>130,305</u>
Derivative Financial Instruments		
Foreign exchange related contracts:		
- One year or less	2,730	763
Equity related contracts:		
- One year or less	622	5,822
	<u>3,352</u>	<u>6,585</u>
	<u>545,352</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 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 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 RM27,606,170 to RM36,967,167. 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 and interest at 5% 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 with interest from the date of filing of the writ to the date of realization and costs of RM100,000 with interest at 5% on the cost from the date of the decision to the date of settlement.

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.

Both Meridian and MAA to date have filed their appeals (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 obtained solicitors advice on MAA appeal and Meridian appeal. AmTrustee's solicitors advised AmTrustee to file its cross appeals against MAA's appeal and Meridian's appeal so as to reduce AmTrustee's 40% contribution of amount that Meridian has paid to MAA and KWAP. AmTrustee's solicitors are of the view that AmTrustee has a fair chance of succeeding in its cross-appeals.

On 6th August 2013, the Court of Appeal ordered MAA and Meridian to file their Supplementary Record of Appeal by 23rd August 2013 and AmTrustee to file its notice of cross-appeals by 2nd September 2013.

On 23rd August 2013, MAA and Meridian filed their Supplementary Record of Appeal on 23rd August 2013 and AmTrustee filed its notice of cross-appeals on 30th August 2013.

Altogether, there will be 6 appeals by the parties in the Court of Appeal:

- | | |
|------------------|--|
| MAA Suit: | (i) MAA's appeal against the Decision in the MAA Suit; |
| | (ii) Meridian's appeal against the Decision in the MAA Suit; |
| | (iii) AmTrustee's cross-appeal against MAA's appeal in the MAA Suit; |
| | (iv) AmTrustee's cross-appeal against Meridian's appeal in the MAA Suit; |
| Meridian's Suit: | (v) Meridian's appeal against the Decision in the Meridian Suit; |
| | (vi) AmTrustee's appeal against Meridian's appeal in the Meridian Suit |

The Court of Appeal was fixed the appeals for further case management on 5th September 2013 for parties to update Court of Appeal on the status of their appeals. On 5th September 2013 the Court of Appeal fixed 29th January 2014 for the parties to file Written Submissions. The Court of Appeal also had fixed the hearing on the appeals and cross appeals on 14th February 2014.

24. CAPITAL ADEQUACY RATIO

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

	Group		Bank	
	30.09.13	31.03.13	30.09.13	31.03.13
Before deducting proposed dividends:				
Common Equity Tier 1 ("CET1") Capital Ratio	23.085%	24.385%	23.925%	25.749%
Tier 1 Capital Ratio	23.085%	24.385%	23.925%	25.749%
Total Capital Ratio	23.085%	24.385%	23.925%	25.749%
<hr/>				
After deducting proposed dividend:				
CET1 Capital Ratio	23.085%	24.385%	23.925%	25.749%
Tier 1 Capital Ratio	23.085%	24.385%	23.925%	25.749%
Total Capital Ratio	23.085%	24.385%	23.925%	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	
	30.09.13 RM'000	31.03.13 RM'000	30.09.13 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	97,289	90,519	125,077	118,307
Unrealised gains on available-for-sale ("AFS") financial instruments	1,875	3,162	1,822	3,110
Foreign exchange translation reserve	34,590	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	(2,173)	(2,403)	(2,100)	(2,347)
Deferred tax assets	(13,080)	(14,750)	(9,713)	(11,512)
55% of cumulative gains of AFS financial instruments	(1,031)	(1,739)	(1,002)	(1,711)
Deduction in excess of Tier 2 *	(22,319)	(23,267)	(146,411)	(110,010)
CET1 capital	494,379	480,738	367,673	395,837
Tier 1 ("T1") capital	494,379	480,738	367,673	395,837
<u>Tier 2 ("T2") capital</u>				
Collective impairment provisions and regulatory reserves #	4,300	2,789	4,300	2,789
Less : Regulatory adjustments applied on Tier 2 capital	(4,300)	(2,789)	(4,300)	(2,789)
Tier 2 capital	-	-	-	-
Total Capital	494,379	480,738	367,673	395,837

*The portion of regulatory adjustments not deducted from Tier 2 (as the Bank does not have enough Tier 2 to satisfy the deduction) is deducted from the next higher level of capital; as per paragraph 31.1 of the Bank Negara Malaysia's Capital Adequacy Framework (Capital Components).

