

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

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013**

		Group		Bank	
	Note	31.12.13 RM'000	31.03.13 RM'000	31.12.13 RM'000	31.03.13 RM'000
ASSETS					
Cash and short-term funds		1,179,503	570,797	1,050,467	545,150
Deposits and placements with banks and other financial institutions		26,627	713	25,889	-
Derivative financial assets	8	1	9	-	7
Financial assets held-for-trading	9	674	4,082	674	3,820
Financial investments available-for-sale	10	188,266	54,964	186,066	52,762
Financial investments held-to-maturity	11	75,100	265,909	75,100	265,909
Loans, advances and financing	12	1,178,133	947,084	1,165,735	947,084
Statutory deposit with Bank Negara Malaysia		20,342	14,049	20,342	14,049
Deferred tax assets		13,889	14,750	10,531	11,512
Investments in subsidiaries		-	-	189,193	87,981
Investments in associates		1,518	1,338	100	100
Other assets	13	571,167	941,272	369,126	582,972
Property and equipment		26,880	26,510	23,972	24,526
Intangible assets		13,226	13,646	1,911	2,347
TOTAL ASSETS		3,295,326	2,855,123	3,119,106	2,538,219
LIABILITIES AND EQUITY					
Deposits and placements of banks and other financial institutions	14	2,260,873	1,468,022	2,260,873	1,468,022
Derivative financial liabilities	8	11	5	9	-
Term funding		-	75,129	-	-
Debt capital		77,668	-	-	-
Other liabilities	15	452,746	777,827	325,158	548,780
TOTAL LIABILITIES		2,791,298	2,320,983	2,586,040	2,016,802
Share capital		200,000	200,000	200,000	200,000
Reserves		304,028	334,140	333,066	321,417
Equity attributable to equity holder of the Bank		504,028	534,140	533,066	521,417
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		3,295,326	2,855,123	3,119,106	2,538,219
COMMITMENTS AND CONTINGENCIES	23	599,106	428,046	596,160	424,811
NET ASSETS PER ORDINARY SHARE (RM)		2.52	2.67	2.67	2.61

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

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013 (CONTD.)

	Note	Group		Bank	
		31.12.13	31.03.13	31.12.13	31.03.13
CAPITAL ADEQUACY	26(a)				
Before deducting proposed dividends					
Common Equity Tier 1 ("CET1") Capital Ratio		24.027%	24.385%	19.185%	25.749%
Tier 1 Capital Ratio		24.027%	24.385%	19.185%	25.749%
Total Capital Ratio		<u>24.027%</u>	<u>24.385%</u>	<u>19.185%</u>	<u>25.749%</u>
After deducting proposed dividends					
CET 1 Capital Ratio		24.027%	24.385%	19.185%	25.749%
Tier 1 Capital Ratio		24.027%	24.385%	19.185%	25.749%
Total Capital Ratio		<u>24.027%</u>	<u>24.385%</u>	<u>19.185%</u>	<u>25.749%</u>

The unaudited condensed financial 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 INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2013

Group	Note	Individual Quarter		Cumulative Quarter	
		31.12.13 RM'000	31.12.12 RM'000	31.12.13 RM'000	31.12.12 RM'000
Revenue		73,742	67,969	267,775	214,470
Interest income	16	18,690	14,333	57,346	38,375
Interest expense	17	(13,136)	(8,960)	(37,212)	(22,234)
Net interest income		5,554	5,373	20,134	16,141
Net income from Islamic banking business		4,259	2,668	12,600	12,787
Other operating income	18	50,594	50,903	197,425	163,041
Direct costs	19	(13,912)	(13,510)	(57,097)	(41,231)
Share in results of associates		199	65	404	267
Net income		46,694	45,499	173,466	151,005
Other operating expenses	20	(41,694)	(50,860)	(130,002)	(138,023)
Operating Profit		5,000	(5,361)	43,464	12,982
(Allowances)/writeback of allowances for impairment on loans and financing	21	(10,827)	697	(11,971)	1,324
Impairment writeback on foreclosed properties		-	-	100	-
Impairment loss on financial investment		-	-	(1)	-
Allowances on doubtful sundry receivables- net		(52,067)	(167)	(41,713)	(6,104)
Writeback of provision/(provision) for commitments and contingencies		37	1,537	(13)	1,620
(Loss)/profit before taxation		(57,857)	(3,294)	(10,134)	9,822
Taxation		(3,951)	3,302	(21,542)	(3,580)
(Loss)/profit for the period attributable to equity holder of the Bank		(61,808)	8	(31,676)	6,242
EARNINGS PER SHARE (SEN)					
Basic		(30.90)	0.00	(15.84)	3.12
Fully diluted		(30.90)	0.00	(15.84)	3.12

The unaudited condensed financial 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 31 DECEMBER 2013

Group	Note	Individual Quarter		Cumulative Quarter	
		31.12.13 RM'000	31.12.12 RM'000	31.12.13 RM'000	31.12.12 RM'000
(Loss)/profit for the period		(61,808)	8	(31,676)	6,242
Other comprehensive (loss)/income:					
Items that are or maybe reclassified to profit or loss					
Exchange differences on translation of foreign operations		(179)	182	4,423	2,098
Net movement on financial investments available-for-sale		(123)	(488)	(1,841)	472
Income tax relating to the components of other comprehensive income		31	122	460	(118)
Other comprehensive (loss)/income for the period, net of tax		(271)	(184)	3,042	2,452
Total comprehensive (loss)/income for the period attributable to equity holders of the Bank		(62,079)	(176)	(28,634)	8,694

