

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
and its subsidiary companies
AUDITED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2008

	Note	The Group	
		31.03.08 RM'000	31.03.07 RM'000
ASSETS			
Cash and short-term funds		10,958,364	10,593,220
Securities purchased under resale agreements		52,468	501,431
Deposits and placements with banks and other financial institutions		1,387,810	1,639,857
Securities held-for-trading	A8	6,699,010	6,918,905
Securities available-for-sale	A9	1,850,935	1,855,529
Securities held-to-maturity	A10	1,179,878	2,312,570
Loans, advances and financing	A11	52,453,593	47,610,755
Derivative financial assets		370,681	400,312
Other assets	A12	2,231,758	2,151,703
Statutory deposits with Bank Negara Malaysia		1,660,197	1,807,058
Investments in associated companies		1,301	1,754
Prepaid land lease payment		7,059	7,156
Property and equipment		225,616	234,000
Life fund assets		1,702,469	1,458,908
Deferred tax assets		608,583	901,258
Intangible assets		1,801,985	588,442
TOTAL ASSETS		83,191,707	78,982,858
LIABILITIES AND EQUITY			
Deposits from customers	A13	47,767,451	42,381,662
Deposits and placements of banks and other financial institutions	A14	15,118,689	17,441,339
Obligations on securities sold under repurchase agreements		-	3,140,243
Bills and acceptances payable		1,909,243	1,461,577
Recourse obligations on loans sold to Cagamas Berhad		243,979	755,061
Derivative financial liabilities		410,929	470,742
Other liabilities	A15	3,250,328	3,125,060
Term loans		1,790,844	309,680
Subordinated term loans		460,000	460,000
Unsecured bonds		1,750,000	1,322,795
Medium Term Notes		860,000	-
Hybrid capital		673,830	666,474
Life fund liabilities		189,819	172,281
Life policyholder funds		1,512,650	1,286,627
Total Liabilities		75,937,762	72,993,541
Share capital		2,722,970	2,130,565
Reserves		4,446,623	2,657,236
Equity attributable to equity holders of the Company		7,169,593	4,787,801
Minority interests		84,352	1,201,516
Total Equity		7,253,945	5,989,317
TOTAL LIABILITIES AND EQUITY		83,191,707	78,982,858

AMMB HOLDINGS BERHAD
(223035-V) (Incorporated in Malaysia)
and its subsidiary companies
AUDITED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2008 (CONTD.)

		The Group	
	Note	31.03.08	31.03.07
		RM'000	RM'000
COMMITMENTS AND CONTINGENCIES	A25	57,539,798	48,568,133
CAPITAL ADEQUACY RATIO	A29		
Core capital ratio		8.17%	8.72%
Risk-weighted capital ratio		13.50%	12.61%
NET ASSETS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)		2.63	2.25

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

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

AUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2008

The Group	Note	Fourth Quarter Ended		Year Ended	
		31.03.08 RM'000	31.03.07 RM'000	31.03.08 RM'000	31.03.07 RM'000
Revenue		1,491,130	1,457,039	6,007,582	5,497,289
Interest income	A16	985,470	855,763	3,783,729	3,366,912
Interest expense	A17	(553,283)	(529,419)	(2,153,121)	(1,994,802)
Net interest income		432,187	326,344	1,630,608	1,372,110
Net income from Islamic banking business		136,772	130,548	517,185	506,102
Other operating income	A18	260,658	335,348	1,218,824	1,150,040
Net income		829,617	792,240	3,366,617	3,028,252
Other operating expenses	A19	(457,598)	(394,294)	(1,552,272)	(1,356,845)
Operating profit		372,019	397,946	1,814,345	1,671,407
Allowance for losses on loans and financing	A20	(37,822)	(929,133)	(512,183)	(1,519,481)
Impairment gain/(loss) on:					
Securities		(14,700)	(187,407)	(111,958)	(283,758)
Amount recoverable under asset-backed securitisation transaction		(3,000)	(10,000)	(10,000)	(10,000)
Assets acquired in exchange of debts		27	(1,619)	(45)	(2,555)
Transfer (to)/from profit equalisation reserve		(8,076)	26,460	18,211	60,912
Writeback of allowance/(Allowance) for doubtful sundry receivables - net (Provision)/Writeback of provision for commitments and contingencies		2,108	7,505	(2,292)	(2,205)
		(1,940)	(300)	(1,641)	25
Profit before share in results of associated companies		308,616	(696,548)	1,194,437	(85,655)
Share in results of associated companies		-	-	-	1,043
Profit before taxation		308,616	(696,548)	1,194,437	(84,612)
Taxation and zakat	B5	(84,975)	171,673	(383,618)	(44,285)
Profit for the period		223,641	(524,875)	810,819	(128,897)
Attributable to:					
Equity holders of the Company		217,493	(551,553)	668,542	(282,456)
Minority interests		6,148	26,678	142,277	153,559
Profit for the period		223,641	(524,875)	810,819	(128,897)
EARNINGS PER SHARE (SEN)	B13				
Basic		8.23	(25.89)	28.24	(13.26)
Fully diluted		8.15	(25.89)	27.91	(13.26)

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

AMMB HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2008

Group	<-----Attributable to Equity Holders of the Company----->									
	Non-Distributable						Distributable		Minority interests	Total equity
	Share capital	Share premium	Statutory reserve	Available-for-sale reserve	Exchange fluctuation reserve	Unappropriated profits	Total	RM'000		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 April 2006										
As previously stated	2,130,534	791,550	1,000,417	9,713	15,736	1,199,136	5,147,086	1,108,820	6,255,906	
Prior year adjustments	-	-	-	-	-	(8,626)	(8,626)	-	(8,626)	
At 1 April 2006 (restated)	2,130,534	791,550	1,000,417	9,713	15,736	1,190,510	5,138,460	1,108,820	6,247,280	
Net unrealised loss 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 (expense)/income recognised directly in equity	-	-	107,340	26,649	(5,439)	(107,340)	21,210	-	21,210	
(Loss)/Profit for the year	-	-	-	-	-	(282,456)	(282,456)	153,559	(128,897)	
Total recognised net income/(expense) for the year	-	-	107,340	26,649	(5,439)	(389,796)	(261,246)	153,559	(107,687)	
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	711,232	4,787,801	1,201,516	5,989,317	

^ 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.

^^ 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.

AMMB HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2008

Group	-----Attributable to Equity Holders of the Company----->						Total	Minority interests	Total equity	
	Share capital	Converting preference shares^	Non-Distributable			Exchange fluctuation reserve				Distributable
	RM'000	RM'000	Share premium	Statutory reserve	Available-for-sale reserve	RM'000	Unappropriated profits	RM'000	RM'000	RM'000
At 1 April 2007										
As previously stated	2,130,565	-	791,588	1,107,757	36,362	10,297	798,502	4,875,071	1,201,516	6,076,587
Prior year adjustments	-	-	-	-	-	-	(87,270)	(87,270)	-	(87,270)
At 1 April 2007 (restated)	2,130,565	-	791,588	1,107,757	36,362	10,297	711,232	4,787,801	1,201,516	5,989,317
Net unrealised gain on revaluation of securities available-for-sale	-	-	-	-	6,538	-	-	6,538	-	6,538
Expenses relating to Rights Issue	-	-	(6,434)	-	-	-	-	(6,434)	-	(6,434)
Transfer from unappropriated profit	-	-	-	137,676	-	-	(137,676)	-	-	-
Exchange fluctuation adjustments	-	-	-	-	-	(2,131)	-	(2,131)	-	(2,131)
Net income/(expense) recognised directly in equity	-	-	(6,434)	137,676	6,538	(2,131)	(137,676)	(2,027)	-	(2,027)
Profit for the year	-	-	-	-	-	-	668,542	668,542	142,277	810,819
Total recognised net income/(expense) for the year	-	-	(6,434)	137,676	6,538	(2,131)	530,866	666,515	142,277	808,792
Issue of CPS ^	-	458,343	-	-	-	-	-	458,343	-	458,343
Issue of shares pursuant to:										
Exercise of Warrants 1997/2007	-*	-	-*	-	-	-	-	-	-	-
Exercise of Warrants 2003/2008	132,498	-	155,302	-	-	-	-	287,800	-	287,800
Rights Issue	295,973	-	710,335	-	-	-	-	1,006,308	-	1,006,308
Converting of CPS	163,934	(458,343)	336,066	-	-	-	-	41,657	-	41,657
Arising from acquisition of AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	-	-	3,180	3,180
Arising from privatisation of AIGB	-	-	-	-	-	-	-	-	(1,188,227)	(1,188,227)
Arising from disposal of shares in MVMI	-	-	-	-	-	-	-	-	(380)	(380)
Dividends paid	-	-	-	-	-	-	(78,831)	(78,831)	(74,014)	(152,845)
At 31 March 2008	2,722,970	-	1,986,857	1,245,433	42,900	8,166	1,163,267	7,169,593	84,352	7,253,945

^ Representing the equity component of the 163.9 million converting preference shares ("CPS") of RM1.00 each to ANZ Funds Pte Ltd, a wholly-owned subsidiary of Australia and New Zealand Banking Group Limited at an issue price of RM3.05 per CPS and was converted to 163.9 million ordinary shares of RM1.00 each during the financial year.

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

The accompanying notes form an integral part of the financial statements.

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

AUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

The Group	31.03.08 RM'000	31.03.07 RM'000
Profit before taxation and zakat	1,194,437	(84,612)
Add adjustments for non-operating and non-cash items	531,357	1,589,733
Operating profit before working capital	1,725,794	1,505,121
Increase in operating assets	(4,651,712)	(6,370,650)
Increase in operating liabilities	1,509,357	5,914,611
Cash (used in)/generated from operations	(1,416,561)	1,049,082
Taxation paid	(93,509)	(111,362)
Net cash (used in)/generated from operating activities	(1,510,070)	937,720
Net cash (used in)/generated from investing activities	(1,249,951)	26,435
Net cash generated from financing activities	2,929,063	105,716
Net decrease in cash and cash equivalents	169,042	1,069,871
Cash and cash equivalents at beginning of year	10,490,422	9,420,551
Cash and cash equivalents at end of year	10,659,464	10,490,422

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	31.03.08 RM'000	31.03.07 RM'000
Cash and short-term funds	10,958,364	10,593,220
Bank overdrafts	(541)	(9,515)
	10,957,823	10,583,705
Less: Cash and bank balances and deposits held in trust	(297,825)	(92,900)
	10,659,998	10,490,805
Effect of exchange rates changes	(534)	(383)
Cash and cash equivalents	10,659,464	10,490,422

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

EXPLANATORY NOTES :

A1. BASIS OF PREPARATION

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

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

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

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

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

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

A2. AUDIT QUALIFICATION

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

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The operations of the Group are not materially affected by any seasonal or cyclical fluctuation in the current financial quarter 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 2008.

