

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
and its subsidiary companies
AUDITED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2007

	Note	The Group	
		31.3.07 RM'000	31.3.06 RM'000
ASSETS			
Cash and short-term funds		10,573,512	9,455,262
Securities purchased under resale agreements		288,443	719,590
Deposits and placements with banks and other financial institutions		1,639,857	752,693
Securities held-for-trading	A8	6,918,905	6,098,040
Securities available-for-sale	A9	1,855,529	1,604,005
Securities held-to-maturity	A10	2,312,570	2,712,641
Loans, advances and financing	A11	47,610,755	44,860,468
Other assets	A12	2,455,341	1,372,457
Statutory deposits with Bank Negara Malaysia		1,807,058	1,776,693
Investments in associated companies		1,754	40,295
Property and equipment		241,156	448,896
Life fund assets		1,458,908	1,162,488
Deferred tax assets		870,443	811,097
Intangible assets		588,442	564,059
TOTAL ASSETS		78,622,673	72,378,684
LIABILITIES AND EQUITY			
Deposits from customers	A13	42,381,662	38,918,164
Deposits and placements of banks and other financial institutions	A14	17,441,339	14,640,801
Obligations on securities sold under repurchase agreements		3,140,243	3,572,257
Bills and acceptances payable		1,461,577	912,723
Recourse obligations on loans sold to Cagamas Berhad		755,061	1,868,649
Other liabilities	A15	3,148,347	2,281,779
Term loans		309,680	482,232
Subordinated term loans		460,000	680,000
Redeemable unsecured bonds		1,322,795	919,638
Hybrid capital		666,474	684,047
Life fund liabilities		172,281	152,315
Life policyholder funds		1,286,627	1,010,173
Total Liabilities		72,546,086	66,122,778
Share capital		2,130,565	2,130,534
Reserves		2,744,506	3,016,552
Equity attributable to equity holders of the Company		4,875,071	5,147,086
Minority interests		1,201,516	1,108,820
Total Equity		6,076,587	6,255,906
TOTAL LIABILITIES AND EQUITY		78,622,673	72,378,684

AMMB HOLDINGS BERHAD
 (223035-V) (Incorporated in Malaysia)
 and its subsidiary companies
AUDITED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2007 (CONTD.)

	Note	The Group	
		31.3.07 RM'000	31.3.06 RM'000
COMMITMENTS AND CONTINGENCIES	A25	48,568,133	37,310,423
CAPITAL ADEQUACY RATIO	A29		
Core capital ratio		8.72%	9.96%
Risk-weighted capital ratio		12.61%	13.94%
NET ASSETS PER SHARE (RM)		2.29	2.42

The Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 March 2006.

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

AUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FOURTH QUARTER AND YEAR ENDED 31 MARCH 2007

The Group	Note	Fourth Quarter Ended		Year Ended	
		31.3.07 RM'000	31.3.06 RM'000	31.3.07 RM'000	31.3.06 RM'000
Revenue		1,573,594	1,249,685	6,025,613	4,871,268
Interest income	A16	962,046	799,512	3,742,681	3,091,989
Interest expense	A17	(633,262)	(496,615)	(2,370,571)	(1,741,728)
Net interest income		328,784	302,897	1,372,110	1,350,261
Income from Islamic banking business		127,697	123,544	506,102	504,375
Other operating income	A18	348,471	231,572	1,302,595	904,014
Net income		804,952	658,013	3,180,807	2,758,650
Other operating expenses	A19	(402,109)	(322,679)	(1,407,067)	(1,296,659)
Operating profit		402,843	335,334	1,773,740	1,461,991
Allowance for losses on loans and financing	A20	(928,428)	(290,372)	(1,514,082)	(774,689)
Impairment (loss)/writeback on:					
Securities		(194,407)	61,854	(283,758)	100,724
Amount recoverable under asset-backed securitisation transaction		(3,000)	(5,500)	(10,000)	(10,500)
Assets acquired in exchange of debts		(1,619)	-	(2,555)	(660)
Transfer from/(to) profit equalisation reserve		26,460	13,380	60,912	(4,494)
Writeback of allowance/(Allowance) for doubtful sundry receivables - net (Provision)/Writeback of provision for commitments and contingencies		7,505	(4,541)	(2,205)	(16,470)
(Loss)/Profit before share in results of associated companies		(300)	(325)	25	(262)
(Loss)/Profit before share in results of associated companies		(690,946)	109,830	22,077	755,640
Share in results of associated companies		-	645	1,043	2,202
(Loss)/Profit before taxation		(690,946)	110,475	23,120	757,842
Taxation	B5	170,325	(36,711)	(73,373)	(244,433)
(Loss)/Profit for the year		(520,621)	73,764	(50,253)	513,409
Attributable to:					
Equity holders of the Company		(547,299)	52,298	(203,812)	399,874
Minority interests		26,678	21,466	153,559	113,535
(Loss)/Profit for the year		(520,621)	73,764	(50,253)	513,409
(LOSS)/EARNINGS PER SHARE (SEN)	B13				
Basic		(25.69)	2.45	(9.57)	18.77
Fully diluted		(25.69)	2.42	(9.57)	18.51

The Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2006.

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

**AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2007**

The Group	-----Attributable to Equity Holders of the Company----->									
	Non-Distributable					Distributable		Total RM'000	Minority interests RM'000	Total equity 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	26,730	15,086	929,146	4,813,290	36,347	4,849,637	
Prior year adjustments	-	-	-	-	-	83,678	83,678	-	83,678	
At 1 April 2005 (restated)	2,130,534	798,356	913,438	26,730	15,086	1,012,824	4,896,968	36,347	4,933,315	
Arising from Group Reorganisation [^]	-	-	-	-	-	(65,224)	(65,224)	-	(65,224)	
Expenses relating to Group Reorganisation	-	(6,806)	-	-	-	-	(6,806)	-	(6,806)	
Net unrealised loss on revaluation of securities available-for-sale	-	-	-	(17,017)	-	-	(17,017)	-	(17,017)	
Transfer from unappropriated profits	-	-	86,979	-	-	(86,979)	-	-	-	
Exchange fluctuation adjustments	-	-	-	-	650	-	650	-	650	
Net (expense)/income recognised directly in equity	-	(6,806)	86,979	(17,017)	650	(152,203)	(88,397)	-	(88,397)	
Profit for the year	-	-	-	-	-	399,874	399,874	113,535	513,409	
Total recognised net income/(expense) for the year	-	(6,806)	86,979	(17,017)	650	247,671	311,477	113,535	425,012	
Acquisition and subscription of shares in Investment Banking subsidiary company	-	-	-	-	-	-	-	968,918	968,918	
Acquisition of shares in AmAssurance subsidiary company	-	-	-	-	-	-	-	17,241	17,241	
Subscription of shares in private equity subsidiary company	-	-	-	-	-	-	-	260	260	
Disposal of shares in assets management and unit trust subsidiary companies	-	-	-	-	-	-	-	(7,413)	(7,413)	
Dividends paid	-	-	-	-	-	(61,359)	(61,359)	(20,068)	(81,427)	
At 31 March 2006	2,130,534	791,550	1,000,417	9,713	15,736	1,199,136	5,147,086	1,108,820	6,255,906	

[^] 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.

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

**AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2007**

The Group	<-----Attributable to Equity Holders of the Company----->									
	Non-Distributable					Distributable		Total RM'000	Minority interests RM'000	Total equity 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 2006										
As previously stated	2,130,534	791,550	1,000,417	9,713	15,736	1,081,089	5,029,039	1,108,820	6,137,859	
Prior year adjustments	-	-	-	-	-	118,047	118,047	-	118,047	
At 1 April 2006 (restated)	2,130,534	791,550	1,000,417	9,713	15,736	1,199,136	5,147,086	1,108,820	6,255,906	
Net unrealised gain on revaluation of securities available-for-sale	-	-	-	26,649	-	-	26,649	-	26,649	
Transfer from unappropriated profits	-	-	107,340	-	-	(107,340)	-	-	-	
Exchange fluctuation adjustments	-	-	-	-	(5,439)	-	(5,439)	-	(5,439)	
Net income/(expense) recognised directly in equity	-	-	107,340	26,649	(5,439)	(107,340)	21,210	-	21,210	
(Loss)/Profit for the year	-	-	-	-	-	(203,812)	(203,812)	153,559	(50,253)	
Total recognised net income/(expense) for the year	-	-	107,340	26,649	(5,439)	(311,152)	(182,602)	153,559	(29,043)	
Arising from restricted offer for sale of AmFirst REIT^^	-	-	-	-	-	(12,783)	(12,783)	-	(12,783)	
Issue of shares pursuant to exercise of Warrants 2003/2008	31	38	-	-	-	-	69	-	69	
Arising from acquisition of AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	-	4,500	4,500	
Arising from acquisition of Am ARA REIT Holdings Sdn Bhd	-	-	-	-	-	-	-	300	300	
Acquisition of shares in P.T. AmCapital Indonesia	-	-	-	-	-	-	-	(822)	(822)	
Disposal of shares in P.T. AmCapital Indonesia	-	-	-	-	-	-	-	511	511	
Dividends paid	-	-	-	-	-	(76,699)	(76,699)	(65,352)	(142,051)	
At 31 March 2007	2,130,565	791,588	1,107,757	36,362	10,297	798,502	4,875,071	1,201,516	6,076,587	

^^ This relates to the remaining RM0.15 per AmFirst Real Estate Investment Trust ("AmFirst REIT") paid for in cash by the Company pursuant to the Restricted Offer For Sale of AmFirst REIT. The Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 March 2006.

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

AUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007

The Group	31.3.07	31.3.06
	RM'000	RM'000
Profit before taxation	23,120	757,842
Add adjustments for non-operating and non-cash items	1,475,230	698,772
Operating profit before working capital	1,498,350	1,456,614
Increase in operating assets	(6,562,822)	(8,701,707)
Increase in operating liabilities	5,914,611	8,057,559
Cash from operations	850,139	812,466
Taxation paid	(111,362)	(105,177)
Net cash from operating activities	738,777	707,289
Net cash generated from/(used in) investing activities	22,198	(431,646)
Net cash generated from financing activities	105,716	1,417,925
Net increase in cash and cash equivalents	866,691	1,693,568
Cash and cash equivalents at beginning of year	9,288,547	7,594,979
Cash and cash equivalents at end of year	10,155,238	9,288,547

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

The Group	31.3.07	31.3.06
	RM'000	RM'000
Cash and short-term funds	10,573,512	9,455,262
Bank overdrafts	(9,515)	(26,081)
	10,563,997	9,429,181
Less: Cash and bank balances and deposits held in trust	(408,376)	(140,571)
	10,155,621	9,288,610
Effect of exchange rates changes	(383)	(63)
Cash and cash equivalents	10,155,238	9,288,547

Note 1 : Acquisition of Frasers International Pte. Ltd ("FIPL")

The fair values of assets and liabilities assumed arising from the acquisition of the remaining 51.0% equity interest in FIPL, during the financial year ended 31 March 2007 were as follows:

	Unaudited As at 31 August 2006 RM'000
Net assets acquired:	
Cash and short-term funds	48,603
Deposits and placements with banks and other financial institutions	3,578
Property and equipment	1,740
Other assets	119,233
Other liabilities	(94,000)
Net assets acquired	<u>79,154</u>
Goodwill on acquisition	<u>10,424</u>
	89,578
Less: Amount accounted for as an associate	<u>(39,622)</u>
Purchase price paid	49,956
Less: Cash and short term funds	<u>(48,603)</u>
Cash flow on acquisition, net of cash acquired	<u><u>1,353</u></u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2006.

