

FINANCIAL STATEMENTS

Expressed In Ringgit Malaysia
For The Year Ended 31 March 2006

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Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of **AMMB HOLDINGS BERHAD** for the financial year ended 31 March 2006.

PRINCIPAL ACTIVITIES

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

The subsidiary companies, as listed in Note 13 to the financial statements, provide a wide range of investment banking, commercial banking, retail financing and related financial services which also include the Islamic banking business, underwriting of general and life insurance, stock and share-broking, futures broking, investment advisory and asset, real estate investments and unit trusts management.

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

SIGNIFICANT EVENTS

1. On 27 February 2004 and 31 May 2004, the Company announced a Group reorganisation involving:
 - (a) the Privatisation of AMFB Holdings Berhad ("AMFB") through the acquisition by the Company of 188,927,911 ordinary shares of RM1.00 each in AMFB not already owned by the Company by way of a scheme of arrangement between AMFB and its shareholders under Section 176 of the Companies Act, 1965. The AMFB Privatisation was completed on 17 March 2005. The AMFB Privatisation is an integral part of the Company's efforts in meeting the specific initiative announced by Bank Negara Malaysia ("BNM") on the merger of the commercial banking and finance company businesses in a banking group into a single entity; and
 - (b) the listing of AmInvestment Group Berhad ("AIGB"), which is inter-conditional with the AMFB Privatisation, comprising the following:
 - (i) The incorporation of AIGB to act as the holding company of the Company's investment banking group;
 - (ii) An internal reorganisation involving the transfer of the Company's 100% equity interest in AmMerchant Bank Berhad ("AmMerchant Bank") and AmSecurities Holdings Sdn Bhd at carrying values to AIGB for a consideration satisfied by ordinary shares of RM1,109,442,000 and by cash of RM214,400,000, respectively; and
 - (iii) The issue/offer of 646,800,000 ordinary shares comprising 210,558,000 new ordinary shares and 436,242,000 existing ordinary shares by way of a Restricted Offer for Sale ("ROS") at a shareholder entitlement price of RM1.40 per share, which was applied to all the ROS shares, as follows:
 - (a) 488,400,000 ordinary shares allocated to shareholders of the Company;
 - (b) 39,600,000 ordinary shares allocated to eligible directors and employees of AIGB and/or its Malaysian-incorporated subsidiary and associated companies, eligible directors of the Company and business associates of the Company; and
 - (c) 118,800,000 ordinary shares allocated to Tan Sri Dato' Azman Hashim as an approved Bumiputera investor.

The shareholder entitlement price of RM1.40 per share for the ROS was derived on the basis to provide an attractive and rewarding opportunity for the shareholders of the Company and eligible directors and employees to participate in the equity and continuing growth of the Group.
 - (c) The listing of and quotation for the entire enlarged issued and paid-up share capital of AIGB of 1,320,000,000 ordinary shares of RM1.00 each, was listed on the Main Board of Bursa Malaysia Securities Berhad on 18 May 2006.
2. On 31 May 2005, upon obtaining the necessary approvals from the shareholder and relevant authorities, the following were completed:
 - (a) AMFB acquired the entire equity interest in AmBank Berhad ("AmBank"), comprising 761,781,750 ordinary shares from the Company for a purchase consideration of RM832.8 million based on the carrying value of the Company's investment in AmBank. The purchase consideration was satisfied by the issuance of 166,080,387 ordinary shares in AMFB at an issue price of RM5.01 based on the unaudited net tangible assets ("NTA") of AMFB as at 31 May 2005.
 - (b) AmFinance Berhad ("AmFinance") acquired the entire equity interest in AmBank comprising 761,718,750 ordinary shares from AMFB for a purchase consideration of RM412.7 million based on the unaudited NTA of AmBank after adjusting for certain non-transferable assets. The purchase consideration was satisfied by the issuance of 81,961,642 ordinary shares in AmFinance at an issue price of RM5.035 based on the unaudited NTA of AmFinance Group as at 31 May 2005.

Directors' Report (cont'd)

Following the completion of the acquisition of AmBank by AmFinance the commercial banking business of AmBank amounting to RM412.7 million have been vested into AmFinance on 19 June 2005 pursuant to an Order of the High Court of Malaya dated 18 May 2005 under Originating Summons No. D7-24-162-2005 and made pursuant to Section 50 of the Banking and Financial Act, 1989. Subsequently, AmFinance changed its name to AmBank (M) Berhad ("AmBank (M)") to reflect the merger of the commercial banking and finance company operations under a single entity.

3. On 29 September 2005, AmMerchant Bank completed the acquisition of the 30.0% equity interest held by Macquarie Bank Limited ("Macquarie Bank") in AmInvestment Management Sdn Bhd ("AIM") and AmInvestment Services Berhad ("AIS") respectively for a total cash purchase consideration of RM44.79 million.

With the completion of the acquisition, AIM and AIS become wholly-owned subsidiaries of AmMerchant Bank. Accordingly the Joint Venture arrangement between AmMerchant Bank and Macquarie Bank relating to the funds management business was voluntarily terminated on 29 September 2005.

4. On 27 October 2005, AmMerchant Bank issued RM200,000,000 nominal amount of Redeemable Unsecured Subordinated Bonds ("Subordinated Tier 2 Bonds") for the purpose of redemption of RM200.0 million nominal amount of Unsecured Subordinated Certificates of Deposits. The Unsecured Subordinated Certificates of Deposits was redeemed on 1 March 2006. The Subordinated Tier 2 Bonds are issued for a period of ten (10) years maturing on 31 October 2015 and bear interest at rates varying from 4.75% to 7.25% per annum, payable on a semi-annual basis.

During the financial year, AmMerchant Bank had also purchased and cancelled RM65,000,000 of the Subordinated Tier 2 Bonds.

5. Upon obtaining the necessary approvals from the shareholder and the relevant authorities, the following were proposed and issued:
 - (a) Issuance of United States Dollar ("USD") 200.0 million Innovative Hybrid Tier 1 Capital comprising of 2,000 preference shares of USD100,000 each ("Hybrid Securities") by AMBB Capital (L) Ltd ("AMBB Capital"), a wholly-owned subsidiary company of AmBank (M), to non-resident investors; and
 - (b) Proposed issuance of substitute preference shares (of equal economic value as the Hybrid Securities) ("Substitute Preference Shares") by AmBank (M) in the event of certain substitution events pursuant to the terms of the Hybrid Securities.

The Hybrid Securities was issued by AMBB Capital on 27 January 2006 and has the benefit of AmBank (M) guarantee on a subordinated basis. The gross proceeds of USD200.0 million from the issued of Hybrid Securities was on-lent to AmBank (M) in the form of a subordinated term loan on 27 January 2006.

At an initial size of USD150.0 million, the book was twice oversubscribed. Consequently, the issue size was increased to USD200.0 million after the completion of the book building process. The Hybrid Securities was priced at par on a semi-annual coupon of 6.77%. The coupon will at a floating rate per annum equal to 3-month US dollar LIBOR plus 2.90 per cent if the Hybrid Securities is not redeemed after year ten (10) from the date of issue.

Pursuant to the terms and conditions of the Hybrid Securities, upon the occurrence of certain substitution events as required by the guidelines on Innovative Tier 1 Capital Instruments issued by BNM on 24 December 2004 ("BNM Tier 1 Guidelines"), AmBank (M) will be required to issue Substitute Preference Shares to substitute the Hybrid Securities issued by AMBB Capital. However, if there is no occurrence of such substitution events, then there will be no requirement to issue the Substitute Preference Shares.

The Proposed Substitute Preference Shares issue and the Hybrid Securities issue are inter-conditional.

The Hybrid Securities is listed on both the Labuan International Financial Exchange and the Singapore Exchange and is offered to international institutional investors outside Malaysia.

The Hybrid Securities is rated Ba2/BB/BB by Moody's/Fitch/Standard & Poor's, respectively.

The Hybrid Securities issue allows AmBank (M) to raise non-dilutive Tier 1 capital at a competitive cost for AmBank (M)'s general capital management. The funds raised from the Hybrid Securities issue will further improve AmBank (M)'s Tier 1 capital ratio from 6.02% to 7.08% and the overall capital adequacy ratio from 10.46% to 12.05%. The Hybrid Securities issue will also provide the flexibility to fund the growth of AmBank (M)'s business operations.

Directors' Report (cont'd)

6. On 7 February 2006, AIGB has acquired 100% of the equity of AmPrivate Equity Sdn Bhd ("AmPrivate Equity"), comprising two (2) ordinary shares of RM1.00 each.

The acquisition of AmPrivate Equity is in conjunction with the launch of a RM100.0 million closed-end private equity fund (the "Fund") with a charter life of ten (10) years under AmPrivate Equity.

AmPrivate Equity will undertake medium and long-term investments principally in Malaysia with the objective of achieving capital appreciation in its investments. It will focus on key sectors such as manufacturing industries, business services, environmental and energy services and information and communications technology companies.

Malaysian Ventures Management Incorporated Sdn Bhd, a registered venture capital management corporation and an indirect subsidiary of the Company, is the manager of the Fund.

The RM100.0 million fund size of AmPrivate Equity will be constituted by way of the issue of 15,000 ordinary shares at an issue price of RM1.00 each and 1,250,000 Redeemable Preference Shares ("RPS") at an issue price of RM79.988 each.

Presently, the committed investors in the Fund are:

- (a) AIGB, with a cash subscription commitment for 80.0% of the Fund amounting to RM80.0 million, comprising 12,000 ordinary shares and 1,000,000 RPS; and
- (b) a major Malaysian pension fund, with a cash subscription commitment for 20.0% of the Fund amounting to RM20.0 million, comprising 3,000 ordinary shares and 250,000 RPS.

The RM100.0 million capital fund will be disbursed to AmPrivate Equity over its charter life as and when investments are actually made by AmPrivate Equity.

7. On 10 February 2006, AmMerchant Bank has entered into a conditional sale and purchase agreement with the nine (9) minority shareholders of Frasers International Pte Ltd ("FIPL") in respect of the proposed acquisition of 7,576,766 ordinary shares of S\$1.00 each in FIPL not already owned by AmMerchant Bank, representing 51.0% of the issued and paid-up share capital of FIPL for an aggregate cash purchase consideration of up to S\$22,000,000 ("Proposed FIPL Acquisition"). On completion of the Proposed FIPL Acquisition, FIPL will become a wholly-owned subsidiary of AmMerchant Bank.

The Proposed FIPL Acquisition is conditional upon the approval, inter alia, of BNM, Monetary Authority of Singapore, Singapore Exchange Securities Trading Limited, Singapore Exchange Derivatives Trading Limited and any other relevant authorities.

8. On 6 March 2006, AmAssurance Berhad ("AmAssurance") had completed the acquisition of 13 parcels of office lots in Bangunan AMDB from Syarikat Kompleks Damai Sdn Bhd ("SKDS") for a total cash consideration of RM54,109,000 and tenancy agreement between SKDS and AmAssurance on 9 Parcels of the office lots disposed with a guaranteed net rental yield by AMDB Berhad and SKDS with AmAssurance.
9. On 10 March 2006, AmBank (M) and ABH Holdings Sdn Bhd completed the disposal of 30.0% equity interest in AmAssurance, comprising 30,000,000 ordinary shares of RM1.00 each to IAG International Pty Ltd ("IAG International"), a wholly-owned subsidiary of Insurance Australia Group Limited ("IAG"), at a price of RM6.44 per share for an aggregate cash consideration of RM193.2 million, involving the sale of:
- (a) a 10.0% equity interest in AmAssurance by AmBank (M) to IAG International ("the AmBank (M) Sale"); and
 - (b) the entire 20.0% equity interest in AmAssurance held by ABH Holdings Sdn Bhd, a company controlled by Dato' Azlan Hashim, the Deputy Chairman of the Company and AmAssurance, to IAG International ("the ABH Holdings Sale").

The Proposed AmBank (M) Sale and the Proposed ABH Holdings Sale are not inter-conditional.

In addition to the AmBank (M) Sale and the ABH Holdings Sale, the Company has also completed the acquisition of the remaining 4.06% equity interest held by AmBank (M) in AmAssurance, comprising 4,062,000 ordinary shares of RM1.00 each ("AHB Buy-Up") at the same price of RM6.44 per share and settled in cash.

The AHB Buy-Up is intended to consolidate AmBank Group's shareholding in AmAssurance under the Company.

SUBSEQUENT EVENTS

1. On 1 May 2006, Amlslamic Bank Berhad ("Amlslamic Bank") (formerly known as AMBB Capital Berhad and AmBank Berhad) received its licence to transact Islamic banking business with immediate effect.

Pursuant to the vesting order of the High Court of Malaya dated 18 April 2006 under Origination Summons No. 04-22A-151-2006 and made pursuant to Section 50 of the Banking and Financial Institutions Act 1989, the Islamic banking business of AmBank (M) has been vested in Amlslamic Bank with effect from 1 May 2006. The net book value of the assets and liabilities transferred was RM784.1 million.

The consideration for the transfer of business was satisfied by way of issue of 250.0 million new ordinary shares of RM1.00 each on 28 April 2006 by Amlslamic Bank to AmBank (M) at RM3.14 per share.

