

# ALLIANCE FINANCIAL GROUP BERHAD

(formerly known as Malaysian Plantations Berhad)

(Company Number : 6627-X)

(Incorporated in Malaysia)

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2008

(The figures have not been audited)

### CONDENSED CONSOLIDATED INCOME STATEMENTS

	<i>Note</i>	1st Quarter Ended		Cumulative 3 Months Ended	
		30.6.2008	30.6.2007	30.6.2008	30.6.2007
		RM'000	RM'000	RM'000	RM'000
Operating Revenue		<b>421,472</b>	402,027	<b>421,472</b>	402,027
Interest income	<i>C1</i>	<b>314,913</b>	300,016	<b>314,913</b>	300,016
Interest expense	<i>C2</i>	<b>(133,802)</b>	(151,335)	<b>(133,802)</b>	(151,335)
Net interest income		<b>181,111</b>	148,681	<b>181,111</b>	148,681
Net income from Islamic banking business	<i>C3</i>	<b>39,155</b>	38,437	<b>39,155</b>	38,437
		<b>220,266</b>	187,118	<b>220,266</b>	187,118
Other operating income	<i>C4</i>	<b>69,402</b>	66,615	<b>69,402</b>	66,615
Net income		<b>289,668</b>	253,733	<b>289,668</b>	253,733
Other operating expenses	<i>C5</i>	<b>(139,626)</b>	(138,150)	<b>(139,626)</b>	(138,150)
Operating profit		<b>150,042</b>	115,583	<b>150,042</b>	115,583
Write-back for losses on loans, advances and financing	<i>C6</i>	<b>20,300</b>	57,840	<b>20,300</b>	57,840
Impairment loss net of write-back		<b>(3,378)</b>	(41,860)	<b>(3,378)</b>	(41,860)
Profit before taxation		<b>166,964</b>	131,563	<b>166,964</b>	131,563
Taxation	<i>B5</i>	<b>(42,690)</b>	(36,419)	<b>(42,690)</b>	(36,419)
Profit for the period		<b>124,274</b>	95,144	<b>124,274</b>	95,144
Attributable to:					
Equity holders of the Company		<b>124,349</b>	95,157	<b>124,349</b>	95,157
Minority interests		<b>(75)</b>	(13)	<b>(75)</b>	(13)
Profit for the period		<b>124,274</b>	95,144	<b>124,274</b>	95,144
Earnings per share (sen):					
- Basic	<i>B15</i>	<b>8.09</b>	7.07	<b>8.09</b>	7.07

(The Condensed Consolidated Income Statements should be read in conjunction with the audited Annual Financial Statements of the Group for the year ended 31 March 2008)

# ALLIANCE FINANCIAL GROUP BERHAD

(formerly known as Malaysian Plantations Berhad)

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## CONDENSED CONSOLIDATED BALANCE SHEET

		UNAUDITED AS AT <b>30.6.2008</b> RM'000	AUDITED AS AT <b>31.3.2008</b> RM'000
<b>ASSETS</b>			
Cash and short-term funds		4,869,264	5,774,055
Deposits and placements with financial institutions		341,886	532,835
Securities held-for-trading	C7	13,671	100,129
Securities available-for-sale	C8	3,573,523	3,091,018
Securities held-to-maturity	C9	649,550	821,294
Derivative financial instruments		5,739	-
Loans, advances and financing	C10	16,419,074	15,618,971
Balances due from clients and brokers	C11	78,759	119,333
Land held for investment		28,922	28,922
Other assets	C12	233,584	254,849
Tax recoverable		102,377	71,359
Statutory deposits		722,196	622,086
Leasehold land		12,240	12,275
Property, plant and equipment		138,522	129,615
Intangible assets		354,911	353,665
Deferred tax assets		165,795	151,985
<b>TOTAL ASSETS</b>		<b>27,710,013</b>	<b>27,682,391</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	C13	21,671,805	21,351,760
Deposits and placements of banks and other financial institutions	C14	1,256,779	1,454,124
Recourse obligations on loans sold to Cagamas		246,071	255,391
Bills and acceptances payable		63,915	161,418
Balances due to clients and brokers	C15	87,311	112,626
Other liabilities	C16	1,038,743	1,120,527
Subordinated bonds		600,000	600,000
Provision for taxation		47,214	30,741
Deferred tax liabilities		1,183	1,416
<b>TOTAL LIABILITIES</b>		<b>25,013,021</b>	<b>25,088,003</b>
Share capital		1,548,106	1,548,106
Reserves		1,174,163	1,067,586
Shares held for Employees' Share Scheme		(30,088)	(26,254)
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS</b>		<b>2,692,181</b>	<b>2,589,438</b>
Minority interests		4,811	4,950
<b>TOTAL EQUITY</b>		<b>2,696,992</b>	<b>2,594,388</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>27,710,013</b>	<b>27,682,391</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	B10	<b>14,036,363</b>	<b>13,976,101</b>
<b>Net assets per share attributable to ordinary equity holders of the Company (RM)*</b>		<b>1.74</b>	<b>1.67</b>

\* The net assets per share attributable to ordinary equity holders of the Company is computed as total equity (excluding minority interests) divided by total number of ordinary shares in circulation.

(The Condensed Consolidated Balance Sheet should be read in conjunction with the audited Annual Financial Statements of the Group for the year ended 31 March 2008)

# ALLIANCE FINANCIAL GROUP BERHAD

(formerly known as Malaysian Plantations Berhad)

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(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2008

	<----- Attributable to Equity Holders of the Company ----->										
	<----- Non-distributable ----->					<Distributable>					
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Employees' Share Scheme Reserve RM'000	Shares held for Employees' Share Scheme RM'000	Retained Profits/ (Accumulated Losses) RM'000	Total Shareholders' Equity RM'000	Minority Interest RM'000	Total Equity RM'000
<b>30 JUNE 2008</b>											
<b>At 1 April 2008</b>	1,548,106	304,289	366,910	7,013	(22,776)	1,438	(26,254)	410,712	2,589,438	4,950	2,594,388
Profit/(loss) for the period	-	-	-	-	-	-	-	124,349	124,349	(75)	124,274
Unrealised net loss on revaluation of securities available-for-sale	-	-	-	-	(18,814)	-	-	-	(18,814)	-	(18,814)
Dividends paid	-	-	-	-	-	-	-	-	-	(64)	(64)
Share-based payment under Employees' Share Scheme	-	-	-	-	-	1,042	-	-	1,042	-	1,042
Purchase of shares pursuant to Employees' Share Scheme	-	-	-	-	-	-	(3,834)	-	(3,834)	-	(3,834)
<b>At 30 June 2008</b>	<b>1,548,106</b>	<b>304,289</b>	<b>366,910</b>	<b>7,013</b>	<b>(41,590)</b>	<b>2,480</b>	<b>(30,088)</b>	<b>535,061</b>	<b>2,692,181</b>	<b>4,811</b>	<b>2,696,992</b>
<b>30 JUNE 2007</b>											
At 1 April 2007	1,217,670	491,238	268,125	7,013	12,905	-	-	(54,229)	1,942,722	4,811	1,947,533
Profit/(loss) for the period	-	-	-	-	-	-	-	95,157	95,157	(13)	95,144
Exercise of warrants	330,436	69,392	-	-	-	-	-	-	399,828	-	399,828
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	-	3,485	-	-	-	3,485	-	3,485
At 30 June 2007	1,548,106	560,630	268,125	7,013	16,390	-	-	40,928	2,441,192	4,798	2,445,990

