

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
and its subsidiary companies
AUDITED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2006

	Note	The Group	
		31.3.06 RM'000	31.3.05 RM'000
ASSETS			
Cash and short-term funds		9,455,262	7,778,102
Securities purchased under resale agreements		719,590	147,520
Deposits and placements with banks and and other financial institutions		752,693	781,552
Securities held-for-trading	A8	6,098,040	3,836,207
Securities available-for-sale	A9	1,603,605	1,487,478
Securities held-to-maturity	A10	2,713,041	2,289,850
Loans, advances and financing	A11	44,860,468	40,099,556
Other assets	A12	1,208,504	1,171,794
Statutory deposits with Bank Negara Malaysia		1,776,693	1,545,877
Investments in associated companies		40,295	38,715
Property and equipment		496,979	480,366
Life fund assets		1,162,488	949,425
Deferred tax assets		857,003	984,745
Goodwill on consolidation		515,976	523,046
TOTAL ASSETS		72,260,637	62,114,233
LIABILITIES AND EQUITY			
Deposits from customers	A13	38,918,164	34,447,340
Deposits and placements of banks and other financial institutions	A14	14,640,801	12,186,531
Obligations on securities sold under repurchase agreements		3,572,257	1,450,886
Bill and acceptances payable		912,723	518,938
Recourse obligation on loans sold to Cagamas Berhad		1,868,649	2,786,448
Other liabilities	A15	2,281,779	1,992,279
Term loans		482,232	1,252,500
Subordinated certificates of deposits		-	198,768
Subordinated term loan		680,000	680,000
Redeemable unsecured bonds		919,638	801,481
Hybrid capital		684,047	-
Life fund liabilities		152,315	121,267
Life policyholder funds		1,010,173	828,158
Total Liabilities		66,122,778	57,264,596
Share capital		2,130,534	2,130,534
Reserves		2,898,505	2,682,756
Shareholders' equity		5,029,039	4,813,290
Minority interests		1,108,820	36,347
Total Equity		6,137,859	4,849,637
TOTAL LIABILITIES AND EQUITY		72,260,637	62,114,233

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
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AUDITED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2006 (CONTD.)

	Note	The Group	
		31.3.06 RM'000	31.3.05 RM'000
COMMITMENTS AND CONTINGENCIES	A25	37,310,423	23,944,919
CAPITAL ADEQUACY RATIO	A29		
Core capital ratio		9.96%	6.98%
Risk-weighted capital ratio		13.94%	11.55%
NET ASSETS PER SHARE (RM)		2.36	2.26

The Condensed Financial Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2005.

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

AUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2006

The Group	Note	Individual Quarter		Cumulative Quarter	
		31.3.06	31.3.05	31.3.06	31.3.05
		RM'000	RM'000	RM'000	RM'000
Revenue		1,279,281	1,142,683	4,976,810	4,485,304
Interest income	A16	820,119	707,844	3,161,607	2,950,199
Interest expense	A17	(496,615)	(396,634)	(1,741,728)	(1,567,725)
Net interest income		323,504	311,210	1,419,879	1,382,474
Net income from Islamic banking business		130,582	107,922	540,542	435,965
Other operating income	A18	231,572	239,363	904,014	759,381
Net income		685,658	658,495	2,864,435	2,577,820
Other operating expenses	A19	(355,552)	(317,687)	(1,450,177)	(1,278,762)
Operating profit		330,106	340,808	1,414,258	1,299,058
Allowance for losses on loans and financing	A20	(290,372)	(350,707)	(774,689)	(770,469)
Impairment writeback/(loss) on:					
Securities		56,354	(440)	90,224	(15,294)
Assets acquired in exchange of debts		-	-	(660)	-
Transfer from/(to) profit equalisation reserve		13,380	4,038	(4,494)	(57,949)
Allowance for doubtful sundry receivables - net		(4,541)	(5,229)	(16,470)	(4,025)
(Provision for)/Writeback of provision for commitments and contingencies		(325)	40,437	(262)	40,437
Profit before share in results of associated companies and taxation		104,602	28,907	707,907	491,758
Share in results of associated companies		645	139	2,202	809
Profit before taxation		105,247	29,046	710,109	492,567
Taxation	B5	(35,248)	(38,033)	(231,069)	(204,632)
Profit/(Loss) after taxation but before minority interests		69,999	(8,987)	479,040	287,935
Minority shareholders' interests in results of subsidiary companies		(21,466)	2,351	(113,535)	(83,948)
Net Profit/(Loss) attributable to the Shareholders of the Company		48,533	(6,636)	365,505	203,987
EARNINGS PER SHARE (SEN)	B13				
Basic		2.28	(0.34)	17.16	10.83
Fully diluted		2.25	(0.34)	16.92	10.67

The Condensed Financial Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2005.

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

AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006

Group	Share capital RM'000	Capital reserve RM'000	Share premium RM'000	Statutory reserve RM'000	Available-for-sale reserve RM'000	Exchange fluctuation reserve RM'000	Distributable	
							Unappropriated profits RM'000	Total RM'000
At 1 April 2004								
As previously stated	1,858,806	125,284	263,058	1,164,073	-	19,604	597,636	4,028,461
Prior year adjustments	-	-	-	-	18,736	-	290	19,026
At 1 April 2004 (restated)	1,858,806	125,284	263,058	1,164,073	18,736	19,604	597,926	4,047,487
Net unrealised gain on revaluation of securities available-for-sale	-	-	-	-	7,994	-	-	7,994
Arising from AMFB Privatisation	-	(125,284)	-	-	-	-	(69,868)	(195,152)
Transfer to unappropriated profits	-	-	-	(250,635)	-	-	250,635	-
Issue of shares pursuant to :								
- exercise of share options	12,886	-	17,567	-	-	-	-	30,453
- exercise of Warrants 2003/2008	69,914	-	83,197	-	-	-	-	153,111
- AMFB Privatisation	188,928	-	434,534	-	-	-	-	623,462
Translation adjustment	-	-	-	-	-	(4,518)	-	(4,518)
Profit for the year	-	-	-	-	-	-	203,987	203,987
Dividends paid	-	-	-	-	-	-	(53,534)	(53,534)
At 31 March 2005	2,130,534	-	798,356	913,438	26,730	15,086	929,146	4,813,290

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
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AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006

Group	Distributable						Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Available-for- sale reserve RM'000	Exchange fluctuation reserve RM'000	Unappropriated profits RM'000	
At 1 April 2005							
As previously stated	2,130,534	798,356	913,438	-	15,086	926,810	4,784,224
Prior year adjustments	-	-	-	26,730	-	2,336	29,066
At 1 April 2005 (restated)	2,130,534	798,356	913,438	26,730	15,086	929,146	4,813,290
Arising from Group Reorganisation [^]	-	-	-	-	-	(65,224)	(65,224)
Transfer from unappropriated profits	-	-	86,979	-	-	(86,979)	-
Expenses relating to Group Reorganisation	-	(6,806)	-	-	-	-	(6,806)
Net unrealised loss on revaluation of securities available-for-sale	-	-	-	(17,017)	-	-	(17,017)
Translation adjustments	-	-	-	-	650	-	650
Profit for the year	-	-	-	-	-	365,505	365,505
Dividends paid	-	-	-	-	-	(61,359)	(61,359)
At 31 March 2006	2,130,534	791,550	1,000,417	9,713	15,736	1,081,089	5,029,039

[^] This relates to the dilution in net attributable assets of the Group arising from the 49.0% Restricted Offer For Sale of the investment banking group under the Group Reorganisation.

The Condensed Financial Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2005.

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
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AUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006

The Group	Cumulative Quarter	
	31.3.06	31.3.05
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	710,109	492,567
Add adjustments for non-operating and non cash items	698,772	828,762
Operating profit before working capital	1,408,881	1,321,329
Increase in operating assets	(8,659,031)	(2,911,680)
Increase in operating liabilities	8,057,559	915,216
Cash generated from/(used in) operations	807,409	(675,135)
Taxation paid	(105,177)	(104,877)
Net cash generated from/(used in) operating activities	702,232	(780,012)
Net cash (used in)/generated from investing activities	(431,646)	1,752,024
Net cash generated from financing activities	1,417,925	113,697
Net increase in cash and cash equivalents	1,688,511	1,085,709
Cash and cash equivalents at beginning of year	7,740,607	6,654,898
Cash and cash equivalents at end of year	9,429,118	7,740,607

For the purpose of the cash flow statements, cash and cash equivalents consist of cash and short-term funds net of bank overdraft. Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

The Group	Cumulative Quarter	
	31.3.06	31.3.05
	RM'000	RM'000
Cash and short-term funds	9,455,262	7,778,102
Bank overdrafts	(26,081)	(37,192)
	9,429,181	7,740,910
Effect of exchange rates changes	(63)	(303)
Cash and cash equivalents	9,429,118	7,740,607

The Condensed Financial Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2005.

EXPLANATORY NOTES :

A1. BASIS OF PREPARATION

The interim financial statements have been prepared in accordance with FRS134 (Interim Financial Reporting)(formerly known as Malaysian Accounting Standards Board ("MASB") 26) issued by the 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 2005.

The accounting policies and methods of computation applied in the audited condensed interim financial statements are consistent with those adopted in the previous audited annual financial statements except for the adoption of the revised guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) issued by Bank Negara Malaysia ("BNM") which became effective for the current financial year. The adoption of the revised BNM/GP8 have resulted in changes in the accounting policies of the Group which have been applied retrospectively for one year and the details 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 and is consistent with the adoption made in the previous audited financial statements.

