

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
and its subsidiary companies
UNAUDITED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2007

	Note	The Group	
		30.6.07 RM'000	31.3.07 RM'000
ASSETS			
Cash and short-term funds		9,517,694	10,593,220
Securities purchased under resale agreements		927,301	501,431
Deposits and placements with banks and other financial institutions		755,523	1,639,857
Securities held-for-trading	A8	6,347,397	6,918,905
Securities available-for-sale	A9	2,253,030	1,855,529
Securities held-to-maturity	A10	2,316,898	2,312,570
Derivative financial assets		322,844	380,742
Loans, advances and financing	A11	47,929,509	47,610,755
Other assets	A12	2,110,403	2,152,286
Statutory deposits with Bank Negara Malaysia		1,796,343	1,807,058
Investments in associated companies		1,754	1,754
Prepaid land lease payment		7,183	7,156
Property and equipment		226,010	234,000
Life fund assets		1,493,247	1,458,908
Deferred tax assets		837,503	901,258
Intangible assets		598,337	588,442
TOTAL ASSETS		77,440,976	78,963,871
LIABILITIES AND EQUITY			
Deposits from customers	A13	43,793,336	42,381,662
Deposits and placements of banks and other financial institutions	A14	15,776,101	17,441,339
Derivative financial liabilities		415,907	451,755
Obligations on securities sold under repurchase agreements		156,577	3,140,243
Bills and acceptances payable		1,955,912	1,461,577
Recourse obligations on loans sold to Cagamas Berhad		694,066	755,061
Other liabilities	A15	3,076,494	3,125,060
Term loans		341,381	309,680
Subordinated term loans		460,000	460,000
Redeemable unsecured bonds		1,323,582	1,322,795
Converting preference shares		41,657	-
Unsecured exchangeable bonds		575,000	-
Hybrid capital		641,189	666,474
Life fund liabilities		191,455	172,281
Life policyholder funds		1,301,791	1,286,627
Total Liabilities		70,744,448	72,974,554
Share capital		2,294,518	2,130,565
Reserves		3,150,620	2,657,236
Equity attributable to equity holders of the Company		5,445,138	4,787,801
Minority interests		1,251,390	1,201,516
Total Equity		6,696,528	5,989,317
TOTAL LIABILITIES AND EQUITY		77,440,976	78,963,871

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
and its subsidiary companies
UNAUDITED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2007 (CONTD.)

	Note	The Group	
		30.6.07	31.3.07
		RM'000	RM'000
COMMITMENTS AND CONTINGENCIES	A25	50,031,819	48,568,133
CAPITAL ADEQUACY RATIO	A29		
Core capital ratio		9.29%	8.72%
Risk-weighted capital ratio		13.88%	12.61%
NET ASSETS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)		2.56	2.25
NET ASSETS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY AFTER DEDUCTING THE NOMINAL AMOUNT AND EQUITY COMPONENT OF THE CONVERTING PREFERENCE SHARES (RM)		2.34	2.25

The Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 March 2007.

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
and its subsidiary companies

UNAUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2007

The Group	Note	Individual Quarter		Cumulative Quarter	
		30.6.07 RM'000	30.6.06 RM'000	30.6.07 RM'000	30.6.06 RM'000
Revenue		1,578,332	1,322,298	1,578,332	1,322,298
Interest income	A16	1,004,308	886,412	1,004,308	886,412
Interest expense	A17	(633,665)	(539,693)	(633,665)	(539,693)
Net interest income		370,643	346,719	370,643	346,719
Net income from Islamic banking business		130,182	118,819	130,182	118,819
Other operating income	A18	343,002	221,326	343,002	221,326
Net income		843,827	686,864	843,827	686,864
Other operating expenses	A19	(368,882)	(336,201)	(368,882)	(336,201)
Operating profit		474,945	350,663	474,945	350,663
Allowance for losses on loans and financing	A20	(153,335)	(125,449)	(153,335)	(125,449)
Impairment loss on:					
Securities		(6,614)	(23,027)	(6,614)	(23,027)
Amount recoverable under asset-backed securitisation transaction		(7,000)	-	(7,000)	-
Assets acquired in exchange of debts		(72)	-	(72)	-
Transfer from profit equalisation reserve		25,851	5,026	25,851	5,026
Writeback of allowance/(Allowance) for doubtful sundry receivables - net		799	(3,303)	799	(3,303)
Writeback of provision for commitments and contingencies		297	325	297	325
Profit before share in results of associated companies		334,871	204,235	334,871	204,235
Share in results of associated companies		-	882	-	882
Profit before taxation		334,871	205,117	334,871	205,117
Taxation	B5	(103,919)	(62,620)	(103,919)	(62,620)
Profit for the period		230,952	142,497	230,952	142,497
Attributable to:					
Equity holders of the Company		181,078	119,155	181,078	119,155
Minority interests		49,874	23,342	49,874	23,342
Profit for the period		230,952	142,497	230,952	142,497
EARNINGS PER SHARE (SEN)	B13				
Basic		8.20	5.59	8.20	5.59
Fully diluted		7.34	5.55	7.34	5.55
Post-tax return on average shareholders' funds (annualised)		14.16%	9.18%	14.16%	9.18%

The Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2007

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
and its subsidiary companies

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2007

The Group	Attributable to Equity Holders of the Company						Total RM'000	Minority interests RM'000	Total equity RM'000
	Ordinary share capital RM'000	Non- Distributable			Exchange fluctuation reserve RM'000	Distributable Unappropriated profits RM'000			
		Share premium RM'000	Statutory reserve RM'000	Available-for- sale reserve RM'000					
At 1 April 2006									
As previously stated	2,130,534	791,550	1,000,417	9,713	15,736	1,199,136	5,147,086	1,108,820	6,255,906
Prior year adjustments	-	-	-	-	-	(7,454)	(7,454)	-	(7,454)
At 1 April 2006 (restated)	2,130,534	791,550	1,000,417	9,713	15,736	1,191,682	5,139,632	1,108,820	6,248,452
Net unrealised loss on revaluation of securities available-for-sale	-	-	-	(11,170)	-	-	(11,170)	-	(11,170)
Exchange fluctuation adjustments	-	-	-	-	(2,148)	-	(2,148)	-	(2,148)
Net expense recognised directly in equity	-	-	-	(11,170)	(2,148)	-	(13,318)	-	(13,318)
Profit for the period	-	-	-	-	-	119,155	119,155	23,342	142,497
Total recognised net income/(expense) for the year	-	-	-	(11,170)	(2,148)	119,155	105,837	23,342	129,179
Arising from acquisition of AmPrivate Equity	-	-	-	-	-	-	-	100	100
Issue of shares pursuant to exercise of Warrants 2003/2008	5	6	-	-	-	-	11	-	11
At 30 June 2006	2,130,539	791,556	1,000,417	(1,457)	13,588	1,310,837	5,245,480	1,132,262	6,377,742

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
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**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2007**

The Group	Attributable to Equity Holders of the Company										Total equity RM'000
	Non-Distributable							Distributable			
	Ordinary share capital RM'000	Converting preference shares RM'000	Share premium RM'000	Compound financial instrument (equity component) RM'000	Statutory reserve RM'000	Available-for-sale reserve RM'000	Exchange fluctuation reserve RM'000	Unappropriated profits RM'000	Total RM'000	Minority interests RM'000	
At 1 April 2007											
As previously stated	2,130,565	-	791,588	-	1,107,757	36,362	10,297	798,502	4,875,071	1,201,516	6,076,587
Prior year adjustments	-	-	-	-	-	-	-	(87,270)	(87,270)	-	(87,270)
At 1 April 2007 (restated)	2,130,565	-	791,588	-	1,107,757	36,362	10,297	711,232	4,787,801	1,201,516	5,989,317
Net unrealised gain on revaluation of securities available-for-sale	-	-	-	-	-	12,235	-	-	12,235	-	12,235
Transfer from unappropriated profits	-	-	-	-	-	-	-	-	-	-	-
Exchange fluctuation adjustments	-	-	-	-	-	-	5,639	-	5,639	-	5,639
Net income recognised directly in equity	-	-	-	-	-	12,235	5,639	-	17,874	-	17,874
Profit for the period	-	-	-	-	-	-	-	181,078	181,078	49,874	230,952
Total recognised net income for the year	-	-	-	-	-	12,235	5,639	181,078	198,952	49,874	248,826
Issue of converting preference shares ^	-	163,934	-	294,409	-	-	-	-	458,343	-	458,343
Issue of shares pursuant to exercise of :											
- Warrants 1997/2007	-*	-	-*	-	-	-	-	-	-	-	-
- Warrants 2003/2008	19	-	23	-	-	-	-	-	42	-	42
At 30 June 2007	2,130,584	163,934	791,611	294,409	1,107,757	48,597	15,936	892,310	5,445,138	1,251,390	6,696,528

* Represent 70 new ordinary shares issued pursuant to the exercise of the warrants 1997/2007 of the Company. The resulting share premium amounting to RM386 has been credited to the share premium account.

^ Arising from the issuance of 163.9 million converting preference shares ("CPS") of RM1.00 each to ANZ Funds Pty Ltd, a wholly owned subsidiary of Australia and New Zealand Banking Group Limited ("ANZ") at an issue price of RM3.05 per CPS which will convert into 163.9 million ordinary shares of RM1.00 each in the Company.

The Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 March 2007.

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
and its subsidiary companies

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2007

The Group	30.6.07 RM'000	30.6.06 RM'000
Profit before taxation	334,871	205,117
Add adjustments for non-operating and non-cash items	185,195	297,457
Operating profit before working capital	520,066	502,574
Increase in operating assets	283,416	(58,604)
Increase in operating liabilities	(2,542,604)	(931,708)
Cash used in operations	(1,739,122)	(487,738)
Taxation paid	(29,051)	(31,552)
Net cash used in operating activities	(1,768,173)	(519,290)
Net cash used in investing activities	(376,170)	(551,729)
Net cash generated from financing activities	1,075,042	460,111
Net increase in cash and cash equivalents	(1,069,301)	(610,908)
Cash and cash equivalents at beginning of period	10,490,422	9,429,118
Cash and cash equivalents at end of period	9,421,121	8,818,210

For the purpose of the cash flow statements, cash and cash equivalents consist of cash and short-term funds, excluding deposits and monies held in trust, net of bank overdrafts. Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

The Group	30.6.07 RM'000	30.6.06 RM'000
Cash and short-term funds	9,517,694	8,983,992
Bank overdrafts	(9,498)	(7,601)
	9,508,196	8,976,391
Less: Cash and bank balances and deposits held in trust	(87,099)	(158,057)
	9,421,097	8,818,334
Effect of exchange rates changes	24	(124)
Cash and cash equivalents	9,421,121	8,818,210

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2007.

EXPLANATORY NOTES :

A1. BASIS OF PREPARATION

The interim financial statements have been prepared in accordance with Financial Reporting Standards ("FRS") 134, Interim Financial Reporting, issued by Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") and should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2007.

The accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the previous audited annual financial statements except for the adoption of FRS 117 Leases issued by MASB and Bank Negara Malaysia's Revised Guidelines on Financial Reporting for Licensed Institutions ("BNM Revised Guidelines") dated 5 October 2004 on the accounting treatment of derivative financial instruments which are transacted for the purpose of hedging, both of which are effective for the Group's annual reporting date, 31 March 2008. The adoption of FRS 117 and BNM Revised Guidelines has resulted in changes in the accounting policies of the Group and are disclosed in Note A31.