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited Annual Financial Statements of the Group for the year ended 31 March 2008)

# ALLIANCE FINANCIAL GROUP BERHAD

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## CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2008

	<b>Unaudited 3 Months Ended 30.6.2008 RM'000</b>	Unaudited 3 Months Ended 30.6.2007 RM'000
Profit before taxation	<b>166,964</b>	131,563
Adjustment for non-operating and non-cash items	<b>(53,316)</b>	15,111
Operating profit before changes in working capital	<b>113,648</b>	146,674
Changes in working capital	<b>(851,637)</b>	(415,508)
Taxes paid	<b>(65,005)</b>	(20,230)
Net cash used in operating activities	<b>(802,994)</b>	(289,064)
Net cash used in investing activities	<b>(283,573)</b>	(300,245)
Net cash (used in)/generated from financing activities	<b>(9,173)</b>	390,717
Net change in cash and cash equivalents	<b>(1,095,740)</b>	(198,592)
Cash and cash equivalents at beginning of the period	<b>6,306,890</b>	6,579,314
Cash and cash equivalents at end of the period	<b>5,211,150</b>	6,380,722

Cash and cash equivalents at end of the period comprise the following:

Cash and short-term funds	<b>4,869,264</b>	5,389,120
Deposits and placements with financial institutions	<b>341,886</b>	991,602
	<b>5,211,150</b>	6,380,722

*(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited Annual Financial Statements of the Group for the year ended 31 March 2008)*

**[A] Explanatory Notes Pursuant to Financial Reporting Standard 134 (FRS 134) :  
Interim Financial Reporting**

**A1. Basis Of Preparation**

The unaudited condensed interim financial statements for the 1st quarter ended 30 June 2008 have been prepared in accordance with FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), Bank Negara Malaysia's Revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) and Appendix 9B of the Bursa Malaysia Securities Berhad's ("Bursa Securities") Listing Requirements.

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 31 March 2008. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2008.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 March 2008.

The allowance for bad and doubtful debts and financing of the Group are computed based on the requirement of BNM/GP3 which is consistent with the adoption in the previous audited annual financial statements.

**A2. Declaration Of Audit Confirmation**

The annual audited report on the financial statements for the financial year ended 31 March 2008 did not contain any qualification.

**A3. Seasonal And Cyclical Factors**

The operations of the Group were not materially affected by any seasonal or cyclical fluctuations in the 1st quarter ended 30 June 2008.

**A4. Nature And Amount Of Items Affecting Assets, Liabilities, Equity, Net Income Or Cash Flows That Are Unusual Because Of Their Nature, Size Or Incidence**

The assets, liabilities, equity, net income and cash flows of the Group in the 1st quarter ended 30 June 2008 were not substantially affected by any item of a material and unusual nature.

**A5. Changes In Estimates**

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the 1st quarter ended 30 June 2008.

**A6. Changes In Debt And Equity Securities**

There were no issuance nor repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the 1st quarter ended 30 June 2008.

**ALLIANCE FINANCIAL GROUP BERHAD** (formerly known as Malaysian Plantations Berhad) (6627-X)  
**FIRST FINANCIAL QUARTER ENDED 30 JUNE 2008**

**A7. Dividends Paid**

There was no dividend paid during the 1st quarter ended 30 June 2008.

**A8. Segment Information**

Segment information on Revenue, Profit Before Tax and Total Assets:

<u>Group</u>	<b>1st Quarter Ended</b> <b>&lt;--- 30 June 2008 ---&gt;</b>		<b>Cumulative 3 Months Ended</b> <b>&lt;----- 30 June 2008 -----&gt;</b>		
	<b>Revenue</b> <b>RM'000</b>	<b>Profit</b>	<b>Revenue</b> <b>RM'000</b>	<b>Profit</b>	<b>Total</b> <b>Assets</b> <b>RM'000</b>
		<b>Before</b> <b>Tax</b> <b>RM'000</b>		<b>Before</b> <b>Tax</b> <b>RM'000</b>	
Commercial banking	365,024	163,959	365,024	163,959	22,172,860
Investment banking	30,815	7,289	30,815	7,289	1,968,102
Islamic banking	32,410	9,381	32,410	9,381	2,903,746
Others <sup>N1</sup>	63,249	54,783	63,249	54,783	42,222
	<b>491,498</b>	<b>235,412</b>	<b>491,498</b>	<b>235,412</b>	<b>27,086,930</b>
Inter-segment eliminations/ Consolidation adjustments	(70,026)	(68,448)	(70,026)	(68,448)	-
	<b>421,472</b>	<b>166,964</b>	<b>421,472</b>	<b>166,964</b>	<b>27,086,930</b>
Intangible assets	-	-	-	-	354,911
Unallocated corporate assets	-	-	-	-	268,172
	<b>421,472</b>	<b>166,964</b>	<b>421,472</b>	<b>166,964</b>	<b>27,710,013</b>

<u>Group</u>	<b>1st Quarter Ended</b> <b>&lt;--- 30 June 2007 ---&gt;</b>		<b>Cumulative 3 Months Ended</b> <b>&lt;----- 30 June 2007 -----&gt;</b>		
	<b>Revenue</b> <b>RM'000</b>	<b>Profit</b>	<b>Revenue</b> <b>RM'000</b>	<b>Profit</b>	<b>Total</b> <b>Assets</b> <b>RM'000</b>
		<b>Before</b> <b>Tax</b> <b>RM'000</b>		<b>Before</b> <b>Tax</b> <b>RM'000</b>	
Commercial banking	357,563	122,193	357,563	122,193	24,491,055
Investment banking	42,728	14,391	42,728	14,391	1,915,191
Others <sup>N1</sup>	40,299	26,434	40,299	26,434	86,710
	<b>440,590</b>	<b>163,018</b>	<b>440,590</b>	<b>163,018</b>	<b>26,492,956</b>
Inter-segment eliminations/ Consolidation adjustments	(38,563)	(31,455)	(38,563)	(31,455)	-
	<b>402,027</b>	<b>131,563</b>	<b>402,027</b>	<b>131,563</b>	<b>26,492,956</b>
Intangible assets	-	-	-	-	327,762
Unallocated corporate assets	-	-	-	-	149,325
	<b>402,027</b>	<b>131,563</b>	<b>402,027</b>	<b>131,563</b>	<b>26,970,043</b>

<sup>N1</sup> Others comprises investment holding, unit trust, asset management and non-banking business.

**A9. Valuation of Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

**A10. Material Events During the Balance Sheet Date**

**(a) Commencement of Business of Islamic Banking Subsidiary**

Alliance Islamic Bank Berhad ("AIS"), which was incorporated on 13 June 2007 as a wholly-owned subsidiary of Alliance Bank Malaysia Berhad ("ABMB"), commenced its Islamic banking business on 1 April 2008. This follows the vesting of the entire Islamic banking business of ABMB to AIS on 1 April 2008 pursuant to the Vesting Order granted by the High Court of Malaya dated 15 February 2008.

**(b) Share Purchased Pursuant to Employees' Share Scheme ("ESS ")**

During the 1st quarter ended 30 June 2008, the Trustee of the ESS acquired 1,370,800 ordinary shares of the Company from the open market for a total consideration of RM3,834,028.

As at 30 June 2008, the Trustee of the ESS held 10,745,500 ordinary shares representing 0.69% of the issued and paid-up capital of the Company. No share options or share grants were vested during the 1st quarter ended 30 June 2008.

