

Financial Statements

(Expressed In Ringgit Malaysia)

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Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of **AMFB HOLDINGS BERHAD** for the financial year ended 31 March 2004 which have been prepared in accordance with the provisions of the Companies Act, 1965, the Banking and Financial Institutions Act, 1989, and the applicable approved accounting standards in Malaysia.

Principal Activities

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiary companies and associated company are disclosed in Notes 13 and 14 to the Financial Statements respectively.

There have been no significant changes in the nature of the activities of the Group and the Company during the financial year.

Significant Events

1. On 30 April 2003, AmFinance Berhad (AmFinance) issued RM200 million nominal amount of Negotiable Interest-Bearing Redeemable Unsecured Subordinated Bonds (Subordinated Bonds) to increase its capital funds. The subordinated bonds were issued for a period of ten years to be repaid on 30 April 2013 and bear interest varying from 7.95% to 10.45% per annum, payable on a half yearly basis.
2. On 10 May 2003, the ultimate holding company, AMMB Holdings Berhad (AHB), received the approval of Bank Negara Malaysia (BNM) to commence negotiations with EON Capital Berhad for a possible merger between the two banking groups. However, the discussion was mutually terminated on 25 June 2003.
3. On 9 July 2003, AHB obtained the approval of BNM to commence discussion with Commerce Asset-Holding Berhad for the possible merger of AmFinance with Bumiputra-Commerce Finance Berhad and AmBank Berhad with Bumiputra-Commerce Bank Berhad. The discussion were mutually terminated on 5 September 2003.
4. Pursuant to the Sale and Purchase Agreement entered into between the Company and Danamodal Nasional Berhad (Danamodal) dated 3 August 2001 for the acquisition of AmFinance, a contingent sum of up to RM450.0 million is payable to Danamodal as part of the consideration. The contingent cash payment of up to RM450.0 million, shall be payable if and only if AmFinance recovers in cash over a five year period from 30 September 2001, any amount in excess of the net book value of all non-performing loans (NPLs), NPLs sold to Danaharta and NPLs written off in the books of AmFinance, as at 30 September 2001 on an account to account basis; and all investments, securities, collateralised debts, other assets, liabilities or contingent items in respect of amounts which have been written down or an adjustment/provision made.

On 14 October 2003, the Company entered into a Settlement Agreement with Danamodal for an early settlement of the Contingent Amount for RM255.0 million (Settlement Amount). The Settlement Amount together with the total interest of RM16.915 million in respect of the recoveries of NPLs and securities were paid to Danamodal on 15 October 2003.

Accordingly, the total final purchase consideration for the acquisition of AmFinance (formerly known as MBf Finance Berhad) is RM730 million.

5. On 28 October 2003, AmFinance entered into a Supplemental Facility Agreement with Danamodal, whereby the RM680 million Subordinated Term Loan obtained from Danamodal was novated to Astute Assets Berhad

The terms and conditions of the loan remain the same, except for the interest payable on the loan, which is charged at 6.5% per annum until 19 December 2006, 7.0% per annum from 20 December 2006 until 19 December 2007 and 7.5% per annum from 20 December 2007 until 19 December 2011.

Directors' Report *(Cont'd)*

6. On 25 February 2004, AmFinance entered into a conditional sale and purchase agreement with MBf Corporation Berhad (MBf Corp) for the sale of AmFinance's entire 100% equity interest consisting of 1,000,000 ordinary shares of RM1.00 each in MBf Property Trust Management Berhad (MBfPT) for a cash consideration of RM1.00.

The purchase consideration was arrived at on a willing-buyer and willing-seller basis after taking into consideration the current financial position of MBfPT. The completion of the disposal is pending approval by the relevant authority.

7. Upon application to the Companies Commission of Malaysia (CCM), the following subsidiaries of AmFinance have been struck-off from the Register of the CCM and be dissolved pursuant to the powers conferred under Section 308 of the Companies Act, 1965:-

- (i) Horizon View Sdn Bhd (HVSB) – Company No: 227779-D
- (ii) MBf Venture Partners Berhad (MBfVP) – Company No: 279706-A

Both HVSB and MBfVP have not commenced operations since incorporation on 28th October, 1991 and 26th October 1993, respectively.

The present paid-up capital of HVSB and MBfVP is RM2.00 divided into 2 ordinary shares of RM1.00 each, and RM1.00 divided into 2 ordinary shares of RM0.50 each, respectively.

8. On 27 February 2004 and 31 May 2004, AHB announced the following proposals:

- (i) The Proposed privatisation of the Company (AMFB Privatisation) which involves a scheme of arrangement pursuant to Section 176 of the Act between the Company, AHB and the shareholders of the Company other than AHB (AMFB Minority Shareholders) whereby AHB will acquire all the AMFB Minority Shares, amounting up to 189,113,911 Shares in AMFB representing up to 35.75% equity interest in AMFB, for a total purchase consideration of up to RM1,361,620,159, equivalent to RM7.20 per AMFB Minority Share (Proposed Consideration Price), to be satisfied through a combination of an issuance of Shares in AHB and cash on the following basis:-

- (a) the amount of RM771,584,757 by way of the issuance of up to 189,113,911 New AHB Shares on the basis of one (1) New AHB Share valued at RM4.08 per New AHB Share for every one (1) existing AMFB Minority Share held; and
- (b) the balance of RM590,035,402 in cash on the basis of RM3.12 for every one (1) existing AMFB Minority Share held.

The entitlement date on which the names of the AMFB Minority Shareholders must be entered into the Record of Depositors of the Company in order to participate in the Proposed AMFB Privatisation will be determined and announced at a later date after receipt of all relevant approvals for the Proposed AMFB Privatisation, including the sanction of the Court for the Proposed AMFB Privatisation (Entitlement Date).

The number of New AHB Shares to be issued will depend on the actual number of AMFB Minority Shares to be acquired as at the Entitlement Date, taking into consideration the new Shares in the Company that may be issued by the Company pursuant to the exercise of options under the Company's employees share option scheme (AMFB ESOS Options) prior to the Entitlement Date. As at 31 March 2004, the number of unexercised AMFB ESOS Options stood at 345,000.

Upon the scheme of arrangement becoming effective, all AMFB Minority Shareholders are bound to exchange their AMFB Shares on the basis of one (1) New AHB Share and RM3.12 in cash for every one (1) existing AMFB Minority Share held as at the Entitlement Date.

Pursuant to the Proposed AMFB Privatisation, the Company will become a wholly-owned subsidiary company of AHB. As the Company would then no longer meet the public shareholding spread requirements of the Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad)(Bursa Malaysia), the Bursa Malaysia could de-list the Company's Shares from the Official List of the Bursa Malaysia as provided under Section 16.09 of the Bursa Malaysia's Listing Requirements. It is the intention of AHB to seek the approval of the Bursa Malaysia to hold the Company's listing status in abeyance.



Directors' Report *(Cont'd)*

- (ii) Proposed listing of AHB's Investment Banking Group, via a newly incorporated company (Newco), on the Main Board of the Bursa Malaysia.

The Proposed Listing of Newco entails the following:-

- (a) the incorporation of Newco to act as the listing vehicle/holding company, to be a wholly-owned subsidiary company of AHB initially;
 - (b) an internal reorganisation involving the transfer of AHB's entire interests in the component companies of AHB involved in the investment banking operations to Newco (Proposed Internal Reorganisation);
 - (c) an offer for sale/restricted issue of an aggregate of 40% of the enlarged issued and paid-up share capital of Newco (Proposed Offer) to be undertaken upon completion of the Proposed Internal Reorganisation to the following:-
 - (i) Shareholders of AHB (Entitled AHB Shareholders); and
 - (ii) The following persons who meet the criteria for eligibility for participation in the Proposed Offer (Eligible Employees):-
 - (a) Directors and employees of Newco and/or its Malaysian-incorporated subsidiary and associated companies;
 - (b) Directors of AHB; and
 - (c) Business associates of AHB; and
 - (d) the listing of the entire proposed issued and paid-up share capital of Newco on the Main Board of the Bursa Malaysia.
- (iii) The proposed Share Split which involves the reduction of the par value of AHB's Shares from RM1.00 each to RM0.50 each by way of the subdivision of every one (1) existing Share held in AHB into two (2) new ordinary shares in AHB of RM0.50 each. Shareholders of AHB, whose names appear on the Record of Depositors at the close of business on a date to be determined and announced later upon obtaining all relevant approvals, will be entitled to the Proposed Share Split. The Proposed Share Split is expected to be undertaken after the completion of the Proposed AMFB Privatisation.

On 25 March 2004 the Securities Commission (SC) has approved AHB's application for a waiver from complying with Paragraph 5 of Guidance Note 8A of the SC Guidelines subject to a condition whereby AHB will be required to implement the proposed share split within three (3) months upon the completion of the proposed privatisation of AMFB.

The Proposed Subdivided Shares to be issued shall, upon issue and allotment, rank *pari passu* in all respects amongst themselves.

The Proposed Share Split will result in a reduction in the existing market price of the AHB's shares thus making the AHB's shares more affordable for shareholders and investors. The Proposed Share Split will also improve the liquidity and marketability of the AHB's shares by virtue of the increase in the number of the AHB's shares.

The Proposed AMFB Privatisation, Newco Listing and Share Split are subject to the approvals of SC, Minister of Finance, Bank Negara Malaysia, High Court of Malaya, shareholders of the Company and AHB and other relevant authorities.

The Proposed AMFB Privatisation and the Proposed Listing of Newco Group are inter-conditional with each other. The Proposed Share Split is not conditional upon the Proposed AMFB Privatisation and the Proposed Listing of Newco Group.

Directors' Report *(Cont'd)*

Financial Results

The results of operations of the Group and the Company for the financial year are as follows:

	The Group RM'000	The Company RM'000
Profit before share in results of associated company and taxation	419,823	1,226
Share in results of associated company	209	-
Profit before taxation	420,032	1,226
Taxation	30,688	(2,892)
Profit before minority interests	450,720	(1,666)
Minority shareholders' interests in results of subsidiary companies	12	-
Net profit attributable to shareholders of the Company	450,732	(1,666)
Transfer to statutory reserve	(268,688)	-
Unappropriated profit at beginning of year, as restated	513,720	324,325
Dividends paid	695,764 (38,047)	322,659 (38,047)
Unappropriated profit at end of year	657,717	284,612

Business Plan And Strategy

The Group's corporate plan and strategy were formulated in line with its mission to be a premier financial services provider in retail banking, delivering innovative products and services to its customers. Last year, the Group focused on the merger of its business and operations with AmBank Berhad (AmBank), the AmBank Group's commercial banking arm. Particular emphasis was placed on the upgrading of the finance company branch network towards commercial banking readiness, in preparation for the proposed legal merger between AmFinance and AmBank. To this end, the Group had rolled out 40 commercial banking windows at its premises by financial year ended 31 March 2004 with another 28 targeted for roll-out by mid 2004.

The Group's Strategic Business Directions are:

- i. to establish the Group's as the premier financial services provider in Malaysian retail banking;
- ii. to develop a customer focused sales and service oriented culture, increase market share in core products and deepen customer relationships;
- iii. to optimise its retail delivery channels by:
 - a. remodelling and up scaling its current branches towards commercial banking readiness as well as rationalisation of the bank and finance branch network; and
 - b. expanding of alternate banking channels such as ATM/EBC network and developing mobile banking capabilities
- iv. to be effective in recoveries and assets management by instituting proactive management and recovery efforts;
- v. to enhance overall credit risk management capabilities by enhancing credit scoring models ;
- vi. to focus on reorganizing its retail delivery channels and developing new consumer financing products; and
- vii. to continue to invest in technology and resources to improve customer service and operational efficiency and cost controls to improve earning capacity.



Directors' Report *(Cont'd)*

Outlook For Next Financial Year

The global economic outlook for 2004 is increasingly positive, with a strong economic upturn witnessed in the second half of 2003. The Malaysian economy expanded by 5.2% in 2003, exceeding earlier projections, despite the dampening effect of the severe acute respiratory syndrome (SARS) and geopolitical concerns in the earlier half of the year.

Growth momentum is expected to pick up in 2004 as a result of the rebounding corporate investments, sustained consumption, improving external trade and accommodative fiscal and monetary policies by Bank Negara Malaysia (BNM). The positive outlook for year 2004 has led to the upward revision of GDP growth forecast of 5.5% to 6.0% by BNM. In addition to an already improving economy, the resounding endorsement of the ruling party in the election in March 2004 removed any further uncertainty in the Malaysia political climate.

The banking sector, which remained resilient and well capitalised in 2003, is seen to mirror the economy performance in year 2004. Loans growth rate is expected to match forecasted GDP growth rate, with continue strong consumer financing in the market. Although the retail financing will remain strong for 2004, stronger balance sheets and improving assets quality in the corporate sector pave the way for a more balanced corporate-retail exposure in banks moving forward.

The overall optimistic economic outlook is expected to provide a boost to consumer spending sentiment, which is further spurred by an expected increase in household income. This is in tandem with higher export earnings, the low interest rate environment, a stable job market and the positive wealth effect of higher equity prices. Due to these factors, the Group sees opportunities for growth in the areas of consumer credit such as line of credit and vehicle hire purchase financing. The Group will also continue to focus on mortgages-demand for residential property remains strong in view of the incentives granted under the government's economic package, which should remain in place until mid 2004. The Group will be intensifying efforts to cross-sell and cross-service its enlarged customer base, and will centre on increasing its market share in core products and deepening customer relationships to increase the Group's income.

Despite the intense competition and narrowing of interest spreads, the Group is confident that it is well positioned to benefit from the improved economic environment to further improve on its performance.

Items Of An Unusual Nature

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and the Company for the succeeding twelve months.

Dividends

During the financial year, the Company paid a first and final dividend of 10.0%, less 28.0% tax, in respect of the previous financial year totaling RM38,046,537, which amount has been dealt with in the directors' report for that financial year and paid on 14 October 2003 to shareholders whose names appear in the Register of Members and Record of Depositors on 29 September 2003.

In respect of the current financial year, the directors now recommend the payment of a first and final dividend of 10.0%, less 28.0% tax amounting to RM38,070,441 based on the issued and paid up share capital as at 31 March 2004, to be paid to shareholders in the Register of Members and Record of Depositors on a date to be determined by the Directors. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders funds as an appropriation of unappropriated profit in the next financial year ending 31 March 2005.

Directors' Report *(Cont'd)*

Reserves, Allowances And Provisions

The following material transfers to or (from) reserves, allowances and provisions were made during the financial year:

	Note to the Financial Statements	The Group RM'000	The Company RM'000
(a) Share Premium			
Arising from exercise of share options in the Company	25	824	824
(b) Statutory Reserve			
Transfer from income statements	25	268,688	-
(c) Allowances/Provisions/(Writeback of Allowances/Provisions)			
Net interest suspended	26	259,228	-
Net income suspended	48 (d)	18,537	-
Loan and financing loss and allowances:			
General allowance	28	16,551	-
Specific allowance – net	28	458,774	-
Allowance for value impairment on amount recoverable from Danaharta	28	62,795	-
General provision for contingencies		37,000	-
Transfer to profit equalisation reserve		46,976	-
Writeback of allowance for sundry receivables		(148)	-
(Writeback of allowance)/Allowance for diminution in value of investments – net		(17,333)	2,701

Bad And Doubtful Debts And Financing

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and financing and the making of allowances for doubtful debts and financing, and have satisfied themselves that all known bad debts and financing had been written off and adequate allowances had been made for doubtful debts and financing.

At the date of this report, the directors of the Company are not aware of any circumstances which would render the amount written off for bad debts and financing, or the amount of the allowance for doubtful debts and financing, in the financial statements of the Group and the Company inadequate to any substantial extent.

Current Assets

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain that any current assets, other than debts and financing, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and the Company have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

Valuation Methods

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group's and the Company's financial statements misleading or inappropriate.



Directors' Report *(Cont'd)*

Contingent And Other Liabilities

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability in respect of the Group and the Company that has arisen since the end of the financial year, other than those incurred in the normal course of business.

No contingent or other liability of the Group and the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and the Company to meet their obligations as and when they fall due.

Change Of Circumstances

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and the Company, that would render any amount stated in the financial statements misleading.

Issue Of Shares And Debentures

During the financial year, the issued and fully paid-up share capital of the Company was increased from 528,424,120 ordinary shares of RM1.00 each to 528,756,120 ordinary shares of RM1.00 each by the issue of 332,000 new ordinary shares of RM1.00 each at prices ranging from RM3.42 to RM5.37 per share by virtue of the exercise of share options granted pursuant to the Company's Employees' Share Option Scheme. The resulting share premium amounting to RM823,650 has been credited to share premium account.

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

Share Options

The movements in the Company's unissued number of shares under options granted pursuant to the Company's Employees' Share Option Scheme (AMFB ESOS) during the financial year are as follows:

	No. of shares of RM1.00 each				Balance at 31.3.2004
	Balance at 1.4.2003	Granted	Exercised	Forfeited	
Number of unissued shares under options	716,000	-	332,000	39,000	345,000

The option prices of the Company's unissued number of shares under options are as follows:

Option price(RM)	Balance at 31.3.2004
3.40 – 4.40	300,000
4.41 – 5.40	40,000
5.41 – 6.40	5,000
	345,000

Directors' Report *(Cont'd)*

The salient features of the AMFB ESOS are as follows:

- (a) Eligible persons who are confirmed employees including full-time executive directors of the Company who have been employed for a period of not less than three years.
- (b) Total number of shares to be offered shall not exceed 10.0% of the issued and paid-up capital of the Company at any time, which shall include options exercised under the previous employees' share option scheme of the Company.
- (c) Subject to paragraph (d) below, no option shall be granted for less than 1,000 shares or more than 500,000 shares.
- (d) In the event of any alteration in the capital structure of the Company except for certain exemptions, adjustments will be made to the subscription price and/or the number of shares in respect of options granted but not exercised, such that the option holder will be entitled to the same proportion of the issued and paid-up share capital of RM1.00 each in the Company as before the said alteration.
- (e) The option price for an ordinary share shall be the last market transaction price at the time the option is granted or the average of the mean market quotation of the shares of the Company as shown in the Daily Official List issued by the Bursa Malaysia for the five market days immediately preceding the offer date, or the par value of RM1.00 in shares of the Company, whichever is higher.
- (f) The maximum duration of the AMFB ESOS is for a period of five years and subject to the approval from relevant authorities, is renewable for an additional five years.

Directors

The directors who serve on the board since the date of the last report are:

Tan Sri Dato' Azman Hashim
Dato' Azlan Hashim
Tun Mohammed Hanif Omar (Independent Director)
Cheah Tek Kuang
Mohamed Azmi Mahmood
Sharkawi Alis (Appointed on 1 April 2004) (Independent Director)
Prof Tan Sri Dato' Dr Mohd Rashdan Haji Baba (Resigned on 19 December 2003)
Dato' Mohd Tahir Haji Abdul Rahim (Resigned on 19 December 2003)

In accordance with Article 89 of the Company's Articles of Association, Tan Sri Dato' Azman Hashim retires and, being eligible, offers himself for re-election.

In accordance with Article 97 of the Company's Articles of Association, Sharkawi Alis who was appointed to the Board since the last Annual General Meeting, retires and, being eligible, offers himself for re-election.



Directors' Report *(Cont'd)*

Directors' Interests

Under the Company's Articles of Association, the directors are not required to hold shares in the Company.

The interests in shares, and share options in the Company and in related companies, of those who were directors at the end of the financial year as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

Direct Interests

In the Company

Shares	No. of ordinary shares of RM1.00 each			
	Balance at 1.4.2003	Bought	Sold	Balance at 31.3.2004
Tan Sri Dato' Azman Hashim				
- held directly	211,505	-	-	211,505
- held through nominees	522,985	-	-	522,985
Dato' Azlan Hashim	95,952	-	-	95,952
Cheah Tek Kuang	38,000	-	-	38,000
Mohamed Azmi Mahmood	50,000	-	-	50,000

In the ultimate holding company, AMMB Holdings Berhad

Shares	No. of ordinary shares of RM1.00 each				
	Balance at 1.4.2003	Bought	Bonus & Rights Issues	Sold	Balance at 31.3.2004
Tan Sri Dato' Azman Hashim	1,188,422	-	594,211	1,782,633	-
Cheah Tek Kuang	217,200	140,000	178,600	50,000	485,800
Mohamed Azmi Mahmood	80,000	-	63,200	-	143,200

No. of Warrants

Warrants 2003/2008	Balance at 1.4.2003	Bought	Bonus & Rights Issues	Exercised/ Sold	Balance at 31.3.2004
Tan Sri Dato' Azman Hashim	149,000	-	96,793	-	245,793
Cheah Tek Kuang	28,000	-	18,189	-	46,189
Mohamed Azmi Mahmood	9,750	-	6,333	-	16,083

No. of ordinary shares of RM1.00 each

Share Options	Balance at 1.4.2003	Granted	Bonus & Rights Issues	Exercised	Balance at 31.3.2004
Cheah Tek Kuang	140,000	-	-	140,000	-
Mohamed Azmi Mahmood	200,000	-	129,924	-	329,924

The share options in the ultimate holding company, which had an option period of five years were granted pursuant to AMMB Holdings Berhad Employees' Share Option Scheme II (AHB Group ESOS) and the persons to whom the options are granted under the scheme have no right to participate in any staff share option scheme of any other company in the Group.

Directors' Report (Cont'd)

Deemed Interests

In the Company

Shares	Name of Company	No. of ordinary shares of RM1.00 each			
		Balance at 1.4.2003	Bought	Sold	Balance at 31.3.2004
Tan Sri Dato' Azman Hashim	AMDB Equipment Trading Sdn Bhd	241,047	-	-	241,047

In the ultimate holding company, AMMB Holdings Berhad

Shares	Name of Company	No. of ordinary shares of RM1.00 each				
		Balance at 1.4.2003	Bought	Bonus & Rights Issues	Sold	Balance at 31.3.2004
Tan Sri Dato' Azman Hashim	Arab-Malaysian Corporation Berhad	343,884,550	-	275,107,640	13,165,365	605,826,825
	AMDB Equipment Trading Sdn Bhd	110,000	-	88,000	-	198,000
	Azman Hashim Holdings Sdn Bhd	9,408,876	-	6,918,343	10,613,314	5,713,905
	Slan Sdn Bhd	398,316	-	199,158	597,474	-
	Ginagini Sdn Bhd	17,330,749	-	7,525,374	12,671,314	12,184,809
	Regal Genius Sdn Bhd	-	14,500,000	11,600,000	4,350,000	21,750,000

No. of Warrants

Warrants 1997/2007	Name of Company	Balance at 1.4.2003	Bought	Bonus & Rights Issues	Exercised/ Sold	Balance at 31.3.2004
Tan Sri Dato' Azman Hashim	Arab-Malaysian Corporation Berhad	16,231,498	-	-	16,231,498	-

No. of Warrants

Warrants 2003/2008	Name of Company	Balance at 1.4.2003	Bought	Bonus & Rights Issues	Exercised/ Sold	Balance at 31.3.2004
Tan Sri Dato' Azman Hashim	Arab-Malaysian Corporation Berhad	45,594,942	-	29,619,386	-	75,214,328
	AMDB Equipment Trading Sdn Bhd	13,750	-	8,932	-	22,682
	Azman Hashim Holdings Sdn Bhd	2,026,109	-	1,316,200	-	3,342,309
	Slan Sdn Bhd	49,789	-	32,343	-	82,132
	Ginagini Sdn Bhd	2,391,734	-	1,553,717	-	3,945,451
	Indigenenous Capital Sdn Bhd	-	170,000	110,435	-	280,435
	Regal Genius Sdn Bhd	-	1,812,500	1,179,436	-	2,991,936



Directors' Report *(Cont'd)*

Deemed Interests

In the related company,
AmAssurance Berhad

Shares	Name of Company	No. of ordinary shares of RM1.00 each			Balance at 31.3.2004
		Balance at 1.4.2003	Bought	Sold	
Dato' Azlan Hashim	ABH Holdings Sdn Bhd	34,062,000	-	-	34,062,000

By virtue of the directors' shareholding in the holding company, these directors are deemed to have an interest in the shares of the Company and its related companies.

Directors' Benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for the related party transactions as shown in Note 31 to the Financial Statements.

Save for the benefits under the Employees' Share Option Scheme, neither during nor at the end of the financial year, was the Company a party to any arrangements whose objects is to enable directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Ultimate Holding Company

The directors regard AMMB Holdings Berhad, a company incorporated in Malaysia and quoted on the Main Board of the Bursa Malaysia as both the holding company and the ultimate holding company.