Directors' Report (cont'd)

2. On 11 May 2006, the Company announced the following proposals:

- (a) proposed disposal by AmBank (M) of the entire interest in Menara AmBank for a total consideration of RM230,000,000 to be satisfied by AmFIRST Real Estate Investment Trust ("REIT") through the issuance of 230,000,000 AmFIRST REIT units at an issue price of RM1.00 per unit credited as fully paid-up. AmBank (M) will subsequently transfer the entire REIT units to the Company for a cash consideration of RM230.0 million.
- (b) a renounceable restricted offer for sale of up to 96,246,917 AmFIRST REIT units at an offer price of RM1.00 per unit to the existing shareholders of the Company on the basis of one (1) AmFIRST REIT unit for 25 existing ordinary shares of RM1.00 each held in the Company of which RM0.85 per unit will be paid in cash by the shareholders of the Company and the remaining RM0.15 per unit is assumed by the Company; and
- (c) a proposed offer for sale of 133,753,083 AmFIRST REIT units at an offer price of RM1.00 per unit to be placed out to institutional and selected investors.

collectively referred to as the "Proposals".

The Proposals are in conjunction with the restructuring and rebranding of AmFirst Property Trust ("AmFPT") as announced by AmProperty Trust Management Berhad ("AmPTMB"), the manager of AmFPT on 11 May 2006, which involves the proposed dissolution of AmFPT and the establishment of a new REIT namely AmFIRST REIT.

AIGB as the sponsor for AmFIRST REIT and Am ARA REIT Managers Sdn Bhd ("Am ARA") as the proposed management company of AmFIRST REIT pursuant to the proposed establishment of AmFIRST REIT, will seek a listing and quotation for the entire fund size of AmFIRST REIT comprising 490,000,000 units on the Main Board of Bursa Malaysia Securities Berhad ("Proposed Listing").

AIGB had on 5 May 2006 acquired seven (7) ordinary shares of RM1.00 each, representing 70% equity interest, in Am ARA REIT Holdings Sdn Bhd ("Am ARA Holdings"), the holding company of Am ARA, for a cash consideration of RM7.00, in connection with the joint venture ("JV") between AIGB and ARA Asset Management (Malaysia) Limited ("ARA") in the business of REIT management. Am ARA Holdings and Am ARA both were incorporated on 20 April 2006.

Pursuant to the JV agreement entered into between AIGB and ARA on 16 February 2006, the balance of three (3) ordinary shares of RM1.00 each, representing 30.0% equity interest in Am ARA Holdings, are held by ARA.

Am ARA currently has a paid-up capital of RM2.00, comprising two (2) ordinary shares of RM1.00 each, and subject to the approval of Securities Commission ("SC"), Am ARA will act as the manager of AmFIRST REIT.

The Proposed Listing and the proposals to be undertaken by the Company and AmFPT are subject to the approvals of SC, BNM, shareholders and other relevant authorities.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit before share in results of associated companies and taxation	707,907	213,835
Share in results of associated companies	2,202	-
Profit before taxation	710,109	213,835
Taxation	(231,069)	(12,164)
Profit before minority interests	479,040	201,671
Minority shareholders' interests in results of subsidiary companies	(113,535)	-
Net profit attributable to the shareholders of the Company	365,505	201,671
Unappropriated profit at beginning of year (as restated)	929,146	441,475
Profit available for appropriation	1,294,651	643,146
Arising from Group Reorganisation	(65,224)	-
Transfer to statutory reserve	(86,979)	-
Transfer from revaluation reserve	-	378,830
Dividends paid	(61,359)	(61,359)
Unappropriated profit at end of year	1,081,089	960,617

Directors' Report (cont'd)

BUSINESS PLAN AND STRATEGY

The merger of the Group's finance company business into the commercial banking business in June 2005, and the resultant conversion of the Group's finance company branches into full-fledged commercial banking branches have provided the Group with a solid platform to grow its loans exposure to the small and medium-sized enterprises and develop the Group's trade financing and cash management businesses.

The merger has also boosted the Group's reach and scale to extend its leadership market positions in the retail banking sector. The Group is confident that it will be able to achieve meaningful market share growth in the auto financing, mortgages and credit card businesses going forward.

As part of the merger, the Group has initiated training programmes to increase the sales efficiency of its staff to maximize cross-selling opportunities for the Group's various products and services using the expanded commercial bank branches as a springboard. The Group's retail banking business will be transformed into a sales and customer service focused entity. The Group believes that this transformation process will result in improved sales efficiency and productivity in the near future.

The Group will also leverage on its wide branch network and strong customer franchise to expand its demand deposit base to rebalance its funding base to be able to better manage its funding costs.

The Group's investment banking business will continue to focus on corporate advisory, equity capital market, debt capital market and treasury services. With its strong market presence and greater promotion of Islamic banking, the investment banking will continue playing a leading role in Islamic capital market activities by adding new Islamic financial solutions and products to its customers.

Going forward, following the completion of the joint venture between IAG Limited and AmAssurance, the Group is confident that its insurance business will be a more significant contributor to its profits. IAG Limited, a listed company on the Australian Stock Exchange, is the largest general insurance company in Australia with market capitalization of over A\$8.0 billion and an AA rating from Standard & Poor's. With its 30.0% shareholding in AmAssurance, IAG Limited is able to contribute positively to the financial and overall performance of AmAssurance given its substantial level of skills and capabilities in the global insurance industry.

Effective 1 May 2006, the Islamic banking business of AmBank (M) has been transferred to and vested in AmIslamic Bank, a wholly-owned subsidiary of AmBank (M), to formalize the corporate separation of the conventional banking business from the Islamic banking business. With the new Islamic operational structures in place and ongoing effective communication with its customers, the Group is aiming for the maximum optimization of its services to further propel its Islamic banking services.

OUTLOOK FOR NEXT FINANCIAL YEAR

Malaysia's economic growth is projected to rise faster but to remain moderate at 6.0% in 2006. Accordingly, the banking business is expected to further expand in 2006 and the asset quality of the banking system is also expected to remain strong. However, a moderating economy coupled with ample liquidity and liberal operating environment in the banking system will further suppress the profitability of the banking industry's traditional lending business.

Inflation has increased on account of rising cost and potentially the pressure could build up further following higher petroleum product prices. While interest rate would not be directly effective to tame cost-pushed inflation, interest rate adjustment is necessary to positively influence the exchange rate, capital flow and liquidity trend. However, the rate and pace of increase and exchange rate adjustment would not be excessive to disadvantage growth.

Going forward, the Group will continue to pursue its strategy of expanding its business operations. The Group is confident that it has built an infrastructure, customer base and brand-awareness that enables it to take advantage of growth opportunities.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors, the results of operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in significant events above and Note 54 to the financial statements.

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 of the Company for the succeeding twelve months.

Directors' Report (cont'd)

DIVIDENDS

During the financial year, the Company paid a first and final dividend of 4.0%, less 28.0% tax, in respect of the previous financial year totaling RM61,359,370 which amount had been dealt with in the directors' report for that financial year and paid on 17 October 2005 to shareholders whose names appeared in the Record of Depositors on 3 October 2005.

In respect of the current financial year, the directors now recommend the payment of a first and final dividend of 5.0%, less 28.0% tax, amounting to RM76,699,213 to be paid to shareholders whose names appear in the Record of Depositors on a date to be determined by the directors. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' funds as an appropriation of unappropriated profit in the next financial year ending 31 March 2007.

RESERVES, PROVISIONS AND ALLOWANCES

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

	Note to the Financial Statements	Group RM'000	Company RM'000
(a) Share Premium			
Arising from expenses relating to ROS of investment banking group and AMFB privatisation	30	6,806	6,013
(b) Statutory Reserve			
Transfer from unappropriated profit	30	86,979	-
(c) Revaluation Reserve			
Transfer to unappropriated profit		-	378,830
(d) Available-For-Sale Reserve			
Arising from net unrealised loss on revaluation of securities available-for-sale	30	17,017	-
(e) Exchange Fluctuation Reserve			
Arising from translation of subsidiary and associated companies expressed in foreign currency	30	650	-
(f) Allowances/(Reversal of allowances):			
Interest suspended	32	115,958	-
Allowance for losses on loans and financing			
Specific allowance - net	36	951,914	-
General allowance	36	92,171	-
Transfer to profit equalisation reserve	22	4,494	-
Impairment (writeback)/loss on:			
Securities		(90,224)	-
Assets acquired in exchange of debts		660	-
Allowance for doubtful sundry receivables - net		16,470	-
Provision for commitments and contingencies		262	-

BAD AND DOUBTFUL DEBTS AND FINANCING

Before the income statements and balance sheets of the Group and of 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 allowance had been made for doubtful debts and financing.

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

Directors' Report (cont'd)

CURRENT ASSETS

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps to ascertain that current assets, other than debts and financing, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and of 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 that 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 in the Group's and the Company's financial statements misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or
- (b) any contingent liability in respect of the Group and of 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 of 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 of 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 of the Company, that would render any amount stated in the financial statements misleading.

ISSUE OF SHARES AND DEBENTURES

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

Subsequent to the financial year, the issued and fully paid-up share capital of the Company was increased from 2,130,533,695 ordinary share of RM1.00 each to 2,130,538,695 ordinary shares of RM1.00 each by the issue of 5,000 new ordinary shares of RM1.00 each at RM2.19 per share by virtue of the exercise of share warrants 2003/2008 of the Company. The resulting share premium amounting to RM5,950 has been credited to share premium account.

SHARES OPTIONS

There are no options granted by the Company 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 at the end of the financial year, there were no unissued shares of the company under options.

WARRANTS

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

- (i) The Warrants 1997/2007 were constituted under the Deed Poll dated 19 March 1997.

The salient features of the Warrants 1997/2007 are as follows:

- (a) Each Warrant 1997/2007 entitles its registered holder to subscribe for one new ordinary share of RM1.00 each at the exercise price during the exercise period.
- (b) The exercise price is RM6.51 per share and may be paid fully in cash, or partly in cash and partly by tender of Bonds 1997/2002 in any combination, or wholly by tender of Bonds 1997/2002 for every Warrant 1997/2007 held after one year from the date of allocation. The exercise price of the Warrants 1997/2007 is subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll. The Bonds 1997/2002 matured in 2002 and have been fully discharged.
- (c) The Warrants 1997/2007 are for an initial period of five calendar years. This period was extended for a further period of five years to mature on 13 May 2007.

Directors' Report (cont'd)

The movements in the Company's unissued number of shares under Warrants 1997/2007 during the financial year are as follows:

	No. of Ordinary Shares of RM1.00 each			Balance at 31.3.2006
	Balance at 1.4.2005	Issued	Exercised	
Number of unissued shares under Warrants 1997/2007	143,534,078	-	-	143,534,078

(ii) The Warrants 2003/2008 were constituted under the Deed Poll dated 29 November 2002 and 29 January 2003.

The salient features of the Warrants 2003/2008 are as follows:

- Each Warrant 2003/2008 entitle's its registered holder to subscribe for one new ordinary share of RM1.00 each at the exercise price during the exercise period.
- The exercise price is RM2.19 per share and is payable fully in cash for every Warrant 2003/2008 held from the date of allocation. The exercise price of the Warrants 2003/2008 are subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll.
- The Warrants 2003/2008 are for a period of five calendar years to mature on 20 March 2008.

The movements in the Company's unissued number of shares under Warrants 2003/2008 during the financial year are as follows:

	No. of Ordinary Shares of RM1.00 each			Balance at 31.3.2006
	Balance at 1.4.2005	Issued	Exercised	
Number of unissued shares under Warrants 2003/2008	132,105,145	-	-	132,105,145

DIRECTORS

The directors who served 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)

Tan Sri Datuk Dr Aris Osman @ Othman (Independent Director)

Tan Sri Datuk Clifford Francis Herbert (Independent Director)

Tan Sri Dato' Mohd Ibrahim Mohd Zain (Independent Director)

Dato' Izham Mahmud (Independent Director)

Cheah Tek Kuang

Soo Kim Wai

Shalina Azman

Prof Tan Sri Dato' Dr Mohd Rashdan Haji Baba (Independent Director; Resigned on 15.12.2005)

Tan Sri Dato' Dr Lim Kok Wing (Independent Director; Resigned on 13.03.2006)

In accordance with Article 89 of the Company's Articles of Association, Tan Sri Datuk Dr Aris Osman @ Othman, Tan Sri Dato' Mohd Ibrahim Mohd Zain, Dato' Izham Mahmud and Shalina Azman retire, and being eligible, offer themselves 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 debentures in the Company and in subsidiary 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 1.4.2005	Bought	Sold	Balance at 31.3.2006
Tan Sri Dato' Azman Hashim	675,490	-	675,490	-
Dato' Azlan Hashim	95,952	-	5,952	90,000
Dato' Izham Mahmud	4,670	-	-	4,670
Cheah Tek Kuang	23,800	-	-	23,800

Warrants 2003/2008	No. of Warrants of RM1.00 each			
	Balance at 1.4.2005	Bought	Sold/ Exercised	Balance at 31.3.2006
Cheah Tek Kuang	46,189	-	-	46,189

In the subsidiary company, AmInvestment Group Berhad

Renounceable Rights	No. of Renounceable Rights of RM1.00 each			
	Balance at 1.4.2005	Exercise	Lapse	Balance at 31.3.2006
Tan Sri Dato' Azman Hashim	118,954,848	118,954,848	-	-
Dato' Azlan Hashim	221,995	221,995	-	-
Tun Mohammed Hanif Omar	200,000	200,000	-	-
Tan Sri Datuk Dr Aris Osman @ Othman	50,000	50,000	-	-
Tan Sri Datuk Clifford Francis Herbert	50,000	50,000	-	-
Tan Sri Dato' Mohd Ibrahim Mohd Zain	50,000	50,000	-	-
Dato' Izham Mahmud	101,070	101,070	-	-
Cheah Tek Kuang	2,620,075	2,620,075	-	-
Soo Kim Wai	100,000	100,000	-	-
Shalina Azman	100,000	100,000	-	-