The specific and general allowances for loans, advances and financing of the Group are computed based on BNM's guidelines on the "Classification of Non-Performing Loans and Provisions for Substandard, Bad and Doubtful Debts" ("BNM/GP3") requirements. However, the Group has adopted a more stringent classification policy on non-performing loans, whereby loans are classified as non-performing and sub-standard when repayments are in arrears for more than three (3) months from the first day of default or after maturity date.

Consistent with previous year, the Group adopted a more stringent basis for specific allowances on non-performing loans and are as follows:

- (i) Values assigned to collateral held for non-performing loans secured by properties is determined based on the realisable values of the properties on the following basis:
 - (a) assigning only fifty percent (50%) of the realisable value of the properties held as collateral for non-performing loans which are in arrears for more than five (5) years but less than seven (7) years; and
 - (b) no value assigned to the realisable value of the properties held as collateral for non-performing loans which are in arrears for more than seven (7) years.
- (ii) Specific allowance of 20.0% is provided on non-performing loans which are three (3) to less than six (6) months-in-arrears. Previously, specific allowance was only made when a non-performing loan was in arrears of six (6) months and above.

The unaudited condensed interim financial statements incorporates those activities relating to the Islamic Banking business, which have been undertaken by the Group. Islamic Banking business refers generally to the acceptance of deposits, dealing in Islamic securities, granting of financing, capital market and treasury activities under the Shariah principles.

A2. AUDIT QUALIFICATION

There were no audit qualification in the annual financial statements for the year ended 31 March 2007.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

A4. UNUSUAL ITEMS

There were no unusual items during the current financial quarter.

A5. USE OF ESTIMATES

There was no material change in estimates of amounts reported in the prior financial years that have a material effect on the financial quarter ended 30 June 2007.

A6. ISSUANCE, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

The Company has not issued any new debentures during the financial quarter.

During the financial quarter, the issued and fully paid-up share capital of the Company was increased from 2,130,565,415 ordinary share of RM1.00 each to 2,130,584,481 ordinary shares of RM1.00 each by the issue:

1. 18,996 new ordinary shares of RM1.00 each at RM2.19 per share by virtues of the exercise of share warrants 2003/2008 of the Company. The resulting share premium amounting to RM22,605 has been credited to share premium account.
2. 70 new ordinary shares of RM1.00 each at RM6.51 per share by virtues of the exercise of share warrants 2003/2008 of the Company. The resulting share premium amounting to RM386 has been credited to share premium account.

The 19,066 new ordinary shares issued rank pari passu in all respect with the then existing ordinary shares of the Company.

On 18 May 2007, the Company issued 163,934,426 converting preference shares ("CPS") of RM1.00 each to ANZ Funds Pty Ltd, a wholly owned subsidiary of ANZ at an issue price of RM3.05 per CPS which will converting into 163,934,426 ordinary shares of RM1.00 each in the Company. The Company has utilised a total of RM450,000,000 from the proceeds of CPS for the subscription of AMFB Holdings Berhad ("AMFB")'s rights issue of 30,000,000 new ordinary shares of RM1.00 each at an issue price of RM5.00 per share amounting to RM150,000,000 and RM300,000,000 nominal amount of Interest Bearing Irredeemable Convertible Unsecured Loan Stock issued by AMFB on rights entitlement basis. The issue price of RM5.00 per AMFB share is derived at based on 17.6% premium on the net tangible assets per share of AMFB of approximately RM4.25 as at 31 March 2007.

The salient features of the CPS are as follows:

- (i) The CPS confers upon its holder the right to receive the following cumulative dividends, the lesser of:
 - (a) (i) if a dividend is declared on the ordinary shares in respect of a financial year of the Company, a dividend on the same terms and conditions as the holder of an ordinary share in the Company plus RM0.02 per annum per CPS; or
 - (ii) if a dividend is not declared on the ordinary shares in respect of a financial year of the Company, RM0.02 per annum per CPS; and
- (b) RM0.15 per annum per CPS.
- (ii) The CPS is not, nor at the option of the Company is, liable to be redeemed.
- (iii) Each CPS shall entitle the holder to convert into one (1) new ordinary share of the Company at the conversion price of RM1.00 each for every one (1) CPS at any time up to the 5th anniversary from the date of issue at the option of the holder, or (if not previously converted), it will be converted automatically on the 5th anniversary.

The CPS is classified separately into its liability and equity component as required by FRS 132: Financial Instruments – Disclosures and Presentation. FRS 132 requires the issuer of a financial instrument to classify the instrument either as a liability or equity in accordance with the substance of the contractual arrangement on initial recognition. The fair value of the liability component, included in non-current liabilities, was calculated using a market interest rate for an equivalent financial instrument. The residual amount, representing the value of the equity conversion component is included in reserves as disclosed in the statement of changes in equity.

There were no share buy-backs, share cancellations, shares held as treasury shares nor resale of treasury shares by the Company during the financial quarter.

A7. DIVIDENDS PAID

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

A8. SECURITIES HELD-FOR-TRADING

	The Group	
	30.6.07	31.3.07
	RM'000	RM'000
At Fair Value		
Money Market Securities:		
Treasury bills	-	166,303
Islamic Treasury bills	48,822	48,442
Malaysian Government Securities	383,020	1,505,936
Malaysian Government Investment Certificates	235,711	575,313
Cagamas bonds	60,066	60,230
Khazanah bonds	105,777	11,741
Cagamas Mudharabah bearer bonds	26,597	16,217
Bank Negara Monetary Notes	428,606	580,986
Negotiable Islamic Debt Certificates	-	12,442
Negotiable instruments of deposits	13,833	-
Islamic Bank Negara Monetary Notes	145,924	-
	<u>1,448,356</u>	<u>2,977,610</u>
Securities Quoted:		
In Malaysia:		
Shares	426,185	294,296
Corporate bonds	16,313	33,922
Trust units	285,529	198,185
Outside Malaysia:		
Shares	50,803	43,072
Trust units	1,634	1,996
	<u>780,464</u>	<u>571,471</u>
Unquoted Securities Of Companies Incorporated:		
In Malaysia:		
Shares	2,200	2,200
Outside Malaysia:		
Shares	18,910	18,910
	<u>21,110</u>	<u>21,110</u>
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	214,765	244,739
Islamic corporate bonds	95,316	103,119
Corporate notes	9,921	39,749
Islamic corporate notes	-	30,425
	<u>320,002</u>	<u>418,032</u>

	The Group	
	30.6.07	31.3.07
	RM'000	RM'000
Unquoted Private Debt Securities Of Companies		
Incorporated:		
In Malaysia:		
Shares	-	405,822
Corporate bonds	847,067	687,002
Corporate notes	221,953	50,224
Islamic corporate bonds	1,999,185	1,604,502
Islamic corporate notes	457,831	63,947
Outside Malaysia:		
Corporate bonds	251,429	119,185
	<u>3,777,465</u>	<u>2,930,682</u>
Total	<u>6,347,397</u>	<u>6,918,905</u>

A9. SECURITIES AVAILABLE-FOR-SALE

	The Group	
	30.6.07	31.3.07
	RM'000	RM'000
At Fair Value		
Money Market Securities:		
Malaysian Government Securities	46,451	44,474
Cagamas bonds	14,645	14,624
Khazanah bonds	9,722	9,604
Negotiable instruments of deposits	550,298	353,612
	<u>621,116</u>	<u>422,314</u>
Securities Quoted:		
In Malaysia:		
Corporate bonds	-	17,329
Islamic Corporate bonds	17,284	-
Trust units	84,672	76,334
Outside Malaysia:		
Shares	19,577	13,505
	<u>121,533</u>	<u>107,168</u>
Unquoted Securities Incorporated In Malaysia:		
Shares	2,400	2,400
Debt Equity Converted Securities Quoted:		
In Malaysia:		
Shares	42,431	46,043
Shares - with options	69,091	82,815
Loan stocks	8,291	-
Corporate bonds	4,462	50
Outside Malaysia:		
Shares	265	229
	<u>124,539</u>	<u>129,137</u>

	The Group	
	30.6.07	31.3.07
	RM'000	RM'000
Unquoted Private Debt Securities Of Companies Incorporated		
In Malaysia:		
Corporate bonds	318,404	323,592
Islamic corporate bonds	744,745	558,857
	<u>1,063,149</u>	<u>882,449</u>
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	320,293	312,061
Total	<u>2,253,030</u>	<u>1,855,529</u>
A10. SECURITIES HELD-TO-MATURITY		
At Amortised Cost		
Money Market Securities:		
Negotiable instruments of deposits	<u>90,434</u>	<u>89,589</u>
Securities Quoted In Malaysia:		
In Malaysia:		
Shares	99	99
Islamic Corporate bonds	27,628	34,560
Trust units	1,002	1,001
Outside Malaysia:		
Islamic Corporate bonds	6,907	-
	<u>35,636</u>	<u>35,660</u>
Unquoted Securities Of Companies Incorporated:		
In Malaysia:		
Shares	102,636	102,636
Corporate bonds	959	959
Outside Malaysia:		
Shares	6,335	7,597
	<u>109,930</u>	<u>111,192</u>
Quoted Debt Equity Converted Securities:		
In Malaysia:		
Shares	7,745	13,193
Corporate bonds	52,754	-
Loan stocks - collateralised	414,692	971
Loan stocks - with options	417,204	843,061
Outside Malaysia:		
Warrants	15	15
	<u>892,410</u>	<u>857,240</u>

	The Group	
	30.6.07	31.3.07
	RM'000	RM'000
Unquoted Debt Equity Converted Securities Of Companies		
Incorporated In Malaysia:		
Shares	44,971	44,971
Loan stocks	74,891	783,509
Loan stocks - collateralised	688,542	-
Corporate bonds	520,235	502,224
	<u>1,328,639</u>	<u>1,330,704</u>
Unquoted Private Debt Securities Of Companies Incorporated:		
In Malaysia:		
Shares	-	21,220
Corporate bonds and notes denominated in USD	50,373	56,871
Islamic corporate bonds	192,796	193,598
Outside Malaysia:		
Corporate bonds and notes denominated in USD	103,605	103,680
	<u>346,774</u>	<u>375,369</u>
Unquoted Guaranteed Private Debt Securities Of Companies		
Incorporated In Malaysia:		
Corporate bonds	78,314	79,216
	<u>2,882,137</u>	<u>2,878,970</u>
Accumulated impairment losses	(565,239)	(566,400)
Total	<u>2,316,898</u>	<u>2,312,570</u>

A11. LOANS, ADVANCES AND FINANCING

	The Group	
	30.6.07	31.3.07
	RM'000	RM'000
Loans and financing:		
Term loans and revolving credit	14,053,838	14,037,374
Housing loans	11,223,239	11,074,856
Staff loans	183,389	185,536
Hire-purchase receivables	24,828,295	24,474,377
Credit card receivables	2,183,678	2,218,724
Lease receivables	1,470,879	1,430,654
Overdrafts	1,273,912	1,343,383
Claims on customers under acceptance credits	1,684,838	1,656,939
Trust receipts	234,980	215,921
Block discount receivables	56,430	56,751
Factoring receivables	55,135	52,047
Bills receivable	23,390	17,765
	<u>57,272,003</u>	<u>56,764,327</u>
Less: Unearned interest and income	6,005,087	6,022,129
Total	<u>51,266,916</u>	<u>50,742,198</u>
Less:		
Allowance for bad and doubtful debts and financing:		
General	783,557	778,396
Specific	2,553,850	2,353,047
	<u>3,337,407</u>	<u>3,131,443</u>
Net loans, advances and financing	<u>47,929,509</u>	<u>47,610,755</u>