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

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

During the financial year, the issued and fully paid-up share capital of the Company was increased from 2,130,565,410 ordinary share of RM1.00 each to 2,722,969,590 ordinary shares of RM1.00 each by the issue:

1. 132,496,745 new ordinary shares of RM1.00 each at RM2.19 per share before Rights Issue and RM2.15 per share after Rights Issue by virtue of the exercise of share warrants 2003/2008 of the Company. The resulting share premium amounting to RM155,302,602 has been credited to share premium account.
2. 70 new ordinary shares of RM1.00 each at RM6.51 per share by virtues of the exercise of share warrants 2003/2008 of the Company. The resulting share premium amounting to RM386 has been credited to share premium account.
3. Rights Issue of 295,972,939 new ordinary shares of RM1.00 each at a price of RM3.40 per share on the basis of one (1) new ordinary share of RM1.00 each for every eight (8) existing ordinary shares of RM1.00 each held. The resulting share premium amounting to RM 710,335,054 has been credited to share premium account.
4. 163,934,426 new ordinary shares of RM1.00 each at a price of RM3.05 per share on the basis of one (1) new ordinary share of RM 1.00 each for every one (1) existing CPS of RM1.00 each held. The resulting share premium amounting to RM366,065,574 has been credited to share premium account.

The 592,404,180 new ordinary shares issued rank pari passu in all respect with the then existing ordinary shares of the Company.

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

The salient features of the CPS are as follows:

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

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

On 13 March 2008, the CPS was converted 163,934,426 new ordinary shares of RM1.00 each on the basis of one new ordinary share of RM1.00 each in exchange for every one CPS of RM1.00 each.

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

A7. DIVIDENDS PAID

During the financial year ended 31 March 2008, a final dividend of 5.0%, less tax, amounting to RM78,830,920 for the financial year ended 31 March 2007 was paid in 19 October 2007 to shareholders whose names appear in the record of Depositors on 4 October 2007.

A8. SECURITIES HELD-FOR-TRADING

	The Group	
	31.03.08	31.03.07
	RM'000	RM'000
At Fair Value		
Money Market Securities:		
Treasury bills	26,566	166,303
Islamic Treasury bills	78,224	48,442
Malaysian Government Securities	160,705	1,505,936
Malaysian Government Investment Certificates	323,014	575,313
Cagamas bonds	25,058	60,230
Cagamas Mudharabah bearer bonds	37,167	16,217
Khazanah bonds	59,359	11,741
Islamic Bank Negara Monetary Notes	134,107	-
Bank Negara Monetary Notes	274,645	580,986
Negotiable instruments of deposits	15,368	-
Negotiable Islamic Debt Certificates	39,674	12,442
	<u>1,173,887</u>	<u>2,977,610</u>
Securities Quoted:		
In Malaysia:		
Shares	39,735	294,296
Trust units	252,202	198,185
Corporate bonds	-	33,922
Outside Malaysia:		
Shares	70,026	43,072
Trust units	1,728	1,996
	<u>363,691</u>	<u>571,471</u>
Unquoted Securities Of Companies Incorporated:		
In Malaysia:		
Shares	18,493	2,200
Outside Malaysia:		
Shares	17,848	18,910
	<u>36,341</u>	<u>21,110</u>
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	207,743	244,739
Islamic corporate bonds	86,590	103,119
Corporate notes	-	39,749
Islamic corporate notes	30,725	30,425
	<u>325,058</u>	<u>418,032</u>

	The Group	
	31.03.08	31.03.07
	RM'000	RM'000
Unquoted Private Debt Securities Of Companies		
Incorporated:		
In Malaysia:		
Corporate bonds	1,219,481	846,306
Corporate notes	456,554	105,934
Islamic corporate bonds	2,036,736	1,697,762
Islamic corporate notes	944,493	161,495
Outside Malaysia:		
Corporate bonds	142,769	119,185
	<u>4,800,033</u>	<u>2,930,682</u>
Total	<u>6,699,010</u>	<u>6,918,905</u>

A9. SECURITIES AVAILABLE-FOR-SALE

	The Group	
	31.03.08	31.03.07
	RM'000	RM'000
At Fair Value		
Money Market Securities:		
Malaysian Government Securities	12,081	44,474
Cagamas bonds	4,996	14,624
Khazanah bonds	9,841	9,604
Negotiable instruments of deposits	135,987	353,612
	<u>162,905</u>	<u>422,314</u>
Securities Quoted:		
In Malaysia:		
Trust units	74,714	76,334
Corporate bonds	-	17,329
Outside Malaysia:		
Shares	21,981	13,505
	<u>96,695</u>	<u>107,168</u>
Unquoted Securities Incorporated In Malaysia:		
Shares	4,378	2,400
	<u>4,378</u>	<u>2,400</u>
Debt Equity Converted Securities Quoted:		
In Malaysia:		
Shares	26,139	46,043
Shares - with options	6,014	82,815
Loan stocks	9,145	-
Corporate bonds	4,411	50
Outside Malaysia:		
Shares	77	229
	<u>45,786</u>	<u>129,137</u>

	The Group	
	31.03.08	31.03.07
	RM'000	RM'000
Unquoted Private Debt Securities Of Companies Incorporated		
In Malaysia:		
Corporate bonds	345,536	323,592
Islamic corporate bonds	927,167	558,857
Outside Malaysia:		
Corporate bonds	78,635	-
	<u>1,351,338</u>	<u>882,449</u>
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	189,833	312,061
Total	<u>1,850,935</u>	<u>1,855,529</u>
A10. SECURITIES HELD-TO-MATURITY		
At Amortised Cost		
Money Market Securities:		
Negotiable instruments of deposits	-	89,589
Securities Quoted In Malaysia:		
In Malaysia:		
Shares	99	99
Trust units	2,010	1,001
Islamic Corporate bonds	25,552	27,648
Outside Malaysia:		
Islamic Corporate bonds	6,388	6,912
	<u>34,049</u>	<u>35,660</u>
Unquoted Securities Of Companies Incorporated:		
In Malaysia:		
Shares	102,336	102,636
Corporate bonds	959	959
Outside Malaysia:		
Shares	6,441	7,597
	<u>109,736</u>	<u>111,192</u>
Quoted Debt Equity Converted Securities:		
In Malaysia:		
Shares	5,314	13,193
Loan stocks - collateralised	85,824	419,542
Loan stocks - with options	80,595	424,490
Corporate bonds	52,754	-
Outside Malaysia:		
Warrants	15	15
	<u>224,502</u>	<u>857,240</u>

	The Group	
	31.03.08	31.03.07
	RM'000	RM'000
Unquoted Debt Equity Converted Securities Of Companies		
Incorporated In Malaysia:		
Shares	44,971	44,971
Loan stocks	74,857	91,576
Loan stocks - collateralised	524,876	691,933
Corporate bonds - collateralised	106,568	-
Corporate bonds	316,378	523,444
	<u>1,067,650</u>	<u>1,351,924</u>
Unquoted Private Debt Securities Of Companies Incorporated:		
In Malaysia:		
Corporate bonds and notes denominated in USD	-	56,871
Corporate notes	33,720	-
Islamic corporate bonds	190,331	193,598
Outside Malaysia:		
Corporate bonds and notes denominated in USD	-	103,680
	<u>224,051</u>	<u>354,149</u>
Unquoted Guaranteed Private Debt Securities Of Companies		
Incorporated In Malaysia:		
Corporate bonds	-	79,216
	<u>1,659,988</u>	<u>2,878,970</u>
Accumulated impairment losses	(480,110)	(566,400)
Total	<u><u>1,179,878</u></u>	<u><u>2,312,570</u></u>

A11. LOANS, ADVANCES AND FINANCING

	The Group	
	31.03.08	31.03.07
	RM'000	RM'000
Loans and financing:		
Term loans and revolving credit	15,562,586	14,037,374
Housing loans	11,314,355	11,074,856
Staff loans	179,052	185,536
Hire-purchase receivables	26,622,601	24,474,377
Credit card receivables	1,806,526	2,218,724
Lease receivables	1,462,734	1,430,654
Overdrafts	1,632,538	1,343,383
Claims on customers under acceptance credits	2,301,379	1,656,939
Trust receipts	325,968	215,921
Block discount receivables	59,572	56,751
Factoring receivables	60,094	52,047
Bills receivable	33,524	17,765
	<u>61,360,929</u>	<u>56,764,327</u>
Less: Unearned interest and income	6,482,856	6,022,129
Total	<u>54,878,073</u>	<u>50,742,198</u>
Less:		
Allowance for bad and doubtful debts and financing:		
General	845,225	778,396
Specific	1,579,255	2,353,047
	<u>2,424,480</u>	<u>3,131,443</u>
Net loans, advances and financing	<u>52,453,593</u>	<u>47,610,755</u>

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

	The Group				Annualised Loans Growth (%)
	31.03.08		31.03.07		
	RM'000	%	RM'000	%	
Purchase of transport vehicles	24,128,479	42.5	22,739,226	42.5	
Purchase of landed properties:					
- Residential	10,998,983	19.4	10,777,779	20.2	
- Non-residential	2,312,866	4.1	2,491,641	4.7	
Working capital	9,326,716	16.4	7,921,566	14.8	
Personnel use	2,080,383	3.7	1,651,691	3.1	
Fixed assets	1,798,568	3.2	1,561,570	2.9	
Credit cards	1,777,686	3.1	2,207,352	4.1	
Purchase of securities	1,545,274	2.7	1,237,484	2.3	
Construction	919,301	1.6	1,160,173	2.2	
Merger and acquisition	278,877	0.5	207,044	0.4	
Consumer durables	3,892	0.0	4,648	0.0	
Other purpose	1,663,070	2.9	1,500,857	2.9	
Gross loans, advances and financing	56,834,095	100.0	53,461,031	100.0	
Less: Islamic financing sold to					
Cagamas Berhad	(1,863,857)		(2,718,833)		
	54,970,238		50,742,198		8.3

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

	The Group	
	31.03.08 RM'000	31.03.07 RM'000
Domestic :		
Business enterprises:		
Small medium enterprises	5,452,391	4,806,779
Others	11,579,642	9,932,336
Other non-bank financial institutions	834,365	760,703
Government and statutory bodies	115,410	140,282
Individuals	36,612,489	34,583,382
Other domestic entities	44,537	327,991
Foreign entities	239,239	190,725
	54,878,073	50,742,198