Rating By External Agency

The Company was accorded a short term and long term of P1 and A2 by Rating Agency Malaysia Berhad. The Group's RM200.0 million Redeemable Unsecured Subordinated Bonds was accorded a long-term rating of A3 by Rating Agency Malaysia Berhad.

Auditors

The auditors, Messrs. Deloitte KassimChan, have indicated they would not be seeking re-appointment at the forthcoming Annual General Meeting of the Company.

Signed on behalf of the Board
in accordance with a resolution of the Directors,



TAN SRI DATO' AZMAN HASHIM



MOHAMED AZMI MAHMOOD

Kuala Lumpur
31 May 2004

Report of the Auditors to the Members

We have audited the accompanying balance sheets as of 31 March 2004 and the related statements of income, changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 with such modifications and exceptions as have been determined by Bank Negara Malaysia pursuant to Sub-section (19) of Section 169 of the Act in respect of the finance subsidiary company and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company as of 31 March 2004 and of the results and the cash flows of the Group and of the Company for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements, and we have received satisfactory information and explanations as required by us for these purposes.

Our auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Sub-section (3) of Section 174 of the Act.



DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants



ROSITA TAN
1874/9/04 (J)
Partner

Petaling Jaya
31 May 2004



Balance Sheets

As At 31 March 2004

	Note	The Group		The Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
ASSETS					
Cash and short-term funds	4	3,067,437	2,665,991	12,670	390
Securities purchased under resale agreements	5	-	355	-	355
Deposits with financial institutions	6	19,265	18,594	35	-
Dealing securities	7	307,000	188,623	50,941	115,748
Investment securities	8	1,918,590	2,310,621	-	-
Loans, advances and financing	9	25,990,364	25,101,937	-	-
Other assets	10	271,004	314,610	18	11,056
Goodwill on consolidation	11	96,896	102,354	-	-
Deferred tax assets	34	701,236	646,116	-	-
Statutory deposits with Bank Negara Malaysia	12	923,736	900,746	-	-
Investment in subsidiary companies	13	-	-	1,638,354	1,805,223
Investment in associated company	14	306	172	-	-
Property and equipment	15	424,599	439,349	-	-
TOTAL ASSETS		33,720,433	32,689,468	1,702,018	1,932,772
LIABILITIES AND SHAREHOLDERS' FUNDS					
Deposits from customers	16	20,411,792	19,609,195	-	-
Deposits of banks and other financial institutions	17	5,063,411	5,109,140	-	-
Securities sold under repurchase agreements	18	274,991	305,470	-	-
Amount due to Cagamas Berhad	19	3,675,607	4,018,930	-	-
Other liabilities	20	867,346	833,276	920	193,117
Subordinated term loan	21	680,000	680,000	-	-
Redeemable unsecured subordinated bonds	22	200,000	-	-	-
Total Liabilities		31,173,147	30,556,011	920	193,117
Minority interests	23	103	115	-	-
Share capital	24	528,756	528,424	528,756	528,424
Reserves	25	2,018,427	1,604,918	1,172,342	1,211,231
Shareholders' Funds		2,547,183	2,133,342	1,701,098	1,739,655
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		33,720,433	32,689,468	1,702,018	1,932,772
COMMITMENTS AND CONTINGENCIES	37	4,361,007	4,411,202	-	-
NET TANGIBLE ASSETS PER SHARE (RM)	40	4.63	3.84	3.22	3.29

The accompanying Notes form an integral part of the Financial Statements.

Income Statements

For The Year Ended 31 March 2004

	Note	The Group		The Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Interest income	26	2,036,029	2,169,674	12,883	303,479
Interest expense	27	(953,491)	(1,031,762)	(7,859)	(143,379)
Net interest income		1,082,538	1,137,912	5,024	160,100
Income from Islamic Banking Business	48 (t)	264,655	89,776	-	15,373
Loan and financing loss and allowances	28	1,347,193 (369,036)	1,227,688 (496,561)	5,024 -	175,473 (46,443)
Non-interest income/(expense)	29	978,157 40,112	731,127 39,210	5,024 (527)	129,030 7,060
Writeback of allowance/(Allowance) for diminution in value of investments - net		17,333	34,588	(2,701)	-
Transfer to profit equalisation reserve		(46,976)	(5,024)	-	(1,369)
Writeback of sundry receivables (General provision)/Writeback of provision for contingencies		148 (37,000)	- 16,000	- -	- -
Staff costs and overheads	30	951,774 (531,951)	815,901 (504,760)	1,796 (570)	134,721 (74,868)
Profit before share in results of associated company and taxation		419,823	311,141	1,226	59,853
Share in results of associated company		209	92	-	-
Profit before taxation		420,032	311,233	1,226	59,853
Taxation	33	30,688	22,957	(2,892)	(5,720)
Profit/(Loss) before minority interests		450,720	334,190	(1,666)	54,133
Minority shareholders' interests in results of subsidiary companies		12	5	-	-
Net profit/(loss) attributable to shareholders of the Company		450,732	334,195	(1,666)	54,133
Earnings/(Loss) per Share (sen):	36				
- Basic		85.3	62.8	(0.3)	9.3
- Fully Diluted		85.2	62.8	(0.3)	9.3
First and Final Dividend per Ordinary Share (sen)	35				
- Gross		10.0	10.0	10.0	10.0
- Net		7.2	7.2	7.2	7.2

The accompanying Notes form an integral part of the Financial Statements.



Statements of Changes in Equity

For The Year Ended 31 March 2004

The Group	Note	Non-distributable			Distributable		Total RM'000
		Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	General reserve RM'000	Unappro- priated profit RM'000	
Balance as at 1 April 2002							
As previously stated		472,781	179,601	309,869	2,500	274,244	1,238,995
Prior year's adjustments	47	-	-	-	-	132,430	132,430
As restated		472,781	179,601	309,869	2,500	406,674	1,371,425
Transfer from general reserve to unappropriated profit		-	-	-	(2,500)	2,500	-
Arising from share options exercised	85	206	206	-	-	-	291
Arising from the conversion of ICULS 1997/2002		55,558	411,132	-	-	-	466,690
Transfer from income statements to statutory reserve		-	-	190,390	-	(190,390)	-
Profit for the year		-	-	-	-	334,195	334,195
Interest on ICULS		-	-	-	-	(5,219)	(5,219)
Dividends paid		-	-	-	-	(34,040)	(34,040)
Balance as at 31 March 2003		528,424	590,939	500,259	-	513,720	2,133,342
Balance as at 1 April 2003							
As previously stated		528,424	590,939	500,259	-	404,883	2,024,505
Prior year's adjustments	47	-	-	-	-	108,837	108,837
As restated		528,424	590,939	500,259	-	513,720	2,133,342
Arising from share options exercised	332	824	824	-	-	-	1,156
Transfer from income statements to statutory reserve		-	-	268,688	-	(268,688)	-
Profit for the year		-	-	-	-	450,732	450,732
Dividends paid		-	-	-	-	(38,047)	(38,047)
Balance as at 31 March 2004		528,756	591,763	768,947	-	657,717	2,547,183

The accompanying Notes form an integral part of the Financial Statements.

Statements of Changes in Equity *(Cont'd)*

For The Year Ended 31 March 2004

The Company	Note	Non-distributable			Distributable		Total RM'000
		Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	General reserve RM'000	Unappro- priated profit RM'000	
Balance as at 1 April 2002							
As previously stated		472,781	179,601	295,967	2,500	272,911	1,223,760
Prior year's adjustments	47	-	-	-	-	34,040	34,040
As restated		472,781	179,601	295,967	2,500	306,951	1,257,800
Transfer from general reserve to unappropriated profit		-	-	-	(2,500)	2,500	-
Arising from share options exercised		85	206	-	-	-	291
Arising from the conversion of ICULS 1997/2002		55,558	411,132	-	-	-	466,690
Profit for the year		-	-	-	-	54,133	54,133
Interest on ICULS		-	-	-	-	(5,219)	(5,219)
Dividends paid		-	-	-	-	(34,040)	(34,040)
Balance as at 31 March 2003		528,424	590,939	295,967	-	324,325	1,739,655
Balance as at 1 April 2003		528,424	590,939	295,967	-	324,325	1,739,655
Arising from share options exercised		332	824	-	-	-	1,156
Profit for the year		-	-	-	-	(1,666)	(1,666)
Dividends paid		-	-	-	-	(38,047)	(38,047)
Balance as at 31 March 2004		528,756	591,763	295,967	-	284,612	1,701,098

The accompanying Notes form an integral part of the Financial Statements.



Cash Flow Statements

For The Year Ended 31 March 2004

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	420,032	311,233	1,226	59,853
Adjustments for:				
Loan and financing loss and allowances	369,036	496,561	-	46,443
Interest-in-suspense, net of recoveries	259,228	404,047	-	43,688
Depreciation of property and equipment	54,317	84,896	-	3,154
Transfer to profit equalisation reserve	46,976	5,024	-	1,369
Provision/(Writeback of general provision) for contingencies	37,000	(16,000)	-	-
Income-in-suspense, net of recoveries	18,537	38,968	-	1,617
Amortisation of goodwill on consolidation	5,458	5,460	-	-
Loss/(Gain) on sale of quoted investments – net	5,111	9,636	787	(27)
Allowance for diminution in value of foreclosed property	4,464	-	-	-
Loss/(Gain) on sale of investment securities – net	3,949	(8,615)	-	(2,547)
Property and equipment written off	145	474	-	-
Amortisation of premium less accretion of discount - net	(21,607)	6,612	-	1,581
(Writeback of allowance)/Allowance for diminution in value of quoted securities	(17,333)	(34,588)	2,701	-
Gross dividend income	(10,169)	(4,409)	-	(338)
Gain on disposal of property and equipment	(1,134)	(5)	-	-
Share in results of associated company	(209)	(92)	-	-
Writeback of allowance for sundry receivables	(148)	-	-	-
Gain on disposal of leased assets	(8)	(14)	-	(1)
Gain on disposal of development property	-	(50)	-	-
Gain on disposal of dealing securities	-	(79)	-	(79)
Operating Profit Before Working Capital Changes	1,173,645	1,299,059	4,714	154,713
(Increase)/Decrease In Operating Assets:				
Deposits with financial institutions	(671)	492,626	(35)	1,600
Securities purchased under resale agreements	355	(355)	355	(355)
Dealing securities	(192,039)	(115,669)	61,319	(115,669)
Loans, advances and financing	(1,535,228)	(3,132,483)	-	(849,890)
Other assets	48,598	9,558	11,038	(11,037)
Statutory deposits with Bank Negara Malaysia	(22,990)	(11,021)	-	(7,269)
Increase/(Decrease) In Operating Liabilities:				
Deposits from customers	802,597	17,368	-	(22,086)
Deposits of banks and other financial institutions	(45,729)	594,656	-	(76,152)
Securities sold under repurchase agreements	(30,479)	305,470	-	-
Amount due to Cagamas Berhad	(343,323)	515,634	-	598,934
Other liabilities	222,400	85,553	(3,568)	(92,945)
Cash Generated From/(Used In) Operations	77,136	60,396	73,823	(420,156)
Taxation paid	(24,747)	(35,024)	(2,737)	(15,342)
Net Cash Generated From/(Used In) Operating Activities	52,389	25,372	71,086	(435,498)

Cash Flow Statements *(Cont'd)*

For The Year Ended 31 March 2004

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of investment securities	495,573	618,404	-	65,135
Proceeds from redeemable unsecured subordinated bonds	200,000	-	-	-
Net dividend received	7,322	3,174	-	243
Proceeds from disposal of property and equipment	1,243	12	-	-
Proceeds from disposal of leased assets	8	14	-	1
Proceeds from repayment of subordinated loan notes	-	-	250,000	-
Purchase of property and equipment	(46,283)	(36,215)	-	(22,004)
Net cash outflow from the vesting of assets and liabilities to AmFinance (Note 1)	-	-	-	(1,066,907)
Net Cash From/(Used In) Investing Activities	657,863	585,389	250,000	(1,023,532)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares	1,156	310	1,156	310
Dividends paid	(38,047)	(34,040)	(38,047)	(34,040)
Amount paid to Danamodal	(271,915)	-	(271,915)	-
Interest paid	-	(5,219)	-	(5,219)
Net Cash Used In Financing Activities	(308,806)	(38,949)	(308,806)	(38,949)
Net Increase/(Decrease) In Cash And Cash Equivalents	401,446	571,812	12,280	(1,497,979)
Cash And Cash Equivalents At Beginning Of Year	2,665,991	2,094,179	390	1,498,369
Cash And Cash Equivalents At End Of Year	3,067,437	2,665,991	12,670	390



Cash Flow Statements *(Cont'd)*

For The Year Ended 31 March 2004

Note 1: Transfer of assets and liabilities to finance subsidiary company, AmFinance Berhad (AmFinance)

The summary of the effect of the transfer of assets and liabilities to AmFinance from the Company on 15 June 2002, on the cash flows of the Company for the financial year ended 31 March 2003 are as follows:

	RM'000
Net assets transferred over:	
Cash and short-term funds	1,066,907
Deposits with financial institutions	100,900
Investment securities	1,394,432
Amortisation of premium on investment securities	(4,354)
Allowance for diminution in value of investment securities	(78,433)
Loans, advances and financing	17,570,845
General allowance for bad and doubtful debts and financing	(256,572)
Specific allowance for bad and doubtful debts and financing	(490,249)
Interest-in-suspense	(636,832)
Other assets	263,081
Investment in associated company	100
Statutory deposits with Bank Negara Malaysia	549,557
Property and equipment – Cost	176,841
Property and equipment – Accumulated depreciation	(95,025)
Deposits from customers	(10,212,581)
Deposits of banks and other financial institutions	(3,463,312)
Amount due to Cagamas Berhad	(4,102,230)
Subordinated term loans	(180,000)
Other liabilities	(444,720)
Net assets transferred over	1,158,355
Less: Purchase price paid:	
Issue of shares	(908,355)
Issue of subordinated loan notes	(250,000)
	-
Less: Cash and short term funds	(1,066,907)
Net cash outflow	(1,066,907)

Note 2: Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and short-term funds as shown in Note 4.

The accompanying Notes form an integral part of the Financial Statements.

Notes to the Financial Statements

1. Principal Activities

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiary companies and associated company are disclosed in Notes 13 and 14 respectively.

There have been no significant changes in the nature of the activities of the Group and the Company during the financial year.

2. Basis Of Preparation Of The Financial Statements

The financial statements of the Group and the Company have been approved by the Board of Directors for issuance on 31 May 2004.

The financial statements of the Group and the Company have been prepared in accordance with the provisions of the Companies Act, 1965, the Banking and Financial Institutions Act, 1989 and the applicable approved accounting standards of the Malaysian Accounting Standards Board (MASB). The financial statements incorporate those activities relating to the Islamic Banking Business undertaken by the Group.

The Islamic Banking Business refers generally to the acceptance of deposits and granting of financing under the Syariah principles. The Islamic Banking Business transactions are accounted for on the accrual basis in compliance with the revised Garis Panduan 8, Guidelines on Presentation of Financial Statements for Financial Institutions, issued by Bank Negara Malaysia. The state of affairs as at 31 March 2004 and the results for the year ended on that date of the Islamic Banking Business of the Group and of the Company are shown in Note 48.

3. Significant Accounting Policies

The following accounting policies adopted by the Group and the Company are consistent with those adopted in the previous years except for the adoption of the following:

- (a) New Malaysian Accounting Standards Board (MASB) Standards which become operative in the current financial year.
 - (i) MASB 25, Income Taxes which is applied retrospectively. Comparative figures have been restated to reflect the effect of the change in accounting policy.
 - (ii) MASB 27, Borrowing Costs. The adoption does not have any impact on the financial statement as the previous accounting policies was in line with this standard.
 - (iii) MASB 28, Discontinuing Operations. The adoption does not have any impact on the financial statement.
 - (iv) MASB 29, Employee Benefits which is applied prospectively. The adoption does not have any material impact on the financial statements as the previous accounting policy was in line with this standard.
 - (v) MASB i-1, Presentation of financial statements of Islamic Financial Institutions. The adoption resulted in extended disclosures for the Group's Islamic Banking Business.
- (b) Bank Negara Malaysia's Circular dated 4 July 2003 and Revised Circular 8 August 2003 on the accounting treatment of handling fees paid to motor vehicle dealers for hire purchase loans (BNM Circular on Handling Fees) which has been adopted prospectively.

MASB 30, Accounting and Reporting by Retirement Benefit Plans is not adopted as they are not applicable to the Group and the Company.



Notes to the Financial Statements *(Cont'd)*

The effect of adopting MASB Standard 25, Income Tax, on the measurement and recognition of deferred tax assets and/or liabilities which has been applied retrospectively, of which the effects on the opening balances of the Group's and the Company's unappropriated profits are summarised as prior year's adjustments in the Statement of Changes in Equity and further information is disclosed in the Note 47.

Basis Of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention.

Basis Of Consolidation

The Group's financial statements include the financial statements of the Company and all its subsidiary companies listed under Note 13 made up to the end of the financial year.

The Company adopts the acquisition method in preparing the consolidated financial statements. Under the acquisition method, the results of the subsidiary companies acquired or disposed of during the financial year are included in the Group financial statements from the effective date of acquisition or to the effective date of disposal, as applicable. The excess of the cost of investments in the subsidiary companies over the attributable share in the fair value of the net assets of the subsidiary companies at the date of the acquisition is taken up as goodwill on consolidation. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

All significant intercompany transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intercompany transactions are also eliminated unless cannot be recovered.

Repurchase Agreements

Securities purchased under resale agreements are securities which the Group had purchased with commitments to resell at future dates. The commitments to resell the securities are reflected as assets in the balance sheet.

Conversely, obligations on securities sold under repurchase agreements are securities which the Group had sold from its portfolio, with commitments to repurchase at future dates for funding purposes. The carrying values of the securities underlying these repurchase agreements remain in the respective asset accounts while the obligations to repurchase such securities at agreed prices on a specified future dates are accounted for as a liability in the balance sheet.

Dealing Securities

Dealing securities are marketable securities that are acquired and held with the intention of resale in the short term, and are stated at the lower of cost and market value on a portfolio basis.

Transfers, if any, from dealing to investment securities are made at the lower of cost and market value.

Investment Securities

Investment securities are securities that are acquired and held for yield or capital growth or to meet minimum liquid assets requirement pursuant to Section 38 of the Banking and Financial Institutions Act, 1989 and are usually held to maturity.

Malaysian Government Securities, Malaysian Government Investment Certificates, Cagamas bonds and other government securities and bank guaranteed private debt securities are stated at cost adjusted for amortisation of premium or accretion of discount. Other private debt securities are valued at lower of cost and market value.

Other investment securities are stated at cost and allowance is made in the event of any permanent diminution in value.

Transfers, if any, from investment securities to dealing securities are made at the lower of carrying value and market value.

Notes to the Financial Statements *(Cont'd)*

Allowance For Doubtful Debts And Financing

Based on management's evaluation of the portfolio of loans, advances and financing, specific allowances for doubtful debts and financing are made when the collectibility of receivables becomes uncertain. In evaluating collectibility, management considers several factors such as the borrower's financial position, cash flow projections, management, quality of collateral or guarantee supporting the receivables as well as prevailing and anticipated economic conditions.

A general allowance based on set percentages of the net increase in receivables is also made. These percentages are reviewed annually in the light of past experiences and prevailing circumstances and an adjustment is made to the overall general allowance, if necessary.

An uncollectible loan and financing or portion of a loan and financing classified as bad is written off after taking into consideration the realisable value of collateral, if any, when in the judgement of the management, there is no prospect of recovery.

The allowance for non-performing loans and financing is in conformity with the minimum requirements of Bank Negara Malaysia's Guideline On Classification of Non-Performing Loans and Allowance for Bad and Doubtful Debts.

Trade And Other Receivables

Trade and other receivables are stated at book value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Foreclosed Properties

Foreclosed properties are those acquired in full or partial satisfaction of debts, are stated at cost less allowance for diminution in value, if any, of such properties.

Amount Recoverable From Pengurusan Danaharta Nasional Berhad (Danaharta)

This relates to the loans sold to Danaharta where the total consideration is received in two portions; upon the sale of the loans (initial consideration) and upon the recovery of the loans (final consideration). The final consideration amount represents the Group's and the Company's predetermined share of the surplus over the initial consideration upon recovery of the loans.

The difference between the carrying value of the loans and the initial consideration is recognised as 'Amounts recoverable from Danaharta' within the 'Other Assets' component of the balance sheet. Allowances against these amounts are made to reflect the Directors' assessment of the realisable value of the final consideration as at the balance sheet date.

Goodwill On Consolidation

Goodwill on consolidation represents the excess of the purchase consideration over the share of the fair values of the identifiable net assets of a subsidiary company at the date of acquisition.

Goodwill on consolidation is recognised as an asset and amortised evenly over a period of twenty five years.

When an indication of impairment exists, the carrying amount of goodwill is assessed and written down immediately to its recoverable amount

Investment In Subsidiary Companies

Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Investment in subsidiary companies, which is eliminated on consolidation, are stated in the Company's financial statements at cost, and is written down when the directors consider that there is an impairment loss that is other than temporary on the value of such investments. The impairment loss is charged to the income statement.



Notes to the Financial Statements *(Cont'd)*

Investment In Associated Companies

An associated company is a company in which the Company has a long-term equity interest of between 20% to 50% and where the Company can exercise significant influence in its management.

Investments in associated companies are stated at cost and are written down when the directors consider there is an impairment loss that is other than temporary on the value of such investments in the Company's financial statements. The impairment loss is charged to the income statement. In the consolidated financial statements, the results of associated companies are accounted for under the equity method whereby the Group's share of post-acquisition profits less losses of associated companies is included in the consolidated income statement and the Group's interest in associated companies is stated at cost plus adjustments to reflect changes in the Group's share of the net assets of the associated companies in the consolidated balance sheet.

Property And Equipment And Depreciation

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

Gain or loss arising from disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements.

The carrying amounts of property and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an item of property and equipment exceeds its recoverable amount.

Freehold land and capital work in progress are not depreciated. Short term leasehold land is amortised over the term of leases of between 5 to 49 years. Long term leasehold land is amortised over the term of leases of between 50 to 800 years. Depreciation of other property and equipment is calculated using the straight-line method at rates based on the estimated useful lives of the various assets.

The annual depreciation rates for the various classes of property and equipment are as follows:

Buildings	2% or over the short term lease of between 5 to 49 years
Leasehold improvements	20%
Office equipment	10% - 20%
Furniture and fittings	25%
Computer equipment and software	20% - 33 $\frac{1}{3}$ %
Motor vehicles	20%

Assets Purchased Under Lease

Assets purchased under lease which in substance transfer the risks and benefits of ownership of the assets to the lessee are capitalised under property and equipment. The assets and the corresponding lease obligations are recorded at the lower of the present value of the minimum lease payments or the fair value of the leased assets at the beginning of the lease terms.

Leases which do not meet such criteria are classified as operating leases and the related rentals are charged to the income statement as incurred.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period which termination takes place.

As at 31 March 2004, the Group and the Company do not have any assets purchased under lease.

Notes to the Financial Statements *(Cont'd)*

Impairment Of Assets

The carrying values of assets are reviewed for impairment when there is an indication that the asset might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of net realisable value and value in use, which is measured by reference to their discounted future cash flows, if applicable. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash generating unit.

An impairment loss is charged to the income statements immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statements immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statements, a reversal of that impairment loss is recognised as income in the income statements.

Profit Equalisation Reserve (PER)

PER refers to the amount appropriated out of the total gross income in order to maintain a certain level of return for depositors. PER is deducted from the total gross income (in deriving the net gross income) as approved and endorsed by the National Advisory Council for Islamic banking and takaful of Bank Negara Malaysia.

Provisions

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of a past event and a reliable estimate can be made of the amount.

Provision For Contingencies

Based on management's evaluation of the guarantees given on behalf of customers, specific provisions for contingencies are made when the event of call or potential liability arise and there is a shortfall in the security value supporting the guarantees.

Employee Benefits

(i) Short-Term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plan

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund (EPF). Overseas subsidiary companies make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement as incurred. Once the contribution have been paid, the Group has no further payment obligations.

(iii) Equity compensation Benefits

(a) The Company's employees' share option scheme allows the Group's eligible directors and employees to acquire shares of the Company. When the granted options are exercised, equity is increased by the amount of the proceeds received.