**A11. Material Events Subsequent to the Balance Sheet Date**

There were no material events subsequent to the balance sheet date that require disclosure or adjustment to the unaudited condensed interim financial statements.

**A12. Changes in the Composition of the Group**

There was no change in the composition of the Group during the 1st quarter ended 30 June 2008.

**A13. Changes In Contingent Liabilities Since the Last Annual Balance Sheet Date**

Please refer to Note B10.

**[B] Explanatory Notes Pursuant To Appendix 9B of Bursa Securities' Listing Requirements**

**B1. Review of Performance**

The Group recorded profit before taxation of RM166.9 million for the first quarter ended 30 June 2008, an increase of RM35.4 million or 26.9% compared to the corresponding period last year. The improvement was primarily due to higher operating profit contributed by higher net income.

The Group's net income grew by RM35.9 million or 14.2% attributable to improved interest income mainly from loans growth in Consumer and Commercial/SME banking, together with a write back of over-provision of RM10.8 million on the deposit insurance.

Other operating income increased marginally by 4.2% compared to the corresponding period last year mainly due to higher foreign exchange profit and gain arising from the sale of investment securities. Nevertheless, these gains were offset by the reduction in stock brokerage fees in view of the current weak stock market.

Asset quality continued to improve with net non-performing loans ratio declining from 3.3% as at 31 March 2008 to 2.7% as at 30 June 2008. Gross loans loss provisioning coverage further improved to 85.5% compared to 79.9% as at 31 March 2008.

The Group's gross loans and advances increased by 4.6% to RM17.3 billion compared to 31 March 2008. The Group's risk-weighted capital ratio was at 15.1%.

**B2. Comparisons with Preceding Quarter's Results**

The Group recorded a higher profit before taxation of RM166.9 million compared to the profit before taxation of RM108.3 million for the preceding quarter ended 31 March 2008. The improvement of RM58.6 million was mainly due to higher net interest income, lower impairment loss and better recoveries in the current quarter.

**B3. Current Year Prospects**

The rising food and energy prices will hurt household spending and may dampen economic growth, slowing GDP growth in 2008 to below 5%. Inflation pressure is expected to continue. The second half of the year is therefore expected to be more challenging but the Group will continue building its competitive position. Barring any unforeseen circumstances, the Group expects to record satisfactory performance for the financial year ending 31 March 2009.



**B4. Profit Forecast**

There was no profit forecast issued by the Group.

**B5. Taxation**

<u>GROUP</u>	1st Quarter Ended		Cumulative 3 Months Ended	
	30.6.2008	30.6.2007	30.6.2008	30.6.2007
	RM'000	RM'000	RM'000	RM'000
- Income tax	50,457	49,886	50,457	49,886
- Deferred tax	(7,772)	(13,467)	(7,772)	(13,467)
	<u>42,685</u>	<u>36,419</u>	<u>42,685</u>	<u>36,419</u>
- Under provision of income tax expense in prior years	5	-	5	-
	<u>42,690</u>	<u>36,419</u>	<u>42,690</u>	<u>36,419</u>

The Group's effective tax rate for the 1st quarter ended 30 June 2008 was similar with the statutory tax rate.

The Group's effective tax rate for the 1st quarter ended 30 June 2007 was higher than statutory tax rate mainly due to non-deductibility of certain expenses.

**B6. Profit/(Loss) On Sale Of Unquoted Investment Or Properties**

There was no material profit/(loss) on sale of unquoted investment or properties for the 1st quarter ended 30 June 2008 other than in the ordinary course of business.

**B7. Purchase And Disposal Of Quoted Securities**

There was no purchase or disposal of quoted securities for the 1st quarter ended 30 June 2008 other than investments held by the Group whose activities are regulated by law relating to banking companies and are subject to supervision by Bank Negara Malaysia.

**B8. Status of Corporate Proposals**

There were no corporate proposals announced but not completed as at the reporting date.

**B9. Group Borrowings, Deposits From Customers, Deposits And Placements Of Banks And Other Financial Institutions And Debts Securities**

	<b>GROUP</b>	
	<b>30.6.2008</b>	<b>31.3.2008</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(a) Deposits From Customers</b>		
Fixed/investment deposits, negotiable instruments of deposits and money market deposits		
- One year or less (short term)	<b>13,508,312</b>	13,421,993
- More than one year (medium/long term)	<b>448,549</b>	490,596
	<b>13,956,861</b>	13,912,589
Others	<b>7,714,944</b>	7,439,171
	<b>21,671,805</b>	21,351,760
<b>(b) Deposits And Placements Of Banks And Other Financial Institutions</b>		
- One year or less (short term)	<b>841,079</b>	1,083,573
- More than one year (medium/long term)	<b>415,700</b>	370,551
	<b>1,256,779</b>	1,454,124
<b>(c) Subordinated Bonds</b>		
Unsecured and more than one year (medium/long term) (6.09% Tier II Subordinated bonds 2006/2016)	<b>600,000</b>	600,000

**B10. Commitments And Contingencies**

In the normal course of business, the Group made various commitments and incurred certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

Risk-weighted exposure of the Group as at:

	<----- 30.6.2008 ----->			<----- 31.3.2008 ----->		
	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
Direct credit substitutes	444,255	444,255	443,526	417,859	417,859	416,969
Transaction-related contingent items	551,509	275,754	275,754	593,608	296,804	296,804
Short-term self-liquidating trade-related contingencies	131,360	26,272	26,272	121,493	24,299	24,298
Irrevocable commitments to extend credit:						
- maturity exceeding one year	2,215,126	1,107,563	883,096	1,964,122	982,061	789,060
- maturity not exceeding one year	7,497,652	1,499,531	1,300,552	7,318,045	1,463,608	1,250,607
Foreign exchange related contracts less than one year	2,836,461	41,129	18,826	3,560,974	107,963	51,475
Interest rate related contracts over one year to five years	360,000	360,693	72,139	-	-	-
<b>Total</b>	<b>14,036,363</b>	<b>3,755,197</b>	<b>3,020,165</b>	<b>13,976,101</b>	<b>3,292,594</b>	<b>2,829,213</b>

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

The foreign related contracts are all forward contracts. Foreign exchange contracts are subject to market risk and credit risk.

**B11. Financial Instruments With Off-Balance Sheet Risk**

Details of financial instruments with off-balance sheet risk as at 30 June 2008:

Value of contracts classified by remaining period to maturity or next repricing date (whichever is earlier).

Alliance Bank

Items	Principal 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 requirements RM'000
Foreign exchange related contracts								
- forward	252,744	58,558	65,878	116,479	11,829	-	-	-
- swaps	2,583,717	978,040	850,903	483,774	271,000	-	-	-
Interest rate related contracts								
- forward	-	-	-	-	-	-	-	-
- futures	-	-	-	-	-	-	-	-
- swaps	360,000	-	-	-	-	360,000	-	-
<b>Total</b>	<b>3,196,461</b>	<b>1,036,598</b>	<b>916,781</b>	<b>600,253</b>	<b>282,829</b>	<b>360,000</b>	<b>-</b>	<b>-</b>

Foreign exchange, interest rate and equity and commodity related contracts are subject to market risk and credit risk.

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 30 June 2008, the amount of contracts which were not hedged and hence, exposed to market risk was RM6,726,000 (31 March 2008: RM3,963,000).

Credit risk

Credit risk arises from the possibility that a counterparty may fail to meet their financial commitments when due, in particular where Alliance Bank stands to gain from the transaction. The potential loss amount may increase or decrease over the life of the contracts, mainly as a function of market rates or prices to replace these positions. As at 30 June 2008, the amounts of credit risk, measured in terms of cost to replace the profitable contracts was RM25,379,000 (31 March 2008: RM34,889,000).