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

	The Group	
	31.03.08	31.03.07
	RM'000	RM'000
Variable rate		
BLR-plus	14,704,097	14,154,129
Cost-plus	5,865,602	4,919,740
Other variable rates	544,617	567,196
	<u>21,114,316</u>	<u>19,641,065</u>
Fixed rate		
Housing loans	2,361,505	3,129,736
Hire purchase receivables	23,152,454	21,100,285
Other fixed rates	8,249,798	6,871,112
	<u>33,763,757</u>	<u>31,101,133</u>
	<u>54,878,073</u>	<u>50,742,198</u>

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

	The Group	
	31.03.08	31.03.07
	RM'000	RM'000
Gross		
Balance at beginning of year	5,534,341	6,136,695
Non-performing during the year	1,319,500	1,604,797
Reclassification to performing loans and financing	(758,019)	(818,554)
Recoveries	(535,523)	(457,448)
Debt equity conversion	(106,351)	(6,182)
Amount written off	(1,298,557)	(935,779)
Sale of non-performing loans	(547,859)	-
Exchange fluctuation adjustments	(5,711)	2,001
Reclassification from trading to margin	658	-
Transfer from stock and share-broking activities	-	8,811
Balance at end of year	<u>3,602,479</u>	<u>5,534,341</u>
Less: Specific allowance	<u>(1,579,255)</u>	<u>(2,353,047)</u>
Non-performing loans, advances and financing - net	<u>2,023,224</u>	<u>3,181,294</u>
Ratios of non-performing loans, advances and financing to total loans, advances and financing (including Islamic financing sold to Cagamas Berhad) - net	<u>3.7%</u>	<u>6.2%</u>
Loan loss coverage excluding collateral values	<u>67.3%</u>	<u>56.6%</u>

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

	The Group			
	31.03.08		31.03.07	
	RM'000	%	RM'000	%
Working capital	1,014,761	28.2	1,205,711	21.8
Purchase of landed properties:				
Residential	962,785	26.7	1,372,850	24.8
Non-residential	334,169	9.3	781,598	14.1
Purchase of transport vehicles	428,615	11.9	806,824	14.6
Construction	281,961	7.8	364,953	6.6
Purchase of securities	198,320	5.5	273,202	4.9
Credit cards	66,011	1.8	216,850	3.9
Fixed assets	44,119	1.2	62,217	1.1
Personnel use	35,246	1.0	54,394	1.0
Merger and acquisition	-	-	15,020	0.3
Consumer durables	485	0.1	327	0.1
Other purpose	236,007	6.6	380,395	6.8
	<u>3,602,479</u>	<u>100.0</u>	<u>5,534,341</u>	<u>100.0</u>

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

	The Group	
	31.03.08	31.03.07
	RM'000	RM'000
General allowance		
Balance at beginning of year	778,396	721,817
Allowance during the year	67,107	55,567
Transfer from stock and share-broking operations	-	1,321
Exchange fluctuation adjustments	(278)	(309)
Balance at end of year	<u>845,225</u>	<u>778,396</u>
% of total loans, advances and financing (including Islamic financing sold to Cagamas) less specific allowances	<u>1.53%</u>	<u>1.52%</u>
Specific allowance		
Balance at beginning of year	2,353,047	1,532,664
Allowance during the year	1,192,451	2,162,855
Amount written back in respect of recoveries and reversals	(427,341)	(426,953)
Net charge to income statements	765,110	1,735,902
Amount written off	(1,291,798)	(935,929)
Sale of non-performing loans	(219,832)	-
Debt equity conversion	(17,190)	(3,182)
Reclassification from sundry receivables	(8,103)	8,205
Exchange fluctuation adjustments	(1,877)	(1,146)
Adjustment (to)/from deferred asset account	(102)	7,792
Transfer from stock and share-broking operations	-	8,741
Balance at end of year	<u>1,579,255</u>	<u>2,353,047</u>

A12 OTHER ASSETS

	The Group	
	31.03.08	31.03.07
	RM'000	RM'000
Trade receivables, net of allowance for doubtful debts	756,706	777,650
Other receivables, deposits and prepayments, net of allowance for doubtful debts	910,914	808,846
Interest receivables on treasury assets, net of allowance for doubtful debts	112,194	173,229
Fee receivables, net of allowance for doubtful debts	44,056	34,336
Amount due from Originators	35,140	52,421
Amount due from agents, brokers and reinsurer, net of allowance	161,405	85,334
Amount recoverable under asset-backed securitisation transactions, net of impairment loss	67,066	77,066
Foreclosed properties, net of allowance for impairment in value	102,396	98,882
Tax Recoverable	2,180	-
Deferred assets	39,701	43,939
	<u>2,231,758</u>	<u>2,151,703</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	
	31.03.08	31.03.07
	RM'000	RM'000
Term/Investment deposits	37,304,081	35,981,135
Savings deposits	3,340,718	3,160,423
Current deposits	2,913,137	2,162,453
Negotiable instruments of deposits	16,652	16,950
Other deposits	4,192,863	1,060,701
	<u>47,767,451</u>	<u>42,381,662</u>
The deposits are sourced from the following types of customers:		
Business enterprises	15,575,034	12,535,438
Individuals	23,634,465	23,029,293
Government	6,508,023	4,877,907
Others	2,049,929	1,939,024
	<u>47,767,451</u>	<u>42,381,662</u>

A14 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	31.03.08	31.03.07
	RM'000	RM'000
Deposits from:		
Licensed banks	2,527,071	4,807,110
Licensed merchant banks	791,584	499,284
Bank Negara Malaysia	1,386,398	1,278,320
Other financial institutions	10,413,636	10,856,625
	<u>15,118,689</u>	<u>17,441,339</u>

A15 OTHER LIABILITIES

	The Group	
	31.03.08	31.03.07
	RM'000	RM'000
Trade payables	969,301	962,845
Securities sold not yet re-purchased	-	98,209
Other payables and accruals	1,558,005	1,258,145
Interest payable on deposits and borrowings	393,882	473,091
Lease deposits and advance rentals	55,696	57,665
General insurance funds	227,430	194,637
Provision for commitments and contingencies	1,941	300
Bank overdrafts	541	9,515
Profit equalization reserve	37,607	55,837
Deferred tax liabilities	5,925	8,475
Tax payable	-	6,341
	<u>3,250,328</u>	<u>3,125,060</u>

A16 INTEREST INCOME

The Group	Individual Quarter		Cumulative Quarter	
	31.03.08	31.03.07	31.03.08	31.03.07
	RM'000	RM'000	RM'000	RM'000
Short-term funds and deposits with financial institutions	86,575	85,717	290,400	274,621
Securities held-for-trading	68,778	48,109	255,625	215,829
Securities available for sale	23,645	20,760	96,021	84,781
Securities held-to-maturity	3,194	9,018	110,181	73,749
Loans and advances				
- Interest income other than recoveries from NPLs	745,736	636,525	2,836,807	2,498,278
- Recoveries from NPLs	72,376	75,522	274,600	302,849
Others	563	2,120	3,810	10,395
Gross interest income	<u>1,000,867</u>	<u>877,771</u>	<u>3,867,444</u>	<u>3,460,502</u>
Amortisation of premiums less accretion of discounts	3,887	2,145	14,640	14,912
Interest suspended	<u>(19,284)</u>	<u>(24,153)</u>	<u>(98,355)</u>	<u>(108,502)</u>
Total after net interest suspension	<u>985,470</u>	<u>855,763</u>	<u>3,783,729</u>	<u>3,366,912</u>

A17 INTEREST EXPENSE

The Group	Individual Quarter		Cumulative Quarter	
	31.03.08	31.03.07	31.03.08	31.03.07
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	378,125	328,987	1,452,355	1,267,716
Deposit of banks and other financial institutions	68,961	95,373	328,189	310,228
Securities sold under repurchase agreements	-	21,919	17,388	91,029
Amount due to Cagamas Berhad	1,914	8,197	15,056	47,012
Bank borrowings:				
Term loans	16,658	6,476	30,082	27,062
Overdrafts	37	400	214	1,087
Subordinated deposits and term loans	5,694	2,485	12,459	52,986
Interest on Bonds	22,691	20,075	103,202	65,182
Medium term notes	4,777	-	4,777	-
Interest rate swap	18,343	18,163	79,051	49,699
Hybrid securities	10,916	11,886	45,643	49,273
Others	25,167	15,458	64,705	33,528
	<u>553,283</u>	<u>529,419</u>	<u>2,153,121</u>	<u>1,994,802</u>

A18 OTHER OPERATING INCOME

The Group	Individual Quarter		Cumulative Quarter	
	31.03.08	31.03.07	31.03.08	31.03.07
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Fees on loans and advances	42,206	36,387	130,340	127,855
Corporate advisory	5,038	9,046	35,153	20,805
Guarantee fees	4,867	10,814	19,624	27,938
Underwriting commissions	2,808	(929)	13,566	14,480
Portfolio management fees	9,205	1,025	21,792	9,540
Unit trust management fees	15,577	9,210	62,584	37,920
Brokerage rebates	43	423	546	1,161
Property trust management fees	926	733	3,126	2,298
Brokerage fees and commissions	31,247	43,283	162,682	102,630
Banc assurance commission	5,781	5,290	27,804	26,104
Expense from asset securitisation	66	(103)	(183)	(179)
Other fee income	12,407	18,633	57,224	45,619
	<u>130,171</u>	<u>133,812</u>	<u>534,258</u>	<u>416,171</u>
Investment and trading income:				
Net gain from sale of securities held-for-trading	17,879	73,058	131,616	197,902
Net gain from sale of securities available-for-sale	2,033	6,998	31,735	28,033
Net gain on redemption of securities held-to-maturity	3,439	8,304	106,235	53,177
(Loss)/gain on revaluation and valuation adjustments for securities held for trading	(39,297)	(4,334)	(128,923)	93,465
Loss on revaluation of derivatives	(35,329)	(16,595)	(9,662)	(122,679)
Unrealised gain/(loss) on hybrid capital	36,251	2,152	56,432	15,575
Gross dividend income from:				
Securities held-for-trading	3,987	7,526	30,477	19,285
Securities available-for-sale	-	140	894	5,965
Securities held-to-maturity	11,177	10,687	27,169	23,804
	<u>140</u>	<u>87,936</u>	<u>245,973</u>	<u>314,527</u>
Premium income from general insurance business	118,368	106,921	447,903	404,664
Insurance commission	(14,722)	(12,477)	(55,237)	(44,823)
	<u>103,646</u>	<u>94,444</u>	<u>392,666</u>	<u>359,841</u>
Surplus transfer from life insurance business	17,000	13,500	17,000	13,500
	<u>120,646</u>	<u>107,944</u>	<u>409,666</u>	<u>373,341</u>
Other income:				
Foreign exchange gain	8,188	3,961	21,810	13,034
Gain on disposal of property and equipment - net	377	100	679	1,700
Rental income	1,008	1,011	4,351	7,986
Gain on disposal of assets held for sale	-	-	-	19,284
Other non-operating income	128	584	2,087	3,997
	<u>9,701</u>	<u>5,656</u>	<u>28,927</u>	<u>46,001</u>
	<u>260,658</u>	<u>335,348</u>	<u>1,218,824</u>	<u>1,150,040</u>