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

A2. AUDIT QUALIFICATION

There were no audit qualification in the annual financial statements for the year ended 31 March 2005.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The operations of the Group are not subject to seasonal or cyclical fluctuation.

A4. UNUSUAL ITEMS

There were no unusual items during the current financial quarter and year.

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 year ended 31 March 2006 other than the adoption of the revised guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) issued by Bank Negara Malaysia which have been applied retrospectively for one year.

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

The Company has not issued any new shares or debentures during the financial year.

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

A7. DIVIDENDS

During the financial year, the Company paid a first and final dividend of 4.0%, less 28.0% tax in respect of the previous financial year totalling RM61,359,370 which amount had been dealt with in the directors' report for that financial year and paid on 17 October 2005 to shareholders whose names appeared in the Record of Depositors on 3 October 2005.

In respect of the current financial year, the directors now recommend the payment of a first and final dividend of 5.0%, less 28.0% tax, amounting to RM76,699,213 to be paid to shareholders whose names appear in the Record of Depositors on a date to be determined by the directors. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' funds as an appropriation of unappropriated profit in the next financial year ending 31 March 2007.

A8. SECURITIES HELD-FOR-TRADING

	The Group	
	31.3.06	31.3.05
	RM'000	RM'000
At Fair Value		
Money Market Securities:		
Treasury Bills	34,282	-
Islamic Treasury Bills	48,541	-
Malaysian Government Securities	1,349,901	568,082
Malaysian Government Investment Certificates	147,063	158,860
Cagamas bonds	273,869	264,837
Khazanah bonds	912	262,489
Cagamas Mudharabah bearer bonds	264,207	-
Bank Negara Malaysia bills	5,143	-
Islamic Bank Negara Malaysia bills	2,491	56,323
Negotiable instruments of deposits	574,417	323,465
Sukuk Bank Negara Malaysia	95,798	-
Negotiable Islamic Debt Certificates	296,124	657,360
	<u>3,092,748</u>	<u>2,291,416</u>
Securities Quoted:		
In Malaysia:		
Shares	242,939	229,444
Corporate bonds	20,927	22,272
Trust units	193,409	13,123
Loan stocks	-	1,613
Outside Malaysia:		
Shares	110	67
	<u>457,385</u>	<u>266,519</u>
Unquoted Securities Of Companies Incorporated:		
In Malaysia:		
Shares	2,200	4,321
Trust units	159,602	39,792
Outside Malaysia:		
Trust units	1,996	-
	<u>163,798</u>	<u>44,113</u>
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	67,701	68,564
Islamic corporate notes	10,379	36,872
	<u>78,080</u>	<u>105,436</u>

	The Group	
	31.3.06	31.3.05
	RM'000	RM'000
Unquoted Private Debt Securities Of Companies		
Incorporated In Malaysia:		
Shares	178,763	-
Islamic corporate bonds	1,305,975	613,174
Corporate notes	38,420	442,638
Corporate bonds	665,062	72,911
Islamic corporate notes	117,809	-
	<u>2,306,029</u>	<u>1,128,723</u>
Total	<u>6,098,040</u>	<u>3,836,207</u>

A9. SECURITIES AVAILABLE-FOR-SALE

	The Group	
	31.3.06	31.3.05
	RM'000	RM'000
At Fair Value		
Money Market Securities:		
Malaysian Government Securities	50,394	340,707
Cagamas bonds	24,714	24,716
Khazanah bonds	10,138	9,776
Negotiable instruments of deposits	69,340	31,896
	<u>154,586</u>	<u>407,095</u>
Securities Quoted:		
In Malaysia:		
Corporate bonds	18,576	18,052
Outside Malaysia		
Shares	8,907	3,937
	<u>27,483</u>	<u>21,989</u>
Unquoted Securities In Malaysia:		
Trust units	3,773	3,894
Quoted Debt Equity Converted Securities In Malaysia:		
Shares	248,502	102,360
Shares - with options	19,822	93,898
Loan stocks - collateralised	1,064	-
Corporate bonds	648	2,550
	<u>270,036</u>	<u>198,808</u>
Unquoted Debt Equity Converted Securities Of Companies		
Incorporated:		
In Malaysia:		
Shares	-	359
Outside Malaysia:		
Shares	-	300
	<u>-</u>	<u>659</u>

	The Group	
	31.3.06	31.3.05
	RM'000	RM'000
Unquoted Private Debt Securities Of Companies Incorporated		
In Malaysia:		
Islamic corporate notes	18,729	-
Islamic corporate bonds	217,183	-
Corporate bonds	337,567	199,819
	<u>573,479</u>	<u>199,819</u>
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	574,248	655,214
Total	<u>1,603,605</u>	<u>1,487,478</u>
A10. SECURITIES HELD-TO-MATURITY		
At Amortised Cost		
Money Market Securities		
Treasury bills	-	28,804
Securities Quoted:		
In Malaysia		
Shares	99	499
Corporate bonds	55,247	57,000
Outside Malaysia:		
Shares	-	419
Corporate bonds	-	19,000
	<u>55,346</u>	<u>76,918</u>
Unquoted Securities Of Companies Incorporated:		
In Malaysia:		
Shares	103,036	103,036
Corporate bonds	959	959
Outside Malaysia:		
Shares	8,706	11,970
	<u>112,701</u>	<u>115,965</u>
Quoted Debt Equity Converted Securities:		
In Malaysia		
Shares	8,201	11,334
Loan stocks - collateralised	971	80,471
Loan stocks - with options	956,783	589,582
Outside Malaysia:		
Shares - with options	15	15
	<u>965,970</u>	<u>681,402</u>

	The Group	
	31.3.06	31.3.05
	RM'000	RM'000
Unquoted Debt Equity Converted Securities Of Companies Incorporated		
In Malaysia:		
Shares	122,870	107,528
Loan stocks	804,744	818,216
Corporate bonds	621,435	741,116
	<u>1,549,049</u>	<u>1,666,860</u>
Unquoted Private Debt Securities Of Companies Incorporated:		
In Malaysia		
Corporate bonds	-	40,584
Shares	21,220	-
Corporate bonds and notes denominated in USD	68,674	86,813
Islamic corporate bonds	196,703	-
Outside Malaysia		
Corporate bonds and notes denominated in USD	110,493	114,000
	<u>397,090</u>	<u>241,397</u>
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	82,729	-
	<u>3,162,885</u>	<u>2,811,346</u>
Accumulated impairment losses	(449,844)	(521,496)
Total	<u>2,713,041</u>	<u>2,289,850</u>

A11. LOANS, ADVANCES AND FINANCING

	The Group	
	31.3.06	31.3.05
	RM'000	RM'000
Loans and financing:		
Term loans and revolving credit	13,468,701	13,877,951
Housing loans	9,791,514	7,983,127
Staff loans	181,641	174,896
Hire-purchase receivables	23,110,318	19,489,344
Credit card receivables	2,138,331	1,933,644
Lease receivables	1,316,480	1,351,066
Overdrafts	1,031,079	833,066
Claims on customers under acceptance credits	1,250,752	812,888
Trust receipts	200,702	211,647
Block discount receivables	64,575	58,856
Factoring receivables	32,887	37,800
Bills receivable	6,878	10,635
	<u>52,593,858</u>	<u>46,774,920</u>
Less: Unearned interest and income	5,478,909	4,230,492
Total	<u>47,114,949</u>	<u>42,544,428</u>
Less:		
Allowance for bad and doubtful debts and financing:		
General	721,817	629,784
Specific	1,532,664	1,815,088
	<u>2,254,481</u>	<u>2,444,872</u>
Net loans, advances and financing	<u>44,860,468</u>	<u>40,099,556</u>

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

	The Group				Loans Growth
	31.3.06		31.3.05		
	RM'000	%	RM'000	%	
Purchase of transport vehicles	20,164,829	40.9	16,170,099	37.2	
Purchase of landed property:					
(a) Residential	9,692,628	19.7	8,142,728	18.7	
(b) Non-residential	1,531,182	3.1	1,635,181	3.8	
Construction	3,506,627	7.1	3,549,119	8.2	
Consumption credit	3,495,372	7.1	2,933,551	6.7	
Manufacturing	2,545,765	5.2	2,110,381	4.9	
General commerce	2,422,893	4.9	1,899,178	4.4	
Purchase of securities	1,567,432	3.2	1,813,347	4.2	
Real estate	882,865	1.8	1,011,965	2.3	
Transport, storage and communication	793,430	1.6	681,563	1.6	
Agriculture	740,287	1.5	791,801	1.8	
Finance, insurance and business services	700,043	1.4	914,270	2.1	
Community, social and personal services	414,389	0.8	364,843	0.8	
Investment holdings	375,863	0.8	782,084	1.8	
Electricity, gas and water	239,475	0.5	525,179	1.2	
Mining and quarrying	39,018	0.1	38,977	0.1	
Others	208,678	0.3	108,820	0.2	
Gross loans, advances and financing	49,320,776	100.0	43,473,086	100.0	
Less: Islamic financing sold to Cagamas Berhad	2,205,827		928,658		
	<u>47,114,949</u>		<u>42,544,428</u>		<u>10.7%</u>

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

	The Group	
	31.3.06	31.3.05
	RM'000	RM'000
Domestic :		
Other non-bank financial institutions:		
Stockbroking companies	-	47,220
Others	453,199	269,194
Business enterprises:		
Small medium enterprises	4,738,220	3,382,052
Others	9,294,073	11,093,104
Government and statutory bodies	105,809	60,248
Individuals	32,009,995	27,139,489
Other domestic entities	346,711	363,665
Foreign entities	166,942	189,456
	<u>47,114,949</u>	<u>42,544,428</u>