Directors' Report (cont'd)

DIRECT INTERESTS

In the subsidiary company, AmInvestment Group Berhad

Shares	No. of Ordinary Shares of RM1.00 each			Balance at 31.3.2006
	Balance at 1.4.2005	Bought	Sold	
Tan Sri Dato' Azman Hashim	-	118,954,848	24,400,000	94,554,848
Dato' Azlan Hashim	-	223,331	-	223,331
Tun Mohammed Hanif Omar	-	200,000	-	200,000
Tan Sri Datuk Dr Aris Osman @ Othman	-	50,000	-	50,000
Tan Sri Datuk Clifford Francis Herbert	-	50,000	-	50,000
Tan Sri Dato' Mohd Ibrahim Mohd Zain	-	50,000	-	50,000
Dato' Izham Mahmud				
- Held directly	-	101,070	-	101,070
- Held through nominees	-	6,000	-	6,000
Cheah Tek Kuang	-	2,620,100	1,500,000	1,120,100
Soo Kim Wai	-	100,000	-	100,000
Shalina Azman	-	100,000	-	100,000

In the subsidiary company, AmMerchant Bank Berhad

Redeemable Unsecured Subordinated Bonds	Nominal Value of RM1.00 each			Balance at 31.3.2006
	Balance at 1.4.2005	Bought	Sold	
Dato' Izham Mahmud	250,000	-	250,000	-

Directors' Report (cont'd)

DEEMED INTERESTS

In the Company

Shares	Name of Company	No. of Ordinary Shares of RM1.00 each			
		Balance at 1.4.2005	Bought	Sold	Balance at 31.3.2006
Tan Sri Dato' Azman Hashim	AmcorpGroup Berhad	658,252,421	13,000,000	-	671,252,421
	AMDB Equipment Trading Sdn Bhd	439,047	-	-	439,047
	Azman Hashim Holdings Sdn Bhd	913,905	-	913,905	-
	Regal Genius Sdn Bhd	29,490,000	-	-	29,490,000

Warrants 2003/2008	Name of Company	No. of Warrants of RM1.00 each			
		Balance at 1.4.2005	Bought	Sold/ Exercised	Balance at 31.3.2006
Tan Sri Dato' Azman Hashim	AmcorpGroup Berhad	5,954,097	-	-	5,954,097
	AMDB Equipment Trading Sdn Bhd	22,682	-	-	22,682
	Regal Genius Sdn Bhd	2,989,936	-	-	2,989,936
	Corporateview Sdn Bhd	31,658,738	-	-	31,658,738

In the subsidiary company, AmInvestment Group Berhad

Renounceable Rights	Name of Company	No. of Renounceable Rights of RM1.00 each			
		Balance at 1.4.2005	Exercise	Lapse	Balance at 31.3.2006
Tan Sri Dato' Azman Hashim	AmcorpGroup Berhad	150,896,688	150,896,688	-	-
	AMDB Equipment Trading Sdn Bhd	100,646	100,646	-	-
	Azman Hashim Holdings Sdn Bhd	209,502	209,502	-	-
	Regal Genius Sdn Bhd	6,760,238	6,760,238	-	-

Directors' Report (cont'd)

DEEMED INTERESTS

In the subsidiary company, AmInvestment Group Berhad

Shares	Name of Company	No. of Ordinary Shares of RM1.00 each			Balance at 31.3.2006
		Balance at 1.4.2005	Bought	Sold	
Tan Sri Dato' Azman Hashim	AmcorpGroup Berhad	-	150,896,688	-	150,896,688
	AMDB Equipment Trading Sdn Bhd	-	100,646	-	100,646
	Azman Hashim Holdings Sdn Bhd	-	209,502	-	209,502
	Regal Genius Sdn Bhd	-	6,760,238	-	6,760,238

In the subsidiary company, AmAssurance Berhad

Shares	Name of Company	No. of Ordinary Shares of RM1.00 each			Balance at 31.3.2006
		Balance at 1.4.2005	Bought	Sold	
Dato' Azlan Hashim	ABH Holdings Sdn Bhd	34,062,000	-	34,062,000	-

By virtue of their shareholdings as mentioned above, the above 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 as shown in Note 38 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm in 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 37 to the financial statements.

Save for the benefits under the ROS by the Company to the shareholders and AIGB to eligible employees pursuant to the listing of AIGB on the Main Board of the Bursa Malaysia Securities Berhad, neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Report (cont'd)

The attendance of Board members at the meetings of the Board and the various Board Committees is as set out below:

Number of Meetings attended in Financial Year ("FY") 2006						
	Board of Directors	Nomination Committee	Remuneration Committee	Audit & Examination Committee	Risk Management Committee#	Risk Management Committee##
Tan Sri Dato' Azman Hashim	13	1 (Effective 15.12.2005)	N/A	N/A	N/A	N/A
Dato' Azlan Hashim	13	3	3	4	N/A	N/A
Tun Mohammed Hanif Omar	12	N/A	N/A	N/A	N/A	5 (Resigned as Chairman/Member, effective 1.12.2005)
Tan Sri Datuk Dr Aris Osman @ Othman	10	1 (Chairman/Member, effective 15.12.2005)	N/A	4 (Chairman/Member, effective 15.12.2005)	11	N/A
Tan Sri Datuk Clifford Francis Herbert	13	1 (Effective 15.12.2005)	N/A	N/A	11 (Chairman/Member, effective 31.03.2005)	1 (Committee Chairman, effective 1.12.2005)
Tan Sri Dato' Mohd Ibrahim Mohd Zain	12	N/A	N/A	N/A	N/A	N/A
Dato' Izham Mahmud	13	3	3 (Chairman/Member, effective 15.12.2005)	4	N/A	N/A
Cheah Tek Kuang	13	N/A	N/A	N/A	N/A	5 (Resigned as Committee Member, effective 1.12.2005)
Soo Kim Wai	13	N/A	2 (Effective 27.09.2005)	N/A	N/A	N/A
Shalina Azman	11	N/A	N/A	N/A	N/A	N/A
Prof Tan Sri Dato' Dr Mohd Rashdan Haji Baba (Resigned on 15.12.2005)	9	2	1	3	8	N/A
Tan Sri Dato' Dr Lim Kok Wing (Resigned on 13.03.2006)	4	N/A	N/A	N/A	N/A	N/A
Tan Kheng Soon**	N/A	N/A	N/A	N/A	N/A	1 (Effective 1.12.2005)
Number of meetings held in FY2006	13	3	3	4	11	6

Note: # The Risk Management Committee of Directors established at AmMerchant Bank.

The Risk Management Committee of Directors established at AmBank (M).

** Member of AmBank (M) Board of Directors.

All attendances reflect the number of meetings attended during Directors' duration of service.

N/A represents not a member.

Directors' Report (cont'd)

CORPORATE GOVERNANCE

(i) BOARD RESPONSIBILITY AND OVERSIGHT

The Board of Directors (the "Board") remains fully committed in ensuring that the principles and best practices in corporate governance are applied consistently in the Group, since the Company is a holding company. Its major business activities are conducted through its various subsidiary companies.

The Board supervises the management of the Group's businesses and affairs with the goal of enhancing shareholders' value. The Board meets monthly to carry out its duties and responsibilities, with additional Board meetings being convened, whenever required.

The Board addresses key matters concerning strategy, finance, organization structure, business developments (subject to matters reserved for shareholders' meetings by law), and establishes guidelines for overall business, risk and control policies, capital allocation and approves all key business developments.

The Board currently comprises ten (10) directors with wide skills and experience, of which five (5) are Independent Non-Executive Directors. The Directors participate fully in decision making on key issues regarding the Company and its subsidiaries. The Independent Non-Executive Directors ensure strategies proposed by the management are fully discussed and examined, as well as take into account the long term interests of various stakeholders.

There is a clear division between the roles of Chairman and Chief Executive Officers of the operating subsidiaries.

The Senior Management team of the subsidiaries are invited to attend Board Meetings to provide presentations and detailed explanations on matters that have been tabled. The Group Company Secretary has been empowered by the Board to assist the Board in matters of governance and in complying with statutory duties.

(ii) COMMITTEES OF THE BOARD

The Board delegates certain responsibilities to Board Committees. These committees, which were created to assist the Board in certain areas of deliberation are:

1. Nomination Committee
2. Remuneration Committee
3. Audit And Examination Committee

The Risk Management Committee has been established at AmMerchant Bank and AmBank (M).

The roles and responsibilities of each committee is set out under the respective terms of reference, which have been approved by the Board. The minutes of the committee meetings are tabled at the subsequent Board meetings for comment and notation.

Directors' Report (cont'd)

The Nomination Committee

It is responsible for regularly reviewing the board structure, size and composition, as well as identifying and selecting new directors to be appointed to the Board and the Committees of the Board. On an annual basis, it reviews the mix of skills and experience and other qualities and competencies that Non-Executive Directors should bring to the Board.

During the financial year, three (3) meetings were held to consider nominations and to review the membership of the Board and Board Committees. In addition, the Nomination Committee also reviewed the performance of the Committees' and Board's effectiveness as a whole and the contribution of each Director to the effectiveness of the Board.

The Remuneration Committee

All members of this Committee are Non-Executive Directors. The Committee is responsible for determining and recommending to the Board the framework or broad policy for the remuneration of the Directors, Chief Executive Officers and other Senior Management.

Remuneration is determined at levels which enable the Group to attract and retain the Directors, Chief Executive Officers and Senior Management with the relevant expertise in managing the Group effectively.

The Audit And Examination Committee

The Board has appointed the Audit and Examination Committee (the "AEC") to assist in discharging its duties of maintaining a sound system of internal control to safeguard the Group's assets and shareholders' investments.

The financial statements, accounting policies and system of internal accounting controls are the responsibility of the Board acting through the AEC. The AEC met during the year to review the scope of both the internal audit functions and the statutory auditors, the results arising thereafter as well as their evaluation of the system of internal controls. The consolidated financial statements of the Group and the financial statements of its subsidiaries were reviewed by the AEC prior to their submission to the directors of the Group for adoption.

In addition, the AEC has reviewed the requirements for approval and disclosure of related party transactions, reviewed the procedures set up by the Group to identify and report, and where necessary, seek approval for related party transactions and, with the assistance of the internal auditors, reviewed related party transactions.

Risk Management Committee

Risk management is an integral part of the Group's strategic decision-making process which ensures that the corporate objectives are consistent with the appropriate risk-return trade-off. The Boards of AmMerchant Bank and AmBank (M) approve the risk management strategy and set the broad risk tolerance level; and approve the engagement of new products or activities after considering the risk bearing capacity and readiness of both AmMerchant Bank and AmBank (M).

The Risk Management Committee of Directors have been established at AmMerchant Bank and AmBank (M) to oversee the overall management of credit, market, liquidity, operational, legal, capital and strategic risks impacting the Group, and to ensure that the risk management process is in place and functioning.

The Committee is independent from management and comprises only non-executive directors. The Committee ensures that the Board's risk tolerance level is effectively enforced; and reviews high-level risk exposures, and capital allocation decisions to ensure that they are within the overall interests of AmMerchant Bank and AmBank (M). It also assesses AmMerchant Bank's and AmBank (M)'s ability to accommodate risks under normal and stress scenarios.

The Risk Management Department is independent of the various business units and acts as the catalyst for the development and maintenance of comprehensive and sound risk management policies, strategies and procedures within the Group. The functions encompass research and analysis, portfolio risk exposure reporting, compliance monitoring, formulation of policies and risk assessment methodology, and formulation of risk strategies.

Internal Audit And Internal Control Activities

The Internal Audit Department reports to the AEC and to the Group Chief Internal Auditor. It assists the Board in assessing and reporting on business risks and internal controls, and operates within the framework defined in the Audit Charter.

The AEC approves the Internal Audit's annual audit plan each year, which covers the audit of all major business units and operations within the Group. The results of each audit are submitted to the AEC and significant findings are discussed during the AEC meeting. The results of the AEC meeting are formally tabled to the Board of Directors for noting and action where necessary. The Group Chief Internal Auditor and the external auditors also attend the AEC meeting by invitation.

Directors' Report (cont'd)

The scope of internal audit covers reviews of adequacy of the risk management processes, operational controls, financial controls, compliance with laws and regulations as well as management directives, lending practices and information technology, including the various application systems in production, data centres and network security.

The Internal Audit focuses its efforts on performing audits in accordance with the audit plan, which is prioritised based on a comprehensive audit risk assessment of all significant auditable areas identified in the Group. The structured audit risk assessment approach ensures that all risk-rated auditable areas are kept in view to ensure appropriate audit coverage and audit frequency. The risk based audit plan is reviewed annually taking into account the changing financial significance of the business and risk environment.

The Internal Audit also participates actively in major systems developments activities and project committees to advise on risk management and internal control measures.