The unaudited condensed financial 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 INCOME STATEMENTS (CONTD.)
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2013

Bank	Note	Individual Quarter		Cumulative Quarter	
		31.12.13 RM'000	31.12.12 RM'000	31.12.13 RM'000	31.12.12 RM'000
Revenue		65,516	56,980	216,285	181,429
Interest income	16	17,721	13,547	53,286	35,908
Interest expense	17	(12,709)	(8,582)	(35,224)	(21,281)
Net interest income		5,012	4,965	18,062	14,627
Net income from Islamic banking business		4,259	2,668	12,600	12,787
Other operating income	18	43,536	40,765	150,399	132,734
Direct costs	19	(11,460)	(9,934)	(43,931)	(30,564)
Net income		41,347	38,464	137,130	129,584
Other operating expenses	20	(31,998)	(39,188)	(103,514)	(106,602)
Operating profit/(loss)		9,349	(724)	33,616	22,982
Writeback of allowances/(allowances) for impairment on loans and financing	21	768	697	(376)	1,324
Impairment writeback on foreclosed properties		-	-	100	-
Writeback of allowances/(allowances) on doubtful sundry receivables- net		258	(729)	1,251	(355)
Writeback of provision/(provision) for commitments and contingencies		37	1,538	(13)	1,620
Profit before taxation		10,412	782	34,578	25,571
Taxation		(3,711)	3,311	(20,090)	(4,035)
Net profit attributable to equity holder of the Bank		6,701	4,093	14,488	21,536
EARNINGS PER SHARE (SEN)					
Basic		3.35	2.05	7.24	10.77
Fully diluted		3.35	2.05	7.24	10.77

The unaudited condensed financial 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 31 DECEMBER 2013

Bank	Note	Individual Quarter		Cumulative Quarter	
		31.12.13	31.12.12	31.12.13	31.12.12
		RM'000	RM'000	RM'000	RM'000
Profit for the period		6,701	4,093	14,488	21,536
Other comprehensive (loss)/income:					
Items that are or maybe reclassified to profit or loss					
Net movement on financial investments					
available-for-sale		(123)	(488)	(1,841)	472
Income tax relating to the components of					
other comprehensive income		31	122	460	(118)
Other comprehensive (loss)/income for the					
period, net of tax		(92)	(366)	(1,381)	354
Total comprehensive income for the period					
attributable to equity holders of the Bank		6,609	3,727	13,107	21,890

The unaudited condensed financial 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 STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 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	-	-	-	-	-	-	6,242	6,242
Other comprehensive income	-	-	-	-	354	2,098	-	2,452
Total comprehensive income for the period	-	-	-	-	354	2,098	6,242	8,694
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	(3,517)	(3,517)
Ordinary dividends paid	-	-	-	-	-	-	(23,600)	(23,600)
At 31 December 2012	200,000	2,815	200,000	7,656	2,691	30,164	76,272	519,598
At 1 April 2013	200,000	2,815	200,000	7,656	3,162	29,988	90,519	534,140
Loss for the period	-	-	-	-	-	-	(31,676)	(31,676)
Other comprehensive (loss)/income	-	-	-	-	(1,381)	4,423	-	3,042
Total comprehensive (loss)/income for the period	-	-	-	-	(1,381)	4,423	(31,676)	(28,634)
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	(1,478)	(1,478)
At 31 December 2013	200,000	2,815	200,000	7,656	1,781	34,411	57,365	504,028

The unaudited condensed financial 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 STATEMENTS OF CHANGES IN EQUITY (CONTD.)
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2013**

	<-----Attributable to equity holder of the Bank----->					
	Non-distributable			Distributable		Total shareholder's equity RM'000
	Share capital RM'000	Statutory reserve RM'000	Available-for- sale reserve RM'000	Retained earnings RM'000		
Bank						
At 1 April 2012	200,000	200,000	2,285	107,003	509,288	
Profit for the period	-	-	-	21,536	21,536	
Other comprehensive income	-	-	354	-	354	
Total comprehensive income for the period	-	-	354	21,536	21,890	
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	(3,236)	(3,236)	
Ordinary dividends paid	-	-	-	(23,600)	(23,600)	
At 31 December 2012	200,000	200,000	2,639	101,703	504,342	
At 1 April 2013	200,000	200,000	3,110	118,307	521,417	
Profit for the period	-	-	-	14,488	14,488	
Other comprehensive loss	-	-	(1,381)	-	(1,381)	
Total comprehensive (loss)/income for the period	-	-	(1,381)	14,488	13,107	
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	(1,458)	(1,458)	
At 31 December 2013	200,000	200,000	1,729	131,337	533,066	

The unaudited condensed financial 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 CONDENSED CASH FLOW STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2013

	Group		Bank	
	31.12.13	31.12.12	31.12.13	31.12.12
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit before taxation	(10,134)	9,822	34,578	25,571
Adjustments for non-operating and non cash items	43,180	(7,559)	(10,820)	(13,673)
Operating profit before working capital changes	33,046	2,263	23,758	11,898
Decrease/(increase) in operating assets	56,609	97,598	(32,311)	101,637
Increase in operating liabilities	470,710	150,141	567,767	124,833
Cash generated from operations	560,365	250,002	559,214	238,368
Taxation paid	(12,961)	(15,108)	(12,624)	(14,851)
Net cash generated from operating activities	547,404	234,894	546,590	223,517
Net cash generated from/(used in) investing activities	58,763	(4,030)	(41,273)	(3,071)
Net cash generated from/(used in) financing activities	2,539	(7,684)	-	(23,600)
	61,302	(11,714)	(41,273)	(26,671)
Net increase in cash and cash equivalents	608,706	223,180	505,317	196,846
Cash and cash equivalents at beginning of period	570,797	597,533	545,150	548,051
Cash and cash equivalents at end of period	1,179,503	820,713	1,050,467	744,897

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. These financial statements also comply with IAS 34, Interim Financial Reporting.