Loans, advances and financing analysed by their economic purposes are as follows:

	The Group				Annualised Loans Growth (%)
	30.6.07		31.3.07		
	RM'000	%	RM'000	%	
Purchase of transport vehicles	22,938,700	42.6	22,739,226	42.5	
Purchase of landed properties:					
- Residential	10,938,389	20.3	10,777,779	20.2	
- Non-residential	2,397,911	4.5	2,491,641	4.7	
Working capital	7,951,353	14.8	7,921,566	14.8	
Credit cards	2,165,108	4.0	2,207,352	4.1	
Personnel use	1,704,461	3.2	1,651,691	3.1	
Fixed assets	1,562,619	2.9	1,561,570	2.9	
Construction	1,068,082	2.0	1,160,173	2.2	
Purchase of securities	1,251,625	2.3	1,237,484	2.3	
Merger and acquisition	221,746	0.4	207,044	0.4	
Consumer durables	4,604	0.0	4,648	0.0	
Other purpose	1,587,234	3.0	1,500,857	2.9	
Gross loans, advances and financing	53,791,832	100.0	53,461,031	100.0	
Less: Islamic financing sold to					
Cagamas Berhad	(2,524,916)		(2,718,833)		
	<u>51,266,916</u>		<u>50,742,198</u>		4.1

Loans, advances and financing analysed by type of customers are as follows:

	The Group	
	30.6.07 RM'000	31.3.07 RM'000
Domestic :		
Other non-bank financial institutions	765,298	760,703
Business enterprises:		
Small medium enterprises	4,764,738	4,806,779
Others	10,233,195	9,932,336
Government and statutory bodies	99,507	140,282
Individuals	35,126,974	34,583,382
Other domestic entities	58,556	327,991
Foreign entities	218,648	190,725
	<u>51,266,916</u>	<u>50,742,198</u>

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

	The Group	
	30.6.07	31.3.07
	RM'000	RM'000
Variable rate		
BLR-plus	14,505,072	14,154,129
Cost-plus	4,885,819	4,919,740
Other variable rates	545,808	567,196
	<u>19,936,699</u>	<u>19,641,065</u>
Fixed rate		
Housing loans	2,755,417	3,129,736
Hire purchase receivables	21,528,675	21,100,285
Other fixed rates	7,046,125	6,871,112
	<u>31,330,217</u>	<u>31,101,133</u>
	<u>51,266,916</u>	<u>50,742,198</u>

Movements in non-performing loans, advances and financing are as follows:-

	The Group	
	30.6.07	31.3.07
	RM'000	RM'000
Gross		
Balance at beginning of period/year	5,534,341	6,136,695
Non-performing during the period/year	644,582	1,604,797
Reclassification to performing loans and financing	(442,581)	(818,554)
Amount written off	(144,932)	(935,779)
Debt equity conversion	(83,512)	2,001
Recoveries	(35,750)	(457,448)
Exchange fluctuation adjustments	5	(6,182)
Transfer from stock and share-broking activities	-	8,811
Transfer from sundry receivables	(11)	-
Balance at end of period/year	<u>5,472,142</u>	<u>5,534,341</u>
Less: Specific allowance	<u>(2,553,850)</u>	<u>(2,353,047)</u>
Non-performing loans, advances and financing - net	<u>2,918,292</u>	<u>3,181,294</u>
Ratios of non-performing loans, advances and financing to total loans, advances and financing (including Islamic financing sold to Cagamas Berhad) - net	<u>5.7%</u>	<u>6.2%</u>
Loan loss coverage excluding collateral values	<u>61.0%</u>	<u>56.6%</u>

Non-performing loans, advances and financing analysed by their economic purposes are as follows:

	The Group			
	30.6.07		31.3.07	
	RM'000	%	RM'000	%
Working capital	1,204,550	22.0	1,205,711	21.8
Purchase of landed properties:				
Residential	1,411,609	25.8	1,372,850	24.8
Non-residential	718,083	13.1	781,598	14.1
Purchase of transport vehicles	849,653	15.5	806,824	14.6
Construction	284,646	5.2	364,953	6.6
Purchase of securities	252,809	4.6	273,202	4.9
Credit cards	234,947	4.3	216,850	3.9
Fixed assets	64,501	1.2	62,217	1.1
Personnel use	54,501	1.0	54,394	1.0
Merger and acquisition	15,000	0.3	15,020	0.3
Consumer durables	526	0.0	327	0.0
Other purpose	381,317	7.0	380,395	6.9
	<u>5,472,142</u>	<u>100.0</u>	<u>5,534,341</u>	<u>100.0</u>

Movements in allowances for bad and doubtful debts and financing are as follows:

	The Group	
	30.6.07	31.3.07
	RM'000	RM'000
General allowance		
Balance at beginning of period/year	778,396	721,817
Allowance during the period/year	5,161	55,567
Transfer from stock and share-broking operations	-	1,321
Exchange fluctuation adjustments	-	(309)
Balance at end of period/year	<u>783,557</u>	<u>778,396</u>
% of total loans, advances and financing (including Islamic financing sold to Cagamas) less specific allowances	<u>1.53%</u>	<u>1.52%</u>
Specific allowance		
Balance at beginning of period/year	2,353,047	1,532,664
Allowance during the period/year	348,603	2,162,855
Amount written back in respect of recoveries and reversals	(95,695)	(426,953)
Net charge to income statements	252,908	1,735,902
Reclassification from sundry receivables	592	8,205
Amount written off	(35,750)	(935,929)
Debt equity conversion	(16,930)	(3,182)
Exchange fluctuation adjustments	(17)	(1,146)
Transfer from stock and share-broking operations	-	8,741
Adjustment to deferred asset account	-	7,792
Balance at end of period/year	<u>2,553,850</u>	<u>2,353,047</u>

A12. OTHER ASSETS

	The Group	
	30.6.07	31.3.07
	RM'000	RM'000
Trade receivables, net of allowance for doubtful debts	869,193	777,650
Other receivables, deposits and prepayments, net of allowance for doubtful debts	663,139	809,429
Interest receivables on treasury assets, net of allowance for doubtful debts	173,659	173,229
Fee receivables, net of allowance for doubtful debts	34,659	34,336
Amount due from Originators	48,650	52,421
Amount due from agents, brokers and reinsurer, net of allowance	119,127	85,334
Amount recoverable under asset-backed securitisation transactions, net of impairment loss	70,066	77,066
Foreclosed properties, net of allowance for impairment in value	90,880	98,882
Deferred assets	41,030	43,939
	<u>2,110,403</u>	<u>2,152,286</u>

Amount due from Originators represents housing loans, hire purchase and leasing receivables acquired from the Originators for onward sale to Cagamas Berhad with recourse.

A13. DEPOSITS FROM CUSTOMERS

	The Group	
	30.6.07	31.3.07
	RM'000	RM'000
Term/Investment deposits	35,452,360	35,981,135
Savings deposits	3,157,721	3,160,423
Current deposits	2,406,205	2,162,453
Negotiable instruments of deposits	16,574	16,950
Other deposits	2,760,476	1,060,701
	<u>43,793,336</u>	<u>42,381,662</u>

The deposits are sourced from the following types of customers:

Business enterprises	14,341,099	12,535,438
Individuals	23,120,472	23,029,293
Government	4,709,650	4,877,907
Others	1,622,115	1,939,024
	<u>43,793,336</u>	<u>42,381,662</u>

A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	30.6.07	31.3.07
	RM'000	RM'000
Deposits from:		
Licensed banks	3,116,538	4,807,110
Licensed merchant banks	242,424	499,284
Bank Negara Malaysia	1,251,365	1,278,320
Other financial institutions	11,165,774	10,856,625
	<u>15,776,101</u>	<u>17,441,339</u>

A15. OTHER LIABILITIES

	The Group	
	30.6.07	31.3.07
	RM'000	RM'000
Trade payables	1,038,170	962,845
Securities sold not yet re-purchased	231,408	98,209
Other payables and accruals	1,013,643	1,258,145
Interest payable on deposits and borrowings	477,603	473,091
Lease deposits and advance rentals	60,814	57,665
General insurance funds	196,865	194,637
Provision for commitments and contingencies	3	300
Bank overdrafts	9,498	9,515
Profit equalization reserve	29,986	55,837
Deferred tax liabilities	8,415	8,475
Tax payable	10,089	6,341
	<u>3,076,494</u>	<u>3,125,060</u>

A16. INTEREST INCOME

The Group	Individual Quarter		Cumulative Quarter	
	30.6.07	30.6.06	30.6.07	30.6.06
	RM'000	RM'000	RM'000	RM'000
Short-term funds and deposits with financial institutions	83,859	67,671	83,859	67,671
Securities held-for-trading	49,909	68,637	49,909	68,637
Securities available for sale	23,540	18,006	23,540	18,006
Securities held-to-maturity	7,332	1,865	7,332	1,865
Loans and advances				
- Interest income other than recoveries from NPLs	684,500	601,730	684,500	601,730
- Recoveries from NPLs	72,029	77,657	72,029	77,657
ICULS Investment	1,200	18,565	1,200	18,565
Interest rate swap	102,242	58,373	102,242	58,373
Others	638	2,574	638	2,574
Gross interest income	<u>1,025,249</u>	<u>915,078</u>	<u>1,025,249</u>	<u>915,078</u>
Amortisation of premiums less accretion of discounts	2,585	8,715	2,585	8,715
Interest suspended	<u>(23,526)</u>	<u>(37,381)</u>	<u>(23,526)</u>	<u>(37,381)</u>
Total after net interest suspension	<u>1,004,308</u>	<u>886,412</u>	<u>1,004,308</u>	<u>886,412</u>

A17. INTEREST EXPENSE

The Group	Individual Quarter		Cumulative Quarter	
	30.6.07	30.6.06	30.6.07	30.6.06
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	345,856	309,059	345,856	309,059
Deposit of banks and other financial institutions	95,174	72,345	95,174	72,345
Securities sold under repurchase agreements	16,957	26,911	16,957	26,911
Amount due to Cagamas Berhad	6,000	14,780	6,000	14,780
Bank borrowings:				
Term loans	4,352	6,452	4,352	6,452
Overdrafts	90	384	90	384
Subordinated deposits and term loans	1,773	13,952	1,773	13,952
Interest on Bonds	24,657	14,926	24,657	14,926
Interest rate swap	121,308	64,960	121,308	64,960
Hybrid securities	11,595	12,600	11,595	12,600
Others	5,903	3,324	5,903	3,324
	<u>633,665</u>	<u>539,693</u>	<u>633,665</u>	<u>539,693</u>

