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Corporate Information

BOARD OF DIRECTORS/ MANAGEMENT BOARD

Tan Sri Dato' Azman Hashim ■ Chairman

Dato' Azlan Hashim ■ Deputy Chairman

Mohamed Azmi Mahmood ■ Director

Mustafa Mohd Nor ■ Director

Sim How Chuah ■ Director

Wong Bin Chen ■ Director

Kok Tuck Cheong ■ Director

Leung Hoong Kuan ■ Director

Ng Lian Lu ■ Chief Executive Officer (CEO)

AUDIT COMMITTEE

Dato' Azlan Hashim
Mohamed Azmi Mahmood
Mustafa Mohd Nor
Sim How Chuah
Wong Bin Chen

INVESTMENT COMMITTEE

Tan Sri Dato' Azman Hashim
Dato' Azlan Hashim
Mohamed Azmi Mahmood
Mustafa Mohd Nor
Wong Bin Chen

COMPANY SECRETARY

Aziah Abdul Aziz

REGISTERED OFFICE

9th Floor
Bangunan AMDB
No. 1 Jalan Lumut
50400 Kuala Lumpur
Malaysia
Telephone No: 03-4047 8000
Facsimile No: 03-4043 8680

AUDITORS

Deloitte KassimChan
Chartered Accountants
Level 19, Uptown 1
1 Jalan SS 21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan

SOLICITORS

Adam Bachek & Associates
Paizah & Nazira
Saha & Associates
Satha & Co

PRINCIPAL BANKERS

AmBank Berhad
AmFinance Berhad
Standard Chartered Bank
(M) Berhad

Directors' Report

The directors of AmAssurance Berhad have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 31 March 2004.

PRINCIPAL ACTIVITY

The principal activity of the Company is the underwriting of life insurance and all classes of general insurance business.

During the year, the Company commenced underwriting investment-linked business upon receiving the approval from Bank Negara Malaysia on 21 December 2003.

Other than as stated above, there has been no significant change in the nature of this activity during the financial year.

RESULTS OF OPERATIONS

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

	RM'000
Profit before tax	35,333
Income tax expense	(9,301)
Net profit for the year	26,032

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

DIVIDENDS

A final dividend of 5.0%, less tax, on ordinary shares amounting to RM3,600,000 proposed in respect of the previous financial year and dealt with in the previous directors' report was paid by the Company during the financial year.

An interim dividend of 2.0%, less tax, on ordinary shares, amounting to RM1,440,000 was declared and paid by the Company on 28 November 2003.

The directors propose a final dividend of 5.0%, less tax, amounting to RM3,600,000 in respect of the current financial year. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

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

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

Directors' Report

OTHER FINANCIAL INFORMATION

Before the income statement and the balance sheet of the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad receivables and the making of allowance for doubtful receivables, and have satisfied themselves that all known bad receivables had been written off and that adequate allowance had been made for doubtful receivables;
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values; and
- (c) to ascertain that there was adequate provision for incurred claims, including Incurred But Not Reported (IBNR) Claims.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount written off as bad receivables or the amount of the allowance for doubtful receivables in the financial statements of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Company misleading.

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

- (a) any charge on the assets of 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 of the Company which has arisen since the end of the financial year.

In the opinion of the directors:

- (a) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

For the purpose of this paragraph, contingent or other liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Company; and

- (b) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Company for the succeeding financial year.

Directors' Report

CORPORATE GOVERNANCE

The Company has generally complied with the prescriptive requirements of, and adopts management practices that are consistent with the principles prescribed under JPI/GPI 25: Prudential Framework of Corporate Governance for Insurers issued by Bank Negara Malaysia.

As of 31 March 2004, the Company did not receive statements of accounts from certain co-insurers, reinsurers and brokers, hence, no reconciliation can be performed on these balances. Where statements of accounts were received, the unreconciled differences did not exceed 2.0% of the respective categories of assets and liabilities on the gross balances outstanding.