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 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
- 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

1.2b 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. CHANGES IN ESTIMATES

Following the revision of Bursa rules, with effect from 2 May 2013, the Group revised its impairment assessment for the stockbroking business to be fully MFRS compliant.

In accordance with MFRS, where there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred).

Estimated future cash flows evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data and management expert judgement to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Other than as disclosed above, there was no material changes in estimates of amounts reported in the prior financial years that have a material effect on the financial period ended 31 December 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	31.12.13		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	6,418	1	2	3,977	-	5
Equity related contracts:						
Less than one year	645	-	9	5,822	7	-
Over three years	-	-	-	21	2	-
Total	7,063	1	11	9,820	9	5
Bank						
Trading derivative						
Foreign exchange related contracts:						
Less than one year	3,472	-	-	763	-	-
Equity related contracts:						
Less than one year	645	-	9	5,822	7	-
Total	4,117	-	9	6,585	7	-

9. FINANCIAL ASSETS HELD-FOR-TRADING

	Group		Bank	
	31.12.13 RM'000	31.03.13 RM'000	31.12.13 RM'000	31.03.13 RM'000
At Fair Value				
Quoted Securities:				
In Malaysia:				
Shares	-	3,211	-	3,211
Unit trusts	674	609	674	609
Outside Malaysia:				
Shares	-	262	-	-
	<u>674</u>	<u>4,082</u>	<u>674</u>	<u>3,820</u>

10. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Bank	
	31.12.13 RM'000	31.03.13 RM'000	31.12.13 RM'000	31.03.13 RM'000
At Fair value				
Money Market Securities:				
Bank Negara Monetary Notes	148,633	-	148,633	-
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	25,514	24,718	25,514	24,718
At Cost				
Unquoted Securities:				
In Malaysia:				
Shares	13,988	13,988	11,788	11,788
Outside Malaysia:				
Shares	131	123	131	123
	<u>188,266</u>	<u>54,964</u>	<u>186,066</u>	<u>52,762</u>

11. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group		Bank	
	31.12.13 RM'000	31.03.13 RM'000	31.12.13 RM'000	31.03.13 RM'000
At Amortised Cost:				
Money Market Securities:				
Bank Negara Monetary Notes	-	190,809	-	190,809
Unquoted Securities Of Companies				
In Malaysia:				
Private debt securities	75,100	75,100	75,100	75,100
	<u>75,100</u>	<u>265,909</u>	<u>75,100</u>	<u>265,909</u>

12. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	31.12.13 RM'000	31.03.13 RM'000	31.12.13 RM'000	31.03.13 RM'000
At Amortised Cost				
Share margin financing	303,183	313,099	279,020	313,099
Revolving credits	888,464	634,197	888,464	634,197
Staff loans	5,122	6,283	5,122	6,283
Gross loans, advances and financing	<u>1,196,769</u>	<u>953,579</u>	<u>1,172,606</u>	<u>953,579</u>
Less:				
Allowance for impairment on loans, advances and financing:				
Collective allowance	4,374	3,664	4,374	3,664
Individual allowance	14,262	2,831	2,497	2,831
	<u>18,636</u>	<u>6,495</u>	<u>6,871</u>	<u>6,495</u>
Net loans, advances and financing	<u>1,178,133</u>	<u>947,084</u>	<u>1,165,735</u>	<u>947,084</u>

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

	Group		Bank	
	31.12.13 RM'000	31.03.13 RM'000	31.12.13 RM'000	31.03.13 RM'000
Domestic :				
Business enterprises:				
Small medium enterprises	35,309	30,214	35,309	30,214
Others	75,701	154,501	75,701	154,501
Individuals	1,077,629	766,614	1,053,477	766,614
Foreign entities	8,130	2,250	8,119	2,250
	<u>1,196,769</u>	<u>953,579</u>	<u>1,172,606</u>	<u>953,579</u>

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

	Group		Bank	
	31.12.13 RM'000	31.03.13 RM'000	31.12.13 RM'000	31.03.13 RM'000
In Malaysia	1,156,596	944,184	1,156,596	944,184
Outside Malaysia	40,173	9,395	16,010	9,395
	<u>1,196,769</u>	<u>953,579</u>	<u>1,172,606</u>	<u>953,579</u>

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

	Group		Bank	
	31.12.13 RM'000	31.03.13 RM'000	31.12.13 RM'000	31.03.13 RM'000
Fixed rate:				
Fixed-rate loans	308,305	319,382	284,142	319,382
Variable rate:				
Cost-plus	888,464	634,197	888,464	634,197
	<u>1,196,769</u>	<u>953,579</u>	<u>1,172,606</u>	<u>953,579</u>

12. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	Group		Bank	
	31.12.13 RM'000	31.03.13 RM'000	31.12.13 RM'000	31.03.13 RM'000
Agriculture	12,499	6,617	12,499	6,617
Manufacturing	7,012	5,075	7,012	5,075
Wholesale and retail trade and hotels and restaurant	-	371	-	371
Real estate	19,687	22,208	19,687	22,208
Business activities	57,645	137,822	57,634	137,822
Education and health	1,724	1,655	1,724	1,655
Household, of which:				
Purchase of residential properties	3,169	3,641	3,169	3,641
Purchase of transport vehicles	1,953	2,642	1,953	2,642
Others	1,072,680	766,153	1,048,528	766,153
Others	20,400	7,395	20,400	7,395
	<u>1,196,769</u>	<u>953,579</u>	<u>1,172,606</u>	<u>953,579</u>

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

	Group		Bank	
	31.12.13 RM'000	31.03.13 RM'000	31.12.13 RM'000	31.03.13 RM'000
Maturing within one year	1,191,654	947,363	1,167,491	947,363
One to three years	525	307	525	307
Three to five years	1,248	1,657	1,248	1,657
Over five years	3,342	4,252	3,342	4,252
	<u>1,196,769</u>	<u>953,579</u>	<u>1,172,606</u>	<u>953,579</u>

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

	Group		Bank	
	31.12.13 RM'000	31.03.13 RM'000	31.12.13 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	11,765	30	-	30
Recoveries	(569)	(730)	(569)	(730)
Balance at end of period/year	<u>15,050</u>	<u>3,854</u>	<u>3,285</u>	<u>3,854</u>
Gross impaired loans, advances and financing as % of gross loans, advances and financing	<u>1.26%</u>	<u>0.40%</u>	<u>0.28%</u>	<u>0.40%</u>
Loan loss coverage (excluding collateral values)	<u>123.83%</u>	<u>168.53%</u>	<u>209.16%</u>	<u>168.53%</u>

12. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	Group		Bank	
	31.12.13 RM'000	31.03.13 RM'000	31.12.13 RM'000	31.03.13 RM'000
In Malaysia	3,285	3,854	3,285	3,854
Outside Malaysia	11,765	-	-	-
	<u>15,050</u>	<u>3,854</u>	<u>3,285</u>	<u>3,854</u>

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

	Group		Bank	
	31.12.13 RM'000	31.03.13 RM'000	31.12.13 RM'000	31.03.13 RM'000
Household, of which:				
Purchase of residential properties	-	127	-	127
Others	11,765	227	-	227
Business activities	3,285	3,500	3,285	3,500
	<u>15,050</u>	<u>3,854</u>	<u>3,285</u>	<u>3,854</u>

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

	Group		Bank	
	31.12.13 RM'000	31.03.13 RM'000	31.12.13 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	711	(450)	711	(450)
Foreign exchange differences	(1)	(2)	(1)	(2)
Balance at end of period/year	<u>4,374</u>	<u>3,664</u>	<u>4,374</u>	<u>3,664</u>
% of total loans, advances and financing less individual allowance	<u>0.37%</u>	<u>0.39%</u>	<u>0.37%</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	11,261	(730)	(334)	(730)
Exchange fluctuation adjustments	170	-	-	-
Balance at end of period/year	<u>14,262</u>	<u>2,831</u>	<u>2,497</u>	<u>2,831</u>

13. OTHER ASSETS

	Group		Bank	
	31.12.13 RM'000	31.03.13 RM'000	31.12.13 RM'000	31.03.13 RM'000
Trade receivables, net of allowance for doubtful debts	452,025	810,559	260,130	473,046
Other receivables, deposits and prepayments, net of allowance for doubtful debts	42,444	44,627	34,980	32,931
Interest/dividends receivable	4,171	1,472	4,165	1,456
Income tax recoverable	65,163	71,108	65,163	71,103
Amount due from brokers	3,236	9,640	-	-
Amount due from:				
Ultimate holding company	697	-	697	-
Subsidiaries	-	-	326	334
Related companies	3,431	3,701	3,665	3,937
Assets acquired in exchange of debts, net of impairment loss	-	165	-	165
	<u>571,167</u>	<u>941,272</u>	<u>369,126</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	
	31.12.13 RM'000	31.03.13 RM'000	31.12.13 RM'000	31.03.13 RM'000
Licensed banks:				
Related	<u>2,260,873</u>	<u>1,468,022</u>	<u>2,260,873</u>	<u>1,468,022</u>

15. OTHER LIABILITIES

	Group		Bank	
	31.12.13 RM'000	31.03.13 RM'000	31.12.13 RM'000	31.03.13 RM'000
Trade payables	351,175	671,485	235,906	452,648
Other payables and accruals	64,491	84,885	56,143	75,665
Interest payables	16,748	6,269	16,505	6,269
Provision for commitments and contingencies	5,832	5,819	5,832	5,819
Amount due to ultimate holding company	289	125	-	125
Amount due to subsidiaries	-	-	507	318
Amount due to related companies	11,015	9,208	10,227	7,898
Taxation payable	(4)	(2)	-	-
Zakat payable	38	38	38	38
Bank Overdraft	3,162	-	-	-
	<u>452,746</u>	<u>777,827</u>	<u>325,158</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	
	31.12.13 RM'000	31.12.12 RM'000	31.12.13 RM'000	31.12.12 RM'000
Short-term funds and deposits with financial institutions	5,234	4,999	13,559	11,639
Financial investments available-for-sale	418	398	1,240	1,211
Financial investments held-to-maturity	788	-	2,356	-
Loans, advances and financing				
- Interest income other than recoveries from impaired loans	12,133	8,420	34,419	23,886
Others	(1,055)	336	1,579	1,105
Gross interest income	17,518	14,153	53,153	37,841
Accretion of discounts less amortisation of premiums	1,172	180	4,193	534
	18,690	14,333	57,346	38,375