Notes to the Financial Statements *(Cont'd)*

- (b) The employees' share option scheme allows the Group's eligible directors and employees, except for executive directors who represent the Government or Government institutions/agencies and Government employees who are serving in the public service schemes defined under Article 132 of the Federal Constitution to acquire shares of AMMB Holdings Berhad (AHB). When the granted options are exercised, AHB's equity is increased by the amount of the proceeds recovered.

Interest Rate Swap Contracts

The Group uses the interest rate swaps as a hedging instrument.

Interest income or interest expense associated with interest rate swaps is recognised over the life of the swap agreement as a component of interest income or interest expense.

Interest And Financing Income And Expense Recognition

Interest and financing income is generally accrued on the straight-line basis based on balances outstanding for all interest bearing assets. Interest and financing income includes the amortisation of premium or accretion of discount. Interest and financing income on dealing and investment securities are recognised on an effective yield basis. Interest and financing income on hire-purchase, block discounting and leasing transactions is recognised on the 'sum-of-digits' method. Interest and financing income on housing and term loans and financing is recognised on a monthly rest basis.

Where an account is classified as non-performing, recognition of interest and financing income is suspended with retroactive adjustments made to the date of first default. Thereafter, interest on these accounts are recognised on a cash basis until such time as the accounts are no longer classified as non-performing.

Customers' accounts are classified as non-performing where repayments are in arrears for more than six months, except for credit card accounts, which are classified as non-performing where repayments are in arrears for more than three months. The classification of non-performing loans and financing and the policy on suspension of interest is in conformity with Bank Negara Malaysia's Guideline On Classification of Non-Performing Loans and Provision for Bad and Doubtful Debts.

Interest expense and attributable income (pertaining to activities relating to Islamic Banking Business) on deposits and borrowings of the Group are accrued on a straight-line basis while block discounting, hire purchase and leasing finance charges are accrued using the 'sum-of-digits' method.

Handling fees paid to motor vehicle dealers for hire purchase loans and financing approved and disbursed after 1 January 2004 are expensed off to income statement in the period in which the handling fees are incurred in accordance with Bank Negara Malaysia's Circular dated 4 July 2003 and 8 August 2003. However, handling fees paid to motor vehicle dealers for hire purchase loans and financing approved and disbursed before 1 January 2004 have been capitalised and amortised to the income statement over the hire purchase loans tenure using the 'sum-of-digit' method. This change in accounting policy has been accounted for prospectively and has resulted an increase in handling fees charged to the income statement for the financial year by RM18.2 million.

Fees And Other Income Recognition

Loan arrangement fees and commissions are recognised as income when all conditions precedent are fulfilled.

Guarantee fees are recognised as income upon issuance and where the guarantee period is longer than one year, over the duration of the guarantee period.

Other fees on a variety of services and facilities extended to customers are recognised on inception of such transactions.

Profits and losses on disposal of investments are taken to the income statements.

Equipment and property rental are recognised on an accrual basis.

Dividends from dealing and investment securities are recognised when received. Dividends from subsidiary and associated companies are recognised when the right to receive payment is established.

Notes to the Financial Statements *(Cont'd)*

Income Taxes

Tax on profit or loss for the financial year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes based on the taxable profits.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and unutilised tax losses to the extent it is probable that taxable profit will be available against which the deductible temporary differences and unutilised tax losses can be utilised. Temporary differences are not recognised for goodwill which are not deductible for tax purposes and the initial recognition of assets and liabilities that at the time of transaction, affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

Prior to the adoption of MASB 25, Income Taxes, the tax effects of transactions are generally recognised, using the 'liability' method, in the year such transactions enter into the determination of net income, regardless of when they are recognised for tax purposes. However, where temporary differences result in deferred tax debits, the tax effects are generally recognised only when the realisation is reasonably assured. The changes in accounting policies have been accounted for retrospectively and the effects of the changes are disclosed in Note 47.

Operating Revenue

Operating revenue of the Group and the Company comprise net interest and financing income after interest and income suspended or recovered but before amortisation of premiums less accretion of discounts, fee income, net trading income from money market securities, net gain/(loss) on sale of quoted investments, gross dividend income from quoted investments, income from Islamic banking operations before income attributable to depositors and net allowance or writeback for diminution in value of investments.

Cash Flow Statement

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

Cash And Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and short-term funds.



Notes to the Financial Statements (Cont'd)

4. Cash And Short-Term Funds

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Cash and bank balances	122,120	97,970	653	69
Money at call and deposit placements maturing within one month				
Licensed banks:				
Related	739,517	1,266,721	12,017	321
Others	189,000	288,300	-	-
Other licensed finance companies	20,000	20,000	-	-
Bank Negara Malaysia	1,996,800	973,000	-	-
Other financial institutions	-	20,000	-	-
	3,067,437	2,665,991	12,670	390

Deposits of the Group amounting to RM198,000 (RM194,000 in 2003) are pledged to certain banks for banking facilities granted to the subsidiary companies.

Included in the above are interbank lending of RM2,933,300,000 (RM2,567,700,000 in 2003) for the Group.

As at 31 March 2004, the net interbank borrowing and lending position of the Group are as follows:

	The Group	
	2004 RM'000	2003 RM'000
Interbank lending		
Cash and short term funds	2,933,300	2,567,700
Deposits with financial institutions (Note 6)	19,132	18,500
	2,952,432	2,586,200
Interbank borrowing (Note 17)	(200)	(110,550)
Net interbank lending	2,952,232	2,475,650

5. Securities Purchased Under Resale Agreements

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Related licensed bank	-	355	-	355

Notes to the Financial Statements (Cont'd)

6. Deposits With Financial Institutions

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Licensed banks:				
Related	35	-	35	-
Others	98	94	-	-
Other financial institutions	19,132	18,500	-	-
	19,265	18,594	35	-

Included in the above are interbank lending of RM 19,132,000 (RM18,500,000 in 2003) for the Group.

7. Dealing Securities

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Securities Quoted In Malaysia:				
Shares	173,994	112,605	-	-
Trust Units	53,642	115,748	53,642	115,748
Warrants	331	156	-	-
Loan Stocks	275	294	-	-
	228,242	228,803	53,642	115,748
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia: Corporate bonds	98,290	-	-	-
Total	326,532	228,803	53,642	115,748
Allowance for diminution in value of investments in Malaysia	(19,532)	(40,180)	(2,701)	-
	307,000	188,623	50,941	115,748
Market value:				
Securities Quoted In Malaysia:				
Shares	157,090	71,883	-	-
Trust Units	50,941	117,669	50,941	117,669
Warrants	362	240	-	-
Loan Stocks	317	812	-	-
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia: Corporate bonds	98,325	-	-	-



Notes to the Financial Statements (Cont'd)

8. Investment Securities

	The Group	
	2004 RM'000	2003 RM'000
Money Market Securities:		
Malaysian Government Securities	1,700	126,709
Malaysian Government Investment Certificates	145,319	92,814
Treasury bills	311,799	589,940
BNM bills	44,467	143,007
Negotiable instruments of deposits	393,908	571,995
Islamic acceptance bills	2,979	-
Cagamas notes	-	38,897
Bankers acceptances	-	66,704
Danamodal bonds	-	69,733
Islamic Khazanah bonds	-	49,560
Negotiable Islamic debt certificate	-	19,977
	900,172	1,769,336
Quoted Shares In Malaysia	497	400
Debt Equity Conversion Quoted In Malaysia		
Shares	170,960	39,678
Shares - <i>with options</i>	41,520	41,520
Loan stocks - <i>collateralised</i>	355,499	346,027
Warrants	15	42
Corporate bonds	-	29,516
	567,994	456,783
Unquoted Securities In Malaysia:		
Shares	36,431	36,431
Corporate bonds	792	792
	37,223	37,223
Unquoted Debt Equity Conversion In Malaysia:		
Loan stocks	501,269	10,210
Shares	125,816	44,969
Corporate bonds - <i>secured</i>	121,518	103,013
	748,603	158,192
Total	2,254,489	2,421,934
Less:		
Allowance for diminution in value of investments	(350,598)	(122,285)
Accretion of discount less amortisation of premium	14,699	10,972
Net	1,918,590	2,310,621

Notes to the Financial Statements (Cont'd)

	The Group	
	2004 RM'000	2003 RM'000
Market value:		
Money Market Securities:		
Malaysian Government Securities	1,872	118,122
Malaysian Government Investment Certificates	152,801	96,288
Treasury bills	319,035	599,203
BNM bills	44,817	144,163
Negotiable instruments of deposits	393,908	591,349
Islamic acceptance bills	2,997	-
Cagamas notes	-	39,358
Bankers acceptances	-	66,864
Danamodal bonds	-	74,330
Islamic Khazanah bonds	-	51,306
Negotiable Islamic debt certificate	-	19,977
Quoted Shares In Malaysia	95	60
Debt Equity Conversion Quoted In Malaysia:		
Shares	79,196	14,240
Shares - <i>with options</i>	23,840	21,296
Loan stocks - <i>collateralised</i>	374,110	287,098
Warrants	488	440
Corporate bonds	-	4,779
The maturity structure of money market instruments held for investment is as follows:		
Maturing within one year	865,759	1,674,616
One year to two years	32,507	83,645
Two years to three years	586	9,169
Three years to five years	1,320	586
Over five years	-	1,320
	900,172	1,769,336

Certain money market securities held for investment have been sold under repurchase agreements for funding purposes and their carrying values remain in the respective asset accounts while obligations to repurchase such securities at an agreed price on a specified future date are accounted for as a liability as mentioned in Note 18.



Notes to the Financial Statements (Cont'd)

9. Loans, Advances And Financing

	The Group	
	2004 RM'000	2003 RM'000
Revolving credit facilities	884,522	1,069,562
Housing loans	4,839,185	4,357,611
Hire purchase	18,105,313	16,681,416
Lease receivables/Industrial hire purchase	1,322,722	1,681,565
Block discounting	51,048	64,625
Staff loans (of which to a Director: RM1,388,000; RM1,493,000 in 2003)	104,160	119,166
Credit/Charge Card receivables	1,181,073	1,222,914
Other loans	5,265,709	5,952,803
	31,753,732	31,149,662
Unearned interest and unearned income	(3,674,200)	(3,420,757)
Gross loans, advances and financing	28,079,532	27,728,905
Allowance for bad and doubtful debts and financing:		
- Specific	(736,007)	(1,047,778)
- General	(405,256)	(388,705)
Interest/Income-in-suspense	(947,905)	(1,190,485)
	25,990,364	25,101,937
(i) The maturity structure of loans, advances and financing is as follows:		
Maturing within one year	8,813,853	9,404,813
One year to three years	8,445,974	8,061,537
Three years to five years	5,222,211	4,844,000
Over five years	5,597,494	5,418,555
	28,079,532	27,728,905
(ii) Loans, advances and financing analysed by their economic purposes are as follows:		
Purchase of transport vehicles	14,391,180	13,214,714
Purchase of landed property		
Residential	5,073,287	4,639,237
Non-residential	1,450,323	1,662,696
Construction	1,776,356	2,446,872
Consumption credit	1,674,165	1,425,335
Manufacturing	742,257	830,075
General commerce	681,355	623,578
Purchase of securities	652,792	771,305
Transport, storage and communication	373,583	651,652
Real estate	319,434	412,212
Finance, insurance and business services	312,900	357,698
Community, social and personal services	299,479	310,055
Agriculture	273,401	262,047
Mining and quarrying	33,511	37,380
Electricity, gas and water	11,507	11,737
Others	14,002	72,312
Gross loans, advances and financing	28,079,532	27,728,905

Notes to the Financial Statements (Cont'd)

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

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Gross				
Balance at beginning of year	4,349,529	6,070,328	-	2,313,514
Non-performing during the year	1,599,089	1,544,277	-	189,893
Amount written off	(1,055,067)	(2,042,738)	-	(30,655)
Amount recovered	(490,210)	(420,278)	-	(40,215)
Reclassification to performing loan	(297,627)	(746,451)	-	(37,150)
Debt equity conversion	(53,770)	(55,609)	-	(8,897)
Amount vested over to AmFinance	-	-	-	(2,386,490)
Balance at end of year	4,051,944	4,349,529	-	-
Less:				
Specific allowance	(736,007)	(1,047,778)	-	-
Interest/Income-in-suspense	(947,905)	(1,190,485)	-	-
	(1,683,912)	(2,238,263)	-	-
Non-performing loans and financing (net)	2,368,032	2,111,266	-	-
Ratio of net non-performing loans to total net loans, advances and financing	8.97%	8.28%	-	-

- (iv) Movements in the allowance for bad and doubtful debts and financing and interest/income-in-suspense accounts are as follows:

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
General Allowance				
Balance at beginning of year	388,705	351,393	-	236,290
Allowance made during the year	16,551	37,312	-	20,282
Amount vested over to AmFinance	-	-	-	(256,572)
Balance at end of year	405,256	388,705	-	-
% of total loans less specific allowance and interest/income-in-suspense	1.53%	1.52%	-	-



Notes to the Financial Statements (Cont'd)

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Specific Allowance				
Balance at beginning of year	1,047,778	2,333,248	-	455,758
Allowance made during the year	696,900	639,776	-	61,351
Amount written back in respect of recoveries	(238,126)	(203,705)	-	(26,051)
	458,774	436,071	-	35,300
Amount written off/Adjustment to Asset Deficiency Account	(690,436)	(1,638,766)	-	-
Debt equity conversion	(49,387)	(25,809)	-	(809)
Danamodal contingent sum recoveries arising from acquisition of AmFinance	(30,722)	(56,966)	-	-
Amount vested over to AmFinance	-	-	-	(490,249)
Balance at end of year	736,007	1,047,778	-	-
Interest/Income-in-Suspense				
Balance at beginning of year	1,190,485	1,179,071	-	623,195
Allowance made during the year	487,270	593,906	-	59,470
Amount written back in respect of recoveries	(209,505)	(150,891)	-	(14,165)
	277,765	443,015	-	45,305
Amount written off/Adjustment to Asset Deficiency Account	(372,710)	(407,630)	-	(30,753)
Debt equity conversion	(135,778)	(6,466)	-	(915)
Danamodal contingent sum recoveries arising from acquisition of AmFinance	(11,857)	(17,505)	-	-
Amount vested over to AmFinance	-	-	-	(636,832)
Balance at end of year	947,905	1,190,485	-	-

10. Other Assets

		The Group		The Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Deferred assets	(i)	72,022	71,137	-	-
Other receivables, deposits and prepayments, net of allowance for doubtful debts for the Group of RM16,381,000 (RM12,746,000 in 2003)		190,190	167,616	18	11,056
Amount due from related companies	(ii)	6,185	1,753	-	-
Foreclosed properties net of allowance for diminution in value of RM10,464,048 (RM6,000,000 in 2003)		2,607	6,607	-	-
Amount recoverable from Danaharta	(iii)	-	67,497	-	-
		271,004	314,610	18	11,056

Notes to the Financial Statements (Cont'd)

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
(i) Deferred Assets				
Included in deferred assets are the following:				
Arising from takeover of				
Abrar Finance Berhad	10,837	9,952	-	-
Arising from takeover of				
Kewangan Usahasama				
Makmur Berhad	61,185	61,185	-	-
Balance at end of year	72,022	71,137	-	-

The Company participated in a scheme approved by the Minister of Finance and sanctioned by the High Court of Malaya, whereby certain assets and liabilities of Abrar Finance Berhad (AFB), a licensed finance company incorporated in Malaysia, were transferred with effect from 18 December 1998, to the Company with financial assistance from Bank Negara Malaysia (BNM).

The net asset deficiency representing the excess of liabilities over the assets transferred from AFB arising from the scheme, is shown as deferred assets, and is reduced progressively by net income derived from the utilisation of the deposit placed by BNM, as mentioned in Note 17, and net recoveries of defaulted loans of AFB computed based on a formula determined by BNM.

Subsequent to the vesting order of assets and liabilities from the Company to AmFinance, the deferred assets arising from the takeover of AFB were vested over to AmFinance.

In 1998, the Government of Malaysia granted to Kewangan Usahasama Makmur Berhad (KUMB) a future tax benefit amounting to RM434 million; subsequently adjusted to RM426.69 million upon finalisation of KUMB's tax credit in consideration of the deficit in assets taken over from the Deposit Taking Co-operative. The tax benefit is a fixed monetary sum and is not dependant on any changes in tax rates.

The net tax benefit is shown as a deferred asset and the utilisation of the deferred tax benefit is based on the receipt of notices of assessments and subsequent remission of the tax liabilities by the relevant authority net of the amount payable to the tax authorities for purposes of Section 108 tax credit.

(ii) Amount Due From Related Companies

Amount due from related companies is interest-free and represents expenses paid on behalf.

(iii) Amount Recoverable From Danaharta

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Balance at beginning of year	67,497	158,949	-	1,830
Allowance made during the year	(62,795)	(91,452)	-	(224)
Amount recovered during the year	(4,702)	-	-	-
Amount vested over to AmFinance	-	-	-	(1,606)
Balance at end of year	-	67,497	-	-



Notes to the Financial Statements (Cont'd)

11. Goodwill On Consolidation

The movements in goodwill on consolidation are as follows:

	The Group	
	2004 RM'000	2003 RM'000
COST		
At beginning/end of year	109,179	109,179
ACCUMULATED AMORTISATION		
At beginning of year	6,825	1,365
Amortisation for the year (Note 30)	5,458	5,460
At end of year	12,283	6,825
NET BOOK VALUE	96,896	102,354

12. Statutory Deposit With Bank Negara Malaysia

The statutory deposit is maintained with Bank Negara Malaysia in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958, the amounts of which are determined as a set percentage of total eligible liabilities.

13. Investment In Subsidiary Companies

	The Company	
	2004 RM'000	2003 RM'000
Unquoted shares, at cost	1,638,354	1,383,354
Subordinated loan notes	-	250,000
Amount payable to Danamodal on loan recoveries (Note 20)	-	171,869
	1,638,354	1,805,223

The subordinated loan notes are unsecured, subordinated to all other liabilities and issued to the Company on 14 August 2002 as settlement of part of the consideration due in respect of the vesting of the assets and liabilities of the Company to AmFinance. The loan notes are issued for a period of ten years to be repaid on 14 August 2012 and bear interest at 7.0% per annum, payable on a half yearly basis.

On 15 October 2003, the subordinated loan notes were fully redeemed by AmFinance.

Notes to the Financial Statements (Cont'd)

The subsidiary companies are all incorporated in Malaysia:

Name of Company	Principal Activity	Effective Equity Interest	
		2004 %	2003 %
Direct Subsidiary Company			
AmFinance Berhad	Finance company	100.0	100.0
Indirect Subsidiary Companies			
MBf Nominees (Tempatan) Sdn Bhd	Nominee company	100.0	100.0
MBf Information Services Sdn Bhd	Rental of computer equipment and the allowance of related support services	100.0	100.0
AmProperty Holdings Sdn Bhd	Property investment	100.0	100.0
MBf Equity Partners Sdn Bhd	Venture capital	100.0	100.0
MBf Trustees Berhad	Trustee services	60.0	60.0
Bougainvillea Development Sdn Bhd	Property holding	100.0	100.0
Natprop Sdn Bhd	Investment holding	100.0	100.0
Teras Oak Pembangunan Sdn Bhd	Dormant	100.0	100.0
Komuda Credit & Leasing Sdn Bhd	Dormant	100.0	100.0
MBf Property Trust Management Berhad	Dormant	100.0	100.0
Everflow Credit & Leasing Corporation Sdn Bhd	Dormant	100.0	100.0
Komewah Credit & Leasing Sdn Bhd	Dormant	100.0	100.0
Li & Ho Sdn Bhd	Dormant	100.0	100.0
Malco Properties Sdn Bhd	Dormant	51.0	51.0
Annling Sdn Bhd	Dormant	100.0	100.0
Horizon View Sdn Bhd	Dormant	-^	100.0
MBf Venture Partners Bhd	Dormant	-^	100.0
MBf Nominees (Asing) Sdn Bhd	Dormant	100.0	100.0
Lekir Development Sdn Bhd	Ceased operations	100.0	100.0
Crystal Land Sdn Bhd	Ceased operations	80.0	80.0

^ Subsidiary companies struck-off from the Registrar of the Companies Commission of Malaysia be dissolved pursuant to the powers conferred under Section 308 of the Companies Act, 1965.

During the financial year, the following events were recorded:

- (1) On 25 February 2004, AmFinance entered into a conditional sale and purchase agreement with MBf Corporation Berhad (MBf Corp) for the sale of AmFinance's entire 100% equity interest consisting of 1,000,000 ordinary shares of RM1.00 each in MBf Property Trust Management Berhad (MBfPT) for a cash consideration of RM1.00.

The purchase consideration was arrived at on a willing-buyer and willing-seller basis after taking into consideration the current financial position of MBfPT. The completion of the disposal is pending approval by the relevant authority.

- (2) Upon application to the Companies Commission of Malaysia (CCM), the following subsidiaries of AmFinance have been struck-off from the Register of the CCM and be dissolved pursuant to the powers conferred under Section 308 of the Companies Act, 1965:-

- (i) Horizon View Sdn Bhd (HVSb) – Company No: 227779-D
(ii) MBf Venture Partners Berhad (MBfVP) – Company No: 279706-A

Both HVSb and MBfVP have not commenced operations since incorporation on 28th October, 1991 and 26th October 1993, respectively.

The present paid-up capital of HVSb and MBfVP is RM2.00 divided into 2 ordinary shares of RM1.00 each, and RM1.00 divided into 2 ordinary shares of RM0.50 each, respectively.



Notes to the Financial Statements (Cont'd)

14. Investment In Associated Company

	The Group	
	2004 RM'000	2003 RM'000
Unquoted shares, at cost	100	100
Share of post-acquisition results, net of tax	206	72
	306	172

The associated company, which is incorporated in Malaysia, is:

Name of Company	Principal Activity	Effective Equity Interest	
		2004	2003
AmTrustee Berhad	Trustee Services	20%	20%

As at 31 March 2004, the carrying value of the investment in associated company is represented by:

	The Group	
	2004 RM'000	2003 RM'000
Group's share of aggregate net tangible assets	306	172

15. Property and Equipment

The Group	Freehold land and building RM'000	Leasehold land and building RM'000	Leasehold improvements RM'000	Office equipment, furniture and fittings RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Total RM'000
COST							
At beginning of year	312,613	36,890	105,647	74,640	343,561	8,215	881,566
Additions	-	-	10,479	7,395	27,860	549	46,283
Disposals	-	-	(145)	(499)	(541)	(2,850)	(4,035)
Write offs	-	-	31	(3)	(176)	-	(148)
Reclassification/Transfer	-	-	1,023	1,093	(8,578)	-	(6,462)
At end of year	312,613	36,890	117,035	82,626	362,126	5,914	917,204
ACCUMULATED DEPRECIATION							
At beginning of year	28,218	4,287	81,894	54,434	267,200	6,184	442,217
Current depreciation	5,126	787	9,449	6,633	31,519	803	54,317
Disposals	-	-	(104)	(457)	(536)	(2,829)	(3,926)
Write offs	-	-	-	(3)	-	-	(3)
Reclassification/Transfer	287	(287)	-	-	-	-	-
At end of year	33,631	4,787	91,239	60,607	298,183	4,158	492,605
NET BOOK VALUE							
As at 31 March 2004	278,982	32,103	25,796	22,019	63,943	1,756	424,599
As at 31 March 2003	284,395	32,603	23,753	20,206	76,361	2,031	439,349
Depreciation charge for the year ended 31 March 2003	5,294	775	8,566	6,107	63,304	850	84,896

Notes to the Financial Statements *(Cont'd)*

(a) Details of leasehold land and buildings are as follows:

The Group	Long term leasehold land and buildings RM'000	Short term leasehold land and buildings RM'000	Total RM'000
2004			
Cost	35,434	1,456	36,890
Accumulated Depreciation	(4,312)	(475)	(4,787)
Net book value	31,122	981	32,103
2003			
Cost	35,434	1,456	36,890
Accumulated Depreciation	(3,849)	(438)	(4,287)
Net book value	31,585	1,018	32,603

The long term leasehold properties for the Group are for lease periods of 66-999 and 85-855 years respectively and with unexpired lease periods of 54-875 years and 63-788 years respectively.

The short term leasehold properties for the Group are for lease periods of 20-99 years and 20 years respectively and with unexpired lease periods of 2-35 years and 2 years respectively.