Related accounting policies

Alliance Bank acts as an intermediary with counterparties who wish to swap their interest obligations. Alliance Bank also uses interest rate swaps, futures, forward and option contracts in its trading account activities and its overall interest rate risk management.

Interest income and interest expenses associated with interest rate swaps that qualify as hedges are recognised over the life of the swap agreement as a component of interest income or interest expenses. Gains and losses on interest rate futures, forward and option contracts that qualify as hedged assets or liabilities are generally deferred and amortised over the life of the hedged assets or liabilities as adjustments to interest income or interest expenses.

Gains and losses on interest rate swaps, futures, forward and option contracts that do not qualify as hedges are recognised in the current period using the mark-to-market method, and are included in the net result from dealing securities.

Unmatured forward exchange contracts are valued at forward rates as at balance sheet date, applicable to their respective dates of maturity, and unrealised losses and gains are recognised in the income statement in the period in which they arises.

**B12. Material Litigation**

As at the date of this report, there was no pending material litigation in the ordinary course of business which would materially and adversely affect the financial position of the Group, other than the following:

On 31 July 2008, the Company announced that Alliance Investment Bank Berhad (“AIBB”), a wholly-owned subsidiary of Alliance Bank Malaysia Berhad, which in turn is a wholly-owned subsidiary of the Company, had been served with a Writ of Summons and Statement of Claim dated 10 July 2008 (“the Suit”) by Celcom (Malaysia) Berhad (“Celcom”).

The Suit arises from the Amended and Restated Supplemental Agreement dated 4 April 2002 entered into between among others Celcom and DeTe Asia Holding GmbH (“DeTeAsia”), the Acquisition of Celcom shares by Telekom Enterprise Sdn Bhd (“TESB”), the consequent Mandatory General Offer exercise implemented by Telekom Malaysia Berhad (“TM”) and the de-merger exercise of the mobile and fixed-line businesses of the TM Group.

AIBB has been named as one of the 21 defendants in the Suit for its role as advisor to Celcom. Celcom is claiming against the defendants severally and/or jointly for the sum of US\$232,999,745.80 plus damages and interest.

AIBB has appointed Messrs. Kadir Andri & Partners to represent them in the Suit and will vigorously defend the claims made against AIBB in the Suit.

**B13. Dividend Declared**

- (a) A First Interim Dividend of 2.5 sen per share, tax exempt under the single tier tax system, has been declared by directors;
- (b) Amount per share: 2.5 sen, tax exempt under the single tier tax system;
- (c) Previous corresponding period: An interim dividend of 1.75 sen less 27% tax;
- (d) Payment date: 27 August 2008; and
- (e) In respect of deposited securities, entitlement to the interim dividend will be determined on the basis of the record of depositors as at 13 August 2008.

**B14. Related Party Transactions**

All related party transactions within the Group had been entered into in the normal course of business and were carried out on normal commercial terms.

**B15. Earnings Per Share (EPS)**

**Basic**

The calculation of the basic earnings per share is based on the net profit attributable to equity holders of the Company for the 1st quarter ended 30 June 2008 divided by the weighted average number of ordinary shares of RM1.00 each in issue during the 1st quarter ended 30 June 2008 excluding the weighted average shares held for ESS.

	<b>1st Quarter Ended</b>		<b>Cumulative 3 Months Ended</b>	
	<b>30.6.2008</b>	<b>30.6.2007</b>	<b>30.6.2008</b>	<b>30.6.2007</b>
Net profit attributable to equity holders of the Company (RM'000)	<b>124,349</b>	95,157	<b>124,349</b>	95,157
Weighted average number of ordinary shares in issue ('000)	<b>1,548,106</b>	1,346,257	<b>1,548,106</b>	1,346,257
Effect of shares bought back for ESS ('000)	<b>(10,647)</b>	-	<b>(10,647)</b>	-
	<b>1,537,459</b>	1,346,257	<b>1,537,459</b>	1,346,257
Basic earnings per share (sen)	<b>8.09</b>	7.07	<b>8.09</b>	7.07

**C. Explanatory Notes Pursuant To Appendix C of Revised BNM/GP8**

**C1. Interest Income**

<b>Group</b>	<b>1st Quarter Ended</b>		<b>Cumulative 3 Months Ended</b>	
	<b>30.6.2008</b>	<b>30.6.2007</b>	<b>30.6.2008</b>	<b>30.6.2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans, advances and financing				
- Interest/income other than recoveries from NPLs	<b>211,973</b>	185,316	<b>211,973</b>	185,316
- Recoveries from NPLs	<b>16,926</b>	23,675	<b>16,926</b>	23,675
	<b>228,899</b>	208,991	<b>228,899</b>	208,991
Money at call and deposit placements with financial institutions	<b>42,578</b>	52,324	<b>42,578</b>	52,324
Securities held-for-trading	<b>61</b>	82	<b>61</b>	82
Securities available-for-sale	<b>16,701</b>	24,178	<b>16,701</b>	24,178
Securities held-to-maturity	<b>5,895</b>	8,615	<b>5,895</b>	8,615
Others	<b>502</b>	466	<b>502</b>	466
	<b>294,636</b>	294,656	<b>294,636</b>	294,656
Accretion of discount less amortisation of premium	<b>24,457</b>	11,598	<b>24,457</b>	11,598
Net interest/income suspended	<b>(4,180)</b>	(6,238)	<b>(4,180)</b>	(6,238)
	<b>314,913</b>	300,016	<b>314,913</b>	300,016

**C2. Interest Expense**

<b>Group</b>	<b>1st Quarter Ended</b>		<b>Cumulative 3 Months Ended</b>	
	<b>30.6.2008</b>	<b>30.6.2007</b>	<b>30.6.2008</b>	<b>30.6.2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements of banks and other financial institutions	<b>7,749</b>	1,196	<b>7,749</b>	1,196
Deposits from customers	<b>125,214</b>	117,755	<b>125,214</b>	117,755
Loans sold to Cagamas	<b>1,830</b>	2,276	<b>1,830</b>	2,276
Subordinated bonds	<b>9,110</b>	9,110	<b>9,110</b>	9,110
Short term borrowing	-	2,284	-	2,284
Others	<b>(10,101)</b>	18,714	<b>(10,101)</b>	18,714
	<b>133,802</b>	151,335	<b>133,802</b>	151,335

**C3. Net Income from Islamic banking business**

<b><u>Group</u></b>	<b>1st Quarter Ended</b>		<b>Cumulative 3 Months Ended</b>	
	<b>30.6.2008</b>	<b>30.6.2007</b>	<b>30.6.2008</b>	<b>30.6.2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' funds and financial institutions	<b>46,160</b>	38,364	<b>46,160</b>	38,364
Income derived from investment of shareholders' funds	<b>5,749</b>	14,493	<b>5,749</b>	14,493
Transfer (to)/from profit equalisation reserve	<b>(577)</b>	1,784	<b>(577)</b>	1,784
Income attributable to depositors and financial institutions	<b>(11,741)</b>	(15,978)	<b>(11,741)</b>	(15,978)
Other expenses directly attributable to the investment of the depositors and shareholders' funds	<b>(436)</b>	(226)	<b>(436)</b>	(226)
	<b>39,155</b>	38,437	<b>39,155</b>	38,437

**Note:**

Net income from Islamic banking business comprises income generated from both Alliance Islamic Bank Berhad ("AIS"), a newly incorporated Islamic banking subsidiary and Islamic banking business currently residing in Alliance Investment Bank Berhad ("AIBB"). Both AIS and AIBB are wholly-owned subsidiaries of Alliance Bank Malaysia Berhad.

