

**AMMB HOLDINGS BERHAD**  
**(223035-V) (Incorporated in Malaysia)**  
**and its subsidiary companies**  
**UNAUDITED CONSOLIDATED BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2008**

	Note	The Group	
		30.9.08 RM'000	31.3.08 RM'000
<b>ASSETS</b>			
Cash and short-term funds		10,141,205	10,958,364
Securities purchased under resale agreements		844,363	52,468
Deposits and placements with banks and other financial institutions		41,996	1,387,810
Securities held-for-trading	A8	1,180,907	6,699,010
Securities available-for-sale	A9	6,408,257	1,850,935
Securities held-to-maturity	A10	916,720	1,179,878
Loans, advances and financing	A11	55,327,913	52,453,593
Derivative financial assets		251,025	370,681
Other assets	A12	1,457,988	2,231,758
Statutory deposits with Bank Negara Malaysia		1,978,597	1,660,197
Investments in associated companies		1,893	1,301
Prepaid land lease payments		6,979	7,059
Property and equipment		213,613	225,616
Life fund assets		1,822,616	1,702,469
Deferred tax assets		469,035	608,583
Intangible assets		1,812,600	1,801,985
<b>TOTAL ASSETS</b>		<b>82,875,707</b>	<b>83,191,707</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	A13	48,930,125	47,767,451
Deposits and placements of banks and other financial institutions	A14	15,341,217	15,118,689
Bills and acceptances payable		2,370,933	1,909,243
Recourse obligations on loans sold to Cagamas Berhad		163,991	243,979
Derivative financial liabilities		248,041	410,929
Other liabilities	A15	2,754,439	3,250,328
Term loans		498,543	1,790,844
Subordinated term loan		-	460,000
Unsecured bonds		1,090,000	1,750,000
Medium Term Notes		1,460,000	860,000
Hybrid capital		703,871	673,830
Life fund liabilities		158,305	189,819
Life policyholder funds		1,664,312	1,512,650
Total Liabilities		<b>75,383,777</b>	<b>75,937,762</b>
Share capital		2,722,970	2,722,970
Reserves		4,678,224	4,446,623
Equity attributable to equity holders of the Company		7,401,194	7,169,593
Minority interests		90,736	84,352
Total Equity		7,491,930	7,253,945
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>82,875,707</b>	<b>83,191,707</b>

**AMMB HOLDINGS BERHAD**  
 (223035-V) (Incorporated in Malaysia)  
 and its subsidiary companies  
**UNAUDITED CONSOLIDATED BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2008 (CONTD.)**

	Note	<b>The Group</b>	
		<b>30.9.08</b>	<b>31.3.08</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A25	54,469,462	57,539,798
<b>CAPITAL ADEQUACY RATIO</b>	A29		
Core capital ratio		9.05%	8.17%
Risk-weighted capital ratio		14.09%	13.50%
<b>NET ASSETS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)</b>		2.72	2.63

The Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 March 2008.

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

**UNAUDITED CONSOLIDATED INCOME STATEMENTS**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008**

The Group	Note	Individual Quarter		Cumulative Quarter	
		30.9.08 RM'000	30.9.07 RM'000	30.9.08 RM'000	30.9.07 RM'000
Revenue		1,446,248	1,426,085	2,845,225	2,888,416
Interest income	A16	958,228	880,644	1,910,627	1,780,963
Interest expense	A17	(499,865)	(530,087)	(1,021,605)	(1,061,510)
Net interest income		458,363	350,557	889,022	719,453
Net income from Islamic banking business		147,345	126,555	272,059	256,702
Other operating income	A18	148,463	313,485	368,430	644,510
Net income		754,171	790,597	1,529,511	1,620,665
Other operating expenses	A19	(393,778)	(350,171)	(807,536)	(699,247)
Operating profit		360,393	440,426	721,975	921,418
Allowance for losses on loans and financing	A20	(25,880)	(208,036)	(78,694)	(367,418)
Impairment loss on:					
Securities		(8,639)	(6,910)	(35,081)	(13,524)
Amount recoverable under asset-backed securitisation transaction		-	-	-	(7,000)
Assets acquired in exchange of debts		-	-	-	(72)
Transfer from profit equalisation reserve (Allowance)/Writeback of allowance for doubtful sundry receivables - net		740	2,285	6,805	28,136
(Provision)/Writeback of provision for commitments and contingencies		501	(2,486)	(825)	(1,687)
		(1,410)	2	(14,842)	299
Profit before taxation		325,705	225,281	599,338	560,152
Taxation	B5	(90,624)	(110,056)	(160,111)	(213,975)
<b>Profit for the period</b>		<b>235,081</b>	<b>115,225</b>	<b>439,227</b>	<b>346,177</b>
Attributable to:					
Equity holders of the Company		230,129	72,123	433,043	253,201
Minority interests		4,952	43,102	6,184	92,976
Profit for the period		235,081	115,225	439,227	346,177
<b>EARNINGS PER SHARE (SEN)</b>	B13				
Basic		8.45	3.14	15.90	11.24
Fully diluted		8.45	2.99	15.90	10.68

The Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2008

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

**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008**

The Group	Attributable to Equity Holders of the Company							Unappropriated profits RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
	Ordinary share capital RM'000	Converting preference shares RM'000	Share premium RM'000	Compound financial instrument (equity component) RM'000	Non- Distributable		Exchange fluctuation reserve RM'000				
					Statutory reserve RM'000	Available-for-sale reserve RM'000					
<b>At 1 April 2007</b>	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	-	-	-	-	-	19,622	-	-	19,622	-	19,622
Exchange fluctuation adjustments	-	-	-	-	-	-	(434)	-	(434)	-	(434)
Net income recognised directly in equity	-	-	-	-	-	19,622	(434)	-	19,188	-	19,188
Profit for the period	-	-	-	-	-	-	-	253,201	253,201	92,976	346,177
Total recognised net income for the year	-	-	-	-	-	19,622	(434)	253,201	272,389	92,976	365,365
Issue of converting preference shares ^	-	458,343	-	-	-	-	-	-	458,343	-	458,343
Issue of shares pursuant to exercise of: - Warrants 2003/2008	3,880	-	4,617	-	-	-	-	-	8,497	-	8,497
Arising from subscription for shares in AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	-	-	-	1,080	1,080
Proposed dividends	-	-	-	-	-	-	-	(78,831)	(78,831)	(50,083)	(128,914)
<b>At 30 September 2007</b>	<b>2,134,445</b>	<b>458,343</b>	<b>796,205</b>	<b>-</b>	<b>1,107,757</b>	<b>55,984</b>	<b>9,863</b>	<b>885,602</b>	<b>5,448,199</b>	<b>1,245,489</b>	<b>6,693,688</b>

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

**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008**

The Group	Attributable to Equity Holders of the Company								
	Non- Distributable				Distributable				
	Ordinary share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Available-for- sale reserve RM'000	Exchange fluctuation reserve RM'000	Unappropriated profits RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
<b>At 1 April 2008</b>	2,722,970	1,986,857	1,245,433	42,900	8,166	1,163,267	7,169,593	84,352	7,253,945
Net unrealised loss on revaluation of securities available-for-sale	-	-	-	(215,108)	-	-	(215,108)	-	(215,108)
Expenses relating to rights issue	-	(21)	-	-	-	-	(21)	-	(21)
Exchange fluctuation adjustments	-	-	-	-	13,687	-	13,687	-	13,687
Net (expense)/income recognised directly in equity	-	(21)	-	(215,108)	13,687	-	(201,442)	-	(201,442)
Profit for the period	-	-	-	-	-	433,043	433,043	6,184	439,227
Total recognised net (expense)/income for the year	-	(21)	-	(215,108)	13,687	433,043	231,601	6,184	237,785
Arising from acquisition of AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	-	200	200
<b>At 30 September 2008</b>	<b>2,722,970</b>	<b>1,986,836</b>	<b>1,245,433</b>	<b>(172,208)</b>	<b>21,853</b>	<b>1,596,310</b>	<b>7,401,194</b>	<b>90,736</b>	<b>7,491,930</b>

The Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 March 2008.

**AMMB HOLDINGS BERHAD**  
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**and its subsidiary companies**

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008**

<b>The Group</b>	<b>30.9.08</b>	<b>30.9.07</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation	599,338	560,152
Add adjustments for non-operating and non-cash items	306,003	261,934
Operating profit before working capital	905,341	822,086
Decrease in operating assets	3,583,510	(3,089,401)
Decrease in operating liabilities	(152,214)	(2,681,902)
Cash generated from/(used in) operations	4,336,637	(4,949,217)
Taxation paid	(27,833)	(87,359)
Net cash used in operating activities	4,308,804	(5,036,576)
Net cash (used in)/generated from investing activities	(4,519,662)	443,466
Net cash (used in)/generated from financing activities	(519,800)	1,084,577
Net decrease in cash and cash equivalents	(730,658)	(3,508,533)
Cash and cash equivalents at beginning of period	10,659,464	10,490,422
Cash and cash equivalents at end of period	9,928,806	6,981,889

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:

<b>The Group</b>	<b>30.9.08</b>	<b>30.9.07</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and short-term funds	10,141,205	7,066,679
Bank overdrafts	(491)	(580)
	10,140,714	7,066,099
Less: Cash and bank balances and deposits held in trust	(212,764)	(84,288)
	9,927,950	6,981,811
Effect of exchange rates changes	856	78
Cash and cash equivalents	9,928,806	6,981,889

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2008.