(b) Details of fully depreciated property and equipment which are still in use are as follows:

The Group	Freehold land and building RM'000	Leasehold improvements RM'000	Office equipment, furniture and fittings RM'000	Computer hardware and software RM'000	Motor vehicle RM'000	Total RM'000
Cost As at 31 March 2004	123	54,711	36,394	201,300	2,179	294,707
As at 31 March 2003	123	20,390	22,585	162,826	4,030	209,954



Notes to the Financial Statements *(Cont'd)*

16. Deposits From Customers

	The Group	
	2004	2003
	RM'000	RM'000
Savings deposits	2,579,429	2,307,213
Fixed/Investment deposits	17,794,831	17,292,098
Negotiable certificates of deposits	37,532	9,884
	20,411,792	19,609,195
 (i) The maturity structure of deposits from customers is as follows:		
Due within six months	15,130,703	14,420,259
Six months to one year	4,258,784	3,887,049
One year to three years	666,963	851,159
Three years to five years	355,342	450,728
	20,411,792	19,609,195
 (ii) The deposits are sourced from the following types of customers:		
Business enterprises	3,160,118	3,375,567
Individuals	14,911,651	14,014,153
Others	2,340,023	2,219,475
	20,411,792	19,609,195

Notes to the Financial Statements (Cont'd)

17. Deposits Of Banks And Other Financial Institutions

	The Group	
	2004 RM'000	2003 RM'000
Licensed banks	1,060,804	918,782
Licensed finance companies	-	10,000
Other financial institutions	3,194,607	3,372,358
Bank Negara Malaysia (BNM)	808,000	808,000
	5,063,411	5,109,140

Included under deposits of banks and other financial institutions of the Group and of the Company are the following:

	The Group	
	2004 RM'000	2003 RM'000
Negotiable instruments of deposits	2,182,031	1,612,172
Interbank borrowing (Note 4)	200	110,550
	2,182,231	1,722,722

Deposits from BNM represent long-term deposits placed with the Group in connection with the transfer of certain assets and liabilities of Abrar Finance Berhad and Kewangan Usahasama Makmur Berhad to the Company and AmFinance respectively as mentioned in Note 10.

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Soft loan	180,000	180,000	-	180,000
Amount vested over to AmFinance	-	-	-	(180,000)
Amount arising from acquisition of AmFinance				
Soft deposit	135,000	135,000	-	-
Soft loan	333,000	333,000	-	-
Commercial loan	160,000	160,000	-	-
	808,000	808,000	-	-

Included above are soft deposit of RM135,000,000 (RM135,000,000 in 2003) and soft loan of RM180,000,000 (RM180,000,000 in 2003) bearing interest of 1% (1% in 2003) per annum. The remaining soft loan and the commercial loan are interest free. The soft loan of RM180,000,000 (RM180,000,000 in 2003) is repayable on 18 December 2008. The remaining loans and soft deposit are repayable when the deferred assets referred to in Note 10 are fully utilised.

18. Securities Sold Under Repurchase Agreements

Securities sold under repurchase agreements pertain to subsidiary companies and represent the obligations to repurchase these securities sold as mentioned in Note 8.



Notes to the Financial Statements (Cont'd)

19. Amount Due To Cagamas Berhad

Amount due to Cagamas Berhad represents the proceeds received from loans (excluding Islamic financing) sold directly and indirectly to Cagamas Berhad with recourse to the Company. Under this arrangement, the Company undertakes to administer the loans on behalf of Cagamas Berhad and to buy back any loans which are regarded as defective based on prudential criteria.

20. Other Liabilities

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Other creditors and accruals	501,536	342,281	296	260
Interest payable	172,532	185,019	-	9,057
General provision for contingencies (i)	92,500	55,500	-	-
Profit equalisation reserve (ii)	52,000	5,024	-	-
Lease deposits and advance rentals	42,005	48,139	-	-
Amount due to related companies (iii)	5,895	22,100	-	8,844
Provision for taxation and zakat	878	3,087	624	3,087
Amount payable to Danamodal (iv)	-	171,869	-	171,869
Deferred tax liabilities (Note 34(b))	-	257	-	-
	867,346	833,276	920	193,117

(i) General Provision For Contingencies

The movements in general provision for contingencies are as follows:

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Balance at beginning of year	55,500	71,500	-	15,000
Provision made during the year	37,000	-	-	-
Overprovision written back	-	(16,000)	-	-
Amount arising from transfer of business to AmFinance	-	-	-	(15,000)
Balance at end of year	92,500	55,500	-	-

(ii) Profit Equalisation Reserve

The movements in profit equalisation reserve are as follows:

	The Group	
	2004 RM'000	2003 RM'000
Balance at beginning of year	5,024	-
Provision during the year	46,976	5,024
Amount written back	-	-
Balance at end of year	52,000	5,024

(iii) Amount Due To Related Companies

Amount due to related companies is interest-free and represents expenses paid on behalf.

Notes to the Financial Statements *(Cont'd)*

(iv) Amount Payable To Danamodal

Pursuant to the Sale and Purchase Agreement entered into between the Company and Danamodal Nasional Berhad (Danamodal) dated 3 August 2001 for the acquisition of AmFinance, a contingent sum of up to RM450.0 million is payable to Danamodal as part of the consideration. The contingent cash payment of up to RM450.0 million shall be payable if and only if AmFinance recovers in cash over a five year period from 30 September 2001, any amount in excess of the net book value of all non-performing loans (NPLs), NPLs sold to Danaharta and NPLs written off in the books of AmFinance, as at 30 September 2001 on an account by account basis; and all investments, security, collateralised debts, other assets, liabilities or contingent items in respect of amounts which have been written down or an adjustment/allowance made.

On 14 October 2003, AMFB entered into a Settlement Agreement with Danamodal for an early settlement of the Contingent Amount for RM255.0 million (Settlement Amount). The Settlement Amount together with the total interest of RM16.915 million in respect of the recoveries of NPLs and securities were paid to Danamodal on 15 October 2003. Accordingly, the total final purchase consideration for the acquisition of AmFinance is RM730 million.

21. Subordinated Term Loan

The subordinated term loan is unsecured, subordinated to all other liabilities and obtained from Danamodal Nasional Berhad, a company incorporated for the purpose of recapitalising the local banking and financial institutions, to strengthen the capital base of AmFinance.

Pursuant to the acquisition of AmFinance by the Company on 20 December 2001, Danamodal Nasional Berhad has extended the loan for a further period of ten (10) years to be repaid on 20 December 2011. The loan bears interest at 6.5% per annum for the first five years and at 7.5% per annum or 1.0% above 3 months KLIBOR, whichever is higher, for the next five years. The interest is payable on a half yearly basis.

On 28 October 2003, AmFinance entered into a Supplemental Facility Agreement with Danamodal Nasional Berhad, whereby the RM680 million subordinated term loan obtained from Danamodal Nasional Berhad was novated to Astute Assets Berhad, a special purpose vehicle.

The terms and conditions of the loan remain the same, except for interest payable on the loan, which is charged at 6.5% per annum until 19 December 2006, 7.0% per annum from 20 December 2006 until 19 December 2007, and 7.5% per annum from 20 December 2007 until 19 December 2011.

22. Redeemable Unsecured Subordinated Bonds

Pursuant to a Trust Deed dated 24 April 2003, AmFinance issued RM200,000,000 nominal amount of Negotiable Interest-bearing Redeemable Unsecured Subordinated Bonds (SubBonds) for the purpose of increasing AmFinance's capital funds.

The salient features of the SubBonds are as follows:

- (a) The SubBonds bear interest at 7.95% per annum for the first five years and subsequently at 8.45% to 10.45% per annum. The interest is payable on a semi-annual basis.
- (b) The SubBonds are for a period of ten (10) years maturing on 30 April 2013. However, subject to the prior approval of Bank Negara Malaysia, AmFinance may redeem the SubBonds on 30 April 2008 or on each anniversary date thereafter, at nominal value together with interest accrued to the date of redemption.



Notes to the Financial Statements (Cont'd)

23. Minority Interests

Minority interests in the Group represent that part of the net results of operations, or of net assets, of subsidiary companies attributable to shares owned, directly or indirectly other than by the Company or subsidiary companies.

The movements in minority interests in subsidiary companies are as follows:

	The Group	
	2004 RM'000	2003 RM'000
Balance at beginning of year	115	120
Share in net results of subsidiary companies	(12)	(5)
	103	115

24. Share Capital

	The Group And The Company	
	2004 RM'000	2003 RM'000
Authorised		
Ordinary shares of RM1.00 each	2,000,000	2,000,000
Issued and fully paid		
Ordinary shares of RM1.00 each:		
Balance at beginning of year	528,424	472,781
Issued pursuant to the Employees' Share Option Scheme (AMFB ESOS)	332	85
Issued pursuant to the conversion of ICULS 1997/2002	-	55,558
Balance at end of year	528,756	528,424

During the financial year, the issued and fully paid-up share capital of the Company was increased from 528,424,120 ordinary shares of RM1.00 each to 528,756,120 ordinary shares of RM1.00 each by the issue of 332,000 new ordinary shares of RM1.00 each at prices ranging from RM3.42 to RM5.37 by virtue of the exercise of share options granted pursuant to the Company's Employees' Share Option Scheme. The resulting share premium amounting to RM823,650 has been credited to share premium account.

The movements in the Company's unissued shares under options granted pursuant to the AMFB ESOS during the financial year were as follows:

	No. of shares of RM1.00 each				Balance at 31.3.2004
	Balance at 1.4.2003	Granted	Exercised	Forfeited	
No. of unissued shares under options	716,000	-	332,000	39,000	345,000

Notes to the Financial Statements (Cont'd)

The option prices of the Company's unissued number of shares under options are as follows:

Option price (RM)	Balance at 31.3.2004
3.40 – 4.40	300,000
4.41 – 5.40	40,000
5.41 – 6.40	5,000
	345,000

The salient features of the AMFB ESOS are as follows:

- (a) Eligible persons who are confirmed employees including full-time executive directors of the Company who have been employed for a period of not less than three years.
- (b) Total number of shares to be offered shall not exceed 10.0% of the issued and paid-up capital of the Company at any time, which shall include options exercised under the previous employees' share option scheme of the Company.
- (c) Subject to paragraph (d) below, no option shall be granted for less than 1,000 shares or more than 500,000 shares.
- (d) In the event of any alteration in the capital structure of the Company except for certain exemptions, adjustments will be made to the subscription price and/or the number of shares in respect of options granted but not exercised, such that the option holder will be entitled to the same proportion of the issued and paid up capital of RM1.00 each in the Company as before the said alteration.
- (e) The option price for an ordinary share shall be the last market transaction price at the time the option is granted or the average of the mean market quotation of the shares of the Company as shown in the Daily Official List issued by Bursa Malaysia for the five market days immediately preceding the offer date, or the par value of RM1.00 in shares of the Company, whichever is higher.
- (f) The maximum duration of the AMFB ESOS is for a period of five years and subject to the approval from relevant authorities, is renewable for an additional five years.

25. Reserves

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Non-distributable Reserves:				
Share premium:				
Balance at beginning of year	590,939	179,601	590,939	179,601
Arising from share options exercised (Note 24)	824	206	824	206
Arising from the conversion of ICULS 1997/2002	-	411,132	-	411,132
Balance at end of year	591,763	590,939	591,763	590,939
Statutory reserve:				
Balance at beginning of year	500,259	309,869	295,967	295,967
Transfer from income statement	268,688	190,390	-	-
Balance at end of year	768,947	500,259	295,967	295,967
Total non-distributable reserves	1,360,710	1,091,198	887,730	886,906
Distributable Reserves:				
Unappropriated profit	657,717	513,720	284,612	324,325
	2,018,427	1,604,918	1,172,342	1,211,231



Notes to the Financial Statements (Cont'd)

Movements in reserves are shown in the statements of changes in equity.

Share premium is used to record premium arising from new shares issued in the Company.

The statutory reserve is maintained in compliance with Section 36 of the Banking and Financial Institutions Act, 1989 and is not distributable as cash dividends.

Distributable reserves are those available for distribution by way of dividends.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends out of all its distributable reserves as at 31 March 2004.

26. Interest Income

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Loans and advances	2,141,921	2,417,170	-	313,414
Money at call, deposits and placements with financial institutions	75,526	74,484	97	7,548
Dealing securities	892	-	-	-
Investment securities	14,979	48,935	-	7,784
Others	40,332	39,744	12,786	20,002
	2,273,650	2,580,333	12,883	348,748
Net interest suspended	(259,228)	(404,047)	-	(43,688)
Amortisation of premium less accretion of discounts - net	21,607	(6,612)	-	(1,581)
	2,036,029	2,169,674	12,883	303,479

27. Interest Expense

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Deposits and placements	695,979	765,163	-	92,992
Securities sold under repurchase agreement	8,805	89	-	-
Amounts due to Cagamas Berhad	147,186	141,599	-	-
Interest on Danamodal recoveries	7,859	8,069	7,859	8,069
Interest on subordinated term loan	44,200	44,200	-	-
Others	49,462	72,642	-	42,318
	953,491	1,031,762	7,859	143,379

Notes to the Financial Statements (Cont'd)

28. Loan And Financing Loss And Allowances

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Allowance for bad and doubtful debts and financing:				
- general allowance	16,551	37,312	-	20,282
- specific allowance (net)	458,774	436,071	-	35,300
Bad debts and financing recovered	(169,084)	(68,274)	-	(9,363)
	306,241	405,109	-	46,219
Allowance for value impairment on amount recoverable from Danaharta	62,795	91,452	-	224
	369,036	496,561	-	46,443

29. Non-Interest Income

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Fee Income:				
Commissions	15,978	11,696	-	2,008
Guarantee fees	999	1,196	-	15
Other fee income	11,908	12,547	-	1,778
	28,885	25,439	-	3,801
Investment And Trading Income:				
Net trading (loss)/income from:				
Dealing securities	-	79	-	79
Investment securities	(3,949)	8,615	-	2,547
(Loss)/Gain from sale of quoted investments in Malaysia - net	(5,111)	(9,636)	(787)	27
Gross dividends from investment securities:				
Shares quoted in Malaysia	3,091	3,553	-	78
Unquoted shares	7,078	856	-	260
	1,109	3,467	(787)	2,991
Other Income:				
Gain on disposal of leased assets	8	14	-	1
Rental income	8,659	9,891	-	-
Gain on disposal of property and equipment	1,134	5	-	-
Gain on disposal of development property	-	50	-	-
Other non-operating income	317	344	260	267
	10,118	10,304	260	268
	40,112	39,210	(527)	7,060



Notes to the Financial Statements (Cont'd)

30. Staff Costs And Overheads

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Personnel (staff) costs	194,686	180,904	320	24,610
Establishment costs	137,580	172,083	-	13,784
Marketing expenses	119,175	76,078	60	25,370
Administration and general expenses	80,510	75,695	190	11,104
	531,951	504,760	570	74,868

The above expenditure includes the following statutory disclosure:

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Directors' remuneration (Note 32)	2,296	1,203	274	459
Rental of premises	17,145	19,749	-	3,273
Depreciation of property and equipment (Note 15)	54,317	84,896	-	3,154
Property and equipment written off	145	474	-	-
Amortisation of goodwill on consolidation (Note 11)	5,458	5,460	-	-
Allowance for diminution in value of foreclosed property	4,464	-	-	-
Auditors' remuneration:				
Statutory audit				
Current	320	336	20	20
Overprovision in prior years	-	(11)	-	-
Special audit				
Current	120	224	-	14
Underprovision in prior years	-	48	-	-
Non audit fees	5	-	5	-

The total number of employees of the Group and of the Company as at 31 March 2004 were 5,220 (4,817 in 2003) and Nil (Nil in 2003), respectively.

Staff costs include salaries, bonuses, contributions to employees' provident fund and all other staff related expenses. Contributions to employees' provident fund of the Group amounted to RM19,046,000 (RM14,565,000 in 2003).

Notes to the Financial Statements (Cont'd)

31. Holding Company And Significant Related Party Transactions And Balances

The Company is a subsidiary of AMMB Holdings Berhad, a company incorporated in Malaysia, which is also the ultimate holding company.

During the financial year, the significant related party transactions and balances are as follows:

- (a) The significant transactions and balances of the Company with its holding company, subsidiary company and related companies are as follows:

	2004		2003		
	Subsidiary Company RM'000	Related Companies RM'000	Holding Company RM'000	Subsidiary Company RM'000	Related Companies RM'000
Income					
Interest on fixed deposit	97	-	-	753	869
Interest on securities purchased under resale agreement	-	-	-	-	8
Interest on loans and advances	-	-	-	-	74
Interest on subordinated loan notes	9,445	-	-	11,027	-
Other interest income	-	3,601	-	-	1,331
Expenses					
Interest on deposits	-	-	86	136	1,769
Other interest expense	-	-	-	-	3,624
Assets					
Money at call and deposits	-	12,017	-	-	321
Securities purchased under resale agreement	-	-	-	-	355
Unquoted securities	-	53,642	-	-	-
Subordinated Loan Notes	-	-	-	250,000	-
Liabilities					
Other liabilities	-	-	-	8,843	-

The significant transactions and balances of the Company with its subsidiary company have been eliminated on consolidation.

The above transactions have been entered into in the normal course of business and have been established under terms and conditions that are no less favourable than those arranged with independent parties.



Notes to the Financial Statements (Cont'd)

(b) Directors' related transactions

The significant non-banking transactions of the Group with companies in which Tan Sri Dato' Azman Hashim is deemed to have a substantial interest, are as follows:

Company	Types of transactions	2004 RM'000	2003 RM'000
Expense			
Conquest Marketing Sdn Bhd	Advertising	707	2,795
Paragon Premiums Sdn Bhd	Advertising	-	115
Dialog Marketing Communications Sdn Bhd	Advertising	-	548
Jump Licensing & Merchandising Sdn Bhd	Advertising	-	75
AmFirst Property Trust	Rental of premises	56	158
Arab-Malaysian Realty Sdn Bhd	Rental of premises	27	235
Melawangi Sdn Bhd	Rental of premises	-	131
Taifab Properties Sdn Bhd	Rental of premises	-	190
Gamarapi Sdn Bhd	Computer maintenance	1,699	347
Bluestar Infotech (M) Sdn Bhd	Computer maintenance	924	1,358
Cyber Village Sdn Bhd	Computer maintenance	-	35
AON Insurance Brokers (M) Sdn Bhd	Insurance brokerage service	3,010	-
Gubahan Impian	Provision of gift & flower	14	-
Harpers Travel (M) Sdn Bhd	Travelling expenses	14	-
Restaurant Seri Melayu Sdn Bhd	Provision of food & beverage	9	-
Capital expenditure			
MCM Consulting Sdn Bhd (formerly known as Gamarapi Sdn Bhd)	Purchase of computer hardware, software and related consultancy services	3,487	3,469
Bluestar Infotech (M) Sdn Bhd	Purchase of computer hardware, software and related consultancy services	985	1,428
MCM Systems Sdn Bhd (formerly known as Infotech Project Sdn Bhd)	Purchase of computer hardware, software and related consultancy services	427	1,767

The significant non-banking transactions of the Group with a company in which Prof Tan Sri Dato' Dr Mohd Rashdan Haji Baba is deemed to have a substantial interest, are as follows:

Company	Types of transactions	2004 RM'000	2003 RM'000
Expense			
Computer Systems Advisers (M) Sdn Bhd	Computer maintenance	2,417	1,991
Capital expenditure			
Computer Systems Advisers (M) Sdn Bhd	Purchase of computer hardware, software and related consultancy services	2,043	924

The above transactions have been entered into in the normal course of business and have been established under terms and conditions not materially different from those arranged with independent third parties.

As at 31 March 2004 and 2003, there are no outstanding balances arising from Directors' related transactions.

Notes to the Financial Statements (Cont'd)

32. Directors' Remuneration

Forms of remuneration in aggregate for all directors charged to the income statements for the year are as follows:

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Non-executive directors				
Fees	193	198	193	198
Salaries				
- current year	540	480	-	99
- previous year	-	36	-	36
Other remuneration				
- current year	1,044	418	81	113
- previous year	-	6	-	6
Bonuses	74	40	-	-
Benefits-in-kind	445	25	-	7
	2,296	1,203	274	459

Directors' fees in respect of directors who are executives of companies of the AmBank Group are paid to their respective companies.

The number of directors of the Company whose total remuneration for the financial year which fall within the required disclosure bands is as follows:

The Group	2004	2003
Non-executive director		
Below RM50,000	1	4
RM50,001 – RM100,000	4	1
RM250,001 – RM300,000	-	1
RM300,001 – RM650,000	1	-
RM650,001 – RM700,000	-	1
RM1,000,000 – RM2,000,000	1	-

The remuneration attributable to the Managing Director of the Company prior to the vesting of assets and liabilities to the finance subsidiary company, AmFinance, including benefits-in-kind amounted to RM192,197 in 2003.



Notes to the Financial Statements (Cont'd)

33. Taxation

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Estimated current tax payable	(3,598)	(26,415)	(2,655)	(25,131)
Share in taxation of associated company	(74)	(50)	-	-
Transfer to deferred tax assets (Note 34)	55,120	30,249	-	-
Transfer from deferred tax liabilities (Note 34)	257	(257)	-	-
	51,705	3,527	(2,655)	(25,131)
(Under)/Over provision of current taxation in respect of prior years	(21,017)	19,430	(237)	19,411
Tax credit/(expense)	30,688	22,957	(2,892)	(5,720)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Profit before taxation	420,032	311,233	1,226	59,853
Taxation at Malaysian statutory tax rate of 28% (28% as at 31 March 2003)	142,368	112,255	343	16,759
Interest expense on ICULS included in statement of changes in equity which is deductible for tax purposes	-	(1,461)	-	(1,461)
Income not subject to tax	(3,146)	(7,322)	(788)	(1,497)
Expenses not deductible for tax purposes	18,356	21,566	3,100	11,330
Deferred tax asset not recognised in prior years	(209,283)	(128,565)	-	-
Tax (credit)/expense for the year	(51,705)	(3,527)	2,655	25,131

As at 31 March 2004, the Group has unabsorbed tax losses and unutilised capital allowances amounting to approximately RM1,442.1 million (RM2,417.2 million in 2003) and RM123.3 million (RM133.3 million in 2003) respectively, which can be used to offset future taxable profits subject to agreement with the Inland Revenue Board.

Notes to the Financial Statements (Cont'd)

34. Deferred Taxation

(a) Deferred tax assets

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Balance at beginning of year				
As previously reported	(646,116)	(685,131)	-	(184,286)
Prior year's adjustments	-	(98,390)	-	-
As restated	(646,116)	(783,521)	-	(184,286)
Amount reversed in respect of temporary difference on interest suspended on non-performing loans	-	167,654	-	-
Net transfer from income statements (Note 33)	(55,120)	(30,249)	-	-
Arising from assets and liabilities vested to AmFinance	-	-	-	184,286
Balance at end of year	(701,236)	(646,116)	-	-

The deferred tax credits/(debits) are in respect of the following temporary differences:

	The Group	
	2004 RM'000	2003 RM'000
Unabsorbed tax losses	(403,791)	(520,647)
Temporary difference arising general allowance for loans, advances and financing*	(113,471)	(108,837)
Temporary difference arising from allowance for diminution in value of investments	(92,265)	(11,250)
Temporary differences arising from allowance for value impairment on amount recoverable from Danaharta	(76,929)	(60,786)
Unabsorbed capital allowances	(34,528)	-
Profit equalisation reserve	(14,560)	-
Temporary differences arising from allowance for diminution in value of foreclosed properties	(2,930)	(1,680)
Leasing temporary differences	18,837	20,693
Temporary differences between depreciation and tax capital allowances of property and equipment	14,285	28,510
Others	4,116	7,881
	(701,236)	(646,116)



Notes to the Financial Statements (Cont'd)

* There are no prior year adjustments on deferred tax temporary differences except for temporary differences arising from general allowance for loans, advances and financing and are as follows:

	The Group	
	2004 RM'000	2003 RM'000
Balance at beginning of year		
- As previously reported	-	-
- prior year adjustments	-	(108,837)
As restated	-	(108,837)

(b) Deferred tax liabilities

	The Group	
	2004 RM'000	2003 RM'000
Balance at beginning of year	257	-
Net transfer to income statements (Note 33)	(257)	257
Balance at end of year (Note 20)	-	257

The deferred tax liabilities is in respect of temporary differences arising from the excess of tax capital allowances over depreciation of property and equipment.

35. Dividends

	RM'000
2004	
Dividends paid – 10.0% less tax, on 528,424,120 ordinary shares of RM1.00 each	38,047

A proposed first and final ordinary dividend in respect of the financial year ended 31 March 2004 of 10.0%, less 28.0% taxation, amounting to RM38,070,441, based on the issued and paid-up share capital as at 31 March 2004, to be paid to shareholders whose names appear in the Register of Members and Record of Depositors on a date to be determined by the Directors have been proposed by the Directors for shareholders approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholder's funds as an appropriation of retained earnings in the next financial year ending 31 March 2005.