(iii) MANAGEMENT INFORMATION

All Directors review Board papers and reports prior to the Board meeting. Information and materials, relating to the operations of the Company and its subsidiaries that are important to the Directors' understanding of the agenda items and related topics, are distributed in advance of the meeting. The Board reports, include among others, minutes of meetings of all Committees of the Board, monthly performance of the Group, credit risk management, asset liability and market risk management and industry benchmarking as well as prevailing regulatory developments and the economic and business environment.

These reports are issued in sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. The Board provides input on Group policies.

RATINGS BY EXTERNAL AGENCIES

The Company's RM150.0 million 3.0% 5-year Redeemable Unsecured Bank-guaranteed Bonds 2002/2007 with detachable Warrants was accorded a long-term ratings of AAA (bg) and AA3 (bg) for Tranche 1 of RM100.0 million and Tranche 2 of RM50.0 million respectively by Rating Agency Malaysia Berhad ("RAM").

The merchant bank's long-term and short-term rating of AA3/P1 from RAM and A+/MARC-1 from Malaysian Rating Corporation Berhad was complemented by international ratings of BB+/B from Standard & Poor's, BB/B from Capital Intelligence and BB+/B from Fitch Ratings Singapore Pte Ltd ("Fitch") (formerly known as Fitch IBCA, Duff & Phelps). The RM460.0 million Redeemable Unsecured Subordinated Bonds and RM200.0 million Subordinated Tier 2 Bonds have been accorded a long-term rating of A1 by RAM respectively.

The AmBank (M)'s long-term and short-term rating of A2/P1 was reaffirmed by RAM. AmBank (M)'s rating was complemented by international ratings of Baa2/P3 by Moody's Investors Service, BBB-/A-3 by Standard & Poor's and BBB-/F3 by Fitch.

The AmBank (M)'s RM200.0 million Redeemable Unsecured Subordinated Bonds' long-term rating of A3 was also reaffirmed by RAM.

The Hybrid Securities are rated Ba2 by Moody's Investor Service, BB by Standard & Poor's and BB by Fitch.

SHARIAH COMMITTEE

The Shariah Committee was established under BNM "Guidelines on the Governance of Shariah Committee for the Islamic Financial Institutions" (BNM/GPS1) to advise and provide guidance to the Board of Directors on all matters pertaining to Shariah principles including product development, marketing and implementation activities. The Shariah advisors also assist in the setting up of business and operational procedures with respect to compliance with Shariah principles.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors.



TAN SRI DATO' AZMAN HASHIM

Kuala Lumpur, Malaysia
Date: 31 May 2006



CHEAH TEK KUANG

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, **TAN SRI DATO' AZMAN HASHIM** and **CHEAH TEK KUANG**, being two of the directors of **AMMB HOLDINGS BERHAD**, do hereby state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with applicable Approved Accounting Standards in Malaysia, Bank Negara Malaysia Guidelines and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2006 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors.



TAN SRI DATO' AZMAN HASHIM



CHEAH TEK KUANG

Kuala Lumpur, Malaysia
Date: 31 May 2006

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

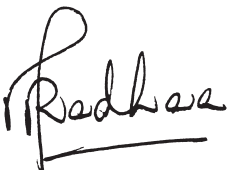
I, **ARUNASALAM MUTHUSAMY**, being the officer primarily responsible for the financial management of **AMMB HOLDINGS BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are in my opinion correct, and I make this solemn declaration conscientiously believing the same 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 in the Wilayah Persekutuan on 31 May 2006.



ARUNASALAM MUTHUSAMY

Before me,



COMMISSIONER FOR OATHS



Lodged on behalf by:

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

Telephone Number: 03-20782633/44/55

Report of the Auditors to Members

We have audited the accompanying financial statements. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

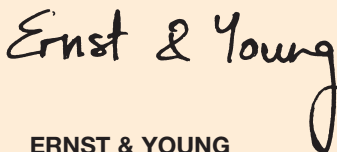
In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965, Bank Negara Malaysia Guidelines and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 March 2006 and of the results and the cash flows of the Group and of the Company for the year ended 31 March 2006; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' report of the subsidiary of which we have not acted as auditors, as indicated in Note 13 of the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries 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 required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of the subsidiaries incorporated in Malaysia, did not include any comment required to be made under Section 174(3) of the Act.



ERNST & YOUNG
AF : 0039
Chartered Accountants



LIM SAW KENG
No.2215/10/07(J)
Partner

Kuala Lumpur, Malaysia
Date: 31 May 2006

Balance Sheets

As At 31 March 2006

	Note	2006		2005	
		Group RM'000	Company RM'000	Group RM'000	Company RM'000
ASSETS					
Cash and short-term funds	4	9,455,262	19,959	7,778,102	90,682
Securities purchased under resale agreements	5	719,590	78,050	147,520	31,950
Deposits and placements with banks and other financial institutions	6	752,693	37,101	781,552	26,629
Securities held-for-trading	7	6,098,040	170,197	3,836,207	150,233
Securities available-for-sale	8	1,603,605	-	1,487,478	-
Securities held-to-maturity	9	2,713,041	-	2,289,850	-
Loans, advances and financing	10	44,860,468	-	40,099,556	-
Other assets	11	1,208,504	33,992	1,171,794	249,246
Statutory deposits with Bank Negara Malaysia	12	1,776,693	-	1,545,877	-
Investments in subsidiary companies	13	-	4,051,165	-	4,461,248
Investments in associated companies	14	40,295	-	38,715	-
Property and equipment	15	496,979	460	480,366	577
Life fund assets	51	1,162,488	-	949,425	-
Deferred tax assets	40	857,003	-	984,745	-
Goodwill on consolidation	16	515,976	-	523,046	-
TOTAL ASSETS		72,260,637	4,390,924	62,114,233	5,010,565
LIABILITIES AND EQUITY					
Deposits from customers	17	38,918,164	-	34,447,340	-
Deposits and placements of banks and other financial institutions	18	14,640,801	-	12,186,531	-
Obligations on securities sold under repurchase agreements	19	3,572,257	-	1,450,886	-
Bills and acceptances payable	20	912,723	-	518,938	-
Recourse obligation on loans sold to Cagamas Berhad	21	1,868,649	-	2,786,448	-
Other liabilities	22	2,281,779	3,468	1,992,279	5,565
Term loans	23	482,232	206,000	1,252,500	961,000
Subordinated certificates of deposits	24	-	-	198,768	-
Subordinated term loan	25	680,000	-	680,000	-
Redeemable unsecured bonds	26	919,638	144,638	801,481	141,481
Hybrid capital	27	684,047	-	-	-
Life fund liabilities	51	152,315	-	121,267	-
Life policyholders' fund	51	1,010,173	-	828,158	-
Total liabilities		66,122,778	354,106	57,264,596	1,108,046
Share capital	29	2,130,534	2,130,534	2,130,534	2,130,534
Reserves	30	2,898,505	1,906,284	2,682,756	1,771,985
Shareholders' equity		5,029,039	4,036,818	4,813,290	3,902,519
Minority interests	31	1,108,820	-	36,347	-
Total equity		6,137,859	4,036,818	4,849,637	3,902,519
TOTAL LIABILITIES AND EQUITY		72,260,637	4,390,924	62,114,233	5,010,565
COMMITMENTS AND CONTINGENCIES	46	37,310,423	-	23,944,919	-
NET ASSETS PER SHARE (RM)	49	2.36	1.89	2.26	1.83

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

Income Statements

For The Year Ended 31 March 2006

	Note	2006		2005	
		Group RM'000	Company RM'000	Group RM'000	Company RM'000
Operating revenue	50	4,976,810	244,644	4,485,304	384,717
Interest income	32	3,161,607	9,980	2,950,199	11,152
Interest expense	33	(1,741,728)	(27,556)	(1,567,725)	(27,130)
Net interest income/(expense)		1,419,879	(17,576)	1,382,474	(15,978)
Income from Islamic banking business	55(xxiv)	540,542	-	435,965	-
Other operating income	34	904,014	234,664	759,381	373,565
Net Income		2,864,435	217,088	2,577,820	357,587
Other operating expenses	35	(1,450,177)	(3,253)	(1,248,928)	(3,609)
Operating profit		1,414,258	213,835	1,328,892	353,978
Allowance for losses on loans and financing	36	(774,689)	-	(770,469)	-
Transfer to profit equalisation reserve	22	(4,494)	-	(57,949)	-
Impairment loss on properties		-	-	(29,834)	-
Impairment writeback/(loss) on:					
Securities		90,224	-	(15,294)	-
Assets acquired in exchange of debts		(660)	-	-	-
Allowance for doubtful sundry receivables - net		(16,470)	-	(4,025)	-
(Provision for)/Writeback of provision for commitments and contingencies		(262)	-	40,437	-
Profit before share in results of associated companies and taxation		707,907	213,835	491,758	353,978
Share in results of associated companies		2,202	-	809	-
Profit before taxation		710,109	213,835	492,567	353,978
Taxation	39	(231,069)	(12,164)	(204,632)	(103,485)
Profit before minority interests		479,040	201,671	287,935	250,493
Minority shareholders' interests in results of subsidiary companies	31	(113,535)	-	(83,948)	-
Net profit attributable to the shareholders of the Company		365,505	201,671	203,987	250,493
Earnings per share (sen)	42				
Basic		17.16	9.47	10.83	13.30
Fully diluted		16.92	9.33	10.67	13.10
First and final dividend per ordinary share (sen)					
Gross		5.0	5.0	4.0	4.0
Net		3.6	3.6	2.9	2.9

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

Statements of Changes in Equity

For The Year Ended 31 March 2006

Group	Share capital RM'000	Non-distributable				Distributable		Total RM'000
		Capital reserve RM'000	Share premium RM'000	Statutory reserve RM'000	Available-for-sale reserve RM'000	Exchange fluctuation reserve RM'000	Unappropriated profit RM'000	
At 1 April 2004								
As previously stated	1,858,806	125,284	263,058	1,164,073	-	19,604	597,636	4,028,461
Prior year adjustments	-	-	-	-	18,736	-	290	19,026
At 1 April 2004 (restated)	1,858,806	125,284	263,058	1,164,073	18,736	19,604	597,926	4,047,487
Arising from AMFB Privatisation	-	(125,284)	-	-	-	-	(69,868)	(195,152)
Issue of shares pursuant to:								
- exercise of share options	12,886	-	17,567	-	-	-	-	30,453
- exercise of Warrants 2003/2008	69,914	-	83,197	-	-	-	-	153,111
- AMFB Privatisation	188,928	-	434,534	-	-	-	-	623,462
Transfer to unappropriated profit	-	-	-	(250,635)	-	-	250,635	-
Net unrealised gain on revaluation of securities available-for-sale	-	-	-	-	7,994	-	-	7,994
Translation adjustments	-	-	-	-	-	(4,518)	-	(4,518)
Profit for the year	-	-	-	-	-	-	203,987	203,987
Dividends paid	-	-	-	-	-	-	(53,534)	(53,534)
At 31 March 2005	2,130,534	-	798,356	913,438	26,730	15,086	929,146	4,813,290

Group	Note	Non-distributable				Distributable		Total RM'000
		Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Available-for-sale reserve RM'000	Exchange fluctuation reserve RM'000	Unappropriated profit RM'000	
At 1 April 2005								
As previously stated		2,130,534	798,356	913,438	-	15,086	926,810	4,784,224
Prior year adjustments	54	-	-	-	26,730	-	2,336	29,066
At 1 April 2005 (restated)		2,130,534	798,356	913,438	26,730	15,086	929,146	4,813,290
Arising from Group Reorganisation ^		-	-	-	-	-	(65,224)	(65,224)
Transfer from unappropriated profit		-	-	86,979	-	-	(86,979)	-
Expenses relating to Group Reorganisation		-	(6,806)	-	-	-	-	(6,806)
Net unrealised loss on revaluation of securities available-for-sale		-	-	-	(17,017)	-	-	(17,017)
Translation adjustments		-	-	-	-	650	-	650
Profit for the year		-	-	-	-	-	365,505	365,505
Dividends paid	41	-	-	-	-	-	(61,359)	(61,359)
At 31 March 2006		2,130,534	791,550	1,000,417	9,713	15,736	1,081,089	5,029,039

^ This relates to the dilution in net attributable assets of the Group arising from the 49.0% Restricted Offer for Sale of the investment banking group under the Group Reorganisation as disclosed in Note 13 (1).

Statements of Changes in Equity (cont'd)

For The Year Ended 31 March 2006

Company	Note	Non-distributable		Distributable	Total	
		Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000		Unappropriated profit RM'000
As at 1 April 2004		1,858,806	263,058	532,154	244,516	2,898,534
Issue of shares pursuant to:						
- exercise of share options		12,886	17,567	-	-	30,453
- exercise of Warrants 2003/2008		69,914	83,197	-	-	153,111
- AMFB privatisation		188,928	434,534	-	-	623,462
Profit for the year		-	-	-	250,493	250,493
Dividends paid		-	-	-	(53,534)	(53,534)
As at 31 March 2005		2,130,534	798,356	532,154	441,475	3,902,519
As at 1 April 2005		2,130,534	798,356	532,154	441,475	3,902,519
Expenses relating to Group Reorganisation		-	(6,013)	-	-	(6,013)
Transfer to unappropriated profit*		-	-	(378,830)	378,830	-
Profit for the year		-	-	-	201,671	201,671
Dividends paid	41	-	-	-	(61,359)	(61,359)
As at 31 March 2006		2,130,534	792,343	153,324	960,617	4,036,818

* This relates to the realisation of revaluation of subsidiary companies under the Group Reorganisation.