## **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 2008.

The accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the previous audited annual financial statements except for the adoption of the following which are effective for the Group's annual reporting date, 31 March 2009:

FRS 107 : Cash Flow Statements  
FRS 112 : Income Taxes  
FRS 118 : Revenue  
FRS 119 : Employee Benefits  
FRS 134 : Interim Financial Reporting  
FRS 137 : Provisions, Contingent Liabilities and Contingent Assets  
Amendment to FRS 121 : The Effect of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation  
IC Interpretation 8 : Scope of FRS 2 Share-based Payments

The adoption of the above did not result in significant changes in accounting policies of the Group.

Standards and IC Interpretations to existing standards that are not relevant or material to the Group's operations:

FRS 111 : Construction Contracts  
FRS 120 : Accounting for Government Grants and Disclosure of Government Assistance  
IC Interpretation 1 : Changes in Existing Decommissioning, Restoration and Similar Liabilities  
IC Interpretation 2 : Members' Shares in Co-operative Entities and Similar Instruments  
IC Interpretation 5 : Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds  
IC Interpretation 6 : Liabilities arising from Participating In a Specific Market - Waste Electrical and Electronic Equipment  
IC Interpretation 7 : Applying the Restatement Approach to FRS 129 Financial Accounting in Hyperinflationary Economies

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.

#### **A1. BASIS OF PREPARATION (CONTD.)**

Consistent with previous year, the Group adopted a more stringent basis for specific allowances on non-performing loans 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 2008.

#### **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.

#### **A4. UNUSUAL ITEMS**

There were no unusual items during the current financial quarter.

#### **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 ended 30 September 2008.

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

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

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

#### **A7. DIVIDENDS PAID**

Subsequent to the financial period ended 30 September 2008, a final dividend of 6.0%, less tax, amounting to RM122,533,632 for the financial year ended 31 March 2008 was paid on 21 October 2008 to shareholders whose names appear in the record of Depositors on 7 October 2008.

**A8. SECURITIES HELD-FOR-TRADING**

	<b>The Group</b>	
	<b>30.9.08</b>	<b>31.3.08</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Fair Value</b>		
<b>Money Market Securities:</b>		
Treasury bills	44,441	26,566
Islamic Treasury bills	-	78,224
Malaysian Government Securities	263,266	160,705
Malaysian Government Investment Certificates	12,486	323,014
Cagamas bonds	-	25,058
Khazanah bonds	-	59,359
Cagamas Mudharabah bearer bonds	7,522	37,167
Bank Negara Malaysia Monetary Notes	344,027	274,645
Islamic acceptance bills	-	-
Negotiable Islamic Debt Certificates	23,472	39,674
Negotiable instruments of deposits	-	15,368
Islamic Bank Negara Monetary Notes	-	134,107
Islamic Khazanah bonds	965	-
	<b>696,179</b>	<b>1,173,887</b>
<b>Securities Quoted:</b>		
In Malaysia:		
Shares	57,601	39,735
Trust units	4,561	252,202
Outside Malaysia:		
Shares	797	70,026
Trust units	-	1,728
	<b>62,959</b>	<b>363,691</b>
<b>Unquoted Securities Of Companies Incorporated:</b>		
In Malaysia:		
Shares	-	18,493
Outside Malaysia:		
Shares	-	17,848
	<b>-</b>	<b>36,341</b>
<b>Unquoted Guaranteed Private Debt Securities Of Companies</b>		
<b>Incorporated In Malaysia:</b>		
Corporate bonds	-	207,743
Islamic corporate bonds	-	86,590
Islamic corporate notes	-	30,725
	<b>-</b>	<b>325,058</b>

	<b>The Group</b>	
	<b>30.9.08</b>	<b>31.3.08</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Unquoted Private Debt Securities Of Companies</b>		
<b>Incorporated:</b>		
In Malaysia:		
Corporate bonds	-	1,219,481
Corporate notes	96,336	456,554
Islamic corporate bonds	-	2,036,736
Islamic corporate notes	325,162	944,493
Outside Malaysia:		
Corporate bonds	271	142,769
	<u>421,769</u>	<u>4,800,033</u>
Total	<u>1,180,907</u>	<u>6,699,010</u>

**A9. SECURITIES AVAILABLE-FOR-SALE**

	<b>The Group</b>	
	<b>30.9.08</b>	<b>31.3.08</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Fair Value</b>		
<b>Money Market Securities:</b>		
Malaysian Government Securities	11,942	12,081
Malaysian Government investment certificates	34,625	-
Cagamas bonds	-	4,996
Khazanah bonds	-	9,841
Negotiable instruments of deposits	144,357	135,987
Negotiable Islamic debt certificates	69,339	-
Islamic khazanah bonds	58,391	-
	<u>318,654</u>	<u>162,905</u>
<b>Securities Quoted:</b>		
In Malaysia:		
Shares	179,231	-
Trust units	185,865	74,714
Outside Malaysia:		
Shares	66,324	21,981
Trust units	1,710	-
	<u>433,130</u>	<u>96,695</u>
<b>Unquoted Securities:</b>		
In Malaysia:		
Shares	22,871	4,378
Outside Malaysia:		
Shares	17,848	-
	<u>40,719</u>	<u>4,378</u>
<b>Debt Equity Converted Securities Quoted:</b>		
In Malaysia:		
Shares	25,413	26,139
Shares - with options	-	6,014
Loan stocks	8,658	9,145
Collateralised corporate bonds	4,411	4,411
Outside Malaysia:		
Shares	80	77
	<u>38,562</u>	<u>45,786</u>

**The Group**  
**30.9.08**      **31.3.08**  
**RM'000**      **RM'000**

**Unquoted Private Debt Securities Of Companies Incorporated**

In Malaysia:		
Corporate bonds	485,558	345,536
Islamic corporate bonds	1,039,506	927,167
Corporate notes	1,403,225	-
Islamic corporate notes	2,010,490	-
Outside Malaysia:		
Corporate bonds	204,595	78,635
	<u>5,143,374</u>	<u>1,351,338</u>

**Unquoted Guaranteed Private Debt Securities Of Companies  
Incorporated In Malaysia:**

Corporate bonds	433,818	189,833
Total	<u>6,408,257</u>	<u>1,850,935</u>

**A10. SECURITIES HELD-TO-MATURITY**

**Securities Quoted In Malaysia:**

In Malaysia:		
Shares	2	-
Islamic Corporate bonds	27,526	25,552
Trust units	2,000	2,012
Outside Malaysia:		
Islamic Corporate bonds	6,882	6,388
	<u>36,410</u>	<u>33,952</u>

**Unquoted Securities Of Companies Incorporated:**

In Malaysia:		
Shares	102,958	102,433
Corporate bonds	959	959
Outside Malaysia:		
Shares	5,417	6,441
	<u>109,334</u>	<u>109,833</u>

**Quoted Debt Equity Converted Securities:**

In Malaysia:		
Shares	5,233	5,314
Loan stocks - collateralised	128,335	85,824
Loan stocks - with options	1,881	80,595
Corporate bonds - collateralised	49,927	52,754
Outside Malaysia:		
Warrants	-	15
	<u>185,376</u>	<u>224,502</u>

	<b>The Group</b>	
	<b>30.9.08</b>	<b>31.3.08</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Unquoted Debt Equity Converted Securities Of Companies</b>		
<b>Incorporated In Malaysia:</b>		
Shares	3,027	44,971
Loan stocks	58,104	74,857
Loan stocks - collateralised	450,748	524,876
Corporate bonds - collateralised	194,421	106,568
Corporate bonds	76,964	316,378
	<u>783,264</u>	<u>1,067,650</u>
<b>Unquoted Private Debt Securities Of Companies Incorporated:</b>		
In Malaysia:		
Corporate notes	211,441	33,720
Islamic corporate bonds	-	190,331
	<u>211,441</u>	<u>224,051</u>
	1,325,825	1,659,988
Accumulated impairment losses	<u>(409,105)</u>	<u>(480,110)</u>
Total	<u>916,720</u>	<u>1,179,878</u>

**A11. LOANS, ADVANCES AND FINANCING**

	<b>The Group</b>	
	<b>30.9.08</b>	<b>31.3.08</b>
	<b>RM'000</b>	<b>RM'000</b>
Loans and financing:		
Term loans and revolving credit	17,117,915	15,562,586
Housing loans	11,450,535	11,314,355
Staff loans	176,231	179,052
Hire-purchase receivables	28,934,001	28,072,157
Credit card receivables	1,872,734	1,806,526
Lease receivables	13,107	13,178
Overdrafts	1,596,507	1,632,538
Claims on customers under acceptance credits	2,700,625	2,301,379
Trust receipts	537,302	325,968
Block discount receivables	58,732	59,572
Factoring receivables	62,891	60,094
Bills receivable	58,173	33,524
	<u>64,578,753</u>	<u>61,360,929</u>
Less: Unearned interest and income	6,764,324	6,482,856
Total	<u>57,814,429</u>	<u>54,878,073</u>
Less:		
Allowance for bad and doubtful debts and financing:		
General	884,409	845,225
Specific	1,602,107	1,579,255
	<u>2,486,516</u>	<u>2,424,480</u>
Net loans, advances and financing	<u>55,327,913</u>	<u>52,453,593</u>

