

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

	Note	Group		Bank	
		31.12.14 RM'000	31.03.14 RM'000	31.12.14 RM'000	31.03.14 RM'000
ASSETS					
Cash and short-term funds		939,733	873,290	910,534	745,837
Deposits and placements with banks and other financial institutions		150,000	735	150,000	-
Derivative financial assets	8	1	-	1	-
Financial assets held-for-trading	9	379	659	379	659
Financial investments available-for-sale	10	38,887	586,802	38,887	584,602
Financial investments held-to-maturity	11	75,100	75,100	75,100	75,100
Loans, advances and financing	12	351,469	1,225,899	351,469	1,212,304
Statutory deposit with Bank Negara Malaysia		20,481	20,640	20,481	20,640
Deferred tax assets		3,381	14,164	3,381	14,164
Investments in subsidiaries		-	-	102,941	103,447
Investments in associates		1,054	1,667	100	100
Other assets	13	253,442	673,398	244,607	504,034
Property and equipment		23,089	27,732	23,037	24,442
Intangible assets		14,336	13,054	1,873	1,714
Assets held for sale		200,775	-	-	-
TOTAL ASSETS		2,072,127	3,513,140	1,922,790	3,287,043
LIABILITIES AND EQUITY					
Deposits and placements of banks and other financial institutions	14	1,237,692	2,351,318	1,237,692	2,351,318
Derivative financial liabilities	8	-	10	-	5
Debt capital		-	77,716	-	-
Other liabilities	15	217,055	599,343	207,047	476,636
Liabilities directly associated with assets held for sale		133,450	-	-	-
TOTAL LIABILITIES		1,588,197	3,028,387	1,444,739	2,827,959
Share capital		200,000	200,000	200,000	200,000
Reserves		283,930	284,753	278,051	259,084
Equity attributable to equity holder of the Bank		483,930	484,753	478,051	459,084
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		2,072,127	3,513,140	1,922,790	3,287,043
COMMITMENTS AND CONTINGENCIES	23	367,845	529,520	363,871	527,722
NET ASSETS PER ORDINARY SHARE (RM)		2.42	2.42	2.39	2.30

**AmlInvestment Bank Berhad
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**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 (CONTD.)**

	Note	Group		Bank	
		31.12.14	31.03.14	31.12.14	31.03.14
CAPITAL ADEQUACY	25(a)				
Before deducting proposed dividends					
Common Equity Tier 1 ("CET 1") Capital Ratio		30.545%	24.652%	27.773%	21.207%
Tier 1 Capital Ratio		30.545%	24.652%	27.773%	21.207%
Total Capital Ratio		<u>30.545%</u>	<u>24.652%</u>	<u>27.773%</u>	<u>21.207%</u>
After deducting proposed dividends					
CET 1 Capital Ratio		30.545%	24.652%	27.773%	21.207%
Tier 1 Capital Ratio		30.545%	24.652%	27.773%	21.207%
Total Capital Ratio		<u>30.545%</u>	<u>24.652%</u>	<u>27.773%</u>	<u>21.207%</u>

The Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2014.

AInvestment Bank Berhad
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UNAUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2014

Group	Note	Individual Quarter		Cumulative Quarter	
		31.12.14 RM'000	31.12.13 RM'000	31.12.14 RM'000	31.12.13 RM'000
Revenue		67,229	73,742	246,537	267,775
Interest income	16	15,285	18,690	57,051	57,346
Interest expense	17	(12,586)	(13,136)	(45,129)	(37,212)
Net interest income		2,699	5,554	11,922	20,134
Net income from Islamic banking business		3,300	4,259	9,820	12,600
Other operating income	18	48,547	50,594	179,279	197,425
Direct costs	19	(11,013)	(13,912)	(44,777)	(57,097)
Share in results of associates		97	199	387	404
Net income		43,630	46,694	156,631	173,466
Other operating expenses	20	(39,985)	(41,694)	(120,127)	(130,002)
Operating Profit		3,645	5,000	36,504	43,464
Writeback of allowances/(allowances) for impairment on loans, advances and financing	21	188	(10,827)	4,194	(11,971)
Impairment writeback on foreclosed properties		-	-	-	100
Impairment loss on financial investments		-	-	-	(1)
Allowances on doubtful sundry receivables - net		(20,381)	(52,067)	(18,735)	(41,713)
Writeback of provision/(provision) for commitments and contingencies		139	37	425	(13)
(Loss)/profit before taxation		(16,409)	(57,857)	22,388	(10,134)
Taxation		4,175	(3,951)	(9,614)	(21,542)
(Loss)/profit for the period attributable to equity holder of the Bank		(12,234)	(61,808)	12,774	(31,676)
EARNINGS PER SHARE (SEN)					
Basic		(6.12)	(30.90)	6.39	(15.84)
Fully diluted		(6.12)	(30.90)	6.39	(15.84)

The Income Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2014.

**AInvestment Bank Berhad
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**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2014**

Group	Note	Individual Quarter		Cumulative Quarter	
		31.12.14 RM'000	31.12.13 RM'000	31.12.14 RM'000	31.12.13 RM'000
Profit for the period		<u>(12,234)</u>	<u>(61,808)</u>	<u>12,774</u>	<u>(31,676)</u>
Other comprehensive income/(loss):					
Exchange differences on translation of foreign operations		1,868	(179)	1,551	4,423
Net loss on financial investments available-for-sale		(447)	(123)	(932)	(1,841)
Income tax relating to the components of other comprehensive income		<u>107</u>	<u>31</u>	<u>246</u>	<u>460</u>
Other comprehensive (loss)/income for the period, net of tax		<u>1,528</u>	<u>(271)</u>	<u>865</u>	<u>3,042</u>
Total comprehensive (loss)/income for the period attributable to equity holders of the Bank		<u>(10,706)</u>	<u>(62,079)</u>	<u>13,639</u>	<u>(28,634)</u>

The Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2014.

AInvestment Bank Berhad
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UNAUDITED CONSOLIDATED INCOME STATEMENTS (CONTD.)
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2014

Bank	Note	Individual Quarter		Cumulative Quarter	
		31.12.14 RM'000	31.12.13 RM'000	31.12.14 RM'000	31.12.13 RM'000
Revenue		61,058	65,516	209,175	216,285
Interest income	16	14,616	17,721	54,807	53,286
Interest expense	17	(12,211)	(12,709)	(44,019)	(35,224)
Net interest income		2,405	5,012	10,788	18,062
Net income from Islamic banking business		3,300	4,259	9,820	12,600
Other operating income	18	43,142	43,536	144,548	150,399
Direct costs	19	(9,357)	(11,460)	(39,604)	(43,931)
Net income		39,490	41,347	125,552	137,130
Other operating expenses	20	(28,104)	(31,998)	(85,141)	(103,514)
Operating Profit		11,386	9,349	40,411	33,616
Writeback of allowances/(allowances) for impairment on loans, advances and financing	21	(150)	768	3,741	(376)
Impairment writeback on foreclosed properties		-	-	-	100
(Allowances)/writeback of allowances for doubtful sundry receivables- net		(524)	258	(954)	1,251
Writeback of provision/(provision) for commitments and contingencies		139	37	425	(13)
Profit before taxation		10,851	10,412	43,623	34,578
Taxation		4,189	(3,711)	(9,583)	(20,090)
Profit for the period attributable to equity holder of the Bank		15,040	6,701	34,040	14,488
EARNINGS PER SHARE (SEN)					
Basic		7.52	3.35	17.02	7.24
Fully diluted		7.52	3.35	17.02	7.24

The Income Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2014.