Notes to the Financial Statements (Cont'd)

36. Earnings/(Loss) Per Share

Basic

Basic earnings per share is calculated by dividing the net profit less interest on ICULS for the financial year attributable to shareholders of the Group and of the Company by the weighted average number of ordinary shares in issue during the financial year.

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Net profit/(loss) attributable to shareholders of the Company	450,732	334,195	(1,666)	54,133
Less: Interest on ICULS	-	5,219	-	5,219
Net profit attributable to shareholders of the Company after interest on ICULS	450,732	328,976	(1,666)	48,914
Number of ordinary shares at beginning of year	528,424	472,781	528,424	472,781
Effect of ordinary shares issued pursuant to:				
- Exercise of ESOS	163	61	163	61
- Conversion of ICULS	-	50,958	-	50,958
Weighted average number of ordinary shares in issue	528,587	523,800	528,587	523,800
Basic earnings per share (sen)	85.3	62.8	(0.3)	9.3

Fully Diluted

Fully diluted earnings per share is calculated by dividing the adjusted net profit less interest on ICULS for the financial year by the adjusted weighted average number of ordinary shares in issue and issuable during the financial year.

The Company's potential dilutive ordinary shares is its Employees' Share Options Scheme.

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Net profit/(loss) attributable to shareholders of the Company	450,732	328,976	(1,666)	48,914
Weighted average number of ordinary shares in issue	528,587	523,800	528,587	523,800
Adjusted for ESOS	154	88	154	88
Adjusted weighted average number of ordinary shares in issue and issuable	528,741	523,888	528,741	523,888
Fully diluted earnings per share (sen)	85.2	62.8	(0.3)	9.3

The Group and the Company adjusted weighted average number of ordinary shares in issue and issuable for the financial year ended 31 March 2004 and 2003 have been arrived at based on the assumption that dilutive share options are exercised at beginning of year.



Notes to the Financial Statements (Cont'd)

37. Commitments And Contingencies

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

As at 31 March 2004, the commitments and contingencies outstanding of the Group and the Company are as follows:

The Group	2004		2003	
	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Principal Amount RM'000	Credit Equivalent Amount* RM'000
Derivative Financial Instruments				
Interest rate swap contracts:				
- maturing within one year	30,000	75	400,000	550
- maturing more than one year to less than five years	800,000	13,230	380,000	9,800
	830,000	13,305	780,000	10,350
Commitments				
Irrevocable commitments to extend credit:				
- maturing less than one year	2,880,399	-	2,928,375	-
- maturing more than one year	568,697	284,349	588,778	294,389
	3,449,096	284,349	3,517,153	294,389
Contingent Liabilities				
Direct credit substitutes	81,045	81,045	113,183	113,183
Transaction-related contingent items	616	308	616	308
Unpaid portion of partly paid shares	250	250	250	250
	81,911	81,603	114,049	113,741
Total	4,361,007	379,257	4,411,202	418,480

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

By a Vesting Order of the High Court of Malaya dated 21 May 2002 pursuant to Section 50 of the Banking And Financial Institutions Act, 1989, all rights and liabilities (including rights and liabilities under and or in respect of any past, pending or future litigation) accruing to, owed or incurred by the Company in relation to its finance company business have been transferred to and assumed by AmFinance with effect from 15 June 2002 and the Company shall cease to be liable in respect of such liabilities with effect therefrom. Therefore, AmFinance had assumed the rights and liabilities in respect of the following three (3) legal suits relating to the Highland Towers tragedy, whereby the plaintiffs had contended that the Company caused or contributed to the collapse of Block 1 and forced evacuation of Blocks 2 and 3 of the Highland Towers.

Notes to the Financial Statements *(Cont'd)*

On 31 May 2004, AmFinance, entered into a Settlement Agreement with the plaintiffs in respect of the legal suits in relation to the Highland Tower tragedy.

These legal suits are as follows:-

- (a) A suit dated 15 October 1994 was filed by six individuals against the Company and eight other defendants in relation to the collapse of a building in which the Company was sued in its capacity as owner of the land adjacent to the building and for the acts and omissions of another company as alleged servant and/or agent of the Company.

The claim against the Company and eight other defendants based on negligence, nuisance and breach of statutory duty was for general damages, special damages, exemplary damages and/or aggravated damages. On 7 August 1998, the plaintiffs obtained an order whereby this suit was consolidated with the suit referred to in (b) below.

- (b) A suit dated 5 December 1996 was filed by seventy-three parties against the Company and nine other defendants in relation to two buildings in which the Company was sued in its capacity as owner of the land adjacent to the buildings. The claim against the Company and nine other defendants based on negligence, nuisance and breach of statutory duty is for general damages, special damages, exemplary damages and/or aggravated damages. Subsequently, judgement was delivered with partial liability of 30% apportioned to the Company.

On 3 December 2002, the Court of Appeal dismissed the appeal by the Company against the finding of liability by the High Court and had ordered that damages be assessed. The Court of Appeal has also excluded certain items of damage claimed by the plaintiffs.

On 2 January 2003, the Company filed an application for leave to appeal to the Federal Court against the finding of the Court of Appeal. The application for leave to appeal included an application for stay of the proceedings pertaining to the assessment of damages by the High Court. The application for leave to appeal came up for hearing on 4 February 2004, but was adjourned for a period of 6 months pending settlement negotiations with the plaintiffs in this suit as well as the plaintiffs in suit (a) above and in suit (c) below.

- (c) A suit dated 10 December 1996 was filed by sixty parties against the Company and nine other defendants in relation to the collapse of a building in which the Company was sued in its capacity as owner of the land adjacent to the building. The claim against the company and nine other defendants based on negligence, nuisance and breach of statutory duty is for general damages, special damages, exemplary and/or aggravated damages. Defence had been filed on 27 February 1998 and the case is pending trial.

On 7 August 1998, the plaintiffs obtained an order whereby this suit was consolidated with the suit referred to in (b) above. This suit has been adjourned sine die pending the disposal of the suit in (b) above.

Pursuant to the out-of-court settlement and the Settlement Agreement, AmFinance agreed to pay the plaintiffs a settlement sum of RM52.0 million in full and final settlement of the suits and claims against the Company, inclusive of costs, arising/or resulting whether directly or indirectly from the suits. In return for this settlement amount, the plaintiffs shall, among others, release and assign to AmFinance all their rights of action in the suits against Highland Properties Sdn Bhd (the developer of Highland Towers) as well as all their rights and title to their individual apartment units in Highland Towers and their rights to common property, unencumbered and free from claims of end financiers.

AmFinance had made full provision for the settlement sum of RM52 million in its accounts as at 31 March, 2004.



Notes to the Financial Statements *(Cont'd)*

38. Risk Management Policy

Risk management is about managing uncertainties such that deviations from the Group's intended objectives are kept within acceptable levels. Sustainable profitability forms the core objectives of the Group's risk management strategy.

Every risk assumed by the Group carries with it potential for gains as well as potential to erode shareholders' value. The Group's risk management policy is to identify, capture and analyse these risks at an early stage, continuously measure and monitor these risks and to set limits, policies and procedures to control them to ensure sustainable risk-taking and sufficient returns.

The management approach towards the significant risks of the Group are enumerated below.

Market Risk Management

Market risk is the risk of loss from changes in the value of portfolios and financial instruments caused by movements in market variables, such as interest rates and foreign exchange rates and equity prices.

The primary objective of market risk management is to ensure that losses from market risk can be promptly arrested and risk positions are sufficiently liquid so as to enable the Group to reduce its position without incurring potential loss that is beyond the sustainability of the Group.

The market risk of the Group's trading and non-trading portfolio is managed separately using value-at-risk approach to compute the market risk exposure of non-trading portfolio and trading portfolio. Value at risk is a statistical measure that estimates the potential changes in portfolio value that may occur brought about by daily changes in market rates over a specified holding period at a specified confidence level under normal market condition.

The Group controls its market risk exposure of its trading and non-trading activities primarily through a series of threshold limits. Stop loss and value at risk limits are the primary means of control governing the trading activities of the Group while value at risk limits governs the non-trading positions.

To complement value at risk measurement, the Group also institute a set of scenario analysis under various potential market conditions such as shifts in currency rates, general equity prices and interest rate movements to assess the changes in portfolio value.



Notes to the Financial Statements (Cont'd)

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.

2004	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Total RM'000	Effective interest rate %
ASSETS									
Cash and short-term funds	2,945,317	-	-	-	-	-	122,120	3,067,437	2.77
Deposits with financial institutions	-	35	19,132	98	-	-	-	19,265	5.71
Dealing securities	-	-	-	-	-	98,290	208,710	307,000	5.25
Investment securities	323,000	395,000	60,144	104,013	405,034	441,716	189,683	1,918,590	2.86
Loans, advances and financing									
- performing	6,607,098	716,842	1,140,905	2,102,712	11,572,764	1,828,767	-	23,969,088	8.38
- non-performing*	-	-	-	-	-	-	2,021,276	2,021,276	-
Other non-interest sensitive balances	-	-	-	-	-	-	2,417,777	2,417,777	-
TOTAL ASSETS	9,875,415	1,111,877	1,220,181	2,206,823	11,977,798	2,368,773	4,959,566	33,720,433	
LIABILITIES AND SHAREHOLDERS' FUNDS									
Deposits from customers	8,373,323	3,701,326	3,056,053	4,258,784	1,022,300	6	-	20,411,792	3.18
Deposits of banks and other financial institutions	837,398	708,005	661,499	1,146,777	801,732	908,000	-	5,063,411	2.82
Securities sold under repurchase agreements	274,991	-	-	-	-	-	-	274,991	2.78
Amount due to Cagamas Berhad	56,510	113,567	171,726	870,530	2,322,410	140,864	-	3,675,607	3.92
Subordinated term loan	-	-	-	-	680,000	-	-	680,000	6.50
Redeemable unsecured subordinated bonds	-	-	-	-	-	200,000	-	200,000	7.95
Other non-interest sensitive balances	-	-	-	-	-	-	867,346	867,346	-
Total Liabilities	9,542,222	4,522,898	3,889,278	6,276,091	4,826,442	1,248,870	867,346	31,173,147	
Minority interests	-	-	-	-	-	-	103	103	-
Shareholders' funds	-	-	-	-	-	-	2,547,183	2,547,183	-
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	9,542,222	4,522,898	3,889,278	6,276,091	4,826,442	1,248,870	3,414,632	33,720,433	
On-balance sheet interest sensitivity gap	333,193	(3,411,021)	(2,669,097)	(4,069,268)	7,151,356	1,119,903	1,544,934	-	
Off-balance sheet interest sensitivity gap	350,000	480,000	-	(30,000)	(800,000)	-	-	-	
Total interest sensitivity gap	683,193	(2,931,021)	(2,669,097)	(4,099,268)	6,351,356	1,119,903	1,544,934	-	

* This is arrived at after deducting the general allowance, specific allowance and interest/income-in-suspense from gross non-performing loans outstanding.



Notes to the Financial Statements (Cont'd)

2003									
The Group	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Total RM'000	Effective interest rate %
ASSETS									
Cash and short-term funds	2,568,021	-	-	-	-	-	97,970	2,665,991	2.83
Securities purchased under resale agreements	355	-	-	-	-	-	-	355	2.70
Deposits with financial institutions	-	18,500	-	94	-	-	-	18,594	2.96
Dealing securities	-	-	-	-	-	-	188,623	188,623	-
Investment securities	127,624	473,896	708,153	371,050	413,976	124,102	91,820	2,310,621	3.22
Loans, advances and financing									
- performing	7,640,703	528,346	1,001,626	1,756,026	10,703,147	1,749,529	-	23,379,377	9.05
- non-performing*	-	-	-	-	-	-	1,722,560	1,722,560	-
Other non-interest sensitive balances	-	-	-	-	-	-	2,403,347	2,403,347	-
TOTAL ASSETS	10,336,703	1,020,742	1,709,779	2,127,170	11,117,123	1,873,631	4,504,320	32,689,468	
LIABILITIES AND SHAREHOLDERS' FUNDS									
Deposits from customers	7,997,562	3,378,061	3,044,636	3,887,049	1,301,887	-	-	19,609,195	3.44
Deposits of banks and other financial institutions	1,372,580	975,350	499,487	751,849	1,229,874	280,000	-	5,109,140	2.95
Securities sold under repurchase agreements	305,470	-	-	-	-	-	-	305,470	2.80
Amount due to Cagamas Berhad	186,816	373,314	440,884	748,742	2,269,174	-	-	4,018,930	4.14
Subordinated term loan	-	-	-	-	680,000	-	-	680,000	6.63
Other non-interest sensitive balances	-	-	-	-	-	-	833,276	833,276	-
Total Liabilities	9,862,428	4,726,725	3,985,007	5,387,640	5,480,935	280,000	833,276	30,556,011	
Minority interests	-	-	-	-	-	-	115	115	-
Shareholders' funds	-	-	-	-	-	-	2,133,342	2,133,342	-
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	9,862,428	4,726,725	3,985,007	5,387,640	5,480,935	280,000	2,966,733	32,689,468	
On-balance sheet interest sensitivity gap	474,275	(3,705,983)	(2,275,228)	(3,260,470)	5,636,188	1,593,631	1,537,587	-	
Off-balance sheet interest sensitivity gap	500,000	280,000	(50,000)	(350,000)	(380,000)	-	-	-	
Total interest sensitivity gap	974,275	(3,425,983)	(2,325,228)	(3,610,470)	5,256,188	1,593,631	1,537,587	-	

* This is arrived at after deducting the general allowance, specific allowance and interest/income-in-suspense from gross non-performing loans outstanding.

Notes to the Financial Statements (Cont'd)

The Company

2004	Up to 1 month RM'000	>1 to 3 months RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Total RM'000	Effective interest rate %
ASSETS						
Cash and short-term funds	12,017	-	-	653	12,670	2.78 – 2.80
Deposits with financial institutions	-	35	-	-	35	2.80
Other non-interest sensitive balances	-	-	-	1,689,313	1,689,313	-
TOTAL ASSETS	12,017	35	-	1,689,966	1,702,018	
LIABILITIES AND SHAREHOLDERS' FUNDS						
Other non-interest sensitive balances	-	-	-	920	920	-
Total Liabilities	-	-	-	920	920	-
Shareholders' funds	-	-	-	1,701,098	1,701,098	-
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	-	-	-	1,702,018	1,702,018	
On-balance sheet interest sensitivity gap	12,017	35	-	(12,052)	-	
Off-balance sheet interest sensitivity gap	-	-	-	-	-	
Total interest sensitivity gap	12,017	35	-	(12,052)	-	

2003	Up to 1 month RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Total RM'000	Effective interest rate %
ASSETS					
Cash and short-term funds	321	-	69	390	2.83
Securities purchased under resale agreements	355	-	-	355	2.70
Subordinated loan notes	-	250,000	-	250,000	7.00
Other non-interest sensitive balances	-	-	1,682,027	1,682,027	-
TOTAL ASSETS	676	250,000	1,682,096	1,932,772	
LIABILITIES AND SHAREHOLDERS' FUNDS					
Other non-interest sensitive balances	-	-	193,117	193,117	-
Total Liabilities	-	-	193,117	193,117	-
Shareholders' funds	-	-	1,739,655	1,739,655	-
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	-	-	1,932,772	1,932,772	
On-balance sheet interest sensitivity gap	676	250,000	(250,676)	-	
Off-balance sheet interest sensitivity gap	-	-	-	-	
Total interest sensitivity gap	676	250,000	(250,676)	-	



Notes to the Financial Statements *(Cont'd)*

Liquidity Risk

Liquidity risk is the risk that the organization will not be able to fund its day-to-day operations at a reasonable cost.

The primary objective of liquidity risk management framework is to ensure the availability of sufficient funds at a reasonable cost to honour all financial commitments as it comes due.

The secondary objective is to ensure an optimal funding structure and to balance the key liquidity risk management objectives, which includes diversification of funding sources, customer base, and maturity period.

The ongoing liquidity risk management at the Group is based on the following key strategies:

- Management of cash-flow; an assessment of potential cash flow mismatches that may arise over a period of one-year ahead and the maintenance of adequate cash and liquefiable assets over and above the standard requirements of Bank Negara Malaysia.
- Scenario analysis; a simulation on liquidity demands of new business, changes in portfolio as well as stress scenarios based on historical experience of large withdrawals.
- Diversification and stabilisation of liabilities through management of funding sources, diversification of customer depositor base and inter-bank exposures.

In the event of actual liquidity crisis occurring, a Contingency Funding Plan provides a formal process to identify a liquidity crisis and detailing responsibilities among the relevant departments to ensure orderly execution of procedures to restore the liquidity position and confidence in the Group.



Notes to the Financial Statements (Cont'd)

The following table shows the maturity analysis of the Group's assets and liabilities based on contractual terms.

2004	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	>1 to 5 years	Over 5 years	Non- specific maturity	Total
The Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS								
Cash and short-term funds	3,066,099	-	-	-	-	-	1,338	3,067,437
Deposits with financial institutions	-	35	19,132	98	-	-	-	19,265
Dealing securities	-	-	-	-	-	98,290	208,710	307,000
Investment securities	323,000	395,000	60,144	104,013	405,034	441,716	189,683	1,918,590
Loans, advances and financing	2,560,340	1,219,111	1,689,733	3,245,711	12,247,582	5,027,887	-	25,990,364
Other assets	11	-	-	-	-	-	270,993	271,004
Goodwill on consolidation	-	-	-	-	-	-	96,896	96,896
Deferred tax assets	-	-	-	-	-	-	701,236	701,236
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	923,736	923,736
Investments in associated company	-	-	-	-	-	-	306	306
Property and equipment	-	-	-	-	-	-	424,599	424,599
TOTAL ASSETS	5,949,450	1,614,146	1,769,009	3,349,822	12,652,616	5,567,893	2,817,497	33,720,433
LIABILITIES AND SHAREHOLDERS' FUNDS								
Deposits from customers	8,373,323	3,701,326	3,056,053	4,258,784	1,022,300	6	-	20,411,792
Deposits of banks and other financial institutions	837,398	708,005	661,499	1,146,777	801,732	908,000	-	5,063,411
Securities sold under repurchase agreements	274,991	-	-	-	-	-	-	274,991
Amount due to Cagamas Berhad	56,510	113,567	171,726	870,530	2,322,410	140,864	-	3,675,607
Other liabilities	625	-	-	-	-	-	866,721	867,346
Subordinated term loan	-	-	-	-	-	680,000	-	680,000
Redeemable unsecured subordinated bonds	-	-	-	-	-	200,000	-	200,000
Total Liabilities	9,542,847	4,522,898	3,889,278	6,276,091	4,146,442	1,928,870	866,721	31,173,147
Minority interests	-	-	-	-	-	-	103	103
Shareholders' funds	-	-	-	-	-	-	2,547,183	2,547,183
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	9,542,847	4,522,898	3,889,278	6,276,091	4,146,442	1,928,870	3,414,007	33,720,433
Net maturity mismatch	(3,593,397)	(2,908,752)	(2,120,269)	(2,926,269)	8,506,174	3,639,023	(596,510)	-



Notes to the Financial Statements (Cont'd)

2003									
The Group	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non- specific maturity RM'000	Total RM'000	
ASSETS									
Cash and short-term funds	2,568,021	-	-	-	-	-	97,970	2,665,991	
Securities purchased under resale agreements	355	-	-	-	-	-	-	355	
Deposits with financial institutions	-	18,500	-	94	-	-	-	18,594	
Dealing securities	-	-	-	-	-	-	188,623	188,623	
Investment securities	127,623	473,896	708,153	371,050	413,976	124,102	91,821	2,310,621	
Loans, advances and financing	2,799,950	1,079,334	1,594,362	3,051,097	11,670,281	4,906,913	-	25,101,937	
Other assets	8,850	-	-	-	-	-	305,760	314,610	
Goodwill on consolidation	-	-	-	-	-	-	102,354	102,354	
Deferred tax assets	-	-	-	-	-	-	646,116	646,116	
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	900,746	900,746	
Investments in associated company	-	-	-	-	-	-	172	172	
Property and equipment	-	-	-	-	-	-	439,349	439,349	
TOTAL ASSETS	5,504,799	1,571,730	2,302,515	3,422,241	12,084,257	5,031,015	2,772,911	32,689,468	
LIABILITIES AND SHAREHOLDERS' FUNDS									
Deposits from customers	7,997,562	3,378,061	3,044,636	3,887,049	1,301,887	-	-	19,609,195	
Deposits of banks and other financial institutions	1,372,580	975,350	499,487	751,849	1,229,874	280,000	-	5,109,140	
Securities sold under repurchase agreements	305,470	-	-	-	-	-	-	305,470	
Amount due to Cagamas Berhad	186,816	373,314	440,884	748,742	2,269,174	-	-	4,018,930	
Other liabilities	43,048	-	-	-	180,976	-	609,252	833,276	
Subordinated term loan	-	-	-	-	-	680,000	-	680,000	
Total Liabilities	9,905,476	4,726,725	3,985,007	5,387,640	4,981,911	960,000	609,252	30,556,011	
Minority interests	-	-	-	-	-	-	115	115	
Shareholders' funds	-	-	-	-	-	-	2,133,342	2,133,342	
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	9,905,476	4,726,725	3,985,007	5,387,640	4,981,911	960,000	2,742,709	32,689,468	
Net maturity mismatch	(4,400,677)	(3,154,995)	(1,682,492)	(1,965,399)	7,102,346	4,071,015	30,202	-	

Notes to the Financial Statements (Cont'd)

The Company	Up to 1 month RM'000	>3 to 6 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non- specific maturity RM'000	Total RM'000
2004						
ASSETS						
Cash and short-term funds	12,017	-	-	-	653	12,670
Deposits with financial institutions	-	35	-	-	-	35
Dealing securities	-	-	-	-	50,941	50,941
Other assets	11	-	-	-	7	18
Investments in subsidiary companies	-	-	-	-	1,638,354	1,638,354
TOTAL ASSETS	12,028	35	-	-	1,689,955	1,702,018
LIABILITIES AND SHAREHOLDERS' FUNDS						
Other liabilities	625	-	-	-	295	920
Total Liabilities	625	-	-	-	295	920
Shareholders' funds	-	-	-	-	1,701,098	1,701,098
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	625	-	-	-	1,701,393	1,702,018
Net maturity mismatch	11,403	35	-	-	(11,438)	-
2003						
ASSETS						
Cash and short-term funds	321	-	-	-	69	390
Securities purchased under resale agreements	355	-	-	-	-	355
Dealing securities	-	-	-	-	115,748	115,748
Other assets	8,850	2,206	-	-	-	11,056
Investments in subsidiary companies	-	-	-	250,000	1,555,223	1,805,223
TOTAL ASSETS	9,526	2,206	-	250,000	1,671,040	1,932,772
LIABILITIES AND SHAREHOLDERS' FUNDS						
Other liabilities	3,086	-	180,976	-	9,055	193,117
Total Liabilities	3,086	-	180,976	-	9,055	193,117
Shareholders' funds	-	-	-	-	1,739,655	1,739,655
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	3,086	-	180,976	-	1,748,710	1,932,772
Net maturity mismatch	6,440	2,206	(180,976)	250,000	(77,670)	-



Notes to the Financial Statements *(Cont'd)*

Credit Risk Management

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its payment obligations. Exposure to credit risk arises primarily from lending and guarantee activities and, to a lesser extent, pre-settlement and settlement exposures of sales and trading activities.

The primary objective of the credit risk management framework is to ensure that exposure to credit risk is always kept within its capability and financial capacity to withstand potential future losses.

For non-retail credits, risk measurement begins with an assessment and rating of the financial standing of the borrower or counterparty using an internally developed credit rating model. The model consists of quantitative and qualitative scores which are then translated into a rating grade, which ranges from "AAA" (lowest risk) to "C" (highest risk).

Credit risk is quantified based on expected default frequencies and expected losses on default from its portfolio of loans and off-balance sheet commitments. Expected default frequencies are calibrated to the internal rating model while Loan Loss Estimates are based on past portfolio default experiences.

For retail credits, an in-house developed credit-scoring system to support the housing and hire purchase applications is being used to complement the credit assessment process.

The Group's lending activities are guided by internal credit policies and guidelines that are approved by the Board of Directors. Within these policies, name limits restrict total exposure allowed to corporate groups according to their level of creditworthiness, while sector limits ensure that the Group's total credit exposure to each economic sector is within prudent thresholds.