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

	The Group				Annualised Loans Growth (%)
	30.9.08		31.3.08		
	RM'000	%	RM'000	%	
Purchase of transport vehicles	24,402,091	41.3	24,036,314	42.4	
Purchase of landed properties:					
- Residential	11,167,770	18.8	10,998,983	19.4	
- Non-residential	2,673,643	4.5	2,312,866	4.1	
Working capital	9,770,088	16.5	9,326,716	16.4	
Personal use	2,084,407	3.5	2,080,383	3.7	
Fixed assets	1,910,363	3.2	1,798,568	3.2	
Purchase of securities	2,170,652	3.7	1,545,274	2.7	
Credit cards	1,846,426	3.1	1,777,686	3.1	
Construction	1,168,909	2.0	919,301	1.6	
Merger and acquisition	414,031	0.7	278,877	0.5	
Consumer durables	3,746	0.0	3,892	0.0	
Other purpose	1,735,008	2.9	1,663,070	2.9	
Gross loans, advances and financing	59,347,134	100.0	56,741,930	100.0	
Less: Islamic financing sold to					
Cagamas Berhad	(1,532,705)		(1,863,857)		
	<u>57,814,429</u>		<u>54,878,073</u>		<u>10.7</u>

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

	The Group	
	30.9.08 RM'000	31.3.08 RM'000
Domestic :		
Other non-bank financial institutions	848,804	834,365
Business enterprises:		
Small medium enterprises	6,413,975	5,452,391
Others	12,423,579	11,579,642
Government and statutory bodies	80,956	115,410
Individuals	37,662,666	36,612,489
Other domestic entities	48,242	44,537
Foreign entities	336,207	239,239
	<u>57,814,429</u>	<u>54,878,073</u>

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

	<b>The Group</b>	
	<b>30.9.08</b>	<b>31.3.08</b>
	<b>RM'000</b>	<b>RM'000</b>
Variable rate		
BLR-plus	14,907,321	14,704,097
Cost-plus	7,461,645	5,865,602
Other variable rates	705,120	544,617
	<u>23,074,086</u>	<u>21,114,316</u>
Fixed rate		
Housing loans	2,388,163	2,361,505
Hire purchase receivables	23,922,361	23,152,454
Other fixed rates	8,429,819	8,249,798
	<u>34,740,343</u>	<u>33,763,757</u>
	<u>57,814,429</u>	<u>54,878,073</u>

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

	<b>The Group</b>	
	<b>30.9.08</b>	<b>31.3.08</b>
	<b>RM'000</b>	<b>RM'000</b>
Gross		
Balance at beginning of period/year	3,602,479	5,534,341
Non-performing during the period/year	660,327	1,319,500
Reclassification to performing loans and financing	(514,717)	(758,019)
Recoveries	(169,298)	(535,600)
Amount written-off	(242,410)	(1,298,557)
Sale of non-performing loan	-	(547,859)
Debt equity conversion	-	(106,274)
Exchange fluctuation adjustments	-	(5,711)
Reclassification from trading to margin	-	658
Balance at end of period/year	<u>3,336,381</u>	<u>3,602,479</u>
Less: Specific allowance	<u>(1,602,107)</u>	<u>(1,579,255)</u>
Non-performing loans, advances and financing - net	<u>1,734,274</u>	<u>2,023,224</u>
Ratios of non-performing loans, advances and financing to total loans, advances and financing (including Islamic financing sold to Cagamas Berhad) - net	<u>3.0%</u>	<u>3.7%</u>
Loan loss coverage excluding collateral values	<u>74.5%</u>	<u>67.3%</u>

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

	<b>The Group</b>			
	<b>30.9.08</b>		<b>31.3.08</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Purchase of landed properties:				
Residential	962,860	28.9	962,785	26.7
Non-residential	277,546	8.3	334,169	9.3
Working capital	909,473	27.3	1,014,761	28.2
Purchase of transport vehicles	398,310	11.9	428,615	11.9
Construction	290,584	8.7	281,961	7.8
Purchase of securities	180,401	5.4	198,320	5.5
Credit cards	57,119	1.7	66,011	1.8
Fixed assets	33,437	1.0	44,119	1.2
Personal use	27,400	0.8	35,246	1.0
Purchase of consumer durables	632	0.0	485	0.0
Other purpose	198,619	6.0	236,007	6.6
	<u>3,336,381</u>	<u>100.0</u>	<u>3,602,479</u>	<u>100.0</u>

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

	<b>The Group</b>	
	<b>30.9.08</b>	<b>31.3.08</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>General allowance</b>		
Balance at beginning of period/year	845,225	778,396
Allowance during the period/year	38,777	67,107
Exchange fluctuation adjustments	407	(278)
Balance at end of period/year	<u>884,409</u>	<u>845,225</u>
% of total loans, advances and financing (including Islamic financing sold to Cagamas) less specific allowances	<u>1.53%</u>	<u>1.53%</u>
<b>Specific allowance</b>		
Balance at beginning of period/year	1,579,255	2,353,047
Allowance during the period/year	472,094	1,192,451
Amount written back in respect of recoveries and reversals	(197,197)	(427,341)
Net charge to income statements	274,897	765,110
Reclassification from sundry receivables	(212)	(8,103)
Adjustment to deferred asset account	(609)	(102)
Amount written off	(251,224)	(1,291,798)
Sale of non-performing loan	-	(219,832)
Debt equity conversion	-	(17,190)
Exchange fluctuation adjustments	-	(1,877)
Balance at end of period/year	<u>1,602,107</u>	<u>1,579,255</u>

#### A12. OTHER ASSETS

	<b>The Group</b>	
	<b>30.9.08</b>	<b>31.3.08</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade receivables, net of allowance for doubtful debts	422,049	756,706
Other receivables, deposits and prepayments, net of allowance for doubtful debts	655,018	910,914
Interest receivables on treasury assets, net of allowance for doubtful debts	97,739	112,194
Fee receivables, net of allowance for doubtful debts	38,978	44,056
Amount due from Originators	-	35,140
Amount due from agents, brokers and reinsurer, net of allowance	33,408	161,405
Amount recoverable under asset-backed securitisation transactions, net of impairment loss	67,066	67,066
Foreclosed properties, net of allowance for impairment in value	109,328	102,396
Tax recoverable	324	2,180
Deferred assets	34,078	39,701
	<u>1,457,988</u>	<u>2,231,758</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

	<b>The Group</b>	
	<b>30.9.08</b>	<b>31.3.08</b>
	<b>RM'000</b>	<b>RM'000</b>
Term/Investment deposits	36,333,095	37,304,081
Savings deposits	3,410,389	3,340,718
Current deposits	3,083,231	2,913,137
Negotiable instruments of deposits	16,726	16,652
Other deposits	6,086,684	4,192,863
	<u>48,930,125</u>	<u>47,767,451</u>
The deposits are sourced from the following types of customers:		
Business enterprises	17,200,115	15,575,034
Individuals	24,491,186	23,634,465
Government	6,395,026	6,508,023
Others	843,798	2,049,929
	<u>48,930,125</u>	<u>47,767,451</u>

#### A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	<b>The Group</b>	
	<b>30.9.08</b>	<b>31.3.08</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits from:		
Licensed banks	3,465,063	2,527,071
Licensed merchant banks	1,279,188	791,584
Bank Negara Malaysia	1,316,846	1,386,398
Other financial institutions	9,280,120	10,413,636
	<u>15,341,217</u>	<u>15,118,689</u>

**A15. OTHER LIABILITIES**

	<b>The Group</b>	
	<b>30.9.08</b>	<b>31.3.08</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade payables	501,903	969,301
Securities sold not yet re-purchased	68,846	-
Other payables and accruals	1,457,778	1,558,005
Interest payable on deposits and borrowings	384,788	393,882
Lease deposits and advance rentals	60,018	55,696
General insurance funds	238,603	227,430
Provision for commitments and contingencies	1,989	1,941
Bank overdrafts	491	541
Profit equalization reserve	30,821	37,607
Deferred tax liabilities	9,202	5,925
	<u>2,754,439</u>	<u>3,250,328</u>

**A16. INTEREST INCOME**

<b>The Group</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30.9.08</b>	<b>30.9.07</b>	<b>30.9.08</b>	<b>30.9.07</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Short-term funds and deposits with financial institutions	69,495	47,822	141,196	131,681
Securities held-for-trading	14,984	68,548	46,776	118,457
Securities available for sale	66,142	23,213	125,091	46,753
Securities held-to-maturity	5,639	13,315	21,722	20,647
Loans and advances				
- Interest income other than recoveries from NPLs	758,754	696,263	1,486,810	1,379,016
- Recoveries from NPLs	59,135	65,134	124,672	137,163
ICULS Investment	-	-	-	1,200
Others	566	978	1,122	1,616
Gross interest income	<u>974,715</u>	<u>915,273</u>	<u>1,947,389</u>	<u>1,836,533</u>
Amortisation of premiums less accretion of discounts	7,318	5,116	11,743	7,701
Interest suspended	<u>(23,805)</u>	<u>(39,745)</u>	<u>(48,505)</u>	<u>(63,271)</u>
Total after net interest suspension	<u>958,228</u>	<u>880,644</u>	<u>1,910,627</u>	<u>1,780,963</u>