AmlInvestment Bank Berhad
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UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2014

Bank	Note	Individual Quarter		Cumulative Quarter	
		31.12.14	31.12.13	31.12.14	31.12.13
		RM'000	RM'000	RM'000	RM'000
Profit for the period		15,040	6,701	34,040	14,488
Other comprehensive (loss)/income:					
Net loss on financial investments available-for-sale		(447)	(123)	(932)	(1,841)
Income tax relating to the components of other comprehensive income		107	31	246	460
Other comprehensive loss for the period, net of tax		(340)	(92)	(686)	(1,381)
Total comprehensive income for the period attributable to equity holders of the Bank		14,700	6,609	33,354	13,107

The Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2014.

**AmlInvestment Bank Berhad
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**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2014**

Group	Attributable to equity holder of the Bank							Distributable	Total shareholder's equity
	Non-distributable								
	Share capital	Capital reserve	Statutory reserve	Regulatory reserve	Merger reserve	Available-for-sale reserve	Exchange fluctuation reserve	Retained earnings	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2013	200,000	2,815	200,000	-	7,656	3,162	29,988	90,519	534,140
Profit 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
At 1 April 2014	200,000	2,815	200,000	-	7,656	1,759	34,517	38,006	484,753
Profit for the period	-	-	-	-	-	-	-	12,774	12,774
Other comprehensive (loss)/income	-	-	-	-	-	(686)	1,551	-	865
Total comprehensive (loss)/income for the period	-	-	-	-	-	(686)	1,551	12,774	13,639
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	-	-	-	(962)	(962)
Transfer to Regulatory Reserve	-	-	-	2,800	-	-	-	(2,800)	-
Interim dividends paid	-	-	-	-	-	-	-	(13,500)	(13,500)
At 31 December 2014	200,000	2,815	200,000	2,800	7,656	1,073	36,068	33,518	483,930

The Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2014.

**AmlInvestment Bank Berhad
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**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTD.)
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2014**

	<-----Attributable to equity holder of the Bank----->					Total shareholder's equity RM'000
	Non-distributable			Distributable		
Bank	Share capital RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Available-for- sale reserve RM'000	Retained earnings RM'000	
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
At 1 April 2014	200,000	200,000	-	1,707	57,377	459,084
Profit for the period	-	-	-	-	34,040	34,040
Other comprehensive loss	-	-	-	(686)	-	(686)
Total comprehensive (loss)/income for the period	-	-	-	(686)	34,040	33,354
Transfer of ESS shares recharged - difference on purchase price for shares vested	-	-	-	-	(887)	(887)
Transfer to Regulatory Reserve	-	-	2,800	-	(2,800)	-
Interim dividends paid	-	-	-	-	(13,500)	(13,500)
At 31 December 2014	200,000	200,000	2,800	1,021	74,230	478,051

The Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2014.

**AmlInvestment Bank Berhad
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**UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2014**

	Group		Bank	
	31.12.14 RM'000	31.12.13 RM'000	31.12.14 RM'000	31.12.13 RM'000
Profit before taxation	22,388	(10,134)	43,623	34,578
Adjustments for non-operating and non cash items	8,993	43,180	(8,538)	(10,820)
Operating profit before working capital changes	31,381	33,046	35,085	23,758
Increase/(decrease) in operating assets	950,125	56,609	988,438	(32,311)
(Decrease)/increase in operating liabilities	(1,443,022)	470,237	(1,383,681)	567,767
Cash (used in)/generated from operations	(461,516)	559,892	(360,158)	559,214
Taxation paid	(10,074)	(12,961)	(9,354)	(12,624)
Net cash (used in)/generated from operating activities	(471,590)	546,931	(369,512)	546,590
Net cash generated from investing activities	547,687	58,763	547,709	(41,273)
Net cash (used in)/generated from financing activities	(11,813)	2,539	(13,500)	-
	535,874	61,302	534,209	(41,273)
Net increase in cash and cash equivalents	64,284	608,233	164,697	505,317
Cash and cash equivalents at beginning of period	873,290	570,797	745,837	545,150
Effect of exchange rate changes	2,159	473	-	-
Cash and cash equivalents at end of period	939,733	1,179,503	910,534	1,050,467

The Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2014.

EXPLANATORY NOTES :

1. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with Malaysia Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and complies with the International Accounting Standards ("IAS") 34, Interim Financial Reporting.

The financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Group and the Bank for the financial year ended 31 March 2014 which are available upon request from the Bank'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 significant 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 2014 except for the adoption of the following financial reporting standards which became effective for the Group and the Bank on 1 April 2014. The adoption of these financial reporting standards did not have any significant impact on the financial statements of the Group and the Bank.

1.1 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

The nature of the new standards is described below:

1.1a Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under MFRS 10, Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

1.1b Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting.

1.1c Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets

These amendments remove the unintended consequences of MFRS 13, Fair Value Measurement on the disclosures required under MFRS 136, Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the period.

1.1d Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The Group and the Bank have not novated their derivatives during the current period. However, these amendments would be considered for future novation.

1. BASIS OF PREPARATION (Contd.)

1.2 Standards issued but not yet effective

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

1.2a Standards effective for financial periods beginning on or after 1 July 2014:

- Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 119, Defined Benefit Plans: Employee Contributions
- Amendments to MFRS 127 Equity Method in Separate Financial Statements
- Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2010-2012 Cycle"
- Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2011-2013 Cycle"
- Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2012-2014 Cycle"
- MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)
- MFRS 14 Regulatory Deferral Accounts
- MFRS 15 Revenue from Contracts with Customers

1.2b Effect of adoption of standards issued but not yet effective

The impact to the financial statements of the Group and the Bank upon the initial application of the significant MFRSs that have been issued but not yet effective is as described below. The Group and the Bank are assessing the financial effects of their adoption.

Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations

The amendments apply to the acquisition of an interest in an existing joint operation and also to the acquisition of an interest in a joint operation on its formation, unless the formation of the joint operation coincides with the formation of the business.

The Group and the Bank do not have any interests in joint operations.

Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to MFRS 116 clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. This is because such methods reflects a pattern of generation of economic benefits that arise from the operation of the business of which an asset is part, rather than the pattern of consumption of an asset's expected future economic benefits.

1. BASIS OF PREPARATION (Contd.)

1.2 Standards issued but not yet effective (Contd.)

1.2b Effect of adoption of standards issued but not yet effective (Contd.)

Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation (Contd.)

The amendments to MFRS 138 introduce a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate for the same reasons as in MFRS 116. However, the International Accounting Standards Board ("IASB") states that there are limited circumstances when the presumption can be overcome:

- The intangible asset is expressed as a measure of revenue (the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold); and
- it can be demonstrated that revenue and the consumption of economic benefits of the intangible asset are highly correlated (the consumption of the intangible asset is directly linked to the revenue generated from using the asset).

Amendments to MFRS 119, Defined Benefit Plans: Employee Contributions

The amendments to MFRS 119 provide a practical expedient in accounting for contributions from employees or third parties to defined benefit plans.

Amendments to MFRS 127 Equity Method in Separate Financial Statements

The amendments allow a parent and investors to use the equity method in its separate financial statement to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2010-2012 Cycle"

The Annual Improvements to MFRSs 2010 – 2012 Cycle consist of the following amendments:

(i) MFRS 2, Share-based Payment

The amendment clarifies the definition of "vesting conditions" by separately defining "performance condition" and "service condition" to ensure consistent classification of conditions attached to a share-based payment.