A18. OTHER OPERATING INCOME

The Group	Individual Quarter		Cumulative Quarter	
	30.6.07	30.6.06	30.6.07	30.6.06
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Fees on loans and advances	27,384	30,333	27,384	30,333
Corporate advisory	11,239	4,004	11,239	4,004
Guarantee fees	4,250	7,917	4,250	7,917
Underwriting commissions	797	2,569	797	2,569
Portfolio management fees	4,558	2,371	4,558	2,371
Unit trust management fees	13,319	8,075	13,319	8,075
Brokerage rebates	274	274	274	274
Property trust management fees	693	507	693	507
Brokerage fees and commissions	46,919	17,685	46,919	17,685
Banc assurance commission	6,412	6,959	6,412	6,959
Income from asset securitisation	(63)	72	(63)	72
Other fee income	19,167	7,782	19,167	7,782
	<u>134,949</u>	<u>88,548</u>	<u>134,949</u>	<u>88,548</u>
Investment and trading income:				
Net gain from sale of securities held-for-trading	95,196	5,033	95,196	5,033
Net gain from sale of securities available-for-sale	22,449	26	22,449	26
Net gain on redemption of securities held-to-maturity	6,018	15,547	6,018	15,547
Loss on revaluation and valuation adjustments for securities held for trading	(42,253)	(27,158)	(42,253)	(27,158)
(Loss)/Gain on revaluation of derivatives	(20,049)	24,538	(20,049)	24,538
Unrealised gain on hybrid capital	25,009	-	25,009	-
Gross dividend income from:				
Securities held-for-trading	8,813	2,411	8,813	2,411
Securities available-for-sale	40	4,228	40	4,228
Securities held-to-maturity	2,934	1,836	2,934	1,836
	<u>98,157</u>	<u>26,461</u>	<u>98,157</u>	<u>26,461</u>
Premium income from general insurance business	<u>105,425</u>	<u>98,218</u>	<u>105,425</u>	<u>98,218</u>
Other income:				
Foreign exchange gain	3,150	2,027	3,150	2,027
Gain on disposal of property and equipment - net	8	1,013	8	1,013
Rental income	1,019	2,638	1,019	2,638
Other non-operating income	294	2,421	294	2,421
	<u>4,471</u>	<u>8,099</u>	<u>4,471</u>	<u>8,099</u>
	<u>343,002</u>	<u>221,326</u>	<u>343,002</u>	<u>221,326</u>

A19. OTHER OPERATING EXPENSES

The Group	Individual Quarter		Cumulative Quarter	
	30.6.07	30.6.06	30.6.07	30.6.06
	RM'000	RM'000	RM'000	RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	138,302	119,018	138,302	119,018
- Others	21,907	18,281	21,907	18,281
	<u>160,209</u>	<u>137,299</u>	<u>160,209</u>	<u>137,299</u>
Establishment costs				
- Depreciation and amortisation of computer software	17,632	21,011	17,632	21,011
- Computerisation costs	11,523	15,417	11,523	15,417
- Rental	14,577	9,849	14,577	9,849
- Cleaning and maintenance	4,462	4,673	4,462	4,673
- Others	5,597	5,769	5,597	5,769
	<u>53,791</u>	<u>56,719</u>	<u>53,791</u>	<u>56,719</u>
Marketing and communication expenses				
- Sales commission	3,129	3,208	3,129	3,208
- Advertising, promotional and other marketing activities	16,262	19,972	16,262	19,972
- Telephone charges	4,695	3,600	4,695	3,600
- Postage	3,336	2,712	3,336	2,712
- Travel and entertainment	4,317	3,231	4,317	3,231
- Others	6,852	6,337	6,852	6,337
	<u>38,591</u>	<u>39,060</u>	<u>38,591</u>	<u>39,060</u>
Administration and general				
- Professional services	20,739	12,294	20,739	12,294
- Donations	139	99	139	99
- Administration and management expenses	1,091	3,230	1,091	3,230
- Others	14,533	13,379	14,533	13,379
	<u>36,502</u>	<u>29,002</u>	<u>36,502</u>	<u>29,002</u>
Overheads	289,093	262,080	289,093	262,080
Insurance commission	11,977	10,415	11,977	10,415
General insurance claims	67,812	63,706	67,812	63,706
	<u>368,882</u>	<u>336,201</u>	<u>368,882</u>	<u>336,201</u>

A20. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

The Group	Individual Quarter		Cumulative Quarter	
	30.6.07	30.6.06	30.6.07	30.6.06
	RM'000	RM'000	RM'000	RM'000
Allowance for bad and doubtful debts and financing:				
Specific allowance - net	252,908	211,025	252,908	211,025
Allowance during the period	348,603	308,084	348,603	308,084
Amount written back in respect of recoveries and reversal	(95,695)	(97,059)	(95,695)	(97,059)
General allowance	5,161	6,809	5,161	6,809
Recoveries of value impairment on amount recoverable from Danaharta	(609)	(11,372)	(609)	(11,372)
Bad debts and financing recovered - net	(104,125)	(81,013)	(104,125)	(81,013)
Written off	55	11	55	11
Recovered	(104,180)	(81,024)	(104,180)	(81,024)
	153,335	125,449	153,335	125,449

A21. SEGMENTAL INFORMATION

BY BUSINESS SEGMENT

	Individual Quarter		Cumulative Quarter	
	30.6.07	30.6.06	30.6.07	30.6.06
	RM'000	RM'000	RM'000	RM'000
Investment banking				
Revenue	332,872	232,623	332,872	232,623
Profit before taxation	130,301	51,920	130,301	51,920
Commercial and retail banking				
Revenue	1,101,531	916,512	1,101,531	916,512
Profit before taxation	190,576	135,643	190,576	135,643
Offshore banking				
Revenue	12,735	13,676	12,735	13,676
Profit before taxation	2,999	1,027	2,999	1,027
Insurance				
Revenue	221,731	201,662	221,731	201,662
Profit before taxation	20,949	15,198	20,949	15,198
Others				
Revenue	22,498	8,204	22,498	8,204
(Loss)/Profit before taxation	(132)	288	(132)	288
Total before consolidation adjustments				
Revenue	1,691,367	1,372,677	1,691,367	1,372,677
Profit before taxation	344,693	204,076	344,693	204,076
Consolidation adjustments				
Revenue	(113,035)	(50,379)	(113,035)	(50,379)
Profit before taxation	(9,822)	1,041	(9,822)	1,041
Total after consolidation adjustments				
Revenue	1,578,332	1,322,298	1,578,332	1,322,298
Profit before taxation	334,871	205,117	334,871	205,117

Included in the above is Islamic banking business profit before taxation of RM68.0 million for the quarter ended 30 June 2007 (RM44.6 million for the quarter ended 30 June 2006).

The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia except for Frasers International Pte. Ltd. and its subsidiary companies, PT AmCapital Indonesia, AmSecurities (H.K) Limited and AmTrade Services Limited, activities of which are principally conducted in Singapore, Indonesia and Hong Kong, respectively. These activities in Singapore, Indonesia and Hong Kong are not significant (less than 1% of revenue and profit before taxation respectively) in relation to the Group's activities in Malaysia.

A22. VALUATIONS OF PROPERTY AND EQUIPMENTS

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

A23. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There has not arisen in the interval between the end of the financial year and the date of this report any items, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the result of the operations of the Group for the current financial quarter other than as disclosed in Note B8.

A24. CHANGES IN THE COMPOSITION OF THE GROUP AND THE COMPANY

There were no material changes in the composition of the Group and the Company for the current financial quarter.

A25. COMMITMENTS AND CONTINGENCIES

In the normal course of business, AmInvestment Bank Berhad ("AmInvestment Bank"), AmBank (M) Berhad ("AmBank"), AmIslamic Bank Berhad ("AmIslamic Bank") and AmInternational (L) Ltd ("AmInternational"), 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 other than those where provision had been made in the financial statements. The commitments and contingencies are not secured against the Group's assets.

As at 30 June 2007, the commitments and contingencies outstanding are as follows:

The Group	30.6.07			31.3.07		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
Derivative Financial Instruments						
Interest rate related contracts:						
Interest rate futures	500,000	101,004	50,502	290,000	7,438	3,719
Interest rate swaps	24,918,133	673,372	138,975	23,131,423	667,038	137,537
Foreign exchange related contracts:						
Forward exchange contracts	2,489,972	73,862	16,297	4,370,080	128,442	26,830
Cross currency swaps	808,247	84,396	16,879	811,310	92,886	18,577
Malaysian Government securities futures	-	-	-	5,000	6	3
Equity related contracts:						
Options	128,238	7,667	7,667	165,618	-	-
	<u>28,844,590</u>	<u>940,301</u>	<u>230,320</u>	<u>28,773,431</u>	<u>895,810</u>	<u>186,666</u>
Commitments						
Irrevocable commitments to extend credit maturing :						
within one year	10,610,184	-	-	9,565,515	-	-
more than one year	1,190,377	595,188	594,666	1,225,230	612,615	611,985
Sell and buy back agreements	1,790,146	1,790,146	1,115,565	1,923,143	1,923,143	1,221,740
Forward purchase commitments	634,727	651,387	171,914	834,911	834,911	218,958
	<u>14,225,434</u>	<u>3,036,721</u>	<u>1,882,145</u>	<u>13,548,799</u>	<u>3,370,669</u>	<u>2,052,683</u>
Contingent Liabilities						
Guarantees given on behalf of customers	1,670,742	1,670,742	1,406,550	1,404,043	1,404,043	1,210,877
Certain transaction-related contingent items	866,337	433,168	420,497	897,800	448,900	423,564
Underwriting liabilities	1,476,890	738,445	10,000	815,000	407,500	267,100
Short term self liquidating trade-related contingencies	368,004	73,601	73,601	283,789	56,758	56,758
Islamic financing sold to Cagamas	2,524,916	2,524,916	2,524,916	2,718,833	2,718,833	2,718,833
Others	54,906	250	250	126,438	250	250
	<u>6,961,795</u>	<u>5,441,122</u>	<u>4,435,814</u>	<u>6,245,903</u>	<u>5,036,284</u>	<u>4,677,382</u>
	<u>50,031,819</u>	<u>9,418,144</u>	<u>6,548,279</u>	<u>48,568,133</u>	<u>9,302,763</u>	<u>6,916,731</u>

The credit equivalent amount is arrived at using the credit conversion factor as per Bank Negara Malaysia guidelines.

As at 30 June 2007, other contingencies and commitments of the Group and of the Company are as follows:

- (a) The Company has given unsecured guarantees totalling RM329,600,000 (RM329,600,000 as at 31 March 2007) to various financial institutions in respect of credit facilities extended to certain subsidiary companies.
- (b) AmInvestment Group Berhad has given unsecured guarantees totalling RM10,000,000 (RM10,000,000 as at 31 March 2007) to a financial institution in respect of credit facilities extended to a subsidiary company.
- (c) AmInvestment Group Berhad has given a continuing undertaking totaling S\$50,000,000 (S\$50,000,000 as at 31 March 2007) to Monetary Authority of Singapore on behalf of FIPL to meet its liabilities and financial obligation and requirements.
- (d) As required, AmInvestment Bank Berhad has given a continuing guarantee to Bank Negara Malaysia on behalf of AmInternational, to meet all its liabilities and financial obligations and requirements.
- (e) A suit dated 12 December 2005 was filed by Meridian Asset Management Sdn Bhd ("Meridian") against AmTrustee Berhad ("AmTrustee"), a subsidiary of the Company in respect of a claim amounting to RM27.6 million for alleged loss and damage together with interests and costs arising from AmTrustee's provision of custodian services to Meridian.