EXPLANATORY NOTES :

A1. BASIS OF PREPARATION

The interim financial statements have been prepared in accordance with Financial Reporting Standards ("FRS") 134, Interim Financial Reporting, issued by Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") and should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2006.

The accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the previous audited annual financial statements except for the adoption of the Bank Negara Malaysia ("BNM") circular dated 16 October 2006 on the Accounting Treatment of Handling Fees for Hire Purchase Loans and the new and revised FRS issued by MASB that are effective for the Group's first FRS annual reporting date, 31 March 2007. The adoption of the new and revised FRS have resulted in changes in the accounting policies of the Group and are disclosed in Note A31.

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

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

- (i) Values assigned to collateral held for non-performing loans secured by properties is determined based on the realisable values of the properties on the following basis:
 - (a) assigning only fifty percent (50%) of the realisable value of the properties held as collateral for non-performing loans which are in arrears for more than five (5) years but less than seven (7) years; and
 - (b) no value assigned to the realisable value of the properties held as collateral for non performing loans which are in arrears for more than seven (7) years.

The financial impact of this adoption was an additional specific allowance charge of RM493.3 million for the financial year ended 31 March 2007.

- (ii) Specific allowance of 20.0% is provided on non-performing loans which are three (3) to less than six (6) months-in-arrears. Previously, specific allowance was only made when a non-performing loan was in arrears of 6 months and above. The financial impact of this adoption was an additional specific allowance charge of RM22.1 million for the financial year ended 31 March 2007.

The Directors are of the view that such treatment will reflect a more prudent provisioning policy for loans, advances and financing.

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 refers generally to the acceptance of deposits, dealing in Islamic securities, granting of financing, capital market and treasury activities under the Shariah principles.

A2. AUDIT QUALIFICATION

There were no audit qualification in the annual financial statements for the year ended 31 March 2006.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

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 quarter and year ended 31 March 2007 other than the adoption of the BNM circular dated 16 October 2006 on the Accounting Treatment of Handling Fees for Hire Purchase Loans and the new and revised FRS issued by MASB that are effective for the Group's first FRS annual reporting date, 31 March 2007.

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

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

During the financial year, the issued and fully paid-up share capital of the Company was increased from 2,130,533,695 ordinary share of RM1.00 each to 2,130,565,410 ordinary shares of RM1.00 each by the issue of 31,715 new ordinary shares of RM1.00 each at RM2.19 per share by virtues of the exercise of share warrants 2003/2008 of the Company. The resulting share premium amounting to RM37,741 has been credited to share premium account.

The 31,715 new ordinary shares issued rank pari passu in all respect with the then existing ordinary shares of the Company.

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

A7. DIVIDENDS PAID

During the financial year, the Company paid a first and final dividend of 5.0%, (effectively 4.9% after restatement for the change in statutory tax rate from 28.0% to 27.0%) less 28.0% taxation, in respect of the previous financial year totalling RM76,699,213 which amount had been dealt with in the directors' report for that financial year and paid on 5 September 2006 to shareholders whose names appeared in the Record of Depositors on 18 August 2006.

A8. SECURITIES HELD-FOR-TRADING

	The Group	
	31.3.07	31.3.06
	RM'000	RM'000
At Fair Value		
Money Market Securities:		
Treasury bills	166,303	34,282
Islamic Treasury bills	48,442	48,541
Malaysian Government Securities	1,505,936	1,349,901
Malaysian Government Investment Certificates	575,313	147,063
Cagamas bonds	60,230	273,869
Khazanah bonds	11,741	912
Cagamas Mudharabah bearer bonds	16,217	264,207
Bank Negara Malaysia bills	-	5,143
Bank Negara Monetary Notes	580,986	-
Islamic Bank Negara Malaysia bills	-	2,491
Negotiable Islamic Debt Certificates	12,442	296,124
Negotiable instruments of deposits	-	574,417
Sukuk Bank Negara Malaysia	-	95,798
	2,977,610	3,092,748
Securities Quoted:		
In Malaysia:		
Shares	294,296	242,939
Corporate bonds	33,922	20,927
Trust units	198,185	353,011
Outside Malaysia:		
Shares	43,072	110
Trust units	1,996	1,996
	571,471	618,983
Unquoted Securities Of Companies Incorporated:		
In Malaysia:		
Shares	2,200	2,200
Outside Malaysia:		
Shares	18,910	-
	21,110	163,798
Unquoted Guaranteed Private Debt Securities Of Companies		
Incorporated In Malaysia:		
Corporate bonds	244,739	67,701
Islamic corporate bonds	103,119	-
Corporate notes	39,749	-
Islamic corporate notes	30,425	10,379
	418,032	78,080

	The Group	
	31.3.07	31.3.06
	RM'000	RM'000
Unquoted Private Debt Securities Of Companies		
Incorporated:		
In Malaysia:		
Shares	405,822	178,763
Corporate bonds	687,002	665,062
Corporate notes	50,224	38,420
Islamic corporate bonds	1,604,502	1,305,975
Islamic corporate notes	63,947	117,809
Outside Malaysia:		
Corporate bonds	119,185	-
	<u>2,930,682</u>	<u>2,306,029</u>
Total	<u>6,918,905</u>	<u>6,098,040</u>

A9. SECURITIES AVAILABLE-FOR-SALE

	The Group	
	31.3.07	31.3.06
	RM'000	RM'000
At Fair Value		
Money Market Securities:		
Malaysian Government Securities	44,474	50,394
Cagamas bonds	14,624	24,714
Khazanah bonds	9,604	10,138
Negotiable instruments of deposits	353,612	69,340
	<u>422,314</u>	<u>154,586</u>
Securities Quoted:		
In Malaysia:		
Corporate bonds	17,329	18,576
Trust units	76,334	3,773
Outside Malaysia:		
Shares	13,505	8,907
	<u>107,168</u>	<u>31,256</u>
Unquoted Securities Incorporated In Malaysia:		
Shares	<u>2,400</u>	<u>400</u>
Debt Equity Converted Securities Quoted:		
In Malaysia:		
Shares	46,043	248,502
Shares - with options	82,815	19,822
Loan stocks - collateralised	-	1,064
Corporate bonds	50	648
Outside Malaysia:		
Shares	229	-
	<u>129,137</u>	<u>270,036</u>

	The Group	
	31.3.07	31.3.06
	RM'000	RM'000
Unquoted Private Debt Securities Of Companies Incorporated		
In Malaysia:		
Corporate bonds	323,592	337,567
Islamic corporate bonds	558,857	217,183
Islamic corporate notes	-	18,729
	<u>882,449</u>	<u>573,479</u>
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	312,061	574,248
Total	<u>1,855,529</u>	<u>1,604,005</u>
A10. SECURITIES HELD-TO-MATURITY		
At Amortised Cost		
Money Market Securities:		
Negotiable instruments of deposits	<u>89,589</u>	<u>-</u>
Securities Quoted In Malaysia:		
Shares	99	99
Corporate bonds	34,560	55,247
Trust units	1,001	-
	<u>35,660</u>	<u>55,346</u>
Unquoted Securities Of Companies Incorporated:		
In Malaysia:		
Shares	102,636	102,636
Corporate bonds	959	959
Outside Malaysia:		
Shares	7,597	8,706
	<u>111,192</u>	<u>112,301</u>
Quoted Debt Equity Converted Securities:		
In Malaysia:		
Shares	13,193	8,201
Loan stocks - collateralised	971	971
Loan stocks - with options	843,061	956,783
Outside Malaysia:		
Shares - with options	15	15
	<u>857,240</u>	<u>965,970</u>

	The Group	
	31.3.07	31.3.06
	RM'000	RM'000
Unquoted Debt Equity Converted Securities Of Companies		
Incorporated In Malaysia:		
Shares	44,971	122,870
Loan stocks	783,509	804,744
Corporate bonds	502,224	621,435
	<u>1,330,704</u>	<u>1,549,049</u>
Unquoted Private Debt Securities Of Companies Incorporated:		
In Malaysia:		
Shares	21,220	21,220
Corporate bonds and notes denominated in USD	56,871	68,674
Islamic corporate bonds	193,598	196,703
Outside Malaysia:		
Corporate bonds and notes denominated in USD	103,680	110,493
	<u>375,369</u>	<u>397,090</u>
Unquoted Guaranteed Private Debt Securities Of Companies		
Incorporated In Malaysia:		
Corporate bonds	79,216	82,729
	<u>2,878,970</u>	<u>3,162,485</u>
Accumulated impairment losses	(566,400)	(449,844)
Total	<u>2,312,570</u>	<u>2,712,641</u>

A11. LOANS, ADVANCES AND FINANCING

	The Group	
	31.3.07	31.3.06
	RM'000	RM'000
Loans and financing:		
Term loans and revolving credit	14,037,374	13,468,701
Housing loans	11,074,856	9,791,514
Staff loans	185,536	181,641
Hire-purchase receivables	24,474,377	23,110,318
Credit card receivables	2,218,724	2,138,331
Lease receivables	1,430,654	1,316,480
Overdrafts	1,343,383	1,031,079
Claims on customers under acceptance credits	1,656,939	1,250,752
Trust receipts	215,921	200,702
Block discount receivables	56,751	64,575
Factoring receivables	52,047	32,887
Bills receivable	17,765	6,878
	<u>56,764,327</u>	<u>52,593,858</u>
Less: Unearned interest and income	6,022,129	5,478,909
Total	<u>50,742,198</u>	<u>47,114,949</u>
Less:		
Allowance for bad and doubtful debts and financing:		
General	778,396	721,817
Specific	2,353,047	1,532,664
	<u>3,131,443</u>	<u>2,254,481</u>
Net loans, advances and financing	<u>47,610,755</u>	<u>44,860,468</u>

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

	The Group				Annualised Loans Growth (%)
	31.3.07 RM'000	%	31.3.06 RM'000	%	
Purchase of transport vehicles	22,739,226	42.5	21,237,388	43.1	
Purchase of landed properties:					
- Residential	10,777,779	20.2	9,614,563	19.5	
- Non-residential	2,491,641	4.7	2,460,288	5.0	
Working capital	7,921,566	14.8	6,203,967	12.6	
Credit cards	2,207,352	4.1	2,138,423	4.3	
Personnel use	1,651,691	3.1	1,301,856	2.6	
Fixed assets	1,561,570	2.9	1,153,771	2.3	
Construction	1,160,173	2.2	1,266,236	2.6	
Purchase of securities	1,237,484	2.3	1,042,937	2.1	
Merger and acquisition	207,044	0.4	404,571	0.8	
Consumer durables	4,648	0.0	7,801	0.0	
Other purpose	1,500,857	2.8	2,488,975	5.1	
Gross loans, advances and financing	53,461,031	100.0	49,320,776	100.0	
Less: Islamic financing sold to Cagamas Berhad	(2,718,833)		(2,205,827)		
	50,742,198		47,114,949		7.7