**C4. Other Operating Income**

<b>Group</b>	<b>1st Quarter Ended</b>		<b>Cumulative 3 Months Ended</b>	
	<b>30.6.2008</b>	<b>30.6.2007</b>	<b>30.6.2008</b>	<b>30.6.2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(a) <u>Fee income:</u>				
Commissions	<b>6,889</b>	6,957	<b>6,889</b>	6,957
Service charges and fees	<b>7,002</b>	6,730	<b>7,002</b>	6,730
Portfolio management	<b>1,662</b>	1,844	<b>1,662</b>	1,844
Corporate advisory fees	<b>960</b>	1,847	<b>960</b>	1,847
Underwriting commissions	-	961	-	961
Brokerage fees	<b>4,221</b>	14,321	<b>4,221</b>	14,321
Guarantee fees	<b>1,931</b>	1,944	<b>1,931</b>	1,944
Processing fees	<b>2,702</b>	3,968	<b>2,702</b>	3,968
Commitment fees	<b>3,304</b>	3,209	<b>3,304</b>	3,209
Other fee income	<b>4,545</b>	5,467	<b>4,545</b>	5,467
	<b>33,216</b>	47,248	<b>33,216</b>	47,248
(b) <u>Investment income:</u>				
<u>Gain/(loss) arising from sale of securities:</u>				
Net (loss)/gain from sale of securities:				
- held-for-trading	<b>(143)</b>	365	<b>(143)</b>	365
- available-for-sale	<b>263</b>	6,435	<b>263</b>	6,435
Net gain from redemption of securities:				
- held-to-maturity	<b>14,404</b>	642	<b>14,404</b>	642
<u>Unrealised gain on revaluation of:</u>				
- securities held-for-trading	<b>269</b>	1,742	<b>269</b>	1,742
- trading derivatives	<b>5,739</b>	-	<b>5,739</b>	-
<u>Gross dividend income from:</u>				
- securities held-to-maturity	<b>1,414</b>	802	<b>1,414</b>	802
	<b>21,946</b>	9,986	<b>21,946</b>	9,986
(c) <u>Other income:</u>				
Foreign exchange profit/(loss)				
- realised	<b>12,555</b>	16,958	<b>12,555</b>	16,958
- unrealised	<b>555</b>	(10,017)	<b>555</b>	(10,017)
Rental income	<b>317</b>	95	<b>317</b>	95
Gain on disposal of property, plant and equipment	<b>114</b>	402	<b>114</b>	402
(Loss)/gain on disposal of foreclosed properties	<b>(148)</b>	13	<b>(148)</b>	13
Others income	<b>847</b>	1,930	<b>847</b>	1,930
	<b>14,240</b>	9,381	<b>14,240</b>	9,381
Total other operating income	<b>69,402</b>	66,615	<b>69,402</b>	66,615



**C5. Other Operating Expenses**

<b>Group</b>	<b>1st Quarter Ended</b>		<b>Cumulative 3 Months Ended</b>	
	<b>30.6.2008</b>	<b>30.6.2007</b>	<b>30.6.2008</b>	<b>30.6.2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Personnel costs:</b>				
Salaries, allowances and bonuses	<b>65,372</b>	67,468	<b>65,372</b>	67,468
Pension costs	<b>10,793</b>	10,126	<b>10,793</b>	10,126
Share options/grants under ESS	<b>1,042</b>	-	<b>1,042</b>	-
Others	<b>10,620</b>	9,479	<b>10,620</b>	9,479
	<b>87,827</b>	87,073	<b>87,827</b>	87,073
<b>Establishment costs:</b>				
Depreciation of property, plant and equipment	<b>8,425</b>	5,901	<b>8,425</b>	5,901
Amortisation of computer software	<b>4,094</b>	3,382	<b>4,094</b>	3,382
Amortisation of leasehold land	<b>35</b>	28	<b>35</b>	28
Rental of premises	<b>7,130</b>	6,623	<b>7,130</b>	6,623
Water and electricity	<b>1,829</b>	1,905	<b>1,829</b>	1,905
Repairs and maintenance	<b>2,243</b>	2,038	<b>2,243</b>	2,038
EDP expenses	<b>9,779</b>	7,885	<b>9,779</b>	7,885
Others	<b>2,813</b>	3,391	<b>2,813</b>	3,391
	<b>36,348</b>	31,153	<b>36,348</b>	31,153
<b>Marketing expenses:</b>				
Promotion and advertisement	<b>(200)</b>	4,888	<b>(200)</b>	4,888
Branding and publicity	<b>1,517</b>	1,911	<b>1,517</b>	1,911
Others	<b>1,587</b>	1,908	<b>1,587</b>	1,908
	<b>2,904</b>	8,707	<b>2,904</b>	8,707
<b>Administration and general expenses:</b>				
Communication expenses	<b>3,648</b>	3,206	<b>3,648</b>	3,206
Printing and stationery	<b>1,599</b>	1,361	<b>1,599</b>	1,361
Insurance	<b>1,002</b>	761	<b>1,002</b>	761
Professional fees	<b>2,714</b>	2,504	<b>2,714</b>	2,504
Others	<b>3,584</b>	3,385	<b>3,584</b>	3,385
	<b>12,547</b>	11,217	<b>12,547</b>	11,217
<b>Total other operating expenses</b>	<b>139,626</b>	138,150	<b>139,626</b>	138,150

**C6. Write-back for Losses on Loans, Advances and Financing**

<b>Group</b>	<b>1st Quarter Ended</b>		<b>Cumulative 3 Months Ended</b>	
	<b>30.6.2008</b>	<b>30.6.2007</b>	<b>30.6.2008</b>	<b>30.6.2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(Write-back)/allowance for bad and doubtful debts and financing:				
(a) Specific allowance				
- Made during the period	<b>93,365</b>	110,813	<b>93,365</b>	110,813
- Written back during the period	<b>(101,396)</b>	(104,992)	<b>(101,396)</b>	(104,992)
(b) General allowance				
- Made during the period	<b>20,357</b>	11,229	<b>20,357</b>	11,229
- Written back during the period	<b>(7,216)</b>	(6,530)	<b>(7,216)</b>	(6,530)
Bad debts on loans and financing				
- Recovered	<b>(25,522)</b>	(72,026)	<b>(25,522)</b>	(72,026)
- Written off	<b>1,078</b>	120	<b>1,078</b>	120
	<b>(19,334)</b>	(61,386)	<b>(19,334)</b>	(61,386)
(Write-back)/allowance on other assets	<b>(966)</b>	3,546	<b>(966)</b>	3,546
	<b>(20,300)</b>	(57,840)	<b>(20,300)</b>	(57,840)

**C7. Securities Held-for-trading**

	<b>Group</b>	
	<b>30.6.2008</b>	<b>31.3.2008</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
<u>Money market instruments:</u>		
Bank Negara Malaysia bills	-	14,756
Commercial papers	-	27,917
<u>Quoted securities in Malaysia:</u>		
Shares	<b>2,409</b>	3,088
Debt securities	<b>11,262</b>	13,141
<u>Unquoted securities:</u>		
Debt securities	-	41,227
Total securities held-for-trading	<b>13,671</b>	100,129

