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(Incorporated in Malaysia)

UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2006

BANK OF CHINA (MALAYSIA) BERHAD
 (Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED BALANCE SHEETS AS AT 30 SEPTEMBER 2006

	Note	30 September 2006 RM'000	31 December 2005 RM'000
ASSETS			
Cash and short-term funds	8	401,158	396,694
Deposits and placements with banks and other financial institutions	9	185,200	128,400
Securities portfolio			
Held-to-maturity investments	10	55,931	56,396
Loans and advances	11	354,478	286,300
Other assets	12	5,706	4,446
Deferred taxation assets			
Tax recoverable		5,172	5,172
Statutory deposits with Bank Negara Malaysia		146	146
Property, plant and equipment		786	885
TOTAL ASSETS		1,008,577	878,439
 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits from customers	13	460,670	320,610
Deposits and placements of banks and other financial institutions	14	190,012	178,922
Bills and acceptances payable		-	26,746
Other liabilities	15	23,101	22,884
TOTAL LIABILITIES		673,783	549,162
 Financed by:			
Share Capital		304,000	304,000
Reserves		30,794	25,277
SHAREHOLDERS' EQUITY		334,794	329,277
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,008,577	878,439
 COMMITMENTS AND CONTINGENCIES	23	343,458	480,863

BANK OF CHINA (MALAYSIA) BERHAD
 (Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED INCOME STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2006

		Nine Months Ended	
		30 September	30 September
		2006	2005
		RM'000	RM'000
Interest income	16	32,583	26,684
Interest expense	17	(16,093)	(12,596)
Net interest income		<u>16,490</u>	<u>14,088</u>
Other operating income	18	8,454	5,048
Other operating expenses	19	(10,176)	(8,894)
Allowance for losses on loans and advances	20	-	-
Profit before taxation		<u>14,768</u>	<u>10,242</u>
Taxation	21	(4,217)	(3,400)
Net profit for the financial year		<u>10,551</u>	<u>6,842</u>

BANK OF CHINA (MALAYSIA) BERHAD
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UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2006

	Issued and fully paid ordinary shares of RM1 each	Non- distributable	Distributable		
	Nominal value RM'000	Statutory reserve RM'000	Retained profit RM'000	Proposed dividend RM'000	
				Total RM'000	
At 1 January 2006	304,000	19,868	375	5,034	329,277
Net profit for the financial year	-	-	10,551	-	10,551
Transfer to statutory reserve	-	-	-	-	-
Proposed dividend	-	-	-	(5,034)	(5,034)
At 30 September 2006	<u>304,000</u>	<u>19,868</u>	<u>10,926</u>	<u>-</u>	<u>334,794</u>
At 1 January 2005	304,000	14,769	311	-	319,080
Net profit for the financial year	-	-	10,197	-	10,197
Transfer to statutory reserve	-	5,099	(5,099)	-	-
Proposed dividend	-	-	(5,034)	5,034	-
At 31 December 2005	<u>304,000</u>	<u>19,868</u>	<u>375</u>	<u>5,034</u>	<u>329,277</u>

BANK OF CHINA (MALAYSIA) BERHAD
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UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED CASH FLOW STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2006

	Note	30 September 2006 RM'000	31 December 2005 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		14,768	14,206
<i>Adjustment for:</i>			
Depreciation of property, plant and equipment		292	579
Amortisation of premium less accretion of discount		465	814
Loan loss allowance		-	258
Interest income from held-to-maturity investments		(2,019)	(3,209)
Unrealised foreign exchange gain		(162)	(299)
Cash flow from operating profit before changes in operating assets and liabilities		13,344	12,349
(INCREASE)/DECREASE IN OPERATING ASSETS			
Loans and advances		(67,980)	(33,312)
Deposits and placements with banks and other financial institutions		(56,800)	(128,400)
Other assets		(1,003)	14,723
INCREASE/(DECREASE) IN OPERATING LIABILITIES			
Deposits from customers		140,060	99,918
Deposits and placements of banks and other financial institutions		11,090	(122,848)
Bills and acceptances payable		(26,746)	26,326
Other liabilities		(398)	8,156
Cash generated from / (used in) operating activities		11,567	(123,088)
Taxation paid		(3,800)	(4,005)
Net cash generated from / (used in) operating activities		7,767	(127,093)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(193)	(216)
Net sale of held-to-maturity investments		-	35,000
Interest received on held-to-maturity investments		1,924	2,837
Net cash generated from investing activities		1,731	37,621
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid to Head Office		(5,034)	-
Net cash used in financing activities		(5,034)	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD			
		4,464	(89,472)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD			
		396,694	486,166
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR			
	8	401,158	396,694