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

	The Group	
	31.3.07 RM'000	31.3.06 RM'000
Domestic :		
Other non-bank financial institutions	760,703	453,199
Business enterprises:		
Small medium enterprises	4,806,779	4,738,220
Others	9,932,336	9,294,073
Government and statutory bodies	140,282	105,809
Individuals	34,583,382	32,009,995
Other domestic entities	327,991	346,711
Foreign entities	190,725	166,942
	50,742,198	47,114,949

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

	The Group	
	31.3.07	31.3.06
	RM'000	RM'000
Variable rate		
BLR-plus	11,435,296	12,873,455
Cost-plus	4,919,740	4,435,782
Other variable rates	567,196	736,388
	<u>16,922,232</u>	<u>18,045,625</u>
Fixed rate		
Housing loans	3,129,736	3,069,126
Hire purchase receivables	23,819,118	19,976,247
Other fixed rates	6,871,112	6,023,951
	<u>33,819,966</u>	<u>29,069,324</u>
	<u>50,742,198</u>	<u>47,114,949</u>

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

	The Group	
	31.3.07	31.3.06
	RM'000	RM'000
Gross		
Balance at beginning of year	6,136,695	7,597,662
Non-performing during the year	1,604,797	2,381,238
Reclassification to performing loans and financing	(818,554)	(2,016,743)
Amount written off	(935,779)	(1,235,771)
Recoveries	(457,448)	(580,814)
Exchange fluctuation adjustments	(6,182)	(1,789)
Transfer from stock and share-broking activities	8,811	-
Debt equity conversion	2,001	(7,088)
Balance at end of year	<u>5,534,341</u>	<u>6,136,695</u>
Less: Specific allowance	<u>(2,353,047)</u>	<u>(1,532,664)</u>
Non-performing loans, advances and financing - net	<u>3,181,294</u>	<u>4,604,031</u>
Ratios of non-performing loans, advances and financing to total loans, advances and financing - net	<u>6.2%</u>	<u>9.6%</u>
Loan loss coverage excluding collateral values	<u>56.6%</u>	<u>36.7%</u>

Subsequent to the financial year, the Group obtained approval from BNM for the sale of its portfolio of non-performing loans (net) totalling RM574 million. Upon the completion of the sale, the Group non-performing loans (net) ratio will further reduce to 5.5% from 6.2% as at 31 March 2007.

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

	The Group			
	31.3.07		31.3.06	
	RM'000	%	RM'000	%
Working capital	1,205,711	21.8	1,189,815	19.4
Purchase of landed properties:				
Residential	1,372,850	24.8	1,375,485	22.4
Non-residential	781,598	14.1	905,105	14.7
Purchase of transport vehicles	806,824	14.6	854,974	13.9
Construction	364,953	6.6	609,611	9.9
Purchase of securities	273,202	4.9	295,681	4.8
Credit cards	216,850	3.9	153,751	2.5
Fixed assets	62,217	1.1	96,904	1.6
Personnel use	54,394	1.0	68,248	1.1
Merger and acquisition	15,020	0.3	58,311	1.0
Consumer durables	327	0.0	895	0.0
Other purpose	380,395	6.9	527,915	8.7
	<u>5,534,341</u>	<u>100.0</u>	<u>6,136,695</u>	<u>100.0</u>

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

	The Group	
	31.3.07	31.3.06
	RM'000	RM'000
General allowance		
Balance at beginning of year	721,817	629,784
Allowance during the year	55,567	92,171
Transfer from stock and share-broking operations	1,321	
Exchange fluctuation adjustments	(309)	(138)
Balance at end of year	<u>778,396</u>	<u>721,817</u>
% of total loans, advances and financing less specific allowances	<u>1.52%</u>	<u>1.51%</u>
Specific allowance		
Balance at beginning of year	1,532,664	1,815,088
Allowance during the year	2,162,855	1,422,770
Amount written back in respect of recoveries and reversals	(426,953)	(470,856)
Net charge to income statements	1,735,902	951,914
Transfer from stock and share-broking operations	8,741	
Reclassification from sundry receivables	8,205	17,372
Adjustment to/(from) deferred asset account	7,792	(1,594)
Amount written off	(935,929)	(1,246,663)
Debt equity conversion	(3,182)	(3,251)
Exchange fluctuation adjustments	(1,146)	(202)
Balance at end of year	<u>2,353,047</u>	<u>1,532,664</u>

A12. OTHER ASSETS

	The Group	
	31.3.07	31.3.06
	RM'000	RM'000
Trade receivables, net of allowance for doubtful debts	791,667	291,126
Other receivables, deposits and prepayments, net of allowance for doubtful debts	1,098,467	547,752
Interest receivables on treasury assets, net of allowance for doubtful debts	173,229	122,523
Fee receivables, net of allowance for doubtful debts	34,336	28,886
Amount due from Originators	52,421	89,694
Amount due from agents, brokers and reinsurer, net of allowance	85,334	37,118
Amount recoverable under asset-backed securitisation transactions, net of impairment loss	77,066	87,066
Foreclosed properties, net of allowance for impairment in value	98,882	103,714
Deferred assets	43,939	64,578
	<u>2,455,341</u>	<u>1,372,457</u>

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

A13. DEPOSITS FROM CUSTOMERS

	The Group	
	31.3.07	31.3.06
	RM'000	RM'000
Term/Investment deposits	35,981,135	32,192,382
Savings deposits	3,160,423	2,940,219
Current deposits	2,162,453	1,558,199
Negotiable instruments of deposits	16,950	2,227,364
Other deposits	1,060,701	-
	<u>42,381,662</u>	<u>38,918,164</u>

The deposits are sourced from the following types of customers:

Business enterprises	12,535,438	12,876,710
Individuals	23,029,293	19,895,623
Government	4,877,907	5,006,893
Others	1,939,024	1,138,938
	<u>42,381,662</u>	<u>38,918,164</u>

A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	31.3.07	31.3.06
	RM'000	RM'000
Deposits from:		
Licensed banks	4,807,110	4,192,542
Licensed merchant banks	499,284	555,522
Bank Negara Malaysia	1,278,320	1,160,280
Other financial institutions	10,856,625	8,732,457
	<u>17,441,339</u>	<u>14,640,801</u>

A15. OTHER LIABILITIES

	The Group	
	31.3.07	31.3.06
	RM'000	RM'000
Trade payables	378,737	353,380
Securities sold not yet re-purchased	98,209	91,437
Other payables and accruals	1,865,540	1,129,562
Interest payable on deposits and borrowings	473,091	326,109
Lease deposits and advance rentals	57,665	50,881
General insurance funds	194,637	181,987
Provision for commitments and contingencies	300	325
Bank overdrafts	9,515	26,081
Profit equalization reserve	55,837	116,755
Deferred tax liabilities	8,475	2,846
Tax payable	6,341	2,416
	<u>3,148,347</u>	<u>2,281,779</u>

A16. INTEREST INCOME

The Group	Fourth Quarter Ended		Year Ended	
	31.3.07	31.3.06	31.3.07	31.3.06
	RM'000	RM'000	RM'000	RM'000
Short-term funds and deposits with financial institutions	85,717	58,353	274,621	201,283
Securities held-for-trading	48,109	53,927	215,829	179,658
Securities available for sale	20,760	13,744	84,781	49,808
Securities held-to-maturity	9,018	4,124	73,749	71,556
Loans and advances				
- Interest income other than recoveries from NPLs	638,575	577,607	2,497,888	2,263,102
- Recoveries from NPLs	75,522	71,997	302,849	313,721
Interest rate swap	103,843	41,430	375,769	98,300
Others	2,120	3,510	10,395	24,965
Gross interest income	<u>983,664</u>	<u>824,692</u>	<u>3,835,881</u>	<u>3,202,393</u>
Amortisation of premiums less accretion of discounts	2,145	8,181	14,912	5,554
Interest suspended	<u>(23,763)</u>	<u>(33,361)</u>	<u>(108,112)</u>	<u>(115,958)</u>
Total after net interest suspension	<u>962,046</u>	<u>799,512</u>	<u>3,742,681</u>	<u>3,091,989</u>

A17. INTEREST EXPENSE

The Group	Fourth Quarter Ended		Year Ended	
	31.3.07	31.3.06	31.3.07	31.3.06
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	328,987	280,068	1,267,716	1,084,459
Deposit of banks and other financial institutions	95,373	66,316	310,228	201,141
Securities sold under repurchase agreements	21,919	20,233	91,029	57,389
Amount due to Cagamas Berhad	8,197	18,645	47,012	77,349
Bank borrowings:				
Term loans	6,476	2,754	27,062	23,377
Overdrafts	400	377	1,087	1,555
Subordinated deposits and term loans	2,485	13,291	52,986	59,355
Interest on Bonds	20,075	14,763	65,182	56,437
Interest rate swap	122,006	49,228	425,468	124,913
Hybrid securities	11,886	9,204	49,273	9,204
Others	15,458	21,736	33,528	46,549
	<u>633,262</u>	<u>496,615</u>	<u>2,370,571</u>	<u>1,741,728</u>

A18. OTHER OPERATING INCOME

The Group	Fourth Quarter Ended		Year Ended	
	31.3.07	31.3.06	31.3.07	31.3.06
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Fees on loans and advances	36,387	29,513	127,855	121,634
Corporate advisory	9,046	4,066	20,805	17,796
Guarantee fees	10,814	9,498	27,938	23,725
Underwriting commissions	71	588	14,480	5,115
Portfolio management fees	1,025	1,501	9,540	7,641
Unit trust management fees	9,210	9,889	37,920	29,118
Brokerage rebates	423	131	1,161	602
Property trust management fees	733	500	2,298	1,983
Brokerage fees and commissions	43,283	13,236	102,630	43,327
Banc assurance commission	5,290	5,850	26,104	25,822
Income from asset securitisation	(103)	227	(179)	1,695
Other fee income	12,678	4,668	45,619	28,453
	<u>128,857</u>	<u>79,667</u>	<u>416,171</u>	<u>306,911</u>
Investment and trading income:				
Net gain/(loss) from sale of securities held-for-trading	73,058	(73,202)	197,902	(13,051)
Net gain from sale of securities available-for-sale	6,998	25,652	28,033	28,296
Net gain/(loss) on redemption of securities held-to-maturity	8,304	(3,181)	53,177	19,561
(Loss)/Gain on revaluation of securities held for trading	(4,334)	13,687	93,465	53,884
(Loss)/Gain on revaluation of derivatives	(8,842)	4,978	628	6,165
Gain on disposal of 10.0% equity interest in insurance subsidiary company	-	29,962	-	29,962
Gross dividend income from:				
Securities held-for-trading	7,526	420	19,285	14,286
Securities available-for-sale	140	29,086	5,965	34,627
Securities held-to-maturity	10,687	15,560	23,804	24,945
	<u>93,537</u>	<u>42,962</u>	<u>422,259</u>	<u>198,675</u>
Premium income from general insurance business				
	106,921	96,826	404,664	369,928
Surplus transfer from life insurance business	13,500	-	13,500	-
	<u>120,421</u>	<u>96,826</u>	<u>418,164</u>	<u>369,928</u>
Other income:				
Foreign exchange gain	3,961	7,584	13,034	14,511
Gain on disposal of property and equipment - net	100	1,159	1,700	1,807
Rental income	1,011	2,562	7,986	9,648
Gain on disposal of assets held for sale	-	-	19,284	-
Other non-operating income	584	812	3,997	2,534
	<u>5,656</u>	<u>12,117</u>	<u>46,001</u>	<u>28,500</u>
	<u>348,471</u>	<u>231,572</u>	<u>1,302,595</u>	<u>904,014</u>