A19 OTHER OPERATING EXPENSES

The Group	Individual Quarter		Cumulative Quarter	
	31.03.08	31.03.07	31.03.08	31.03.07
	RM'000	RM'000	RM'000	RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	185,734	129,116	607,610	494,434
- Others	24,083	22,904	87,706	82,636
	<u>209,817</u>	<u>152,020</u>	<u>695,316</u>	<u>577,070</u>
Establishment costs				
- Depreciation and amortisation of prepaid land lease payments	12,525	11,712	48,590	51,752
- Amortisation of computer software	6,226	6,023	23,494	21,238
- Computerisation costs	20,866	20,488	65,541	73,259
- Rental	14,881	16,108	59,696	49,719
- Cleaning and maintenance	6,039	5,850	21,899	18,495
- Others	5,442	4,948	23,062	16,506
	<u>65,979</u>	<u>65,129</u>	<u>242,282</u>	<u>230,969</u>
Marketing and communication expenses				
- Sales commission	6,506	4,271	18,523	12,878
- Advertising, promotional and other marketing activities	16,270	16,844	79,057	63,966
- Telephone charges	4,893	4,251	18,527	16,113
- Postage	2,608	3,405	11,924	12,060
- Travel and entertainment	4,680	4,140	17,850	14,311
- Others	6,265	6,363	26,950	23,450
	<u>41,222</u>	<u>39,274</u>	<u>172,831</u>	<u>142,778</u>
Administration and general				
- Professional services	18,729	15,389	77,727	49,994
- Donations	2,163	169	2,986	484
- Administration and management expenses	274	2,008	2,025	12,769
- Others	12,370	28,159	43,506	54,128
	<u>33,536</u>	<u>45,725</u>	<u>126,244</u>	<u>117,375</u>
Overheads	350,554	302,148	1,236,673	1,068,192
General insurance claims	107,044	92,146	315,599	288,653
	<u>457,598</u>	<u>394,294</u>	<u>1,552,272</u>	<u>1,356,845</u>

A20 ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

The Group	Individual Quarter		Cumulative Quarter	
	31.03.08	31.03.07	31.03.08	31.03.07
	RM'000	RM'000	RM'000	RM'000
Allowance for bad and doubtful debts and financing:				
Specific allowance - net	78,982	973,251	765,110	1,735,902
Allowance during the period	183,657	1,080,865	1,192,451	2,162,855
Amount written back in respect of recoveries and reversal	(104,675)	(107,614)	(427,341)	(426,953)
General allowance	27,530	16,669	67,107	55,567
Recoveries of value impairment on amount recoverable from Danaharta	-	-	(609)	(17,282)
Bad debts and financing recovered - net	(68,690)	(60,787)	(319,425)	(254,706)
Written off	2,500	203	2,653	215
Recovered	(71,190)	(60,990)	(322,078)	(254,921)
	<u>37,822</u>	<u>929,133</u>	<u>512,183</u>	<u>1,519,481</u>

A21 SEGMENTAL INFORMATION

BY BUSINESS SEGMENT

	Individual Quarter		Cumulative Quarter	
	31.03.08 RM'000	31.03.07 RM'000	31.03.08 RM'000	31.03.07 RM'000
Investment banking				
Revenue	284,902	380,491	1,266,685	1,389,250
Profit before taxation	91,232	79,399	398,504	390,056
Commercial and retail banking				
Revenue	1,372,941	887,590	4,383,859	3,454,909
Profit/(Loss) before taxation	240,900	(768,912)	742,576	(521,564)
Offshore banking				
Revenue	28,015	44,593	71,645	91,793
(Loss)/Profit before taxation	(11,439)	8,547	17,349	8,003
Insurance				
Revenue	231,542	264,808	937,509	897,615
Profit before taxation	24	21,821	56,530	68,753
Others				
Revenue	41,779	70,298	119,987	79,828
Profit/(Loss) before taxation	767	(7,463)	12,381	(24,392)
Total before consolidation adjustments				
Revenue	1,959,179	1,647,780	6,779,685	5,913,395
Profit before taxation	321,484	(666,608)	1,227,340	(79,144)
Consolidation adjustments				
Revenue	(468,049)	(190,741)	(772,103)	(416,106)
Profit/(Loss) before taxation	(12,868)	(29,940)	(32,903)	(5,468)
Total after consolidation adjustments				
Revenue	1,491,130	1,457,039	6,007,582	5,497,289
Profit/(Loss) before taxation	308,616	(696,548)	1,194,437	(84,612)

Included in the above is Islamic banking business profit before taxation of RM46.7 million for the quarter and RM192.2 million for the year ended 31 March 2008 (RM50.3 million for the quarter and RM191.4 million for the year ended 31 March 2007).

The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia except for AmFraser 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 in relation to the Group's activities in Malaysia.

A22 VALUATIONS OF PROPERTY AND EQUIPMENTS

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

A23 EVENTS SUBSEQUENT TO BALANCE SHEET DATE

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

A24 CHANGES IN THE COMPOSITION OF THE GROUP AND THE COMPANY

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

A25. COMMITMENTS AND CONTINGENCIES

In the normal course of business, AmInvestment Bank Berhad ("AmInvestment Bank"), AmBank (M) Berhad ("AmBank"), AmIslamic Bank Berhad ("AmIslamic Bank") and AmInternational (L) Ltd ("AmInternational"), make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions other than those where provision had been made in the financial statements. The commitments and contingencies are not secured against the Group's assets. As at 31 March 2008, the commitments and contingencies outstanding are as follows:

The Group	31.03.08			31.03.07		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
Derivative Financial Instruments						
Interest rate related contracts:						
Interest rate futures	270,000	194,810	97,404	290,000	7,438	3,719
Interest rate swaps	26,770,307	601,940	126,949	23,131,423	667,038	137,537
Foreign exchange related contracts:						
Forward exchange contracts	5,747,856	102,651	34,932	4,370,080	128,442	26,830
Cross currency swaps	624,647	76,143	15,228	811,310	92,886	18,577
Malaysian Government securities futures	-	-	-	5,000	6	3
Equity related contracts:						
Options	151,596	-	-	165,618	-	-
Equity futures	363	-	-	-	-	-
	<u>33,564,769</u>	<u>975,544</u>	<u>274,513</u>	<u>28,773,431</u>	<u>895,810</u>	<u>186,666</u>
Commitments						
Irrevocable commitments to extend credit maturing :						
within one year	8,564,981	1,558,976	1,422,930	9,565,515	-	-
more than one year	2,742,901	1,371,451	1,257,912	1,225,230	612,615	611,985
Unutilised credit card line	4,006,449	801,290	598,888	-	-	-
Sell and buy back agreements	1,216,782	1,216,782	879,744	1,923,143	1,923,143	1,221,740
Forward purchase commitments	338,081	338,081	30,108	834,911	834,911	218,958
	<u>16,869,194</u>	<u>5,286,580</u>	<u>4,189,582</u>	<u>13,548,799</u>	<u>3,370,669</u>	<u>2,052,683</u>
Contingent Liabilities						
Guarantees given on behalf of customers	1,865,387	1,865,387	1,769,182	1,404,043	1,404,043	1,210,877
Certain transaction-related contingent items	1,048,285	524,143	511,156	897,800	448,900	423,564
Underwriting liabilities	1,720,000	860,000	776,800	815,000	407,500	267,100
Short term self liquidating trade-related contingencies	584,432	116,886	113,419	283,789	56,758	56,758
Islamic financing sold to Cagamas	1,863,857	1,863,857	1,404,403	2,718,833	2,718,833	2,718,833
Others	23,874	250	250	126,438	250	250
	<u>7,105,835</u>	<u>5,230,523</u>	<u>4,575,210</u>	<u>6,245,903</u>	<u>5,036,284</u>	<u>4,677,382</u>
	<u>57,539,798</u>	<u>11,492,647</u>	<u>9,039,305</u>	<u>48,568,133</u>	<u>9,302,763</u>	<u>6,916,731</u>

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

As at 31 March 2008, other contingencies and commitments of the Group and of the Company are as follows:

- (a) The Company has given unsecured guarantees totalling RM273,600,000 (RM329,600,000 as at 31 March 2007) to various financial institutions in respect of credit facilities extended to certain subsidiary companies.
- (b) AmInvestment Group Berhad has given unsecured guarantees totalling RM50,000,000 (RM10,000,000 as at 31 March 2007) to a financial institution in respect of credit facilities extended to a subsidiary company.
- (c) AmInvestment Group Berhad has given a continuing undertaking totaling S\$40,000,000 (S\$50,000,000 as at 31 March 2007) to Monetary Authority of Singapore on behalf of FIPL to meet its liabilities and financial obligation and requirements.
- (d)
 - (i) As required, AmInvestment Bank has given a continuing guarantee to Bank Negara Malaysia on behalf of AmInternational, to meet all its liabilities and financial obligations and requirements.
 - (ii) AmInvestment Bank has given guarantees in favour of Labuan International Financial Exchange ("LFX") in respect of USD 5 million each for AmInternational to act as a Listing Sponsor and as a Trading Agent on the LFX.
- (e) The Company has given a guarantee to HSI Services Limited ("HSI") and Hang Seng Data Services Limited ("HSDS") on behalf of its subsidiary, AmAssurance Berhad ("AMAB"), for the performance and discharge by AMAB of its obligations under the licence agreement with HSI and HSDS for use of the Hang Seng China Enterprise Index in respect of AMAB's investment-linked product called AmAsia Link-Capital Guaranteed Fund.
- (f) 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 Meridian for Further and Better particulars in respect of the statement of defence filed by AmTrustee;
- (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 for leave for Meridian to serve Interrogatories on an officer of AmTrustee allegedly relating to matters in question between Meridian and AmTrustee and
- (v) an application by AmTrustee for Stay of Proceedings pending disposal of the application for disposal under (i) above.

In the MAA suit, AmTrustee has filed and served a Third Party Notice dated 6 November 2006 on Meridian seeking indemnification/contribution from Meridian for MAA's claim. Exchange of pleadings has also been completed with Meridian.