**A17. INTEREST EXPENSE**

<b>The Group</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30.9.08</b>	<b>30.9.07</b>	<b>30.9.08</b>	<b>30.9.07</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers	345,256	348,116	680,839	693,972
Deposit of banks and other financial institutions	90,078	88,512	188,680	183,686
Securities sold under repurchase agreements	10	-	10	16,957
Amount due to Cagamas Berhad	1,261	4,600	2,920	10,600
Bank borrowings:				
Term loans	9,799	4,759	21,831	9,111
Overdrafts	38	49	75	139
Subordinated deposits and term loans	3,046	2,496	6,144	4,269
Interest on Bonds	21,432	28,130	44,062	52,787
Medium term notes	20,837	-	40,626	-
Net Interest rate swap expense/(income)	(4,328)	21,402	4,366	40,468
Hybrid securities	11,312	11,778	22,189	23,373
Others	1,124	20,245	9,863	26,148
	<u>499,865</u>	<u>530,087</u>	<u>1,021,605</u>	<u>1,061,510</u>

**A18. OTHER OPERATING INCOME**

<b>The Group</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30.9.08</b>	<b>30.9.07</b>	<b>30.9.08</b>	<b>30.9.07</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Fee income:</b>				
Fees on loans and advances	43,180	30,099	80,112	57,483
Corporate advisory	9,874	7,322	18,741	18,561
Guarantee fees	7,394	5,208	14,019	9,458
Underwriting commissions	2,293	6,579	6,753	7,376
Portfolio management fees	4,187	4,339	8,814	8,897
Unit trust management fees	14,722	14,533	31,108	27,852
Brokerage rebates	28	139	60	413
Property trust management fees	1,168	680	2,290	1,373
Brokerage fees and commissions	21,452	48,259	47,250	95,178
Banc assurance commission	7,977	8,145	15,913	14,557
Net income/(expense) from asset securitisation	10	(143)	255	(206)
Other fee income	14,647	10,666	26,645	29,833
	<u>126,932</u>	<u>135,826</u>	<u>251,960</u>	<u>270,775</u>
<b>Investment and trading income:</b>				
Net (loss)/gain from sale of securities held-for-trading	(29,172)	18,189	(81,447)	113,385
Net gain from sale of securities available-for-sale	1,266	4,358	12,023	26,807
Net gain on redemption of securities held-to-maturity	7,684	39,860	22,594	45,878
Loss/(Gain) on revaluation and valuation adjustments for securities held for trading	5,663	(29,070)	(35,792)	(71,323)
Gain on redemption of structured product	6	-	6	-
(Loss)/Gain on revaluation of derivatives	(80,654)	21,074	(39,081)	26,034
Gross dividend income from:				
Securities held-for-trading	3,240	7,486	11,899	16,299
Securities available-for-sale	2,021	774	2,021	814
Securities held-to-maturity	3,648	12,448	5,470	15,382
	<u>(86,298)</u>	<u>75,119</u>	<u>(102,307)</u>	<u>173,276</u>
Premium income from general insurance business	125,532	110,086	247,816	215,511
Insurance commission	(13,072)	(14,360)	(26,011)	(26,337)
	<u>112,460</u>	<u>95,726</u>	<u>221,805</u>	<u>189,174</u>
Surplus transfer from life insurance business	4,000	-	8,000	-
	<u>116,460</u>	<u>95,726</u>	<u>229,805</u>	<u>189,174</u>
<b>Other income:</b>				
Foreign exchange (loss)/gain	(10,595)	5,087	(15,741)	8,237
Gain on disposal of property and equipment - net	133	149	959	157
Rental income	1,364	1,266	2,360	2,285
Other non-operating income	467	312	1,394	606
	<u>(8,631)</u>	<u>6,814</u>	<u>(11,028)</u>	<u>11,285</u>
	<u>148,463</u>	<u>313,485</u>	<u>368,430</u>	<u>644,510</u>

**A19. OTHER OPERATING EXPENSES**

<b>The Group</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30.9.08</b>	<b>30.9.07</b>	<b>30.9.08</b>	<b>30.9.07</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Personnel/Staff costs				
- Salaries, allowances and bonuses	152,164	135,289	310,491	273,591
- Others	26,226	21,598	51,184	43,505
	<u>178,390</u>	<u>156,887</u>	<u>361,675</u>	<u>317,096</u>
Establishment costs				
- Depreciation	12,516	11,744	24,791	24,064
- Amortisation of computer software	6,839	5,880	13,177	11,192
- Computerisation costs	19,304	16,684	38,915	28,207
- Rental	15,535	14,926	31,463	29,503
- Cleaning and maintenance	5,210	5,976	9,742	10,438
- Others	6,155	6,074	12,125	11,671
	<u>65,559</u>	<u>61,284</u>	<u>130,213</u>	<u>115,075</u>
Marketing and communication expenses				
- Sales commission	3,466	5,106	7,209	8,235
- Advertising, promotional and other marketing activities	17,893	18,849	33,231	33,329
- Telephone charges	4,571	4,392	9,364	9,087
- Postage	4,051	3,559	7,722	6,895
- Travel and entertainment	4,462	4,367	8,809	8,684
- Others	4,276	6,905	9,079	13,757
	<u>38,719</u>	<u>43,178</u>	<u>75,414</u>	<u>79,987</u>
Administration and general				
- Professional services	20,032	8,265	43,723	28,542
- Donations	34	649	77	788
- Administration and management expenses	535	57	957	1,148
- Others	10,015	11,185	19,190	20,133
	<u>30,616</u>	<u>20,156</u>	<u>63,947</u>	<u>50,611</u>
Overheads	313,284	281,505	631,249	562,769
General insurance claims	80,494	68,666	176,287	136,478
	<u>393,778</u>	<u>350,171</u>	<u>807,536</u>	<u>699,247</u>

**A20. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING**

<b>The Group</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30.9.08</b>	<b>30.9.07</b>	<b>30.9.08</b>	<b>30.9.07</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Allowance for bad and doubtful debts and financing:				
Specific allowance - net	79,208	256,047	274,897	508,955
Allowance during the period	174,723	391,541	472,094	740,144
Amount written back in respect of recoveries and reversal	(95,515)	(135,494)	(197,197)	(231,189)
General allowance	30,265	21,234	38,777	26,395
Recoveries of value impairment on amount recoverable from Danaharta	-	-	-	(609)
Bad debts and financing recovered - net	(83,593)	(69,245)	(234,980)	(167,323)
Written off	-	98	-	153
Recovered	(83,593)	(69,343)	(234,980)	(167,476)
	<b>25,880</b>	<b>208,036</b>	<b>78,694</b>	<b>367,418</b>

## A21. SEGMENTAL INFORMATION

### BY BUSINESS SEGMENT

	Individual Quarter		Cumulative Quarter	
	30.9.08 RM'000	30.9.07 RM'000	30.9.08 RM'000	30.9.07 RM'000
Investment banking				
Revenue	62,252	303,082	174,812	635,954
Profit before taxation	(22,241)	71,045	(5,237)	201,346
Commercial and retail banking				
Revenue	1,076,913	955,214	2,162,536	1,952,721
Profit before taxation	301,731	105,401	557,651	295,977
Offshore banking				
Revenue	(10,054)	26,702	(8,846)	39,437
(Loss)/Profit before taxation	(13,383)	28,913	(16,279)	31,912
Insurance				
Revenue	298,151	207,494	528,927	417,248
Profit before taxation	23,403	14,082	27,342	35,031
Others				
Revenue	35,711	28,282	59,818	50,780
Loss before taxation	12,988	10,171	11,632	10,039
Total before consolidation adjustments				
Revenue	1,462,973	1,520,774	2,917,247	3,096,140
Profit before taxation	302,498	229,612	575,109	574,305
Consolidation adjustments				
Revenue	(16,725)	(94,689)	(72,022)	(207,724)
Profit before taxation	23,207	(4,331)	24,229	(14,153)
Total after consolidation adjustments				
Revenue	1,446,248	1,426,085	2,845,225	2,888,416
Profit before taxation	325,705	225,281	599,338	560,152

Included in the above is Islamic banking business profit before taxation of RM71.6 million for the quarter and RM107.5 million for the period ended 30 September 2008 (RM46.7 million for the quarter and RM114.8 million for the period ended 30 September 2007).

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

Effective from April 2008, the fund based activities of Investment Banking had been transferred to Commercial and Retail Banking under the Group Proposed Internal Restructuring.