(ii) MFRS 3, Business Combinations

The amendment clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132, Financial Instruments: Presentation. In addition, contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in the statement of profit or loss.

(iii) MFRS 8, Operating Segments

The amendment requires the disclosure of judgements made in applying the aggregation criteria to operating segments. This includes a brief description of the operating segment and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. In addition, a reconciliation of the total reportable segments' assets to the entity's assets is required if that amount is regularly provided to the chief operating decision maker.

(iv) MFRS 13, Fair Value Measurement

The amendment relates to the IASB's Basis for Conclusions which clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

(v) MFRS 116, Property, Plant and Equipment and MFRS 138, Intangible Assets

The amendment clarifies the accounting for the accumulated depreciation or amortisation when an asset is revalued.

(vi) MFRS 124, Related Party Disclosures

The amendment extends the definition of "related party" to include an entity, or any member of a group of which it is a party, that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

1. BASIS OF PREPARATION (Contd.)

1.2 Standards issued but not yet effective (Contd.)

1.2b Effect of adoption of standards issued but not yet effective (Contd.)

Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRSs 2011-2013 Cycle”

The Annual Improvements to MFRSs 2011 – 2013 Cycle consist of the following amendments:

(i) MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards

The amendment relates to the IASB’s Basis for Conclusions which clarifies that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.

(ii) MFRS 3, Business Combinations

The amendment clarifies that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11, Joint Arrangements) in the financial statements of the joint arrangement itself, but not to the parties to the joint arrangements for their interests in the joint arrangement.

(iii) MFRS 13, Fair Value Measurement

The amendment clarifies that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139, Financial Instruments: Recognition and Measurement or MFRS 9, Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132, Financial Instruments: Presentation.

(iv) MFRS 140, Investment Property

The amendment clarifies that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in MFRS 3 and investment property as defined in MFRS 140 requires the separate application of both Standards independently of each other.

Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRSs 2012-2014 Cycle”

The Annual Improvements to MFRSs 2012 – 2014 Cycle consist of the following amendments:

(i) Amendments to MFRS 5

The amendments introduce specific guidance in MFRS 5 for when an entity reclassifies an asset (or disposal group) from held-for-sale to held-for-distribution to owners (or vice versa), or when held-for-distribution is discontinued.

(ii) Amendments to MFRS 7

The amendment clarifies that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11, Joint Arrangements) in the financial statements of the joint arrangement itself, but not to the parties to the joint arrangements for their interests in the joint arrangement.

The amendments also clarify the applicability of Disclosure–Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

(iii) Amendment to MFRS 119

The amendment clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. The amendment also clarifies that the depth of the market for high quality corporate bonds should be assessed at a currency level.

(iv) Amendment to MFRS 134

The amendment clarifies the meaning of disclosure of information “elsewhere in the interim financial report” as used in MFRS 134. The amendment requires such disclosures to be given either in the interim financial statements or incorporated by cross-reference from the interim financial statements to some other statement that is available to users of the financial statements on the same terms as the interim financial statements and at the same time.

1. BASIS OF PREPARATION (Contd.)

1.2 Standards issued but not yet effective (Contd.)

1.2b Effect of adoption of standards issued but not yet effective (Contd.)

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

MFRS 9 is equivalent to IFRS 9 Financial Instruments issued by the IASB in July 2014. MFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from MFRS 139.

MFRS 14 Regulatory Deferral Accounts

MFRS 14 is applicable to first-time adopters of MFRSs. Consequently, this standard is not applicable to the Group and the Bank.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised.

1.3 Bank Negara Malaysia (“BNM”) Guidelines on Maintenance of Regulatory Reserve

On 4 February 2014, BNM issued a letter requiring banking institutions to maintain, in aggregate, collective impairment allowance and regulatory reserve of no less than 1.2% of total outstanding loans/financing, net of individual impairment allowance, pursuant to paragraph 13.1 of the BNM's Policy Document on Classification and Impairment Provisions for Loans/Financing. The regulatory reserve is maintained in addition to the collective impairment allowance recognised in accordance with MFRS, and it will be set aside from the retained profits to a separate reserve within equity as an additional credit risk absorbent. Banking institutions are required to comply with this requirement by 31 December 2015.

During the financial period, the Bank has transferred RM2.8 million from its retained profits to the regulatory reserve in accordance with BNM's requirements. The adoption of this requirement did not have any impact to the profit or loss of the Group and the Bank.

2. AUDIT QUALIFICATION

There were no audit qualification in the audited annual financial statements for the year ended 31 March 2014.

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 31 December 2014.

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

During the financial quarter, an interim single-tier cash dividend of 6.75 sen per ordinary share on 200,000,000 ordinary shares amounting to RM 13,500,000 in respect of the financial year ended 31 March 2015 was paid on 8 December 2014.

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	31.12.14		Contract/ Notional Amount RM'000	31.03.14		
		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	4,479	-	-	4,537	-	5	
Equity related contracts:							
Less than one year	439	1	-	642	-	5	
Total	<u>4,918</u>	<u>1</u>	<u>-</u>	<u>5,179</u>	<u>-</u>	<u>10</u>	
Bank							
Trading derivative							
Foreign exchange related contracts:							
Less than one year	505	-	-	2,739	-	-	
Equity related contracts:							
Less than one year	439	1	-	642	-	5	
Total	<u>944</u>	<u>1</u>	<u>-</u>	<u>3,381</u>	<u>-</u>	<u>5</u>	

9. FINANCIAL ASSETS HELD-FOR-TRADING

	Group		Bank	
	31.12.14 RM'000	31.03.14 RM'000	31.12.14 RM'000	31.03.14 RM'000
At Fair Value				
Quoted Securities:				
In Malaysia:				
Unit trusts	379	659	379	659
	<u>379</u>	<u>659</u>	<u>379</u>	<u>659</u>

10. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Bank	
	31.12.14 RM'000	31.03.14 RM'000	31.12.14 RM'000	31.03.14 RM'000
At Fair value				
Money Market Securities:				
Bank Negara Monetary Notes	-	547,165	-	547,165
	<u>-</u>	<u>547,165</u>	<u>-</u>	<u>547,165</u>
Unquoted Securities				
Outside Malaysia:				
Private debt securities	27,093	25,642	27,093	25,642
	<u>27,093</u>	<u>25,642</u>	<u>27,093</u>	<u>25,642</u>
At Cost				
Unquoted Securities:				
In Malaysia:				
Shares	11,788	13,988	11,788	11,788
	<u>11,788</u>	<u>13,988</u>	<u>11,788</u>	<u>11,788</u>
Outside Malaysia:				
Shares	6	7	6	7
	<u>6</u>	<u>7</u>	<u>6</u>	<u>7</u>
	<u>38,887</u>	<u>586,802</u>	<u>38,887</u>	<u>584,602</u>

11. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group		Bank	
	31.12.14 RM'000	31.03.14 RM'000	31.12.14 RM'000	31.03.14 RM'000
At Amortised Cost:				
Unquoted Securities				
In Malaysia:				
Private debt securities	75,100	75,100	75,100	75,100
	<u>75,100</u>	<u>75,100</u>	<u>75,100</u>	<u>75,100</u>

12. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	31.12.14 RM'000	31.03.14 RM'000	31.12.14 RM'000	31.03.14 RM'000
At Amortised Cost				
Share margin financing	272,050	304,625	272,050	279,110
Revolving credits	79,343	935,651	79,343	935,651
Staff loans	3,862	4,822	3,862	4,822
Gross loans, advances and financing	355,255	1,245,098	355,255	1,219,583
Less:				
Allowance for impairment on loans, advances and financing:				
Collective allowance	1,490	4,872	1,490	4,872
Individual allowance	2,296	14,327	2,296	2,407
	3,786	19,199	3,786	7,279
Net loans, advances and financing	351,469	1,225,899	351,469	1,212,304