**C8. Securities Available-for-sale**

	<b>Group</b>	
	<b>30.6.2008</b>	<b>31.3.2008</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
<u>Money market instruments:</u>		
Malaysian Government securities	<b>10,267</b>	10,088
Malaysian Government investment certificates	<b>124,851</b>	200,428
Bank Negara Malaysia bills	<b>198,598</b>	-
Cagamas bonds	<b>5,001</b>	5,012
Negotiable instruments of deposits	<b>719,869</b>	1,109,897
Commercial papers	<b>118,928</b>	35,972
Bankers acceptances	<b>1,791,452</b>	1,190,807
<u>Quoted securities in Malaysia:</u>		
Debt securities	<b>10,243</b>	10,383
<u>Unquoted securities:</u>		
Shares	<b>6,711</b>	6,711
Debt securities	<b>587,603</b>	521,720
Total securities available-for-sale	<b>3,573,523</b>	3,091,018

**C9. Securities Held-to-maturity**

	<b>Group</b>	
	<b>30.6.2008</b>	<b>31.3.2008</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>		
<u>Money market instruments:</u>		
Malaysian Government securities	<b>107,762</b>	108,606
Malaysian Government investment certificates	<b>53,222</b>	53,046
Cagamas bonds	<b>30,009</b>	94,983
Khazanah bonds	<b>206,140</b>	278,756
Bankers acceptances	-	124
<u>Quoted securities in Malaysia:</u>		
Debt securities	<b>4,902</b>	4,932
<u>Unquoted securities:</u>		
Shares	<b>22,021</b>	22,021
Debt securities	<b>351,052</b>	396,274
	<b>775,108</b>	958,742
Accumulated impairment losses	<b>(125,558)</b>	(137,448)
Total securities held-to-maturity	<b>649,550</b>	821,294

**C10. Loans, Advances and Financing**

	<b>Group</b>	
	<b>30.6.2008</b>	<b>31.3.2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Overdrafts	1,710,119	1,787,614
Term loans/financing		
- Housing loans/financing	6,299,775	5,775,875
- Syndicated term loans/financing	271,668	297,179
- Hire purchase receivables	1,432,161	1,427,178
- Lease receivables	2,516	4,053
- Other term loans/financing	5,075,246	4,749,197
Bills receivables	145,222	152,046
Trust receipts	158,493	138,705
Claims on customers under acceptance credit	1,632,860	1,553,982
Staff loans [includes RM359,000 loan to Executive Director from a banking subsidiary (2008: RM389,000)]	114,546	112,779
Credit/charge card receivables	595,799	546,659
Revolving credits	511,970	600,847
Other loans	382,140	360,325
	<b>18,332,515</b>	<b>17,506,439</b>
Unearned interest and income	<b>(1,030,711)</b>	<b>(961,743)</b>
Gross loans, advances and financing	<b>17,301,804</b>	<b>16,544,696</b>
Allowance for bad and doubtful debts and financing:		
- Specific	(580,293)	(636,429)
- General	(302,437)	(289,296)
Net loans, advances and financing	<b>16,419,074</b>	<b>15,618,971</b>

(a) By type of customer:

	<b>Group</b>	
	<b>30.6.2008</b>	<b>31.3.2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic non-bank financial institutions		
- Stockbroking companies	21	21
- Others	71,285	168,373
Domestic business enterprises		
- Small and medium enterprises	4,024,401	4,106,594
- Others	3,427,359	3,170,758
Government and statutory bodies	17,816	17,955
Individuals	9,530,127	8,894,371
Other domestic entities	6,346	6,356
Foreign entities	224,449	180,268
Gross loans, advances and financing	<b>17,301,804</b>	<b>16,544,696</b>

**C10. Loans, Advances and Financing** (cont'd)

(b) By interest/profit rate sensitivity:

	<b>Group</b>	
	<b>30.6.2008</b>	<b>31.3.2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate		
- Housing loans/financing	<b>165,253</b>	164,468
- Hire purchase receivables	<b>1,261,594</b>	1,256,672
- Other fixed rate loans/financing	<b>1,474,852</b>	1,416,703
Variable rate		
- Base lending rate plus	<b>11,338,533</b>	10,803,036
- Cost plus	<b>2,824,382</b>	2,658,754
- Other variable rates	<b>237,190</b>	245,063
	<b>17,301,804</b>	16,544,696

(c) By economic purposes:

	<b>Group</b>	
	<b>30.6.2008</b>	<b>31.3.2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of securities	<b>409,672</b>	396,072
Purchase of transport vehicles	<b>1,354,089</b>	1,340,553
Purchase of landed property	<b>8,058,767</b>	7,468,780
<i>of which: - Residential</i>	<b>6,130,364</b>	5,670,474
<i>- Non-residential</i>	<b>1,928,403</b>	1,798,306
Purchase of fixed assets excluding land & buildings	<b>17,097</b>	24,471
Personal use	<b>1,185,810</b>	1,075,299
Credit card	<b>595,806</b>	546,636
Purchase of durable goods	<b>160</b>	116
Construction	<b>232,633</b>	263,678
Working capital	<b>4,982,070</b>	4,971,564
Others	<b>465,700</b>	457,527
	<b>17,301,804</b>	16,544,696

**C10. Loans, Advances and Financing** (cont'd)

(d) Non-performing loans/financing ("NPL/NPF")

Movements in NPL, advances and financing are as follows:

	<b>Group</b>	
	<b>30.6.2008</b>	<b>31.3.2008</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of year	<b>1,158,506</b>	1,568,510
Non-performing during the period/year	<b>210,176</b>	762,791
Reclassified as performing during the period/year	<b>(169,703)</b>	(626,319)
Loans/financing converted to securities	-	(11,726)
Recoveries	<b>(118,733)</b>	(352,592)
Amount written off	<b>(48,105)</b>	(182,158)
At end of period/year	<b>1,032,141</b>	1,158,506
Specific allowance	<b>(580,293)</b>	(636,429)
Net non-performing loans, advances and financing	<b>451,848</b>	522,077
Net NPL as % of gross loans, advances and financing less specific allowance	<b>2.7%</b>	3.3%

(e) Movements in the allowance for bad and doubtful debts and financing are as follows:

	<b>Group</b>	
	<b>30.6.2008</b>	<b>31.3.2008</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>General Allowance</b>		
At beginning of year	<b>289,296</b>	245,582
Allowance made during the period/year	<b>20,357</b>	69,252
Amount written back	<b>(7,216)</b>	(25,538)
At end of period/year	<b>302,437</b>	289,296
As % of gross loans, advances and financing less specific allowance	<b>1.8%</b>	1.8%

**C10. Loans, Advances and Financing** (cont'd)

(e) Movements in the allowance for bad and doubtful debts and financing are as follows: (cont'd)

	<b>Group</b>	
	<b>30.6.2008</b>	<b>31.3.2008</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Specific Allowance</b>		
At beginning of year	<b>636,429</b>	813,485
Allowance made during the period/year	<b>93,365</b>	342,536
Amount written back in respect of recoveries	<b>(101,396)</b>	(325,708)
Loan/financing converted to securities	-	(11,726)
Amount written off	<b>(48,105)</b>	(182,158)
	<b>580,293</b>	636,429

(f) NPL/NPF by economic purposes:

	<b>Group</b>	
	<b>30.6.2008</b>	<b>31.3.2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of securities	<b>40,184</b>	62,099
Purchase of transport vehicles	<b>42,963</b>	32,055
Purchase of landed property	<b>448,486</b>	552,454
of which: - Residential	<b>283,551</b>	367,560
- Non-residential	<b>164,935</b>	184,894
Purchase of fixed assets excluding land & buildings	<b>878</b>	766
Personal use	<b>51,808</b>	50,051
Credit card	<b>10,048</b>	11,855
Construction	<b>26,327</b>	37,034
Working capital	<b>377,544</b>	383,060
Others	<b>33,903</b>	29,132
	<b>1,032,141</b>	1,158,506



**C11. Balances Due From Clients And Brokers**

	<b>Group</b>	
	<b>30.6.2008</b>	<b>31.3.2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Due from clients	<b>69,302</b>	95,717
Due from brokers	<b>32,569</b>	48,281
	<b>101,871</b>	143,998
Less:		
Allowance for bad and doubtful debts	<b>(23,112)</b>	(24,665)
	<b>78,759</b>	119,333

These represent amount receivable by Alliance Investment Bank Berhad ("AIBB") from non-margin clients and outstanding contracts entered into on behalf of clients where settlement via the Central Depository System has yet to be made.