A19. OTHER OPERATING EXPENSES

The Group	Fourth Quarter Ended		Year Ended	
	31.3.07	31.3.06	31.3.07	31.3.06
	RM'000	RM'000	RM'000	RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	129,116	124,469	494,434	460,245
- Others	22,904	15,645	82,636	66,021
	<u>152,020</u>	<u>140,114</u>	<u>577,070</u>	<u>526,266</u>
Establishment costs				
- Depreciation and amortisation of computer software	17,735	17,850	72,990	67,079
- Computerisation costs	20,488	10,972	73,259	74,832
- Rental	16,108	12,590	49,719	41,829
- Cleaning and maintenance	5,850	4,900	18,495	22,708
- Others	4,948	5,648	16,506	19,945
	<u>65,129</u>	<u>51,960</u>	<u>230,969</u>	<u>226,393</u>
Marketing and communication expenses				
- Sales commission	3,684	173	12,878	14,420
- Advertising, promotional and other marketing activities	17,019	24,806	63,966	78,525
- Telephone charges	4,251	4,534	16,113	16,805
- Postage	3,405	3,195	12,060	13,900
- Travel and entertainment	3,038	2,402	10,119	9,022
- Others	7,465	6,029	27,642	25,810
	<u>38,862</u>	<u>41,139</u>	<u>142,778</u>	<u>158,482</u>
Administration and general				
- Amortisation of goodwill	-	7,147	-	27,977
- Professional services	15,543	1,778	50,182	26,934
- Donations	169	76	484	4,997
- Administration and management expenses	2,008	2,473	12,769	10,924
- Others	23,755	7,945	59,339	40,225
	<u>41,475</u>	<u>19,419</u>	<u>122,774</u>	<u>111,057</u>
Overheads	297,486	252,632	1,073,591	1,022,198
Insurance commission	12,477	10,146	44,823	41,237
General insurance claims	92,146	59,901	288,653	233,224
	<u>402,109</u>	<u>322,679</u>	<u>1,407,067</u>	<u>1,296,659</u>

A20. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

The Group	Fourth Quarter Ended		Year Ended	
	31.3.07	31.3.06	31.3.07	31.3.06
	RM'000	RM'000	RM'000	RM'000
Allowance/(Reversal of allowance) for bad and doubtful debts and financing:				
Specific allowance - net	973,251	341,389	1,735,902	951,914
Allowance during the period/year	1,080,865	468,530	2,162,855	1,422,770
Amount written back in respect of recoveries and reversal	(107,614)	(127,141)	(426,953)	(470,856)
General allowance	16,669	18,318	55,567	92,171
Recoveries of value impairment on amount recoverable from Danaharta	-	-	(17,282)	(881)
Bad debts and financing recovered - net	(61,492)	(69,335)	(260,105)	(268,515)
Written off	203	(1)	215	5,295
Recovered	(61,695)	(69,334)	(260,320)	(273,810)
	928,428	290,372	1,514,082	774,689

A21. SEGMENTAL INFORMATION

BY BUSINESS SEGMENT

	Fourth Quarter Ended		Year Ended	
	31.3.07	31.3.06	31.3.07	31.3.06
	RM'000	RM'000	RM'000	RM'000
Investment banking				
Revenue	380,491	269,663	1,389,250	1,026,500
Profit before taxation	79,399	73,892	390,056	347,567
Commercial and retail banking				
Revenue	991,668	841,187	3,938,410	3,170,136
(Loss)/Profit before taxation	(763,310)	53,560	(413,832)	406,242
Offshore banking				
Revenue	44,593	22,679	91,793	61,509
Profit/(Loss) before taxation	8,547	(2,010)	8,003	6,858
Insurance				
Revenue	263,785	195,489	928,938	762,061
Profit before taxation	21,821	15,060	68,753	55,571
Others				
Revenue	70,298	1,615	79,828	25,149
Loss before taxation	(7,463)	(795)	(24,392)	(7,416)
Total before consolidation adjustments				
Revenue	1,750,835	1,330,633	6,428,219	5,045,355
Profit before taxation	(661,006)	139,707	28,588	808,822
Consolidation adjustments				
Revenue	(177,241)	(80,948)	(402,606)	(174,087)
Profit before taxation	(29,940)	(29,232)	(5,468)	(50,980)
Total after consolidation adjustments				
Revenue	1,573,594	1,249,685	6,025,613	4,871,268
Profit before taxation	(690,946)	110,475	23,120	757,842

Included in the above is Islamic banking business profit before taxation of RM28.7 million for the quarter and RM191.4 million for the year ended 31 March 2007 (RM56.0 million for the quarter and RM207.0 million for the year ended 31 March 2006).

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

A22. VALUATIONS OF PROPERTY AND EQUIPMENTS

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

A23. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

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

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

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

A25. COMMITMENTS AND CONTINGENCIES

In the normal course of business, AmInvestment Bank Berhad ("AmInvestment Bank") (formerly known as AmMerchant Bank Berhad), AmBank (M) Berhad ("AmBank"), AmIslamic Bank Berhad ("AmIslamic" Bank") and AmInternational (L) Ltd ("AmInternational"), make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions other than those where provision had been made in the financial statements. The commitments and contingencies are not secured against the Group's assets.

As at 31 March 2007, the commitments and contingencies outstanding are as follows:

The Group	31.3.07			31.3.06		
	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	290,000	7,438	3,719	580,000	-	-
Interest rate swaps	23,131,423	667,038	137,537	13,067,759	325,210	66,305
Foreign exchange related contracts:						
Forward exchange contracts	4,370,080	128,442	26,830	4,034,678	67,946	14,014
Cross currency swaps	811,310	92,886	18,577	375,676	32,666	6,533
Malaysian Government securities futures	5,000	6	3	10,000	-	-
Equity related contracts:						
Options	165,618	-	-	-	-	-
	<u>28,773,431</u>	<u>895,810</u>	<u>186,666</u>	<u>18,068,113</u>	<u>425,822</u>	<u>86,852</u>
Commitments						
Irrevocable commitments to extend credit maturing :						
within one year	9,565,515	-	-	9,453,604	-	-
more than one year	1,225,230	612,615	611,985	1,467,076	733,538	733,046
Sell and buy back agreements	1,923,143	1,923,143	1,221,740	2,174,849	2,174,849	915,378
Forward purchase commitments	834,911	834,911	218,958	331,127	331,127	153,377
	<u>13,548,799</u>	<u>3,370,669</u>	<u>2,052,683</u>	<u>13,426,656</u>	<u>3,239,514</u>	<u>1,801,801</u>
Contingent Liabilities						
Guarantees given on behalf of customers	1,404,043	1,404,043	1,210,877	1,384,893	1,384,893	1,202,004
Certain transaction-related contingent items	897,800	448,900	423,564	637,248	318,624	284,116
Underwriting liabilities	815,000	407,500	267,100	1,133,152	566,576	541,819
Short term self liquidating trade-related contingencies	283,789	56,758	56,758	345,374	69,075	69,075
Islamic financing sold to Cagamas	2,718,833	2,718,833	2,718,833	2,205,827	2,205,827	2,205,827
Others	126,438	250	250	109,160	250	150
	<u>6,245,903</u>	<u>5,036,284</u>	<u>4,677,382</u>	<u>5,815,654</u>	<u>4,545,245</u>	<u>4,302,991</u>
	<u>48,568,133</u>	<u>9,302,763</u>	<u>6,916,731</u>	<u>37,310,423</u>	<u>8,210,581</u>	<u>6,191,644</u>

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

As at 31 March 2007, other contingencies and commitments of the Group and of the Company are as follows:

- (a) The Company has given unsecured guarantees totalling RM329,600,000 (RM383,600,000 as at 31 March 2006) to various financial institutions in respect of credit facilities extended to certain subsidiary companies.
- (b) AmInvestment Group Berhad has given unsecured guarantees totalling RM10,000,000 (RM10,000,000 as at 31 March 2006) to a financial institution in respect of credit facilities extended to a subsidiary company.
- (c) As required, AmInvestment Bank Berhad has given a continuing guarantee to Bank Negara Malaysia on behalf of AmInternational, to meet all its liabilities and financial obligations and requirements.
- (d) A suit dated 12 December 2005 was filed by Meridian Asset Management Sdn Bhd ("Meridian") against AmTrustee Berhad ("AmTrustee"), a subsidiary of the Company in respect of a claim amounting to RM27.6 million for alleged loss and damage together with interests and costs arising from AmTrustee's provision of custodian services to Meridian.

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

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

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

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

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

A26. RELATED PARTY TRANSACTIONS

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

A27. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 March 2007, derivative financial instruments outstanding are as follows:

The Group								
Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	>1 - 5 years RM'000	>5 years RM'000	Margin requirement
Interest rate related contracts :								
Interest rate futures	290,000	-	100,000	10,000	90,000	90,000	-	298
Interest rate swaps	23,131,423	460,000	435,000	1,300,000	1,916,750	17,381,986	1,637,687	8,893
Foreign exchange related contracts :								
Forward exchange contracts	4,370,080	1,962,743	1,183,136	674,065	550,136	-	-	1,724
Cross currency swaps	811,310	-	-	138,600	-	672,710	-	1,486
Malaysian Government Securities Futures	5,000	-	5,000	-	-	-	-	-
Equity related contracts:								
Options	165,618	51,489	-	-	32,313	81,816	-	-
Total	28,773,431	2,474,232	1,723,136	2,122,665	2,589,199	18,226,512	1,637,687	12,401

RISK MANAGEMENT POLICY ON FINANCIAL DERIVATIVES

Purpose of engaging in financial derivatives

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

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

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

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

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

Risk associated with financial derivatives

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

Market risk of derivatives used for trading purposes

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

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

As at 31 March 2007, value at risk of foreign exchange-related derivatives contracts used for trading purposes of the Group was RM1,628,136 (RM890,497 in 2006).

The value at risk of the interest rate derivatives related contracts used for trading purposes of the Group was RM25,885,784 (RM25,195,011 in 2006).

The value at risk of the options related contracts used for trading purposes was RM26,007,863 (RMNil in 2006) for the Group.

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

Credit risk of derivatives

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

As at 31 March 2007, the amount of counter party credit risk, measured in terms of the cost to replace the positive value contracts of the Group, was RM27,277,893 (RM26,977,165 in 2006). This amount will increase or decrease over the life of the contracts, mainly as a function of movement in market rates and time.