Malaysian Assurance Alliance Bhd ("MAA") has claimed its portion of the abovementioned alleged loss, being general damages and special damages of RM19,640,178.83, together with interest and costs. AmTrustee was served on 24 March 2006 with a Writ and Statement of Claim dated 25 January 2006 by solicitors acting for MAA. MAA had appointed Meridian as an external fund manager for certain of its insurance funds, and part of these funds were deposited by Meridian with AmTrustee.

Parties have filed several interim applications in the Meridian suit which are pending hearing including as follows:-

- (i) an application by AmTrustee to dispose the Meridian claim on the grounds that no loss was suffered by Meridian;
- (ii) an application by Meridian for Further and Better particulars in respect of the statement of defence filed by AmTrustee;
- (iii) an application by Meridian to add another subsidiary of the Company, namely AmInvestment Bank as 2nd Defendant;
- (iv) an application by Meridian to increase the alleged loss and damage from RM27,606,169.65 to RM36,967,166.84 to include alleged loss due to reputation damage and loss of future earnings (together with interest and costs) arising from the provision of custodian services by AmTrustee to Meridian;
- (v) an application for leave for Meridian to serve on an officer of AmTrustee Interrogatories allegedly relating to matters in question between Meridian and AmTrustee and
- (vi) an application by AmTrustee for Stay of Proceedings pending disposal of the application for disposal under (i) above.

In the MAA suit, AmTrustee has filed and served a Third Party Notice dated 6 November 2006 on Meridian seeking indemnification/contribution from Meridian for MAA's claim. AmTrustee has applied for Directions in respect of the Third Party Proceedings.

Based on the documents and evidence in their possession, the solicitors for AmTrustee are of the view that AmTrustee has a good defence in respect of the claim by Meridian.

Based on documents and evidence in their possession, the solicitors for AmTrustee are of the view that AmTrustee has a good defence in respect of the claim by MAA and in any event, that AmTrustee will be entitled to an indemnity or contribution from Meridian in respect of the claim.

Neither material financial loss nor operational impact on the Group is expected as a result of the writs and statements of claim.

- (f) A Judgment in Default of Appearance dated 29 May 2007 ("JIDA") was entered against AmInvestment Bank, a subsidiary of the Company, by Unitangkob (Malaysia) Berhad and four (4) others (collectively the "Plaintiffs"). The JIDA was in respect of an alleged breach of contract by AmInvestment Bank for the sum of RM171,549,000.00 together with interest and further damages and costs ("Unitangkob Action").

Earlier, in a separate case, AmInvestment Bank sued and successfully obtained judgment against the Plaintiffs on 18 October 2006 ("Judgment") to recover a credit facility of RM16 million ("Bank's Action"). The Judgment against the Plaintiffs was for the sum of RM3,677,603.95, with interest and costs. Pursuant to the Judgment the Bank commenced winding up petition against Unitangkob and Unitangkob is opposing the winding up.

AmInvestment Bank only came to know of the purported service of Summons to the Unitangkob Action and JIDA upon receipt of the Unitangkob's affidavit in opposition to the winding up petition.

AmInvestment Bank's lawyers have advised that the JIDA is irregular and AmInvestment Bank has merits to defend its case, in that the Unitangkob Action is time barred and is an abuse of the court process since the issues have already been dealt with by the Court during the trial in the Bank's Action.

AmInvestment Bank has successfully obtained a stay of execution on the JIDA and expects a ruling on the setting aside of the JIDA on 17 August 2007.

Neither material financial nor operational impact on the Group is expected as a result of the Unitangkob Action.

A26. RELATED PARTY TRANSACTIONS

There were no related party transaction announced during the current financial quarter.

A27. DERIVATIVE FINANCIAL INSTRUMENTS

As at 30 June 2007, derivative financial instruments outstanding are as follows:

The Group

Items	Pricipal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	>1 - 5 years RM'000	>5 years RM'000	Margin requirement
Interest rate related contracts :								
Interest rate futures	500,000	-	190,000	90,000	150,000	70,000	-	4,040
Interest rate swaps	24,918,133	300,000	930,000	1,575,000	5,529,000	14,796,944	1,787,189	10,181
Foreign exchange related contracts :								
Forward exchange contracts	2,489,972	1,196,485	407,994	757,091	128,402	-	-	964
Cross currency swaps	808,247	-	138,140	-	-	670,107	-	1,350
Equity related contracts:								
Options	128,238	-	10,541	19,195	16,745	81,757	-	-
Total	28,844,590	1,496,485	1,676,675	2,441,286	5,824,147	15,618,808	1,787,189	16,535

RISK MANAGEMENT POLICY ON FINANCIAL DERIVATIVES

Purpose of engaging in financial derivatives

Financial derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices. They include swaps, forward rate agreements, futures, options and combinations of these instruments. Derivatives are contracts that transfer risks, mainly market risks. Financial derivatives is one of the financial instruments engaged by the Group both for revenue purposes as well as to manage the Group's own market risk exposure. The Group's involvement in financial derivatives is currently focussed on interest rate derivatives and foreign exchange rate derivatives.

The principal exchange rate contracts used are forward foreign exchange contracts and cross currency swaps. Forward foreign exchange contracts are agreements to buy or sell a specified quantity of foreign currency on a specified future date at an agreed rate. A cross currency swap generally involves the exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date.

The principal interest rate contracts used are interest rate futures, interest rate swaps and forward rate agreements. Forward rate agreements are contracts for the payment of the difference between a specified interest rate and a reference rate on a notional deposit at a future settlement date. There is no exchange of principal. An interest rate futures is an exchange traded contract whose value is based on the difference between a specific interest rate and a reference rate on a notional deposit or fixed income security at a future settlement date. Interest rate swap transactions generally involve the exchange of fixed and floating interest payment obligations without the exchange of the underlying principal amounts.

For revenue purposes the Group maintains trading positions in these instruments and engages in transactions with customers to satisfy their needs in managing their respective interest rate and foreign exchange rate exposures. Derivative transactions generate income for the Group from the buy-sell spreads. The Group also takes conservative exposures, within acceptable limits, to carry an inventory of these instruments in order to provide market liquidity and to earn potential gains on fluctuations in the value of these instruments.

As part of the asset and liability exposure management, the Group uses derivatives to manage the Group's market risk exposure. As the value of these financial derivatives are principally driven by interest rate and foreign exchange rate factors, the Group uses them to reduce the overall interest rate and foreign exchange rate exposures of the Group. These are performed by entering into an exposure in derivatives that produces opposite value movements vis-à-vis exposures generated by other non-derivative activities of the Group. The Group manages these risks on a portfolio basis. Hence, exposures on derivatives are aggregated or netted against similar exposures arising from other financial instruments engaged by the Group.

Risk associated with financial derivatives

As derivatives are contracts that transfer risks, they expose the holder to the same types of market and credit risk as other financial instruments, and the Group manages these risks in a consistent manner under the overall risk management framework.

Market risk of derivatives used for trading purposes

Market risk arising from the above interest rate-related, foreign exchange-related derivatives and equity related contracts measures the potential losses to the value of these contracts due to changes in market rates/prices. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions.

The contractual amounts of these contracts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Value at risk method is used to measure the market risk from these contracts. Value at risk, is a statistical measures that estimates the potential changes in portfolio value that may occur brought about by potential changes in market rates over a defined period at a 99% confidence level under normal market condition.

As at 30 June 2007, value at risk of foreign exchange-related derivatives contracts used for trading purposes of the Group was RM2,991,740 (RM1,628,136 as at 31 March 2007).

The value at risk of the interest rate derivatives related contracts used for trading purposes of the Group was RM58,258,944 (RM25,885,784 as at 31 March 2007).

The value at risk of the options related contracts used for trading purposes was RM2,144,034 (RM26,007,863 as at 31 March 2007) for the Group.

The use of these instruments to hedge underlying exposures arising from funding or for fixed income instruments acquired for investment purposes are not included in the market risk numbers above.

Credit risk of derivatives

Counterparty credit risk arises from the possibility that a counterparty may be unable to meet the terms of the derivatives contract. Unlike conventional asset instruments, the Group's financial loss is not the entire contracted principal value of the derivatives, but rather a fraction equivalent to the cost to replace the defaulted contract with another in the market. The cost of replacement is equivalent to the difference between the original value of the derivatives at time of contract with the defaulted counter party and the current fair value of a similar substitute at current market prices. The Group will only suffer a replacement cost if the contract carries a fair value gain at time of default.

As at 30 June 2007, the amount of counter party credit risk, measured in terms of the cost to replace the positive value contracts of the Group, was RM30,288,680 (RM27,277,893 as at 31 March 2007). This amount will increase or decrease over the life of the contracts, mainly as a function of movement in market rates and time.

The Group limits its credit risk within a conservative framework by dealing with creditworthy counterparties, setting credit limits on exposures to counterparties, and obtaining collateral where appropriate.

Derivative Financial Instruments And Hedge Accounting

Derivative financial instruments are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from the change in the fair value of the derivative instrument is recognised in the income statements unless they are part of a hedging relationship which qualifies for hedge accounting where the gain or loss is recognised as follows:

(i) Fair value hedge

Where a derivative financial instrument hedges the changes in fair value of a recognised asset or liability, any gain or loss on the hedging instruments is recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

(ii) Cash flow hedge

Gains and losses on the hedging instruments, to the extent that the hedge is effective, are deferred in the separate component of equity. The ineffective part of any gain or loss is recognised in the income statement. The deferred gains and losses are then released to the income statement in the periods when the hedged item affects the income statement.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

A28. INTEREST/PROFIT RATE RISK

The following table shows the interest rate sensitivity gap, by time bands, on which interest rates of instruments are next repriced on a contractual basis or, if earlier, the dates on which the instruments mature.

The Group	<-----Non Trading Book----->							Non- interest sensitive	Trading Book	Total	Effective interest rate %
	Up to 1 month	>1 - 3 months	>3 - 6 months	>6 - 12 months	1 - 5 years	Over 5 years	RM'000				
30.6.07	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
ASSETS											
Cash and short-term funds	8,136,540	-	-	-	-	-	-	1,381,154	-	9,517,694	3.88
Securities purchased under resale agreements	927,301	-	-	-	-	-	-	-	-	927,301	2.85
Deposits and placements with banks and other financial institutions	8,712	472,914	257,218	492	622	-	-	15,565	-	755,523	5.01
Securities held-for-trading	-	-	-	-	-	-	-	-	6,347,397	6,347,397	2.83
Securities available-for-sale	217,322	376,040	58,696	66,929	601,956	721,803	-	210,284	-	2,253,030	4.55
Securities held-to-maturity	51,746	88,897	248,270	145,965	943,346	697,151	-	141,523	-	2,316,898	2.00
Loans, advances and financing:											
- performing	15,411,136	2,312,717	1,776,853	465,676	7,810,901	18,025,788	-	(8,297)	-	45,794,774	6.77
- non-performing *	-	-	-	-	-	-	-	2,134,735	-	2,134,735	3.35
Amount due from Originators	7,938	-	-	12,023	28,689	-	-	-	-	48,650	4.30
Other non-interest sensitive balances	-	-	-	-	-	-	-	7,344,974	-	7,344,974	-
TOTAL ASSETS	24,760,695	3,250,568	2,341,037	691,085	9,385,514	19,444,742	11,219,938	6,347,397	77,440,976		
LIABILITIES AND EQUITY											
Deposits from customers	18,438,198	6,274,664	5,194,810	7,235,589	3,728,245	-	-	2,921,830	-	43,793,336	3.35
Deposits and placements of banks and other financial institutions	5,571,199	3,525,324	1,252,114	1,558,135	2,049,293	1,507,410	-	312,626	-	15,776,101	3.24
Obligations on securities sold under repurchase agreements	147,785	7,681	1,111	-	-	-	-	-	-	156,577	3.34
Bills and acceptances payable	396,041	1,041,044	518,827	-	-	-	-	-	-	1,955,912	3.61
Recourse obligation on loans sold to Cagamas Berhad	165,841	-	225,365	118,273	184,587	-	-	-	-	694,066	3.61