**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 in Note B8.

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

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

## 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 30 September 2008, the commitments and contingencies outstanding are as follows:

The Group	30.9.08			31.3.08		
	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
<b>Derivative Financial Instruments</b>						
Interest rate related contracts:						
Interest rate futures	100,000	56,787	28,394	270,000	194,810	97,404
Interest rate swaps	24,788,309	722,049	147,994	26,770,307	601,940	126,949
Foreign exchange related contracts:						
Forward exchange contracts	4,011,847	151,597	73,008	5,747,856	102,651	34,932
Cross currency swaps	791,912	63,410	12,943	624,647	76,143	15,228
Equity related contracts:						
Options	148,369	-	-	151,596	-	-
Equity futures	12,343	-	-	363	-	-
	<u>29,852,780</u>	<u>993,843</u>	<u>262,339</u>	<u>33,564,769</u>	<u>975,544</u>	<u>274,513</u>
<b>Commitments</b>						
Irrevocable commitments to extend credit maturing :						
within one year	9,002,449	1,785,604	1,843,648	8,564,981	1,558,976	1,422,930
more than one year	3,518,867	1,759,434	1,156,185	2,742,901	1,371,450	1,257,912
Unutilised credit card line	4,089,653	817,931	611,279	4,006,449	801,290	598,888
Sell and buy back agreements	333,448	2,102	1,570	1,216,782	1,216,782	879,744
Forward purchase commitments	314,264	884	177	338,081	338,081	30,108
	<u>17,258,681</u>	<u>4,365,955</u>	<u>3,612,859</u>	<u>16,869,194</u>	<u>5,286,579</u>	<u>4,189,582</u>
<b>Contingent Liabilities</b>						
Guarantees given on behalf of customers	2,477,578	2,477,578	2,278,798	1,865,387	1,865,387	1,769,182
Certain transaction-related contingent items	1,266,971	633,486	592,564	1,048,285	524,143	511,156
Underwriting liabilities	1,408,154	687,000	839,000	1,720,000	860,000	776,800
Short term self liquidating trade-related contingencies	671,587	134,317	134,632	584,432	116,886	113,419
Islamic financing sold to Cagamas	1,484,024	1,484,024	1,119,234	1,863,857	1,863,857	1,404,403
Others	49,687	250	250	23,874	250	250
	<u>7,358,001</u>	<u>5,416,655</u>	<u>4,964,478</u>	<u>7,105,835</u>	<u>5,230,523</u>	<u>4,575,210</u>
	<u>54,469,462</u>	<u>10,776,453</u>	<u>8,839,676</u>	<u>57,539,798</u>	<u>11,492,646</u>	<u>9,039,305</u>

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

As at 30 September 2008, other contingencies and commitments of the Group and of the Company are as follows:

- (a) The Company has given unsecured guarantees totalling RM323,600,000 (RM273,600,000 as at 31 March 2008) to various financial institutions in respect of credit facilities extended to certain subsidiary companies.
- (b) The Company has given a continuing undertaking totaling S\$40,000,000 (S\$40,000,000 as at 31 March 2008) to Monetary Authority of Singapore on behalf of FIPL to meet its liabilities and financial obligation and requirements.
- (c) As required, AmBank (M) Berhad has given a continuing guarantee to Bank Negara Malaysia on behalf of AmInternational, to meet all its liabilities and financial obligations and requirements.
- (d) 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.

AmTrustee had filed an application to dismiss Meridian's action on a point of law which was dismissed with costs on 17 January 2008. AmTrustee has since filed a Notice of Appeal to the Court of Appeal on 15 February 2008.

AmTrustee has also filed a stay of proceedings application of the Meridian action due to Meridian's counter claim in the MAA action amounting to duplicity/abuse of process on 22 February 2008 which was dismissed with costs on 26 June 2008. AmTrustee has since filed a Notice of Appeal to the Court of Appeal on 25 July 2008.

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 and also 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. This application has now been fixed for hearing on 17.10.2008;
- (iii) an application for leave for Meridian to serve Interrogatories on an officer of AmTrustee allegedly relating to matters in question between Meridian and AmTrustee

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.

It is to be noted that both the Meridian and MAA suit were ordered on 16.9.2008 to be tried together at the same time pursuant to Order 4 Rule 1 of the Rules of the High Court 1980.

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.

## A26. RELATED PARTY TRANSACTIONS

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

## A27. DERIVATIVE FINANCIAL INSTRUMENTS

As at 30 September 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	100,000	-	30,000	-	-	70,000	-	2,260
Interest rate swaps	24,788,309	420,000	1,430,000	1,656,736	2,865,000	16,251,935	2,164,638	11,839
Foreign exchange related contracts :								
Forward exchange contracts	4,011,847	1,483,177	1,576,235	819,693	132,742	-	-	-
Cross currency swaps	791,912	-	-	212,006	103,223	476,683	-	1,035
Equity related contracts:								
Options	148,369	-	-	50,230	-	98,139	-	-
Equity futures	12,343	12,343	-	-	-	-	-	-
<b>Total</b>	<b>29,852,780</b>	<b>1,915,520</b>	<b>3,036,235</b>	<b>2,738,665</b>	<b>3,100,965</b>	<b>16,896,757</b>	<b>2,164,638</b>	<b>15,134</b>

## 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 30 September 2008, value at risk of foreign exchange-related derivatives contracts used for trading purposes of the Group was RM10,835,440 (RM5,824,499 as at 31 March 2008).

The value at risk of the interest rate derivatives related contracts used for trading purposes of the Group was RM72,851,614 (RM26,191,724 as at 31 March 2008).

The value at risk of equity derivatives arising from convertible bonds was RM337,469 (RM Nil as at 31 March 2008) 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 30 September 2008, the amount of counter party credit risk, measured in terms of the cost to replace the positive value contracts of the Group, was RM75,198,852 (RM8,018,674 as at 31 March 2008). 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
<b>30.9.08</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
<b>ASSETS</b>											
Cash and short-term funds	6,733,908	1,246	-	-	-	-	3,406,051	-	10,141,205	3.39	
Securities purchased under resale agreements	844,363	-	-	-	-	-	-	-	844,363	2.38	
Deposits and placements with banks and other financial institutions	41,608	-	-	100	288	-	-	-	41,996	3.79	
Securities held-for-trading	-	-	-	-	-	-	-	1,180,907	1,180,907	12.02	
Securities available-for-sale	-	80,539	96,615	243,099	1,818,473	3,284,743	884,788	-	6,408,257	8.46	
Securities held-to-maturity	9,710	36,892	5,000	139,487	369,415	222,671	133,545	-	916,720	5.77	
Derivative financial assets	-	-	-	-	-	-	251,025	-	251,025	-	
Loans, advances and financing:											
- performing	21,506,611	1,479,013	711,786	373,132	6,750,875	14,541,594	9,115,037	-	54,478,048	6.99	
- non-performing *	-	-	-	-	-	-	849,865	-	849,865	-	
Other non-interest sensitive balances	-	-	-	-	-	-	7,763,321	-	7,763,321	-	
<b>TOTAL ASSETS</b>	<b>29,136,200</b>	<b>1,597,690</b>	<b>813,401</b>	<b>755,818</b>	<b>8,939,051</b>	<b>18,049,008</b>	<b>22,403,632</b>	<b>1,180,907</b>	<b>82,875,707</b>		
<b>LIABILITIES AND EQUITY</b>											
Deposits from customers	17,335,090	6,471,880	4,963,402	8,461,368	2,004,497	-	9,693,888	-	48,930,125	3.27	
Deposits and placements of banks and other financial institutions	5,575,527	1,788,336	1,234,227	1,139,328	1,479,091	728,000	3,396,708	-	15,341,217	3.40	
Bills and acceptances payable	464,633	826,559	290,014	-	-	-	789,727	-	2,370,933	3.66	
Recourse obligation on loans sold to Cagamas Berhad	-	-	-	-	163,991	-	-	-	163,991	3.63	

**A28. INTEREST/PROFIT RATE RISK**

The Group 30.9.08	<-----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	-	-	-	-	-	-	248,041	-	248,041	-
Term loans	79	206,000	292,464	-	-	-	-	-	498,543	3.60
Unsecured bonds	-	-	-	-	575,000	115,000	400,000	-	1,090,000	5.02
Medium Term Notes	-	-	-	-	-	1,460,000	-	-	1,460,000	5.66
Hybrid capital	703,871	-	-	-	-	-	-	-	703,871	6.73
Other non-interest sensitive balances	-	-	-	-	-	-	4,577,056	-	4,577,056	-
<b>Total Liabilities</b>	<b>24,079,200</b>	<b>9,292,775</b>	<b>6,780,107</b>	<b>9,600,696</b>	<b>4,222,579</b>	<b>2,303,000</b>	<b>19,105,420</b>	<b>-</b>	<b>75,383,777</b>	
Share capital	-	-	-	-	-	-	2,722,970	-	2,722,970	
Reserves	-	-	-	-	-	-	4,678,224	-	4,678,224	
Equity attributable to equity holders of the Company	-	-	-	-	-	-	7,401,194	-	7,401,194	
Minority interests	-	-	-	-	-	-	90,736	-	90,736	
<b>Total equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,491,930</b>	<b>-</b>	<b>7,491,930</b>	
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>24,079,200</b>	<b>9,292,775</b>	<b>6,780,107</b>	<b>9,600,696</b>	<b>4,222,579</b>	<b>2,303,000</b>	<b>26,597,350</b>	<b>-</b>	<b>82,875,707</b>	
On-balance sheet interest rate gap sensitivity	5,057,000	(7,695,085)	(5,966,706)	(8,844,878)	4,716,472	15,746,008	(4,193,718)	1,180,907	-	
Off-balance sheet interest rate gap sensitivity	414,764	3,700,000	(902,466)	(1,355,000)	(2,571,935)	754,637	-	-	40,000	
<b>Total interest rate gap sensitivity</b>	<b>5,471,764</b>	<b>(3,995,085)</b>	<b>(6,869,172)</b>	<b>(10,199,878)</b>	<b>2,144,537</b>	<b>16,500,645</b>	<b>(4,193,718)</b>	<b>1,180,907</b>	<b>40,000</b>	
<b>Cumulative interest rate gap sensitivity</b>	<b>5,471,764</b>	<b>1,476,679</b>	<b>(5,392,493)</b>	<b>(15,592,371)</b>	<b>(13,447,834)</b>	<b>3,052,811</b>	<b>(1,140,907)</b>	<b>40,000</b>		