Bank	Individual Quarter		Cumulative Quarter	
	31.12.13 RM'000	31.12.12 RM'000	31.12.13 RM'000	31.12.12 RM'000
Short-term funds and deposits with financial institutions	4,893	4,505	12,441	10,123
Financial investments available-for-sale	418	398	1,240	1,211
Financial investments held-to-maturity	788	-	2,356	-
Loans, advances and financing				
- Interest income other than recoveries from impaired loans	10,405	8,420	32,691	23,886
Others	44	44	364	154
Gross interest income	16,548	13,367	49,092	35,374
Accretion of discounts less amortisation of premiums	1,173	180	4,194	534
	17,721	13,547	53,286	35,908

17. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	31.12.13 RM'000	31.12.12 RM'000	31.12.13 RM'000	31.12.12 RM'000
Deposit of banks and other financial institutions	12,709	8,582	35,224	21,281
Subordinated deposits and term loans	242	-	242	-
Others	185	378	1,746	953
	13,136	8,960	37,212	22,234

Bank	Individual Quarter		Cumulative Quarter	
	31.12.13 RM'000	31.12.12 RM'000	31.12.13 RM'000	31.12.12 RM'000
Deposit of banks and other financial institutions	12,709	8,582	35,224	21,281

18. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	31.12.13 RM'000	31.12.12 RM'000	31.12.13 RM'000	31.12.12 RM'000
Fee income:				
Brokerage fees and commissions	28,739	27,061	110,729	87,157
Corporate advisory fees	7,500	6,257	31,396	19,913
Fees on loans and securities	2,043	1,439	6,877	7,998
Guarantee fees	102	137	327	432
Portfolio management fees	130	130	362	353
Underwriting commissions	1,629	1,305	3,439	8,545
Wealth management fees	7,758	9,095	22,816	24,451
Other fee and commission income	1,761	410	3,581	2,873
	<u>49,662</u>	<u>45,834</u>	<u>179,527</u>	<u>151,722</u>
Investment and trading income:				
Gross dividend income from:				
Financial assets held-for-trading	83	100	160	378
Financial investments available-for-sale	221	1,577	1,674	2,718
Net foreign exchange (loss)/gain	(82)	(3)	178	115
Net gain from sale of financial assets held-for-trading	242	667	802	2,136
Net gain from sale of financial investments available-for-sale	-	220	152	220
Net loss on revaluation of derivatives	(300)	(653)	(857)	(1,354)
Net gain/(loss) on revaluation of financial assets held-for-trading	9	1,011	(15)	636
Portfolio income	-	1,239	-	3,283
	<u>173</u>	<u>4,158</u>	<u>2,094</u>	<u>8,132</u>
Other income:				
Non-trading foreign exchange gain	140	103	446	482
Net gain on disposal of property and equipment	-	3	80	5
Rental income	570	572	1,725	1,750
Other operating income	49	233	13,553	950
	<u>759</u>	<u>911</u>	<u>15,804</u>	<u>3,187</u>
	<u>50,594</u>	<u>50,903</u>	<u>197,425</u>	<u>163,041</u>

18. OTHER OPERATING INCOME (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	31.12.13 RM'000	31.12.12 RM'000	31.12.13 RM'000	31.12.12 RM'000
Fee income:				
Brokerage fees and commissions	22,124	17,971	78,200	59,082
Corporate advisory fees	7,500	6,257	31,396	19,433
Fees on loans and securities	2,043	1,439	6,877	7,998
Guarantee fees	102	137	327	432
Portfolio management fees	130	130	362	353
Underwriting commissions	1,628	613	3,386	7,132
Wealth management fees	7,758	9,095	22,816	24,451
Other fee and commission income	1,451	346	2,705	1,663
	<u>42,736</u>	<u>35,988</u>	<u>146,069</u>	<u>120,544</u>
Investment and trading income:				
Gross dividend income from:				
Unquoted associated company	-	-	-	1,160
Financial assets held-for-trading	82	100	159	377
Financial investments available-for-sale	220	1,577	1,673	2,718
Net foreign exchange (loss)/gain	(77)	(2)	176	116
Net gain from sale of financial assets held-for-trading	258	681	897	2,178
Net gain from sale of financial investments available-for-sale	-	220	152	220
Net loss on revaluation of derivatives	(300)	(653)	(857)	(1,354)
Net gain/(loss) on revaluation of financial assets held-for-trading	9	1,011	(17)	639
Portfolio income	-	1,239	-	3,283
	<u>192</u>	<u>4,173</u>	<u>2,183</u>	<u>9,337</u>
Other income:				
Net gain on disposal of property and equipment	-	3	61	5
Non-trading foreign exchange gain	-	5	4	1
Rental income	570	572	1,725	1,750
Other operating income	38	24	357	1,097
	<u>608</u>	<u>604</u>	<u>2,147</u>	<u>2,853</u>
	<u>43,536</u>	<u>40,765</u>	<u>150,399</u>	<u>132,734</u>

19. DIRECT COSTS

Group	Individual Quarter		Cumulative Quarter	
	31.12.13 RM'000	31.12.12 RM'000	31.12.13 RM'000	31.12.12 RM'000
Dealers incentive	2,129	3,080	8,542	8,131
Brokerage commission	8,449	7,157	33,737	23,670
Others	3,334	3,273	14,818	9,430
	<u>13,912</u>	<u>13,510</u>	<u>57,097</u>	<u>41,231</u>