#Excludes collective allowance on impaired loans restricted from Tier 2 capital of the Group and the Bank of RM835,325.(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	
	30.09.13 RM'000	31.03.13 RM'000	30.09.13 RM'000	31.03.13 RM'000
Credit risk	1,506,426	1,487,710	969,400	1,118,859
Market risk	173,799	13,146	173,021	9,366
Operational risk	461,368	470,556	394,327	409,052
	2,141,593	1,971,412	1,536,748	1,537,277

25. OPERATIONS OF ISLAMIC BANKING

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

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013

	Group and Bank	
	30.09.13	31.03.13
	RM'000	RM'000
ASSETS		
Cash and short-term funds	186,564	191,813
Other receivables, deposits and prepayments	15,678	16,940
Deferred tax assets	207	212
Property and equipment	33	40
Intangible assets	3	4
TOTAL ASSETS	<u>202,485</u>	<u>209,009</u>
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits and placements of banks and other financial institutions	-	1,750
Other liabilities	48,728	59,141
TOTAL LIABILITIES	<u>48,728</u>	<u>60,891</u>
ISLAMIC BANKING FUNDS		
Capital funds	30,000	30,000
Reserves	123,757	118,118
Islamic Banking Funds	<u>153,757</u>	<u>148,118</u>
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	<u>202,485</u>	<u>209,009</u>
COMMITMENTS AND CONTINGENCIES	<u>77,650</u>	<u>77,650</u>

25. OPERATIONS OF ISLAMIC BANKING (CONTD.)

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

Group and Bank	Individual Quarter		Cumulative Quarter	
	30.09.13	30.09.12	30.09.13	30.09.12
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	277	423	597	795
Total attributable (loss)/income	277	423	597	795
Income attributable to depositors	(3)	-	(8)	-
Profit attributable to the Group and the Bank	274	423	589	795
Income derived from investment of Islamic Banking Funds	2,504	4,143	7,807	9,389
Direct costs	(24)	(51)	(55)	(65)
Total net income	2,754	4,515	8,341	10,119
Other operating expenses	(27)	(1,258)	(973)	(2,139)
Profit before taxation	2,727	3,257	7,368	7,980
Taxation	(671)	(808)	(1,729)	(2,029)
Profit after taxation	2,056	2,449	5,639	5,951

25. OPERATIONS OF ISLAMIC BANKING (CONTD.)

25a. OTHER LIABILITIES

	Group and Bank	
	30.09.13	31.03.13
	RM'000	RM'000
Trade payables	1,318	911
Other payables and accruals	831	1,308
Amount owing from head office	23,357	35,425
Taxation and zakat payable	23,222	21,497
	<u>48,728</u>	<u>59,141</u>

26. Credit Exposures Arising From Credit Transactions With Connected Parties

	30.09.13	31.03.13
Outstanding credit exposure with connected parties (RM'000)	95,925	24,040
Percentage of outstanding credit exposure to connected parties as a proportion of total credit exposures (%)	7.35%	2.11%

The disclosure on credit transactions and exposures with connected parties above is presented in accordance with Para 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties. Based on these guidelines, a connected party refers to the following:

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

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

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

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

27. VALUATIONS OF PROPERTY AND EQUIPMENT

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

28. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

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

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

The Group reported a pretax profit of RM47.7 million (RM13.1 million for the period ended 30 September 2012) and the Bank reported a pretax profit of RM24.2 million (RM24.8 million for the period ended 30 September 2012), and in respect of the non-Islamic business, are attributed to:

- (i) Higher net interest income of RM14.6 million and RM13.1 million (RM10.8 million and RM9.7 million for the period ended 30 September 2012) for the Group and Bank, respectively due to higher income from short term funds and deposits and loans.
- (ii) Higher fee income of RM129.9 million and RM103.3 million (RM105.9 million and RM84.6 million for the period ended 30 September 2012) for the Group and Bank, respectively, as a result of higher brokerage fees and commission and corporate advisory fees.
- (iii) Lower investment and trading income of RM1.9 million and RM2.0 million (RM4.0 million and RM5.2 million for the period ended 30 September 2012), for the Group and the Bank, respectively, due to discontinuation of portfolio profit sharing with AmBank as recovery to be made via Service Transfer Pricing income and lower net gain from sale of financial assets held for trading.
- (iv) Higher service-transfer pricing recovery of RM10.0 million and RM4.5 million (RM5.9 million and RM4.0 million for the period ended 30 September 2012) for the Group and Bank, respectively, as a result of higher recoveries on business units costs charged out to related companies.

Lower net income from Islamic banking business of RM8.3 million for the Group and the Bank (RM10.1 million for the period ended 30 September 2012 for the Group and the Bank) due to lower fee income earned.

Shareholder's equity stood at RM0.6 billion (RM0.5 billion as at 31 March 2013) for the Group and RM0.5 billion (RM0.5 billion as at 31 March 2013) for the Bank.

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.

30. CURRENT PERIOD PROSPECTS

During first half 2013, Malaysia economy expanded 4.2% year-on-year (yoy) largely driven by domestic demand. The domestic economy growth momentum has moderated over the past two quarters (domestic economy grew 5.6% in 2012), dampened by weaker exports and faltering private consumption. Nevertheless, private investment remains strong and monetary policies remained accommodative to support growth. The Group expects the domestic economy to grow 4.6% yoy for full year 2013. Malaysia economy is expected to pick-up in 2014 from improved global trade, supported by private expenditure.

With the economy expected to grow at a slower pace in the remaining 2013, combined with easing consumer spending from rationalisation of subsidy and responsible lending measures to address household debts, loans growth could moderate. The asset quality trend may come under pressure for potential capital flow risk and inflationary pressure while margins continue to remain under pressure.

The Group remains vigilant against the environment and will maintain our disciplined approach in executing to our strategic priorities. Our strategic priorities for FY2013 – 2015 remain unchanged, (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.