Operational Risk Management

Operational risk is the potential loss from a breakdown in internal process, systems, deficiencies in people and management or operational failure arising from external events. It is increasingly recognised that operational risk is the single most widespread risk facing financial institutions today.

Operational risk management is the discipline of systematically identifying the critical potential points and causes of failure, assess the potential cost and to minimise the impact of such risk through the initiation of risk mitigating measures and policies.

The Group minimises operational risk by putting in place appropriate policies, internal controls and procedures as well as maintaining back-up procedures for key activities and undertaking contingency planning. These are supported by independent reviews by the Group's Internal Audit team.

Legal And Regulatory Risk

The Group manages legal and regulatory risks to its business. Legal risk arises from the potential that breaches of applicable laws and regulatory requirements, unenforceability of contracts, lawsuits, or adverse judgement, may lead to the incurrence of losses, disrupt or otherwise resulting in financial and reputational risk.

Legal risk is managed by internal legal counsel and where necessary, in consultation with external legal counsel to ensure that legal risk is minimised.

Regulatory risk is managed through the implementation of measures and procedures within the organization to facilitate compliance with regulations. These include a compliance monitoring and reporting process that requires identification of risk areas, prescription of controls to minimize these risks staff training and assessments, provision of advise and disseminating of information.

Notes to the Financial Statements *(Cont'd)*

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 focused on interest rate swaps.

Interest rate swap transactions generally involve the exchange of fixed and floating interest payment obligations without the exchange of the underlying principal amounts.

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 factors, the Group uses them to reduce the overall interest 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.

Fair value of financial derivatives

The estimated fair values of the Group's outstanding derivative financial instruments are as below. These values are stand-alone without taking into account their potential offsetting relationships with other non-derivatives exposures of the Group.

	The Group	
	Principal Amount RM'000	Fair Value RM'000
2004		
Interest rate related contracts:		
Interest rate swaps	830,000	(5,048)
2003		
Interest rate related contracts:		
Interest rate swaps	780,000	(10,190)

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

The Group uses interest rate swaps as hedging instruments to offset exposures generated by other non-derivative activities of the Group.

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 counterparty and the current fair value of a similar substitute at current market prices. The Group will only suffer a replacement cost if the contract carries a fair value gain at time of default.

As at 31 March 2004, the Group has no counterparty credit risk as there were no outstanding positive value contracts. This may vary 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.



Notes to the Financial Statements (Cont'd)

39. Fair Values Of Financial Instruments

Financial instruments are contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than a forced or liquidated sale. The information presented herein represents best estimates of fair values of financial instruments at the balance sheet date.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a number of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the assumptions could materially affect these estimates and the corresponding fair values.

In addition, fair value information for non-financial assets and liabilities such as investments in subsidiary companies and taxation are excluded, as they do not fall within the scope of Malaysian Accounting Standard Board No. 24, which requires the fair value information to be disclosed.

The estimated fair values of the Group's and Company's financial instruments are as follows:

2004	The Group		The Company	
	Carrying Value RM'000	Fair Value RM'000	Carrying Value RM'000	Fair Value RM'000
Financial Assets				
Cash and short-term funds	3,067,437	3,067,437	12,670	12,670
Deposits with financial institutions	19,265	19,265	35	35
Dealing securities	307,000	307,034	50,941	50,941
Investment securities	1,918,590	2,085,517	-	-
Loans, advances and financing *	26,395,620	28,041,223	-	-
Other financial assets	198,982	198,982	11	11
	31,906,894	33,719,458	63,657	63,657
Non-financial assets	1,813,539		1,638,361	
TOTAL ASSETS	33,720,433		1,702,018	
Financial Liabilities				
Deposits from customers	20,411,792	20,432,490	-	-
Deposits of banks and other financial institutions	5,063,411	4,970,987	-	-
Securities sold under repurchase agreements	274,991	274,991	-	-
Amount due to Cagamas Berhad	3,675,607	3,677,937	-	-
Subordinated term loan	680,000	778,997	-	-
Redeemable unsecured subordinated bonds	200,000	231,976	-	-
Other financial liabilities	721,968	721,968	-	-
	31,027,769	31,089,346	-	-
Non-Financial Liabilities				
Other non-financial liabilities	145,378		920	
Minority interests	103		-	
Shareholders' funds	2,547,183		1,701,098	
	2,692,664		1,702,018	
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	33,720,433		1,702,018	

* The general allowance for the Group and the Company amounting to RM405,256,000 and RMNil respectively has been included under non-financial assets.

Notes to the Financial Statements (Cont'd)

2003	The Group		The Company	
	Carrying Value RM'000	Fair Value RM'000	Carrying Value RM'000	Fair Value RM'000
Financial Assets				
Cash and short-term funds	2,665,991	2,665,991	390	390
Securities purchased under resale agreements	355	355	355	355
Deposits with financial institutions	18,594	18,594	-	-
Dealing securities	188,623	190,544	115,748	117,669
Investment securities	2,310,621	2,357,669	-	-
Subordinated loan notes	-	-	250,000	296,470
Loans, advances and financing *	25,490,642	27,483,512	-	-
Other financial assets	175,976	175,976	11,056	11,056
	<u>30,850,802</u>	<u>32,892,641</u>	<u>377,549</u>	<u>425,940</u>
Non-financial assets	<u>1,838,666</u>		<u>1,555,223</u>	
TOTAL ASSETS	<u>32,689,468</u>		<u>1,932,772</u>	
Financial Liabilities				
Deposits from customers	19,609,195	19,655,382	-	-
Deposits of banks and other financial institutions	5,109,140	5,097,839	-	-
Securities sold under repurchase agreements	305,470	305,470	-	-
Amount due to Cagamas Berhad	4,018,930	4,060,255	-	-
Subordinated term loan	680,000	810,480	-	-
Amount payable to Danamodal	171,869	200,770	171,869	200,770
Other financial liabilities	597,795	597,795	18,161	18,161
	<u>30,492,399</u>	<u>30,727,991</u>	<u>190,030</u>	<u>218,931</u>
Non-Financial Liabilities				
Other non-financial liabilities	63,612		3,087	
Minority interests	115		-	
Shareholders' funds	2,133,342		1,739,655	
	<u>2,197,069</u>		<u>1,742,742</u>	
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	<u>32,689,468</u>		<u>1,932,772</u>	

* The general allowance for the Group and the Company amounting to RM388,705,000 and RMNil respectively has been included under non-financial assets.

The fair values of derivatives financial instruments are shown in Note 38.

The fair value of contingent liabilities and undrawn credit facilities are not readily ascertainable. These financial instruments are presently not sold or traded. They generate fees that are in line with market prices for similar arrangements. The estimated fair value may be represented by the present value of the fees expected to be received, less associated costs and potential loss that may arise should these commitments capitalized. The Group assess that their respective fair values are unlikely to be significant given that the overall level of fees involved is not significant and no provisions is necessary to be made.



Notes to the Financial Statements (Cont'd)

The following methods and assumptions were used to estimate the fair value of assets and liabilities as at 31 March 2004 and 2003:

(a) Cash And Short-Term Funds

The carrying values are a reasonable estimate of the fair values because of negligible credit risk and short-term in nature or frequent repricing.

(b) Securities Purchased Under Resale Agreements And Deposits With Financial Institutions

The fair values of securities purchased under resale agreements and deposits with financial institutions with remaining maturities less than six months are estimated to approximate their carrying values. For securities purchased under repurchased agreements and deposits with financial institutions with maturities of more than six months, the fair values are estimated based on discounted cash flows using the prevailing KLIBOR rates and interest rate swap rates.

(c) Dealing And Investment Securities

The estimated fair value is based on quoted or observable market prices at the balance sheet date, where such quoted or observable market prices are not available, the fair value is estimated using discounted cash flow or net tangible assets techniques. Where discounted cash flow technique is used, the estimated future cash flows are discounted using prevailing KLIBOR rates and interest rate swap rates of similar instruments at the balance sheet date.

(d) Loans, Advances And Financing And Subordinated Loan Notes (Loans and Financing)

The fair value of variable rate loans and financing are estimated to approximate their carrying values. For fixed rate loans and financing, the fair values are estimated based on expected future cash flows of contractual instalment payments and discounted at prevailing KLIBOR rates and interest rate swap rates. In respect of non-performing loans and financing, the fair values are deemed to approximate the carrying values, net of interest in suspense and specific allowance for bad and doubtful debts and financing.

(e) Deposits From Customers, Deposits Of Banks And Other Financial Institutions And Securities Sold Under Repurchase Agreements

The fair values of deposits liabilities payable on demand (current and savings deposits) or with remaining maturities of less than six months are estimated to approximate their carrying values at balance sheet date. The fair values of term deposits, negotiable instrument of deposits and securities sold under repurchase agreements with remaining maturities of more than six months are estimated based on discounted cash flows using Klibor rates and interest rate swap rates.

(f) Amount Due To Cagamas Berhad

The fair values for amount due to Cagamas Berhad are determined based on discounted cash flows of future instalment payments at prevailing KLIBOR rates and interest rate swap rates.

(g) Subordinated Term Loans

The fair values of subordinated term loans with remaining maturities of less than six months are estimated to approximate their carrying values at balance sheet date. The fair values of subordinated term loans with remaining maturities of more than six months are estimated based on discounted cash flows using KLIBOR rates and interest rate swap rates.

(h) Interest Rate Swaps

The estimated fair value is based on the market price to enter into an offsetting contract at balance sheet date.

(i) Short Term Financial Assets And Financial Liabilities

The fair values of the other financial assets and other financial liabilities, which are considered short term in nature, are estimated to be approximately their carrying values.

As assumptions were made regarding risk characteristics of the various financial instruments, discount rates, future expected loss experience and other factors, changes in the uncertainties and assumptions could materially affect these estimates and the resulting value estimates.

Notes to the Financial Statements (Cont'd)

40. Net Tangible Assets Per Share (RM)

Net tangible assets per share represent the balance sheet total assets value less total liabilities minority interests and goodwill arising on consolidation expressed as an amount per ordinary share.

Net tangible assets per share is calculated as follows:

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Total assets	33,720,433	32,689,468	1,702,018	1,932,772
Less:				
Total Liabilities	31,173,147	30,556,011	920	193,117
Minority interests	103	115	-	-
Goodwill	96,896	102,354	-	-
	31,270,146	30,658,480	920	193,117
Net tangible assets	2,450,287	2,030,988	1,701,098	1,739,655
Issued and fully paid up ordinary shares of RM1.00 each	528,756	528,424	528,756	528,424
Net tangible assets per share (RM)	4.63	3.84	3.22	3.29

41. Capital Commitments

As at 31 March 2004, the Group and the Company have the following commitments in respect of property and equipment:

	The Group	
	2004 RM'000	2003 RM'000
Authorised and contracted for	46,461	38,372
Authorised and not contracted for	-	1,263

42. Lease Commitments

The Group and the Company has lease commitments in respect of rented premises and equipment on hire, all of which are classified as operating leases. A summary of the non-cancellable long-term commitments, net of sub-leases is as follows:

	The Group	
	2004 RM'000	2003 RM'000
Year ending 31 March		
2004	-	21,717
2005	21,330	18,945
2006	20,139	17,259
2007	19,534	69,846
2008 and thereafter	88,597	-
	149,600	127,767

The lease commitments represent minimum rentals not adjusted for operating expenses which the Company is obligated to pay. These amounts are insignificant in relation to the minimum lease obligations. In the normal course of business, leases that expire will be renewed or replaced by leases on other properties, thus it is anticipated that future annual minimum lease commitments will not be less than rental expenses for the year.



Notes to the Financial Statements (Cont'd)

43. Business Segment Analysis

The Group's businesses are organized into three segments, based on the products and services that it provides. These segments are retail banking, Islamic banking and others.

Retail Banking

Retail banking focuses on providing products and services to individual customers and small and medium enterprises. The products and services offered to the customers include credit facilities such as term financing, mortgage, hire purchase financing, personal loans and share financing and others, credit cards, deposit collection and bancassurance.

Islamic Banking

Islamic banking segment relates to Islamic Banking Business activities undertaken by the Group.

Others

Others are a variety of activities, which support the operating business. It includes corporate income and expense items that are not allocated to individual business segments. In addition, the funding cost of the Group's associated and subsidiary companies are included in this category.

The Group

2004	Retail Banking RM'000	Islamic Banking RM'000	Others RM'000	Total Before Elimination RM'000	Elimination/ Consolidation Adjustments RM'000	Total RM'000
External revenue	2,022,172	377,653	(232)	2,399,593	(11,857)	2,387,736
Revenue from other segments	45,321	-	163	45,484	(898)	44,586
Operating revenue	2,067,493	377,653	(69)	2,445,077	(12,755)	2,432,322
Segment results	381,259	121,855	5,542	508,656	(83,375)	425,281
Amortisation of goodwill on consolidation	-	-	-	-	(5,458)	(5,458)
Profit from operations	381,259	121,855	5,542	508,656	(88,833)	419,823
Share in results of associated company	-	-	-	-	209	209
Profit before taxation	381,259	121,855	5,542	508,656	(88,624)	420,032
Taxation	68,361	(34,100)	(3,544)	30,717	(29)	30,688
Minority interests	-	-	-	-	12	12
Net profit for the year	449,620	87,755	1,998	539,373	(88,641)	450,732
Other information						
Segment assets	27,919,642	5,657,559	154,137	33,731,338	(108,107)	33,623,231
Investment in subsidiary companies	29,829	-	1,638,454	1,668,283	(1,668,283)	-
Investment in associated company	100	-	-	100	206	306
Goodwill on consolidation	-	-	-	-	96,896	96,896
Total assets	27,949,571	5,657,559	1,792,591	35,399,721	(1,679,288)	33,720,433
Segment liabilities	25,963,812	5,164,793	161,543	31,290,148	(117,001)	31,173,147
Property and equipment purchases	46,250	-	33	46,283	-	46,283
Depreciation	53,432	35	814	54,281	36	54,317
Goodwill on consolidation	-	-	-	-	5,458	5,458

Notes to the Financial Statements (Cont'd)

The Group

2003	Retail Banking RM'000	Islamic Banking RM'000	Others RM'000	Total Before Elimination RM'000	Elimination/ Consolidation Adjustments RM'000	Total RM'000
External revenue	2,233,882	146,270	5,042	2,385,194	-	2,385,194
Revenue from other segments	1,074	-	1,149	2,223	(2,223)	-
Operating revenue	2,234,956	146,270	6,191	2,387,417	(2,223)	2,385,194
Segment results	363,746	45,691	14,235	423,672	(107,071)	316,601
Amortisation of goodwill on consolidation	-	-	-	-	(5,460)	(5,460)
Profit from operations	363,746	45,691	14,235	423,672	(112,531)	311,141
Share in results of associated company	-	-	-	-	92	92
Profit before taxation	363,746	45,691	14,235	423,672	(112,439)	311,233
Taxation	47,719	(17,274)	(7,470)	22,975	(18)	22,957
Minority interests	-	-	-	-	5	5
Net profit for the year	411,465	28,417	6,765	446,647	(112,452)	334,195
Other information						
Segment assets	30,028,939	2,457,110	222,180	32,708,229	(121,287)	32,586,942
Investment in subsidiary companies	29,829	-	1,805,323	1,835,152	(1,835,152)	-
Investment in associated company	100	-	-	100	72	172
Goodwill on consolidation	-	-	-	-	102,354	102,354
Total assets	30,058,868	2,457,110	2,027,503	34,543,481	(1,854,013)	32,689,468
Segment liabilities	28,322,729	2,252,099	360,066	30,934,894	(378,883)	30,556,011
Property and equipment purchases	36,215	-	-	36,215	-	36,215
Depreciation	83,901	152	807	84,860	36	84,896
Goodwill on consolidation	-	-	-	-	5,460	5,460



Notes to the Financial Statements (Cont'd)

44. Capital Adequacy Ratio

Bank Negara Malaysia's (BNM) guideline on capital adequacy requires the finance subsidiary company AmFinance Berhad (AmFinance), to maintain an adequate level of capital to withstand any losses which may result from credit and other risks associated with financing operations. The capital adequacy ratio is computed based on the eligible capital in relation to the total risk-weighted assets as determined by BNM.

The risk weighted capital adequacy ratio of AmFinance of 11.24% (10.76% in 2003) exceed the minimum requirements of BNM.

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

	The Group	
	2004	2003
	RM'000	RM'000
Tier 1 capital		
Paid-up ordinary share capital	528,756	528,424
Share premium	591,763	590,939
Statutory reserve	768,947	500,259
Unappropriated profit at end of year	657,717	513,720
Minority interests	103	115
Total	2,547,286	2,133,457
Less: Goodwill	(96,896)	(102,354)
Less: Deferred tax assets (Note 1)	(701,236)	-
Total tier 1 capital	1,749,154	2,031,103
Tier 2 capital		
Subordinated term loan	680,000	680,000
Redeemable Unsecured Subordinated Bonds	101,710	-
General allowance for bad and doubtful debts	402,415	385,155
Total tier 2 capital	1,184,125	1,065,155
Capital base	2,933,279	3,096,258
Audited risk-weighted assets	26,363,098	25,394,572
Capital Ratios (%):		
Core capital ratio	6.63%	8.00%
Risk-weighted capital ratio	11.13%	12.19%

Note 1: With effect from the month of August 2003, deferred tax assets or liabilities has been excluded in the computation of capital adequacy ratio.

Notes to the Financial Statements *(Cont'd)*

45. Other Significant Events

1. On 10 May 2003, the ultimate holding company, AMMB Holdings Berhad (AHB), had received the approval of Bank Negara Malaysia (BNM) to commence negotiations with EON Capital Berhad for a possible merger between the two banking groups. However, the discussion was mutually terminated on 25 June 2003.
2. On 9 July 2003, AHB obtained the approval of BNM to commence discussion with Commerce Asset-Holding Berhad for the possible merger of AmFinance Berhad (AmFinance) with Bumiputra-Commerce Finance Berhad and AmBank Berhad with Bumiputra-Commerce Bank Berhad. The discussion were mutually terminated on 5 September 2003.
3. On 27 February 2004 and 31 May 2004, AHB announced the following proposals:
 - (i) The Proposed privatisation of the Company (AMFB Privatisation) which involves a scheme of arrangement pursuant to Section 176 of the Act between the Company, AHB and the shareholders of the Company other than AHB (AMFB Minority Shareholders) whereby AHB will acquire all the AMFB Minority Shares, amounting up to 189,113,911 Shares in AMFB representing up to 35.75% equity interest in AMFB, for a total purchase consideration of up to RM1,361,620,159, equivalent to RM7.20 per AMFB Minority Share (Proposed Consideration Price), to be satisfied through a combination of an issuance of Shares in AHB and cash on the following basis:-
 - (a) the amount of RM771,584,757 by way of the issuance of up to 189,113,911 New AHB Shares on the basis of one (1) New AHB Share valued at RM4.08 per New AHB Share for every one (1) existing AMFB Minority Share held; and
 - (b) the balance of RM590,035,402 in cash on the basis of RM3.12 for every one (1) existing AMFB Minority Share held.

The entitlement date on which the names of the AMFB Minority Shareholders must be entered into the Record of Depositors of the Company in order to participate in the Proposed AMFB Privatisation will be determined and announced at a later date after receipt of all relevant approvals for the Proposed AMFB Privatisation, including the sanction of the Court for the Proposed AMFB Privatisation (Entitlement Date).

The number of New AHB Shares to be issued will depend on the actual number of AMFB Minority Shares to be acquired as at the Entitlement Date, taking into consideration the new Shares in the Company that may be issued by the Company pursuant to the exercise of options under the Company's employees share option scheme (AMFB ESOS Options) prior to the Entitlement Date. As at 31 March 2004, the number of unexercised AMFB ESOS Options stood at 345,000.

Upon the scheme of arrangement becoming effective, all AMFB Minority Shareholders are bound to exchange their AMFB Shares on the basis of one (1) New AHB Share and RM3.12 in cash for every one (1) existing AMFB Minority Share held as at the Entitlement Date.

Pursuant to the Proposed AMFB Privatisation, the Company will become a wholly-owned subsidiary company of AHB. As the Company would then no longer meet the public shareholding spread requirements of the Bursa Malaysia, the Bursa Malaysia could de-list the Company's Shares from the Official List of the Bursa Malaysia as provided under Section 16.09 of the Bursa Malaysia's Listing Requirements. It is the intention of AHB to seek the approval of the Bursa Malaysia to hold the Company's listing status in abeyance.



Notes to the Financial Statements *(Cont'd)*

- (ii) Proposed listing of AHB's Investment Banking Group, via a newly incorporated company (Newco), on the Main Board of the Bursa Malaysia.

The Proposed Listing of Newco entails the following:-

- (a) the incorporation of Newco to act as the listing vehicle/holding company, to be a wholly-owned subsidiary company of AHB initially;
 - (b) an internal reorganisation involving the transfer of AHB's entire interests in the component companies of AHB involved in the investment banking operations to Newco (Proposed Internal Reorganisation);
 - (c) an offer for sale/restricted issue of an aggregate of 40% of the enlarged issued and paid-up share capital of Newco (Proposed Offer) to be undertaken upon completion of the Proposed Internal Reorganisation to the following:-
 - (i) Shareholders of AHB (Entitled AHB Shareholders); and
 - (ii) The following persons who meet the criteria for eligibility for participation in the Proposed Offer (Eligible Employees):-
 - (a) Directors and employees of Newco and/or its Malaysian-incorporated subsidiary and associated companies;
 - (b) Directors of AHB; and
 - (c) Business associates of AHB; and
 - (d) the listing of the entire proposed issued and paid-up share capital of Newco on the Main Board of the Bursa Malaysia.
- (iii) The proposed Share Split which involves the reduction of the par value of AHB's Shares from RM1.00 each to RM0.50 each by way of the subdivision of every one (1) existing Share held in AHB into two (2) new ordinary shares in AHB of RM0.50 each. Shareholders of AHB, whose names appear on the Record of Depositors at the close of business on a date to be determined and announced later upon obtaining all relevant approvals, will be entitled to the Proposed Share Split. The Proposed Share Split is expected to be undertaken after the completion of the Proposed AMFB Privatisation.

On 25 March 2004 the Securities Commission (SC) has approved AHB's application for a waiver from complying with Paragraph 5 of Guidance Note 8A of the SC Guidelines subject to a condition whereby AHB will be required to implement the proposed share split within three (3) months upon the completion of the proposed privatisation of AMFB.

The Proposed Subdivided Shares to be issued shall, upon issue and allotment, rank *pari passu* in all respects amongst themselves.

The Proposed Share Split will result in a reduction in the existing market price of the Company's shares thus making the Company's shares more affordable for shareholders and investors. The Proposed Share Split will also improve the liquidity and marketability of the Company's shares by virtue of the increase in the number of the Company's shares.

The Proposed AMFB Privatisation, Newco Listing and Share Split are subject to the approvals of SC, Minister of Finance, Bank Negara Malaysia, High Court of Malaya, shareholders of the Company and AHB and other relevant authorities.

The Proposed AMFB Privatisation and the Proposed Listing of Newco Group are inter-conditional with each other. The Proposed Share Split is not conditional upon the Proposed AMFB Privatisation and the Proposed Listing of Newco Group.

Notes to the Financial Statements *(Cont'd)*

46. General Information

The Company is a public limited liability company, incorporated in Malaysia, and is listed on the Main Board of the Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad).

The registered office and the principal place of business of the Company is located at 22nd Floor, Bangunan AmBank Group, 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

47. Prior Year Adjustments

The Group and the Company changed their accounting policy on the recognition of liabilities in respect of proposed dividends in compliance with Malaysian Accounting Standards Board (MASB) Standard 19, Events After Balance Sheet Date in the last financial year. In prior years, the amount of dividends that was proposed and formally approved for payment after the balance sheet date was included as a liability in the financial statements. Upon adoption of MASB 19, the Group and the Company changed this accounting policy to recognise dividends in the financial year where the obligation to make future payments is established. As such, final dividends are included as a liability in the financial statements after approval of shareholders at the Annual General Meeting.

During the financial year, the Group changed their accounting policy on accounting for income taxes. Under MASB 25, deferred tax liabilities are recognised for all taxable temporary differences. In prior years, deferred tax liabilities were provided for on account of timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future. In addition, the Group has commenced recognition of deferred tax assets for all deductible temporary differences when it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilized. In prior years, deferred tax assets were not recognised unless the expected realisation was reasonably assured.

The accounting change has been accounted for retrospectively and the effects on prior years have been taken up as a prior year adjustments in the financial statements. The effect of the accounting change is to increase net profit of the Group for the financial year by approximately RM4,634,000.