The Company is committed to ensure that the management practices adopted are consistent with the guidelines prescribed.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Tan Sri Dato' Azman Hashim

Dato' Azlan Hashim

Encik Mohamed Azmi Mahmood

Encik Mustafa Mohd Nor

Mr Sim How Chuah

Mr Wong Bin Chen

Mr Kok Tuck Cheong (appointed on 8.9.2003)

Mr Leung Hoong Kuan (appointed on 4.11.2003)

Mr Wong Bin Chen retires pursuant to Section 129 of the Companies Act, 1965 and a resolution is being proposed for his reappointment as director under the provision of Section 129 (6) of the said Act to hold office until the next Annual General Meeting of the Company.

In accordance with Article 84A of the Articles of Association, Encik Mohamed Azmi Mahmood and Mr Sim How Chuah retire by rotation from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.



Directors' Report

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of directors in office at the end of the financial year in the shares of the Company and its related companies during the financial year are as follows:

Name of company	Number of ordinary shares of RM1.00 each			Balance as of 31.3.2004
	Balance as of 1.4.2003	Bought	Sold	

Deemed interest

The Company

Number of ordinary shares of RM1.00 each

Dato' Azlan Hashim	ABH Holdings Sdn Bhd	34,062,000	-	-	34,062,000
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Name of company	Number of ordinary shares of RM1.00 each			Balance as of 31.3.2004
	Balance as of 1.4.2003	Bought	Sold	

Direct interest

AMMB Holdings Berhad (ultimate holding company)

Encik Mohamed Azmi Mahmood	80,000	63,200	-	143,200
Mr Sim How Chuah	10,000	2,000	-	12,000
Encik Mustafa Mohd Nor	-	262,200	(262,200)	-

Name of company	Number of ordinary shares of RM1.00 each			Balance as of 31.3.2004
	Balance as of 1.4.2003	Bought	Sold	

Direct interest

AMFB Holdings Berhad (other related company)

Dato' Azlan Hashim	95,952	-	-	95,952
Encik Mohamed Azmi Mahmood*	50,000	-	-	50,000

* Held through nominees

Name of company	Option over ordinary shares of RM1.00 each			Balance as of 31.3.2004
	Balance as of 1.4.2003	Granted	Exercised	

AMMB Holdings Berhad (ultimate holding company)

Encik Mohamed Azmi Mahmood	200,000	129,924	-	329,924
Encik Mustafa Mohd Nor	244,000	132,521	(230,200)	146,321
Mr Sim How Chuah	32,000	5,000	-	37,000

According to the Register of Directors' Shareholdings, none of the other directors have any interests in the shares of the Company, its ultimate holding company and other related companies during the financial year.

Directors' Report

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amounts of emoluments received or due and receivable by directors as disclosed 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 he is a member, or with a company in which he has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

ULTIMATE HOLDING COMPANY

The ultimate holding company of the Company is AMMB Holdings Berhad, a public listed company incorporated in Malaysia.

AUDITORS

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

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



DATO' AZLAN HASHIM



MOHAMED AZMI MAHMOOD

Kuala Lumpur,
28 May 2004



Corporate Governance

STATEMENT OF COMPLIANCE WITH THE PRUDENTIAL FRAMEWORK OF CORPORATE GOVERNANCE FOR INSURERS - JPI/GPI 25

The Board is fully committed in ensuring that the prescriptive requirements and management practices in Corporate Governance as set out in the Prudential Framework of Corporate Governance –JPI/GPI 25 are applied and complied with consistently.

BOARD COMMITTEES

The Board delegates certain responsibilities to Board Committees. The Committees which were set up to assist the Board in certain areas of deliberation are:

- 1) Nomination Committee
- 2) Remuneration Committee
- 3) Risk Management Committee

THE NOMINATION COMMITTEE

The Committee comprises of five Non-Executive Directors of the Board. It is responsible for reviewing the Board's structure, size and composition regularly as well as makes recommendations to the Board with regard to any changes that are deemed necessary. It also recommends the appointment of Directors to committees of the Board as well as to review the required mix of skills and experience and other qualities and competencies that Directors should bring to the Board.

The Nomination Committee consists of Directors of mix skills, experience and competencies for the effectiveness of the committee.