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

	The Group	
	31.3.06	31.3.05
	RM'000	RM'000
Variable rate		
BLR-plus	12,873,455	12,183,016
Cost-plus	4,435,782	4,461,582
Other variable rates	736,388	1,850,187
Fixed rate		
Housing loans	3,069,126	1,504,500
Hire purchase receivables	19,976,247	17,200,994
Other fixed rates	6,023,951	5,344,149
	<u>47,114,949</u>	<u>42,544,428</u>

Movements in non-performing loans and financing including interest and income receivables are as follows:-

	The Group	
	31.3.06	31.3.05
	RM'000	RM'000
Gross		
Balance at beginning of year	7,597,662	8,797,360
Non-performing during the year	2,381,238	1,046,204
Reclassification to performing loans and financing	(2,016,743)	(939,782)
Amount written off	(1,235,771)	(479,527)
Recoveries	(580,814)	(708,873)
Debt equity conversion	(7,088)	(117,720)
Translation adjustments	(1,789)	-
Balance at end of year	<u>6,136,695</u>	<u>7,597,662</u>
Less: Specific allowance	<u>(1,532,664)</u>	<u>(1,815,088)</u>
Non-performing loans and financing - net	<u>4,604,031</u>	<u>5,782,574</u>
Ratios of non-performing loans and financing to total loans, advances and financing - net	<u>9.6%</u>	<u>13.8%</u>

Non-performing loans analysed by their economic purposes are as follows:

	The Group			
	31.3.06		31.3.05	
	RM'000	%	RM'000	%
Purchase of landed property:				
(a) Residential	1,385,295	22.6	1,415,234	18.6
(b) Non-residential	614,476	10.0	702,784	9.3
Construction	1,273,222	20.7	1,332,735	17.5
Purchase of transport vehicles	860,889	14.0	916,373	12.1
Purchase of securities	416,520	6.8	740,716	9.7
Manufacturing	414,098	6.7	529,269	7.0
Real estate	237,008	3.9	570,084	7.5
Consumption credit	215,615	3.5	192,181	2.5
General commerce	184,490	3.0	369,479	4.9
Finance, insurance and business services	155,681	2.5	253,331	3.3
Electricity, gas and water	109,959	1.8	177,523	2.3
Agriculture	75,551	1.2	52,665	0.7
Community, social and personal services	65,978	1.1	95,877	1.3
Investment holdings	48,504	0.8	87,623	1.2
Transport, storage and communication	41,200	0.7	125,452	1.7
Mining and quarrying	11,497	0.2	14,987	0.2
Others	26,712	0.5	21,350	0.2
	<u>6,136,695</u>	<u>100.0</u>	<u>7,597,662</u>	<u>100.0</u>

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

	The Group	
	31.3.06	31.3.05
	RM'000	RM'000
General allowance		
Balance at beginning of year	629,784	601,279
Allowance during the year	92,171	28,505
Exchange fluctuation adjustment	(138)	-
Balance at end of year	<u>721,817</u>	<u>629,784</u>
% of total loans, advances and financing less specific allowances	<u>1.51%</u>	<u>1.51%</u>
Specific allowance		
Balance at beginning of year	1,815,088	1,780,316
Allowance during the year	1,422,770	1,406,327
Amount written back in respect of recoveries and reversals	(470,856)	(373,448)
Net charge to income statements	951,914	1,032,879
Reclassification from sundry receivables	17,372	40,641
Amount written off	(1,246,663)	(1,058,371)
Debt equity conversion	(3,251)	(4,660)
Adjustment to deferred asset account	(1,594)	24,283
Exchange fluctuation adjustments	(202)	-
Balance at end of year	<u>1,532,664</u>	<u>1,815,088</u>

A12. OTHER ASSETS

	The Group	
	31.3.06	31.3.05
	RM'000	RM'000
Trade receivables, net of allowance for doubtful debts	291,126	261,958
Other receivables, deposits and prepayments, net of allowance for doubtful debts	378,884	339,055
Interest receivables on treasury assets, net of allowance for doubtful debts	122,523	74,576
Fee receivables, net of allowance for doubtful debts	28,886	39,660
Amount due from associated company	-	148
Amount due from Originators	89,694	132,798
Amount due from agents, brokers and reinsurer, net of allowance	37,118	50,352
Amount recoverable under asset-backed securitisation transactions, net of impairment loss	87,066	97,566
Foreclosed properties net of allowance for impairment in value	103,714	98,541
Deferred assets	69,493	77,140
	1,208,504	1,171,794

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	
	31.3.06	31.3.05
	RM'000	RM'000
Term/Investment deposits	32,192,382	29,556,983
Savings deposits	2,940,219	2,878,783
Current deposits	1,558,199	1,334,289
Negotiable instruments of deposits	2,227,364	677,285
	38,918,164	34,447,340

The deposits are sourced from the following types of customers:

Business enterprises	12,876,710	11,917,916
Individuals	19,895,623	18,241,104
Government	5,006,893	2,748,974
Others	1,138,938	1,539,346
	38,918,164	34,447,340

A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	31.3.06	31.3.05
	RM'000	RM'000
Deposits from:		
Licensed banks	4,192,542	2,828,564
Licensed merchant banks	555,522	90,265
Licensed finance companies	-	209,976
Bank Negara Malaysia	1,160,280	889,558
Other financial institutions	8,732,457	8,168,168
	14,640,801	12,186,531

A15. OTHER LIABILITIES

	The Group	
	31.3.06	31.3.05
	RM'000	RM'000
Trade payables	353,380	258,241
Securities sold not yet re-purchased	91,437	-
Other payables and accruals	1,129,562	1,063,168
Interest payable on deposits and borrowings	326,109	276,362
Lease deposits and advance rentals	50,881	56,154
General insurance funds	181,987	173,212
Provision for commitments and contingencies	325	13,063
Bank overdrafts	26,081	37,192
Profit equalization reserve	116,755	112,261
Deferred tax liabilities	2,846	2,062
Tax payable	2,416	564
	2,281,779	1,992,279

A16. INTEREST INCOME

THE GROUP	Individual Quarter		Cumulative Quarter	
	31.3.06	31.3.05	31.3.06	31.3.05
	RM'000	RM'000	RM'000	RM'000
Short-term funds and deposits with financial institutions	58,353	45,845	201,283	188,595
Securities held-for-trading	53,927	50,414	179,658	208,239
Securities available for sale	13,744	1,583	49,808	14,407
Securities held-to-maturity	4,124	18,025	71,556	83,810
Loans and advances				
- Interest income other than recoveries from NPLs	598,214	530,212	2,332,720	2,172,451
- Recoveries from NPLs	71,997	54,202	313,721	277,470
Others	44,940	24,379	123,265	96,161
Gross interest income	845,299	724,660	3,272,011	3,041,133
Amortisation of premiums less accretion of discounts	8,181	(3,016)	5,554	(17,708)
Interest suspended	(33,361)	(13,800)	(115,958)	(73,226)
Total after net interest suspension	820,119	707,844	3,161,607	2,950,199

A17. INTEREST EXPENSE

THE GROUP	Individual Quarter		Cumulative Quarter	
	31.3.06	31.3.05	31.3.06	31.3.05
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	280,068	259,590	1,084,459	1,033,426
Deposit of banks and other financial institutions	66,316	17,272	201,141	97,757
Securities sold under repurchase agreements	20,233	9,232	57,389	36,942
Amount due to Cagamas Berhad	18,645	24,382	77,349	133,325
Bank borrowings:				
Term loans	2,754	8,824	23,377	28,097
Overdrafts	377	387	1,555	1,451
Subordinated deposits and term loans	13,291	15,177	59,355	61,637
Interest on Bonds	14,763	13,182	56,437	53,501
Others	80,168	48,588	180,666	121,589
	496,615	396,634	1,741,728	1,567,725

A18. OTHER OPERATING INCOME

THE GROUP	Individual Quarter		Cumulative Quarter	
	31.3.06	31.3.05	31.3.06	31.3.05
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Fees on loans and advances	29,513	21,980	121,634	79,165
Corporate advisory	4,066	5,020	17,796	23,867
Guarantee fees	9,498	6,410	23,725	17,376
Underwriting commissions	588	2,547	5,115	6,881
Portfolio management fees	1,501	2,529	7,641	9,829
Unit trust management fees	9,889	6,121	29,118	20,016
Brokerage rebates	131	179	602	774
Property trust management fees	500	491	1,983	1,965
Brokerage fees and commissions	13,236	13,489	43,327	50,011
Banc assurance commission	5,850	5,760	25,822	22,438
Income from asset securitisation	227	42,350	1,695	42,350
Other fee income	4,668	11,853	28,453	39,258
	<u>79,667</u>	<u>118,729</u>	<u>306,911</u>	<u>313,930</u>
Investment and trading income:				
Net (loss)/gain from sale of securities held-for-trading	(73,202)	14,417	(13,051)	59,357
Net gain/(loss) from sale of securities available-for-sale	25,652	14,318	28,296	14,668
Net (loss)/gain on redemption of securities held-to-maturity	(3,181)	8,141	19,561	12,329
Gain/(Loss) on revaluation of securities held for trading	13,687	(18,567)	53,884	(21,711)
Gain on revaluation of derivatives	4,978	2,377	6,165	6,611
Gain on disposal of 10% equity interest in insurance subsidiary company	29,962	-	29,962	-
Gross dividend income from:				
Securities held-for-trading	420	490	14,286	10,072
Securities available-for-sale	29,086	2,830	34,627	7,410
Securities held-to-maturity	15,560	9,860	24,945	39,433
	<u>42,962</u>	<u>33,866</u>	<u>198,675</u>	<u>128,169</u>
Premium income from general insurance business	<u>96,826</u>	<u>80,082</u>	<u>369,928</u>	<u>286,898</u>
Other income:				
Unrealised foreign exchange gain	6,704	-	11,267	-
Realised foreign exchange gain	880	1,058	3,244	2,746
Gain on disposal of property and equipment - net	1,159	2,251	1,807	3,816
Gain on disposal of leased assets - net	-	-	-	3
Gain on disposal of development property	-	382	-	382
Rental income	2,562	1,792	9,648	7,672
Capital gain arising from receipt of shares in Bursa Malaysia Berhad	-	-	-	12,727
Other non-operating income	812	1,203	2,534	3,038
	<u>12,117</u>	<u>6,686</u>	<u>28,500</u>	<u>30,384</u>
	<u>231,572</u>	<u>239,363</u>	<u>904,014</u>	<u>759,381</u>