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

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

- (g) Subsequent to the financial year, AmBank has given continuing guarantee to BNM on behalf of Amnernational to meet all its liabilities and financial obligation and requirements.

A26 RELATED PARTY TRANSACTIONS

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

A27 DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 March 2008, 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	270,000	-	70,000	50,000	-	150,000	-	5,724
Interest rate swaps	26,770,307	675,000	4,310,000	2,320,000	3,648,819	14,600,000	1,216,488	10,156
Foreign exchange related contracts :								
Forward exchange contracts	5,747,856	1,785,142	935,386	1,902,906	1,124,422	-	-	990
Cross currency swaps	624,647	-	-	49,303	95,820	479,524	-	1,218
Equity related contracts:								
Options	151,596	15,487	-	13,867	63,026	59,216	-	-
Equity futures	363	-	-	-	-	363	-	-
Total	33,564,769	2,475,629	5,315,386	4,336,076	4,932,087	15,289,103	1,216,488	18,088

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 2008, value at risk of foreign exchange-related derivatives contracts used for trading purposes of the Group was RM5,824,499 (RM1,628,136 as at 31 March 2007).

The value at risk of the interest rate derivatives related contracts used for trading purposes of the Group was RM26,191,724 (RM25,885,784 as at 31 March 2007).

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

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

Credit risk of derivatives

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

As at 31 March 2008, the amount of counter party credit risk, measured in terms of the cost to replace the positive value contracts of the Group, was RM8,018,674 (RM27,277,893 as at 31 March 2007). This amount will increase or decrease over the life of the contracts, mainly as a function of movement in market rates and time.

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

Derivative Financial Instruments And Hedge Accounting

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

(i) Fair value hedge

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

(ii) Cash flow hedge

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

(iii) Derivatives that do not qualify for hedge accounting

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

A28 INTEREST/PROFIT RATE RISK

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

The Group	<-----Non Trading Book----->							Non- interest sensitive	Trading Book	Total	Effective interest rate %
	Up to 1 month	>1 - 3 months	>3 - 6 months	>6 - 12 months	1 - 5 years	Over 5 years	RM'000				
31.03.08	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
ASSETS											
Cash and short-term funds	8,708,883	-	-	-	-	-	-	2,249,481	-	10,958,364	3.38
Securities purchased under resale agreements	52,468	-	-	-	-	-	-	-	-	52,468	3.33
Deposits and placements with banks and other financial institutions	1,281	1,273,519	65,100	278	-	47,632	-	-	-	1,387,810	4.64
Securities held-for-trading	-	-	-	-	-	-	-	-	6,699,010	6,699,010	3.57
Securities available-for-sale	-	-	19,961	135,866	897,502	676,145	121,461	-	-	1,850,935	5.82
Securities held-to-maturity	49,774	6,388	68,753	8,544	523,249	357,727	165,443	-	-	1,179,878	3.96
Derivative financial assets	-	-	-	-	-	-	-	370,681	-	370,681	
Loans, advances and financing:											
- performing	18,515,362	2,488,978	567,545	482,484	6,973,778	14,414,503	7,832,944	-	-	51,275,594	7.08
- non-performing *	-	-	-	-	-	-	-	1,177,999	-	1,177,999	-
Amount due from Originators	-	6,430	26,042	-	2,668	-	-	-	-	35,140	3.65
Other non-interest sensitive balances	-	-	-	-	-	-	-	8,203,828	-	8,203,828	-
TOTAL ASSETS	27,327,768	3,775,315	747,401	627,172	8,397,197	15,496,007	20,121,837	6,699,010	6,699,010	83,191,707	
LIABILITIES AND EQUITY											
Deposits from customers	17,458,191	6,294,579	5,784,561	7,264,641	2,699,721	-	8,265,758	-	-	47,767,451	3.27
Deposits and placements of banks and other financial institutions	6,472,394	2,068,654	1,180,675	1,024,523	991,330	1,228,000	2,153,113	-	-	15,118,689	3.43
Bills and acceptances payable	415,618	676,830	269,448	-	-	-	547,347	-	-	1,909,243	3.59
Recourse obligation on loans sold to Cagamas Berhad	-	70,070	26,042	-	147,867	-	-	-	-	243,979	3.65

A28 INTEREST/PROFIT RATE RISK

The Group	<-----Non Trading Book----->							Non-interest sensitive	Trading Book	Total	Effective interest rate
	Up to 1 month	>1 - 3 months	>3 - 6 months	>6 - 12 months	1 - 5 years	Over 5 years	RM'000				
31.03.08	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Derivative financial liabilities	-	-	-	-	-	-	410,929	-	410,929		
Term loans	-	1,506,000	-	183,413	-	-	101,431	-	1,790,844		5.08
Subordinated term loans	-	-	460,000	-	-	-	-	-	460,000		6.87
Unsecured bonds	200,000	-	-	-	-	1,170,000	380,000	-	1,750,000		5.73
Medium Term Notes	-	-	-	-	-	860,000	-	-	860,000		5.27
Hybrid capital	-	-	-	-	-	673,830	-	-	673,830		6.79
Other non-interest sensitive balances	-	-	-	-	-	-	4,952,797	-	4,952,797		-
Total Liabilities	24,546,203	10,616,133	7,720,726	8,472,577	3,838,918	3,931,830	16,811,375	-	75,937,762		
Share capital	-	-	-	-	-	-	2,722,970	-	2,722,970		
Reserves	-	-	-	-	-	-	4,446,623	-	4,446,623		
Equity attributable to equity holders of the Company	-	-	-	-	-	-	7,169,593	-	7,169,593		
Minority interests	-	-	-	-	-	-	84,352	-	84,352		
Total equity	-	-	-	-	-	-	7,253,945	-	7,253,945		
TOTAL LIABILITIES AND EQUITY	24,546,203	10,616,133	7,720,726	8,472,577	3,838,918	3,931,830	24,065,320	-	83,191,707		
On-balance sheet interest rate gap sensitivity	2,781,565	(6,840,818)	(6,973,325)	(7,845,405)	4,558,279	11,564,177	(3,943,483)	6,699,010	-		
Off-balance sheet interest rate gap sensitivity	2,576,862	7,718,038	(3,531,661)	(3,581,237)	(4,006,040)	803,608	-	-	(20,430)		
Total interest rate gap sensitivity	5,358,427	877,220	(10,504,986)	(11,426,642)	552,239	12,367,785	(3,943,483)	6,699,010	(20,430)		
Cumulative interest rate gap sensitivity	5,358,427	6,235,647	(4,269,339)	(15,695,981)	(15,143,742)	(2,775,957)	(6,719,440)	(20,430)			

* 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 31.03.07	<-----Non Trading Book----->							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	Non- interest sensitive RM'000			
ASSETS										
Cash and short-term funds	7,752,304	-	-	100	-	-	2,840,816	-	10,593,220	3.83
Securities purchased under resale agreements	501,431	-	-	-	-	-	-	-	501,431	2.92
Deposits and placements with banks and other financial institutions	16,705	1,083,744	20,227	103,981	-	-	415,200	-	1,639,857	4.91
Securities held-for-trading	-	-	-	-	-	-	-	6,918,905	6,918,905	3.75
Securities available-for-sale	5,002	5,007	359,712	106,793	336,437	818,465	224,113	-	1,855,529	4.01
Securities held-to-maturity	1,340	-	139,763	148,073	1,036,424	768,406	218,564	-	2,312,570	4.70
Derivative financial assets	-	-	-	-	-	-	400,312	-	400,312	-
Loans, advances and financing:										
- performing	14,215,473	2,123,047	1,516,986	305,935	7,242,069	13,509,946	6,294,401	-	45,207,857	6.90
- non-performing *	-	-	-	-	-	-	2,402,898	-	2,402,898	-
Amount due from Originators	-	400	9,441	2,980	39,600	-	-	-	52,421	4.30
Other non-interest sensitive balances	-	-	-	-	-	-	7,097,858	-	7,097,858	-
TOTAL ASSETS	22,492,255	3,212,198	2,046,129	667,862	8,654,530	15,096,817	19,894,162	6,918,905	78,982,858	
LIABILITIES AND EQUITY										
Deposits from customers	15,915,899	6,089,788	4,493,895	6,886,263	3,899,893	-	5,095,924	-	42,381,662	3.36
Deposits and placements of banks and other financial institutions	5,672,228	2,846,742	1,922,095	717,885	1,762,364	1,507,384	3,012,641	-	17,441,339	3.89
Obligations on securities sold under repurchase agreements	3,087,896	49,275	3,072	-	-	-	-	-	3,140,243	3.36
Bills and acceptances payable	278,358	547,637	188,968	-	-	-	446,614	-	1,461,577	3.56
Recourse obligation on loans sold to to Cagamas Berhad	18,934	38,438	201,770	244,996	250,923	-	-	-	755,061	3.71

A28 INTEREST/PROFIT RATE RISK

The Group 31.03.07	<-----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					
Derivative financial liabilities	-	-	-	-	-	-	470,742	-	470,742		
Term loans	-	206,000	-	103,680	-	-	-	-	309,680	5.60	
Subordinated certificates of deposits	-	-	-	-	460,000	-	-	-	460,000	6.87	
Subordinated term loan	-	-	-	-	727,795	595,000	-	-	1,322,795	5.64	
Redeemable unsecured bonds	-	-	-	-	-	666,474	-	-	666,474	6.80	
Other non-interest sensitive balances	-	-	-	-	-	-	4,583,968	-	4,583,968	-	
Total Liabilities	24,973,315	9,777,880	6,809,800	7,952,824	7,100,975	2,768,858	13,609,889	-	72,993,541		
Share capital	-	-	-	-	-	-	2,130,565	-	2,130,565		
Reserves	-	-	-	-	-	-	2,657,236	-	2,657,236		
Equity attributable to equity holders of the Company	-	-	-	-	-	-	4,787,801	-	4,787,801		
Minority interests	-	-	-	-	-	-	1,201,516	-	1,201,516		
Total equity	-	-	-	-	-	-	5,989,317	-	5,989,317		
TOTAL LIABILITIES AND EQUITY	24,973,315	9,777,880	6,809,800	7,952,824	7,100,975	2,768,858	19,599,206	-	78,982,858		
On-balance sheet interest rate gap sensitivity	(2,481,060)	(6,565,682)	(4,763,671)	(7,284,962)	1,553,555	12,327,959	294,956	6,918,905	-		
Off-balance sheet interest rate gap sensitivity	2,145,559	14,893,960	(1,500,860)	(1,040,081)	(15,270,228)	856,740	-	-	85,091		
Total interest rate gap sensitivity	(335,501)	8,328,278	(6,264,531)	(8,325,043)	(13,716,673)	13,184,699	294,956	6,918,905	85,091		
Cumulative interest rate gap sensitivity	(335,501)	7,992,777	1,728,246	(6,596,797)	(20,313,470)	(7,128,770)	(6,833,814)	85,091			

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

A29 CAPITAL ADEQUACY

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

With effect from 1 January 2008, the capital adequacy ratios of the Group are computed in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework: Standardised Approach for Credit Risk and Market Risk and Basic Indicator Approach for Operational Risk (Basel II). The risk-weighted Capital Adequacy for 31 March 2007, however, has not been adjusted for Basel II guidelines.