AIBB's normal trade credit terms for non-margin clients is 3 market days in accordance with Bursa Malaysia Securities Berhad's Fixed Delivery and Settlement System ("FDSS") trading rules.

Included in the balances due from clients and brokers are non-performing accounts as follows:

	<b>Group</b>	
	<b>30.6.2008</b>	<b>31.3.2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Classified as doubtful	<b>274</b>	825
Classified as bad	<b>24,523</b>	25,290
	<b>24,797</b>	26,115

The movements in allowance for bad and doubtful debts are as follows:

At beginning of year	<b>24,665</b>	21,367
Allowance made during the period/year	<b>205</b>	4,219
Reversal of allowance	<b>(1,758)</b>	(921)
At end of period/year	<b>23,112</b>	24,665

**C12. Other Assets**

	<b>Group</b>	
	<b>30.6.2008</b>	<b>31.3.2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Other receivables, deposits and prepayments	205,275	221,263
Interest/income receivable	32,554	38,147
Trade receivables	25	15
Manager's stocks	4,120	3,257
Foreclosed properties	6,231	6,756
	<b>248,205</b>	269,438
Allowance for bad and doubtful debts	<b>(14,621)</b>	(14,589)
	<b>233,584</b>	254,849

**C13. Deposits From Customers**

	<b>Group</b>	
	<b>30.6.2008</b>	<b>31.3.2008</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>By type of deposits:</u>		
Demand deposits	6,036,706	5,790,214
Savings deposits	1,678,238	1,648,957
Fixed/investment deposits	12,889,555	12,868,850
Money market deposits	772,383	979,283
Negotiable instruments of deposits	294,923	64,456
	<b>21,671,805</b>	21,351,760

	<b>Group</b>	
	<b>30.6.2008</b>	<b>31.3.2008</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>By type of customers:</u>		
Government and statutory bodies	848,682	932,413
Business enterprises	7,440,713	7,631,613
Individuals	12,318,748	12,018,644
Others	1,063,662	769,090
	<b>21,671,805</b>	21,351,760

**C14. Deposits and Placements of Banks and Other Financial Institutions**

	<b>Group</b>	
	<b>30.6.2008</b>	<b>31.3.2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed commercial banks	474,058	783,829
Licensed investment banks	315,300	255,000
Bank Negara Malaysia	467,421	415,295
	<b>1,256,779</b>	<b>1,454,124</b>

**C15. Balances Due To Clients and Brokers**

	<b>Group</b>	
	<b>30.6.2008</b>	<b>31.3.2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Due to clients	62,042	52,249
Due to brokers	25,269	60,377
	<b>87,311</b>	<b>112,626</b>

These mainly relates to amounts payable to non-margin clients and outstanding contracts entered into on behalf of clients where settlement via the Central Depository System has yet to be made.

AIBB's normal trade credit terms for non-margin client is 3 market day according to Bursa Malaysia Securities Berhad's FDSS trading rules.

**C16. Other Liabilities**

	<b>Group</b>	
	<b>30.6.2008</b>	<b>31.3.2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Other payable and accruals	864,966	935,870
Interest/income payable	95,266	105,301
Remisier's accounts	26,009	27,431
Profit Equalisation Reserve	52,502	51,925
	<b>1,038,743</b>	<b>1,120,527</b>

**C17. Capital Adequacy**

The capital adequacy ratios of the Alliance Bank group are as follows:

	<b>30.6.2008</b>	<b>31.3.2008</b>
	%	%
<u>Before deducting proposed dividends</u>		
Core capital ratio	-	11.46
Risk-weighted capital ratio	-	16.39
<u>After deducting proposed dividends</u>		
Core capital ratio	<b>10.39</b>	11.23
Risk-weighted capital ratio	<b>15.05</b>	16.16

Components of Tier-I and Tier-II capital are as follows:

	<b>30.6.2008</b>	<b>31.3.2008</b>
	RM'000	RM'000
<b>Tier-I Capital</b>		
Paid-up share capital	<b>596,517</b>	596,517
Preference shares	<b>4,000</b>	4,000
Share premium	<b>597,517</b>	597,517
Retained profits	<b>660,352</b>	702,407
Statutory reserves	<b>608,948</b>	608,948
Other reserves	<b>10,035</b>	10,035
Minority interests	<b>4,885</b>	4,949
	<b>2,482,254</b>	2,524,373
Less: Purchased goodwill/goodwill on consolidation	<b>(304,149)</b>	(304,149)
Deferred tax assets	<b>(165,795)</b>	(151,985)
Total Tier-I capital	<b>2,012,310</b>	2,068,239
<b>Tier-II Capital</b>		
Subordinated bonds	<b>600,000</b>	600,000
General allowance for bad and doubtful debts and financing	<b>302,474</b>	289,296
Total Tier-II capital	<b>902,474</b>	889,296
Total Capital	<b>2,914,784</b>	2,957,535
<b>Total Capital Base</b>	<b>2,914,784</b>	2,957,535

Analysis of the risk-weighted assets in the various categories of risk-weighted are as follows:

<u>Group</u>	<b>30.6.2008</b>		<b>31.3.2008</b>	
	Notional RM'000	Risk- Weighted RM'000	Notional RM'000	Risk- Weighted RM'000
Credit risk	<b>29,814,398</b>	<b>17,166,907</b>	29,212,069	16,016,103
Market risk	-	<b>42,266</b>	-	83,714
Operational risk	-	<b>2,154,677</b>	-	1,944,266
<b>Total Risk-Weighted Assets</b>	<b>29,814,398</b>	<b>19,363,850</b>	29,212,069	18,044,083

**ALLIANCE FINANCIAL GROUP BERHAD** (formerly known as Malaysian Plantations Berhad) (6627-X)  
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**C18. Interest Rate Risk**