A19. OTHER OPERATING EXPENSES

THE GROUP	Individual Quarter		Cumulative Quarter	
	31.3.06	31.3.05	31.3.06	31.3.05
	RM'000	RM'000	RM'000	RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	124,469	91,402	460,245	345,528
- Others	15,645	25,003	66,021	96,239
Establishment costs				
- Depreciation	17,850	17,602	67,079	66,742
- Computerisation costs	10,972	15,424	74,832	64,579
- Rental	12,590	8,502	41,829	33,890
- Cleaning, maintenance and securities	4,900	1,962	22,708	19,067
- Impairment loss on property	-	1,448	-	29,834
- Others	5,648	4,967	19,945	22,665
Marketing and communication expenses				
- Sales commission	10,803	15,968	49,022	67,112
- Handling fees	22,243	23,819	118,916	99,842
- Advertising, promotional and other marketing activities	24,806	9,275	78,525	38,511
- Telephone charges	4,534	4,094	16,805	15,618
- Postage	3,195	4,539	13,900	15,291
- Travel and entertainment	2,402	1,937	9,022	7,665
- Others	6,029	5,260	25,810	21,583
Administration and general				
- Amortisation of goodwill	7,147	4,865	27,977	15,719
- Professional services	1,778	2,440	26,934	26,248
- Donations	76	1,233	4,997	1,602
- Administration and management expenses	2,473	2,686	10,924	9,098
- Others	7,945	14,595	40,225	55,229
Overheads	285,505	257,021	1,175,716	1,052,062
Insurance commission	10,146	10,589	41,237	33,473
General insurance claims	59,901	50,077	233,224	193,227
	355,552	317,687	1,450,177	1,278,762

A20. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

THE GROUP	Individual Quarter		Cumulative Quarter	
	31.3.06	31.3.05	31.3.06	31.3.05
	RM'000	RM'000	RM'000	RM'000
Allowance/(Reversal of allowance) for bad and doubtful debts and financing:				
Specific allowance - net	341,389	434,057	951,914	1,032,879
Allowance during the period/year	468,530	553,452	1,422,770	1,406,327
Amount written back in respect of recoveries and reversal	(127,141)	(119,395)	(470,856)	(373,448)
General allowance	18,318	4,146	92,171	28,505
Recoveries of value impairment on amount recoverable from Danaharta	-	(22,479)	(881)	(22,479)
Bad debts and financing recovered - net	(69,335)	(65,017)	(268,515)	(268,436)
Written off	(1)	-	5,295	252
Recovered	(69,334)	(65,017)	(273,810)	(268,688)
	290,372	350,707	774,689	770,469

A21. SEGMENTAL INFORMATION

BY BUSINESS SEGMENT

	Individual Quarter		Cumulative Quarter	
	31.3.06	31.3.05	31.3.06	31.3.05
	RM'000	RM'000	RM'000	RM'000
Investment banking				
Revenue	269,663	226,701	1,026,500	922,798
Profit before taxation	73,892	81,500	347,567	304,600
Commercial and retail banking				
Revenue	872,490	735,500	3,279,579	2,949,932
Profit/(Loss) before taxation	48,333	(94,203)	358,510	153,125
Offshore banking				
Revenue	22,679	14,854	61,509	61,613
(Loss)/Profit before taxation	(2,010)	(1,494)	6,858	5,117
Insurance				
Revenue	197,440	172,869	761,818	648,652
Profit before taxation	15,060	10,815	55,571	32,849
Others				
Revenue	3,834	(594)	25,168	18,613
Loss before taxation	(795)	(9,339)	(7,416)	(18,361)
Total before consolidation adjustments				
Revenue	1,366,106	1,149,330	5,154,574	4,601,608
Profit/(Loss) before taxation	134,480	(12,721)	761,090	477,330
Consolidation adjustments				
Revenue	(86,825)	(6,647)	(177,764)	(116,304)
Profit before taxation	(29,233)	41,767	(50,981)	15,237
Total after consolidation adjustments				
Revenue	1,279,281	1,142,683	4,976,810	4,485,304
Profit before taxation	105,247	29,046	710,109	492,567

Included in the above is Islamic banking business profit before taxation of RM56.0 million for the quarter and RM207.0 million for the year ended 31 March 2006 (RM8.8 million for the quarter and RM129.0 million for the year ended 31 March 2005).

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 year other than as disclosed in Note B8(2).

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

On 7 February 2006, AIGB acquired 100% of the equity of AmPrivate Equity, comprising two (2) ordinary shares of RM1.00 each.

The acquisition of AmPrivate Equity is in conjunction with the launch of a RM100 million closed-end private equity fund (the "Fund") with a charter life of ten (10) years under AmPrivate Equity.

AmPrivate Equity will undertake medium and long term investments principally in Malaysia with the objective of achieving capital appreciation in its investments. It will focus on key sectors such as manufacturing industries, business services, environmental and energy services and information and communications technology companies.

MVMI, a registered venture capital management corporation and a subsidiary of the Company, is the manager of the Fund.

AmPrivate Equity was incorporated in Malaysia on 6 September 2005 as a private limited company. It is registered with the Securities Commission as a venture capital corporation.

The authorised capital of AmPrivate Equity is RM150,000, divided into 100,000 ordinary shares of RM1.00 each and 5,000,000 redeemable preference shares of RM0.01 each ("RPS").

The RM100 million fund size of AmPrivate Equity will be constituted by way of the issue of 15,000 ordinary shares at an issue price of RM1.00 each and 1,250,000 RPS at an issue price of RM79.988 each.

Presently, the committed investors in the Fund are:-

- (a) AIGB, with a cash subscription commitment for 80% of the Fund amounting to RM80 million, comprising 12,000 ordinary shares and 1,000,000 RPS; and
- (b) a major Malaysian pension fund, with a cash subscription commitment for 20% of the Fund amounting to RM20 million, comprising 3,000 ordinary shares and 250,000 RPS.

The RM100 million capital funds will be disbursed to AmPrivate Equity over its charter life as and when investments are actually made by AmPrivate Equity.

During the financial year, AIGB subscribed for its entitlement of 156 new ordinary shares of RM1.00 each and 13,000 new RPS in AmPrivate Equity pursuant to first notice of subscription of:

- (a) 195 new ordinary shares of RM1.00 each at an issue price of RM1.00 per shares; and
- (b) 16,250 new RPS at an issue price of RM79.988 per share

The cash raised from the issue of shares are for the purpose of meeting AmPrivate Equity's working capital requirement.

Subsequent to the financial year, AmPrivate Equity made a second notice of subscription of 75 new ordinary shares of RM1.00 each at the issue price of RM1.00 per share and 6,250 new redeemable preference shares of RM0.01 each ("RPS") at the issue price of RM79.988 per share. AIGB subscribed and was allotted its entitlement of 60 new ordinary shares of RM1.00 each and 5,000 new RPS for a cash consideration of RM400,000.

A25. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured against the Group's asset.

As at 31 March 2006, the commitments and contingencies outstanding are as follows:

The Group	31.3.06			31.3.05		
	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	580,000	-	-	550,000	-	-
Interest rate swaps	13,067,759	325,210	66,305	6,306,407	124,318	28,151
Foreign exchange related contracts:						
Forward exchange contracts	4,034,678	67,946	14,014	1,745,473	19,433	5,910
Cross currency swaps	375,676	32,666	6,533	463,600	32,512	6,502
Malaysian Government securities futures	10,000	-	-	27,900	-	-
	<u>18,068,113</u>	<u>425,822</u>	<u>86,852</u>	<u>9,093,380</u>	<u>176,263</u>	<u>40,563</u>
Commitments						
Irrevocable commitments to extend credit maturing :						
within one year	9,453,604	-	-	6,929,341	-	-
more than one year	1,467,076	733,538	733,046	2,426,560	1,213,280	1,212,965
Sell and buy back agreements	2,174,849	2,174,849	915,378	1,797,884	1,797,884	965,427
Forward purchase commitments	331,127	331,127	153,377	113,040	113,040	20,285
	<u>13,426,656</u>	<u>3,239,514</u>	<u>1,801,801</u>	<u>11,266,825</u>	<u>3,124,204</u>	<u>2,198,677</u>
Contingent Liabilities						
Guarantees given on behalf of customers	1,384,893	1,384,893	1,202,004	1,305,373	1,305,373	1,092,854
Certain transaction-related contingent items	637,248	318,624	284,116	691,679	345,840	314,446
Underwriting liabilities	1,133,152	566,576	541,819	457,069	228,535	207,317
Short term self liquidating trade-related contingencies	345,374	69,075	69,075	169,913	33,983	12,879
Islamic financing sold to Cagamas	2,205,827	2,205,827	2,205,827	928,658	928,658	927,011
Others	109,160	250	150	32,022	250	150
	<u>5,815,654</u>	<u>4,545,245</u>	<u>4,302,991</u>	<u>3,584,714</u>	<u>2,842,639</u>	<u>2,554,657</u>
	<u>37,310,423</u>	<u>8,210,581</u>	<u>6,191,644</u>	<u>23,944,919</u>	<u>6,143,106</u>	<u>4,793,897</u>

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

As at 31 March 2006, other contingencies and commitments of the Group and of the Company are as follows:

- (a) The Company has given unsecured guarantees totalling RM383,600,000 (RM523,100,000 in 2005) 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 in 2005) to a financial institution in respect of credit facilities extended to a subsidiary company.
- (c) As required, AmMerchant Bank has given a continuing guarantee to Bank Negara Malaysia on behalf of AmInternational, to meet all its liabilities and financial obligations and requirements.
- (d) A suit dated 12 December 2005 was filed by Meridian Asset Management Sdn Bhd ("Meridian") against AmTrustee Berhad ('AmTrustee') 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.