BANK OF CHINA (MALAYSIA) BERHAD
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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2006**

1 Review of Performance and Commentary of Prospects

The bank recorded a higher profit before tax for the first nine months ended 30 September 2006 compared with the corresponding period in 2005. In year 2006, the bank will focus on increasing its fee based income by emphasising in securing international settlement and trade finance business.

The bank will continue to source quality credit lending, enhancing its competitive edge in market place while maintaining its superior asset quality.

2 Group Accounting Policies

The interim financial statements for the nine months ended 30 September 2006 have been prepared in accordance with FRS134 (formerly known as MASB 26) issued by the Malaysian Accounting Standard Board (MASB). The interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2005.

The accounting policies adopted by the Bank for the interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2005.

The Bank has been given approval by Bank Negara Malaysia to compute impairment losses of loans and advances based on "Guidelines on Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts, BNM/GP3".

3 Audit Report

The audit report for the financial period ended 31 December 2005 was not subject to any qualification.

4 Seasonal or Cyclical Factors

The business operations of the Bank have not been affected by any material seasonal cyclical factors.

5 Exceptional or Extraordinary Items

There were no exceptional or extraordinary items in the nine months ended 30 September 2006.

6 Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the nine months ended 30 September 2006.

7 Changes in Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the period under review.

BANK OF CHINA (MALAYSIA) BERHAD
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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
 ENDED 30 SEPTEMBER 2006**

8 Cash and short-term funds

	30 September	31 December
	2006	2005
	RM'000	RM'000
Cash and balances with banks and other financial institutions	37,958	19,350
Money at call and deposit placements maturing within 1 month	363,200	377,344
	401,158	396,694

9 Deposits and placements with banks and other financial institutions

	30 September	31 December
	2006	2005
	RM'000	RM'000
Bank Negara Malaysia	185,200	128,400
	185,200	128,400

10 Securities portfolio
Held-to-maturity investments

	30 September	31 December
	2006	2005
	RM'000	RM'000
Malaysian Government Securities	58,029	58,029
Amortisation of premium less accretion of discounts	(2,098)	(1,633)
	55,931	56,396

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
 ENDED 30 SEPTEMBER 2006**

11 Loans and advances

(i) By type

	30 September 2006 RM'000	31 December 2005 RM'000
Overdrafts	44,659	39,059
Terms loans		
- Housing loans	6,432	4,785
- Syndicated term loan	100,423	117,876
- Other term loans	98,607	84,016
Bills receivable	45	625
Trust receipts	6,769	3,817
Claims on customers under acceptance credits	43,848	37,560
Staff loans	1,375	1,384
Of which: RMnil are to Directors		
Loans to banks and other financial institutions	62,675	7,477
Unearned interest and income	364,833	296,599
Total gross loans and advances	(254)	(198)
Less: Allowance for bad and doubtful debts:		
- General	(9,810)	(9,810)
- Specific	(291)	(291)
Total net loans and advances	354,478	286,300

(ii) By type of customer

	30 September 2006 RM'000	31 December 2005 RM'000
Domestic banking institutions	55,371	-
Domestic non-bank financial institutions	7,304	7,477
Domestic business enterprises		
- Small medium enterprises ("SME")	149,207	136,877
- Non-SME	64,646	59,543
Government and statutory bodies	59,101	64,936
Individuals	10,210	8,662
Foreign entities	18,740	18,906
	364,579	296,401

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
 ENDED 30 SEPTEMBER 2006**

11 Loans and advances (continued)
 (iii) By interest rate sensitivity

	30 September 2006 RM'000	31 December 2005 RM'000
Fixed rate		
- Housing loans	1,933	3,398
- Other fixed rate loan	1,375	1,384
Variable rate		
- BLR plus	161,838	136,216
- Cost plus	43,639	37,527
- Other variable rates	155,794	117,876
	<u>364,579</u>	<u>296,401</u>