Cash Flow Statements

For The Financial Year Ended 31 March 2006

	2006		2005	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	710,109	213,835	492,567	353,978
Add/(Less) adjustments for:				
Allowance for losses on loans and financing	774,689	-	770,469	-
Interest in suspense – net	115,958	-	73,226	-
Depreciation of property and equipment	67,079	117	66,742	10
Amortisation of goodwill and premium on consolidation	27,977	-	15,719	-
Allowance for doubtful sundry receivables – net	16,470	-	4,025	-
Net loss/(gain) from sale of securities held-for-trading	13,051	-	(59,357)	-
Transfer to profit equalisation reserve	4,494	-	57,949	-
Property and equipment written off	1,604	-	3,916	-
Sundry receivables written off	981	-	283	-
Impairment loss on assets acquired in exchange of debts	660	-	-	-
Provision/(Write back of provision) for commitments and contingencies	262	-	(40,437)	-
Provision for foreclosed properties	22	-	2,396	-
Impairment (writeback)/loss on securities	(90,224)	-	15,294	-
Gross dividend income from investments	(73,858)	(59,968)	(56,915)	(372,881)
Unrealised (gain)/loss on revaluation of securities held for trading	(53,884)	-	21,711	-
Gain on disposal of 10.0% equity interest in insurance subsidiary company	(29,962)	-	-	-
Net gain on redemption of securities held-to-maturity	(19,561)	-	(12,329)	-
Unrealised foreign exchange gain	(11,267)	-	-	-
Unrealised gain on revaluation of derivatives	(6,165)	-	(6,611)	-
Amortisation of premium less accretion of discounts on money market securities – net	(5,554)	-	17,708	-
Net gain from sale of securities available-for-sale	(28,296)	-	(14,668)	-
Share in results of associated companies	(2,202)	-	(809)	-
Gain on disposal of property and equipment – net	(1,807)	-	(3,816)	-
Income from asset securitisation	(1,695)	-	(42,838)	-
Gain on listing of investment banking subsidiary company	-	(174,497)	-	-
Impairment loss on properties	-	-	29,834	-
Capital gain arising from Bursa Malaysia Berhad shares	-	-	(12,727)	-
Gain on disposal of leased assets – net	-	-	(3)	-
Operating profit/(loss) before working capital changes	1,408,881	(20,513)	1,321,329	(18,893)

Cash Flow Statements (cont'd)

For The Financial Year Ended 31 March 2006

	2006		2005	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd)				
Operating profit/(loss) before working capital changes brought forward	1,408,881	(20,513)	1,321,329	(18,893)
(Increase)/Decrease in operating assets:				
Securities purchased under resale agreement	(572,070)	(46,100)	(82,702)	(31,663)
Deposits and placements with banks and other financial institutions	28,859	(10,472)	(473,883)	72,710
Securities held-for-trading	(2,214,835)	154,533	(28,604)	-
Loans, advances and financing	(5,651,560)	-	(2,398,203)	-
Other assets	(18,609)	232,045	77,762	115,941
Statutory deposits with Bank Negara Malaysia	(230,816)	-	(6,050)	-
Increase/(Decrease) in operating liabilities:				
Deposits from customers	4,470,824	-	1,430,047	-
Deposits and placements of banks and other financial institutions	2,454,270	-	743,765	-
Obligations on securities sold under repurchase agreements	2,121,371	-	(245,432)	-
Bills and acceptances payable	393,785	-	247,199	-
Term loans	(770,268)	(755,000)	607,500	737,000
Recourse obligation on loans sold to Cagamas Berhad	(917,799)	-	(1,280,411)	-
Other liabilities	305,376	(11,104)	(587,452)	(98,709)
Cash generated from/(used in) operations	807,409	(456,611)	(675,135)	776,386
Taxation paid	(105,177)	-	(104,877)	-
Net cash generated from/(used in) operating activities	702,232	(456,611)	(780,012)	776,386

Cash Flow Statements (cont'd)

For The Financial Year Ended 31 March 2006

	2006		2005	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of 10.0% equity interest in insurance subsidiary company	64,400	-	-	-
Dividends received from other investments	53,178	-	40,978	-
Proceeds from disposal of property and equipment	2,017	-	23,912	-
(Purchase)/Proceeds from disposal of securities – net	(412,699)	-	2,543,118	(140,530)
Purchase of property and equipment	(93,647)	-	(67,004)	(587)
Acquisition of remaining 30.0% equity interest in unit trust and asset management subsidiary companies	(44,790)	-	-	-
Acquisition of shares in venture capital management subsidiary company	(105)	-	-	-
Proceeds from disposal of shares in commercial banking subsidiary company	-	436,242	-	-
Dividends received from subsidiary companies	-	43,177	-	268,474
Acquisition of additional shares in insurance subsidiary company	-	(26,159)	(44,588)	(82,518)
Dividends received from associated companies	-	-	1,040	-
Capital repayment by an associated company	-	-	780	-
Proceeds from disposal of leased assets	-	-	3	-
Cash portion for the acquisition of remaining 35.72% equity interest in AMFB	-	-	(736,819)	(736,819)
Acquisition of additional shares in stockbroking subsidiary company	-	-	(9,396)	-
Subscription for commercial banking subsidiary rights issues	-	-	-	(85,000)
Subscription for credit and leasing subsidiary rights issues	-	-	-	(73,500)
Net cash (used in)/generated from investing activities	(431,646)	453,260	1,752,024	(850,480)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares by subsidiary companies to minority shareholders	905,780	-	575	-
Proceeds from issue of hybrid capital	684,047	-	-	-
Proceeds from redeemable unsecured bonds	118,157	-	-	-
Redemption of subordinated certificates of deposits	(200,000)	-	-	-
Dividends paid by the Company to its shareholders	(61,359)	(61,359)	(53,534)	(53,534)
Dividends paid to minority interests by subsidiary companies	(20,068)	-	(16,908)	-
Share issuance expenses	(8,632)	(6,013)	-	-
Proceeds from exercise of warrants 2003/2008 in the Company	-	-	153,111	153,111
Proceeds from exercise of employees' share options in the Company	-	-	30,453	30,453
Net cash generated from/(used in) financing activities	1,417,925	(67,372)	113,697	130,030
Net increase/(decrease) in cash and cash equivalents	1,688,511	(70,723)	1,085,709	55,936
Cash and cash equivalents at beginning of year	7,740,607	90,682	6,654,898	34,746
Cash and cash equivalents at end of year (Note 1)	9,429,118	19,959	7,740,607	90,682

Cash Flow Statements (cont'd)

For The Financial Year Ended 31 March 2006

Note 1 : 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 overdraft. Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	2006		2005	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Cash and short-term funds	9,455,262	19,959	7,778,102	90,682
Bank overdrafts (Note 22)	(26,081)	-	(37,192)	-
	9,429,181	19,959	7,740,910	90,682
Effect of exchange rates changes	(63)	-	(303)	-
Cash and cash equivalents	9,429,118	19,959	7,740,607	90,682

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

Notes to the Financial Statements

For The Year Ended 31 March 2006

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

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

The principal activities of the subsidiary companies are shown in Note 13.

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of the Bursa Malaysia Securities Berhad ("Bursa"). The registered office and the principal place of business of the Company is located at 22nd Floor, Bangunan AmBank Group, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

The financial statements of the Group and of the Company have been approved and authorised for issue by the Board of Directors on 26 April 2006.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared under historical cost convention unless otherwise indicated and in accordance with the provisions of the Companies Act, 1965, the Banking and Financial Institutions Act, 1989, the Insurance Act, 1996, Bank Negara Malaysia ("BNM") Guidelines and the applicable approved accounting standards of the Malaysian Accounting Standards Board. The financial statements incorporate those activities relating to Islamic banking business which have been undertaken by the Group. Islamic banking business refers generally to the acceptance of deposits, granting of financing, capital market and treasury activities under the Shariah Principles.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies are consistent with those adopted in the previous audited annual financial statements except for the adoption of the Revised Guidelines on Financial Reporting for Licensed Institutions ("Revised BNM/GP8") issued on 5 October 2004, which became effective for the current financial year. The adoption of the Revised BNM/GP8 resulted in the adoption of the following new accounting policies:

- (i) the recognition and measurement of the holdings of the investment and dealing securities portfolio of the Group as securities held-for-trading, securities held-to-maturity and securities available-for-sale;
- (ii) the recognition and measurement of derivative financial instruments and the adoption of hedge accounting; and
- (iii) where a loan becomes non-performing, interest accrued and recognised as income prior to the date the loans are classified as non-performing shall be reversed out of income and set-off against the accrued interest receivable account in the balance sheet. Thereafter, the interest accrued on the non-performing loans shall be recognised as income on a cash basis instead of being accrued and suspended at the same time as prescribed previously.

Comparative figures have been adjusted or extended to conform with the requirements of the Revised BNM/GP8 that have been applied retrospectively for one year. The effects of these changes are disclosed in Note 54 to the financial statements.

The specific and general allowances for loans, advances and financing are computed based on BNM's guidelines on the "Classification of Non-Performing Loans and Provisions for Substandard, Bad and Doubtful Debts" ("BNM/GP3") requirement and is consistent with the adoption made in the previous financial statements.

Basis Of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention with certain modifications to include the directors' valuation of investments in subsidiary companies in the financial statements of the Company.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

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 except for P.T. AmCapital Indonesia, the financial statements of which were made up to 31 December 2005 with adjustments, where appropriate, made for any significant transactions that occurred between 1 January 2006 to 31 March 2006.

The Company adopts both the merger method (or "pooling of interests" method) and the acquisition method in preparing the consolidated financial statements.

The merger method was adopted in respect of the transfer of subsidiaries pursuant to a scheme of arrangement under the group restructuring exercise completed in 1992. The acquisition method is adopted for all other acquisitions.

Under the merger method, the assets, liabilities and reserves, revenues and expenses of the combining companies are combined into one entity at their existing amounts.

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 acquisition is taken up as goodwill on consolidation.

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

The gain or loss on disposal of a subsidiary is the difference between the net disposal proceeds and the Group's share of its net assets together with exchange differences which were not previously recognised in the consolidated income statement.

Investments 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.

Investments in subsidiary companies, which are eliminated on consolidation, are stated in the Company's financial statements at cost or directors' valuation, and are 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 unless it reverses a previous revaluation in which case it is treated as a revaluation decrease. The directors' valuation is arrived at after taking into account the underlying net tangible assets value of the subsidiary companies and the surplus on revaluation is credited to the revaluation reserve account. The valuation of the investments in subsidiary companies will be carried out at a regular interval of at least once in every five (5) years. The directors revalued the Company's investments in its subsidiary companies during the financial year ended 31 March 2002.

On disposal of such investments, the difference between the net disposal proceeds and their carrying amount is charged or credited to the income statement.

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

Investments In Associated Companies

An associated company is a company in which the Group has a long-term equity interest of between 20.0% and 50.0% and where the Group has representation on the Board and is in a position to exercise significant influence in its management.

Investments in associated companies are stated at cost and are written down when the directors consider that 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. 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.

On disposal of such investments, the difference between the net disposal proceeds and their carrying amount is charged or credited to the income statement.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

Goodwill/Premium 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 is stated at cost less accumulated amortisation and impairment losses. Goodwill is generally amortised evenly over an estimated useful life of twenty (20) to fifty (50) years. The policy for the recognition and measurement of impairment losses is in accordance with the policy on impairment of assets.

Premium on consolidation on the acquisition of associated companies is included within the carrying amount of the associated companies and represents the excess of the purchase consideration over the Group's interest in the fair values of the identifiable net assets of associated companies at the date of acquisition. The premium on consolidation on the acquisition of associated companies is amortised over an estimated useful life of twenty five (25) years.

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

Repurchase Agreements

Securities purchased under resale agreements are securities which the Group and the Company had purchased with commitments to resell at future dates. The commitments to resell the securities are reflected as an asset on the balance sheet.

Conversely, obligations on securities sold under repurchase agreements are securities which the Group and the Company 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 at amortised cost or fair value depending on their classification while the obligations to repurchase such securities at agreed prices on specified future dates are accounted for as a liabilities on the balance sheet.

Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income. The obligation to return the borrowed securities is recorded as securities sold not yet re-purchased as reflected under other liabilities. Unrealised gains and losses from revaluation are recognised in the income statement.

Securities

The holdings of the securities portfolio of the Group are recognised based on the following categories and valuation methods.

(i) Securities held-for-trading

Securities are classified as held-for-trading if they are acquired principally for the purpose of benefiting from actual or expected short term price movements or to lock in arbitrage profits. The securities held-for-trading will be stated at fair value and any gain or loss arising from a change in their fair values or the derecognition of securities held-for-trading are recognised in the income statement.

(ii) Securities held-to-maturity

Securities held-to-maturity are financial assets with fixed or determinable payments and fixed maturity that the Group have the positive intent and ability to hold to maturity. Unquoted shares in organisations set up for socio-economic purposes and equity instruments received as a result of loan restructuring or loan conversion which do not have a quoted market price in an active market and whose fair value cannot be reliably measured are also classified as securities held-to-maturity.

The securities held-to-maturity are measured at accreted/amortised cost based on effective yield method. Amortisation of premium, accretion of discount and impairment as well as gain or loss arising from the derecognition of securities held-to-maturity are recognised in the income statement.