\* 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	<-----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				
31.3.08	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<b>ASSETS</b>											
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	-
<b>TOTAL ASSETS</b>	<b>27,327,768</b>	<b>3,775,315</b>	<b>747,401</b>	<b>627,172</b>	<b>8,397,197</b>	<b>15,496,007</b>	<b>20,121,837</b>	<b>6,699,010</b>	<b>6,699,010</b>	<b>83,191,707</b>	
<b>LIABILITIES AND EQUITY</b>											
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				
31.3.08	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 loan	-	-	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	-	
<b>Total Liabilities</b>	<b>24,546,203</b>	<b>10,616,133</b>	<b>7,720,726</b>	<b>8,472,577</b>	<b>3,838,918</b>	<b>3,931,830</b>	<b>16,811,375</b>	<b>-</b>	<b>75,937,762</b>		
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		
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>24,546,203</b>	<b>10,616,133</b>	<b>7,720,726</b>	<b>8,472,577</b>	<b>3,838,918</b>	<b>3,931,830</b>	<b>24,065,320</b>	<b>-</b>	<b>83,191,707</b>		
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)		
<b>Total interest rate gap sensitivity</b>	<b>5,358,427</b>	<b>877,220</b>	<b>(10,504,986)</b>	<b>(11,426,642)</b>	<b>552,239</b>	<b>12,367,785</b>	<b>(3,943,483)</b>	<b>6,699,010</b>	<b>(20,430)</b>		
<b>Cumulative interest rate gap sensitivity</b>	<b>5,358,427</b>	<b>6,235,647</b>	<b>(4,269,339)</b>	<b>(15,695,981)</b>	<b>(15,143,742)</b>	<b>(2,775,957)</b>	<b>(6,719,440)</b>	<b>(20,430)</b>			

\* 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).

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

	<b>The Group</b>	
	<b>30.9.08</b>	<b>31.3.08</b>
	<b>RM'000</b>	<b>RM'000</b>
Tier 1 capital		
Paid-up ordinary share capital	2,722,970	2,722,970
Share premium	1,986,836	1,986,857
Statutory reserve	1,245,433	1,245,433
Hybrid capital	703,871	673,830
Exchange fluctuation reserve	21,853	8,166
Unappropriated profit at end of period/year	1,596,310	1,163,267
Minority interests	90,736	84,352
Total	<u>8,368,009</u>	<u>7,884,875</u>
Less : Goodwill	1,732,872	1,732,872
Deferred tax assets - net	459,833	602,658
Total tier 1 capital	<u>6,175,304</u>	<u>5,549,345</u>
Tier 2 capital		
Subordinated term loan	-	403,243
Medium Term Notes	1,460,000	860,000
Unsecured bonds	1,090,000	1,750,000
General allowance for bad and doubtful debts	884,409	845,225
Total tier 2 capital	<u>3,434,409</u>	<u>3,858,468</u>
Capital base	9,609,713	9,407,813
Less: Restriction on borrowing	-	238,571
Capital base	<u>9,609,713</u>	<u>9,169,243</u>
Risk-weighted assets	<u>68,219,066</u>	<u>67,898,253</u>
Capital Ratios:		
Core capital ratio	9.05%	8.17%
Risk-weighted capital ratio	14.09%	13.50%
Core capital ratio (net of proposed dividend)	9.05%	7.99%
Risk-weighted capital ratio (net of proposed dividend)	<u>14.09%</u>	<u>13.32%</u>

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

	<b>30.9.08</b>		<b>31.3.08</b>	
	<b>Principal Amount RM'000</b>	<b>Risk- Weighted Amount RM'000</b>	<b>Principal Amount RM'000</b>	<b>Risk- Weighted Amount RM'000</b>
0%	11,680,497	-	11,911,523	-
20%	3,779,586	755,917	2,982,733	596,547
35%	3,063,827	1,072,339	2,967,500	1,038,625
50%	5,811,660	2,905,830	5,750,598	2,875,299
75%	34,204,831	25,653,623	33,910,030	25,432,523
100%	26,930,681	26,930,681	24,796,708	24,796,708
150%	2,025,401	3,038,102	2,373,580	3,560,370
	<u>87,496,483</u>	<u>60,356,492</u>	<u>84,692,672</u>	<u>58,300,071</u>
Add: Total risk weighted assets equivalent for market risks		3,474,147		5,198,595
Add: Total risk weighted assets equivalent for operational risks		4,373,877		4,384,664
Add: Large Exposure Risk requirements for equity holdings		14,550		14,923
		<u>68,219,066</u>		<u>67,898,253</u>

**A29. CREDIT EXPOSURE ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES**

	<b>The Group 30.9.08</b>
Outstanding credit exposures with connected parties (RM'000)	538,810
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	0.77%
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	0.62%

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008.

### A31. ISLAMIC BANKING BUSINESS

The state of affairs as at 30 September 2008 and the results for the period ended 30 September 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:

#### UNAUDITED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2008

	<b>The Group</b>	
	<b>30.9.08</b>	<b>31.3.08</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
Cash and short-term funds	2,851,101	1,921,662
Deposit and placements with banks and other financial institutions	-	-
Securities held-for-trading	349,138	559,411
Securities available-for-sale	467,383	-
Securities held-to-maturity	34,756	32,373
Financing, advances and other loans	9,151,925	8,019,646
Statutory deposits with Bank Negara Malaysia	294,179	271,700
Other receivables, deposits and prepayments	68,924	127,469
Property and equipment	497	536
Deferred tax assets	130,794	157,781
Intangible assets	544	611
<b>TOTAL ASSETS</b>	<b>13,349,241</b>	<b>11,091,189</b>
<b>LIABILITIES AND ISLAMIC BANKING FUNDS</b>		
Deposits from customers	7,191,636	5,872,599
Deposits and placements of banks and other financial institutions	3,543,955	2,681,413
Converted fund	6,745	2,160
Acceptances payable	789,727	547,347
Other liabilities	184,819	154,200
Subordinated Sukuk Musyarakah	400,000	400,000
Total Liabilities	12,116,882	9,657,719
<b>ISLAMIC BANKING FUNDS</b>		
Share capital/Capital funds	435,877	505,877
Reserves	796,482	927,593
Islamic Banking Funds	1,232,359	1,433,470
<b>TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS</b>	<b>13,349,241</b>	<b>11,091,189</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	<b>4,540,390</b>	<b>6,111,742</b>

**UNAUDITED CONSOLIDATED INCOME STATEMENT  
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008**

<b>The Group</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30.9.08</b>	<b>30.9.07</b>	<b>30.9.08</b>	<b>30.9.07</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' funds and others	189,781	178,052	371,346	355,827
Allowance for losses on financing	(21,848)	(31,388)	(47,724)	(69,722)
Provision for commitment and contingencies	(1,744)	-	(14,846)	-
Impairment loss for sundry debt	-	-	(18)	-
Transfer from profit equalization reserve	740	2,285	6,805	28,136
Total attributable income	166,929	148,949	315,563	314,241
Income attributable to the depositors	(98,857)	(90,952)	(191,198)	(185,268)
Profit attributable to the Group	68,072	57,997	124,365	128,973
Income derived from Islamic Banking Funds	61,260	44,930	101,537	97,730
Total net income	129,332	102,927	225,902	226,703
Operating expenditure	(52,874)	(50,719)	(108,739)	(100,341)
Finance cost	(4,839)	(5,475)	(9,626)	(11,587)
Profit before taxation	71,619	46,733	107,537	114,775
Taxation	(18,513)	(16,476)	(27,890)	(38,508)
Profit for the period	53,106	30,257	79,647	76,267

**A31a. Financing, Advances and Other Loans**

	<b>The Group</b>	
	<b>30.9.08</b>	<b>31.3.08</b>
	<b>RM'000</b>	<b>RM'000</b>
Term financing/Revolving credit facilities	2,837,174	2,309,469
Islamic hire purchase, net of unearned income	4,722,360	4,327,138
Credit card receivables	313,353	267,965
Trust receipts	51,175	44,996
Claims on customer under acceptance credits	872,249	686,376
Other financing	670,693	692,092
Gross financing, advances and other loans	<u>9,467,004</u>	<u>8,328,036</u>
Allowance for bad and doubtful debts and financing		
-general	(166,018)	(154,954)
-specific	(149,061)	(153,436)
	<u>(315,079)</u>	<u>(308,390)</u>
Net financing, advances and other loans	<u>9,151,925</u>	<u>8,019,646</u>

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

	<b>The Group</b>	
	<b>30.9.08</b>	<b>31.3.08</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Gross</b>		
Balance at beginning of period/year	305,321	503,084
Non-performing during the period/year	81,706	206,068
Reclassification to performing financing	(49,576)	(103,518)
Recoveries	(12,200)	(70,877)
Amount written off	(25,087)	(229,436)
Balance at end of period/year	<u>300,164</u>	<u>305,321</u>
Specific allowance	(149,061)	(153,436)
Non-performing financing - net	<u>151,103</u>	<u>151,885</u>
Net NPL as % of gross financing, advances and other loans (including Islamic financing sold to Cagamas Berhad) less specific allowance	<u>1.39%</u>	<u>1.51%</u>