A28. INTEREST/PROFIT RATE RISK

The Group	-----Non Trading Book----->							Non- interest sensitive	Trading Book	Total	Effective interest rate %
	Up to 1 month	>1 - 3 months	>3 - 6 months	>6 - 12 months	1 - 5 years	Over 5 years	RM'000				
30.6.07	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Term loans	31,787	206,000	-	103,594	-	-	-	-	-	341,381	5.61
Subordinated term loans	-	-	-	-	460,000	-	-	-	-	460,000	6.88
Unsecured exchangeable bonds	-	-	-	-	-	575,000	-	-	-	575,000	5.22
Redeemable unsecured bonds	-	-	-	-	-	1,323,582	-	-	-	1,323,582	6.00
Hybrid capital	-	-	-	-	-	641,189	-	-	-	641,189	6.68
Other non-interest sensitive balances	-	-	-	-	-	-	5,027,304	-	-	5,027,304	-
Total Liabilities	24,750,851	11,054,713	7,192,227	9,015,591	6,422,125	4,047,181	8,261,760	-	-	70,744,448	
Share capital	-	-	-	-	-	-	2,294,518	-	-	2,294,518	
Reserves	-	-	-	-	-	-	3,150,620	-	-	3,150,620	
Equity attributable to equity holders of the Company	-	-	-	-	-	-	5,445,138	-	-	5,445,138	
Minority interests	-	-	-	-	-	-	1,251,390	-	-	1,251,390	
Total equity	-	-	-	-	-	-	6,696,528	-	-	6,696,528	
TOTAL LIABILITIES AND EQUITY	24,750,851	11,054,713	7,192,227	9,015,591	6,422,125	4,047,181	14,958,288	-	-	77,440,976	
On-balance sheet interest rate gap sensitivity	9,844	(7,804,145)	(4,851,190)	(8,324,506)	2,963,389	15,397,561	(3,738,350)	6,347,397	-	-	
Off-balance sheet interest rate gap sensitivity	1,294,696	14,068,920	(595,076)	(6,461,544)	(9,586,222)	1,312,117	-	-	-	32,891	
Total interest rate gap sensitivity	1,304,540	6,264,775	(5,446,266)	(14,786,050)	(6,622,833)	16,709,678	(3,738,350)	6,347,397	-	32,891	
Cumulative interest rate gap sensitivity	1,304,540	7,569,315	2,123,049	(12,663,000)	(19,285,834)	(2,576,156)	(6,314,506)	32,891	-	-	

* This is arrived at after deducting the general allowance and specific allowance from gross non-performing loans outstanding.

A28. INTEREST/PROFIT RATE RISK

The Group	-----Non Trading Book-----						Non- interest sensitive RM'000	Trading Book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000				
ASSETS										
Cash and short-term funds	7,752,304	-	-	100	-	-	2,840,816	-	10,593,220	3.83
Securities purchased under resale agreements	501,431	-	-	-	-	-	-	-	501,431	2.92
Deposits and placements with banks and other financial institutions	16,705	1,083,744	20,227	103,981	-	-	415,200	-	1,639,857	4.91
Securities held-for-trading	-	-	-	-	-	-	-	6,918,905	6,918,905	3.75
Securities available-for-sale	5,002	5,007	359,712	106,793	336,437	818,465	224,113	-	1,855,529	4.01
Securities held-to-maturity	1,340	-	139,763	148,073	1,036,424	768,406	218,564	-	2,312,570	4.70
Loans, advances and financing:										
- performing	14,215,473	2,123,047	1,516,986	305,935	7,242,069	13,509,946	6,294,401	-	45,207,857	6.90
- non-performing *	-	-	-	-	-	-	2,402,898	-	2,402,898	-
Amount due from Originators	-	400	9,441	2,980	39,600	-	-	-	52,421	4.30
Other non-interest sensitive balances	-	-	-	-	-	-	7,479,183	-	7,479,183	-
TOTAL ASSETS	22,492,255	3,212,198	2,046,129	667,862	8,654,530	15,096,817	19,875,175	6,918,905	78,963,871	
LIABILITIES AND EQUITY										
Deposits from customers	15,915,899	6,089,788	4,493,895	6,886,263	3,899,893	-	5,095,924	-	42,381,662	3.36
Deposits and placements of banks and other financial institutions	5,672,228	2,846,742	1,922,095	717,885	1,762,364	1,507,384	3,012,641	-	17,441,339	3.89
Obligations on securities sold under repurchase agreements	3,087,896	49,275	3,072	-	-	-	-	-	3,140,243	3.36
Bills and acceptances payable	278,358	547,637	188,968	-	-	-	446,614	-	1,461,577	3.56
Recourse obligation on loans sold to to Cagamas Berhad	18,934	38,438	201,770	244,996	250,923	-	-	-	755,061	3.71

A28. INTEREST/PROFIT RATE RISK

The Group	-----Non Trading Book----->							Trading Book	Total	Effective interest rate
	Up to 1 month	>1 - 3 months	>3 - 6 months	>6 - 12 months	1 - 5 years	Over 5 years	Non-interest sensitive			
31.3.07	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Term loans	-	206,000	-	103,680	-	-	-	-	309,680	5.60
Subordinated certificates of deposits	-	-	-	-	460,000	-	-	-	460,000	6.87
Subordinated term loan	-	-	-	-	727,795	595,000	-	-	1,322,795	5.64
Redeemable unsecured bonds	-	-	-	-	-	666,474	-	-	666,474	6.80
Other non-interest sensitive balances	-	-	-	-	-	-	5,035,723	-	5,035,723	-
Total Liabilities	24,973,315	9,777,880	6,809,800	7,952,824	7,100,975	2,768,858	13,590,902	-	72,974,554	
Share capital	-	-	-	-	-	-	2,130,565	-	2,130,565	
Reserves	-	-	-	-	-	-	2,657,236	-	2,657,236	
Equity attributable to equity holders of the Company	-	-	-	-	-	-	4,787,801	-	4,787,801	
Minority interests	-	-	-	-	-	-	1,201,516	-	1,201,516	
Total equity	-	-	-	-	-	-	5,989,317	-	5,989,317	
TOTAL LIABILITIES AND EQUITY	24,973,315	9,777,880	6,809,800	7,952,824	7,100,975	2,768,858	19,580,219	-	78,963,871	
On-balance sheet interest rate gap sensitivity	(2,481,060)	(6,565,682)	(4,763,671)	(7,284,962)	1,553,555	12,327,959	294,956	6,918,905	-	
Off-balance sheet interest rate gap sensitivity	2,145,559	14,893,960	(1,500,860)	(1,040,081)	(15,270,228)	856,740	-	-	85,091	
Total interest rate gap sensitivity	(335,501)	8,328,278	(6,264,531)	(8,325,043)	(13,716,673)	13,184,699	294,956	6,918,905	85,091	
Cumulative interest rate gap sensitivity	(335,501)	7,992,777	1,728,246	(6,596,797)	(20,313,470)	(7,128,770)	(6,833,814)	85,091		

* This is arrived at after deducting the general allowance and specific allowance from gross non-performing loans outstanding.

A29. CAPITAL ADEQUACY

BNM guideline on capital adequacy requires AmInvestment Bank, AmBank and AmIslamic Bank, to maintain an adequate level of capital to withstand any losses which may result from credit and other risks associated with financing operations. The capital adequacy ratio is computed based on the eligible capital in relation to the total risk-weighted assets as determined by BNM.

Currently, the Group is not required to maintain any capital adequacy ratio requirements for financial institutions. However, if the Group is required to comply with such ratios, the Group's capital adequacy ratios are as follows:

	The Group	
	30.6.07	31.3.07
	RM'000	RM'000
Tier 1 capital		
Paid-up ordinary share capital	2,130,584	2,130,565
Converting preference shares	500,000	-
Share premium	791,611	791,588
Statutory reserve	1,107,757	1,107,757
Hybrid capital	641,189	666,474
Exchange fluctuation reserve	15,936	10,297
Unappropriated profit at end of year	892,310	798,502
Minority interests	1,251,390	1,201,516
Total	<u>7,330,777</u>	<u>6,706,699</u>
Less : Goodwill	527,121	527,121
Deferred tax assets - net	829,088	861,968
Total tier 1 capital	<u>5,974,568</u>	<u>5,317,610</u>
Tier 2 capital		
Subordinated term loans	422,042	421,696
Redeemable unsecured bonds	1,175,000	1,175,000
Unsecured exchangeable bonds	575,000	-
General allowance for bad and doubtful debts	783,557	778,396
Total tier 2 capital	<u>2,955,599</u>	<u>2,375,092</u>
Capital base	<u>8,930,167</u>	<u>7,692,702</u>
Risk-weighted assets	<u>64,341,781</u>	<u>60,987,817</u>
Capital Ratios:		
Core capital ratio	9.29%	8.72%
Risk-weighted capital ratio	13.88%	12.61%
Core capital ratio (net of proposed dividend)	9.16%	8.59%
Risk-weighted capital ratio (net of proposed dividend)	<u>13.76%</u>	<u>12.48%</u>

(ii) Breakdown of gross risk-weighted assets in the various categories of risk-weights:

	30.6.07		31.3.07	
	Principal Amount RM'000	Risk- Weighted Amount RM'000	Principal Amount RM'000	Risk- Weighted Amount RM'000
0%	9,574,363	-	11,227,356	-
10%	3,671	367	3,418	342
20%	5,663,945	1,132,789	7,187,595	1,437,519
50%	9,697,009	4,848,505	9,572,932	4,786,466
100%	50,894,813	50,894,813	48,311,104	48,311,104
	<u>75,833,801</u>	<u>56,876,474</u>	<u>76,302,405</u>	<u>54,535,431</u>
Add: total risk weighted assets equivalent for market risk		7,464,858		6,451,937
Add: Large Exposure Risk requirements for single entity		449		449
		<u>64,341,781</u>		<u>60,987,817</u>

A30. ISLAMIC BANKING BUSINESS

The state of affairs as at 30 June 2007 and the results for the period ended 30 June 2007 of the Islamic banking business of the Group and included in the financial statements after elimination of intercompany transactions and balances are summarised as follows:

UNAUDITED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2007

	The Group	
	30.6.07	31.3.07
	RM'000	RM'000
ASSETS		
Cash and short-term funds	3,112,534	2,523,494
Deposit and placements with banks and other financial institutions	201	415,200
Securities held-for-trading	396,388	552,260
Securities available-for-sale	17,827	17,596
Securities held-to-maturity	34,614	35,092
Financing, advances and other loans	6,456,833	6,403,619
Statutory deposits with Bank Negara Malaysia	262,000	263,500
Other receivables, deposits and prepayments	104,628	98,312
Property and equipment	1,000	946
Deferred tax assets	205,448	223,716
Intangible assets	67	65
TOTAL ASSETS	10,591,540	10,533,800
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits from customers	5,474,440	5,095,924
Deposits and placements of banks and other financial institutions	2,787,956	3,012,641
Converted fund	17,073	14,197
Acceptances payable	419,468	446,614
Other liabilities	131,829	249,624
Subordinated Sukuk Musyarakah	400,000	400,000
Total Liabilities	9,230,766	9,219,000
ISLAMIC BANKING FUNDS		
Share capital/Capital funds	505,877	505,877
Reserves	854,897	808,923
Islamic Banking Funds	1,360,774	1,314,800
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	10,591,540	10,533,800
COMMITMENTS AND CONTINGENCIES	7,012,107	7,440,167

**UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2007**

The Group	Individual Quarter		Cumulative Quarter	
	30.6.07	30.6.06	30.6.07	30.6.06
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	177,810	169,590	177,810	169,590
Allowance for losses on financing	(38,334)	(38,213)	(38,334)	(38,213)
Transfer from profit equalization reserve	25,851	5,026	25,851	5,026
Total attributable income	165,327	136,403	165,327	136,403
Income attributable to the depositors	(94,316)	(85,552)	(94,316)	(85,552)
Profit attributable to the Group	71,011	50,851	71,011	50,851
Income derived from Islamic Banking Funds	52,800	34,781	52,800	34,781
Total net income	123,811	85,632	123,811	85,632
Operating expenditure	(49,657)	(41,067)	(49,657)	(41,067)
Finance cost	(6,112)	-	(6,112)	-
Profit before taxation	68,042	44,565	68,042	44,565
Taxation	(22,032)	(12,383)	(22,032)	(12,383)
Profit for the period	46,010	32,182	46,010	32,182

A30a. Financing, Advances and Other Loans

	The Group	
	30.6.07	31.3.07
	RM'000	RM'000
Term financing/Revolving credit facilities	1,731,843	1,709,358
Islamic hire purchase, net of unearned income	3,749,807	3,631,079
Credit card receivables	325,626	318,470
Trust receipts	25,659	25,331
Claims on customer under acceptance credits	451,665	475,119
Other financing	607,541	637,472
Gross financing, advances and other loans	<u>6,892,141</u>	<u>6,796,829</u>
Allowance for bad and doubtful debts and financing		
-general	(138,391)	(139,511)
-specific	(296,917)	(253,699)
	<u>(435,308)</u>	<u>(393,210)</u>
Net financing, advances and other loans	<u>6,456,833</u>	<u>6,403,619</u>

Movements in non-performing financing, advances and other loans ("NPL") are as follows:

	The Group	
	30.6.07	31.3.07
	RM'000	RM'000
Gross		
Balance at beginning of period/year	503,084	531,434
Non-performing during the period/year	104,955	305,982
Reclassification to performing financing	(67,856)	(96,163)
Recoveries	(24,408)	(89,082)
Amount written off	(847)	(149,087)
Balance at end of period/year	<u>514,928</u>	<u>503,084</u>
Specific allowance	(296,917)	(253,699)
Non-performing financing - net	<u>218,011</u>	<u>249,385</u>
Net NPL as % of gross financing, advances and other loans (including Islamic financing sold to Cagamas Berhad) less specific allowance	<u>2.39%</u>	<u>2.69%</u>

Movements in allowances for bad and doubtful debts and financing accounts are as follows:

	The Group	
	30.6.07	31.3.07
	RM'000	RM'000
General Allowance		
Balance at beginning of period/year	139,511	132,658
Allowance made during the period/year	(1,120)	6,853
Balance at end of period/year	<u>138,391</u>	<u>139,511</u>
% of total financing, advances and other loans (including Islamic financing sold to Cagamas Berhad) less specific allowance	<u>1.52%</u>	<u>1.51%</u>
Specific Allowance		
Balance at beginning of period/year	<u>253,699</u>	<u>173,181</u>
Allowance made during the period/year	65,065	310,522
Amount written back in respect of recoveries	(21,015)	(88,788)
Net charge to income statement	<u>44,050</u>	<u>221,734</u>
Amount written off/Adjustment to Asset Deficiency Account	(832)	(141,216)
Balance at end of period/year	<u>296,917</u>	<u>253,699</u>

A30b. DEPOSITS FROM CUSTOMERS

	The Group	
	30.6.07	31.3.07
	RM'000	RM'000
Mudarabah Fund		
Special Investment deposits	514,584	424,870
General Investment deposits	3,827,850	3,642,756
	<u>4,342,434</u>	<u>4,067,626</u>
Non-Mudarabah Fund		
Demand deposits	440,221	354,020
Saving deposits	685,404	667,730
Negotiable Islamic debt certificates	6,381	6,548
	<u>1,132,006</u>	<u>1,028,298</u>
	<u>5,474,440</u>	<u>5,095,924</u>

A30c. OTHER LIABILITIES

	The Group	
	30.6.07	31.3.07
	RM'000	RM'000
Other payables and accruals	82,895	86,158
Taxation and zakat payable	12,815	9,051
Amount owing to head office	-	91,327
Lease deposits and advance rentals	6,133	7,251
Profit equalisation reserve	29,986	55,837
	<u>131,829</u>	<u>249,624</u>

A31. CHANGE IN ACCOUNTING POLICIES AND RECLASSIFICATIONS

(a) Changes in accounting policy in current financial period

During the financial quarter, the Group has adopted the revised FRS 117 Leases issued by MASB and BNM Revised Guidelines on derivative financial instruments that are transacted for the purposes of hedging, both of which are effective for the Group's annual reporting date, 31 March 2008 which have resulted in changes in accounting policies as follows:

(i) FRS 117: Leases

Prior to 1 April 2007, lease of land and buildings held for own use was classified as property and equipment and was stated at cost less accumulated depreciation and impairment loss. The adoption of the revised FRS 117 Leases in 2007 resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Under FRS 117, lease of land and buildings are classified as operating or finance leases in the same way as leases of other assets. The land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease. The up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and building element of the lease at the inception of the lease. The up-front payment represents prepaid land lease payment and is amortised on a straight-line basis over the remaining lease term.

The Group have applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 April 2007, the unamortised carrying amount of leasehold land is classified as prepaid land lease payments. The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively. Certain comparatives of the balance sheets of the Group as at 31 March 2007 have been restated. There were no effects on the income statements of the Group for the 1st quarter ended 30 June 2007.

(ii) BNM Revised Guidelines on Financial Reporting for Licensed Institutions

The Group adopted Bank Negara Malaysia's Revised Guidelines on Financial Reporting for Licensed Institutions dated 5 October 2004 on the accounting treatment of derivative financial instruments which are transacted for the purpose of hedging with effect from the Group's annual reporting date 31 March 2008.

Prior to 1 April 2007, the Group disclosed derivative financial instruments transacted for the purpose of hedging as off-balance sheet items as allowed by the BNM Revised Guidelines as an alternative accounting treatment until 31 March 2007. Thereafter, as required by the BNM Revised Guidelines, derivative financial instruments are to be measured at fair value and carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from the change in the fair value of the derivative financial instrument is recognised in the income statements. This change in accounting policy has been applied retrospectively for one financial year and certain comparative figures have been adjusted to conform with the requirements of the BNM Revised Guidelines.

(b) Changes in accounting policy in the fourth quarter of the previous financial year

During the 4th quarter of 2006, the Group adopted the BNM's Circular on Handling Fees dated 16 October 2006 which resulted in the Group capitalising handling fees paid for hire purchase loans in the Balance Sheet and amortising the amount in the Income Statement over the life of the loans with retrospective effect. Previously, such handling fees were expensed off in the Income Statement when incurred. The handling fees amount which was previously reported as operating expenses in the income statement has been reclassified and deducted from the interest income upon the change of this accounting policy. Certain comparative figures of the Group have been restated as set out below.

(i) Summary of effects of adoption of FRS 117 Leases and BNM Guidelines on derivative financial instruments on current quarter 's financial statements:

The following tables provide estimates of the extent to which each of the line items in the balance sheets and income statements for the period ended 30 June 2007 is higher or lower than it would have been had the previous policies been applied in the current year.

(a) Effects on Balance Sheets as at 30 June 2007

Description of change	Increase/(Decrease)		
	BNM Guidelines on derivative financial instruments		Total
	FRS 117 RM'000	RM'000	RM'000
The Group			
Prepaid land lease payment	(7,183)	-	(7,183)
Property and equipment	7,183	-	7,183
Deferred tax assets	-	(26,683)	(26,683)
Derivative financial liabilities	-	(127,204)	(127,204)
Hybrid capital	-	25,009	25,009
Unappropriated profits	-	75,512	75,512

(b) Effects on Income Statements for the quarter ended 30 June 2007 and 2006

	Individual/Cumulative Quarter	
	30.6.07 RM'000	30.6.06 RM'000
Profit after taxation, before changes in accounting policies	219,193	130,142
Effects of adopting Revised BNM Guidelines on derivative financial instruments	11,759	7,809
Effects of adopting BNM Circular on Handling Fees	-	4,546
Profit after taxation, after changes in accounting policies	230,952	142,497

(ii) Restatement of comparatives

The following comparative amounts have been restated as a result of adopting FRS 117 Leases, Revised BNM Guidelines on derivative instruments and BNM's Circular on Handling Fees

	As previously reported RM'000	Effect of change RM'000	As restated RM'000
Balance Sheet as at 31 March 2007			
Assets			
Derivative financial assets	-	380,742	380,742
Other assets	2,222,645	(70,359)	2,152,286
Prepaid land lease payment	-	7,156	7,156
Property and equipment	241,156	(7,156)	234,000
Deferred tax assets	870,443	30,815	901,258
Derivative financial liabilities	-	451,755	451,755
Other liabilities	3,148,347	(23,287)	3,125,060
Unappropriated profits	798,502	(87,270)	711,232
Income Statement for the quarter ended 30 June 2006			
Revenue	1,340,521	(18,223)	1,322,298
Interest income	909,699	(23,287)	886,412
Net income from Islamic banking business	122,229	(3,410)	118,819
Other operating income	212,852	8,474	221,326
Other operating expenses	(371,349)	35,148	(336,201)
Taxation	(58,050)	(4,570)	(62,620)
Profit after taxation attributable to equity holders of the Company	106,800	12,355	119,155
Basic earnings per share (sen)	5.01	0.58	5.59
Fully diluted earnings per share (sen)	4.97	0.58	5.55

B1. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP FOR THE QUARTER AND YEAR

The Group registered a strong growth in pre-tax profit of RM334.8 million (+63.3%) for the first quarter ended 30 June 2007 as compared to RM205.1 million in the corresponding quarter ended 30 June 2006. Accordingly, the Group profit after tax and minority interests rose by 51.9% to RM181.1 million. All three major business divisions, namely commercial and retail banking, investment banking and insurance business, registered an improvement in profits.

The Group's revenue was higher at RM1.58 billion compared with RM1.32 billion in the previous corresponding quarter arising mainly from net interest income, Islamic banking business, fee based income, investment and trading income and premium income from general insurance businesses.

During the first quarter, net interest income increased to RM370.6 million (+6.9%) as compared to RM346.7 million in the corresponding quarter ended 30 June 2006 driven by growth in retail lending and lower interest suspension, partly offset by lower net interest margin. Net income from Islamic banking business rose to RM130.2 million for the first quarter as compared to RM118.8 million in the corresponding quarter, due to higher income from financing and securities activities. Other operating income increased by 54.9% to RM343.0 million driven by growth in fees, insurance premiums and investment banking business activities. Other operating expenses increased to RM368.8 million from RM336.2 million in the corresponding quarter ended 30 June 2006 largely driven by increase in marketing expenses for higher business volumes in insurance business, as well as increase in staff numbers and professional fee incurred for outsourcing of services.