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 is as follows:

	The Group	
	31.03.08	31.03.07
	RM'000	RM'000
Tier 1 capital		
Paid-up ordinary share capital	2,722,970	2,130,565
Share premium	1,986,857	791,588
Statutory reserve	1,245,433	1,107,757
Hybrid capital	673,830	666,474
Exchange fluctuation reserve	8,166	10,297
Unappropriated profit at end of year	1,163,267	798,502
Minority interests	84,352	1,201,516
Total	<u>7,884,875</u>	<u>6,706,699</u>
Less : Goodwill	1,732,872	527,121
Deferred tax assets - net	602,658	861,968
Total tier 1 capital	<u>5,549,345</u>	<u>5,317,610</u>
Tier 2 capital		
Subordinated term loans	403,243	421,696
Medium term notes	860,000	-
Redeemable unsecured bonds	1,750,000	1,175,000
General allowance for bad and doubtful debts	845,225	778,396
Total tier 2 capital	<u>3,858,468</u>	<u>2,375,092</u>
Capital base	<u>9,407,813</u>	<u>7,692,702</u>
Less: Restriction on tier 2 capital	238,571	-
Capital base	<u>9,169,242</u>	<u>7,692,702</u>
Risk-weighted assets	<u>67,898,253</u>	<u>60,987,817</u>
Capital Ratios:		
Core capital ratio	8.17%	8.72%
Risk-weighted capital ratio	13.50%	12.61%
Core capital ratio (net of proposed final dividend)	7.99%	8.59%
Risk-weighted capital ratio (net of proposed final dividend)	<u>13.32%</u>	<u>12.48%</u>

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

	31.03.08		31.03.07	
	Principal Amount RM'000	Risk- Weighted Amount RM'000	Principal Amount RM'000	Risk- Weighted Amount RM'000
0%	11,911,523	-	11,227,356	-
10%	-	-	3,418	342
20%	2,982,733	596,547	7,187,595	1,437,519
35%	2,967,500	1,038,625	-	-
50%	5,750,598	2,875,299	9,572,932	4,786,466
75%	33,910,030	25,432,523	-	-
100%	24,796,708	24,796,708	-	-
150%	2,373,580	3,560,370	48,311,104	48,311,104
	<u>84,692,672</u>	<u>58,300,071</u>	<u>76,302,405</u>	<u>54,535,431</u>
Add: total risk weighted assets equivalent for market risk		5,198,595		6,451,937
Add: total risk weighted assets equivalent for operational risk		4,384,664		-
Add: Large Exposure Risk Requirements for equity holdings		14,923		449
		<u>67,898,253</u>		<u>60,987,817</u>

The capital adequacy ratio of the Group as at 31 March 2007 has not been restated for prior year adjustments effect.

A30. ISLAMIC BANKING BUSINESS

The state of affairs as at 31 March 2008 and the results for the year ended 31 March 2008 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 2008

	Note	The Group	
		31.03.08 RM'000	31.3.07 RM'000
ASSETS			
Cash and short-term funds		1,921,662	2,523,494
Deposit and placements with banks and other financial institutions		-	415,200
Securities held-for-trading		559,411	552,260
Securities available-for-sale		-	17,596
Securities held-to-maturity		32,373	35,092
Financing, advances and other loans	A30a	8,019,646	6,403,619
Statutory deposits with Bank Negara Malaysia		271,700	263,500
Other receivables, deposits and prepayments		127,469	98,312
Property and equipment		536	946
Deferred tax assets		157,781	223,716
Intangible assets		611	65
TOTAL ASSETS		11,091,189	10,533,800
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	A30b	5,872,599	5,095,924
Deposits and placements of banks and other financial institutions		2,681,413	3,012,641
Converted fund		2,160	14,197
Acceptances payable		547,347	446,614
Other liabilities	A30c	154,200	249,624
Subordinated Sukuk Musyarakah		400,000	400,000
Total Liabilities		9,657,719	9,219,000
ISLAMIC BANKING FUNDS			
Share capital/Capital funds		505,877	505,877
Reserves		927,593	808,923
Islamic Banking Funds		1,433,470	1,314,800
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		11,091,189	10,533,800
COMMITMENTS AND CONTINGENCIES		6,111,742	7,440,167

**AUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2008**

The Group	Individual Quarter		Cumulative Quarter	
	31.03.08	31.03.07	31.03.08	31.03.07
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	177,011	179,936	704,757	702,852
Allowance for losses on financing	(29,260)	(87,639)	(138,061)	(214,982)
Transfer (to)/from profit equalization reserve	(8,076)	26,460	18,211	60,912
Other expenses directly attributable to depositors and Islamic Banking Funds	-	18,716	-	-
Total attributable income	139,675	137,473	584,907	548,782
Income attributable to the depositors	(88,595)	(91,143)	(364,313)	(371,759)
Profit attributable to the Group	51,080	46,330	220,594	177,023
Income derived from Islamic Banking Funds	50,547	47,068	195,994	180,322
Total net income	101,627	93,398	416,588	357,345
Operating expenditure	(52,687)	(37,772)	(205,159)	(160,617)
Finance cost	(2,191)	(5,313)	(19,253)	(5,313)
Profit before taxation	46,749	50,313	192,176	191,415
Taxation	(18,364)	(8,537)	(73,116)	(58,708)
Profit for the year	28,385	41,776	119,060	132,707

A30a. Financing, Advances and Other Loans

	The Group	
	31.03.08	31.3.07
	RM'000	RM'000
Term financing/Revolving credit facilities	2,309,469	1,709,358
Islamic hire purchase, net of unearned income	4,327,138	3,631,079
Credit card receivables	267,965	318,470
Trust receipts	44,996	25,331
Claims on customer under acceptance credits	686,376	475,119
Other financing	692,092	637,472
Gross financing, advances and other loans	<u>8,328,036</u>	<u>6,796,829</u>
Allowance for bad and doubtful debts and financing		
-general	(154,954)	(139,511)
-specific	(153,436)	(253,699)
	<u>(308,390)</u>	<u>(393,210)</u>
Net financing, advances and other loans	<u>8,019,646</u>	<u>6,403,619</u>

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

	The Group	
	31.03.08	31.3.07
	RM'000	RM'000
Gross		
Balance at beginning of year	503,084	531,434
Non-performing during the year	206,068	305,982
Reclassification to performing financing	(103,518)	(96,163)
Recoveries	(70,877)	(89,082)
Amount written off	(229,436)	(149,087)
Balance at end of year	<u>305,321</u>	<u>503,084</u>
Specific allowance	(153,436)	(253,699)
Non-performing financing - net	<u>151,885</u>	<u>249,385</u>
Net NPL as % of gross financing, advances and other loans (including Islamic financing sold to Cagamas Berhad) less specific allowance	<u>1.51%</u>	<u>2.69%</u>

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

	The Group	
	31.03.08	31.03.07
	RM'000	RM'000
General Allowance		
Balance at beginning of year	139,511	132,658
Allowance made during the year	15,443	6,853
Balance at end of year	<u>154,954</u>	<u>139,511</u>
% of total financing, advances and other loans (including Islamic financing sold to Cagamas Berhad) less specific allowance	 <u>1.54%</u>	 <u>1.63%</u>
Specific Allowance		
Balance at beginning of year	<u>253,699</u>	<u>173,181</u>
Allowance made during the year	217,276	310,522
Amount written back in respect of recoveries	<u>(78,514)</u>	<u>(88,788)</u>
Net charge to income statement	138,762	221,734
Amount written off/Adjustment to Asset Deficiency Account	<u>(239,025)</u>	<u>(141,216)</u>
Balance at end of year	<u>153,436</u>	<u>253,699</u>

A30b. DEPOSITS FROM CUSTOMERS

	The Group	
	31.03.08	31.3.07
	RM'000	RM'000
Mudarabah Fund		
Special Investment deposits	424,785	424,870
General Investment deposits	<u>4,119,669</u>	<u>3,642,756</u>
	<u>4,544,454</u>	<u>4,067,626</u>
Non-Mudarabah Fund		
Demand deposits	520,564	354,020
Saving deposits	801,032	667,730
Negotiable Islamic debt certificates	<u>6,549</u>	<u>6,548</u>
	<u>1,328,145</u>	<u>1,028,298</u>
	<u>5,872,599</u>	<u>5,095,924</u>

A30c. OTHER LIABILITIES

	The Group	
	31.03.08	31.3.07
	RM'000	RM'000
Other payables and accruals	105,075	86,158
Taxation and zakat payable	6,581	9,051
Amount owing to head office	68	91,327
Lease deposits and advance rentals	4,869	7,251
Profit equalisation reserve	37,607	55,837
	<u>154,200</u>	<u>249,624</u>

A31 CHANGE IN ACCOUNTING POLICIES AND RECLASSIFICATIONS

(a) Changes in accounting policy in current financial period

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

(i) FRS 117: Leases

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

The Group have applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 April 2007, the unamortised carrying amount of leasehold land is classified as prepaid land lease payments. The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively. Certain comparatives of the balance sheets of the Group as at 31 March 2007 have been restated. There were no effects on the income statements of the Group for the 4th quarter ended 31 March 2008.

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

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

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

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

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

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

The following tables provide estimates of the extent to which each of the line items in the balance sheets and income statements for the period ended 31 March 2008 is higher or lower than it would have been had the previous policies been applied in the current year.