19. DIRECT COSTS (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	31.12.13	31.12.12	31.12.13	31.12.12
	RM'000	RM'000	RM'000	RM'000
Dealers incentive	2,129	3,080	8,542	8,131
Brokerage commission	5,998	3,581	20,572	13,003
Others	3,333	3,273	14,817	9,430
	<u>11,460</u>	<u>9,934</u>	<u>43,931</u>	<u>30,564</u>

20. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	31.12.13	31.12.12	31.12.13	31.12.12
	RM'000	RM'000	RM'000	RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	19,782	26,454	67,708	76,319
- Scheme shares and options granted under AMMB Executives' Share Scheme	2,142	3,103	7,089	8,682
- Others	6,820	10,775	22,391	27,968
	<u>28,744</u>	<u>40,332</u>	<u>97,188</u>	<u>112,969</u>
Establishment costs				
- Amortisation of computer software	221	162	663	481
- Computerisation costs	1,540	2,034	5,208	5,520
- Depreciation of property and equipment	959	1,112	2,833	3,475
- Rental	3,684	3,306	10,825	9,950
- Others	1,600	1,492	5,188	4,482
	<u>8,004</u>	<u>8,106</u>	<u>24,717</u>	<u>23,908</u>
Marketing and communication expenses				
- Advertising	657	460	1,098	925
- Sales commission	119	17	731	57
- Travel and entertainment	939	878	2,621	2,483
- Others	1,434	1,669	4,683	5,054
	<u>3,149</u>	<u>3,024</u>	<u>9,133</u>	<u>8,519</u>
Administration and general expenses				
- Professional fees	1,233	527	4,926	1,541
- Others	2,175	1,784	5,688	(88)
	<u>3,408</u>	<u>2,311</u>	<u>10,614</u>	<u>1,453</u>
Service transfer pricing recovery, net	(1,611)	(2,913)	(11,650)	(8,826)
	<u>41,694</u>	<u>50,860</u>	<u>130,002</u>	<u>138,023</u>

20. OTHER OPERATING EXPENSES (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	31.12.13 RM'000	31.12.12 RM'000	31.12.13 RM'000	31.12.12 RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	14,711	21,536	54,403	63,139
- Scheme shares and options granted under AMMB Executives' Share Scheme	2,001	2,777	6,666	7,777
- Others	5,153	8,264	16,685	21,908
	<u>21,865</u>	<u>32,577</u>	<u>77,754</u>	<u>92,824</u>
Establishment costs				
- Amortisation of computer software	215	157	648	471
- Computerisation costs	(24)	101	29	190
- Depreciation of property and equipment	766	892	2,309	2,696
- Rental	2,566	2,410	7,514	7,233
- Others	870	772	2,967	2,452
	<u>4,393</u>	<u>4,332</u>	<u>13,467</u>	<u>13,042</u>
Marketing and communication expenses				
- Advertising	650	442	1,063	892
- Sales commission	119	17	731	57
- Travel and entertainment	756	710	2,075	2,002
- Others	1,152	1,329	3,759	4,190
	<u>2,677</u>	<u>2,498</u>	<u>7,628</u>	<u>7,141</u>
Administration and general expenses				
- Professional fees	1,099	380	4,655	992
- Others	1,742	1,327	4,290	(1,505)
	<u>2,841</u>	<u>1,707</u>	<u>8,945</u>	<u>(513)</u>
Service transfer pricing recovery, net	222	(1,926)	(4,280)	(5,892)
	<u>31,998</u>	<u>39,188</u>	<u>103,514</u>	<u>106,602</u>

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

Group	Individual Quarter		Cumulative Quarter	
	31.12.13 RM'000	31.12.12 RM'000	31.12.13 RM'000	31.12.12 RM'000
(Allowance)/writeback of allowance for impaired loans and financing:				
Collective allowance	759	539	(711)	720
Individual allowance	(11,586)	158	(11,260)	604
	<u>(10,827)</u>	<u>697</u>	<u>(11,971)</u>	<u>1,324</u>
Bank				
Writeback of allowance/(allowance) for impaired loans and financing:				
Collective allowance	759	539	(711)	720
Individual allowance	9	158	335	604
	<u>768</u>	<u>697</u>	<u>(376)</u>	<u>1,324</u>

22. BUSINESS SEGMENT ANALYSIS

31.12.2013 Group	Investment Banking RM'000	Corporate and Institutional Banking RM'000	Markets RM'000	Group Functions and Others RM'000	Total RM'000
Revenue	233,296	1,880	650	31,949	267,775
Income	174,087	1,880	650	(3,151)	173,466
Expenses	(117,374)	1,531	-	(14,159)	(130,002)
Profit/(loss) before provisions	56,713	3,411	650	(17,310)	43,464
Provisions	(53,785)	9	-	178	(53,598)
Profit/(loss) after provisions	2,928	3,420	650	(17,132)	(10,134)
Taxation and zakat	(13,388)	(855)	(162)	(7,136)	(21,542)
Net profit/(loss) for the period	(10,460)	2,565	488	(24,268)	(31,676)
Other information:					
Cost to income ratio	67.4%	(81.4%)	0.0%	-449.3%	74.9%
Gross loans/ financing	1,191,647	-	-	5,122	1,196,769
Net loans/ financing	1,173,019	-	-	5,114	1,178,133
Gross impaired loans, advances and financing	15,050	-	-	-	15,050
Total deposits	-	-	-	2,260,873	2,260,873