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

Derivative Financial Instruments And Hedge Accounting

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

(i) Fair value hedge

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

(ii) Cash flow hedge

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

A28. INTEREST/PROFIT RATE RISK

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

The Group	<-----Non Trading Book----->							Non- interest sensitive 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	10,249,986	-	-	100	-	-	323,426	-	10,573,512	3.83	
Securities purchased under resale agreements	288,443	-	-	-	-	-	-	-	288,443	2.92	
Deposits and placements with banks and other financial institutions	16,705	1,498,744	20,427	103,981	-	-	-	-	1,639,857	4.91	
Securities held-for-trading	-	-	-	-	-	-	-	6,918,905	6,918,905	3.75	
Securities available-for-sale	5,002	5,007	377,041	106,793	336,437	818,465	206,784	-	1,855,529	4.01	
Securities held-to-maturity	1,340	34,560	139,763	148,073	1,036,424	768,406	184,004	-	2,312,570	4.70	
Loans, advances and financing:											
- performing	14,619,184	2,348,951	1,705,708	377,887	7,589,884	18,565,073	1,170	-	45,207,857	7.38	
- non-performing *	-	-	-	-	-	-	2,402,898	-	2,402,898	-	
Amount due from Originators	-	400	9,441	2,980	39,600	-	-	-	52,421	4.30	
Other non-interest sensitive balances	-	-	-	-	-	-	7,370,681	-	7,370,681	-	
TOTAL ASSETS	25,180,660	3,887,662	2,252,380	739,814	9,002,345	20,151,944	10,488,963	6,918,905	78,622,673		
LIABILITIES AND EQUITY											
Deposits from customers	18,993,078	7,100,616	4,941,231	7,327,510	4,019,227	-	-	-	42,381,662	3.36	
Deposits and placements of banks and other financial institutions	6,431,862	3,469,297	2,272,263	1,136,235	2,624,298	1,507,384	-	-	17,441,339	3.89	
Obligations on securities sold under repurchase agreements	3,087,896	49,275	3,072	-	-	-	-	-	3,140,243	3.36	
Bills and acceptances payable	449,603	747,675	264,299	-	-	-	-	-	1,461,577	-	
Recourse obligation on loans sold to to Cagamas Berhad	18,934	38,438	201,770	244,996	250,923	-	-	-	755,061	1.35	

A28. INTEREST/PROFIT RATE RISK

The Group 31.3.07	-----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	-	206,000	-	103,680	-	-	-	-	309,680	5.60
Subordinated term loans	-	-	-	-	460,000	-	-	-	460,000	6.83
Redeemable unsecured bonds	-	-	-	-	727,795	595,000	-	-	1,322,795	6.57
Hybrid capital	-	-	-	-	-	666,474	-	-	666,474	6.83
Other non-interest sensitive balances	-	-	-	-	-	-	4,607,255	-	4,607,255	-
Total Liabilities	28,981,373	11,611,301	7,682,635	8,812,421	8,082,243	2,768,858	4,607,255	-	72,546,086	
Share capital	-	-	-	-	-	-	2,130,565	-	2,130,565	
Reserves	-	-	-	-	-	-	2,744,506	-	2,744,506	
Equity attributable to equity holders of the Company	-	-	-	-	-	-	4,875,071	-	4,875,071	
Minority interests	-	-	-	-	-	-	1,201,516	-	1,201,516	
Total equity	-	-	-	-	-	-	6,076,587	-	6,076,587	
TOTAL LIABILITIES AND EQUITY	28,981,373	11,611,301	7,682,635	8,812,421	8,082,243	2,768,858	10,683,842	-	78,622,673	
On-balance sheet interest rate gap sensitivity	(3,800,713)	(7,723,639)	(5,430,255)	(8,072,607)	920,102	17,383,086	(194,879)	6,918,905	-	
Off-balance sheet interest rate gap sensitivity	2,145,559	14,893,960	(1,500,860)	(1,040,081)	(15,270,228)	856,740	-	-	85,091	
Total interest rate gap sensitivity	(1,655,154)	7,170,321	(6,931,115)	(9,112,688)	(14,350,126)	18,239,826	(194,879)	6,918,905	85,091	
Cumulative interest rate gap sensitivity	(1,655,154)	5,515,167	(1,415,948)	(10,528,635)	(24,878,762)	(6,638,935)	(6,833,814)	85,091		

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

A28. INTEREST/PROFIT RATE RISK

The Group 31.3.06	<-----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	3.43	
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	4.77	
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	437,572	-	1,604,005	4.93	
Securities held-to-maturity	-	55,247	23,899	167,109	839,162	1,033,353	593,871	-	2,712,641	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	-	-	-	-	-	-	6,086,291	-	6,086,291	-	
TOTAL ASSETS	21,049,267	2,426,038	1,261,591	856,348	8,687,860	13,482,512	19,204,765	5,410,303	72,378,684		
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	3.39	
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	3.89	
Obligations on securities sold under repurchase agreements	3,398,217	173,766	274	-	-	-	-	-	3,572,257	3.37	
Bills and acceptances payable	224,464	366,006	93,799	-	-	-	228,454	-	912,723	5.70	
Recourse obligation on loans sold to to Cagamas Berhad	141,957	55,928	16,487	667,413	986,864	-	-	-	1,868,649	3.70	

A28. INTEREST/PROFIT RATE RISK

The Group 31.3.06	-----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 certificates of deposits	-	-	-	-	680,000	-	-	-	-	680,000	6.72
Subordinated term loan	-	-	-	-	324,638	595,000	-	-	-	919,638	6.57
Redeemable unsecured bonds	-	-	-	-	-	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	-	-	-	-	-	-	3,016,552	-	-	3,016,552	
Equity attributable to equity holders of the Company	-	-	-	-	-	-	5,147,086	-	-	5,147,086	
Minority interests	-	-	-	-	-	-	1,108,820	-	-	1,108,820	
Total equity	-	-	-	-	-	-	6,255,906	-	-	6,255,906	
TOTAL LIABILITIES AND EQUITY	24,189,178	9,568,293	4,925,611	8,283,476	5,263,069	3,145,861	17,003,196	-	-	72,378,684	
On-balance sheet interest rate gap sensitivity	(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 rate gap sensitivity	662,731	5,146,170	499,430	(1,387,358)	(6,849,710)	1,935,099	-	-	-	6,362	
Total interest rate gap sensitivity	(2,477,180)	(1,996,085)	(3,164,590)	(8,814,486)	(3,424,919)	12,271,750	2,201,569	5,410,303	-	6,362	
Cumulative interest rate gap sensitivity	(2,477,180)	(4,473,265)	(7,637,855)	(16,452,341)	(19,877,260)	(7,605,510)	(5,403,941)	6,362	-	-	

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

A29. CAPITAL ADEQUACY

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

The risk-weighted capital adequacy ratios of AmInvestment Bank (including the operations of AMIL) of 15.22% (14.05% in 2006), AmBank of 9.16% (12.14% in 2006) and AmIslamic Bank of 14.45% (Nil in 2006), exceed the minimum requirement.

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

	The Group	
	31.3.07	31.3.06
	RM'000	RM'000
Tier 1 capital		
Paid-up ordinary share capital	2,130,565	2,130,534
Share premium	791,588	791,550
Statutory reserve	1,107,757	1,000,417
Hybrid capital	666,474	684,047
Exchange fluctuation reserve	10,297	15,736
Unappropriated profit at end of year	798,502	1,081,089
Minority interests	1,201,516	1,108,820
Total	<u>6,706,699</u>	<u>6,812,193</u>
Less : Goodwill	527,121	515,976
Deferred tax assets - net	861,968	854,157
Total tier 1 capital	<u>5,317,610</u>	<u>5,442,060</u>
Tier 2 capital		
Subordinated term loans	421,696	680,000
Redeemable unsecured bonds	1,175,000	775,000
General allowance for bad and doubtful debts	778,396	721,817
Total tier 2 capital	<u>2,375,092</u>	<u>2,176,817</u>
Capital base	<u>7,692,702</u>	<u>7,618,877</u>
Risk-weighted assets	<u>60,987,817</u>	<u>54,635,748</u>
Capital Ratios:		
Core capital ratio	8.72%	9.96%
Risk-weighted capital ratio	12.61%	13.94%
Core capital ratio (net of proposed dividend)	8.59%	9.82%
Risk-weighted capital ratio (net of proposed dividend)	<u>12.48%</u>	<u>13.80%</u>

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

	31.3.07		31.3.06	
	Principal Amount RM'000	Risk- Weighted Amount RM'000	Principal Amount RM'000	Risk- Weighted Amount RM'000
0%	11,227,356	-	10,973,248	-
10%	3,418	342	87,239	8,724
20%	7,187,595	1,437,519	4,535,658	907,132
50%	9,572,932	4,786,466	8,367,850	4,183,925
100%	48,311,104	48,311,104	43,988,003	43,988,003
	<u>76,302,405</u>	<u>54,535,431</u>	<u>67,951,998</u>	<u>49,087,784</u>
Add: total risk weighted assets equivalent for market risk		<u>6,452,386</u>		<u>5,547,964</u>
		<u>60,987,817</u>		<u>54,635,748</u>

Subsequent to the financial year, the Company, AMFB and AmBank have completed the Equity Participation by ANZ and the issuance of INCPS and ICULS (Capital Injection) as mentioned in Note B8 (1). Had the Capital Injection completed and issued on 31 March 2007, the core capital and risk-weighted capital ratios for the Group and AmBank will be as follows:

	Before Capital Injection	After Capital Injection
Core capital ratio		
The Group	8.72%	9.54%
AmBank	<u>7.27%</u>	<u>7.68%</u>
Risk-weighted capital ratio		
The Group	12.61%	14.38%
AmBank	<u>9.16%</u>	<u>11.90%</u>

A30. ISLAMIC BANKING BUSINESS

The state of affairs as at 31 March 2007 and the results for the year ended 31 March 2007 of the Islamic banking business of the Group and included in the financial statements after elimination of intercompany transactions and balances are summarised as follows:

AUDITED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2007

	The Group	
	31.3.07	31.3.06
	RM'000	RM'000
ASSETS		
Cash and short-term funds	2,523,494	1,549,521
Deposit and placements with banks and other financial institutions	415,200	102,126
Securities held-for-trading	552,260	798,073
Securities available-for-sale	17,596	18,830
Securities held-to-maturity	35,092	56,171
Financing, advances and other loans	6,403,619	6,505,459
Statutory deposits with Bank Negara Malaysia	263,500	289,850
Other receivables, deposits and prepayments	98,312	18,040
Property and equipment	946	38
Deferred tax assets	223,716	68,729
Intangible assets	65	-
TOTAL ASSETS	10,533,800	9,406,837
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits from customers	5,095,924	4,461,758
Deposits and placements of banks and other financial institutions	3,012,641	3,312,104
Converted fund	14,197	82,711
Acceptances payable	446,614	228,454
Other liabilities	249,624	292,392
Subordinated Sukuk Musyarakah	400,000	-
Total Liabilities	9,219,000	8,377,419
ISLAMIC BANKING FUNDS		
Share capital/Capital funds	505,877	563,381
Reserves	808,923	466,037
Islamic Banking Funds	1,314,800	1,029,418
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	10,533,800	9,406,837
COMMITMENTS AND CONTINGENCIES	7,440,167	6,162,113