(a) Effects on Balance Sheets as at 31 March 2008

Description of change	Increase/(Decrease)		
	FRS 117 RM'000	BNM Guidelines on derivative financial instruments RM'000	Total RM'000
The Group			
Prepaid land lease payment	(7,059)	-	(7,059)
Property and equipment	7,059	-	7,059
Deferred tax assets	-	13,646	13,646
Derivative financial liabilities	-	4,836	4,836
Hybrid capital	-	56,886	56,886
Unappropriated profits	-	(38,404)	(38,404)

(b) Effects on Income Statements for the quarter ended 31 March 2008 and 2007

	Individual Quarter		Cumulative Quarter	
	31.03.08 RM'000	31.03.07 RM'000	31.03.08 RM'000	31.03.07 RM'000
Profit after taxation before changes in accounting policies	216,995	(512,001)	761,953	(50,253)
Effects of adopting Revised BNM Guidelines on derivative financial instruments	6,646	(4,088)	48,866	(78,644)
Effects of adopting BNM Circular on Handling Fees	-	(8,786)	-	-
Profit after taxation, after changes in accounting policies	223,641	(524,875)	810,819	(128,897)

(ii) Restatement of comparatives

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

	As previously reported RM'000	Effect of change RM'000	As restated RM'000
Balance Sheet as at 31 March 2007			
Assets			
Derivative financial assets	-	400,312	400,312
Other assets	2,222,645	(70,942)	2,151,703
Prepaid land lease payment	-	7,156	7,156
Property and equipment	241,156	(7,156)	234,000
Deferred tax assets	870,443	30,815	901,258
Derivative financial liabilities	-	470,742	470,742
Other liabilities	3,148,347	(23,287)	3,125,060
Unappropriated profits	798,502	(87,270)	711,232
Income Statement for the quarter ended 31 March 2007			
Revenue	1,573,594	(116,555)	1,457,039
Interest income	962,046	(106,283)	855,763
Net income from Islamic banking business	127,697	2,851	130,548
Other operating income	348,471	(13,123)	335,348
Other operating expenses	(402,109)	7,815	(394,294)
Taxation	170,325	1,348	171,673
Profit after taxation attributable to equity holders of the Company	(547,299)	(4,254)	(551,553)
Basic earnings per share (sen)	(25.69)	(0.20)	(25.89)
Fully diluted earnings per share (sen)	(25.69)	(0.20)	(25.89)
Income Statement for the year ended 31 March 2007			
Revenue	6,025,613	(528,324)	5,497,289
Interest income	3,742,681	(375,769)	3,366,912
Net income from Islamic banking business	506,102	-	506,102
Other operating income	1,302,595	(152,555)	1,150,040
Other operating expenses	(1,407,067)	50,222	(1,356,845)
Taxation	(73,373)	29,088	(44,285)
Profit after taxation attributable to equity holders of the Company	(203,812)	(78,644)	(282,456)
Basic earnings per share (sen)	(9.57)	(3.69)	(13.26)
Fully diluted earnings per share (sen)	(9.57)	(3.69)	(13.26)

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

The Group recorded a significant improvement in pre-tax profit of RM1,194.4 million as compared to a loss of RM84.6 million for the previous financial year. The result was aided by substantial reduction in allowance for losses on loans and financing. After accounting for taxation and minority interests, the Group's net profit attributable to equity holders was RM668.5 million, representing net earnings per share of 28.2 sen, whilst post tax return on equity holders registered 11.2%.

For the year ended 31 March 2008, the Group's strong earnings performance was aided by sound growth in net interest income (+RM258.5 million or +18.8%) and net income from Islamic banking business (+RM11.1 million or +2.2%) due to the loans growth. Other operating income, capitalizing on strong capital markets in Malaysia and the region, also improved to RM1,218.8 million (+RM68.8 million or +6.0%). Both loan loss provisions at RM512.2 million (-RM1,007.3 million or -66.3%) and impairment loss on securities at RM111.9 million (-RM171.8 million or -60.5%) were lower. The Group's loan loss coverage improved to 67.3%, as compared with 56.6% as at end of 31 March 2007. However, this improvement was mitigated in part by the rise in other operating expenses by 14.4% due to backdated union salary increases and the growing scale in business operations.

During the fourth quarter, net interest income increased to RM432.2 million (+RM105.6 million or +32.4%) as compared to RM326.6 million in the corresponding quarter ended 31 March 2007 driven by growth in retail lending and securities. Loan loss provisions was lower at RM37.8 million as compared to RM929.1 million in the corresponding quarter. However, the improvement was mitigated in part by lower other operating income (-RM74.7 million) due to loss on securities held-for-trading (-RM90.1 million), higher loss on revaluation of derivatives (-RM18.7 million), transfer to profit equalization reserve (-RM34.5 million) and higher other operating expenses (-RM63.3 million).

The Group's overall financial position remains strong and healthy. Retail and commercial banking operations were the largest contributors to the Group pre-tax profits, reporting a pre-tax profit of RM240.9 million for the quarter and RM742.6 million for the year, followed by the investment banking operations of RM91.2 million for the quarter and RM398.5 million for the year. Insurance operations contributed RM56.5 million for the year.

Gross loans and advances outstanding registered an annualised growth of 8.2% rising by RM4.1 billion to RM54.9 billion. The Group continued to be focused on the financing of residential properties and passenger vehicles, as well as the small and medium sized industries. The major driver for the loans growth was retail lending, with loans for purchase of transport vehicles growing by RM1.3 billion or 5.7% to account for 42.4% of total loans. This was followed by loans for purchase of residential properties, which rose by RM221.2 million or 2.0% to account for 19.4% of the total loans portfolio.

The Group continued to see further improvement in asset quality, with net non-performing loans ("NPL") ratio on a 3-month classification basis, decreasing to 3.7%, from 6.2% as at 31 March 2007, due to the intensified loan recovery efforts as well as completion of the sale of a portfolio of non performing loans.

Total customer deposits registered a growth of RM5.4 billion or 12.7% to RM47.8 billion compared to 31 March 2007, with retail deposits accounting for nearly 49.5% of the Group's funding. In line with the expansion in SME lending, deposits mobilised from business enterprises registered a significant jump of RM3.0 billion or 24.2% to RM15.6 billion. The core customer deposits of the Group, comprising savings and current accounts, saw healthy growth rising by about 17.5% to RM6.3 billion.

As at 31 March 2008, the Group's total assets stood at RM83.2 billion. Meanwhile, the Group's risk-weighted capital ratio ("RWCR") stood at 13.50% as at 31 March 2008, compared with 12.61% as at 31 March 2007.

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

B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION

The Group reported a pre-tax profit of RM308.6 million for the fourth quarter ended 31 March 2008 as compared to RM325.7 million for the third quarter ended 31 December 2007 mainly due to lower investment and trading income. This is however, partly offset by lower loan loss provisions and impairment loss on securities.

B3. PROSPECTS FOR 31 MARCH 2009

The global economic environment is expected to be more challenging in 2008, due to a sharp slowdown in economic growth in the USA and moderation in other developed countries. However, strong commodity prices, domestic demand and more diversified export markets and products, will continue to benefit Malaysia, and the economy is expected to expand by 5% to 6% in 2008. The banking sector, expects sustained demand for financing, by both households and businesses, particularly with the implementation of the 9th Malaysia Plan.

Although the equity markets will continue to be impacted by the broad trends affecting most regional markets, the debt markets are expected to remain robust in view of the strong domestic liquidity. 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 the issuance of the capital market securities.

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 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	Individual Quarter		Cumulative Quarter	
	31.03.08 RM'000	31.03.07 RM'000	31.03.08 RM'000	31.03.07 RM'000
Estimated current tax payable	22,022	58,197	122,091	161,625
Transfer from deferred tax	92,100	(182,325)	290,125	(82,805)
	114,122	(124,128)	412,216	78,820
Overprovision of current taxation in respect of prior years	(29,246)	(48,331)	(29,199)	(35,321)
Taxation	84,876	(172,459)	383,017	43,499
Zakat	99	786	601	786
Taxation	84,975	(171,673)	383,618	44,285

The total tax charge of the Group for the financial quarter ended 31 March 2008 and year ended 31 March 2008 and 2007 reflects an effective tax rate which is higher than the statutory tax rate due mainly to the effect on deferred taxes resulting from reduction in statutory tax rate from 28.0% to 27.0% for year of assessment ("YA") 2007, 27.0% to 26.0% for YA2008, 26.0% to 25.0% for YA2009 and disallowances of certain expenses.

B6. SALE OF INVESTMENTS AND/OR FORECLOSED PROPERTIES

The Group	Individual Quarter		Cumulative Quarter	
	31.03.08 RM'000	31.03.07 RM'000	31.03.08 RM'000	31.03.07 RM'000
Net gain from sale of securities held-for-trading	17,879	73,058	131,616	197,902
Net gain from sale of securities available-for-sale	2,033	6,998	31,735	28,033
Net gain from redemption of securities held-to-maturity	3,439	8,304	106,235	53,177
Impairment loss on securities	(14,700)	(187,407)	(111,958)	(283,758)

B7. QUOTED SECURITIES

This note is not applicable to financial institutions.

B8. CORPORATE PROPOSALS

- (1) The Company has sought the approval of Bank Negara Malaysia (“BNM”) for the commencement of discussions with MAA Holdings Berhad (“MAAH”), pursuant to section 67 of the Insurance Act, 1996, for the proposed acquisition of the general insurance business in Malaysian Assurance Alliance Berhad, a composite insurer, and an equity stake in MAA Takaful Berhad, which operates a Takaful insurance business, held by MAAH.
- (2) The Company has obtained the approval of BNM for the shareholders of AmAssurance Berhad (“AmAssurance”) to commence preliminary negotiations with Friends Provident plc, pursuant to the Insurance Act 1996 (“Insurance Act”), for the proposed sale of a minority stake in the life insurance business of AmAssurance. A separate application has also been submitted to BNM to obtain the regulatory approvals under the Insurance Act to enable the Company to split the existing composite insurance licence of AmAssurance, to enable the Company to undertake the life and general insurance business through two separate companies.
- (3) On 29 November 2007, AmInvestment Bank had entered into an memorandum of understanding with Woori, a member of the Woori Financial Group of Korea for the purpose of promoting the cooperation in the investment banking business between the two parties, enabling both the financial groups to leverage on each other’s established business franchise and network in both the domestic and regional capital markets
- (4) Upon obtaining the necessary approvals from the relevant authorities, on 11 March 2008, AmBank proposed issuance of up to Singapore Dollar (“SGD”) 425 million Non-Innovative Tier 1 Capital (“NIT1”), comprising Non-Cumulative Perpetual Capital Securities (“NCPCS”) issued by AmBank, which are stapled to Subordinated Notes (“SubNotes”) issued by AmCapital (L) Inc (“AmCapital”) (“Stapled Securities”).

The Stapled Securities will be issued and offered to certain non-United States of America resident persons as defined in Section 902(k) of Regulations S in offshore transactions under the United States Securities Act of 1933 (“US Securities Act”), as amended from time to time. In addition, the Stapled Securities may only be issued to or offered for sale or subscription by persons outside Malaysia.

The NCPCS and SubNotes cannot be traded separately until the occurrence of certain Assignment Events.