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

	Group		Bank	
	31.12.14 RM'000	31.03.14 RM'000	31.12.14 RM'000	31.03.14 RM'000
Domestic :				
Business enterprises:				
Small medium enterprises	11,260	42,480	11,260	42,480
Others	57,552	65,236	57,552	65,236
Individuals	285,912	1,126,234	285,912	1,101,985
Foreign entities	531	11,148	531	9,882
	355,255	1,245,098	355,255	1,219,583

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

	Group		Bank	
	31.12.14 RM'000	31.03.14 RM'000	31.12.14 RM'000	31.03.14 RM'000
In Malaysia	352,366	1,203,846	352,366	1,203,846
Outside Malaysia	2,889	41,252	2,889	15,737
	355,255	1,245,098	355,255	1,219,583

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

	Group		Bank	
	31.12.14 RM'000	31.03.14 RM'000	31.12.14 RM'000	31.03.14 RM'000
Fixed rate:				
Fixed-rate loans	275,912	309,447	275,912	283,932
Variable rate:				
Cost-plus	79,343	935,651	79,343	935,651
	355,255	1,245,098	355,255	1,219,583

12. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	Group		Bank	
	31.12.14 RM'000	31.03.14 RM'000	31.12.14 RM'000	31.03.14 RM'000
Agriculture	860	11,302	860	11,302
Manufacturing	2,378	12,838	2,378	12,838
Electricity, gas and water	-	-	-	-
Wholesale and retail trade and hotels and restaurant	-	1,093	-	1,093
Real estate	8,835	18,631	8,835	18,631
Business activities	55,715	51,530	55,715	50,264
Education and health	-	401	-	401
Household, of which:				
Purchase of residential properties	2,695	3,014	2,695	3,014
Purchase of transport vehicles	1,167	1,808	1,167	1,808
Others	283,431	1,142,164	283,431	1,117,915
Others	174	2,317	174	2,317
	<u>355,255</u>	<u>1,245,098</u>	<u>355,255</u>	<u>1,219,583</u>

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

	Group		Bank	
	31.12.14 RM'000	31.03.14 RM'000	31.12.14 RM'000	31.03.14 RM'000
Maturing within one year	351,411	1,240,291	351,411	1,214,776
One to three years	526	616	526	616
Three to five years	875	999	875	999
Over five years	2,443	3,192	2,443	3,192
	<u>355,255</u>	<u>1,245,098</u>	<u>355,255</u>	<u>1,219,583</u>

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

	Group		Bank	
	31.12.14 RM'000	31.03.14 RM'000	31.12.14 RM'000	31.03.14 RM'000
Balance at beginning of period/year	21,678	3,854	9,758	3,854
Impaired during the period/year	7	18,484	-	6,564
Reclassification to assets held for sale	(11,271)	-	-	-
Recoveries	(7,135)	(660)	(6,674)	(660)
Amount written off	(1,234)	-	(788)	-
Foreign exchange differences	251	-	-	-
Balance at end of period/year	<u>2,296</u>	<u>21,678</u>	<u>2,296</u>	<u>9,758</u>
Gross impaired loans, advances and financing as % of gross loans, advances and financing	<u>0.65%</u>	<u>1.74%</u>	<u>0.65%</u>	<u>0.80%</u>
Loan loss coverage (excluding collateral values)	<u>164.90%</u>	<u>88.56%</u>	<u>164.90%</u>	<u>74.60%</u>

12. LOANS, ADVANCES AND FINANCING (CONTD.)

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

	Group		Bank	
	31.12.14 RM'000	31.03.14 RM'000	31.12.14 RM'000	31.03.14 RM'000
In Malaysia	2,296	9,758	2,296	9,758
Outside Malaysia	-	11,920	-	-
	<u>2,296</u>	<u>21,678</u>	<u>2,296</u>	<u>9,758</u>

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

	Group		Bank	
	31.12.14 RM'000	31.03.14 RM'000	31.12.14 RM'000	31.03.14 RM'000
Household, of which:				
Others	-	18,484	-	6,564
Business activities	2,296	3,194	2,296	3,194
	<u>2,296</u>	<u>21,678</u>	<u>2,296</u>	<u>9,758</u>

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

	Group		Bank	
	31.12.14 RM'000	31.03.14 RM'000	31.12.14 RM'000	31.03.14 RM'000
Collective allowance				
Balance at beginning of year	4,872	3,664	4,872	3,664
Allowance made/(written back) during the period/year	(3,343)	1,208	(3,343)	1,208
Foreign exchange differences	(39)	-	(39)	-
Balance at end of period/year	<u>1,490</u>	<u>4,872</u>	<u>1,490</u>	<u>4,872</u>
Collective allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing less individual allowance	<u>1.22%</u>	<u>0.40%</u>	<u>1.22%</u>	<u>0.40%</u>
Individual allowance				
Balance at beginning of year	14,327	2,831	2,407	2,831
Net charge to income statements	224	11,319	677	(424)
Reclassification to assets held for sale	(11,272)	-	-	-
Amount written off	(1,234)	-	(788)	-
Foreign exchange differences	251	177	-	-
Balance at end of period/year	<u>2,296</u>	<u>14,327</u>	<u>2,296</u>	<u>2,407</u>

13. OTHER ASSETS

	Group		Bank	
	31.12.14 RM'000	31.03.14 RM'000	31.12.14 RM'000	31.03.14 RM'000
Trade receivables, net of allowance for doubtful debts	146,959	579,130	146,726	417,222
Other receivables, deposits and prepayments, net of allowance for doubtful debts	29,172	33,684	27,694	25,943
Interest/Dividends receivable	4,525	1,804	4,519	1,794
Income tax recoverable	61,682	50,881	61,682	50,881
Amount due from brokers	7,740	141	-	-
Amount due from:				
Ultimate holding Bank	-	1,269	-	1,269
Subsidiaries	-	-	372	207
Related companies	3,364	6,489	3,614	6,718
	<u>253,442</u>	<u>673,398</u>	<u>244,607</u>	<u>504,034</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. Included in trade receivables of the Group and the Bank are amounts due from brokers amounting to RM68,216,000 (March 2014: RM84,633,000) and RM33,942,000 (March 2014: RM19,044,000) respectively which is settled net of amount due to brokers of RM62,767,000 (March 2014: RM342,704,000) and RM37,950,000 (March 2014: RM274,610,000) respectively in Note 15 under a netting arrangement.

Amounts due from ultimate holding Bank, 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	
	31.12.14 RM'000	31.03.14 RM'000	31.12.14 RM'000	31.03.14 RM'000
Licensed banks:				
Related	<u>1,237,692</u>	<u>2,351,318</u>	<u>1,237,692</u>	<u>2,351,318</u>

15. OTHER LIABILITIES

	Group		Bank	
	31.12.14 RM'000	31.03.14 RM'000	31.12.14 RM'000	31.03.14 RM'000
Trade payables	132,026	507,893	124,735	392,616
Other payables and accruals	38,583	65,870	36,827	59,379
Interest payables	19,722	17,013	19,722	16,777
Provision for commitments and contingencies	586	1,012	586	1,012
Amount due to subsidiaries	-	-	340	507
Amount due to related companies	25,763	6,758	24,750	6,307
Zakat payable	38	38	38	38
Bank Overdraft	-	759	-	-
	<u>217,055</u>	<u>599,343</u>	<u>207,047</u>	<u>476,636</u>

15. OTHER LIABILITIES (CONTD.)

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. Included in trade payables of the Group and the Bank are amounts due to brokers amounting to RM62,767,000 (March 2014: RM342,704,000) and RM37,950,000 (March 2014: RM274,610,000) respectively which is settled net of amount due from brokers of RM68,216,000 (March 2014: RM84,633,000) and RM33,942,000 (March 2014: RM19,044,000) respectively as disclosed in note 13 under a netting arrangement.