The Group's retail and commercial banking operations was the largest contributor to the Group pre-tax profits, reporting a pre-tax profit of RM190.6 million (Quarter ended 30 June 2006 : RM135.6 million), followed by the investment banking operations of RM130.3 million (Quarter ended 30 June 2006 : RM51.9 million) and insurance operations of RM20.9 million (Quarter ended 30 June 2006 : RM15.2 million).

The Group's ongoing initiatives in managing the non-performing loans continue to show improvement in asset quality with the ratio of net non-performing loans on a 3-month classification basis declining further to 5.7% as at end-June 2007, as compared with 6.2% as at end-March 2007. As at June 2007, loan loss coverage excluding collateral values further improved to 61.0% from 56.6% as at March 2007.

The Group's overall risk weighted capital ratio and Tier-1 capital ratio as at end-June 2007 stood at 13.88% (March 2007: 12.61%) and 9.29% (March 2007: 8.72%) respectively.

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

B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION

The Group reported a pre-profit of RM334.9 million for the first quarter ended 30 June 2007 as compared to a pre-tax loss of RM690.9 million for the fourth quarter ended 31 March 2007 mainly due to additional specific allowances arising from the adoption of more stringent provisioning policy and higher impairment loss on debt equity instruments made during the previous quarter.

B3. PROSPECTS FOR 31 MARCH 2008

In tandem with the thrusts of the Ninth Malaysian Plan (9MP), the Malaysian economy is projected to see sustained growth in 2007 with GDP growth projected at 5.9%. On the back of favorable macroeconomic conditions, the banking sector is expected to remain robust with strong capitalization and continuous improvement in asset quality.

For the current year, capital market activities are expected to be robust. The active promotion of Islamic financing by the Malaysian government and growing demand for Shariah compliant securities from local and international investors provide an impetus for more capital market issues.

The Group will continue to pursue its strategy of expanding its business operations regionally whilst maintaining its leadership position in the industry. The Group is confident that it has built an infrastructure, customer base and brand-awareness and leveraging on the ANZ partnership will enable the Group to take advantage of the growth opportunity and register an improvement in profit.

B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE

This is not applicable to the Group.

B5. TAXATION

The Group	Individual Quarter		Cumulative Quarter	
	30.6.07 RM'000	30.6.06 RM'000	30.6.07 RM'000	30.6.06 RM'000
Estimated current tax payable	71,047	25,741	71,047	25,741
Transfer from deferred tax	32,880	37,553	32,880	37,553
	<u>103,927</u>	<u>63,294</u>	<u>103,927</u>	<u>63,294</u>
Overprovision of current taxation in respect of prior years	(8)	(674)	(8)	(674)
Taxation	<u>103,919</u>	<u>62,620</u>	<u>103,919</u>	<u>62,620</u>

The total tax charge of the Group for the financial quarter ended 30 June 2007 reflects an effective tax rate which is higher than the statutory tax rate due mainly to the effect on deferred taxes resulting from reduction in statutory tax rate from 27.0% to 26.0% and disallowances of certain expenses.

The total tax charge of the Group for the financial quarter ended 30 June 2006 reflects an effective tax rate which is higher than the statutory tax rate due mainly to disallowances of certain expenses.

B6. SALE OF INVESTMENTS AND/OR FORECLOSED PROPERTIES

The Group	Individual Quarter		Cumulative Quarter	
	30.6.07 RM'000	30.6.06 RM'000	30.6.07 RM'000	30.6.06 RM'000
Net gain from sale of securities held-for-trading	95,196	5,033	95,196	5,033
Net gain from sale of securities available-for-sale	22,449	26	22,449	26
Net gain from redemption of securities held-to-maturity	6,018	15,547	6,018	15,547
Impairment loss on securities	<u>(6,614)</u>	<u>(23,027)</u>	<u>(6,614)</u>	<u>(23,027)</u>

B7. QUOTED SECURITIES

This note is not applicable to financial institutions.

B8. CORPORATE PROPOSALS

Status of corporate proposal announced but not completed are as follows:

1. AmInvestment Bank has entered into a preliminary agreement on 31 March 2007 with Saudi Arabian parties for a proposed joint venture in a company to be established for carrying on capital market activity in Saudi Arabia, subject to the joint venture company being licensed by the relevant Saudi Arabian authorities. The preliminary agreement will pave the way for the parties to engage in further negotiations towards finalising a shareholders' agreement to govern the proposed joint venture.
2. On 19 June 2007, the Company announced the following proposals:
 - (i) The proposed privatisation of AIGB through a scheme of arrangement between AIGB and its shareholders pursuant to Sections 176 and 178 of the Companies Act, 1965 ("Act") whereby AIGB will reduce its capital pursuant to Section 64 of the Act by canceling 646,800,000 ordinary shares of RM1.00 each ("AIGB Cancelled Share"), representing 49% of its existing issued and paid-up share capital which are not held by the Company, in consideration for a cash payment of RM3.70 per AIGB Cancelled Share payable by the Company ("Proposed Privatisation"); and
 - (ii) The proposed renounceable rights issue of up to 326,887,241 new ordinary shares of RM1.00 in the Company ("Rights Shares") at an issue price of RM3.40 per Rights Share, on the following basis:-
 - (a) one (1) Rights Share for every eight (8) existing ordinary shares of RM1.00 each ("Ordinary Shares"); and
 - (b) one (1) Rights Share for every eight (8) existing converting preference shares of RM1.00 each ("CPS"), held in the Company on an entitlement date to be determined ("Proposed Rights Issue").

As the Proposed Rights Issue is intended to provide the Company with the necessary funds to part finance the Proposed Privatisation, the Proposed Rights Issue and the Proposed Privatisation are inter-conditional with each other.

The Company has, on 18 June 2007, obtained a letter from Bank Negara Malaysia ("BNM") informing that BNM has no objection in principle for the Company to proceed with the proposal to increase its shareholdings in AIGB, subject to the Company obtaining the prior approval of the Minister of Finance ("MOF") based on the recommendation of BNM.

B9. BORROWINGS

	The Group	
	30.6.07	31.3.07
	RM'000	RM'000
(i) Deposits from customers		
Due within six months	32,742,964	31,056,154
Six months to one year	7,321,506	7,325,760
One year to three years	2,923,502	3,141,092
Three to five years	805,364	858,656
	<u>43,793,336</u>	<u>42,381,662</u>
(ii) Deposits and placements of banks and other financial institutions		
Due within six months	9,968,623	10,826,939
Six months to one year	1,560,043	1,684,584
One year to three years	1,848,828	2,456,875
Three to five years	2,398,607	2,472,941
	<u>15,776,101</u>	<u>17,441,339</u>
<i>Recap:</i>		
<i>Interbank lendings</i>	7,660,186	9,812,102
<i>Interbank borrowings</i>	(837,412)	(1,101,039)
<i>Net interbank lendings</i>	<u>6,822,774</u>	<u>8,711,063</u>
(iii) Term loans		
Due within one year		
Secured	341,381	309,680
(vi) Subordinated term loans		
More than one year	460,000	460,000
(v) Redeemable unsecured bonds		
More than one year	1,323,582	1,322,795
(vi) Hybrid capital		
More than one year	641,189	666,474
(vii) Unsecured exchangeable bonds		
More than one year	575,000	-

On 18 May 2007, AmBank issued RM575,000,000 nominal value ten (10) year unsecured exchangeable bonds to ANZ which are exchangeable into 188,524,590 new ordinary shares of RM1.00 each in the Company at an exchange price of RM3.05 per share. The purpose of the issuance of the exchangeable bonds is to facilitate the involvement of ANZ as an investor and strategic partner of the Group and increasing AmBank's capital funds.

The salient features of the exchangeable bonds are as follows:

- (i) The exchangeable bonds bear interest at 5.00% per annum for the first five (5) years and subsequently at 5.50% for the next five (5) years. The interest is payable on a quarterly basis.
- (ii) The exchangeable bonds is redeemable at the nominal amount ten (10) years from issue date.
- (iii) The exchangeable bonds is for a period of ten (10) years. ANZ has the right to exchange all or any of the exchangeable bonds for ordinary listed shares of the Company, at any time/times up to Year 10, at RM3.05 per share.

B10. DERIVATIVE FINANCIAL INSTRUMENTS

Please refer to note A27

B11. MATERIAL LITIGATION

The Group and the Company do not have any material litigation which would materially affect the financial position of the Group and the Company. For other litigations, please refer to Note A25(e) and (f).

B12. DIVIDENDS

There has been no dividends proposed for the current financial quarter.

B13. EARNINGS PER SHARE (SEN)

a. Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the number of ordinary shares in issue during the financial quarter.

	Individual Quarter		Cumulative Quarter	
	30.6.07	30.6.06	30.6.07	30.6.06
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to equity holders of the Company	181,078	119,155	181,078	119,155
Number of ordinary shares at beginning of period	2,130,565	2,130,539	2,130,565	2,130,539
Effect of ordinary shares issued pursuant to:				
- exercise of Warrants 2003/2008	5	-	5	-
- conversion of CPS	77,464	-	77,464	-
Weighted average number of ordinary shares in issue	2,208,034	2,130,539	2,208,034	2,130,539
Basic earnings per share (Sen)	8.20	5.59	8.20	5.59

B13. EARNINGS PER SHARE (SEN)(CONTD.)

b. Fully diluted earnings per share

Fully diluted earnings per share is calculated by dividing the adjusted net profit attributable to equity holders of the Company by the adjusted weighted average number of ordinary shares in issue and issuable during the financial quarter.

The Company has three categories of dilutive potential ordinary shares:

- (i) Warrants 1997/2007
- (ii) Warrants 2003/2008
- (iv) Unsecured exchangeable bonds

	Individual Quarter		Cumulative Quarter	
	30.6.07 RM'000	30.6.06 RM'000	30.6.07 RM'000	30.6.06 RM'000
Net profit attributable to equity holders of the Company	181,078	119,155	181,078	119,155
Weighted average number of ordinary shares in issue (as in (a) above)	2,208,034	2,130,539	2,208,034	2,130,539
Adjusted for:				
Exercise of Warrants 2003/2008	69,995	17,299	69,995	17,299
Conversion of unsecured exchangeable bonds	188,525	-	188,525	-
Adjusted weighted average number of ordinary shares in issue and issuable	2,466,554	2,147,838	2,466,554	2,147,838
Fully diluted earnings per share (Sen)	7.34	5.55	7.34	5.55

For the financial period ended 30 June 2007 and 2006, outstanding share warrants 1997/2007 have been excluded in the computation of fully diluted earnings per RM1.00 ordinary share for the Group, as their exercise and conversion to ordinary shares would increase earnings per share.

The Group's adjusted weighted average number of ordinary shares in issue and issuable for the financial period ended 30 June 2007 have been arrived at based on the assumption that dilutive share warrants 2003/2008 is exercised and the bonds is exchanged at beginning of year.

BY ORDER OF THE BOARD
RAVINDRA KUMAR THAMBIMUTHU
GROUP COMPANY SECRETARY
Kuala Lumpur

Date : 8 August 2007