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

	<b>The Group</b>	
	<b>30.9.08</b>	<b>31.3.08</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>General Allowance</b>		
Balance at beginning of period/year	154,954	139,511
Allowance made during the period/year	11,064	15,443
Balance at end of period/year	<u>166,018</u>	<u>154,954</u>
% of total financing, advances and other loans (including Islamic financing sold to Cagamas Berhad) less specific allowance	<u>1.53%</u>	<u>1.54%</u>
<b>Specific Allowance</b>		
Balance at beginning of period/year	<u>153,436</u>	<u>253,699</u>
Allowance made during the period/year	77,463	217,276
Amount written back in respect of recoveries	<u>(25,890)</u>	<u>(78,514)</u>
Net charge to income statement	51,573	138,762
Amount written off/Adjustment to Asset Deficiency Account	<u>(55,948)</u>	<u>(239,025)</u>
Balance at end of period/year	<u>149,061</u>	<u>153,436</u>

#### **A31b. DEPOSITS FROM CUSTOMERS**

	<b>The Group</b>	
	<b>30.9.08</b>	<b>31.3.08</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Mudarabah Fund</b>		
Special Investment deposits	36,100	424,785
General Investment deposits	<u>5,664,137</u>	<u>4,119,669</u>
	<u>5,700,237</u>	<u>4,544,454</u>
<b>Non-Mudarabah Fund</b>		
Demand deposits	623,301	520,564
Saving deposits	861,660	801,032
Negotiable Islamic debt certificates	<u>6,438</u>	<u>6,549</u>
	<u>1,491,399</u>	<u>1,328,145</u>
	<u>7,191,636</u>	<u>5,872,599</u>

**A31c. OTHER LIABILITIES**

	<b>The Group</b>	
	<b>30.9.08</b>	<b>31.3.08</b>
	<b>RM'000</b>	<b>RM'000</b>
Other payables and accruals	139,767	105,075
Taxation and zakat payable	7,455	6,581
Amount owing to head office	587	68
Lease deposits and advance rentals	6,189	4,869
Profit equalisation reserve	30,821	37,607
	<u>184,819</u>	<u>154,200</u>

### A32. RECLASSIFICATION

#### **BNM Circular on Reclassification of Securities under Specific Circumstances**

The Group adopted Bank Negara Malaysia's Circular on the Reclassification of Securities under Specific Circumstances which allow banking institutions to reclassify securities in held-for-trading category under the Revised Guidelines of Financial Reporting for Licensed Institutions (BNM/GP8). The provisions in the Circular shall override the existing requirements of BNM/GP8 in relation to the reclassification of securities into or out of the held-for-trading category and are effective from 1 July 2008 until 31 December 2009.

(i) Effects on Balance Sheet as at 30 September 2008:

<b>Description of change</b>	<b>Before reclass</b>	<b>Increase/(Decrease)</b>	
		<b>BNM</b>	<b>After reclass</b>
<b>The Group</b>	<b>RM'000</b>	<b>Guidelines on</b>	<b>RM'000</b>
		<b>reclassification</b>	
		<b>RM'000</b>	<b>RM'000</b>
Securities held-for-trading	1,966,677	(785,770)	1,180,907
Securities available-for-sale	5,622,487	785,770	6,408,257
Available-for-sale reserve	(134,321)	(37,887)	(172,208)
Unappropriated profits	1,564,536	31,774	1,596,310

(ii) Effects on Income Statements for the quarter ended 30 September 2008

<b>The Group</b>	<b>Before reclass</b>	<b>Increase/(Decrease)</b>	
		<b>BNM</b>	<b>After reclass</b>
	<b>RM'000</b>	<b>Guidelines on</b>	<b>RM'000</b>
		<b>reclassification</b>	
		<b>RM'000</b>	<b>RM'000</b>
Revenue	1,406,584	39,664	1,446,248
Other operating income	108,799	39,664	148,463
Taxation	(84,427)	(6,197)	(90,624)
Profit after taxation attributable to equity holders of the Company	198,355	31,774	230,129

(iii) Effects on Income Statements for the 6 months period ended 30 September 2008

<b>The Group</b>	<b>Before reclass</b>	<b>Increase/(Decrease)</b>	
		<b>BNM</b>	<b>After reclass</b>
	<b>RM'000</b>	<b>Guidelines on</b>	<b>RM'000</b>
		<b>reclassification</b>	
		<b>RM'000</b>	<b>RM'000</b>
Revenue	2,805,561	39,664	2,845,225
Other operating income	328,766	39,664	368,430
Taxation	(153,914)	(6,197)	(160,111)
Profit after taxation attributable to equity holders of the Company	401,269	31,774	433,043

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

The Group registered a net profit of RM433.0 million for the half year ended 30 September 2008, an improvement of 71.0% as compared to RM253.2 million in the corresponding half year ended 30 September 2007. Despite the higher marked-to-market and trading losses, the Group's pre-tax profit for the half year ended 30 September 2008 improved to RM599.3 million as compared to 30 September 2007.

During the second quarter, net profit improved to RM230.1 million, an improvement of RM158.0 million from the previous corresponding quarter. The increase is mainly attributed to a higher net interest income which rose to RM458.4 million, an increase of RM107.8 million (+30.8%) from the corresponding quarter ended 30 September 2007 driven by strong loans growth. Net income from Islamic banking business also improved from RM126.6 million to RM147.3 million in the current quarter. These however were partially offset by a decline in other operating income by 52.6% to RM148.5 million as a result of net loss from securities held-for-trading of RM29.2 million and loss on revaluation of derivatives of RM80.7 million. The impact was mitigated by a substantial reduction in allowances for losses on loans and financing to RM25.9 million compared to RM208.0 million in the corresponding quarter.

The Group's commercial and retail banking operations were the largest contributors to the Group pre-tax profit, reporting a pre-tax profit of RM557.7 million followed by insurance operations which contributed RM27.3 million for the half year ended 30 September 2008.

Gross loans and advances continued to expand to RM57.8 billion to register an annualised growth of 10.7%. The growth was mainly attributed to financing of residential mortgages, passenger vehicles and small and medium sized industries. Financing for purchase of transport vehicles have expanded by RM365.8 million and account for 41.3% of total loans, followed by loans for residential mortgages which accounted for 18.8% of total loans.

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 3.0%, from 3.7% as at 31 March 2008, due to the intensified loan recovery efforts.

As at 30 September 2008, the Group's total assets stood at RM83.0 billion. Meanwhile, the Group's risk-weighted capital ratio ("RWCR") stood at 14.09% as at 30 September 2008, compared with 13.50% as at 31 March 2008.

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 RM325.7 million for the second quarter ended 30 September 2008 as compared to RM273.6 million for the first quarter ended 30 June 2008 mainly due to higher net interest income, net income from islamic banking and lower operating expenses coupled with a lower loan loss provision. This is partially offset by higher marked-to-market and trading losses in the current quarter.

## **B3. PROSPECTS FOR 31 MARCH 2009**

Economic development has been impacted by the hike in petrol and consumable price. Current inflation rate is at a high of 7.7%. This has impacted original national GDP growth target for this year from 6.5% in early January 2008 to the current consensus of 5.7% growth. Full impact of the current economic and financial meltdown in the USA is yet to fully precipitate in the region and nationally.

Given the backdrop of the general economic outlook, business and growth opportunities are generally currently locked on niche and profitable markets. Commercial and retail banking are expected to be the growth engines. The Group is well positioned today to weather global, regional and domestic volatilities. Over the past year, the Group has taken steps to strengthen its position, including sealing the strategic partnership collaboration with ANZ, privatizing the AmInvestment Group Berhad (“AIGB”) and internal restructuring of business activities to facilitate business growth.

As we forge ahead, the Group will continue to build on its brand recognition to grow customer base and assets portfolio. Added emphasis will be given to harnessing low-cost deposits and improving the cost of funding framework. Despite a slower start to the first quarter FY2009 due to trading losses, we are comfortable with the market consensus profit estimates for FY2009, barring major negative economic impacts lasting deeper and longer.

**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	
	30.9.08 RM'000	30.9.07 RM'000	30.9.08 RM'000	30.9.07 RM'000
Estimated current tax payable	12,973	27,993	17,786	99,040
Transfer from deferred tax	77,954	82,063	142,840	114,943
	<u>90,927</u>	<u>110,056</u>	<u>160,626</u>	<u>213,983</u>
Overprovision of current taxation in respect of prior years	(430)	-	(544)	(8)
Taxation	<u>90,497</u>	<u>110,056</u>	<u>160,082</u>	<u>213,975</u>
Zakat	127	-	29	-
Taxation and zakat	<u>90,624</u>	<u>110,056</u>	<u>160,111</u>	<u>213,975</u>

The total tax charge of the Group for the financial quarter ended 30 September 2008 and 2007 reflect an effective tax rate which is higher than the statutory tax rate due mainly to disallowances of certain expenses.