(iii) Securities available-for-sale

Securities available-for-sale are financial assets that are not classified as held-for-trading or held-to-maturity. The securities available-for-sale are measured at fair value or at amortised costs (less impairment losses) if the fair value cannot be reliably measured. Any gain or loss arising from a change in fair value are recognised directly in equity through the statement of changes in equity, until the financial asset is sold, collected, disposed off or impaired, at which time the cumulative gain or loss previously recognised in equity will be transferred to the income statement.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

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 judgment of management, there is no prospect of recovery.

The policy on allowances for non-performing loans of the Group is in conformity with the minimum requirements of BNM's "Guidelines on the Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts" ("BNM/GP3").

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.

The stock and share-broking subsidiary company, AmSecurities's policies for the identification of bad and doubtful accounts, the making of specific allowance and the classification of the suspension of interest in respect of such accounts and the making of general allowance are in accordance with Schedule 7 of the Rules of Bursa and are as follows:

- (i) Specific allowance is made against bad and doubtful receivables at rates of 50% and 100%, respectively, subject to deduction of interest-in-suspense and the value of collateral held. In addition, a general allowance is maintained based on 1% of total trade receivables after deducting the amount of interest-in-suspense and the specific allowance.
- (ii) Interest income accrued on these accounts are suspended when they are considered non-performing in accordance.

Foreclosed Properties

Foreclosed properties are those acquired in full or partial satisfaction of debts and are stated at cost less impairment loss, if any, of such properties.

Amounts Recoverable Under Asset-Backed Securitisation ('ABS') Transactions

This relates to the balance of purchase consideration recoverable under ABS transactions by the Special Purpose Vehicle ('SPV'), which amount will be recovered upon maturity of the underlying bonds. Under the ABS, portfolios of receivables are sold to a SPV which are funded through the issuance of bonds secured by the receivables.

When an indication of impairment exists, the carrying amount of amount recoverable under ABS transaction is assessed and written down to its recoverable amount.

The difference between the purchase consideration and the carrying value is recognised to the income statement.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

Property And Equipment And Depreciation

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with the policy on impairment of assets.

Freehold land is not depreciated. Leasehold land is amortised over the shorter of the lease period or fifty (50) 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:

Freehold building	2%
Leasehold buildings	2% or over the term of short-term lease
Long-term leasehold land	2%
Short-term leasehold land	Over the term of leases
Motor vehicles	20%
Leasehold improvements	10% - 33 1/3%
Computer hardware and software	20% - 33 1/3%
Office and residential equipment, furniture and fittings	10% - 33 1/3%

Long-term leases are leases with a term of fifty (50) years and above. Short-term leases are leases with a term of less than fifty (50) years.

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 charged or credited to the income statement.

Assets Purchased Under Lease

Assets purchased under finance leases which in substance transfer the risks and benefits of ownership of the assets to the Group 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, less accumulated depreciation and impairment losses.

In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine, otherwise the Group's incremental borrowing rate is used.

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 in which termination takes place.

As at 31 March 2006, the Group and the Company do not have any assets purchased under lease.

Impairment Of Assets

The carrying values of the Group's assets, other than financial assets (other than investment in subsidiary and associated companies, securities available-for-sale and securities held-to-maturity) and deferred tax 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 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 statement 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 statement, a reversal of that impairment loss is recognised as income in the income statement.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

Bills And Acceptances Payable

Bills and acceptances payable represent the merchant banking and commercial banking subsidiary companies' own bills and acceptances rediscounted and outstanding in the market.

Liabilities

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in the future for services received.

In respect of the stock and share-broking subsidiary company, trade payables represent contra gains owing to non-margin clients and outstanding sale contracts of the company which were entered into on behalf of clients where settlement has yet to be made. The credit term for trade settlement of the company is three (3) market days according to rules of the Bursa. Clients and trust monies relate to monies owing to clients maintained in aggregated accounts of the company.

Deposits from customers and deposits and placement of banks and other financial institutions are stated at placement values.

General Insurance Fund

The general insurance fund represents reserves for unexpired risks calculated using the 1/24th method on gross premiums less reinsurance. In determining the unexpired risks at the balance sheet date, the method that most accurately reflects the actual unexpired risks used is as follows:

- (i) 25% method for marine cargo, aviation cargo and transit business;
- (ii) 1/24th method for all other classes of Malaysian policies reduced by the corresponding percentage of accounted gross direct business commissions and agency-related expenses not exceeding the limits specified by BNM as follows:

Motor	10%
Fire, engineering, aviation and marine hull	15%
Medical and health	
- Standalone individuals	15%
- Group of three (3) or more	10%
Workmen's compensation and employer's liability	
- Foreign workers	10%
- Others	25%
Other classes	10% - 25%

- (iii) 1/8th method for all other classes of overseas inward treaty business with a deduction of 20% for commission; and

- (iv) Non-annual policies are time apportioned over the period of the risks.

Life Insurance Fund

The life assurance fund is based on the results of annual actuarial valuation of the long-term liabilities to policyholders, made in accordance with the provisions of the Insurance Act, 1996 by the Group's appointed actuary. Any deficit arising from the actuarial valuation is recoverable from the shareholders' fund. The latest valuations were made up to 31 March 2006 and the results have been reflected accordingly.

Provision For Claims

For general insurance claims, provision is made for the estimated costs of all claims together with related expenses less reinsurance recoveries, in respect of claims notified but not settled at balance sheet date using the case-based method. Provision is also made for the cost of claims together with related expenses incurred but not reported until after the balance sheet date based on an actuarial estimation by qualified independent actuary, using a mathematical method of estimation.

For life assurance claims, provision is made for the estimated costs of all claims together with related expenses less reinsurance recoveries, in respect of claims notified and/or when a claimable event occurs but not settled at balance sheet date, using the case-basis method.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

Profit Equalisation Reserve (“PER”)

PER is a mechanism to reduce the fluctuation in the profit rates payable to depositors under the Islamic banking business. It is provided based on the Framework of the Rate of Return issued by BNM. The account of PER is appropriated from and written back to the total Islamic banking gross income. PER is reflected under “other liabilities” of the Group.

Other 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.

Redeemable Unsecured Subordinated Bonds

These are long term debts with remaining maturity of more than one year. The issue proceeds are recognised at cost and used to grant an unsecured term loan to its related licensed commercial bank for its capital refinancing. The interest incurred is recognised on a straight-line accrual basis.

Interest Bearing Irredeemable Convertible Unsecured Loan Stocks (“ICULS”)

The ICULS are regarded as equity instruments and the full issuance proceeds reflected as equity. The interest is accrued on a straight-line basis and recognised in equity.

Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity instrument are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would have otherwise been avoided.

Provisions For Commitments And Contingencies

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

Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends and gains and losses relating to a financial instrument classified as liabilities, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Derivative Financial Instruments And Hedge Accounting

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

(i) Fair value hedge

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

(ii) Cash flow hedge

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

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

Sell And Buy Back Agreements

These are obligations of the Group to perform its commitment to buy back specified Islamic securities at maturity. Gains and losses are recognised upon sale and shown as trading gain or loss from securities held-for-trading.

Operating Revenue

Operating revenue of the Group comprises of all types of revenue derived from investment banking, commercial banking, retail financing, insurance and related financial services but after elimination of all related companies transactions.

Operating revenue of the Company comprises of interest income and other operating income.

Interest And Financing Income And Expense Recognition

Interest income is recognised in the income statement for all interest bearing assets on an accrual basis. Interest income includes the amortisation of premium or accretion of discount. Interest and financing income on securities are recognised on an effective yield basis.

The Group follows the financing method of accounting for income from leasing activities. Under the financing method, the excess of aggregate rentals over the cost (reduced by estimated residual value at the end of the lease) of the leased property is taken as income over the term of the lease in decreasing amounts proportionate to the declining balance of the unrecovered sum using the 'sum-of-digits' method.

Interest and financing income on overdrafts, term loans and housing loans is accounted for on an accrual basis by reference to the rest periods as stipulated in the loan agreements. Interest and financing income from hire-purchase financing and block discounting of the Group is recognised using the 'sum-of-digits' method.

Where a loan becomes non-performing, interest accrued and recognised as income prior to the date the loans are classified as non-performing is reversed out of income and set-off against the accrued interest receivable account in the balance sheet. Thereafter, the interest accrued on the non-performing loans is recognised as income on a cash basis.

An account is classified as non-performing where repayment is in arrears for more than three months and after maturity dates for trade bills, bankers' acceptances and trust receipts.

The Group's policy on recognition of interest income on loans and advances is in conformity with BNM's "Guideline on Classification of Non-Performing Loans and Provision for Bad and Doubtful Debts" ("BNM/GP3") and Revised BNM/GP8.

Interest expense and attributable income on deposits and borrowings (pertaining to activities relating to Islamic banking business) of the Group are accrued on a straight-line basis while block discounting finance charges are accrued using the "sum-of-digits" method.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

Fee And Other Income Recognition

Loan arrangement, management and participation fees, acceptance and factoring commissions and underwriting commissions, are recognised as income upon execution of contracts.

Fees from advisory and corporate finance activities are recognised as income on completion of each stage of the engagement.

Asset, property and unit trusts management, agency and commitment fees are recognised as income based on time apportionment.

Revenue from sale of trust units is recognised upon allotment of units, net of cost of units sold. On disposal of investments, the difference between the net disposal proceeds and their carrying amounts are taken to the income statement.

Guarantee fees are recognised as income upon issuance and, where the guarantee periods are longer than one (1) year, over the duration of the guarantee period.

Equipment and property rental are recognised on an accrual basis.

Dividends from securities are recognised when received. Dividends from subsidiary and associated companies are recognised when the shareholder's right to receive payment is established.

Premium income from general insurance is recognised in a financial period in respect of risks assumed during the particular financial year. Inward treaty reinsurance premium are recognised on the basis of periodic advices received from ceding insurers.

Premium income from life insurance is recognised as soon as the amount of the premium can be reliably measured. First premium income is recognised from inception date and subsequent premium income is recognised when it is due. Premium outstanding at balance sheet date is recognised as income for the year, provided it is still within the grace period allowed for payment.

Rental income is recognised on an accrual basis when it falls due.

Employee Benefits

(i) Short-term Employee 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"). Such contributions are recognised as an expense in the income statement as incurred. Once the contribution has been paid, the Group has no further payment obligations.

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 the income tax is also 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 or negative goodwill or from 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.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

Foreign Exchange

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates of exchange prevailing at transaction dates or, if covered by foreign exchange contracts, at contracted rates. Where settlement has not taken place at balance sheet date, translation into Ringgit Malaysia is at the approximate exchange rates prevailing at that date or at contracted rates. All foreign exchange gains or losses are taken up in the income statement.

For the purpose of consolidation, assets and liabilities of subsidiary and associated companies expressed in foreign currencies are translated into Ringgit Malaysia at the rates of exchange ruling at the balance sheet date while income statement is translated into Ringgit Malaysia at the average exchange rate for the year. Gains or losses arising on translation into Ringgit Malaysia are taken up in the exchange fluctuation reserve.

The principal exchange rates for every unit of foreign currency ruling at balance sheet date used for translation are as follows:

	31.03.2006	31.03.2005
Singapore Dollar (SGD)	2.28	2.30
United States Dollar (USD)	3.68	3.80
Indonesia Rupiah (IDR)	0.0004	0.0004
Hong Kong Dollar (HKD)	0.47	0.49

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Cash Flow Statements

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 statements, cash and cash equivalents consist of cash and short-term funds net of bank overdrafts.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

4. CASH AND SHORT-TERM FUNDS

	2006		2005	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Cash and bank balances	240,370	427	348,264	866
Money at call and deposits maturing within one month:				
Licensed banks:				
Subsidiary	-	19,532	-	86,368
Others	1,157,138	-	3,607,323	-
Licensed merchant banks:				
Subsidiary	-	-	-	3,117
Others	30,000	-	-	-
Licensed finance companies:				
Subsidiary	-	-	-	331
Others	-	-	6,084	-
Bank Negara Malaysia	7,940,600	-	3,624,100	-
Other financial institutions	87,154	-	192,331	-
	9,455,262	19,959	7,778,102	90,682

Included in the above are interbank lendings of RM9,184,981,000 (RM6,965,020,000 in 2005) for the Group.

As at 31 March 2006, the net interbank borrowing and lending position of the Group is as follows:

	Group	
	2006 RM'000	2005 RM'000
Interbank lendings:		
Cash and short-term funds	9,184,981	6,965,020
Deposits and placements of banks and other financial institutions (Note 6)	747,593	771,300
	9,932,574	7,736,320
Interbank borrowings (Note 18)	(895,590)	(157,700)
Net interbank lendings	9,036,984	7,578,620

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

5. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

	2006		2005	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Licensed banks:				
Subsidiary	-	78,050	-	31,950
Others	719,590	-	147,520	-
	719,590	78,050	147,520	31,950

6. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	2006		2005	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Licensed banks:				
Subsidiary	-	7,943	-	8,164
Others	615,487	-	47,405	-
Licensed merchant banks:				
Subsidiary	-	29,158	-	18,465
Others	-	-	45,000	-
Other licensed finance companies	-	-	1,841	-
Bank Negara Malaysia	26,713	-	448,600	-
Other financial institutions	110,493	-	238,706	-
	752,693	37,101	781,552	26,629

The deposits and placements with banks and other financial institutions mature within one year.

Deposits with financial institutions amounting to RM203,000 (RM198,000 in 2005) for the Group are pledged to certain banks for banking facilities granted to the subsidiary companies.