(iv) By purpose

	30 September 2006 RM'000
Purchase of securities	-
Purchase of transport vehicles	178
Purchase of landed property:	47,396
- Residential	7,733
- Non-residential	39,663
Purchase of fixed assets other than land and building	-
Personal use	1,731
Credit card	-
Purchase of consumer durables	-
Construction	11,369
Merger and acquisition	-
Working capital	269,694
Other purpose	34,211
	<u>364,579</u>

The restatement of comparative information as at 31 December 2005 is impracticable

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
 ENDED 30 SEPTEMBER 2006**

(v) Non-performing Loans (NPL)
(i) Movement in non-performing loans and advances

	30 September 2006 RM'000	31 December 2005 RM'000
At beginning of year	403	392
Classified as non-performing during the period	7,303	-
Other adjustments (referring to payment made for legal fees, insurance premium, deposit to Land Office, quit rent & assessment and valuation fees)	38	11
At end of period	<u>7,744</u>	403
Specific allowance	(291)	(291)
Net non-performing loans and advances	<u>7,453</u>	<u>112</u>
Ratio of net non-performing loans and advances to net loans and advances	2.05%	0.04%

(ii) Movement in allowance for bad and doubtful debts

	30 September 2006 RM'000	31 December 2005 RM'000
General allowance		
At beginning of year	9,810	9,810
At end of period	<u>9,810</u>	<u>9,810</u>
As % of gross loans and advances less specific allowance		
	2.7%	3.3%
Specific allowance		
At beginning of year	291	33
Allowance made during the period	-	258
At end of period	<u>291</u>	<u>291</u>

(iii) NPL by purpose

	30 September 2006 RM'000	31 December 2005 RM'000
Working capital	<u>7,744</u>	<u>403</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
 ENDED 30 SEPTEMBER 2006**

12 Other Assets

	30 September	31 December
	2006	2005
	RM'000	RM'000
Interest receivable	2,449	2,020
Other debtors, deposits and prepayments	3,257	2,426
	5,706	4,446

13 Deposits from Customers

(i) **By type of deposits**

	30 September	31 December
	2006	2005
	RM'000	RM'000
Demand deposits	61,107	69,700
Savings deposits	15,626	17,528
Fixed deposits	153,931	124,370
Negotiable instruments of deposits	230,000	109,000
Others	6	12
	460,670	320,610

(ii) **By type of customer**

	30 September	31 December
	2006	2005
	RM'000	RM'000
Government and statutory bodies	1,006	1,012
Business enterprises	381,610	247,760
Individuals	78,007	71,771
Others	47	67
	460,670	320,610

14 Deposits and placements of banks and other financial institutions

	30 September	31 December
	2006	2005
	RM'000	RM'000
Licensed banks	190,012	178,922
	190,012	178,922

15 Other Liabilities

	30 September	31 December
	2006	2005
	RM'000	RM'000
Interest payable	2,208	1,868
Accrued expenses	9,400	8,929
Margin deposits	6,813	7,176
Other liabilities	4,680	4,911
	23,101	22,884

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
 ENDED 30 SEPTEMBER 2006**

16 Interest income

	Nine Months Ended	
	30 September	30 September
	2006	2005
	RM'000	RM'000
Loans and advances		
- Interest income other than recoveries from NPL	14,352	11,643
- Recoveries from NPLs	219	-
Money at call and deposit placement with financial institutions	16,631	13,178
Securities		
- Held-to-maturity investments	2,019	2,521
	<u>33,221</u>	<u>27,342</u>
Amortisation of premium less accretion of discount	(465)	(658)
Interest suspended	(173)	-
Total interest income	<u>32,583</u>	<u>26,684</u>

17 Interest Expense

	Nine Months Ended	
	30 September	30 September
	2006	2005
	RM'000	RM'000
Deposits and placements of banks and other financial institutions		
Deposits from customers	6,875	5,020
	<u>9,218</u>	<u>7,576</u>
	<u>16,093</u>	<u>12,596</u>