22. BUSINESS SEGMENT ANALYSIS (CONTD.)

31.12.2012 Group	Investment Banking RM'000	Corporate and Institutional Banking RM'000	Markets RM'000	Group Functions and Others RM'000	Total RM'000
Revenue	187,687	2,096	1,544	23,143	214,470
Income	145,099	2,096	1,544	2,266	151,005
Expenses	(130,018)	(1,111)	-	(6,894)	(138,023)
Profit/(loss) before provisions	15,081	985	1,544	(4,628)	12,982
Provisions	(3,321)	(1)	-	162	(3,160)
Profit/(loss) after provisions	11,760	984	1,544	(4,466)	9,822
Taxation and zakat	(6,221)	(246)	(386)	3,273	(3,580)
Net profit/(loss) for the period	5,539	738	1,158	(1,193)	6,242
Other information					
Cost to income ratio	89.6%	53.0%	0.0%	304.2%	91.4%
Gross loans/ financing	840,902	-	-	6,819	847,721
Net loans/ financing	834,697	-	-	6,674	841,371
Gross impaired loans, advances and financing	3,977	-	-	-	3,977
Total deposits	49,731	-	-	1,272,151	1,321,882

Included in the above is Islamic banking business profit before taxation of RM10.4 million for the Group and the Bank for the period ended 31 December 2013 (RM9.7 million for the Group and the Bank for the period ended 31 December 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 loss before tax of RM 50.3 million for the period ended 31 December 2013 (Loss before tax RM13.1 million for the period ended 31 December 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:

	31.12.13	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	319,469	287,902
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	19	19
	<u>319,488</u>	<u>287,921</u>
Contingent Liabilities		
Direct credit substitutes	122,455	130,205
Obligations under an on-going underwriting agreement	150,000	-
Others	100	100
	<u>272,555</u>	<u>130,305</u>
Derivative Financial Instruments		
Foreign exchange related contracts:		
- One year or less	6,418	3,977
Equity related contracts:		
- One year or less	645	5,822
- Over five years	-	21
	<u>7,063</u>	<u>9,820</u>
	<u>599,106</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	319,469	287,902
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	19	19
	<u>319,488</u>	<u>287,921</u>
Contingent Liabilities		
Direct credit substitutes	122,455	130,205
Obligations under an on-going underwriting agreement	150,000	-
Others	100	100
	<u>272,555</u>	<u>130,305</u>
Derivative Financial Instruments		
Foreign exchange related contracts:		
- One year or less	3,472	763
Equity related contracts:		
- One year or less	645	5,822
	<u>4,117</u>	<u>6,585</u>
	<u>596,160</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 5th 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 13 December 2012 and continued on 18 to 20 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 6 August 2013, the Court of Appeal ordered MAA and Meridian to file their Supplementary Record of Appeal by 23 August 2013 and AmTrustee to file its notice of cross-appeals by 2 September 2013.

On 23 August 2013, MAA and Meridian filed their Supplementary Record of Appeal on 23 August 2013 and AmTrustee filed its notice of cross-appeals on 30 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 5 September 2013 for parties to update Court of Appeal on the status of their appeals. On 5 September 2013 the Court of Appeal fixed 29 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 14 February 2014.

On 22 November 2013, the Court of Appeal notified that hearing for the appeals is now re-scheduled to 21 April 2014 .

24. VALUATIONS OF PROPERTY AND EQUIPMENT

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

25. 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.

26. CAPITAL ADEQUACY RATIO

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

	Group		Bank	
	31.12.13	31.03.13	31.12.13	31.03.13
Before deducting proposed dividends:				
Common Equity Tier 1 ("CET1") Capital Ratio	24.027%	24.385%	19.185%	25.749%
Tier 1 Capital Ratio	24.027%	24.385%	19.185%	25.749%
Total Capital Ratio	24.027%	24.385%	19.185%	25.749%
<hr/>				
After deducting proposed dividend:				
CET1 Capital Ratio	24.027%	24.385%	19.185%	25.749%
Tier 1 Capital Ratio	24.027%	24.385%	19.185%	25.749%
Total Capital Ratio	24.027%	24.385%	19.185%	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%

26. 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	
	31.12.13 RM'000	31.03.13 RM'000	31.12.13 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	57,365	90,519	125,077	118,307
Unrealised gains on available-for-sale ("AFS") financial instruments	1,782	3,162	1,730	3,110
Foreign exchange translation reserve	34,411	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	(1,982)	(2,403)	(1,911)	(2,347)
Deferred tax assets	(13,889)	(14,750)	(10,531)	(11,512)
55% of cumulative gains of AFS financial instruments	(980)	(1,739)	(951)	(1,711)
Deduction in excess of Tier 2 *	(23,446)	(23,267)	(211,221)	(110,010)
CET1 capital	452,489	480,738	302,193	395,837
Tier 1 ("T1") capital	452,489	480,738	302,193	395,837
<u>Tier 2 ("T2") capital</u>				
Collective impairment provisions and regulatory reserves #	3,586	2,789	3,586	2,789
Less : Regulatory adjustments applied on Tier 2 capital	(3,586)	(2,789)	(3,586)	(2,789)
Tier 2 capital	-	-	-	-
Total Capital	452,489	480,738	302,193	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 RM787,912. (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	
	31.12.13 RM'000	31.03.13 RM'000	31.12.13 RM'000	31.03.13 RM'000
Credit risk	1,218,272	1,487,710	974,772	1,118,859
Market risk	214,322	13,146	213,530	9,366
Operational risk	450,670	470,556	386,818	409,052
	1,883,264	1,971,412	1,575,120	1,537,277