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

Based on legal advice, AmTrustee believes it has a good defence in respect of the claim.

A26. RELATED PARTY TRANSACTIONS

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

A27. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 March 2006, 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	580,000	-	229,000	111,000	10,000	230,000	-	1,035
Interest rate swaps	13,067,759	195,000	277,000	900,000	2,620,000	7,696,152	1,379,607	4,198
Foreign exchange related contracts :								
Forward exchange contracts	4,034,678	2,335,852	621,144	668,649	409,033	-	-	931
Cross currency swaps	375,676	-	-	110,493	-	265,183	-	522
Malaysian Government Securities								
Futures	10,000	-	10,000	-	-	-	-	3
Total	18,068,113	2,530,852	1,137,144	1,790,142	3,039,033	8,191,335	1,379,607	6,689

Derivative Financial Instruments

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. The use of derivatives and their sale to customers as risk management products is an integral part of the Group's trading activities. Derivatives are also used to manage the Group's own exposure to fluctuations in foreign exchange and interest rates as part of its asset and liability management activities. Derivatives are subject to the same types of credit and market risk as other financial instruments, and the Group manages these risks in a consistent manner.

A27. DERIVATIVE FINANCIAL INSTRUMENTS (CONTD.)

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 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.

Derivative transactions generate income from buy-sell spreads and from trading positions taken by the Group. Income from these transactions is taken to interest income, foreign exchange gain or trading income from derivatives.

Market Risk

Market risk arising from the above interest rate-related and foreign exchange-related derivatives contracts measures the potential losses to the value of these contracts due to changes in market rates/prices. The contractual amounts of these contracts 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.

The Group's risk management system uses the value at risk method to assess the market risk from these contracts.

As at 31 March 2006, value at risk of foreign exchange-related derivatives contracts used for trading purposes of the Group was RM890,497 (RM25,849 as at 31 March 2005).

The value at risk of the interest rate derivatives related contracts used for trading purposes of the Group was RM25,195,011 (RM12,976,600 as at 31 March 2005).

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

Counterparty credit risk arises from the possibility that a counterparty may be unable to meet the terms of the derivatives contract in which the Group has a gain position.

As at 31 March 2006, the amounts of counterparty credit risk, measured in term of the cost to replace the profitable contracts of the Group was RM26,977,165 (RM5,841,221 as at 31 March 2005). 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.

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.

Group 2006	<-----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	7,617,976	-	-	-	-	-	1,837,286	-	9,455,262	4.31
Securities purchased under resale agreements	688,666	30,924	-	-	-	-	-	-	719,590	3.16
Deposits and placements with banks and other financial institutions	26,661	100,775	122,840	326,628	73,662	-	102,127	-	752,693	3.23
Securities held-for-trading	6,287	-	-	-	-	-	681,450	5,410,303	6,098,040	3.76
Securities available-for-sale	-	-	82,223	23,694	608,123	452,393	437,172	-	1,603,605	4.93
Securities held-to-maturity	-	55,247	23,899	167,109	839,162	1,033,353	594,271	-	2,713,041	5.38
Loans, advances and financing:										
- performing	12,708,861	2,239,092	1,030,662	319,353	7,099,566	11,996,766	5,583,954	-	40,978,254	7.30
- non-performing *	-	-	-	-	-	-	3,882,214	-	3,882,214	-
Amount due from Originators	816	-	1,967	19,564	67,347	-	-	-	89,694	4.25
Other non-interest sensitive balances	-	-	-	-	-	-	5,968,244	-	5,968,244	-
TOTAL ASSETS	21,049,267	2,426,038	1,261,591	856,348	8,687,860	13,482,512	19,086,718	5,410,303	72,260,637	
LIABILITIES AND EQUITY										
Deposits from customers	16,367,813	6,676,416	4,023,014	5,883,054	1,506,108	-	4,461,759	-	38,918,164	3.10
Deposits and placements of banks and other financial institutions	4,056,727	1,813,945	792,037	1,733,009	1,765,459	1,866,814	2,612,810	-	14,640,801	3.61
Obligations on securities sold under repurchase agreements	3,398,217	173,766	274	-	-	-	-	-	3,572,257	3.15
Bills and acceptances payable	224,464	366,006	93,799	-	-	-	228,454	-	912,723	4.81
Recourse obligation on loans sold to to Cagamas Berhad	141,957	55,928	16,487	667,413	986,864	-	-	-	1,868,649	3.90

Group 2006	<-----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				
Term loans	-	482,232	-	-	-	-	-	-	482,232	5.15
Subordinated term loan	-	-	-	-	680,000	-	-	-	680,000	6.72
Redeemable unsecured bonds	-	-	-	-	324,638	595,000	-	-	919,638	6.57
Hybrid capital	-	-	-	-	-	684,047	-	-	684,047	6.77
Other non-interest sensitive balances	-	-	-	-	-	-	3,444,267	-	3,444,267	-
Total Liabilities	24,189,178	9,568,293	4,925,611	8,283,476	5,263,069	3,145,861	10,747,290	-	66,122,778	
Share capital	-	-	-	-	-	-	2,130,534	-	2,130,534	
Reserves	-	-	-	-	-	-	2,898,505	-	2,898,505	
Shareholders equity	-	-	-	-	-	-	5,029,039	-	5,029,039	
Minority interests	-	-	-	-	-	-	1,108,820	-	1,108,820	
Total Equity	-	-	-	-	-	-	6,137,859	-	6,137,859	
TOTAL LIABILITIES AND EQUITY	24,189,178	9,568,293	4,925,611	8,283,476	5,263,069	3,145,861	16,885,149	-	72,260,637	
On-balance sheet interest sensitivity gap	(3,139,911)	(7,142,255)	(3,664,020)	(7,427,128)	3,424,791	10,336,651	2,201,569	5,410,303	-	
Off-balance sheet interest sensitivity gap	662,731	5,146,170	499,430	(1,387,358)	(6,849,710)	1,935,099	-	6,360	12,722	
Total interest sensitivity gap	(2,477,180)	(1,996,085)	(3,164,590)	(8,814,486)	(3,424,919)	12,271,750	2,201,569	5,416,663	12,722	
Cumulative interest rate sensitivity gap	(2,477,180)	(4,473,265)	(7,637,855)	(16,452,341)	(19,877,260)	(7,605,510)	(5,403,941)	12,722		

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

Group 2005	<-----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	6,539,602	-	-	-	-	-	1,238,500	-	7,778,102	2.79
Securities purchased under resale agreements	115,153	32,367	-	-	-	-	-	-	147,520	2.50
Deposits and placements with banks and other financial institutions	-	665,570	38,578	104	-	22,100	55,200	-	781,552	2.75
Securities held-for-trading	-	-	-	-	-	-	720,190	3,116,017	3,836,207	3.79
Securities available-for-sale	-	-	18,999	-	601,717	328,997	537,765	-	1,487,478	3.67
Securities held-to-maturity	150,233	-	132,417	195,455	739,081	860,179	212,485	-	2,289,850	6.12
Loans, advances and financing:										
- performing	12,323,480	1,154,531	1,093,107	1,777,030	8,629,690	3,147,770	6,821,158	-	34,946,766	7.47
- non-performing *	-	-	-	-	-	-	5,152,790	-	5,152,790	-
Amount due from Originators	-	3,363	-	7,684	121,751	-	-	-	132,798	4.29
Other non-interest sensitive balances	-	-	-	-	-	-	5,561,170	-	5,561,170	-
TOTAL ASSETS	19,128,468	1,855,831	1,283,101	1,980,273	10,092,239	4,359,046	20,299,258	3,116,017	62,114,233	
LIABILITIES AND EQUITY										
Deposits from customers	12,731,405	6,505,913	3,905,405	5,306,983	1,534,072	-	4,463,562	-	34,447,340	2.96
Deposits and placements of banks and other financial institutions	2,144,353	1,738,949	1,013,905	530,238	935,361	1,507,262	4,316,463	-	12,186,531	3.06
Obligations on securities sold under repurchase agreements	1,447,458	3,327	101	-	-	-	-	-	1,450,886	2.59
Bills and acceptances payable	128,234	240,408	106,842	-	-	-	43,454	-	518,938	4.91
Recourse obligation on loans sold to to Cagamas Berhad	343,350	161,190	115,458	241,930	1,797,478	127,042	-	-	2,786,448	3.95