<b>GROUP</b>	<b>Up to 1 month</b>	<b>&gt;1-3 months</b>	<b>&gt;3-6 months</b>	<b>&gt;6-12 months</b>	<b>&gt;1-5 years</b>	<b>Over 5 years</b>	<b>Non- interest sensitive</b>	<b>Trading book</b>	<b>Total</b>	<b>Effective interest rate</b>
<b>As at 30 June 2008</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
<b>ASSETS</b>										
Cash and short-term funds	4,344,953	-	-	-	-	-	524,311	-	4,869,264	3.48
Deposits and placements with financial institutions	-	309,211	32,675	-	-	-	-	-	341,886	3.11
Securities held-for-trading	-	-	-	-	-	-	-	13,671	13,671	3.57
Securities available-for-sale	926,329	1,394,024	474,120	199,356	463,639	102,851	1,113	12,091	3,573,523	3.98
Securities held-to-maturity	109,743	178,598	17,894	147,249	170,238	5,247	20,581	-	649,550	4.48
Loans, advances and financing	11,547,811	1,059,176	424,694	219,915	2,245,147	772,920	149,41*	-	16,419,074	6.82
Balances due from clients and brokers	58,789	-	-	-	-	-	19,970	-	78,759	12.00
Other non-interest sensitive balances	-	-	-	-	-	-	1,758,547	5,739	1,764,286	-
<b>TOTAL ASSETS</b>	<b>16,987,625</b>	<b>2,941,009</b>	<b>949,383</b>	<b>566,520</b>	<b>2,879,024</b>	<b>881,018</b>	<b>2,473,933</b>	<b>31,501</b>	<b>27,710,013</b>	
<b>LIABILITIES</b>										
Deposits from customers	13,655,067	2,112,320	1,877,652	3,578,217	448,549	-	-	-	21,671,805	2.54
Deposits and placements of banks and other financial institutions	699,967	107,742	8,217	25,153	415,700	-	-	-	1,256,779	2.69
Bills and acceptances payable	63,915	-	-	-	-	-	-	-	63,915	3.76
Subordinated bonds	-	-	-	-	600,000	-	-	-	600,000	6.09
Recourse obligations on loans sold to Cagamas	-	165,453	-	23,589	57,029	-	-	-	246,071	3.44
Balances due to clients and brokers	86,740	-	-	-	-	-	571	-	87,311	2.50
Other non-interest sensitive balances	-	-	-	-	-	-	1,087,140	-	1,087,140	-
<b>TOTAL LIABILITIES</b>	<b>14,505,689</b>	<b>2,385,515</b>	<b>1,885,869</b>	<b>3,626,959</b>	<b>1,521,278</b>	<b>-</b>	<b>1,087,711</b>	<b>-</b>	<b>25,013,021</b>	
Equity	-	-	-	-	-	-	2,692,181	-	2,692,181	-
Minority interests	-	-	-	-	-	-	4,811	-	4,811	-
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>14,505,689</b>	<b>2,385,515</b>	<b>1,885,869</b>	<b>3,626,959</b>	<b>1,521,278</b>	<b>-</b>	<b>3,784,703</b>	<b>-</b>	<b>27,710,013</b>	
On-balance sheet interest sensitivity gap	2,481,936	555,494	(936,486)	(3,060,439)	1,357,746	881,018	(1,310,770)	31,501	-	
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-	-	
<b>Total interest sensitivity gap</b>	<b>2,481,936</b>	<b>555,494</b>	<b>(936,486)</b>	<b>(3,060,439)</b>	<b>1,357,746</b>	<b>881,018</b>	<b>(1,310,770)</b>	<b>31,501</b>	<b>-</b>	

\* Non-performing loans, specific allowance and general allowance of the Group are classified as non-interest sensitive.

**ALLIANCE FINANCIAL GROUP BERHAD** (formerly known as Malaysian Plantations Berhad) (6627-X)  
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C18. **Interest Rate Risk** (cont'd)

<b>GROUP</b>	<b>Up to 1 month</b>	<b>&gt;1-3 months</b>	<b>&gt;3-6 months</b>	<b>&gt;6-12 months</b>	<b>&gt;1-5 years</b>	<b>Over 5 years</b>	<b>Non- interest sensitive</b>	<b>Trading book</b>	<b>Total</b>	<b>Effective interest rate</b>
<b>As at 31 March 2008</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
<b>ASSETS</b>										
Cash and short-term funds	5,276,877	-	-	-	-	-	497,178	-	5,774,055	3.54
Deposits and placements with financial institutions	-	532,835	-	-	-	-	-	-	532,835	3.19
Securities held-for-trading	-	-	-	-	-	-	-	100,129	100,129	4.17
Securities available-for-sale	928,435	1,028,391	428,524	5,049	423,090	264,185	1,113	12,231	3,091,018	4.08
Securities held-to-maturity	25,183	149,437	282,944	27,840	311,521	5,253	19,116	-	821,294	3.45
Loans, advances and financing	11,219,410	1,029,481	259,665	331,198	1,862,176	684,260	232,78 *	-	15,618,971	7.10
Balances due from clients and brokers	98,481	-	-	-	-	-	20,852	-	119,333	12.00
Other non-interest sensitive balances	-	-	-	-	-	-	1,624,756	-	1,624,756	-
<b>TOTAL ASSETS</b>	<b>17,548,386</b>	<b>2,740,144</b>	<b>971,133</b>	<b>364,087</b>	<b>2,596,787</b>	<b>953,698</b>	<b>2,395,796</b>	<b>112,360</b>	<b>27,682,391</b>	
<b>LIABILITIES</b>										
Deposits from customers	13,498,073	1,893,926	2,083,198	3,385,967	490,596	-	-	-	21,351,760	2.53
Deposits and placements of banks and other financial institutions	1,022,923	24,537	15,469	20,644	370,551	-	-	-	1,454,124	2.73
Bills and acceptances payable	57,841	96,275	7,302	-	-	-	-	-	161,418	3.83
Subordinated bonds	-	-	-	-	600,000	-	-	-	600,000	6.09
Recourse obligations on loans sold to Cagamas	-	-	168,535	6,224	80,632	-	-	-	255,391	3.44
Balances due to clients and brokers	112,123	-	-	-	-	-	503	-	112,626	2.50
Other non-interest sensitive balances	-	-	-	-	-	-	1,152,684	-	1,152,684	-
<b>TOTAL LIABILITIES</b>	<b>14,690,960</b>	<b>2,014,738</b>	<b>2,274,504</b>	<b>3,412,835</b>	<b>1,541,779</b>	<b>-</b>	<b>1,153,187</b>	<b>-</b>	<b>25,088,003</b>	
Equity	-	-	-	-	-	-	2,589,438	-	2,589,438	-
Minority interests	-	-	-	-	-	-	4,950	-	4,950	-
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>14,690,960</b>	<b>2,014,738</b>	<b>2,274,504</b>	<b>3,412,835</b>	<b>1,541,779</b>	<b>-</b>	<b>3,747,575</b>	<b>-</b>	<b>27,682,391</b>	
On-balance sheet interest sensitivity gap	2,857,426	725,406	(1,303,371)	(3,048,748)	1,055,008	953,698	(1,351,779)	112,360	-	
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-	-	
<b>Total interest sensitivity gap</b>	<b>2,857,426</b>	<b>725,406</b>	<b>(1,303,371)</b>	<b>(3,048,748)</b>	<b>1,055,008</b>	<b>953,698</b>	<b>(1,351,779)</b>	<b>112,360</b>	<b>-</b>	

\* Non-performing loans, specific allowance and general allowance of the Group are classified as non-interest sensitive.

**C19. Comparative Figures**

The following comparative figures have been reclassified to conform with the current year's presentation:

	<b>Group</b>	
	<b>As restated</b>	<b>As previously</b>
	<b>RM'000</b>	<b>reported</b>
		<b>RM'000</b>
<u>Income statement for the 1st quarter and</u> <u>cumulative three months ended 30 June 2007</u>		
Operating revenue	402,027	403,313
Interest income	300,016	301,302
Interest expense	(151,335)	(152,715)
Other operating expenses	(138,150)	(138,056)
	<hr/>	<hr/>

**By Order of the Board**

**LEE WEI YEN (MAICSA 7001798)**

Group Company Secretary

Kuala Lumpur

8 August 2008