27. OPERATIONS OF ISLAMIC BANKING

The statements of financial position as at 31 December 2013 and the results for the period ended 31 December 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 31 DECEMBER 2013

	Group and Bank	
	31.12.13	31.03.13
	RM'000	RM'000
ASSETS		
Cash and short-term funds	488,800	191,813
Other receivables, deposits and prepayments	16,015	16,940
Deferred tax assets	207	212
Property and equipment	30	40
Intangible assets	2	4
TOTAL ASSETS	505,054	209,009
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits and placements of banks and other financial institutions	300,000	1,750
Other liabilities	49,059	59,141
TOTAL LIABILITIES	349,059	60,891
ISLAMIC BANKING FUNDS		
Capital funds	30,000	30,000
Reserves	125,995	118,118
Islamic Banking Funds	155,995	148,118
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	505,054	209,009
COMMITMENTS AND CONTINGENCIES	77,650	77,650

27. OPERATIONS OF ISLAMIC BANKING (CONTD.)

**UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2013**

Group and Bank	Individual Quarter		Cumulative Quarter	
	31.12.13	31.12.12	31.12.13	31.12.12
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	3,178	474	3,775	1,269
Impairment writeback on doubtful sundry receivables, net	51	-	51	-
Total attributable (loss)/income	<u>3,229</u>	<u>474</u>	<u>3,826</u>	<u>1,269</u>
Income attributable to depositors	<u>(1,829)</u>	<u>-</u>	<u>(1,837)</u>	<u>-</u>
Profit attributable to the Group and the Bank	1,400	474	1,989	1,269
Income derived from investment of Islamic Banking Funds	2,923	2,248	10,730	11,637
Direct costs	<u>(13)</u>	<u>(54)</u>	<u>(68)</u>	<u>(119)</u>
Total net income	4,310	2,668	12,651	12,787
Other operating expenses	<u>(1,285)</u>	<u>(958)</u>	<u>(2,258)</u>	<u>(3,097)</u>
Profit before taxation	3,025	1,710	10,393	9,690
Taxation	<u>(787)</u>	<u>(435)</u>	<u>(2,516)</u>	<u>(2,464)</u>
Profit after taxation	<u>2,238</u>	<u>1,275</u>	<u>7,877</u>	<u>7,226</u>

27. OPERATIONS OF ISLAMIC BANKING (CONTD.)

27a. OTHER LIABILITIES

	Group and Bank	
	31.12.13	31.03.13
	RM'000	RM'000
Trade payables	616	911
Other payables and accruals	982	1,308
Interest payable	1,828	-
Amount owing from head office	21,625	35,425
Taxation and zakat payable	24,008	21,497
	<u>49,059</u>	<u>59,141</u>

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

The Group reported a pretax loss of RM10.1 million (Profit of RM9.8 million for the period ended 31 December 2012) and the Bank reported a pretax profit of RM34.6 million (RM25.6 million for the period ended 31 December 2012), and in respect of the non-Islamic business, are attributed to:

- (i) Higher net interest income of RM57.3 million and RM53.3 million (RM38.4 million and RM35.9 million for the period ended 31 December 2012) for the Group and Bank, respectively due to higher income from short term funds and deposits, loans and financial investments held to maturity.
- (ii) Higher fee income of RM179.5 million and RM146.1 million (RM151.7 million and RM120.5 million for the period ended 31 December 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 RM2.1 million and RM2.2 million (RM8.1 million and RM9.3 million for the period ended 31 December 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 RM11.7 million for the Group (RM8.8 million for the period ended 31 December 2012) as a result of higher recoveries on business units costs charged out to related companies. Lower service-transfer pricing recovery for the Bank RM4.3 million (RM5.9 million for the period ended 31 December 2012) due to higher chargeout by related companies.
- (v) Higher allowance for impairment on loans of RM12.0 million for the Group (Writeback of allowance of RM1.3 million for the period ended 31 December 2012) due to higher individual allowance for impairment on margin loans made by a subsidiary. Higher allowance for impairment on loans of RM0.4 million for the Bank (Writeback of allowance of RM1.3 million for the period ended 31 December 2012) due to higher collective allowance this year instead of writeback of allowance in the previous year.
- (vi) Higher allowance on doubtful sundry receivables of RM41.7 million for the Group (RM6.1 million for the period ended 31 December 2012) due to higher allowance for receivables made by a subsidiary. Lower allowance from writeback of allowance on doubtful sundry receivables of RM1.3 million for the Bank (Allowance of RM0.4 million for the period ended 31 December 2012) due to higher recoveries this period.

Lower net income from Islamic banking business of RM12.6 million for the Group and the Bank (RM12.8 million for the period ended 31 December 2012 for the Group and the Bank) due to lower fee income earned.

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

29. CURRENT PERIOD PROSPECTS

For full year 2013, our projection on Malaysia economy to grow 4.6% year-on-year (yoy) remains unchanged. Moving into 2014, the Group expects a moderate growth of 4.8% yoy driven by private investments and supported by exports. Private investment will benefit from improved speed on the implementation of Economic Transformation Programme, more value-added foreign direct investments flowing in and positive impacts from exports complemented by Visit Malaysia Year 2014.

As the authorities continue to adopt prudent and pragmatic macroeconomic policies, reining in fiscal deficit and public debt, domestic demand is expected to moderate. Consumer loans demand may soften given the various responsible lending measures to address household debts and easing consumer spending from on-going rationalization of subsidy.

We remain agile and adaptive to the changing environment and will continue our disciplined approach in executing to our strategic priorities. Our medium term strategic priorities 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.