Group 2005	<-----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				
Term loans	746,500	221,000	285,000	-	-	-	-	-	1,252,500	4.17
Subordinated certificates of deposits	-	-	-	198,768	-	-	-	-	198,768	8.85
Subordinated term loan	-	-	-	-	680,000	-	-	-	680,000	6.66
Redeemable unsecured bonds	-	-	-	-	801,481	-	-	-	801,481	6.94
Other non-interest sensitive balances	-	-	-	-	-	-	2,941,704	-	2,941,704	-
Total Liabilities	17,541,300	8,870,787	5,426,711	6,277,919	5,748,392	1,634,304	11,765,183	-	57,264,596	
Share capital	-	-	-	-	-	-	2,130,534	-	2,130,534	
Reserves	-	-	-	-	-	-	2,682,756	-	2,682,756	
Shareholders equity	-	-	-	-	-	-	4,813,290	-	4,813,290	
Minority interests	-	-	-	-	-	-	36,347	-	36,347	
Total Equity	-	-	-	-	-	-	4,849,637	-	4,849,637	
TOTAL LIABILITIES AND EQUITY	17,541,300	8,870,787	5,426,711	6,277,919	5,748,392	1,634,304	16,614,820	-	62,114,233	
On-balance sheet interest sensitivity gap	1,587,168	(7,014,956)	(4,143,610)	(4,297,646)	4,343,847	2,724,742	3,684,438	3,116,017	-	
Off-balance sheet interest sensitivity gap	295,859	418,103	(43,003)	(24,654)	(912,807)	266,502	-	-	-	
Total interest sensitivity gap	1,883,027	(6,596,853)	(4,186,613)	(4,322,300)	3,431,040	2,991,244	3,684,438	3,116,017	-	
Cumulative interest rate sensitivity gap	1,883,027	(4,713,826)	(8,900,439)	(13,222,739)	(9,791,699)	(6,800,455)	(3,116,017)	-		

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

A29. CAPITAL ADEQUACY

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 as at 31 March 2006 after incorporating the market risk pursuant to the Bank Negara Malaysia Market Risk Capital Adequacy Framework which became effective on 1 April 2005 are as follows:

	The Group	
	31.3.06	31.3.05
	RM'000	RM'000
Tier 1 capital		
Paid-up ordinary share capital	2,130,534	2,130,534
Share premium	791,550	798,356
Statutory reserve	1,000,417	913,438
Hybrid capital	684,047	-
Exchange fluctuation reserve	15,736	15,086
Unappropriated profit at end of year	1,081,089	926,810
Minority interests	1,108,820	36,347
Total	<u>6,812,193</u>	<u>4,820,571</u>
Less : Goodwill	515,976	523,046
Deferred tax assets - net	854,157	984,870
Total tier 1 capital	<u>5,442,060</u>	<u>3,312,655</u>
Tier 2 capital		
Subordinated certificates of deposit	-	198,650
Subordinated term loan	680,000	680,000
Redeemable unsecured subordinated bonds	775,000	660,000
General allowance for bad and doubtful debts	721,817	629,784
Total tier 2 capital	<u>2,176,817</u>	<u>2,168,434</u>
Capital base	<u>7,618,877</u>	<u>5,481,089</u>
Capital Ratios:		
Core capital ratio	9.96%	6.98%
Risk-weighted capital ratio	13.94%	11.55%
Core capital ratio (net of proposed final dividend)	9.82%	6.85%
Risk-weighted capital ratio (net of proposed final dividend)	<u>13.80%</u>	<u>11.42%</u>

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

	31.3.06		31.3.05	
	Principal Amount RM'000	Risk- Weighted Amount RM'000	Principal Amount RM'000	Risk- Weighted Amount RM'000
0%	10,973,248	-	10,448,362	-
10%	87,239	8,724	435,489	43,549
20%	4,535,658	907,132	6,286,028	1,257,206
50%	8,367,850	4,183,925	7,251,983	3,625,992
100%	43,988,003	43,988,003	42,516,067	42,516,067
	<u>67,951,998</u>	<u>49,087,784</u>	<u>66,937,929</u>	<u>47,442,814</u>
Add: Total Risk Weighted Assets Equivalent for market risk		<u>5,547,964</u>		
		<u>54,635,748</u>		

The capital adequacy ratio of the Group as at 31 March 2005 has not been restated for prior year adjustments effect as mentioned in Note A31.

A30. ISLAMIC BANKING BUSINESS

The state of affairs as at 31 March 2006 and the results for the year ended 31 March 2006 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:

AUDITED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2006

	The Group	
	31.3.06	31.3.05
	RM'000	RM'000
ASSETS		
Cash and short-term funds	1,549,521	922,365
Deposit and placements with banks and other financial institutions	102,126	77,300
Securities held-for-trading	798,073	684,069
Securities available-for-sale	18,830	-
Securities held-to-maturity	56,171	-
Financing, advances and other loans	6,505,459	7,026,806
Statutory deposits with Bank Negara Malaysia	289,850	245,681
Other receivables, deposits and prepayments	18,040	15,750
Property and equipment	38	56
Deferred tax assets	68,729	84,398
TOTAL ASSETS	9,406,837	9,056,425
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits from customers	4,461,758	3,579,449
Deposits and placements of banks and other financial institutions	3,312,104	3,879,573
Converted fund	82,711	301,677
Acceptances payable	228,454	43,454
Other liabilities	292,392	340,943
Total Liabilities	8,377,419	8,145,096
ISLAMIC BANKING FUNDS		
Capital funds	563,381	595,542
Reserves	466,037	315,787
Islamic Banking Funds	1,029,418	911,329
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	9,406,837	9,056,425
COMMITMENTS AND CONTINGENCIES	6,162,113	4,221,222

**AUDITED CONSOLIDATED INCOME STATEMENT
 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006**

THE GROUP	Individual Quarter		Cumulative Quarter	
	31.3.06	31.3.05	31.3.06	31.3.05
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	171,345	152,456	689,107	599,459
Allowance for losses on financing	(49,385)	(93,361)	(161,886)	(209,498)
Transfer from/(to) profit equalization reserve	13,381	4,038	(4,494)	(57,949)
Impairment (loss)/writeback on securities	(1)	(100)	94	113
Total attributable income	135,340	63,033	522,821	332,125
Income attributable to the depositors	(72,873)	(65,910)	(276,106)	(259,857)
Profit/(Loss) attributable to the Group	62,467	(2,877)	246,715	72,268
Income derived from Islamic Banking Funds	32,110	21,376	127,541	96,363
Total net income	94,577	18,499	374,256	168,631
Operating expenditure	(38,529)	(9,700)	(167,301)	(39,629)
Profit before taxation	56,048	8,799	206,955	129,002
Taxation	(14,131)	(3,388)	(58,683)	(36,242)
Profit after taxation	41,917	5,411	148,272	92,760

A30a. Financing, Advances and Other Loans

	The Group	
	31.3.06	31.3.05
	RM'000	RM'000
Term financing/Revolving credit facilities	1,186,319	1,108,168
Islamic hire purchase, net of unearned income	3,290,083	4,113,336
Credit card receivables	298,426	210,855
Trust receipts	20,560	13,513
Claims on customer under acceptance credits	280,504	163,961
Other financing	1,735,406	1,759,539
Gross financing, advances and other loans	<u>6,811,298</u>	<u>7,369,372</u>
Allowance for bad and doubtful debts and financing		
-general	(132,658)	(121,150)
-specific	(173,181)	(221,416)
	<u>(305,839)</u>	<u>(342,566)</u>
Net financing, advances and other loans	<u>6,505,459</u>	<u>7,026,806</u>

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

	The Group	
	31.3.06	31.3.05
	RM'000	RM'000
Gross		
Balance at beginning of year	574,873	956,842
Non-performing during the year	456,786	200,945
Reclassification to performing financing	(210,756)	(412,065)
Recoveries	(93,320)	(88,067)
Amount written off	(196,149)	(80,604)
Debt equity conversion	-	(2,178)
Balance at end of year	<u>531,434</u>	<u>574,873</u>
Specific allowance	(173,181)	(221,416)
Non-performing financing - net	<u>358,253</u>	<u>353,457</u>
Net NPL as % of gross financing less specific allowance	<u>4.05%</u>	<u>4.38%</u>

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

	The Group	
	31.3.06	31.3.05
	RM'000	RM'000
General Allowance		
Balance at beginning of year	121,150	101,043
Allowance made during the year	11,508	20,107
Balance at end of year	<u>132,658</u>	<u>121,150</u>
% of total financing, advances and other loans less specific allowance	<u>1.50%</u>	<u>1.50%</u>
Specific Allowance		
Balance at beginning of year	<u>221,416</u>	<u>91,255</u>
Allowance made during the year	239,322	270,782
Amount written back in respect of recoveries	<u>(86,685)</u>	<u>(68,403)</u>
Net charge to income statement	152,637	202,379
Amount written off/Adjustment to Asset Deficiency Account	(198,796)	(72,247)
Amount transferred to accumulated impairment loss on securities	(2,076)	-
Reclassifications	-	29
Balance at end of year	<u>173,181</u>	<u>221,416</u>

A30b. DEPOSITS FROM CUSTOMERS

	The Group	
	31.3.06	31.3.05
	RM'000	RM'000
Mudarabah Fund		
Special Investment deposits	247,537	311,881
General Investment deposits	3,405,198	2,729,158
Non-Mudarabah Fund		
Demand deposits	200,789	103,869
Saving deposits	508,347	395,691
Negotiable Islamic debt certificates	99,887	38,850
	<u>4,461,758</u>	<u>3,579,449</u>

A30c. OTHER LIABILITIES

	The Group	
	31.3.06	31.3.05
	RM'000	RM'000
Other payables and accruals	144,700	153,586
Taxation and zakat payable	16,377	39,431
Amount owing to head office	-	18,615
Lease deposits and advance rentals	14,560	17,050
Profit equalisation reserve	116,755	112,261
	<u>292,392</u>	<u>340,943</u>

A31. CHANGE IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS

(a) CHANGE IN ACCOUNTING POLICIES

During the financial year, the Group adopted the revised BNM/GP8 which have resulted in the following new accounting policies:

- 1) The holdings of the securities portfolio of the Group are segregated based on the following categories and valuation methods:

- i) Securities held-for-trading

Securities are classified as held-for-trading if they are acquired principally for the purpose of benefiting from actual or expected short term price movement or to lock in arbitrage profits. The securities held-for-trading will be stated at fair value and any gain or loss arising from a change in their fair values and the derecognition of securities held-for-trading are recognised in the income statements.