Included in the above are interbank lendings of RM747,593,000 (RM771,300,000 in 2005) for the Group.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

7. SECURITIES HELD-FOR-TRADING

	2006		2005	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
At Fair Value				
Money Market Securities:				
Treasury Bills	34,282	-	-	-
Islamic Treasury Bills	48,541	-	-	-
Malaysian Government Securities	1,349,901	-	568,082	-
Malaysian Government Investment Certificates	147,063	-	158,860	-
Cagamas bonds	273,869	-	264,837	-
Khazanah bonds	912	-	262,489	-
Cagamas Mudharabah bearer bonds	264,207	-	-	-
Bank Negara Malaysia bills	5,143	-	-	-
Islamic Bank Negara Malaysia bills	2,491	-	56,323	-
Negotiable instruments of deposits	574,417	150,197	323,465	150,233
Sukuk Bank Negara Malaysia	95,798	-	-	-
Negotiable Islamic Debt Certificates	296,124	-	657,360	-
	3,092,748	150,197	2,291,416	150,233
Securities Quoted:				
In Malaysia:				
Shares	242,939	-	229,444	-
Corporate bonds	20,927	-	22,272	-
Trust units	193,409	-	13,123	-
Loan stocks	-	-	1,613	-
Outside Malaysia:				
Shares	110	-	67	-
	457,385	-	266,519	-
Unquoted Securities Of Companies				
Incorporated:				
In Malaysia:				
Shares	2,200	-	4,321	-
Trust units	159,602	-	39,792	-
Outside Malaysia:				
Trust units	1,996	-	-	-
	163,798	-	44,113	-
Unquoted Guaranteed Private Debt				
Securities Of Companies Incorporated				
In Malaysia:				
Corporate bonds	67,701	-	68,564	-
Islamic corporate notes	10,379	-	36,872	-
	78,080	-	105,436	-

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

	2006		2005	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Unquoted Private Debt Securities Of Companies Incorporated In Malaysia:				
Shares	178,763	-	-	-
Corporate notes	38,420	-	442,638	-
Corporate bonds	665,062	20,000	72,911	-
Islamic corporate notes	117,809	-	-	-
Islamic corporate bonds	1,305,975	-	613,174	-
	2,306,029	20,000	1,128,723	-
Total	6,098,040	170,197	3,836,207	150,233

Certain money market securities held have been sold under repurchase agreements 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 specified future dates are accounted for as liabilities as shown in Note 19.

8. SECURITIES AVAILABLE-FOR-SALE

	Group	
	2006 RM'000	2005 RM'000
At Fair Value		
Money Market Securities:		
Malaysian Government Securities	50,394	340,707
Cagamas bonds	24,714	24,716
Khazanah bonds	10,138	9,776
Negotiable instruments of deposits	69,340	31,896
	154,586	407,095
Securities Quoted:		
In Malaysia:		
Corporate bonds	18,576	18,052
Outside Malaysia:		
Shares	8,907	3,937
	27,483	21,989
Unquoted Securities In Malaysia:		
Trust units	3,773	3,894
Quoted Debt Equity Converted Securities In Malaysia:		
Shares	248,502	102,360
Shares - with options	19,822	93,898
Loan stocks - collateralised	1,064	-
Corporate bonds	648	2,550
	270,036	198,808

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

	Group	
	2006 RM'000	2005 RM'000
Unquoted Debt Equity Converted Securities Of Companies Incorporated:		
In Malaysia:		
Shares	-	359
Outside Malaysia:		
Shares	-	300
	-	659
Unquoted Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	337,567	199,819
Islamic corporate bonds	217,183	-
Islamic corporate notes	18,729	-
	573,479	199,819
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	574,248	655,214
Total	1,603,605	1,487,478

Quoted equity securities in Malaysia which the Group has received as a result of loan conversion includes investments with a carrying value of RM162,615,000 (RM20,304,000 in 2005) where the Group has equity interest between 20% - 50% but its results were not equity accounted as the Group does not have significant influence in the companies and it is held exclusively with a view to their disposal. The financial effect to the Group is immaterial should the equity method be applied.

9. SECURITIES HELD-TO-MATURITY

	Group	
	2006 RM'000	2005 RM'000
At Amortised Cost		
Money Market Securities:		
Treasury bills	-	28,804
Securities Quoted:		
In Malaysia:		
Shares	99	499
Corporate bonds	55,247	57,000
Outside Malaysia:		
Shares	-	419
Corporate bonds	-	19,000
	55,346	76,918

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

	Group	
	2006 RM'000	2005 RM'000
Unquoted Securities Of Companies Incorporated:		
In Malaysia:		
Shares	103,036	103,036
Corporate bonds	959	959
Outside Malaysia:		
Shares	8,706	11,970
	112,701	115,965
Quoted Debt Equity Converted Securities:		
In Malaysia:		
Shares	8,201	11,334
Loan stocks - collateralised	971	80,471
Loan stocks - with options	956,783	589,582
Outside Malaysia:		
Shares - with options	15	15
	965,970	681,402
Unquoted Debt Equity Converted Securities Of Companies Incorporated In Malaysia:		
Shares	122,870	107,528
Loan stocks	804,744	818,216
Corporate bonds	621,435	741,116
	1,549,049	1,666,860
Unquoted Private Debt Securities Of Companies Incorporated:		
In Malaysia:		
Corporate bonds	-	40,584
Shares	21,220	-
Corporate bonds and notes denominated in USD	68,674	86,813
Islamic corporate bonds	196,703	-
Outside Malaysia:		
Corporate bonds and notes denominated in USD	110,493	114,000
	397,090	241,397
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	82,729	-
	3,162,885	2,811,346
Accumulated impairment losses	(449,844)	(521,496)
Total	2,713,041	2,289,850

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

	Group	
	2006 RM'000	2005 RM'000
Market/Indicative value		
Money Market Securities:		
Treasury bills	-	28,785
Securities Quoted:		
In Malaysia:		
Shares	32	63
Corporate bonds	56,077	57,599
Outside Malaysia:		
Shares	-	419
Corporate bonds	-	4,560
Quoted Debt Equity Converted Securities In Malaysia:		
Shares	4,176	6,030
Loan stocks - collateralised	971	45,076
Loan stocks - with options	701,342	464,882
Unquoted Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	-	40,584
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	82,692	-

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

10. LOANS, ADVANCES AND FINANCING

	2006 RM'000	Group 2005 RM'000
Loans and financing:		
Term loans and revolving credit	13,468,701	13,877,951
Housing loans	9,791,514	7,983,127
Staff loans	181,641	174,896
Hire-purchase receivables	23,110,318	19,489,344
Credit card receivables	2,138,331	1,933,644
Lease receivables	1,316,480	1,351,066
Overdrafts	1,031,079	833,066
Claims on customers under acceptance credits	1,250,752	812,888
Trust receipts	200,702	211,647
Block discount receivables	64,575	58,856
Factoring receivables	32,887	37,800
Bills receivable	6,878	10,635
	52,593,858	46,774,920
Less: Unearned interest and income	5,478,909	4,230,492
Total	47,114,949	42,544,428
Less:		
Allowance for bad and doubtful debts and financing:		
General	721,817	629,784
Specific	1,532,664	1,815,088
	2,254,481	2,444,872
Net loans, advances and financing	44,860,468	40,099,556

Claims on customers under acceptance credits represent the merchant banking and commercial banking subsidiary companies' own acceptances created and discounted. Own acceptances discounted and held in hand by the Group as at 31 March 2006 amounted to RM909,620,000 (RM255,130,000 in 2005).

The maturity structure of loans, advances and financing is as follows:

	2006 RM'000	Group 2005 RM'000
Maturing within one year	12,327,220	15,555,448
One year to three years	12,419,042	9,328,375
Three to five years	8,410,936	6,248,090
Over five years	13,957,751	11,412,515
	47,114,949	42,544,428

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

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

	Group		2005	Loans Growth
	2006	%		
	RM'000		RM'000	%
Purchase of transport vehicles	20,164,829	40.9	16,170,099	37.2
Purchase of landed property:				
(a) Residential	9,692,628	19.7	8,142,728	18.7
(b) Non-residential	1,531,182	3.1	1,635,181	3.8
Construction	3,506,627	7.1	3,549,119	8.2
Consumption credit	3,495,372	7.1	2,933,551	6.7
Manufacturing	2,545,765	5.2	2,110,381	4.9
General commerce	2,422,893	4.9	1,899,178	4.4
Purchase of securities	1,567,432	3.2	1,813,347	4.2
Real estate	882,865	1.8	1,011,965	2.3
Transport, storage and communication	793,430	1.6	681,563	1.6
Agriculture	740,287	1.5	791,801	1.8
Finance, insurance and business services	700,043	1.4	914,270	2.1
Community, social and personal services	414,389	0.8	364,843	0.8
Investment holdings	375,863	0.8	782,084	1.8
Electricity, gas and water	239,475	0.5	525,179	1.2
Mining and quarrying	39,018	0.1	38,977	0.1
Others	208,678	0.3	108,820	0.2
Gross loans, advances and financing	49,320,776	100.0	43,473,086	100.0
Less: Islamic financing sold to Cagamas Berhad	2,205,827		928,658	
	47,114,949		42,544,428	10.7%

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

	Group	
	2006	2005
	RM'000	RM'000
Domestic:		
Other non-bank financial institutions:		
Stockbroking companies	-	47,220
Others	453,199	269,194
Business enterprises:		
Small medium enterprises	4,738,220	3,382,052
Others	9,294,073	11,093,104
Government and statutory bodies	105,809	60,248
Individuals	32,009,995	27,139,489
Other domestic entities	346,711	363,665
Foreign entities	166,942	189,456
	47,114,949	42,544,428

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

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

	Group	
	2006 RM'000	2005 RM'000
Variable rate:		
BLR-plus	12,873,455	12,183,016
Cost-plus	4,435,782	4,461,582
Other variable rates	736,388	1,850,187
	18,045,625	18,494,785
Fixed rate:		
Housing loans	3,069,126	1,504,500
Hire purchase receivables	19,976,247	17,200,994
Other fixed rates	6,023,951	5,344,149
	29,069,324	24,049,643
	47,114,949	42,544,428

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

	Group	
	2006 RM'000	2005 RM'000
Gross		
Balance at beginning of year	7,597,662	8,797,360
Non-performing during the year	2,381,238	1,046,204
Reclassification to performing loans and financing	(2,016,743)	(939,782)
Amount written off	(1,235,771)	(479,527)
Recoveries	(580,814)	(708,873)
Debt equity conversion	(7,088)	(117,720)
Exchange fluctuation adjustments	(1,789)	-
Balance at end of year	6,136,695	7,597,662
Less: Specific allowance	(1,532,664)	(1,815,088)
Non-performing loans and financing - net	4,604,031	5,782,574
Ratios of non-performing loans and financing to total loans, advances and financing - net	9.6%	13.8%

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

Non-performing loans analysed by their economic purposes are as follows:

	2006		Group		2005	
	RM'000	%	RM'000	%	RM'000	%
Purchase of landed property:						
(a) Residential	1,385,295	22.6	1,415,234	18.6		
(b) Non-residential	614,476	10.0	702,784	9.3		
Construction	1,273,222	20.7	1,332,735	17.5		
Purchase of transport vehicles	860,889	14.0	916,373	12.1		
Purchase of securities	416,520	6.8	740,716	9.7		
Manufacturing	414,098	6.7	529,269	7.0		
Real estate	237,008	3.9	570,084	7.5		
Consumption credit	215,615	3.5	192,181	2.5		
General commerce	184,490	3.0	369,479	4.9		
Finance, insurance and business services	155,681	2.5	253,331	3.3		
Electricity, gas and water	109,959	1.8	177,523	2.3		
Agriculture	75,551	1.2	52,665	0.7		
Community, social and personal services	65,978	1.1	95,877	1.3		
Investment holdings	48,504	0.8	87,623	1.2		
Transport, storage and communication	41,200	0.7	125,452	1.7		
Mining and quarrying	11,497	0.2	14,987	0.2		
Others	26,712	0.5	21,349	0.2		
	6,136,695	100.0	7,597,662	100.0		

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

	Group	
	2006 RM'000	2005 RM'000
General allowance		
Balance at beginning of year	629,784	601,279
Allowance during the year	92,171	28,505
Exchange fluctuation adjustments	(138)	-
Balance at end of year	721,817	629,784
% of total loans, advances and financing less specific allowances	1.51%	1.51%
Specific allowance		
Balance at beginning of year	1,815,088	1,780,316
Allowance during the year	1,422,770	1,406,327
Amount written back in respect of recoveries and reversals	(470,856)	(373,448)
Net charge to income statements	951,914	1,032,879
Reclassification from sundry receivables	17,372	40,641
Amount written off	(1,246,663)	(1,058,371)
Debt equity conversion	(3,251)	(4,660)
Adjustment (to)/from deferred asset account	(1,594)	24,283
Exchange fluctuation adjustments	(202)	-
Balance at end of year	1,532,664	1,815,088

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

11. OTHER ASSETS

	2006		2005	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Trade receivables, net of allowance for doubtful debts for the Group of RM67,910,000 (RM130,153,000 in 2005)	291,126	-	261,958	-
Other receivables, deposits and prepayments, net of allowance for doubtful debts for the Group of RM9,990,000 (RM11,633,000 in 2005)	383,799	33,165	339,055	33,256
Interest receivables on treasury assets, net of allowance for doubtful debts for the Group of RM6,083,000 (RM11,465,000 in 2005)	122,523	787	74,576	1,387
Fee receivables, net of allowance for doubtful debts for the Group of RM4,669,000 (RM4,403,000 in 2005)	28,886	-	39,660	-
Amount due from subsidiary companies	-	40	-	214,603
Amount due from associated companies	-	-	148	-
Amount due from agents, brokers and reinsurers, net of allowance for the Group of RM10,406,000 (RM12,341,000 in 2005)	37,118	-	50,352	-
Amount due from originators	89,694	-	132,798	-
Amount recoverable under asset-backed securitisation transactions, net of impairment loss of RM10,500,000 (Nil in 2005)	87,066	-	97,566	-
Foreclosed properties net of allowance for impairment in value of RM92,986,000 (RM91,519,000 in 2005)	103,714	-	98,541	-
Deferred asset	64,578	-	77,140	-
	1,208,504	33,992	1,171,794	249,246

Trade receivables mainly relate to the stock and share-broking activities of subsidiary companies and represent amount outstanding in purchase contracts and share margin financing net of allowances.