MEMBERS OF THE NOMINATION COMMITTEE

As at **23 September 2002**, the members are as follows:

- 1) Tan Sri Dato' Azman Hashim (Chairman)
- 2) Encik Mustafa Mohd Nor
- 3) Mr Sim How Chuah

As at **15 April 2004**, the members are as follows:

- 1) Encik Mohamed Azmi Mahmood (Chairman)
- 2) Tan Sri Dato' Azman Hashim
- 3) Mr Wong Bin Chen
- 4) Encik Mustafa Mohd Nor
- 5) Mr Sim How Chuah

Corporate Governance

MEMBERSHIP AND MEETINGS OF THE NOMINATION COMMITTEE

MEMBERS	NUMBER OF MEETINGS ATTENDED (HELD/ATTENDED)
1. Encik Mohamed Azmi Mahmood (Chairman)	2/2
2. Tan Sri Dato' Azman Hashim	2/2
3. Mr Wong Bin Chen	2/2
4. Encik Mustafa Mohd Nor	2/1
5. Mr Sim How Chuah	2/1

THE REMUNERATION COMMITTEE

The Committee comprises of three Non-Executive Directors of the Board. The Committee is responsible for determining and recommending to the Board the framework or broad policy for the remuneration of the Directors, Chief Executive Officer and other members of the staff.

The remuneration of Directors is determined at levels that enable the Company to attract and retain the Directors with the relevant experience and expertise needed to assist in managing the Company effectively.

MEMBERSHIP AND MEETINGS OF THE REMUNERATION COMMITTEE

MEMBERS	NUMBER OF MEETINGS ATTENDED (HELD/ATTENDED)
1. Encik Mohamed Azmi Mahmood (Chairman)	1/1
2. Tan Sri Dato' Azman Hashim	1/1
3. Mr Wong Bin Chen	1/1

Directors' Remuneration

The remuneration for all Directors are determined to ensure that the Company attracts and retains the right caliber of Directors with the necessary skills and experience needed to run the Company successfully.

The Remuneration Committee is responsible for recommending a remuneration framework for Directors.

The Board, as a whole, determines the remuneration of the Directors with the interested Directors abstaining from discussions in respect of their remuneration.



Corporate Governance

THE RISK MANAGEMENT COMMITTEE

The Committee comprises of four Non-Executive Directors of the Board. The Committee is responsible for reviewing and recommending risk management strategies, policies and risk tolerance for the Board's approval as well as assessing the adequacy of risk management policies and framework for identifying, measuring, monitoring and controlling risks and ensures adequate infrastructure, resources and systems in place for an effective risk management which also includes reviewing the management's periodic reports on risk exposures, risk portfolio composition and risk management activities.

The Risk Management Framework of the Company provides for all significant risks be recognised, systematically identified, prioritised according to their significance and implications, and managed as far as possible. This includes a centralised overview, accountability and management of risks where all risks are considered and evaluated from a complete organisation or business segment perspective. It also provides a uniform language for quantifiable risks that would permit management to assess the impact of risks in a familiar form and foster comparison amongst various types of risks as well as to create better awareness, grading and development of risk indicators on non-quantifiable risks. The Company only takes risks that it can sustain where the size of permissible risk-taking activities will be assessed against available capital at risk earmarked by the Board and regulatory authorities and all risks taken are appropriately priced and rewarded. It also provides for a risk awareness culture throughout the Company through training, leadership example or via a system of induced behavioural measures. It strives to enhance risk management efficiency by developing better and more refined methods of identifying, assessing and valuing risk so as to continuously assist management in its risk oversight for continuous improvement in risk management and risk reduction techniques by benchmarking against best practices.

MEMBERSHIP AND MEETINGS OF THE RISK MANAGEMENT COMMITTEE

MEMBERS	NUMBER OF MEETINGS ATTENDED (HELD/ATTENDED)
1. Encik Mohamed Azmi Mahmood (Chairman)	3/3
2. Encik Mustafa Mohd Nor	3/3
3. Mr Sim How Chuah	3/3
4. Mr Leung Hoong Kuan	3/2