- ii) Securities held-to-maturity

Securities held-to-maturity are financial assets with fixed or determinable payments and fixed maturity that the Group have the positive intent and ability to hold to maturity are measured at accreted/amortised cost based on effective yield method. Amortisation of premium, accretion of discount and impairment as well as gain or loss arising from the derecognition of securities held-to-maturity are recognised in the income statements.

- iii) Securities available-for-sale

Securities available-for-sale are financial assets that are not classified as held-for-trading or held-to-maturity. The securities available-for-sale are measured at fair value or at amortised cost (less impairment losses) if the fair value cannot be reliably measured. Any gain or loss arising for a change in fair value are recognised directly in equity through the statement of changes in equity, until the financial asset is sold, collected, disposed of or impaired, at which time the cumulative gain or loss previously recognised in equity will be transferred to the income statements.

- 2) Derivatives 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 instruments 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:

Fair value hedge

Where a derivatives financial instrument hedges the changes in fair value of a recognised asset or liability, any gain or loss on the hedging instrument 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.

Cash flow hedge

Gains and losses on the hedging instruments, to the extent 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.

- 3) Where a loan becomes non-performing, interest accrued and recognised as income prior to the date the loans are classified as non-performing shall be reversed out of income and set-off against the accrued interest receivable account in the balance sheet. Thereafter, the interest accrued on the non-performing loans shall be recognised as income on a cash basis instead of being accrued and suspended at the same time as prescribed previously.

(b) COMPARATIVE FIGURES

Changes in comparative figures arising from: (i) the reclassification to present separately for the life fund assets, life fund liabilities and life policy holders' fund; and (ii) the adoption of the revised guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) issued by Bank Negara Malaysia which have been applied retrospectively are as follows :

	As previously reported RM'000	Effect of change RM'000	As restated RM'000
(i) Balance sheet as at 31 March 2005			
Assets			
Cash and short-term funds	7,787,393	(9,291)	7,778,102
Securities purchased under resale agreements	158,592	(11,072)	147,520
Deposits and placements with banks and other financial institutions	810,356	(28,804)	781,552
Dealing securities	3,063,417	(3,063,417)	-
Investment securities	5,112,916	(5,112,916)	-
Securities held-for-trading	-	3,836,207	3,836,207
Securities available-for-sale	-	1,487,478	1,487,478
Securities held-to-maturity	-	2,289,850	2,289,850
Loans, advances and financing	40,220,876	(121,320)	40,099,556
Other assets	1,151,961	19,833	1,171,794
Deferred tax assets	987,077	(2,332)	984,745
Property and equipment	484,754	(4,388)	480,366
Life fund assets	-	949,425	949,425
Liabilities and Equity			
Deposits and placements of banks and other financial institutions	12,077,751	108,780	12,186,531
Obligations on securities sold under repurchase agreements	1,418,519	32,367	1,450,886
Other liabilities	2,882,664	(890,385)	1,992,279
Life fund liabilities	-	121,267	121,267
Life policyholder funds	-	828,158	828,158
Reserve	2,653,690	29,066	2,682,756
(ii) Income statement for the year ended 31 March 2005			
Net interest income	1,418,515	(36,041)	1,382,474
Net income from Islamic banking business	435,005	960	435,965
Other operating income	1,069,399	(310,018)	759,381
Other operating expenses	(1,587,668)	308,906	(1,278,762)
Operating profit	1,335,251	(36,193)	1,299,058
Allowance for diminution in value of investments	(24,914)	24,914	-
Impairment loss on securities	-	(15,294)	(15,294)
Profit before taxation	489,696	2,871	492,567
Taxation	(203,807)	(825)	(204,632)
Profit after taxation but before minority interests	285,889	2,046	287,935
Net profit for the year	201,941	2,046	203,987
Basic earnings per share (sen)	10.72	0.11	10.83
Fully diluted earnings per share (sen)	10.56	0.11	10.67

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

The AmBank Group recorded a net profit attributable to shareholders of RM365.5 million for the year ended 31 March 2006, an increase of 79.2% as compared to RM204.0 million recorded in the corresponding year ended 31 March 2005. Net earnings per share increased by 58.4% to 17.16 sen from 10.83 sen reported for the corresponding year. The Group's pre-tax profit rose 44.2% to RM710.1 million as compared with RM492.6 million in the corresponding year ended 31 March 2005. Pre-tax return on average shareholders funds stood at 11.2%, whilst post-tax return on average shareholders funds was 7.4%.

The improvement in pre-tax profit was mainly due to higher fund based income, net income from Islamic banking business, which was higher by RM104.6 million or 24.0%, increase in investment and trading income of RM70.5 million or 55.0%, increase in premium income from general insurance business of RM83.0 million or 28.9% and writeback of impairment on securities of RM90.2 million of which the corresponding trading loss on disposal of securities have been recognised as investment and trading income. However, the increase were partially offset by a rise of RM171.4 million in the other operating expenses, in tandem with the expansion of business activities and transformation of the finance company operations into a full-fledged commercial bank.

The Group reported a pre-tax profit of RM105.2 million for the fourth quarter ended 31 March 2006 as compared to RM29.0 million for the corresponding fourth quarter ended 31 March 2005. The improvement was attributed to lower allowance for losses on loans and financing, writeback of impairment on securities, higher net income from Islamic banking business and higher transfer from profit equalisation reserve. The increase in pre-tax profit was however reduced by provision for commitments and contingencies and higher insurance claims.

All the three major divisions reported better performance during the twelve month period. The retail and commercial banking operations, under AmBank (M) Berhad was the largest contributor to the Group profits, reporting a pre-tax profit of RM358.5 million (March 2005: RM153.1 million); followed by investment banking at RM347.6 million (March 2005: RM304.6 million); and AmAssurance Berhad of RM55.6 million (March 2005: RM32.8 million).

The offshore banking operations of the Group reported a pretax loss of RM2.0 million and pretax profit of RM6.9 million for the quarter and year ended 31 March 2006.

The Group also registered a significant improvement in asset quality with the ratio of net non-performing loans on a 3 months classification basis declining to 9.6% as at end-March, as compared with 13.8% as at end-March, 2005. The Group continues to build up its loan loss cover, which has now improved to 36.7% (excluding collateral values of securities pledged), as compared to 32.2% as at end-March, 2005.

The Group's total assets increased by RM10.1 billion to RM72.3 billion. The increase was mainly attributable to the expansion of net loans and financing by RM4.8 billion to RM44.9 billion driven mainly by the strong growth in retail lending and treasury activities by RM4.9 billion in anticipation of increased activity with the depegging and the expected change in interest rates.

The Group's risk weighted capital ratio as at 31 March 2006 stood at 13.94 % as compared with 11.55% as at 31 March 2005. The Tier-1 ratio also continued to strengthen further to 9.96%.

In the opinion of the Directors, the results of operations of the Group and the Company for the financial year 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 lower profit before taxation of RM105.2 million for the fourth quarter ended 31 March 2006 as compared to RM207.8 million for the third quarter ended 31 December 2005 arising from higher allowance for losses on loans and financing, lower net interest income, allowance for doubtful sundry receivables, provisions for commitments and contingencies and lower net income from Islamic banking business. The lower profit before taxation was however reduced by higher writeback of impairment on securities, higher investment and trading income resulted from unrealised gain on revaluation of securities held for trading.

B3. PROSPECTS FOR 31 MARCH 2007

Malaysia's economic growth is projected to rise faster but to remain moderate at 6.0% in 2006. Accordingly, the banking business is expected to further expand in 2006 and the asset quality of the banking system is also expected to remain strong. However, a moderating economy coupled with ample liquidity and liberal operating environment in the banking system will further suppress the profitability of the banking industry's traditional lending business.

Inflation has increased on account of rising cost and potentially the pressure could build up further following higher petroleum product prices. While interest rate would not be directly effective to tame cost-pushed inflation, interest rate adjustment is necessary to positively influence the exchange rate, capital flow and liquidity trend. However, the rate and pace of increase and exchange rate adjustment would not be excessive to disadvantage growth.

Going forward, the Group will continue to pursue its strategy of expanding its business operations. The Group is confident that it has built an infrastructure, customer base and brand-awareness that enables it to take advantage of growth opportunities.

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	
	31.3.06	31.3.05	31.3.06	31.3.05
	RM'000	RM'000	RM'000	RM'000
Estimated current tax payable	766	15,349	92,637	79,743
Transfer from/(to) deferred tax	37,753	(10,788)	128,526	58,608
	38,519	4,561	221,163	138,351
(Overprovision)/Underprovision of current taxation in respect of prior years	(3,271)	33,472	9,906	66,281
Total	35,248	38,033	231,069	204,632

The total tax charge of the Group for the financial year ended 31 March 2006 and 2005 and financial quarter ended 31 March 2006 reflects an effective tax rate which is higher than the statutory tax rate due mainly to the disallowances of certain expenses.