**AUDITED CONSOLIDATED INCOME STATEMENT
 FOR THE FOURTH QUARTER AND YEAR ENDED 31 MARCH 2007**

The Group	Fourth Quarter Ended		Year Ended	
	31.3.07	31.3.06	31.3.07	31.3.06
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	177,085	164,307	702,852	652,940
Allowance for losses on financing	(87,639)	(49,385)	(214,982)	(161,886)
Transfer from/(to) profit equalization reserve	26,460	13,381	60,912	(4,494)
Impairment (loss)/writeback on securities held-to-maturity	-	(1)	-	94
Total attributable income	115,906	128,302	548,782	486,654
Income attributable to the depositors	(91,722)	(72,873)	(371,759)	(276,106)
Profit attributable to the Group	24,184	55,429	177,023	210,548
Income derived from Islamic Banking Funds	47,068	32,110	180,322	127,541
Total net income	71,252	87,539	357,345	338,089
Operating expenditure	(37,772)	(31,491)	(160,617)	(131,134)
Finance cost	(4,734)	-	(5,313)	-
Profit before taxation	28,746	56,048	191,415	206,955
Taxation	(9,333)	(14,131)	(58,708)	(58,683)
Profit for the year	19,413	41,917	132,707	148,272

A30a. Financing, Advances and Other Loans

	The Group	
	31.3.07	31.3.06
	RM'000	RM'000
Term financing/Revolving credit facilities	1,709,358	1,186,319
Islamic hire purchase, net of unearned income	3,631,079	3,290,083
Credit card receivables	318,470	298,426
Trust receipts	25,331	20,560
Claims on customer under acceptance credits	475,119	280,504
Other financing	637,472	1,735,406
Gross financing, advances and other loans	<u>6,796,829</u>	<u>6,811,298</u>
Allowance for bad and doubtful debts and financing		
-general	(139,511)	(132,658)
-specific	(253,699)	(173,181)
	<u>(393,210)</u>	<u>(305,839)</u>
Net financing, advances and other loans	<u>6,403,619</u>	<u>6,505,459</u>

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

	The Group	
	31.3.07	31.3.06
	RM'000	RM'000
Gross		
Balance at beginning of year	531,434	574,873
Non-performing during the year	305,982	456,786
Reclassification to performing financing	(96,163)	(210,756)
Recoveries	(89,082)	(93,320)
Amount written off	(149,087)	(196,149)
Balance at end of year	<u>503,084</u>	<u>531,434</u>
Specific allowance	(253,699)	(173,181)
Non-performing financing - net	<u>249,385</u>	<u>358,253</u>
Net NPL as % of gross financing, advances and other loans less specific allowance	<u>2.69%</u>	<u>4.05%</u>

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

	The Group	
	31.3.07	31.3.06
	RM'000	RM'000
General Allowance		
Balance at beginning of year	132,658	121,150
Allowance made during the year	6,853	11,508
Balance at end of year	<u>139,511</u>	<u>132,658</u>
% of total financing, advances and other loans less specific allowance	<u>1.51%</u>	<u>1.50%</u>
Specific Allowance		
Balance at beginning of year	<u>173,181</u>	<u>221,416</u>
Allowance made during the year	310,522	239,322
Amount written back in respect of recoveries	<u>(88,788)</u>	<u>(86,685)</u>
Net charge to income statement	221,734	152,637
Amount written off/Adjustment to Asset Deficiency Account	(141,216)	(198,796)
Amount transferred to accumulated impairment loss on securities	-	(2,076)
Balance at end of year	<u>253,699</u>	<u>173,181</u>

A30b. DEPOSITS FROM CUSTOMERS

	The Group	
	31.3.07	31.3.06
	RM'000	RM'000
Mudarabah Fund		
Special Investment deposits	424,870	247,537
General Investment deposits	<u>3,642,756</u>	<u>3,405,198</u>
	<u>4,067,626</u>	<u>3,652,735</u>
Non-Mudarabah Fund		
Demand deposits	354,020	200,789
Saving deposits	667,730	508,347
Negotiable Islamic debt certificates	<u>6,548</u>	<u>99,887</u>
	<u>1,028,298</u>	<u>809,023</u>
	<u>5,095,924</u>	<u>4,461,758</u>

A30c. OTHER LIABILITIES

	The Group	
	31.3.07	31.3.06
	RM'000	RM'000
Other payables and accruals	86,158	144,700
Taxation and zakat payable	9,051	16,377
Amount owing to head office	91,327	-
Lease deposits and advance rentals	7,251	14,560
Profit equalisation reserve	55,837	116,755
	<u>249,624</u>	<u>292,392</u>

A31. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS

Changes in accounting policies

The accounting policies are consistent with those adopted in the previous audited annual financial statements except for the adoption of the following:

- (i) New and revised FRS issued by MASB that are applicable to the Group and the Company with effect from the financial period beginning on or after 1 April 2006 which have resulted in changes in accounting policies as follows:

- (a) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interests and other disclosures. Prior to 1 April 2006, minority interests at the balance sheet date are presented in the consolidated balance sheet separately from the liabilities and equity. Upon the adoption of the revised FRS 101, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the year. A similar requirement is also applicable to the statement of changes in equity. The revised FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the Company and to minority interests.

Prior to 1 April 2006, the Group's share in taxation of associated companies accounted for using the equity method was included as part of the Group's income tax expense in the consolidated income statement. Upon the adoption of revised FRS 101, the share in taxation of associated companies accounted for using the equity method is now included in the share in results of associated companies in the consolidated income statement before arriving at the Group's profit before taxation.

These changes in presentation have been applied retrospectively and certain comparative figures have been restated. These changes in presentation has no impact on the Company's financial statements.

- (b) FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets

The new FRS 3 has resulted in consequential amendments to two other accounting standards, FRS 136 and FRS 138. In accordance with the transitional provisions, FRS 3 has been applied for business combinations for which agreement date is on or after 1 January 2006.

A31. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS (CONTD.)

i) Goodwill

Prior to 1 April 2006, goodwill was amortised on a straight-line basis over its estimated useful life from twenty (20) to fifty (50) years and at balance sheet date, the Group assessed if there was any indication of impairment of the cash-generating unit in which the goodwill is attached to. The adoption of FRS 3: Business Combinations and the consequential changes to FRS 136: Impairment of Assets and FRS 138: Intangible Assets, has resulted in the Group ceasing annual goodwill amortisation. Goodwill and premium acquired in a business combination is now carried at cost less any accumulated impairment losses and is tested for impairment annually, or more frequently if events changes in circumstances indicate that it might be impaired. Goodwill and premium impairment is determined by comparing its carrying amount against its recoverable amount in accordance with FRS 136. Any impairment loss is recognised in the income statement and subsequent reversal is not allowed.

This change in accounting policy has been accounted for prospectively for business combinations where the agreement date is on or after 1 January 2006. For business combinations entered into prior to that date, the transitional provisions of FRS 3 requires the Group to eliminate the carrying accumulated amortisation as at 1 April 2006 of RM104,139,000 against the carrying amount of goodwill and premium. The carrying amount of goodwill and premium for the Group as at 1 April 2006 of RM522,811,000 ceased to be amortised. This has the effect of reducing the amortisation charge of the Group by RM28,507,000 for the year ended 31 March 2007. No impairment loss on goodwill and premium has been recognised in the year ended 31 March 2007.

Because the change in accounting policy has been applied prospectively, the change has had no impact on amounts reported for financial year ended 31 March 2006 or prior period. This change has no impact on the Company's financial statements.

(ii) Excess of Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of business combinations (previously known as negative goodwill).

Negative goodwill, which represents the excess in fair value of the net identifiable assets acquired over the cost of the acquisition, is now recognised immediately to the income statement. Prior to 1 April 2006, negative goodwill not exceeding the fair values of the non-monetary assets acquired, was recognised in the income statement over the weighted average useful life of those assets that were depreciable/amortisable and negative goodwill in excess of the fair values of the non-monetary assets acquired was recognised in the income statement immediately. The adoption of this accounting policy has not resulted in any financial impact to the Group as there was no negative goodwill as at 1 April 2006.

This change has no impact on the Company's financial statements.

A31. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS (CONTD.)

(iii) Accounting for acquisitions

Prior to 1 April 2006, the Group did not recognise separately the acquiree's contingent liabilities at the acquisition date as part of allocating the cost of a business combination. Upon the adoption of FRS 3, contingent liabilities are now separately recognised, provided their fair values can be measured reliably. In addition, the Group was previously allowed to recognise restructuring provisions in connection with an acquisition regardless of whether the acquiree had recognised such provisions. Upon the adoption of FRS 3, the Group is now permitted to recognise such provisions only when the acquiree has, at the acquisition date, an existing liability for restructuring recognised in accordance with FRS 137.

The change did not materially affect the financial statements of the Group and the Company.

(iv) Intangible assets – computer software

The adoption of FRS 138 has resulted in a change in the accounting policy for computer software which is not an integral part of computer hardware. Previously, such computer software was included in property and equipment. In accordance with FRS 138, computer software which is not an integral part of computer hardware is classified as intangible asset.

The change in accounting policy has been applied prospectively in accordance with the transitional provisions of FRS 138.

Because the change in accounting policy has been applied prospectively, the change has had no impact on amounts reported for financial year ended 31 March 2006 or prior period. This change has no impact on the Company's financial statements.

A31. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS (CONTD.)

(c) FRS 127: Consolidated and Separate Financial Statements

Prior to 1 April 2006, certain of the Group's investments in subsidiary companies are stated in the Company's financial statements at directors' valuation, and written down when the directors consider that there is an impairment loss that is other than temporary on the value of such investments. The impairment loss is charged to the income statements unless it reverses a previous revaluation in which case it is treated as a revaluation decrease. The directors' valuation is arrived at after taking into account the underlying net tangible assets value of the subsidiary companies and the surplus on revaluation is credited to the revaluation reserve account. The valuation of the investments in subsidiary companies was carried out at a regular interval of at least once in every five years. FRS 127 now requires that investments in subsidiaries be recorded at cost. This change in accounting policy is applied retrospectively. Accordingly, the balance in the revaluation reserve as at 1 April 2006 of RM153,324,000 was eliminated against the opening retained profits of the Company.

In addition, when merger accounting was previously applied in the Group, FRS 122₂₀₀₄: Business Combinations required that the investment in the relevant subsidiary be recorded at the aggregate of the nominal value of equity shares issued, cash and cash equivalents and fair value of other consideration. FRS 127 now requires the equity shares issued to be recorded at cost and not nominal values. This change in accounting policy is applied retrospectively.

There were no effects on the Company's income statement nor the consolidated financial statements in respect of the above changes.

(d) FRS 140: Investment Property

The adoption of FRS 140 has resulted in a change in the accounting policy for investment properties, as well as the reclassification of certain properties previously recognised as property and equipment to investment properties.