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	
	31.12.14 RM'000	31.12.13 RM'000	31.12.14 RM'000	31.12.13 RM'000
Short-term funds and deposits with financial institutions	4,894	5,234	14,100	13,559
Financial investments available-for-sale	3,309	418	9,847	1,240
Securities held-to-maturity	788	788	2,339	2,356
Loans, advances and financing				
- Interest income other than recoveries from impaired loans	6,564	12,133	27,367	34,419
Others	103	(1,055)	292	1,579
Gross interest income	15,658	17,518	53,945	53,153
Accretion of discounts less amortisation of premiums	(373)	1,172	3,106	4,193
	15,285	18,690	57,051	57,346
Bank	Individual Quarter		Cumulative Quarter	
	31.12.14 RM'000	31.12.13 RM'000	31.12.14 RM'000	31.12.13 RM'000
Short-term funds and deposits with financial institutions	4,391	4,893	12,703	12,441
Financial investments available-for-sale	3,309	418	9,847	1,240
Securities held-to-maturity	788	788	2,339	2,356
Loans and advances				
- Interest income other than recoveries from impaired loans	6,453	10,405	26,695	32,691
Others	48	44	117	364
Gross interest income	14,989	16,548	51,701	49,092
Accretion of discounts less amortisation of premiums	(373)	1,173	3,106	4,194
	14,616	17,721	54,807	53,286

17. INTEREST EXPENSE

Group	Individual Quarter		Cumulative Quarter	
	31.12.14 RM'000	31.12.13 RM'000	31.12.14 RM'000	31.12.13 RM'000
Deposit of banks and other financial institutions	12,211	12,709	44,017	35,224
Subordinated deposits and term loans	317	242	942	242
Others	58	185	170	1,746
	<u>12,586</u>	<u>13,136</u>	<u>45,129</u>	<u>37,212</u>
Bank	Individual Quarter		Cumulative Quarter	
	31.12.14 RM'000	31.12.13 RM'000	31.12.14 RM'000	31.12.13 RM'000
Deposit of banks and other financial institutions	12,211	12,709	44,017	35,224
Others	-	-	2	-
	<u>12,211</u>	<u>12,709</u>	<u>44,019</u>	<u>35,224</u>

18. OTHER OPERATING INCOME

Group	Individual Quarter		Cumulative Quarter	
	31.12.14 RM'000	31.12.13 RM'000	31.12.14 RM'000	31.12.13 RM'000
Fee and commission income:				
Brokerage fees and commissions	27,055	28,739	89,999	110,729
Corporate advisory	4,531	7,500	18,302	31,396
Fees on loans and securities	5,734	2,043	9,731	6,877
Guarantee fees	67	102	224	327
Portfolio management fees	172	130	457	362
Underwriting commission	581	1,629	7,552	3,439
Wealth management fees	7,306	7,758	26,354	22,816
Other fee and commission income	1,066	1,761	3,629	3,581
	<u>46,512</u>	<u>49,662</u>	<u>156,248</u>	<u>179,527</u>
Investment and trading income:				
Gross dividend income from:				
Financial assets held-for-trading	7	83	7	160
Financial investments available-for-sale	294	221	469	1,674
Net foreign exchange gain/(loss)	884	(82)	1,007	178
Net gain from sale of financial assets held-for-trading	19	242	6	802
Net gain from sale of financial investments available-for-sale	-	-	-	152
Net gain/(loss) on revaluation of derivatives	35	(300)	34	(857)
Net (loss)/gain on revaluation of financial assets held-for-trading	(60)	9	(49)	(15)
	<u>1,179</u>	<u>173</u>	<u>1,474</u>	<u>2,094</u>
Other income:				
Net gain on disposal of property and equipment	16	-	18	80
Non-trading foreign exchange gain	57	140	286	446
Rental income	565	570	1,756	1,725
Others	218	49	19,497	13,553
	<u>856</u>	<u>759</u>	<u>21,557</u>	<u>15,804</u>
	<u>48,547</u>	<u>50,594</u>	<u>179,279</u>	<u>197,425</u>

18. OTHER OPERATING INCOME (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	31.12.14	31.12.13	31.12.14	31.12.13
	RM'000	RM'000	RM'000	RM'000
Fee and commission income:				
Brokerage fees and commissions	22,192	22,124	74,345	78,200
Corporate advisory	4,531	7,500	18,302	31,396
Fees on loans and securities	5,734	2,043	9,731	6,877
Guarantee fees	67	102	224	327
Portfolio management fees	172	130	457	362
Underwriting commission	581	1,628	7,525	3,386
Wealth management fees	7,306	7,758	26,354	22,816
Other fee and commission income	813	1,451	2,899	2,705
	<u>41,396</u>	<u>42,736</u>	<u>139,837</u>	<u>146,069</u>
Investment and trading income:				
Gross dividend income from:				
Unquoted associated company	-	-	1,000	-
Financial assets held-for-trading	2	82	2	159
Financial investments				
available-for-sale	294	220	469	1,673
Net foreign exchange gain/(loss)	867	(77)	986	176
Net gain from sale of financial assets				
held-for-trading	27	258	30	897
Net gain from sale of financial				
investments available-for-sale	-	-	-	152
Net gain/(loss) on revaluation of derivatives	35	(300)	34	(857)
Net (loss)/gain on revaluation of financial				
assets held-for-trading	(60)	9	(49)	(17)
Gain from liquidation of a subsidiary	-	-	201	-
	<u>1,165</u>	<u>192</u>	<u>2,673</u>	<u>2,183</u>
Other income:				
Net gain on disposal of property and				
equipment	16	-	18	61
Non-trading foreign exchange gain	-	-	-	4
Rental income	565	570	1,756	1,725
Others	-	38	264	357
	<u>581</u>	<u>608</u>	<u>2,038</u>	<u>2,147</u>
	<u>43,142</u>	<u>43,536</u>	<u>144,548</u>	<u>150,399</u>

19. DIRECT COSTS

Group	Individual Quarter		Cumulative Quarter	
	31.12.14	31.12.13	31.12.14	31.12.13
	RM'000	RM'000	RM'000	RM'000
Dealers incentive	123	2,129	4,365	8,542
Brokerage commission	7,030	8,449	24,640	33,737
Others	3,860	3,334	15,772	14,818
	<u>11,013</u>	<u>13,912</u>	<u>44,777</u>	<u>57,097</u>
Bank	Individual Quarter		Cumulative Quarter	
	31.12.14	31.12.13	31.12.14	31.12.13
	RM'000	RM'000	RM'000	RM'000
Dealers incentive	123	2,129	4,365	8,542
Brokerage commission	5,373	5,998	19,466	20,572
Others	3,861	3,333	15,773	14,817
	<u>9,357</u>	<u>11,460</u>	<u>39,604</u>	<u>43,931</u>