B6. SALE OF INVESTMENTS AND/OR FORECLOSED PROPERTIES

The Group	Individual Quarter		Cumulative Quarter	
	31.3.06	31.3.05	31.3.06	31.3.05
	RM'000	RM'000	RM'000	RM'000
Net (loss)/gain from sale of securities held-for-trading	(73,202)	14,417	(13,051)	59,357
Net gain/(loss) from sale of securities available-for-sale	25,652	14,318	28,296	14,668
Net (loss)/gain from redemption of securities held-to-maturity	(3,181)	8,141	19,561	12,329
Impairment writeback/(loss) on securities	56,354	(440)	90,224	(15,294)

B7. QUOTED SECURITIES

This note is not applicable to financial institutions.

B8. CORPORATE PROPOSALS

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

1. On 10 February 2006, the merchant banking subsidiary company, AmMerchant Bank Berhad ("AmMerchant Bank") entered into a conditional sale and purchase agreement with the nine (9) minority shareholders of Frasers International Pte Ltd ("FIPL") in respect of the proposed acquisition of 7,576,766 ordinary shares of S\$1.00 each in FIPL not already owned by AmMerchant Bank, representing 51% of the issued and paid-up share capital of FIPL for an aggregate cash purchase consideration of up to S\$22,000,000 ("Proposed FIPL Acquisition"). On completion of the Proposed FIPL Acquisition, FIPL will become a wholly owned subsidiary of AmMerchant Bank.

The purchase consideration for the Proposed FIPL Acquisition was arrived at on a willing buyer and willing seller basis after taking into consideration the consolidated net tangible assets as at 31 March 2005 and current year consolidated profit of FIPL and will be satisfied wholly in cash by AmMerchant Bank from its internally generated funds.

The Proposed FIPL Acquisition is conditional upon the approval, inter alia, of Bank Negara Malaysia, Monetary Authority of Singapore, Singapore Exchange Securities Trading Limited, Singapore Exchange Derivatives Trading Limited and any other relevant authorities.

2. On 11 May 2006, the Company announced the following proposals:
 - (a) proposed disposal by AmBank (M) Berhad ("AmBank (M)") of the entire interest in Menara AmBank for a total consideration of RM230,000,000 to be satisfied by AmFIRST Real Estate Investment Trust ("REIT") through the issuance of 230,000,000 AmFIRST REIT units at an issue price of RM1.00 per unit credited as fully paid-up. AmBank (M) will subsequently transfer the entire REIT units to the Company for a cash consideration of RM230 million.
 - (b) a renounceable restricted offer for sale of up to 96,246,917 AmFIRST REIT units at an offer price of RM1.00 per unit to the existing shareholders of the Company on the basis of one (1) AmFIRST REIT unit for 25 existing ordinary shares of RM1.00 each held in the Company of which RM0.85 per unit will be paid in cash by the shareholders of the Company and the remaining RM0.15 per unit is payable by the Company; and
 - (c) a proposed offer for sale of 133,753,083 AmFIRST REIT units at an offer price of RM1.00 per unit to be placed out to institutional and selected investors.

collectively referred to as the "Proposals".

The Proposals are in conjunction with the restructuring and rebranding of AmFirst Property Trust ("AmFPT") as announced by AmFirst Property Trust Management Berhad ("AmPTMB"), the manager of AmFPT on 11 May 2006, which involves the proposed dissolution of AmFPT and the establishment of a new REIT namely AmFIRST REIT.

AmInvestment Group Berhad ("AIGB") as the sponsor for AmFIRST REIT and Am ARA REIT Managers Sdn Bhd ("Am ARA") as the proposed management company of AmFIRST REIT pursuant to the proposed establishment of AmFIRST REIT, will seek a listing and quotation for the entire fund size of AmFIRST REIT comprising 490,000,000 units on the Main Board of Bursa Malaysia Securities Berhad ("Proposed Listing").

AIGB had on 5 May 2006 acquired seven (7) ordinary shares of RM1.00 each, representing 70% equity interest, in Am ARA REIT Holdings Sdn Bhd ("Am ARA Holdings"), the holding company of Am ARA REIT Managers Sdn Bhd ("Am ARA"), for a cash consideration of RM7.00, in connection with the joint venture ("JV") between AIGB and ARA Asset Management (Malaysia) Limited ("ARA") in the business of REIT management. Am ARA Holdings and Am ARA both were incorporated on 20 April 2006.

Pursuant to the JV agreement entered into between AIGB and ARA on 16 February 2006, the balance of three (3) ordinary shares of RM1.00 each, representing 30% equity interest in Am ARA Holdings, are held by ARA.

Am ARA currently has a paid-up capital of RM2.00, comprising two (2) ordinary shares of RM1.00 each, and subject to the approval of Securities Commission, Am ARA will act as the manager of AmFIRST REIT.

The Proposed Listing and the proposals to be undertaken by the Company and AmFPT are subject to the approvals of Securities Commission, Bank Negara Malaysia, shareholders and other relevant authorities.

B9. BORROWINGS

	The Group	
	31.3.06	31.3.05
	RM'000	RM'000
(i) Deposits from customers		
Due within six months	31,140,577	27,324,848
Six months to one year	6,220,145	5,472,835
One year to three years	802,608	933,679
Three years to five years	754,834	715,978
	<u>38,918,164</u>	<u>34,447,340</u>
(ii) Deposits and placements of banks and other financial institutions		
Due within six months	7,701,156	7,645,361
Six months to one year	1,866,082	1,428,543
One year to three years	2,769,084	1,399,437
Three years to five years	2,304,479	1,713,190
	<u>14,640,801</u>	<u>12,186,531</u>
<i>Recap:</i>		
<i>Interbank lendings</i>	9,932,574	7,736,320
<i>Interbank borrowings</i>	(895,590)	(157,700)
<i>Net interbank lendings</i>	<u>9,036,984</u>	<u>7,578,620</u>
(iv) Term loans		
Due within one year		
Secured	482,232	1,252,500
(iii) Unsecured subordinated certificate of deposits		
More than one year	-	198,768
(v) Redeemable unsecured bonds		
More than one year	919,638	801,481

Pursuant to a Trust Deed dated 27 October 2005, the merchant banking subsidiary company issued RM200,000,000 nominal amount of Redeemable Unsecured Subordinated Bonds ("SubBonds") for the purpose of redemption of RM200.0 million nominal amount of unsecured subordinated certificates of deposits. The unsecured subordinated certificates of deposits were redeemed on 1 March 2006.

The salient features of the SubBonds are as follows:

- (a) The SubBonds bear interest at 4.75% per annum for the first five years and at 5.25% to 7.25% per annum for years 6 to 10. The interest is payable on a semi-annual basis.
- (b) The SubBonds are redeemable on 31 October 2010 or on each anniversary date thereafter at nominal value together with interest accrued to the date of redemption
- (c) The SubBonds are for a period of ten years maturing on 31 October 2015. However, subject to the prior approval of Bank Negara Malaysia, the merchant banking subsidiary company may redeem the SubBonds on 31 October 2010 or on each anniversary date thereafter.

During the financial year, the merchant banking subsidiary company had purchased and cancelled RM65,000,000 of the SubBonds.

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(d).

B12. DIVIDENDS

Refer to item A7 above.

B13. EARNINGS PER SHARE (SEN)

a. Basic earnings per share

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

	Individual Quarter		Cumulative Quarter	
	31.3.06	31.3.05	31.3.06	31.3.05
	RM'000	RM'000	RM'000	RM'000
Net profit/(loss) attributable to shareholders of the Company	48,533	(6,636)	365,505	203,987
Number of ordinary shares at beginning of period	2,130,534	1,871,698	2,130,534	1,858,806
Effect of ordinary shares issued pursuant to:				
- Exercise of ESOS	-	-	-	8,135
- Exercise of Warrants 2003/2008	-	13,223	-	3,263
- AMFB Privatisation	-	52,480	-	12,940
Weighted average number of ordinary shares in issue	2,130,534	1,937,401	2,130,534	1,883,144
Basic earnings/(loss) per share (sen)	2.28	(0.34)	17.16	10.83

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

b. Fully diluted earnings per share

Fully diluted earnings per share is calculated by dividing the adjusted profit after taxation and minority interests for the financial quarter/year by the adjusted weighted average number of ordinary shares in issue and issuable during the financial quarter/year.

The Company has two categories of dilutive potential ordinary shares:

- i) Warrants 1997/2007; and
- ii) Warrants 2003/2008

	Individual Quarter		Cumulative Quarter	
	31.3.06	31.3.05	31.3.06	31.3.05
	RM'000	RM'000	RM'000	RM'000
Net profit/(loss) attributable to shareholders of the Company	48,533	(6,636)	365,505	203,987
Weighted average number of ordinary shares in issue (as in (a) above)	2,130,534	1,937,401	2,130,534	1,883,144
Adjusted for:				
- Exercise of Warrants 2003/2008	29,875	29,215	29,875	29,215
Adjusted weighted average number of ordinary shares in issue and issuable	2,160,409	1,966,616	2,160,409	1,912,359
Fully diluted earnings/(loss) per share (Sen)	2.25	(0.34)	16.92	10.67

For the financial quarter and year ended 31 March 2006 and 2005, outstanding share warrants 1997/2007 has 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 adjusted weighted average number of ordinary shares in issue and issuable for the financial quarter/year ended 31 March 2006 and 2005 have been arrived at based on the assumption that dilutive share warrants 2003/2008 are exercised at beginning of quarter/year.

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

Date : 31 May 2006