As a result of the adoption of FRS 140, certain properties of the Group which are held for rental to external parties have been reclassified to investment properties. Investment properties of the Group other than life policyholders fund are stated at cost less any accumulated depreciation and impairment losses. Investment properties are depreciated on a straight line basis to write off the cost of the assets to their residual valued over their estimated useful lives. Investment properties of the life assurance fund of the Group are stated at fair value and any gain or loss arising from a change in fair value is recognised in the income statement. Prior to 1 April 2006, the investment properties of the life assurance fund is stated at cost less impairment loss, if any, of such properties. These investment properties are not depreciated.

The change in accounting policy has been applied prospectively in accordance with the transitional provisions of FRS 140. Accordingly, the fair value increase in respect of investment properties of the life assurance fund has been accounted for by restating the opening balances of investment properties as at 1 April 2006 with a corresponding increase in the unallocated surplus on the life policyholders' fund.

The change did not materially affect the financial statements of the Group as the investment properties are included in the net assets attributable to policyholders under the Group's life fund assets.

A31. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS (CONTD.)

Because the change in accounting policy has been applied prospectively, the change has had no impact on amounts reported for financial year ended 31 March 2006 or prior period. This change has no impact on the Company's financial statements.

(e) FRS 5: Non-current Assets Held For Sale and Discontinued Operations

With the adoption of FRS 5, non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amounts are recovered principally through a sale transaction rather than through continuing use.

The change in accounting policy has been applied prospectively in accordance with the transitional provisions of FRS 138. Certain of the Group's assets have been identified and classified as assets held for sale. Prior to adoption of FRS 5, these assets were classified as property and equipment.

This change has no impact on the Company's financial statements.

- (ii) BNM's Circular on Handling Fees dated 16 October 2006 which has resulted in the Group capitalising handling fees paid for hire purchase loans in the balance sheet and amortising the amount in the income statement over the life of the loans with retrospective effect. The amount amortised is offset against interest income earned on hire purchase loans. Previously, such handling fees were expensed off in the income statement as other operating expenses when incurred.

(i) **Summary of effects of adoption of new and revised FRSs and BNM's Circular on Handling Fees on current year and quarter 's financial statements:**

(a) Effects on Balance Sheets as at 31 March 2007

Description of change	Increase/(Decrease)		
	FRS 3	BNM's Circular on Handling Fees	Total
The Group	RM'000	RM'000	RM'000
Intangible assets	(89,828)	-	(89,828)
Unappropriated profits	28,507	(13,352)	15,155
Other assets	-	(18,291)	(18,291)
Deferred tax assets	-	4,939	4,939

(b) Effects on Income Statements for the quarter and year ended 31 March 2007 and 2006

	Fourth Quarter Ended		Year Ended	
	31.3.07	31.3.06	31.3.07	31.3.06
	RM'000	RM'000	RM'000	RM'000
Profit after taxation, before changes in accounting policies	(533,064)	69,999	(92,112)	479,040
Effects of adopting FRS 3 - goodwill no longer charged to income statement	7,710	-	28,507	-
Effects of adopting BNM Circular on Handling Fees	4,733	3,765	13,352	34,369
Profit after taxation, after changes in accounting policies	(520,621)	73,764	(50,253)	513,409

(ii) Restatement of comparatives

The following comparative amounts have been restated as a result of adopting the new and revised FRSs and BNM's Circular on Handling Fees.

	As previously reported RM'000	Effect of change RM'000	As restated RM'000
Balance Sheet as at 31 March 2006			
Assets			
Other assets	1,208,504	163,953	1,372,457
Deferred tax assets	857,003	(45,906)	811,097
Property and equipment	496,979	(48,083)	448,896
Goodwill on consolidation	515,976	(515,976)	-
Intangible assets	-	564,059	564,059
Liabilities and Equity			
Reserves	2,898,505	118,047	3,016,552
Income Statement for the year ended 31 March 2006			
Revenue	4,976,810	(105,542)	4,871,268
Net interest income	1,419,879	(69,618)	1,350,261
Income from Islamic banking business	540,542	(36,167)	504,375
Other operating expenses	(1,450,177)	153,518	(1,296,659)
Operating profit	1,414,258	47,733	1,461,991
Taxation	(231,069)	(13,364)	(244,433)
Profit after taxation attributable to equity holders of the Company	365,505	34,369	399,874
Basic earnings per share (sen)	17.16	1.61	18.77
Fully diluted earnings per share (sen)	16.92	1.59	18.51
Income Statement for the quarter ended 31 March 2006			
Revenue	1,279,281	(29,596)	1,249,685
Net interest income	323,504	(20,607)	302,897
Income from Islamic banking business	130,582	(7,038)	123,544
Other operating expenses	(355,552)	678,231	322,679
Operating profit	330,106	5,228	335,334
Taxation	35,248	1,463	36,711
Profit after taxation attributable to equity holders of the Company	48,533	3,765	52,298
Basic earnings per share (sen)	2.28	0.17	2.45
Fully diluted earnings per share (sen)	2.25	0.17	2.42

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

During the fourth quarter, the Group adopted a more stringent basis for charging specific allowances on non-performing loans. According, only fifty percent (50.0%) of the realisable value is assigned to the properties held as collateral for non-performing loans which are in arrears for more than five (5) years but less than seven (7) years, no value is assigned to the realisable value of the properties held as collateral for non-performing loans which are in arrears for more than seven (7) years. Further, specific allowances of twenty per cent (20.0%) is provided on non-performing loans which are three (3) to less than six (6) months-in-arrears. This change in the method of provisioning has resulted in an additional specific allowance charge for the year of RM515.4 million. The Group also set aside impairment loss of RM92.0 million for debt equity converted instruments.

The Group reported a marginal pre-tax profit of RM23.1 million for the financial year ended 31 March 2007 due to the higher loan loss allowances as a result of adopting a more prudent provisioning policy on loans, advances and financing and debt equity converted instruments. However, the decrease were partially offset by the improvement in other operating income arising from higher fee income of RM109.3 million from brokerage, underwriting and fund management activities, gain on sale of securities held-for-trading (+RM211.0 million), revaluation gain on securities held-for-trading (+RM39.6 million), increase in insurance premium income and net gain on disposal of Menara AmBank to AmFirst REIT of RM19.3 million.

The Group recorded an increase in operating revenue of RM1,154.3 million to RM6,025.6 million and operating profits of RM311.7 million or 21.3% to RM1,773.7 million for the year ended 31 March 2007. The improvement in operating profit was mainly contributed by the Group's retail and commercial banking operations, under AmBank (M) Berhad of RM1,225.7 million (RM1,065.8 million for the year ended 31 March 2006) and investment banking operations of RM539.6 million (RM396.9 million for the year ended 31 March 2006).

For the quarter, the Group reported a pre-tax loss of RM690.9 million arising from higher allowance for losses on loans and financing and impairment loss on securities. However, the pre-tax loss is reduced by higher gain on sale of securities held-for-trading of RM73.1 million as compared to a loss on sale of securities held-for-trading of RM73.2 million for the corresponding quarter ended 31 March 2006.

The investment banking operations was the largest contributor to the Group pre-tax profits, reporting a pre-tax profit of RM390.1 million (Year ended 31 March 2006 : RM347.6 million), followed by the insurance operations of RM68.8 million (Year ended 31 March 2006 : RM55.6 million). The Group's retail and commercial banking operations, under AmBank (M) Berhad reported a pre-tax loss of RM413.8 million for the year ended 31 March 2007 (Year ended 31 March 2006 : Pre-tax profit of RM406.2 million) due to the adoption of the stringent provisioning policy.

The Group's ongoing initiatives in managing the non-performing accounts has also shown improvement in asset quality with the ratio of net non-performing loans on a 3-month classification basis declining to 6.2% as at end-March 2007, as compared with 9.6% as at end-March 2006. As at March 2007, loan loss coverage excluding collateral values has improved significantly to 56.6% from 36.7% as at March 2006.

The Group's total assets expanded by RM6.2 billion to RM78.62 billion as at 31 March 2007. Net loans and financing expanded by RM2.75 billion to RM47.6 billion driven mainly by strong growth in retail lending.

The Group's overall risk weighted capital ratio and Tier-1 capital ratio as at end-March 2007 stood at 12.61% (March 2006: 13.94%) and 8.72% (March 2006: 9.96%) respectively. The risk-weighted capital ratios for the Group and AmBank will further improve to 14.38% and 11.90% with the completion of the Participation by ANZ and the issuance of INCPS and ICULS by AMFB Holdings Berhad ("AMFB") and AmBank.

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 pre-tax loss of RM690.9 million for the fourth quarter ended 31 March 2007 as compared to a pre-tax profit of RM286.6 million for the third quarter ended 31 December 2006. The decrease in pre-tax profit was mainly due to additional specific allowances arising from the adoption of the stringent provisioning policy and higher impairment loss on debt equity instruments.

B3. PROSPECTS FOR 31 MARCH 2008

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

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

The Group will continue to pursue its strategy of expanding its business operations regionally whilst maintaining its leadership position in the industry. The Group is confident that it has built an infrastructure, customer base and brand-awareness that enables it to take advantage of industry growth opportunities. Further, it is envisaged that the Group's strategic tie-up with Australia and New Zealand Banking Group Limited will elevate the Group to a level on par with international banks.

B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE

This is not applicable to the Group.

B5. TAXATION

The Group	Fourth Quarter Ended		Year Ended	
	31.3.07 RM'000	31.3.06 RM'000	31.3.07 RM'000	31.3.06 RM'000
Estimated current tax payable	55,009	(11,135)	161,625	92,637
Transfer from deferred tax	(177,789)	51,117	(53,717)	141,890
	(122,780)	39,982	107,908	234,527
Underprovision of current taxation in respect of prior years	(48,331)	(3,271)	(35,321)	9,906
Taxation	(171,111)	36,711	72,587	244,433
Zakat	786	-	786	-
Taxation and zakat	(170,325)	36,711	73,373	244,433

The total tax charge of the Group for the financial quarter ended 31 March 2006 and year ended 31 March 2007 and 2006 reflects an effective tax rate which is higher than the statutory tax rate due mainly to the effect on deferred taxes resulting from reduction in statutory tax rate from 28.0% to 27.0% and disallowances of certain expenses.

In the current quarter, AmBank recognised deferred tax assets in respect of temporary differences arising from current year losses to be utilised against future taxable profits.

B6. SALE OF INVESTMENTS AND/OR FORECLOSED PROPERTIES

The Group	Fourth Quarter Ended		Year Ended	
	31.3.07 RM'000	31.3.06 RM'000	31.3.07 RM'000	31.3.06 RM'000
Net gain/(loss) from sale of securities held-for-trading	73,058	(73,202)	197,902	(13,051)
Net gain from sale of securities available-for-sale	6,998	25,652	28,033	28,296
Net gain/(loss) from redemption of securities held-to-maturity	8,304	(3,181)	53,177	19,561
Impairment (loss)/writeback on securities	(194,407)	61,854	(283,758)	100,724

B7. QUOTED SECURITIES

This note is not applicable to financial institutions.