Accordingly, the following accounts in prior years have been restated to reflect the effects of the accounting change:

	As previously stated RM	Adjustments RM	As restated RM
The Group			
As at 31 March 2002			
Unappropriated profit at end of year	(274,244)	(132,430)	(406,674)
As at 31 March 2003			
Deferred tax assets	537,279	108,837	646,116
Unappropriated profit at end of year	(404,883)	(108,837)	(513,720)
For the financial year ended 31 March 2003			
Taxation	12,510	10,447	22,957
The Company			
As at 31 March 2002			
Unappropriated profit at end of year	(272,911)	(34,040)	(306,951)



Notes to the Financial Statements *(Cont'd)*

48. The Operation Of Islamic Banking Business

The state of affairs as at 31 March 2004 and the results for the year ended on that date under the Islamic Banking Business are summarised as follows:

BALANCE SHEET AS AT 31 MARCH 2004

	Note	The Group	
		2004 RM'000	2003 RM'000
ASSETS			
Cash and short-term funds	(b)	71,472	40,218
Investment securities	(c)	155,379	167,085
Financing activities	(d)	5,166,510	2,155,637
Other assets		43,927	17,714
Deferred tax assets	(p)	35,054	9,290
Statutory deposits with Bank Negara Malaysia		185,185	67,098
Property and equipment	(e)	32	68
TOTAL ASSETS		5,657,559	2,457,110
LIABILITIES AND ISLAMIC BANKING FUND			
Deposits from customers	(f)	2,546,524	1,179,938
Deposits and placements of banks and other financial institutions	(g)	2,467,979	1,027,861
Other liabilities	(h)	150,290	44,300
Total Liabilities		5,164,793	2,252,099
Capital funds	(i)	360,542	160,542
Unappropriated profit		132,224	44,469
Islamic Banking Fund		492,766	205,011
TOTAL LIABILITIES AND ISLAMIC BANKING FUND		5,657,559	2,457,110
COMMITMENTS AND CONTINGENCIES	(q)	317,357	100,043

The accompanying Notes form an integral part of the Islamic Banking Business Financial Statements.

Notes to the Financial Statements *(Cont'd)*

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2004

	Note	The Group		The Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Income derived from investment of depositors' funds and others	(j)	345,571	132,113	-	22,497
Loan and financing loss and allowances	(k)	(69,160)	(32,991)	-	(7,206)
Transfer to profit equalisation reserve		(46,976)	(6,175)	-	(2,519)
Total attributable income		229,435	92,947	-	12,772
Income attributable to the depositors	(l)	(112,998)	(56,534)	-	(8,522)
Profit attributable to the Group/Company		116,437	36,413	-	4,250
Income derived from Islamic Banking Funds	(m)	32,082	14,197	-	1,398
Total net income		148,519	50,610	-	5,648
Operating expenditure	(n)	(26,664)	(4,919)	-	(2,945)
Profit before taxation		121,855	45,691	-	2,703
Taxation	(o)	(34,100)	(13,527)	-	(3,074)
Profit/(Loss) after taxation		87,755	32,164	-	(371)



The accompanying Notes form an integral part of the Islamic Banking Business Financial Statements

Notes to the Financial Statements *(Cont'd)*

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2004

The Group	Note	Capital Funds RM'000	Distributable	
			Unappropriated Profit RM'000	Total RM'000
As at 1 April 2002				
As previously stated		30,000	86,932	116,932
Prior year's adjustments	(v)	-	5,543	5,543
As restated		30,000	92,475	122,475
Increase during the year		150,542	-	150,542
Reduction during the year		(20,000)	-	(20,000)
Transfer to Non-Islamic Banking Business		-	(80,170)	(80,170)
Profit for the year		-	32,164	32,164
As at 31 March 2003		160,542	44,469	205,011
As at 1 April 2003				
As previously stated		160,542	35,179	195,721
Prior year's adjustments	(v)	-	9,290	9,290
As restated		160,542	44,469	205,011
Increase during the year		200,000	-	200,000
Profit for the year		-	87,755	87,755
As at 31 March 2004		360,542	132,224	492,766

The accompanying Notes form an integral part of the Islamic Banking Business Financial Statements

Notes to the Financial Statements *(Cont'd)*

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	121,855	45,691	-	2,703
Add/(Less) adjustments for:				
General allowance for bad and doubtful financing	47,097	13,383	-	5,755
Transfer to profit equalisation reserve	46,976	6,175	-	2,519
Specific allowance for bad and doubtful financing	25,745	22,143	-	1,836
Income in suspense	18,537	38,968	-	1,617
Depreciation of property and equipment	36	152	-	-
Accretion of discount	(4,852)	(4,901)	-	-
Operating Profit Before Working Capital Changes	255,394	121,611	-	14,430
(Increase)/Decrease In Operating Assets				
Financing activities	(3,102,251)	(2,179,144)	-	(84,473)
Statutory deposits with Bank Negara Malaysia	(118,087)	(63,142)	-	(3,684)
Other receivables, deposits and prepayments	(26,213)	(17,619)	-	311
Increase/(Decrease) In Operating Liabilities				
Deposits from customers	1,366,585	1,078,196	-	88,841
Deposits of banks and other financial institutions	1,440,118	929,566	-	(98,295)
Other liabilities	(849)	60,517	-	24,513
Cash Used In Operations	(185,303)	(70,015)	-	(58,357)
Taxation paid	-	(25,444)	-	(12,374)
Net Cash Used In Operating Activities	(185,303)	(95,459)	-	(70,731)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal/ (Purchase) of investment securities - net	16,557	(99,620)	-	(777)
Net Cash From/(Used In) Investing Activities	16,557	(99,620)	-	(777)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares	200,000	150,542	-	-
Net cash outflow from the vesting of assets and liabilities to AmFinance (Note a)	-	(7,574)	-	(7,574)
Net Cash From/(Used In) Financing Activities	200,000	142,968	-	(7,574)
Net Increase/(Decrease) In Cash And Cash Equivalents	31,254	(52,111)	-	(79,082)
Cash And Cash Equivalents At Beginning Of Year	40,218	92,329	-	79,082
Cash And Cash Equivalents At End Of Year (Note b)	71,472	40,218	-	-



Notes to the Financial Statements *(Cont'd)*

Note a: Vesting of assets and liabilities to finance subsidiary company, AmFinance Berhad (AmFinance)

The summary of the effect of the vesting of assets and liabilities to AmFinance from the Company on 15 June 2002, on the Islamic cash flows of the Group and Company during the previous financial year are as follows:

	RM'000
Net assets vested over:	
Cash and short term funds	7,574
Investment securities	113,645
Financing	1,361,063
General allowance for bad and doubtful financing	(23,630)
Specific allowance for bad and doubtful financing	(59,599)
Income-in-suspense	(36,751)
Other assets	2,569
Statutory deposits with Bank Negara Malaysia	44,465
Property, plant and equipment – Cost	911
Property, plant and equipment – Accumulated depreciation	(723)
Deposits from customers	(546,661)
Deposits of banks and other financial institutions	(724,351)
Other liabilities	(38,342)
Net assets transferred over	100,170
Less: Amount due from Head Office	(100,170)
	-
Less: Cash and short term funds	(7,574)
Net cash outflow	(7,574)

Note b: Cash and Cash Equivalents

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

	The Group	
	2004 RM'000	2003 RM'000
Cash and short term funds (Note b)	71,472	40,218

The accompanying Notes form an integral part of the Islamic Banking Business Financial Statements.

Notes to the Financial Statements *(Cont'd)*

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS

(a) Islamic Banking Business

Disclosure of Syariah Advisor

The Group's Islamic banking activities are subject to conformity with Syariah requirements and confirmation by the Syariah Advisor, Professor Madya Dato' Hj Md. Hashim bin Yahya, Dato' Sheikh Ghazali bin Hj Abdul Rahman and Professor Dr Mohd Daud Bakar. The role and authority of the Syariah Advisor are as follows:

- Advise and provide guidance on all matters pertaining to Syariah principles including product development, marketing and implementation activities.
- Assist in the setting up of business and operational procedures with respect to comply with Syariah principles.

Zakat Obligations

The Group does not pay zakat on behalf of the shareholders or depositors.

(b) Cash And Short-Term Funds

	The Group	
	2004 RM'000	2003 RM'000
Cash and bank balances	272	218
Money at call and deposits maturing within one month:		
Other licensed banks	24,900	19,964
Other licensed finance company	20,000	20,000
Bank Negara Malayisa	26,300	36
	71,472	40,218

(c) Investment Securities

	The Group	
	2004 RM'000	2003 RM'000
Money Market Securities:		
Malaysian Government Investment Certificates	145,319	92,814
Islamic acceptance bills	2,979	-
Islamic negotiable certificate of deposits	-	19,977
Islamic Khazanah bonds	-	49,560
	148,298	162,351
Add:		
Accretion of discount less amortisation of premium	7,081	4,734
	155,379	167,085
Market value:		
Money Market Securities:		
Malaysian Government Investment Certificates	152,801	96,288
Islamic acceptance bills	2,997	-
SPTF Khazanah bonds	-	51,306



Notes to the Financial Statements (Cont'd)

(d) Financing Activities

	The Group	
	2004 RM'000	2003 RM'000
Term financing	232,216	240,505
Revolving credit facilities	14,274	19,692
House financing	419,085	269,899
Islamic hire-purchase	5,160,157	2,248,249
Lease financing/Industrial hire-purchase	457,146	80,092
Other financing	570,172	91,045
	6,853,050	2,949,482
Unearned income	(1,474,527)	(639,640)
Gross financing	5,378,523	2,309,842
Allowance for bad and doubtful financing:		
- General	(80,276)	(33,179)
- Specific	(58,247)	(49,758)
Income-in-suspense	(73,490)	(71,268)
	5,166,510	2,155,637
Non-performing financing (net)	82,897	154,215
Ratio of net non-performing financing to net financing	1.58%	7.05%
(i) Financing analysed by concepts are as follows:		
Al-Bai' Bithaman Ajil	617,704	235,395
Al-Ijarah/Al-Ijarah Thumma Al-Bai'	4,534,832	1,847,795
Al-Musyarakah	225,987	226,652
	5,378,523	2,309,842
(ii) The maturity structure of financing is as follows:		
Maturing within one year	1,454,802	619,823
One year to three years	1,710,690	717,503
Three years to five years	1,360,758	584,826
Over five years	852,273	387,690
	5,378,523	2,309,842

Notes to the Financial Statements (Cont'd)

(iii) Financing analysed by their economic purposes are as follows:

	The Group	
	2004 RM'000	2003 RM'000
Purchase of transport vehicles	3,962,298	1,707,235
Consumption credit	368,339	23
Purchase of landed property:		
Residential	203,052	132,165
Non-residential	170,145	175,037
Construction	179,668	93,430
Manufacturing	151,309	14,376
Transport, storage and communication	113,613	60,710
Agriculture	76,594	2,545
General commerce	73,432	20,585
Purchase of securities	24,548	37,289
Finance, insurance and business services	14,122	6,551
Mining and quarrying	6,941	1,043
Electricity, gas and water	2,539	265
Real estate	1,089	276
Others	30,834	58,312
	5,378,523	2,309,842

(iv) Financing analysed by type of customers are as follows:

	The Group	
	2004 RM'000	2003 RM'000
Individuals	4,570,265	1,920,983
Small medium industries	399,715	89,829
Business enterprises	397,025	292,518
Other domestic entities	6,244	5,152
Foreign entities	4,757	909
Domestic non-bank financial institutions	437	451
Local government and statutory authorities	80	-
	5,378,523	2,309,842



Notes to the Financial Statements *(Cont'd)*

(v) Movements in the allowance for bad and doubtful financing and income-in-suspense accounts are as follows:

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
General Allowance				
Balance at beginning of year	33,179	19,796	-	17,874
Allowance made during the year	47,097	13,383	-	5,755
Assets and liabilities vested over to AmFinance	-	-	-	(23,629)
Balance at end of year	80,276	33,179	-	-
% of total financing less specific allowance and income-in-suspense	1.53%	1.52%	-	1.51%
Specific Allowance				
Balance at beginning of year	49,758	59,434	-	58,572
Allowance made during the year	42,872	34,745	-	3,221
Amount written back in respect of recoveries	(17,127)	(12,602)	-	(1,385)
Net charge to income statements	25,745	22,143	-	1,836
Amount written off/Adjustment to Asset Deficiency Account	(17,256)	(31,010)	-	-
Debt equity conversion	-	(809)	-	(809)
Amount arising from assets and liabilities vested over to AmFinance	-	-	-	(59,599)
Balance at end of year	58,247	49,758	-	-
Income-in-suspense				
Balance at beginning of year	71,268	39,451	-	37,710
Allowance made during the year	30,442	44,528	-	2,474
Amount written back in respect of recoveries	(11,905)	(5,560)	-	(857)
Net charge to income statements	18,537	38,968	-	1,617
Amount written off/Adjustment to Asset Deficiency Account	(16,315)	(6,236)	-	(1,662)
Debt equity conversion	-	(915)	-	(915)
Amount arising from transfer of business to AmFinance	-	-	-	(36,750)
Balance at end of year	73,490	71,268	-	-

Notes to the Financial Statements (Cont'd)

(e) Property And Equipment

The Group	Leasehold improvements RM'000	Computer hardware and software RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
COST				
At beginning/end of year	415	209	291	915
ACCUMULATED DEPRECIATION				
At beginning of year	415	170	262	847
Additions	-	14	22	36
At end of year	415	184	284	883
NET BOOK VALUE				
As at 31 March 2004	-	25	7	32
As at 31 March 2003	-	39	29	68
Depreciation charge for 2003	75	28	49	152

(f) Deposits From Customers

	The Group	
	2004 RM'000	2003 RM'000
Mudarabah Fund		
General Investment deposits	2,267,071	1,058,628
Non-Mudarabah Fund		
Savings deposits	241,921	111,427
Islamic negotiable certificates of deposits	37,532	9,883
	2,546,524	1,179,938

The maturity structure of deposits is as follows:

Due within six months	2,223,787	976,299
Six months to one year	193,211	98,515
One year to three years	107,860	35,211
Three years to five years	21,666	69,913
	2,546,524	1,179,938

The deposits are sourced from the following customers:

Business enterprises	1,235,147	675,146
Individuals	626,427	236,616
Others	684,950	268,176
	2,546,524	1,179,938



Notes to the Financial Statements (Cont'd)

(g) Deposits And Placements Of Banks And Other Financial Institutions

	The Group	
	2004 RM'000	2003 RM'000
Mudarabah Fund		
Other financial institutions	1,160,682	640,949
Non-Mudarabah Fund		
Licensed banks	457,506	69,111
Licensed finance companies	159,530	159,581
Other financial institutions	690,261	158,220
	2,467,979	1,027,861

Included under deposits and placements of licensed finance companies is an amount of RM159,530,000 (RM159,581,000 as at 31 March 2003) due to Head Office.

(h) Other Liabilities

	The Group	
	2004 RM'000	2003 RM'000
Profit equalisation reserve	52,000	5,024
Amount owing to Head Office	54,874	20,571
Dividends payable to depositors	18,006	-
Lease deposits and advance rental	11,124	916
Other payables	14,286	16,010
Allowance for taxation and zakat	-	1,779
	150,290	44,300

The movements in profit equalisation reserve are as follows:

Balance at beginning of year	5,024	-
Allowance on during the year	46,976	5,024
Balance at end of year	52,000	5,024

(i) Capital Funds

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Allocated:				
Balance at beginning of year	210,542	30,000	-	20,000
Created during the year	250,000	200,542	-	-
Reduction during the year	-	(20,000)	-	(20,000)
Balance at end of year	460,542	210,542	-	-
Utilised:				
Balance at beginning of year	160,542	30,000	-	20,000
Increase during the year	200,000	150,542	-	-
Reduction during the year	-	(20,000)	-	(20,000)
Balance at end of year	360,542	160,542	-	-

Notes to the Financial Statements (Cont'd)

(j) Income Derived From Investment Of Depositors' Funds And Others

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Income derived from investment of:				
(I) General investment deposits	257,515	116,830	-	19,893
(II) Other funds	88,056	15,283	-	2,604
	345,571	132,113	-	22,497

(I) Income derived from investment of general investment deposits

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Finance income and hibah:				
Financing activities	253,176	114,694	-	19,144
Investment securities	16	690	-	647
Money at call and deposits with financial institutions	1,626	1,391	-	148
	254,818	116,775	-	19,939
Income-in-suspense	(3,622)	(4,568)	-	(96)
Accretion of discount	3,308	3,881	-	-
	254,504	116,088	-	19,843
Fee and commission income:				
Commission	969	263	-	-
Other fee income	2,042	479	-	50
	3,011	742	-	50
Total	257,515	116,830	-	19,893

(II) Income derived from investment of other funds

Finance income and hibah:				
Financing activities	99,798	48,208	-	4,005
Investment securities	6	91	-	85
Money at call and deposits with financial institutions	556	182	-	19
	100,360	48,481	-	4,109
Income-in-suspense	(14,464)	(33,804)	-	(1,514)
Accretion of discount	1,131	508	-	-
	87,027	15,185	-	2,595
Fee and commission income:				
Commission	331	34	-	-
Other fee income	698	64	-	9
	1,029	98	-	9
Total	88,056	15,283	-	2,604



Notes to the Financial Statements (Cont'd)

(k) Financing Loss And Allowances

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Allowance for bad and doubtful financing:				
- Specific allowance	25,745	22,143	-	1,836
- General allowance	47,097	13,383	-	5,755
Bad debts and financing recovered	(3,682)	(2,535)	-	(385)
	69,160	32,991	-	7,206

(l) Income Attributable To Depositors

Mudharabah fund	80,346	45,217	-	7,423
Non-Mudharabah	28,737	5,510	-	1,099
Special placement deposits by Head Office	3,915	5,807	-	-
	112,998	56,534	-	8,522

(m) Income Derived From Islamic Banking Funds

Finance income and hibah:				
Financing activities	31,541	13,962	-	1,346
Investment securities	2	52	-	46
Money at call and deposits with financial institutions	202	174	-	10
	31,745	14,188	-	1,402
Income-in-suspense	(451)	(597)	-	(7)
Accretion of discount	412	512	-	-
	31,706	14,103	-	1,395
Fee and commission income:				
Commission	121	35	-	-
Other fee income	255	59	-	3
	376	94	-	3
Total	32,082	14,197	-	1,398

Notes to the Financial Statements *(Cont'd)*

(n) Operating Expenditure

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Personnel (staff) costs	-	263	-	46
Establishment costs	36	402	-	102
Marketing expenses	25,329	3,643	-	2,673
Administration and general expenses	1,299	611	-	124
	26,664	4,919	-	2,945

(o) Taxation

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Estimated current tax payable	59,864	17,274	-	3,074
Transfer to deferred tax assets (Note p)	(25,764)	(3,747)	-	-
	34,100	13,527	-	3,074

(p) Deferred Tax Assets

	The Group	
	2004 RM'000	2003 RM'000
Balance at beginning of year	-	-
- As previously reported	-	-
- Prior year adjustments	9,290	5,543
As restated	9,290	5,543
Transfer from income statement (Note o)	25,764	3,747
	35,054	9,290
The deferred tax credits/(debits) are in respect of the following:		
Timing differences arising from general allowance for financing	22,477	9,290
Accretion of discount	(1,983)	-
Profit equalisation reserves	14,560	-
	35,054	9,290



Notes to the Financial Statements (Cont'd)

(q) Commitments And Contingencies

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

The risk-weighted exposure of the Group is as follows:

The Group	2004		2003	
	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Credit Principal Amount RM'000	Equivalent Amount* RM'000
Irrevocable commitments to extend credit:				
- maturing less than one year	277,301	-	58,845	-
- maturing more than one year	40,056	20,028	41,198	20,599
Total	317,357	20,028	100,043	20,599

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

(r) Yield/Profit Rate Risk

The following table shows the effective profit rates at the balance sheet date and the periods in which the financial instruments reprice or mature, whichever is earlier.

2004 The Group	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non-yield/profit sensitive RM'000	Total RM'000	Effective profit rate %
ASSETS									
Cash and short-term funds	71,200	-	-	-	-	-	272	71,472	2.80
Investment securities	2,979	119,108	-	-	33,292	-	-	155,379	3.05
Loans, advances and financing									
- performing	274,678	199,002	298,206	729,577	2,565,379	1,097,047	-	5,163,889	8.61
- non-performing*	-	-	-	-	-	-	2,621	2,621	-
Other non-profit sensitive balances	-	-	-	-	-	-	264,198	264,198	-
TOTAL ASSETS	348,857	318,110	298,206	729,577	2,598,671	1,097,047	267,091	5,657,559	
LIABILITIES AND SHAREHOLDERS' FUNDS									
Deposits from customers	1,080,547	760,214	383,026	193,211	129,526	-	-	2,546,524	2.93
Deposits of banks and other financial institutions	843,931	568,812	273,239	360,502	421,495	-	-	2,467,979	3.03
Other non-profit sensitive balances	-	-	-	-	-	-	150,290	150,290	-
Total Liabilities	1,924,478	1,329,026	656,265	553,713	551,021	-	150,290	5,164,793	
Islamic Banking Funds	-	-	-	-	-	-	492,766	492,766	
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	1,924,478	1,329,026	656,265	553,713	551,021	-	643,056	5,657,559	
On-balance sheet profit sensitivity gap	(1,575,621)	(1,010,916)	(358,059)	175,864	2,047,650	1,097,047	(375,965)	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	
Total profit sensitivity gap	(1,575,621)	(1,010,916)	(358,059)	175,864	2,047,650	1,097,047	(375,965)	-	

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

Notes to the Financial Statements (Cont'd)

2003									
The Group	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	>1 to 5 years RM'000	Over 5 years RM'000	Non- yield/profit sensitive RM'000	Total RM'000	Effective profit rate %
ASSETS									
Cash and short-term funds	40,000	-	-	-	-	-	218	40,218	2.80
Investment securities	19,977	16,887	14,781	19,544	95,896	-	-	167,085	3.14
Loans, advances and financing									
- performing	4,338	40,273	75,048	188,767	1,387,137	424,435	-	2,119,998	10.47
- non-performing*	-	-	-	-	-	-	35,639	35,639	-
Other non-profit sensitive balances	-	-	-	-	-	-	94,170	94,170	-
TOTAL ASSETS	64,315	57,160	89,829	208,311	1,483,033	424,435	130,027	2,457,110	
LIABILITIES AND SHAREHOLDERS' FUNDS									
Deposits from customers	465,534	248,695	262,071	98,515	105,123	-	-	1,179,938	2.43
Deposits of banks and other financial institutions	451,593	245,607	29,845	108,533	192,283	-	-	1,027,861	2.80
Other non-profit sensitive balances	-	-	-	-	-	-	44,300	44,300	-
Total Liabilities	917,127	494,302	291,916	207,048	297,406	-	44,300	2,252,099	
Islamic Banking Funds	-	-	-	-	-	-	205,011	205,011	
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	917,127	494,302	291,916	207,048	297,406	-	249,311	2,457,110	
On-balance sheet profit sensitivity gap	(852,812)	(437,142)	(202,087)	1,263	1,185,627	424,435	(119,284)	-	
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	
Total profit sensitivity gap	(852,812)	(437,142)	(202,087)	1,263	1,185,627	424,435	(119,284)	-	

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



Notes to the Financial Statements (Cont'd)

(s) Fair Value Of Islamic Banking Business Financial Instruments

The estimated fair values of the Group's Islamic Banking Business financial instruments are as follows:

The Group	The Group			
	2004 Carrying Value RM'000	Fair Value RM'000	2003 Carrying Value RM'000	Fair Value RM'000
Financial Assets				
Cash and short-term funds	71,472	71,472	40,218	40,218
Investment securities	155,379	155,798	167,085	167,012
Financing *	5,246,786	5,872,080	2,188,817	2,518,657
Other financial assets	43,927	43,927	17,714	17,714
	5,517,564	6,143,277	2,413,834	2,743,601
Non-financial assets	139,995		43,276	
TOTAL ASSETS	5,657,559		2,457,110	
Financial Liabilities				
Deposits from customers	2,546,524	2,547,141	1,179,939	1,183,868
Deposits of banks and other financial institutions	2,467,979	2,468,862	1,027,861	1,028,701
Other financial liabilities	98,290	98,290	39,275	39,275
	5,112,793	5,114,293	2,247,075	2,251,844
Non-Financial Liabilities				
Other non-financial liabilities	52,000		5,024	
Islamic Banking Funds	492,766		205,011	
	544,766		210,035	
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	5,657,559		2,457,110	

* The general allowance for the Group amounting to RM80,276,000 (RM33,179,000 in 2003) has been included under non-financial assets.