18 Other operating income

	Nine Months Ended	
	30 September	30 September
	2006	2005
	RM'000	RM'000
Fees and commission income:		
- Processing fees	10	21
- Syndication fees	66	86
- Commitment fees	229	203
- Other fees relating to loan & finance	317	535
- Guarantee fees	734	809
- Acceptance commission	342	338
- Other fee income	<u>3,355</u>	<u>1,040</u>
	<u>5,053</u>	<u>3,032</u>
Held-to-maturity investments income:		
Gains from sale of held-to-maturity investments	-	-
Foreign exchange gain/(loss):		
Realised gain/(loss)	3,239	2,033
Unrealised gain/(loss)	<u>162</u>	<u>(17)</u>
	<u>8,454</u>	<u>5,048</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
 ENDED 30 SEPTEMBER 2006**

19 Other operating expenses

	Nine Months Ended	
	30 September	30 September
	2006	2005
	RM'000	RM'000
Personnel expenses		
Salaries & wages (includes CEO / EDs)	5,968	4,936
Bonuses	2,900	2,462
Employee provident fund	1,620	1,394
Staff welfare expenses	553	421
Other personnel costs	420	224
	475	435
Marketing expenses		
Entertainment expenses	683	315
Other marketing expenses	582	239
	101	76
Establishment costs		
Lease rental of premises	2,184	2,487
Depreciation of property, plant and equipment	1,075	885
Repairs and maintenance	292	474
Other establishment costs	412	451
	405	677
Administration and general expenses		
Management fees	1,341	1,156
Insurance premium	-	100
Auditors' remuneration	277	323
Other administration and general expenses	2	7
	1,062	726
	10,176	8,894

20 Allowance for losses on loans and advances

	Nine Months Ended	
	30 September	30 September
	2006	2005
	RM'000	RM'000
Allowance for bad and doubtful debts on loans and advances		
(a) Specific allowance	-	-
- Made in the financial period	-	-
(b) General allowance	-	-
- Made in the financial period	-	-
	-	-
	-	-

21 Taxation

	Nine Months Ended	
	30 September	30 September
	2006	2005
	RM'000	RM'000
Current tax - Malaysian income tax	4,217	3,400
	4,217	3,400

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
 ENDED 30 SEPTEMBER 2006**

22 Capital adequacy

	30 September 2006 RM'000	31 December 2005 RM'000
<u>Tier I capital</u>		
Paid-up ordinary share capital	304,000	304,000
Retained profit	375	375
Proposed dividend	-	5,034
Other reserves	<u>19,868</u>	19,868
Less: Deferred tax assets	<u>324,243</u>	329,277
Total Tier I Capital	<u>(5,172)</u>	(5,172)
	<u>319,071</u>	324,105
<u>Tier II capital</u>		
General allowance for bad and doubtful debts	9,810	9,810
Total Tier II Capital	<u>9,810</u>	9,810
Total capital base	<u>328,881</u>	333,915
<u>Capital ratios</u>		
Core capital ratio (inclusive of market risk)	82%	100%
Risk-weighted capital ratio (inclusive of market risk)	84%	103%
Core capital ratio (inclusive of market risk and net of proposed dividends)	82%	99%
Risk-weighted capital ratio (inclusive of market risk and net of proposed dividends)	84%	102%
Risk-weighted assets for credit and market risks (RM'000)	391,278	323,752

BANK OF CHINA (MALAYSIA) BERHAD
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2006

23 Commitments and contingencies

	30 September 2006			31 December 2005		
	Principal RM'000	Credit equivalent RM'000	Risk weighted RM'000	Principal RM'000	Credit equivalent RM'000	Risk weighted RM'000
Direct credit substitutes	-	-	-	150	150	150
Transaction-related contingent items	140,337	70,169	14,925	194,261	97,131	20,578
Short-term self-liquidation trade related contingencies	17,281	3,456	200	26,126	5,225	482
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	111,658	-	-	96,770	-	-
- Maturity exceeding one year	31,219	15,610	9,308	19,810	9,905	9,170
Foreign exchange related contracts:						
- Less than one year	7,376	-	-	13,530	-	-
Others	35,587	-	-	130,216	-	-
Total	<u>343,458</u>	<u>89,235</u>	<u>24,433</u>	480,863	112,411	30,380