To facilitate the Proposed Issuance of NIT1, AmBank had, on 26 February 2008 acquired three (3) ordinary shares of USD1.00 each, representing the entire issued and paid-up share capital of AmCapital, presently a dormant company, for a cash consideration of USD3.00, thereby making AmCapital a wholly owned subsidiary of AmBank.

AmCapital was incorporated on 2 January 2008 and has an authorised share capital of USD10,000 divided into 10,000 ordinary shares of USD1.00 each of which three (3) ordinary shares of USD1.00 each have been issued and are fully paid-up. AmCapital was incorporated for the purpose of issuing the SubNotes.

The Stapled Securities are rated BB by both Fitch Ratings Ltd. and Standard & Poor’s, a division of the McGraw-Hill Companies, Inc.

B8. CORPORATE PROPOSALS (CONTD.)

- (5) On 10 April 2008, the Company announced a Group Proposed Internal Restructuring involving:
- (a) the transfer of the fund-based activities of AmInvestment Bank, a 100%-owned subsidiary of AIGB, to AmBank and AmBank's wholly-owned subsidiary, AmIslamic Bank Berhad ("AmIslamic") (the "Proposed Business Transfer"); and
 - (b) the re-alignment of the shareholding structure of certain operating subsidiaries to fully constitute the Capital Market Group and Asset Management Group (the "Proposed Internal Transfer").

On 11 March 2008, AmInvestment Bank entered into separate Business Transfer Agreements with AmBank and AmIslamic respectively in respect of the Proposed Business Transfer.

Bank Negara Malaysia ("BNM") and the Ministry of Finance ("MOF") have on 19 December 2007 approved the Proposed Business Transfer. It was implemented by way of a vesting order (the "Order") of the High Court of Malaya (the "Court") to be obtained by AmInvestment Bank, AmBank and AmIslamic pursuant to section 50 of the Banking and Financial Institutions Act 1989, whereby:-

- (i) Subject to exclusions as may be agreed between AmInvestment Bank and AmBank, AmBank will acquire the assets and assume the liabilities relating to AmInvestment Bank's conventional Fund-Based Activity which shall include AmInvestment Bank's 100% shareholding interest in AmInternational (L) Ltd, a licensed offshore bank; and
- (ii) Subject to exclusions as may be agreed between AmInvestment Bank and AmIslamic, AmIslamic will acquire the assets and assume the liabilities relating to AmInvestment Bank's Islamic Fund-Based Activity, based on the book value of the assets and liabilities as at the date the Order comes into effect. The consideration for the Proposed Business Transfer, computed on the basis of the book value of the assets acquired less the book value of the liabilities assumed, will be settled in cash by AmBank and AmIslamic.

After the completion of the Proposed Business Transfer, AmInvestment Bank will restructure its capital funds and any excess thereof will be distributed to the Company (through AIGB) for working capital requirements.

The Proposed Internal Transfer, which has received BNM approval on 19 December 2007, will involve the following intra-group transfer of the following AmBank Group companies:-

- (a) AmInvestment Bank will acquire from AmSecurities Holding Sdn Bhd ("AMSH") the following companies:-
 - (i) AmFutures Sdn Bhd, a licensed futures broker for a cash consideration based on book value;
 - (ii) AmResearch Sdn Bhd, involved in providing investment advice, for a cash consideration based on book value; and
 - (iii) PT. AmCapital Indonesia ("AMCI"), a licensed stockbroking, which also undertake underwriting and investment management activities, for a cash consideration based on cost of investment
- (b) AIGB will acquire from AmInvestment Bank the following companies:-
 - (i) AmInvestment Management Sdn Bhd, an asset management company for a cash consideration based on book value; and
 - (ii) AmInvestment Services Berhad, an unit trust management company for a cash consideration based on book value.

B8. CORPORATE PROPOSALS (CONTD.)

In addition to the approvals of MOF and BNM, the Proposed Internal Restructuring is also subject to the approvals of Securities Commission for the Proposed Internal Transfer (other than AMCI), Badan Pengawas Pasar Modal and Lembaga Kewangan for transfer of AMCI and any other relevant authorities, if necessary.

Approvals from Labuan Offshore Financial Services Authority for the transfer of AmInternational (L) Ltd, Foreign Investment Committee and High Court of Malaya for the Proposed Business Transfer were obtained on 21 December 2007, 7 March 2008 and 12 April 2008 respectively.

On 12 April 2008, AmInvestment Bank completed the Business Transfer for a cash consideration of RM1,370.5 million based on the book value of the assets and liabilities as at 11 April 2008 pursuant to the Business Transfer Agreement, dated 11 March 2008 entered into with AmBank and AmIslamic.

- (6) On 6 May 2008, AmAssurance and AmG Insurance Berhad entered into a business transfer agreement and a scheme for the proposed transfer of the general insurance business of AmAssurance to AmG Insurance Berhad, a 70%-owned subsidiary of the Company, in relation to the proposed separation of the composite insurance business of AmAssurance into general and life insurance businesses (“Scheme of Business Transfer”).

The Scheme of Business Transfer will be implemented in accordance with the provisions of the Insurance Act 1996 (“Insurance Act”) and is subject to the confirmation and vesting order of the High Court. It involves the transfer of the entire assets and liabilities relating to the general insurance business of AmAssurance to AmG Insurance Berhad.

As an internal business reorganisation, the assets and liabilities of the general insurance business of AmAssurance will be acquired and assumed by AmG Insurance Berhad at book value of such assets and liabilities on the date the Scheme of Business Transfer becomes effective after obtaining High Court confirmation and vesting order. Further, since the book value of the assets to be acquired will be equal to the book value of the liabilities to be assumed by AmG Insurance Berhad, the consideration for the Scheme of Business Transfer will be a nominal cash consideration of RM1.00.

With the approvals of the Minister of Finance and the Foreign Investment Committee obtained on 11 April 2008 and 2 May 2008 respectively, the implementation of the Scheme of Business Transfer is therefore subject to AmAssurance obtaining the High Court’s confirmation and grant of vesting order.

On completion of the Scheme of Business Transfer, AmAssurance will be licensed to carry on life insurance business only, while AmG Insurance Berhad will be licensed to conduct general insurance business only.

As a licensed insurance company, AmG Insurance Berhad has to maintain a minimum capitalisation of RM100 million (the “Minimum Capital”). The company will subscribe for its 70% of the share issue by AmG Insurance Berhad towards meeting the Minimum Capital from its own cash resources. The balance of 30% will be subscribed for by IAG International Pty Ltd, the Company’s joint venture partner in AmAssurance in which it also holds a 30% equity interest.

B9. BORROWINGS

	The Group	
	31.03.08	31.3.07
	RM'000	RM'000
(i) Deposits from customers		
Due within six months	37,253,676	31,056,154
Six months to one year	7,680,899	7,325,760
One year to three years	2,025,505	3,141,092
Three to five years	807,371	858,656
	<u>47,767,451</u>	<u>42,381,662</u>
(ii) Deposits and placements of banks and other financial institutions		
Due within six months	9,985,559	10,826,939
Six months to one year	1,772,255	1,684,584
One year to three years	1,288,415	2,456,875
Three to five years	2,072,460	2,472,941
	<u>15,118,689</u>	<u>17,441,339</u>
<i>Recap:</i>		
<i>Interbank lendings</i>	11,832,476	9,812,102
<i>Interbank borrowings</i>	(37,001)	(1,101,039)
<i>Net interbank lendings</i>	<u>11,795,475</u>	<u>8,711,063</u>
(iii) Term loans		
Due within one year		
Secured	1,790,844	309,680
(vi) Subordinated term loans		
More than one year	460,000	460,000
(v) Unsecured bonds		
More than one year	1,750,000	1,322,795
(vi) Hybrid capital		
More than one year	673,830	666,474
(vii) Medium Term Notes		
More than one year	860,000	-

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

The salient features of the exchangeable bonds are as follows:

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

Pursuant to the Rights Issue as mentioned in note B8(1), the exchange price of the exchangeable bonds was adjusted from RM3.05 per share to RM2.95 per share pursuant to the adjustment arising from the Rights Issue.

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(f).

B12. DIVIDENDS

- (i) A first and final ordinary dividend of 6.0%, less 25.0% tax has been recommended by the directors
- (ii) Amount per share: 6 Sen less 25.0 tax;
- (iii) Previous corresponding year: 5 Sen less 26.0% tax;
- (iv) Payment date: To be determined and announced at a later date; and
- (v) In respect of deposited securities, later entitlement to dividend will be determined on the basis of the Record of Depositors on a date to be determined by the directors.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of unappropriated profits in the next financial year ending 31 March 2009.

B13. EARNINGS PER SHARE (SEN)

a. Basic earnings per share

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

	Individual Quarter		Cumulative Quarter	
	31.03.08	31.03.07	31.03.08	31.03.07
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to equity holders of the Company	217,493	(551,553)	668,542	(282,456)
Number of ordinary shares at beginning of period	2,203,849	2,130,544	2,130,565	2,130,544
Effect of ordinary shares issued pursuant to:				
- Exercise Warrants 2003/2008	7,632	-	27,984	-
- Conversion of CPS	163,934	22	142,435	10
- Rights Issue	266,701	-	66,311	-
Weighted average number of ordinary shares in issue	2,642,116	2,130,566	2,367,295	2,130,554
Basic earnings per share (Sen)	8.23	(25.89)	28.24	(13.26)

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

b. Fully diluted earnings per share

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

The Company has three categories of dilutive potential ordinary shares:

- (i) Warrants 1997/2007 (expired on 13 May 2007)
- (ii) Warrants 2003/2008 (expired on 20 March 2008)
- (iv) Unsecured exchangeable bonds

	Individual Quarter		Cumulative Quarter	
	31.03.08 RM'000	31.03.07 RM'000	31.03.08 RM'000	31.03.07 RM'000
Net profit attributable to equity holders of the Company	217,493	(551,553)	668,542	(282,456)
Weighted average number of ordinary shares in issue (as in (a) above)	2,642,116	2,130,566	2,367,295	2,130,544
Adjusted for:				
Conversion of unsecured exchangeable bonds	27,764	-	27,764	-
Adjusted weighted average number of ordinary shares in issue and issuable	2,669,880	2,130,566	2,395,059	2,130,544
Fully diluted earnings per share (Sen)	8.15	(25.89)	27.91	(13.26)

For the financial year ended 31 March 2007, outstanding share warrants 2003/2008 and 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 ended 31 March 2008 has been arrived at based on the assumption that dilutive unsecured exchangeable bonds is converted at the beginning of year.

The Group's adjusted weighted average number of ordinary shares in issue and issuable for the financial year ended 31 March 2007 has been arrived at based on the assumption that dilutive share warrants 2003/2008 is exercised at the beginning of year.

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

Date : 13 May 2008