20. OTHER OPERATING EXPENSES

Group	Individual Quarter		Cumulative Quarter	
	31.12.14	31.12.13	31.12.14	31.12.13
	RM'000	RM'000	RM'000	RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	19,827	19,782	59,787	67,708
- Scheme shares and options granted under AMMB Executives' Share Scheme	1,696	2,142	4,407	7,089
- Others	5,421	6,820	18,889	22,391
	<u>26,944</u>	<u>28,744</u>	<u>83,083</u>	<u>97,188</u>
Establishment costs				
- Amortisation of intangible assets	163	221	592	663
- Computerisation costs	1,565	1,540	4,591	5,208
- Depreciation of property and equipment	997	959	2,959	2,833
- Rental	3,011	3,684	9,625	10,825
- Others	1,882	1,600	4,923	5,188
	<u>7,618</u>	<u>8,004</u>	<u>22,690</u>	<u>24,717</u>
Marketing and communication expenses				
- Advertising and marketing	69	657	547	1,098
- Sales commission	146	119	440	731
- Travel and entertainment	468	939	1,821	2,621
- Others	445	1,434	3,704	4,683
	<u>1,128</u>	<u>3,149</u>	<u>6,512</u>	<u>9,133</u>
Administration and general expenses				
- Professional fees	773	1,233	2,743	4,926
- Others	1,619	2,175	6,101	5,688
	<u>2,392</u>	<u>3,408</u>	<u>8,844</u>	<u>10,614</u>
Service transfer pricing expenses/(recovery), net	1,903	(1,611)	(1,002)	(11,650)
	<u>39,985</u>	<u>41,694</u>	<u>120,127</u>	<u>130,002</u>

20. OTHER OPERATING EXPENSES (CONTD.)

Bank	Individual Quarter		Cumulative Quarter	
	31.12.14 RM'000	31.12.13 RM'000	31.12.14 RM'000	31.12.13 RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	14,844	14,711	46,252	54,403
- Scheme shares and options granted under AMMB Executives' Share Scheme	1,623	2,001	4,264	6,666
- Others	3,331	5,153	13,214	16,685
	<u>19,798</u>	<u>21,865</u>	<u>63,730</u>	<u>77,754</u>
Establishment costs				
- Amortisation of intangible assets	152	215	564	648
- Computerisation costs	(9)	(24)	9	29
- Depreciation of property and equipment	726	766	2,186	2,309
- Rental	1,881	2,566	6,258	7,514
- Others	1,057	870	2,553	2,967
	<u>3,807</u>	<u>4,393</u>	<u>11,570</u>	<u>13,467</u>
Marketing and communication expenses				
- Advertising and marketing	66	650	530	1,063
- Sales commission	146	119	440	731
- Travel and entertainment	357	756	1,471	2,075
- Others	182	1,152	3,090	3,759
	<u>751</u>	<u>2,677</u>	<u>5,531</u>	<u>7,628</u>
Administration and general expenses				
- Professional fees	375	1,099	1,837	4,655
- Others	1,212	1,742	4,703	4,290
	<u>1,587</u>	<u>2,841</u>	<u>6,540</u>	<u>8,945</u>
Service transfer pricing expenses/(recovery), net	2,161	222	(2,230)	(4,280)
	<u>28,104</u>	<u>31,998</u>	<u>85,141</u>	<u>103,514</u>

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

Group	Individual Quarter		Cumulative Quarter	
	31.12.14 RM'000	31.12.13 RM'000	31.12.14 RM'000	31.12.13 RM'000
(Allowance)/writeback of allowance for impairment on loans, advances and financing:				
Collective allowance	(165)	759	3,343	(711)
Individual allowance	353	(11,586)	(224)	(11,260)
Impaired loans, advances and financing recovered	-	-	1,075	-
	<u>188</u>	<u>(10,827)</u>	<u>4,194</u>	<u>(11,971)</u>
Bank				
(Allowance)/writeback of allowance for impairment on loans, advances and financing:				
Collective allowance	(165)	759	3,343	(711)
Individual allowance	15	9	(677)	335
Impaired loans, advances and financing recovered	-	-	1,075	-
	<u>(150)</u>	<u>768</u>	<u>3,741</u>	<u>(376)</u>

22. BUSINESS SEGMENT ANALYSIS

31.12.2014 Group	Wholesale Banking RM'000	Operating Segments RM'000	Total RM'000
External revenue	210,032	36,505	246,537
Revenue from other segments	259	(259)	-
Revenue	<u>210,291</u>	<u>36,246</u>	<u>246,537</u>
Net interest income	28,531	(16,609)	11,922
Other income	135,872	8,450	144,322
	<u>164,403</u>	<u>(8,159)</u>	<u>156,244</u>
Share in results of associates	-	387	387
Net income	<u>164,403</u>	<u>(7,772)</u>	<u>156,631</u>
Other operating expenses	(116,101)	(4,026)	(120,127)
<i>of which:</i>			
<i>Depreciation of property and equipment</i>	(2,377)	(582)	(2,959)
<i>Amortisation of intangible assets</i>	(591)	(1)	(592)
Profit/(loss) before provisions	<u>48,302</u>	<u>(11,798)</u>	<u>36,504</u>
Writeback of provisions - net	(14,751)	635	(14,116)
Profit/(loss) before taxation	<u>33,551</u>	<u>(11,163)</u>	<u>22,388</u>
Taxation and zakat	(13,496)	3,882	(9,614)
Profit/(loss) after taxation	<u>20,055</u>	<u>(7,281)</u>	<u>12,774</u>
Other information:			
Total segment assets	777,475	1,294,652	2,072,127
Total segment liabilities	304,405	1,283,792	1,588,197
Cost to income ratio	70.6%	-49.3%	76.9%
Gross loans, advances and financing	351,393	3,862	355,255
Net loans, advances and financing	347,692	3,777	351,469
Impaired loans, advances and financing	2,296	-	2,296
Total deposits	-	1,237,692	1,237,692
Additions to:			
Property and equipment	1,617	536	2,153
Intangible assets	801	-	801

22. BUSINESS SEGMENT ANALYSIS (CONTD.)

31.12.2013 Group	Wholesale Banking RM'000	Operating Segments RM'000	Total RM'000
External revenue	239,441	28,334	267,775
Revenue from other segments	(3,620)	3,620	-
Revenue	<u>235,821</u>	<u>31,954</u>	<u>267,775</u>
Net interest income	32,159	(12,025)	20,134
Other income	144,453	8,475	152,928
	<u>176,612</u>	<u>(3,550)</u>	<u>173,062</u>
Share in results of associates	-	404	404
Net income	<u>176,612</u>	<u>(3,146)</u>	<u>173,466</u>
Other operating expenses	(119,005)	(10,997)	(130,002)
<i>of which:</i>			
<i>Depreciation of property and equipment</i>	(2,304)	(529)	(2,833)
<i>Amortisation of intangible assets</i>	(661)	(2)	(663)
Profit/(loss) before provisions	<u>57,607</u>	<u>(14,143)</u>	<u>43,464</u>
Writeback of provisions - net	(53,676)	79	(53,597)
Profit/(loss) before taxation	<u>3,931</u>	<u>(14,064)</u>	<u>(10,133)</u>
Taxation and zakat	(13,639)	(7,903)	(21,542)
Profit/(loss) after taxation	<u>(9,708)</u>	<u>(21,967)</u>	<u>(31,675)</u>
Other information:			
Total segment assets	1,827,962	1,467,365	3,295,327
Total segment liabilities	487,508	2,303,790	2,791,298
Cost to income ratio	67.4%	-309.8%	75.1%
Gross loans, advances and financing	1,191,647	5,122	1,196,769
Net loans, advances and financing	1,173,019	5,114	1,178,133
Impaired loans, advances and financing	15,050	-	15,050
Total deposits	-	2,260,873	2,260,873
Additions to:			
Property and equipment	3,104	54	3,158
Intangible assets	239	-	239

Included in the above is Islamic banking business profit before taxation of RM8.8 million for the Group and the Bank for the period ended 31 December 2014 (RM10.4 million for the Group and the Bank for the period ended 31

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 RM17.3 million for the period ended 31 December 2014 (Loss before tax RM 50.3 million for the period ended 31 December 2013).