(t) Net Income From Islamic Banking Business

For consolidation with the conventional operations, net income from Islamic Banking Business comprises the following items:

	The Group		The Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Income derived from investment of depositors' fund	345,571	132,113	-	22,497
Less: Income attributable to depositors	(112,998)	(56,534)	-	(8,522)
Income attributable to the Group and the Company	232,573	75,579	-	13,975
Income derived from Islamic Banking Funds	32,082	14,197	-	1,398
	264,655	89,776	-	15,373

Notes to the Financial Statements (Cont'd)

(u) Capital Adequacy Ratio

The Group capital adequacy ratio of the Islamic Banking Business are analysed as follows:

	2004 RM'000	2003 RM'000
Tier 1 Capital		
Islamic Banking Fund	360,542	160,542
Unappropriated profit at end of year	132,224	35,179
	492,766	195,721
Less: Deferred tax assets	35,054	-
Total Tier 1 Capital	457,712	195,721
Tier 2 Capital		
General allowance for bad and doubtful debts	80,276	33,179
Total Tier 2 Capital	80,276	33,179
Capital base	537,988	228,900
Audited risk-weighted assets	5,225,580	2,177,402
Capital Ratios:		
Core capital ratio	8.76%	8.99%
Risk-weighted capital ratio	10.30%	10.51%

(v) Prior Year Adjustments

The prior year adjustments relates to the change in accounting policy on adoption of MASB 25: Income Taxes as described in Note 47

The accounting change has been accounted for retrospectively and the effects on prior years have been taken up as a prior year adjustments in the financial statements.

Accordingly, the following accounts in prior years have been restated to reflect the effects of the accounting change:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
The Group			
As at 31 March 2003			
Unappropriated profit at end of year	(86,932)	(5,543)	(92,475)
As at 31 March 2003			
Deferred tax assets	-	9,290	9,290
Unappropriated profit at end of year	(35,179)	(9,290)	(44,469)
For the financial year ended 31 March 2003			
Taxation	17,274	(3,747)	13,527



Notes to the Financial Statements *(Cont'd)*

(w) Comparative Figures

The comparative figures were extended to comply with the additional disclosures requirements of the MASB i-1 and MASB 25 that are applicable for the financial year ended 31 March 2004.

The following comparative figures which have been restated as a result of the adoption of the MASB 25, which are as follows:

	As previously stated RM'000	As restated RM'000
As at 31 March 2003		
Unappropriated profit at end of year	(86,932)	(92,475)
As at 31 March 2003		
Deferred tax assets	-	9,290
Unappropriated profit at end of year	(35,179)	(44,469)
For the financial year ended 31 March 2003		
Taxation	17,274	13,527



Statement by Directors

The Directors of **AMFB HOLDINGS BERHAD**, state that, in their opinion, the accompanying balance sheets and statements of income, changes in equity and cash flows, are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 March 2004 and of the results and changes in equity and cash flows of the Group and the Company for the year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the Directors



TAN SRI DATO' AZMAN HASHIM



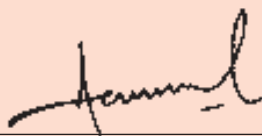
MOHAMED AZMI MAHMOOD

Kuala Lumpur,
31 May 2004

Statutory Declaration

I, **ARUNASALAM MUTHUSAMY**, being the Officer primarily responsible for the financial management of **AMFB HOLDINGS BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets and statements of income, changes in equity and cash flows are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed **ARUNASALAM MUTHUSAMY**
at KUALA LUMPUR this 31st day of May 2004



Before me,



COMMISSIONER FOR OATHS



No: 28-02, Jalan Hang Lekli,
50102 Kuala Lumpur.

Lodged on behalf by:

Address: 22nd Floor, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur

Telephone Number: 03-20782633/44/55



Shareholding Structure As At 3 August 2004

ANALYSIS OF SHAREHOLDINGS

Authorised Share Capital	: RM2,000,000,000
Paid-up Share Capital	: RM528,834,120
Class of Share	: Ordinary share of RM1.00 each
Voting Rights	: 1 vote per shareholder on a show of hands 1 vote per ordinary share on a poll

	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Size of Shareholdings				
Less than 100	798	7.80	33,671	0.01
100 - 1,000	3,698	36.12	2,764,564	0.52
1,001 - 10,000	4,698	45.89	17,287,581	3.27
10,001 - 100,000	861	8.41	26,163,461	4.95
100,001 - less than 5.0% of issued shares	180	1.76	115,370,760	21.81
5.0% and above of issued shares	2	0.02	367,214,083	69.44
Total	10,237	100.00	528,834,120	100.00

Location of Shareholders

Malaysia	9,574	93.52	483,517,417	91.43
Singapore	226	2.21	2,054,541	0.39
Australia	12	0.12	85,597	0.02
United Kingdom	9	0.09	92,952	0.02
Other Countries	416	4.06	43,083,613	8.14
Total	10,237	100.00	528,834,120	100.00

Types of Shareholders (By Nationality)

Malaysian				
- Individual	8,173	79.84	30,455,902	5.76
- Nominee companies	1,091	10.65	69,214,028	13.09
- Other companies	310	3.03	383,847,487	72.58
Singaporean	226	2.21	2,054,541	0.39
Australian	12	0.12	85,597	0.02
British	9	0.09	92,952	0.02
Other Nationalities	416	4.06	43,083,613	8.14
Total	10,237	100.00	528,834,120	100.00

Shareholding Structure As At 3 August 2004 (Cont'd)

30 LARGEST SHAREHOLDERS

	No. of Shares	%
1. AMMB Holdings Berhad	339,989,209	64.29
2. Employees Provident Fund Board	27,224,874	5.15
3. Malaysia Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad	12,178,500	2.30
4. HSBC Nominees (Asing) Sdn Bhd - BNY Brussels for The Great Eastern Life Assurance Co Ltd	11,632,300	2.20
5. AMMB Nominees (Tempatan) Sdn Bhd - MIDF Aberdeen Asset Management Sdn Bhd for Employees Provident Fund	3,300,000	0.62
6. Universal Trustee (Malaysia) Berhad - CMS Premier Fund	1,989,476	0.38
7. HSBC Nominees (Asing) Sdn Bhd - Mscoil for ARN Asian Enterprise Fund Limited	1,959,600	0.37
8. Cartaban Nominees (Asing) Sdn Bhd - State Street Australia Fund Q3VD for Fullerton (Private) Limited	1,944,700	0.37
9. HSBC Nominees (Asing) Sdn Bhd - Dresdner Asset Management S.A.	1,862,800	0.35
10. Cartaban Nominees (Asing) Sdn Bhd - State Street Australia Fund UBBG for FPL Alpha Investments Pte Ltd	1,850,000	0.35
11. Mayban Nominees (Tempatan) Sdn Bhd - Mayban Investment Management Sdn Bhd for Kumpulan Wang Simpanan Pekerja	1,840,000	0.35
12. Amanah Raya Nominees (Tempatan) Sdn Bhd - Public Growth Fund	1,740,000	0.33
13. DB (Malaysia) Nominee (Asing) Sdn Bhd - Deutsche Bank AG London for Diversified Asian Strategies Fund	1,701,400	0.32
14. DB (Malaysia) Nominee (Asing) Sdn Bhd - Deutsche Bank AG London for PMA Prospect Fund	1,659,800	0.31
15. HSBC Nominees (Asing) Sdn Bhd - BOB HK Branch Dresdner RCM Little Dragons Fund Limited	1,565,000	0.30
16. HLG Nominee (Tempatan) Sdn Bhd - PB Trustee Services Berhad for HLG Growth Fund	1,455,900	0.28
17. Citicorp Nominees (Asing) Sdn Bhd - Goldman Sachs International	1,370,200	0.26
18. Citicorp Nominees (Tempatan) Sdn Bhd - Prudential Assurance Malaysia Berhad	1,354,000	0.26
19. Amanah Raya Nominees (Tempatan) Sdn Bhd - Public Savings Fund	1,315,900	0.25
20. Malaysia Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad	1,254,000	0.24



Shareholding Structure As At 3 August 2004 (Cont'd)

30 LARGEST SHAREHOLDERS

	No. of Shares	%
21. Citicorp Nominees (Tempatan) Sdn Bhd - CMS Dresdner Asset Management Sdn Bhd for Employees Provident Fund	1,250,000	0.24
22. HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for The Hwang-DBS Select Opportunity Fund	1,241,700	0.23
23. HSBC Nominees (Tempatan) Sdn Bhd - Nomura Asset Mgmt SG for Employees Provident Fund	1,162,500	0.22
24. Mayban Nominees (Tempatan) Sdn Bhd - Mayban Trustee Berhad for Public Regular Savings Fund	1,107,700	0.21
25. Amanah Raya Nominees (Tempatan) Sdn Bhd - Public Equity Fund	1,079,200	0.20
26. Citicorp Nominees (Tempatan) Sdn Bhd - Prudential Assurance Malaysia Berhad	1,074,000	0.20
27. AMMB Nominees (Tempatan) Sdn Bhd - AmTrustee Berhad for HLG Penny Stock Fund	1,060,600	0.20
28. Malaysia Nominees (Tempatan) Sdn Bhd - Amanah SSCM Asset Management Berhad for Amanah Smallcap Fund Berhad	1,042,000	0.20
29. Malaysia Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad	1,033,000	0.20
30. Mayban Nominees (Tempatan) Sdn Bhd - Mayban Trustee Berhad for RHB Dynamic Fund	1,010,000	0.19
Total	430,248,359	81.37

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct Interest	No. of Shares		%
		%	Deemed Interest	
Tan Sri Dato' Azman Hashim	734,490	0.14	340,230,256 ⁽¹⁾	64.34
Slan Sdn Bhd	-	-	339,989,209 ⁽²⁾	64.29
Ginagini Sdn Bhd	-	-	339,989,209 ⁽³⁾	64.29
Arab-Malaysian Corporation Bhd	-	-	339,989,209 ⁽⁴⁾	64.29
AMMB Holdings Bhd	339,989,209	64.29	-	-
Employees Provident Fund Board	35,958,874	6.80	-	-
Oversea-Chinese Banking Corporation Limited	-	-	27,834,100 ⁽⁵⁾	5.26
Great Eastern Holdings Limited	-	-	27,834,100 ⁽⁶⁾	5.26
The Great Eastern Life Assurance Co. Ltd	11,732,300	2.22	15,747,000 ⁽⁷⁾	2.98

Notes: -

(1) Deemed interested by virtue of his interest in AMMB Holdings Bhd and AMDB Equipment Trading Sdn Bhd.

(2) Deemed interested by virtue of its interest in Arab-Malaysian Corporation Bhd and Ginagini Sdn Bhd.

(3) Deemed interested by virtue of its interest in Arab-Malaysian Corporation Bhd.

(4) Deemed interested by virtue of its interest in AMMB Holdings Bhd.

(5) Deemed interested by virtue of its interest in Great Eastern Holdings Limited.

(6) Deemed interested through the shares held by Great Eastern Holding Limited's subsidiaries.

(7) Deemed interested through the shares held by The Great Eastern Life Assurance Co Ltd's subsidiaries.

Shareholding Structure As At 3 August 2004 (Cont'd)

DIRECTORS' INTEREST IN COMPANY AND ITS RELATED CORPORATIONS

	Direct Interest	No. of Shares		%
		%	Deemed Interest	
The Company – AMFB Holdings Bhd				
Tan Sri Dato' Azman Hashim	734,490	0.14	340,230,256 ⁽¹⁾	64.34
Dato'Azlan Hashim	95,952	0.02	-	-
Cheah Tek Kuang	38,000	0.01	-	-
Mohamed Azmi Mahmood	50,000	0.01	-	-
Holding company - AMMB Holdings Bhd				
		No. of Shares		
Tan Sri Dato' Azman Hashim	-	-	645,673,539 ⁽²⁾	34.67
Cheah Tek Kuang	485,800	0.03	-	-
Mohamed Azmi Mahmood	329,924	0.02	-	-
		No. of Warrants 2003/2008		
Tan Sri Dato' Azman Hashim	245,793	0.12	85,877,273 ⁽²⁾	42.51
Cheah Tek Kuang	46,189	0.02	-	-
Mohamed Azmi Mahmood	16,083	0.01	-	-
Subsidiary Company - AmAssurance Bhd				
		No. of Shares		
Dato'Azlan Hashim	-	-	34,062,000 ⁽³⁾	34.06

Tan Sri Dato' Azman Hashim, by virtue of his interest in the shares and warrants of AMMB Holdings Bhd (AHB), he is also deemed to have an interest in the shares of the subsidiaries of AHB to the extent that AHB has an interest.

Other than stated above, none of the other directors of the Company had any direct and deemed interest in the Company or its related corporations.

Notes: -

(1) Deemed interested by virtue of his interest in AMMB Holdings Bhd and AMDB Equipment Trading Sdn Bhd.

(2) Deemed interested by virtue of his direct and indirect interests in Arab-Malaysian Corporation Bhd and Azman Hashim Holdings Sdn Bhd.

(3) Deemed interested by virtue of his interest in ABH Holdings Sdn Bhd.



List of Landed Properties As At 31 March 2004

Location	Description	Age of Properties	Tenure	Net Book Value (RM)	Built-up Area (Sq.Ft)	Date of Acquisition
Perlis Indera Kayangan						
13, Jalan Jubli Perak 01000 Kangar Perlis Indera Kayangan	One unit of double storey shoplot for branch premises	20 years	Freehold	129,025	2,800	4 Nov 1991
Perak Darul Ridzuan						
5, Main Road 32300 Pulau Pangkor Perak Darul Ridzuan	One unit of two-storey shophouse for branch premises	31 years	Freehold	56,936	2,720	31 Dec 1990
27, Jalan Trump, Kuala Sepetang 34650 Taiping Perak Darul Ridzuan	One unit of double storey shoplot for branch premises	21 years	Freehold	44,801	2,702	4 Nov 1991
23 & 24, Jalan Raja Omar 32000 Sitiawan Perak Darul Ridzuan	Two units of three-storey shoplots for branch premises	22 years	Freehold	266,256	7,040	1 Nov 1991
107, Jalan Tokong Datoh 33300 Grik Perak Darul Ridzuan	One unit of two-storey shoplot for branch premises	19 years	Leasehold Term: 99 years Expiry: 30 Oct 2084	186,743	5,695	29 Dec 1990
79, Main Road 32400 Ayer Tawar Perak Darul Ridzuan	One unit of three-storey shoplot for branch premises	18 years	Freehold	166,059	4,800	17 July 1991
19, Jalan Kemajuan 31000 Batu Gajah Perak Darul Ridzuan	One unit of two-storey shoplot for branch premises	24 years	Freehold	308,864	6,083	31 Dec 1992
52-54, Jalan Taming Sari 34000 Taiping Perak Darul Ridzuan	Two units of 3 1/2-storey shoplots for branch premises	22 years	Leasehold Term: 999 years Expiry: Oct 2879	1,639,512	11,376	25 June 1993
2 & 4, Jalan Temenggong Pusat Bandar 34200 Parit Buntar Perak Darul Ridzuan	Two units of two-storey shoplots for branch premises	15 years	Leasehold Term: 99 years Expiry: Oct 2088	311,508	6,722	23 Dec 1993
Pulau Pinang						
1st & 2nd Floor, MBf Tower Jalan Sultan Ahmad Shah 10020 Pulau Pinang	Two floors of office space for branch premises	14 years	Freehold	8,625,287	26,561	Nov 1991
1 & 3, Lorong Murni 6 Taman Desa Murni, Sungai Dua 13800 Butterworth Pulau Pinang	Two units of double storey shoplots for branch premises	12 years	Freehold	622,061	7,200	28 Nov 1996
35 & 36 - Phase 1 Prai Business Point, Prai Perdana 12000 Seberang Prai Pulau Pinang	Two units of vacant three-storey shopoffice	4 years	Freehold	1,583,174	10,307	28 Nov 1998
1311, Jalan Besar 14200 Sungai Bakap Province Wellesley Pulau Pinang	One unit of two-storey shoplot for branch premises	14 years	Freehold	212,170	3,894	7 Dec 1992
4194, Jalan Bagan Luar 12000 Butterworth Pulau Pinang	Two units of two-storey shoplots for branch premises	19 years	Freehold	242,310	7,200	16 Sep 1992

List of Landed Properties As At 31 March 2004 (Cont'd)

Location	Description	Age of Properties	Tenure	Net Book Value (RM)	Built-up Area (Sq.Ft)	Date of Acquisition
Wilayah Persekutuan - Kuala Lumpur						
Bangunan AmFinance 8, Jalan Yap Kwan Seng 50450 Kuala Lumpur	46-storey office building for operations and rental	6 years	Freehold	230,835,409	927,070	13 Mar 1990
Wisma AmFinance 113, Jalan Pudu 55100 Kuala Lumpur	One unit 12-storey office building for operations and branch premises	18 years	Freehold	16,326,597	55,700	4 Nov 1991
Warisan MBf Jalan Tun H.S. Lee 50050 Kuala Lumpur	Four-storey pre-war shophot used for branch premises	61 years	Freehold	6,038,684	16,114	24 Apr 1991
2 & 4, Jalan 12/5 Taman Melati, Setapak 53100 Kuala Lumpur	Two units of two-storey shophots for storage purposes	13 years	Freehold	366,928	5,600	17 July 1992
1, Jalan Jejaka 2 Taman Maluri, 55100 Kuala Lumpur	One unit of four-storey shophot for branch premises	28 years	Leasehold Term: 99 years Expiry: Sep 2075	312,947	6,600	14 Sep 1992
2 & 4, Jalan 23/70A Desa Sri Hartamas 55048 Kuala Lumpur	Two units of four-storey shophots for rental purposes	5 years	Freehold	3,395,430	13,504	23 Apr 1998
85, 87, 89, 107, 109 & 111 Jalan 3/93, Taman Miharja 55200 Kuala Lumpur	Six units of three-storey shophots for rental purposes	14 years	Leasehold Term: 99 years Expiry: 11 Aug 2086	2,671,021	30,528	9 Mar 1992
Selangor Darul Ehsan						
11, Jalan Taman, Off Jalan Melayu 41300 Klang Selangor Darul Ehsan	One unit of four-storey shophot under joint venture for rental	19 years	Leasehold Term: 20 years Expiry: July 2006	47,813	6,200	4 Nov 1991
26, Persiaran Raja Muda Musa 42000 Port Klang Selangor Darul Ehsan	Two units of four-storey shophots for branch premises	26 years	Freehold	392,427	6,400	7 July 1988
7 & 9, Jalan Perusahaan 2 Off Jalan Kolej 43300 Seri Kembangan Selangor Darul Ehsan	Two units of two-storey commercial complex for branch premises	18 years	Leasehold Term: 40 years Expiry: May 2017	539,597	8,000	25 Nov 1995
Pahang Darul Makmur						
15, Jalan Besar, Gambang 25000 Kuantan Pahang Darul Makmur	One unit of abandoned two-storey pre-war shophouse	73 years	Freehold	32,001	3,100	4 Nov 1991
Lot 8, Sec 7, Jalan Besar Gambang, 25000 Kuantan Pahang Darul Makmur	One piece of vacant land	N/A	Freehold	27,000	1,600	4 Nov 1991
Lot 4769/13, 4769/14 & 4769/15 Jalan Telok Sisek, Kuala Kuantan Kuantan, Pahang Darul Makmur	Three pieces of vacant land	N/A	Freehold	115,000	8,615	4 Nov 1991
Lot 4, Sec 1, Pekan Mengkuang Mukim of Triang District of Temerloh Pahang Darul Makmur	One piece of vacant land	N/A	Freehold	61,000	410,009	4 Nov 1991
533, Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur	One unit of apartment	20 years	Leasehold Term: 85 years Expiry: Aug 2067	171,586	980	30 Nov 1985



List of Landed Properties As At 31 March 2004 (Cont'd)

Location	Description	Age of Properties	Tenure	Net Book Value (RM)	Built-up Area (Sq.Ft)	Date of Acquisition
Pahang Darul Makmur						
105, Jalan Loke Yew 28700 Bentong Pahang Darul Makmur	One unit of three-storey shophot for branch premises	51 years	Freehold	361,813	7,200	5 Sep 1990
93, Jalan Haji Abdul Aziz 25000 Kuantan Pahang Darul Makmur	One unit of 3 1/2-storey shophot for branch premises	18 years	Freehold	664,001	6,556	1 Dec 1989
28, Jalan Zabidin 28400 Mentakab Pahang Darul Makmur	One unit of three-storey shophot for branch premises	35 years	Leasehold Term: 99 years Expiry: Jan 2066	585,827	8,010	29 Oct 1986
Melaka						
154 & 156 Kompleks Munshi Abdullah Jalan Munshi Abdullah 75100 Melaka	Two units of 4 1/2-storey shophots for branch premises	21 years	Leasehold Term: 99 years Expiry: Feb 2084	987,791	16,596	25 June 1993
Lot 43 & 44, Sec 7, Jalan Hang Tuah Town Area XXI, Melaka Tengah Melaka	Two pieces of vacant land for rental purposes	N/A	Freehold	3,492,416	26,789	4 Nov 1991
2430, Jalan Besar 73000 Tampin Melaka	Two units of two-storey shophots for branch premises	18 years	Leasehold Term: 99 years Expiry: 2039	393,448	5,740	21 Oct 1986
Negeri Sembilan Darul Khusus						
226, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus	One unit of abandoned four-storey shophouse	20 years	Freehold	146,302	5,200	4 Nov 1991
Lot 14, Rompin, Jempol Negeri Sembilan Darul Khusus	One piece of vacant land	N/A	Freehold	50,000	219,412	4 Nov 1991
22 & 23, Jalan Dato' Lee Fong Yee 70000 Seremban Negeri Sembilan Darul Khusus	Two units of four-storey shophots for branch premises	19 years	Freehold	1,161,144	22,000	15 Mar 1990
Johor Darul Takzim						
S142, Bt 22, Jalan Mersing Kahang New Village 86700 Kahang Johor Darul Takzim	One unit of double storey shophot for branch premises	21 years	Freehold	77,157	2,300	4 Nov 1991
33 & 35, Jalan Permatang 12 Taman Desa Jaya 81100 Johor Bahru Johor Darul Takzim	Two units of two-storey shophots for storage purposes	14 years	Freehold	421,782	5,800	8 July 1990
31-7, Jalan Raya Kulai Besar 81000 Kulai Johor Darul Takzim	One unit of shophot for branch premises	16 years	Freehold	414,086	6,930	19 May 1992
14 & 15, Jalan Abdullah 85000 Segamat Johor Darul Takzim	Two units of four-storey shophots for branch premises	64 years	Freehold	399,284	5,832	12 June 1985
100, Jalan Besar 83700 Yong Peng Johor Darul Takzim	One unit of shophot for branch premises	66 years	Freehold	234,947	3,120	12 June 1985
178, Jalan Rugayah 83000 Batu Pahat Johor Darul Takzim	Four units of three-storey shophots for branch premises	16 years	Freehold	1,543,627	20,160	25 May 1991

List of Landed Properties As At 31 March 2004 (Cont'd)

Location	Description	Age of Properties	Tenure	Net Book Value (RM)	Built-up Area (Sq.Ft)	Date of Acquisition
Kelantan Darul Naim						
707, Jalan Masjid Lama 17000 Pasir Mas Kelantan Darul Naim	One unit of two-storey shoplot for branch premises	26 years	Leasehold Term: 66 years Expiry: Jan 2061	352,495	3,024	25 June 1993
Terengganu Darul Iman						
50, Jalan Lim Teck Wan 23000 Dungun Terengganu Darul Iman	One unit of double storey shoplot for branch premises	21 years	Freehold	166,804	3,600	4 Nov 1991
Sabah and Sarawak						
TL017533238, Likas District of Kota Kinabalu Sabah	Vacant commercial land	N/A	Leasehold Term: 99 years Expiry: Dec 2075	8,270,189	216,232	24 May 2001
MDLD 154 & 155, Block 24 SEDCO Shophouses 91000 Lahad Datu Sabah	Two units of shoplots for branch premises	16 years	Leasehold Term: 99 years Expiry: Dec 2083	573,295	4,800	30 Sep 1987
257, Jalan Haji Taha 93400 Kuching Sarawak	Seven-storey office building for branch premises and rental	5 years	Leasehold Term: 855 years Expiry: July 2792	15,059,499	51,906	31 Dec 1994