B8. CORPORATE PROPOSALS

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

- 1 On 21 November 2006, upon obtaining the approval from Bank Negara Malaysia, the Company entered into a Heads of Agreement ("HOA") with Australia and New Zealand Banking Group Limited ("ANZ") on 23 November 2006 in relation to the involvement of ANZ as an investor and partner of the Group which will be via a proposed equity participation by ANZ valued at RM1.075 billion as follows:-
 - (a) proposed issue of 163,934,426 converting preference shares of RM1.00 each by the Company ("CPS") to ANZ Funds Pyt Ltd ("ANZ Funds"), a wholly-owned subsidiary company of ANZ at an issue price of RM3.05 per CPS which will convert into 163,934,426 new ordinary shares of RM1.00 each in the Company ("Proposed CPS Transaction"); and
 - (b) proposed issue of 188,524,590 new ordinary shares in the Company arising from the exchange of RM575,000,000 nominal value ten (10) Year Unsecured Exchangeable Bonds ("EBs") arising from the proposed issue of the EBs by AmBank to ANZ Funds which are exchangeable into 188,524,590 new ordinary shares in the Company at an exchange price of RM3.05 per share ("Proposed Exchangeable Bond Transaction").

The Proposed CPS Transaction and Proposed Exchangeable Bond Transaction are collectively referred to as the "Proposed Equity Participation".

Concurrently with the Proposed Equity Participation, AmCorpGroup Berhad ("AmCorp"), the principal shareholder of the Company, had also on 30 November 2006 entered into a HOA with ANZ for the disposal by AmCorp of 300 million ordinary shares held in the Company representing approximately 14.1% of the existing issued and paid up share capital of the Company to ANZ at RM4.30 per ordinary share valued at RM1.29 billion ("Proposed AmCorp Transaction").

The Proposed Equity Participation and the Proposed AmCorp Transaction are inter-conditional with each other and shall be undertaken concurrently.

The Proposed Equity Participation and the Proposed AmCorp Transaction are conditional upon the approval, inter alia, of Bank Negara Malaysia ("BNM"), Minister of Finance ("MOF"), Securities Commission, shareholders and any other relevant authorities.

Upon completion of the Proposed Equity Participation and Proposed AmCorp Transaction, ANZ would emerge as a substantial strategic investor with an equity interest of up to 24.9% in the Company. This is in line with BNM's requirement for AmCorp to institutionalize its shareholdings in the Company by May 2007.

On 2 March 2007, following the receipt of approval of BNM on 28 February 2007, the Company and ANZ Funds executed Sale and Purchase Agreement, Subscription and Relationship Agreement, Exchangeable Bond Subscription Agreement and Technical Services Agreement for the Proposed Equity Participation pursuant to Section 45 of the Banking and Financial Institutions Act, 1989 and the terms of the respective HOAs.

Further, AmCorp and ANZ Funds have in accordance with the terms of the AmCorp HOAs, on 2 March 2007 executed a Sale and Purchase Agreement in relation to the Proposed AmCorp Transaction.

The Proposed CPS Transaction and Proposed Exchangeable Bond Transaction have received the approval of all relevant authorities and the shareholders of the Company at an Extraordinary General Meeting held on 26 April 2007.

The Company has also proposed to increase its authorised share capital to RM5,200,000,000 comprising 5,000,000,000 ordinary shares of RM1.00 each and 200,000,000 CPS of RM1.00 each from RM5,000,000,000 comprising 5,000,000,000 ordinary shares of RM1.00 each (“Proposed Authorised Share Capital”).

Subsequent to the balance sheet date,

- (a) Upon obtaining the necessary approvals from the shareholders and the relevant authorities, the Company has on 18 May 2007 implemented the following:
 - (i) Increase in the authorised share capital of the Company from RM5,000,000,000 comprising 5,000,000,000 ordinary shares of RM1.00 each to RM5,200,000,000 comprising 5,000,000,000 ordinary shares of RM1.00 each and 200,000,000 CPS of RM1.00 each;
 - (ii) Issue of 163,934,426 CPS to ANZ Funds at an issue price of RM3.05 per CPS amounting to RM500,000,000, which shall be converted into 163,934,426 new ordinary shares of RM1.00 each in the Company; and
 - (iii) Issue of the RM575,000,000 EBs by AmBank to ANZ Funds which are exchangeable into 188,524,590 new ordinary shares in the Company at an exchange price of RM3.05 per share.
- (b) The Company has utilised a total of RM450,000,000 from the proceed of CPS for the subscription of RM150,000,000 nominal amount Irredeemable Non-cumulative Convertible Preference Shares (“AMFB INCPS”) of RM1.00 each and RM300,000,000 Interest Bearing Irredeemable Convertible Unsecured Loan Stock (AMFB ICULS”) issued by AMFB Holdings Berhad (AMFB”) on rights entitlement basis.
- (c) AMFB has subscribed for RM150,000,000 nominal amount Irredeemable Non-cumulative Convertible Preference Shares (AmBank INCPS”) of RM1.00 each and RM300,000,000 Interest Bearing Irredeemable Convertible Unsecured Loan Stock (“AmBank ICULS”) issued by AmBank on rights entitlement basis to further increase the capital funds of AmBank.

- 2 On 15 November 2006, Am ARA REIT Managers Sdn Bhd ("Am ARA Managers"), an indirect subsidiary company of the Company and the management company of AmFIRST Real Estate Investment Trust ("AmFIRST REIT"), received approval from the Mayban Trustees Berhad ("Mayban Trustees"), the trustee of AmFIRST REIT, in relation to the proposed acquisition from Brem Holding Berhad a leasehold land held under lot no. PT5135, title no. H.S. (M) 8547, Mukim of Damansara, District of Petaling, State of Selangor, together with the buildings erected thereon and known as "Kelana Brem Towers" for a cash consideration of RM85 million ("Proposed Acquisition").

The Proposed Acquisition is conditional upon approvals being obtained from the State of Selangor Authority and any other relevant authorities.

- 3 AmInvestment Bank has entered into a preliminary agreement on 31 March 2007 with Saudi Arabian parties for a proposed joint venture in a company to be established for carrying on capital market activity in Saudi Arabia, subject to the joint venture company being licensed by the relevant Saudi Arabian authorities. The preliminary agreement will pave the way for the parties to engage in further negotiations towards finalising a shareholders' agreement to govern the proposed joint venture.

B9. BORROWINGS

	The Group	
	31.3.07	31.3.06
	RM'000	RM'000
(i) Deposits from customers		
Due within six months	31,056,154	31,140,577
Six months to one year	7,325,760	6,220,145
One year to three years	3,141,092	802,608
Three to five years	858,656	754,834
	<u>42,381,662</u>	<u>38,918,164</u>
(ii) Deposits and placements of banks and other financial institutions		
Due within six months	10,826,939	7,701,156
Six months to one year	1,684,584	1,866,082
One year to three years	2,456,875	2,769,084
Three to five years	2,472,941	2,304,479
	<u>17,441,339</u>	<u>14,640,801</u>
<i>Recap:</i>		
<i>Interbank lendings</i>	9,811,647	9,932,574
<i>Interbank borrowings</i>	(1,101,039)	(895,590)
<i>Net interbank lendings</i>	<u>8,710,608</u>	<u>9,036,984</u>
(iii) Term loans		
Due within one year		
Secured	309,680	482,232
(vi) Subordinated term loans		
More than one year	460,000	680,000
(v) Redeemable unsecured bonds		
More than one year	1,322,795	919,638
(vi) Hybrid capital		
More than one year	666,474	684,047

- (a) On 20 December 2006, AmBank prepaid the RM680.0 million loan facility to Astute Assets Berhad after obtaining the necessary approvals from Bank Negara Malaysia on 12 December 2006.
- (b) On 21 December 2006, AmIslamic Bank issued RM400 million of Subordinated Sukuk Musyarakah ("Sukuk Musyarakah") for the purpose of increasing AmIslamic Bank's capital funds.

The salient features of the Sukuk Musyarakah are as follows:

- (i) The Sukuk Musyarakah carries profit rate of 4.80% per annum for the first five (5) years and shall be stepped up by 0.05% per annum every subsequent year to maturity date. The profit is payable on a semi-annual basis.
- (ii) The Sukuk Musyarakah is for a period of ten (10) years. AmIslamic Bank may exercise its call option and redeem in whole (but not in part) the Sukuk Musyarakah on the 5th anniversary of the issue date or on any anniversary date thereafter at 100% of the principal amount together with the expected profit payments.

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

- (i) A proposed first and final ordinary dividend of 5.0%, less 26.0% taxation for the financial year ended 31 March 2007 has been recommended by the directors;
- (ii) Amount per share: 5 Sen less 26.0 tax;
- (iii) Previous corresponding year: 5 Sen less 28.0% tax;
- (iv) Payment date: To be determined and announced at a later date; and
- (v) In respect of deposited securities, entitlement to the proposed dividend will be determined on the basis of the Record of Depositors as at the close of business on the date to be determined and announced at a later date.

B13. EARNINGS PER SHARE (SEN)

a. Basic (loss)/earnings per share

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

	Fourth Quarter Ended		Year Ended	
	31.3.07	31.3.06	31.3.07	31.3.06
	RM'000	RM'000	RM'000	RM'000
Net (loss)/profit attributable to equity holders of the Company	(547,299)	52,298	(203,812)	399,874
Number of ordinary shares at beginning of period/year	2,130,534	2,130,534	2,130,534	2,130,534
Effect of ordinary shares issued pursuant to exercise of Warrants 2003/2008	32	-	16	-
Weighted average number of ordinary shares in issue	2,130,566	2,130,534	2,130,550	2,130,534
Basic (loss)/earnings per share (Sen)	(25.69)	2.45	(9.57)	18.77

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

b. Fully diluted (loss)/earnings per share

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

The Company has two categories of dilutive potential ordinary shares:

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

	Fourth Quarter Ended		Year Ended	
	31.3.07 RM'000	31.3.06 RM'000	31.3.07 RM'000	31.3.06 RM'000
Net (loss)/profit attributable to equity holders of the Company	(547,299)	52,298	(203,812)	399,874
Weighted average number of ordinary shares in issue (as in (a) above)	2,130,566	2,130,534	2,130,550	2,130,534
Adjusted for exercise of Warrants 2003/2008	-	29,875	-	29,875
Adjusted weighted average number of ordinary shares in issue and issuable	2,130,566	2,160,409	2,130,550	2,160,409
Fully diluted (loss)/earnings per share (Sen)	(25.69)	2.42	(9.57)	18.51

For the financial year and quarter ended 31 March 2007 outstanding share warrants 2003/2008 and 1997/2007 whilst for financial year and quarter ended 31 March 2006, the outstanding share warrants 1997/2007 have been excluded in the computation of fully diluted earnings per RM1.00 ordinary share for the Group, as their exercise and conversion to ordinary shares would increase earnings per share.

The Group's adjusted weighted average number of ordinary shares in issue and issuable for the financial year and quarter ended 31 March 2006 have been arrived at based on the assumption that dilutive share warrants 2003/2008 is exercised at beginning of year.

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

Date : 18 May 2007