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:

	31.12.14	31.03.14
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	255,611	387,900
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	19	19
Forward purchase commitments	-	-
	<u>255,630</u>	<u>387,919</u>
Contingent Liabilities		
Direct credit substitutes	107,197	114,947
Obligations under an on-going underwriting agreement	-	21,375
Others	100	100
	<u>107,297</u>	<u>136,422</u>
Derivative Financial Instruments		
Foreign exchange related contracts:		
- One year or less	4,479	4,537
Equity related contracts:		
- One year or less	439	642
	<u>4,918</u>	<u>5,179</u>
	<u>367,845</u>	<u>529,520</u>
Bank		
Commitments		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	255,611	387,900
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	19	19
Forward purchase commitments	-	-
	<u>255,630</u>	<u>387,919</u>
Contingent Liabilities		
Direct credit substitutes	107,197	114,947
Obligations under an on-going underwriting agreement	-	21,375
Others	100	100
	<u>107,297</u>	<u>136,422</u>
Derivative Financial Instruments		
Foreign exchange related contracts:		
- One year or less	505	2,739
Equity related contracts:		
- One year or less	439	642
	<u>944</u>	<u>3,381</u>
	<u>363,871</u>	<u>527,722</u>

23. COMMITMENTS AND CONTINGENCIES (CONTD.)

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

- (a) 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 RM27.6 million 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 approximately RM19.6 million together with interest and costs ("MAA Suit").

AmTrustee was also served 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's application to strike out the Third Party Notice was allowed by the court. Meridian's appeal against this decision to the Court of Appeal was dismissed. Decision was handed down by the High Court against Meridian in KWAP's claim for a sum of approximately RM7.3 million with interest 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.

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.

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 have 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 RM27.6 million to RM37.0 million.

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 to approximately RM37.0 million. 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.

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 RM19.6 million 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.

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.

23. COMMITMENTS AND CONTINGENCIES (CONTD.)

Both Meridian and MAA have filed their appeals and AmTrustee has also filed its cross appeals against Meridian's and MAA's appeals.

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.

The Court of Appeal had 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 19 May 2014.

On 19 May 2014, the Court of Appeal heard the appeals by all parties and subsequently, gave its decision as follows ('Court of Appeal Decision'):

In the MAA Suit:

- MAA's appeal against the High Court Decision was allowed;
- Meridian's appeal against the High Decision was dismissed;
- AmTrustee's cross-appeal against MAA's appeals were dismissed;
- AmTrustee's cross-appeal against Meridian's appeal was dismissed.

In the Meridian Suit:

- Meridian's appeal against the High Court Decision was dismissed;
- AmTrustee's appeal against Meridian's appeal was dismissed.

On 28 May 2014, MAA and AmTrustee had agreed to the stay of execution of the Court of Appeal Decision pending the disposal of AmTrustee's application for leave to appeal to Federal Court ('Leave Application'). On 17 June 2014, AmTrustee filed its notice of motion for the Leave Application at Federal Court. AmTrustee's Leave Application is now fixed for case management on 9 February 2015.

- (b) Up to 31 December 2014, a subsidiary of the Bank, AmFutures Sdn Bhd ('AmF') and the Bank were served with a total of 11 suits by 11 individuals ('Claimants') in relation to a purported investment scheme called Futures Crude Palm Oil ('Alleged Scheme') allegedly offered by person(s) unknown to AmF and the Bank to the Claimants. In the suits, the Claimants claim for the return of their alleged principal investment sum and the return of investment in the Alleged Scheme.

The parties to the suits had agreed that trial of one test case to be heard first by the Court and the decision in the test case shall be binding on all the other suits filed by the Claimants. The trial hearing dates for the test case is fixed on from 20 April 2015 to 24 April 2015. Solicitors for AmF and the Bank is of the view that AmF and the Bank have a good chance of successfully defending the suits.

24. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTD.)

Determination of fair value and fair value hierarchy

The Group and the Bank use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following tables show the Group's and the Bank's financial instruments that are measured at the reporting date analysed by levels within the fair value hierarchy.

(a) Financial instruments not measured at fair value (excluding those financial instruments where the carrying amounts are reasonable approximation of their fair values)

	< ----- Group ----- >				< ----- Bank ----- >			
	31.12.14		31.03.2014		31.12.14		31.03.2014	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial Assets								
Financial investments held-to-maturity	75,100	71,865	75,100	69,708	75,100	71,865	75,100	69,708

(b) Financial instruments measured at fair value

31.12.14	< ----- Group ----- >				< ----- Bank ----- >			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets measured at fair value								
Financial assets held-for-trading								
- Equities	379	-	-	379	379	-	-	379
Financial investments available-for-sale								
- Unquoted private debt securities	-	27,093	-	27,093	-	27,093	-	27,093
	379	27,093	-	27,472	379	27,093	-	27,472
Assets for which fair values are disclosed								
Financial investments held-to-maturity								
- Unquoted private debt securities	-	71,765	100	71,865	-	71,765	100	71,865
31.03.2014								
Assets measured at fair value								
Financial assets held-for-trading								
- Equities	659	-	-	659	659	-	-	659
Financial investments available-for-sale								
- Money market securities	-	547,165	-	547,165	-	547,165	-	547,165
- Unquoted private debt securities	-	25,642	-	25,642	-	25,642	-	25,642
	659	572,807	-	573,466	659	572,807	-	573,466
Assets for which fair values are disclosed								
Financial investments held-to-maturity								
- Unquoted private debt securities	-	69,608	100	69,708	-	69,608	100	69,708
Liabilities measured at fair value								
Derivative financial liabilities	10	-	-	10	5	-	-	5

25. CAPITAL ADEQUACY

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

	Group		Bank	
	31.12.14	31.03.14	31.12.14	31.03.14
Before deducting proposed dividends:				
CET 1 Capital Ratio	30.545%	24.652%	27.773%	21.207%
Tier 1 Capital Ratio	30.545%	24.652%	27.773%	21.207%
Total Capital Ratio	30.545%	24.652%	27.773%	21.207%
<hr/>				
After deducting proposed dividend:				
CET 1 Capital Ratio	30.545%	24.652%	27.773%	21.207%
Tier 1 Capital Ratio	30.545%	24.652%	27.773%	21.207%
Total Capital Ratio	30.545%	24.652%	27.773%	21.207%

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 combined capital base as a ratio of the risk-weighted assets of the Bank for the financial quarter.