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2006

24 Interest rate risk

<u>30 September 2006</u>	Non Trading Book						Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1-3 month RM'000	> 3-12 month RM'000	1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000		
Assets								
Cash and short term funds	399,445	-	-	-	-	1,713	401,158	3.73%
Deposits & placement with banks & other financial institutions	-	185,200	-	-	-	-	185,200	3.75%
Securities	-	-	-	55,931	-	-	55,931	4.92%
Loans and advances								
- performing	191,912	103,244	60,304	256	1,119	(9,810)	347,025	6.25%
- non-performing	-	-	-	-	-	7,453	7,453	
Other assets	-	-	-	-	-	5,706	5,706	
Deferred taxation	-	-	-	-	-	5,172	5,172	
Tax recoverable	-	-	-	-	-	146	146	
Property, plant and equipment	-	-	-	-	-	786	786	
Total assets	591,357	288,444	60,304	56,187	1,119	11,166	1,008,577	
Liabilities								
Deposits from customers	239,561	79,391	80,606	-	-	61,112	460,670	3.22%
Deposits & placements of banks & other financial institutions	57,244	77,448	55,320	-	-	-	190,012	5.21%
Bills and acceptances payable	-	-	-	-	-	-	-	
Other liabilities	-	-	-	-	-	23,101	23,101	
Total liabilities	296,805	156,839	135,926	-	-	84,213	673,783	
Shareholders' equity	-	-	-	-	-	334,794	334,794	
Total liabilities and shareholders' equity	296,805	156,839	135,926	-	-	419,007	1,008,577	
On balance sheet - interest rate gap	294,552	131,605	(75,622)	56,187	1,119	(407,841)	-	
Off balance sheet - interest rate gap	-	-	-	-	-	-	-	
Total interest rate gap	294,552	131,605	(75,622)	56,187	1,119	(407,841)	-	

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2006

24 Interest rate risk (Continued)

<u>31 December 2005</u>	Non Trading Book						Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1-3 month RM'000	> 3-12 month RM'000	1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000		
Assets								
Cash and short term funds	394,010	-	-	-	-	2,684	396,694	3.18%
Deposits & placement with banks & other financial institutions	-	128,400	-	-	-	-	128,400	3.09%
Securities	-	-	-	56,396	-	-	56,396	4.92%
Loans and advances								
- performing	172,220	59,458	60,469	117	3,734	(9,810)	286,188	6.19%
- non-performing	-	-	-	-	-	112	112	
Other assets	-	-	-	-	-	4,446	4,446	
Deferred taxation	-	-	-	-	-	5,172	5,172	
Tax recoverable	-	-	-	-	-	146	146	
Property, plant and equipment	-	-	-	-	-	885	885	
Total assets	566,230	187,858	60,469	56,513	3,734	3,635	878,439	
Liabilities								
Deposits from customers	222,012	12,438	16,329	119	-	69,712	320,610	2.75%
Deposits & placements of banks & other financial institutions	95,773	56,693	26,456	-	-	-	178,922	4.36%
Bills and acceptances payable	14,460	11,150	1,136	-	-	-	26,746	3.19%
Other liabilities	-	-	-	-	-	22,884	22,884	
Total liabilities	332,245	80,281	43,921	119	-	92,596	549,162	
Shareholders' equity	-	-	-	-	-	329,277	329,277	
Total liabilities and shareholders' equity	332,245	80,281	43,921	119	-	421,873	878,439	
On balance sheet - interest rate gap	233,985	107,577	16,548	56,394	3,734	(418,238)	-	
Off balance sheet - interest rate gap	-	-	-	-	-	-	-	
Total interest rate gap	233,985	107,577	16,548	56,394	3,734	(418,238)	-	

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2006**

25 Operations of Islamic Banking

No Islamic banking activities was involved for the financial period ended 30 September 2006.

26 Valuation of Property, Plant and Equipment

The Bank's property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. There was no change in the valuation of property, plant and equipment that were brought forward from the previous audited annual financial statements.

27 Events subsequent to Balance Sheet Date

There were no material events subsequent to the balance sheet date that require disclosure or adjustments to the interim statements.

28 Dividend Paid

A final dividend of 2.30% less tax amounting to RM5,034,240 in respect of financial year ended 31 December 2005 was paid on 25 May 2006.