**B6. SALE OF INVESTMENTS AND/OR FORECLOSED PROPERTIES**

The Group	Individual Quarter		Cumulative Quarter	
	30.9.08 RM'000	30.9.07 RM'000	30.9.08 RM'000	30.9.07 RM'000
Net (loss)/gain from sale of securities held-for-trading	(29,172)	18,189	(81,447)	113,385
Net gain from sale of securities available-for-sale	1,266	4,358	12,023	26,807
Net gain from redemption of securities held-to-maturity	7,684	39,860	22,594	45,878
Impairment loss on securities	<u>(8,639)</u>	<u>(6,910)</u>	<u>(35,081)</u>	<u>(13,524)</u>

**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 by AmAssurance Berhad (“AmAssurance”) 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 a minority equity stake in MAA Takaful Berhad, the Takaful insurance subsidiary of MAAH.
2. The Company has obtained the approval of BNM for the shareholders of 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. Upon obtaining the necessary approvals from the relevant authorities, on 11 March 2008, AmBank proposed an issuance of up to Singapore Dollar (“SGD”) 425 million Non-Innovative Tier 1 Capital (“NIT1”), comprising of Non-Cumulative Perpetual Capital Securities (“NCPCS”) issued by AmBank, which are stapled to Subordinated Notes (“SubNotes”) issued by AmCapital (L) Inc (“AmCapital”), a wholly-owned subsidiary of AmBank (“together constitute the 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.

The proposed issuance of NIT1 is being undertaken by AmBank to fund the growth of AmBank’s business operations and as part of the Company’s plans to reorganize internally the operations of the Group (“Internal Reorganisation”). The Internal Reorganisation was completed in April 2008 and involved the transfer by AmInvestment Bank of its fund-based banking business and wholly-owned offshore bank subsidiary, AmInternational to AmBank and AmIslamic Bank.

The Stapled Securities are rated BB by both Fitch Ratings Ltd. and Standard & Poor’s.

The Securities Commission had approved AmBank’s application for an extension of time of up to 21 February 2009 to implement and complete the proposed issuance of the Stapled Securities.

The Stapled Securities are rated BB by both Fitch Ratings Ltd. and Standard & Poor’s.

**B8. CORPORATE PROPOSALS (CONTD.)**

4. On 19 December 2007, the Company received BNM approval involving 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”).

The Proposed Internal Transfer, will involve the 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 licenced futures broker for a cash consideration based on book value;
  - (ii) AmResearch Sdn Bhd, a licenced investment adviser, for a cash consideration based on book value; and
  - (iii) PT. AmCapital Indonesia (“AMCI”), the Group’s Indonesian Subsidiary which is licenced to undertake stockbroking, 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, a unit trust management company for a cash consideration based on book value.

In addition to the approval of BNM, the Proposed Internal Transfer is subject to the approvals of Securities Commission (other than for the transfer of AMCI), Badan Pengawas Pasar Modal dan Lembaga Keuangan, the Indonesian securities regulatory authority, for the transfer of AMCI, and any other relevant authorities, if necessary.

5. The Company’s wholly owned subsidiary, AmInvestment Group Berhad, had after obtaining the approval of Bank Negara Malaysia, established a 100%-owned subsidiary under the name of AmIslamic Funds Management Sdn Bhd (“AFM”).

AFM will commence operations in Islamic funds management services after it has been licensed by the Securities Commission pursuant to the Capital Markets and Services Act, 2007.

6. At the 22nd Extraordinary General Meeting held on 26 September 2008, the shareholders approved the proposals by the Company to undertake the following:
- (i) The establishment of an executives’ share scheme (“Proposed ESS”) of up to fifteen percent (15%) of the issued and paid-up ordinary share capital of the Company at any point in time for the duration of the Proposed ESS for executives (including senior management) and Executive Directors of the Company and its subsidiaries (excluding subsidiaries which are dormant) (“AHB Group” or the “Group”) who fulfill the criteria for eligibility (“Eligible Executives”) which will be stipulated in the by-laws governing the Proposed ESS (“By-Laws”); and

## **B8. CORPORATE PROPOSALS (CONTD.)**

- (ii) The proposed amendment to the Memorandum of Association of the Company to facilitate the implementation of the Proposed ESS.

The Proposed ESS shall take effect on the date on which the last of the approvals and/or conditions stipulated in the Listing Requirements have been obtained and/or complied with (“Effective Date”) and shall be in force for a period of ten (10) years from the Effective Date.

In addition to the approval of the shareholders, the Proposals are subjected to:

- (i) The approval-in-principle of Bursa Securities, for the listing and quotation of new Shares to be issued pursuant to the Proposed ESS;
- (ii) Bursa Depository for the transfer of Shares from the Trustee to the Scheme Participants pursuant to the Proposed ESS; and
- (iii) The approval of any other relevant regulatory authorities, where applicable.

The Proposed ESS and the Proposed Amendment are inter-conditional with each other.

- 7. The Company, together with its wholly-owned commercial banking arm, AmBank had on 28 August 2008, entered into a technical services agreement (“TSA”) with Australia and New Zealand Banking Group Limited (“ANZ”) to accelerate the expansion and development of the foreign exchange, interest rate and commodities derivatives business of the AmBank group (“AmBank Group”).

The TSA is intended to formally set out the arrangement between AmBank and ANZ to build an infrastructure to develop a sustainable and profitable business in the provision, dealing and offering of products and services in foreign exchange, interest rate and commodities derivatives to foreign and local customers of AHB and its subsidiary companies (“AHB Group”) through leveraging on ANZ’s technical skills, processes and know-how in areas relating to sales and trading, risks, product development and systems.

The TSA shall be for a period of 7 years from the date of the TSA and may be extended as agreed by ANZ and AmBank.

In view that the TSA represents a recurring related party transaction under Bursa Malaysia Listing Requirements, the shareholders at the 22nd Extraordinary General meeting held on 26 September 2008 had given their approval.

## B9. BORROWINGS

	<b>The Group</b>	
	<b>30.9.08</b>	<b>31.3.08</b>
	<b>RM'000</b>	<b>RM'000</b>
(i) Deposits from customers		
Due within six months	37,497,976	37,253,676
Six months to one year	9,213,373	7,680,899
One year to three years	1,731,274	2,025,505
Three to five years	487,502	807,371
	<u>48,930,125</u>	<u>47,767,451</u>
(ii) Deposits and placements of banks and other financial institutions		
Due within six months	10,467,593	9,985,559
Six months to one year	2,053,984	1,772,255
One year to three years	1,446,347	1,288,415
Three to five years	1,373,293	2,072,460
	<u>15,341,217</u>	<u>15,118,689</u>
<i>Recap:</i>		
<i>Interbank lendings</i>	6,679,015	11,832,476
<i>Interbank borrowings</i>	(1,343,613)	(37,001)
<b><i>Net interbank lendings</i></b>	<u>5,335,402</u>	<u>11,795,475</u>
(iii) Term loans		
Due within one year		
Secured	498,543	1,790,844
(vi) Subordinated term loan		
More than one year	-	460,000
(v) Unsecured bonds		
More than one year	1,090,000	1,750,000
(vi) Hybrid capital		
More than one year	703,871	673,830
The above hybrid capital is denominated in USD. Principal amount - USD200.0 million.		
(vii) Medium Term Notes		
More than one year	1,460,000	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.

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 on 15 January 2008.

#### **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**

There has been no dividends proposed for the current financial quarter.

**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.

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30.9.08</b>	<b>30.9.07</b>	<b>30.9.08</b>	<b>30.9.07</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net profit attributable to equity holders of the Company	230,129	72,123	433,043	253,201
Number of ordinary shares at beginning of period	2,722,970	2,130,584	2,722,970	2,130,565
Effect of ordinary shares issued pursuant to:				
- exercise of Warrants 2003/2008	-	1,272	-	642
- conversion of CPS	-	163,934	-	120,935
Weighted average number of ordinary shares in issue	2,722,970	2,295,790	2,722,970	2,252,142
Basic earnings per share (Sen)	8.45	3.14	15.90	11.24

**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 two categories of dilutive potential ordinary shares:

- (i) Warrants 2003/2008 (expired on 20 March 2008)
- (ii) Unsecured exchangeable bonds

	Individual Quarter		Cumulative Quarter	
	30.9.08 RM'000	30.9.07 RM'000	30.9.08 RM'000	30.9.07 RM'000
Net profit attributable to equity holders of the Company	230,129	72,123	433,043	253,201
Weighted average number of ordinary shares in issue (as in (a) above)	2,722,970	2,295,790	2,722,970	2,252,142
Adjusted for:				
Exercise of Warrants 2003/2008	-	63,506	-	63,506
Conversion of unsecured exchangeable bonds	-	56,036	-	56,036
Adjusted weighted average number of ordinary shares in issue and issuable	2,722,970	2,415,332	2,722,970	2,371,684
Fully diluted earnings per share (Sen)	8.45	2.99	15.90	10.68

For the financial quarter and period ended 30 September 2008, outstanding unsecured exchangeable bonds has been excluded in the computation of fully diluted earnings per RM1.00 ordinary share for the Group, as their exercise and conversion to ordinary shares would increase earnings per share.

The Group's adjusted weighted average number of ordinary shares in issue and issuable for the quarter and financial period ended 30 September 2007 have been arrived at based on the assumption that share warrants 2003/2008 is exercised and the bonds is exchanged at beginning of period.

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

Date : 11 November 2008