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%

25. 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	
	31.12.14 RM'000	31.03.14 RM'000	31.12.14 RM'000	31.03.14 RM'000
<u>Common Equity Tier 1 ("CET1") Capital</u>				
Ordinary shares	200,000	200,000	200,000	200,000
Retained earnings	33,517	38,006	59,351	57,377
Unrealised gains on available-for-sale ("AFS") financial instruments	1,074	1,760	1,022	1,707
Foreign exchange translation reserve	36,068	34,517	-	-
Statutory reserve fund	200,000	200,000	200,000	200,000
Regulatory reserve	2,800	-	2,800	-
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	(3,092)	(1,811)	(1,873)	(1,714)
Deferred tax assets	(3,381)	(14,164)	(3,381)	(14,164)
55% of cumulative gains of AFS financial instruments	(591)	(968)	(562)	(939)
Regulatory reserves	(2,800)	-	(2,800)	-
Investments in ordinary shares of unconsolidated financial and insurance/takaful entities	(211)	(333)	(20,408)	(20,408)
Deduction in excess of Tier 2 *	(23,647)	(22,891)	(104,436)	(103,190)
CET1 capital	438,965	433,344	329,713	318,669
Tier 1 ("T1") capital	438,965	433,344	329,713	318,669
<u>Tier 2 ("T2") capital</u>				
Collective impairment provisions and regulatory reserves #	4,289	4,085	4,289	4,085
Less : Regulatory adjustments applied on Tier 2 capital	(4,289)	(4,085)	(4,289)	(4,085)
Tier 2 capital	-	-	-	-
Total Capital	438,965	433,344	329,713	318,669

*The portion of regulatory adjustments not deducted from Tier 2 Capital (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 RM NIL.(31 March 2014 : RM787,973)

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

	Group		Bank	
	31.12.14 RM'000	31.03.14 RM'000	31.12.14 RM'000	31.03.14 RM'000
Credit risk	949,624	1,290,468	840,735	1,097,505
Market risk	88,719	38,768	17,740	38,766
Operational risk	398,441	428,605	328,395	366,407
Large exposure risk for equity holdings	314	-	314	-
	1,437,098	1,757,841	1,187,184	1,502,678

26. OPERATIONS OF ISLAMIC BANKING

The statements of financial position as at 31 December 2014 and the results for the period ended 31 December 2014 of the Islamic banking business of the Group and the Bank, included in the financial statements, after elimination of intercompany transactions and balances are summarised as follows:

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Group and Bank	
	31.12.14	31.03.14
	RM'000	RM'000
ASSETS		
Cash and short-term funds	221,699	479,614
Other receivables, deposits and prepayments	13,933	16,687
Deferred tax assets	-	292
Property and equipment	22	29
Intangible assets	1	2
TOTAL ASSETS	235,655	496,624
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits and placements of banks and other financial institutions	-	301,500
Other liabilities	69,049	35,314
Total Liabilities	69,049	336,814
ISLAMIC BANKING FUNDS		
Capital funds	30,000	30,000
Reserves	136,606	129,810
Islamic Banking Funds	166,606	159,810
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	235,655	496,624
COMMITMENTS AND CONTINGENCIES	77,650	77,650

26. OPERATIONS OF ISLAMIC BANKING (CONTD.)

**UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2014**

Group and Bank	Individual Quarter		Cumulative Quarter	
	31.12.14 RM'000	31.12.13 RM'000	31.12.14 RM'000	31.12.13 RM'000
Income derived from investment of depositors' funds and others	523	3,178	1,412	3,775
Impairment writeback on doubtful sundry receivables, net	-	51	-	51
Total attributable income	523	3,229	1,412	3,826
Income attributable to depositors	-	(1,829)	(914)	(1,837)
Profit attributable to the Group and the Bank	523	1,400	498	1,989
Income derived from investment of Islamic banking funds	2,798	2,923	9,379	10,730
Direct costs	(21)	(13)	(57)	(68)
Total net income	3,300	4,310	9,820	12,651
Other operating expenses	(321)	(1,285)	(975)	(2,258)
Profit before taxation	2,979	3,025	8,845	10,393
Taxation	(562)	(787)	(2,049)	(2,516)
Profit after taxation	2,417	2,238	6,796	7,877

26. OPERATIONS OF ISLAMIC BANKING (CONTD.)

26a. OTHER LIABILITIES

	Group and Bank	
	31.12.14	31.03.14
	RM'000	RM'000
Trade payables	32	559
Other payables and accruals	667	5,455
Amount due to head office	40,633	3,341
Taxation and zakat payable	27,615	25,959
Deferred taxation	102	-
	<u>69,049</u>	<u>35,314</u>

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

The Group reported a pretax profit of RM22.4 million (Pretax loss of RM10.1 million for the period ended 31 December 2013) and the Bank reported a pretax profit of RM43.6 million (RM34.6 million for the period ended 31 December 2013), and in respect of the non-Islamic business, are attributable to:

- (i) Lower net interest income of RM11.9 million and RM10.8 million (RM20.1 million and RM18.1 million for the period ended 31 December 2013) for the Group and Bank, respectively due to higher interest expense on deposits of banks and other financial institutions.
- (ii) Lower fee income of RM156.2 million and RM139.8 million (RM179.5 million and RM146.1 million for the period ended 31 December 2013), for the Group and Bank, respectively due to lower brokerage fees and commission and lower corporate advisory fees.
- (iii) Lower investment and trading income of RM1.5 million (RM2.1 million for the period ended 31 December 2013), for the Group due to lower dividend income from financial investments available for sale and lower gain from sale of financial assets held for trading and financial investments available for sale. Higher investment and trading income of RM2.7 million (RM2.2 million for the period ended 31 December 2013) for the Bank, mainly due to dividend received from an associated company.
- (iv) Writeback of allowance for impairment on loan and financing of RM4.2 million for the Group and RM3.7 million for the Bank (Allowance for impairment of RM12.0 million for the Group and RM0.4 million for the Bank for the period ended 31 December 2013) due to recovery of impaired loans and significant writeback of collective allowance.

Lower net income from Islamic banking business of RM9.8 million for the Group and the Bank (RM12.6 million for the period ended 31 December 2013 for the Group and the Bank) due to lower fee income.

Shareholder's equity stood at RM0.5 billion (RM0.5 billion as at 31 March 2014) for the Group and the Bank, respectively.

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

28. CURRENT PERIOD PROSPECTS

The Group maintains its forecast of a 5.9% increase for Malaysia's gross domestic product for the full calendar year 2014, with 4Q2014 expected to soften from a 6.1% year-on-year growth for the first nine months of the year due to slower trade and domestic consumption. Massive floods, which occurred mainly in the rural areas of Peninsular Malaysia toward the end of 2014, are not expected to significantly affect our GDP expectations.

For 2015, the Group expects economic growth to moderate to 4.7% - 5.0% due to the declining global crude oil price, slower increase in government spending and dampened exports contribution. Domestic consumption in the near term is expected to be soft, weighed down by high household debt levels amidst rising cost of living.

The implementation of the Goods and Services tax on 1 April 2015 is expected to drive inflation from an estimated 3.1% in 2014 to 3.6% - 3.8% in 2015, partially offset by lower crude oil price. For 1H2015, the Group expects Malaysia's overnight policy rate to remain steady at 3.25% with possibilities of a small rate hike in 2H2015 pending the outcome of the US Federal Reserves' decision on whether to tighten monetary measures.

Business and economic conditions are expected to remain challenging while compliance requirements increase over the longer term. In the near to medium-term, the banking sector is expected to experience slower loans growth and narrower net interest spreads while asset quality may come under pressure.

The Group remain proactive and responsive with key measures in place to drive growth, supported by ongoing investments to improve its capabilities and customer experience. The Group remain focused on AmBank Group's FY2015-2017 strategic agenda to (1) Deliver on focused organic growth; (2) Leverage strategic partnerships and deliver on acquisitions; (3) Continue to optimise efficiency; and (4) Build sustainability.

29. VALUATIONS OF PROPERTY AND EQUIPMENT

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

30. EVENTS SUBSEQUENT TO REPORTING DATE

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