Included in the allowance for doubtful debts for trade receivables above is general allowance amounting to RM770,000 (RM1,207,000 in 2005), specific allowance amounting to RM54,596,000 (RM116,541,000 in 2005) and interest-in-suspense amounting to RM66,411,000 (RM64,898,000 in 2005) pertaining to bad and doubtful accounts of the stock and share-broking subsidiary companies.

Amount due from subsidiary companies is interest-free and represents guarantee fees receivable and included in financial year 2005 is an amount of RM214,000,000 arising from the transfer of the Company's 100% equity interest in AMSH to AIGB pursuant to the Group's Internal Reorganisation.

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

Amount due from originators represents housing loans, hire purchase and leasing receivables acquired from the originators for onward sale to Cagamas Berhad as mentioned in Note 21.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

	Group	
	2006 RM'000	2005 RM'000
Deferred assets are as follows:		
Arising from takeover of Abrar Finance Berhad	3,394	15,956
Arising from takeover of Kewangan Usahasama Makmur Berhad	61,184	61,184
	64,578	77,140

In 1998, the subsidiary company, AMFB, 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 AMFB with financial assistance from BNM.

The net asset deficiency representing the excess of liabilities over the assets transferred from AFB arising from the scheme, is shown as deferred asset, and is reduced progressively by net income derived from the utilisation of the deposit placed by BNM, as mentioned in Note 18, 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 AMFB to AmBank (M), the deferred assets arising from the takeover of AFB were vested over to AmBank (M).

In 1988, AmBank (M) took over the operations of Kewangan Usahasama Makmur Berhad ("KUMB"), a deposit taking co-operative in Malaysia. The Government of Malaysia granted to 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.

12. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA (CENTRAL BANK OF MALAYSIA)

The non-interest bearing statutory deposits pertaining to the merchant banking and commercial banking subsidiary companies are maintained with BNM in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (Revised 1994), the amounts of which are determined as set percentages of total eligible liabilities.

13. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2006 RM'000	2005 RM'000
Quoted in Malaysia:		
Shares at cost	673,200	-
Unquoted:		
Shares		
- at cost	2,828,219	3,670,102
- at directors' valuation	549,746	791,146
Total unquoted investments	3,377,965	4,461,248
Total	4,051,165	4,461,248
Market value		
Shares quoted in Malaysia	1,137,708	-

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

The ICULS 2007 issued by the merchant banking subsidiary company bears interest at an annual rate of 6.0% and are convertible at anytime after the date of issue to maturity date. The ICULS 2007 were extended for a further period of five years, after obtaining BNM approval.

The subsidiary companies, all incorporated in Malaysia, except for P.T. AmCapital Indonesia, which is incorporated in Indonesia and AmSecurities (H.K.) Limited and AmTrade Services Limited which are incorporated Hong Kong, are as follows:

Principal Activities	Issued and Paid-up Ordinary Capital		Effective Equity Interest		
	2006 RM'000	2005 RM'000	2006 %	2005 %	
Direct Subsidiary Companies					
Quoted					
AmInvestment Group Berhad ("AIGB")	Investment holding	1,320,000	1,109,442	51.00	100.00
Unquoted					
AMFB Holdings Berhad ("AMFB")	Investment holding	694,998	528,917	100.00	100.00
AmAssurance Berhad ("AmAssurance")	Life assurance and general insurance	100,000	100,000	70.00	80.00
AmManagement Services Sdn Bhd	Dormant	-**	-**	100.00	100.00
Indirect Subsidiary Companies					
Unquoted					
AmMerchant Bank Berhad ("AmMerchant Bank")	Merchant banking	210,000	200,000	51.00	100.00
AmSecurities Holding Sdn Bhd ("AMSH")	Investment holding	10,000	10,000	51.00	100.00
AmIslamic Bank Berhad ("AmIslamic Bank") (formerly known as AMBB Capital Berhad and AmBank Berhad)	Islamic banking	153,038	761,719	100.00	100.00
AmBank (M) Berhad ("AmBank (M)") (formerly known as AmFinance Berhad)	Commercial banking	610,364	528,402	100.00	100.00
Arab-Malaysian Credit Berhad ("AMCB")	Hire-purchase financing and leasing	288,500	288,500	100.00	100.00
AmSecurities Sdn Bhd ("AmSecurities")	Stock and share-broking	100,000	100,000	51.00	100.00
AmInvestment Services Berhad ("AIS")	Management of unit trusts	5,539	5,539	51.00	70.00
AmInvestment Management Sdn Bhd ("AIM")	Asset management	2,000	2,000	51.00	70.00
AMMB Consultant Sdn Bhd	Investment consultant	500	500	51.00	100.00
AMMB Nominees (Tempatan) Sdn Bhd	Nominee services	10	10	51.00	100.00
AMMB Nominees (Asing) Sdn Bhd	Nominee services	10	10	51.00	100.00
AmProperty Trust Management Berhad ("AmPTMB")	Management of property trusts	500	500	51.00	100.00

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

Principal Activities	Issued and Paid-up Ordinary Capital		Effective Equity Interest		
	2006 RM'000	2005 RM'000	2006 %	2005 %	
Indirect Subsidiary Companies					
Unquoted					
AmPrivate Equity Sdn Bhd ("AmPrivate Equity")	Investment holding	-*****	-	40.80	-
AMMB Factors Sdn Bhd	Dormant	1,000	1,000	100.00	100.00
AMCB Mezzanine Sdn Bhd	Dormant	400	400	100.00	100.00
AmTrustee Berhad ("AmTrustee")	Trustee services	500	500	60.40	80.00
Arab-Malaysian Services Berhad	Dormant	6,000	6,000	70.00	80.00
AmEquities Sdn Bhd	Collection of trade receivables	140,000	140,000	51.00	100.00
South Johor Securities Nominees (Tempatan) Sdn Bhd	General insurance corporate agent	-**	-**	51.00	100.00
South Johor Securities Nominees (Asing) Sdn Bhd	Dormant	-**	-**	51.00	100.00
AMSEC Nominees (Tempatan) Sdn Bhd	Nominee services	1	1	51.00	100.00
AMSEC Nominees (Asing) Sdn Bhd	Nominee services	1	1	51.00	100.00
AmFutures Sdn Bhd ("AmFutures")	Futures and options trading	10,000	10,000	51.00	100.00
AmResearch Sdn Bhd	Publishing and selling research materials and reports	500	500	51.00	100.00
AM Nominees (Tempatan) Sdn Bhd	Nominee services	-**	-**	51.00	100.00
AM Nominees (Asing) Sdn Bhd	Nominee services	-**	-**	51.00	100.00
AMMB Properties Sdn Bhd	Dormant	-**	-**	51.00	100.00
Malaysian Ventures Management Incorporated Sdn Bhd ("MVMI")	Management of private equity fund	500	500	40.80	59.00
Annlings Sdn Bhd	Dormant	250	250	100.00	100.00
Everflow Credit & Leasing Corp Sdn Bhd	Dormant	684	684	100.00	100.00
MBf Information Services Sdn Bhd	Property holding	27,500	27,500	100.00	100.00
MBf Nominees (Tempatan) Sdn Bhd	Nominee services	10	10	100.00	100.00
MBf Trustees Berhad	Trustee services	250	250	60.00	60.00
AmProperty Holdings Sdn Bhd ("AmPH")	Property investment	500	500	100.00	100.00
MBf Equity Partners Sdn Bhd	Dormant	10,000	10,000	100.00	100.00
MBf Nominees (Asing) Sdn Bhd	Dormant	-**	-**	100.00	100.00
Lekir Development Sdn Bhd	Dormant	450	450	100.00	100.00
Li & Ho Sdn Bhd	Dormant	850	850	100.00	100.00
Teras Oak Pembangunan Sdn Bhd	Dormant	1,200	1,200	100.00	100.00

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

Principal Activities	Issued and Paid-up Ordinary Capital		Effective Equity Interest		
	2006 RM'000	2005 RM'000	2006 %	2005 %	
Indirect Subsidiary Companies					
Unquoted					
AmCredit & Leasing Sdn Bhd	Dormant	500	500	100.00	100.00
Crystal Land Sdn Bhd	Dormant	400	400	80.00	80.00
Bougainvillaea Development Sdn Bhd	Property holding	1,000	1,000	100.00	100.00
Malco Properties Sdn Bhd	Dormant	157	157	51.00	51.00
Komuda Credit & Leasing Sdn Bhd	Dormant	500	500	100.00	100.00
Natprop Sdn Bhd	Dormant	500	500	100.00	100.00
		US\$'000	US\$'000		
AMMB Labuan (L) Ltd	Dormant	200	200	51.00	100.00
AmInternational (L) Ltd	Offshore banking	10,000	10,000	51.00	100.00
AMBB Capital (L) Ltd ("AMBB Capital")	Special purpose vehicle	-***	-	100.00	-
		RP'000	RP'000		
P.T. AmCapital Indonesia* ("PTAMCI")	Stock-broking, underwriting and investment management	26,000,000	26,000,000	42.36	83.07
		HK\$000	HK\$000		
AmSecurities (H.K.) Limited^ ("AmSecurities (H.K.)")	Dormant	33,000	33,000	51.00	100.00
AmTrade Services Limited ("AmTrade Services")^	Trade finance services	-****	-	100.00	-

* Subsidiary company not audited by Ernst & Young.

** Subsidiary companies with an issued and paid-up ordinary capital of RM2.00.

*** Subsidiary company with an issued and paid-up ordinary capital of USD2.00.

**** Subsidiary company with an issued and paid-up ordinary capital of HK\$2.00.

***** Subsidiary company with an issued and paid-up ordinary capital of RM195.00.

^ Subsidiary companies audited by a firm affiliated with Ernst & Young.

1. On 27 February 2004 and 31 May 2004, the Company announced a Group reorganisation involving:

(a) the Privatisation of AMFB through the acquisition by the Company of 188,927,911 ordinary shares of RM1.00 each in AMFB not already owned by the Company by way of a scheme of arrangement between AMFB and its shareholders under Section 176 of the Companies Act, 1965. The AMFB Privatisation was completed on 17 March 2005. The AMFB Privatisation is an integral part of the Company's efforts in meeting the specific initiative announced by BNM on the merger of the commercial banking and finance company businesses in a banking group into a single entity; and

(b) the listing of AIGB, which is inter-conditional with the AMFB Privatisation, comprising the following:

(i) The incorporation of AIGB to act as the holding company of the Company's investment banking group;

(ii) An internal reorganisation involving the transfer of the Company's 100% equity interest in AmMerchant Bank and AMSH at carrying value to AIGB for a consideration satisfied by ordinary shares of RM1,109,442,000 and by cash of RM214,400,000, respectively; and

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

(iii) The issue/offer of 646,800,000 ordinary shares comprising 210,558,000 new ordinary shares and 436,242,000 existing ordinary shares by way of a Restricted Offer for Sale ("ROS") at a shareholder entitlement price of RM1.40 per share, which was applied to all the ROS shares, as follows;

- (a) 488,400,000 ordinary shares allocated to shareholders of the Company;
- (b) 39,600,000 ordinary shares allocated to eligible directors and employees of AIGB and/or its Malaysian-incorporated subsidiary and associated companies, eligible directors of the Company and business associates of the Company; and
- (c) 118,800,000 ordinary shares allocated to Tan Sri Dato' Azman Hashim as an approved Bumiputera investor.

The shareholder entitlement price of RM1.40 per share for the ROS was derived on the basis to provide an attractive and rewarding opportunity for the shareholders of the Company and eligible directors and employees to participate in the equity and continuing growth of the Group.

- (c) The listing of and quotation for the entire enlarged issued and paid-up share capital of AIGB of 1,320,000,000 ordinary shares of RM1.00 each, was listed on the Main Board of Bursa Malaysia Securities Berhad on 18 May 2006.
2. AmMerchant Bank increased its issued and fully paid-up share capital from RM200,000,000 to RM210,000,000 through issuance of non-renounceable rights issue of 10,000,000 new ordinary shares of RM1.00 each at an issue price of RM5.00 per share in cash for the purpose of further increasing its working capital.
3. On 31 May 2005, upon obtaining the necessary approvals from the shareholder and relevant authorities, the following were completed:
 - (a) AMFB acquired the entire equity interest in AmBank Berhad ("AmBank"), comprising 761,781,750 ordinary shares from the Company for a purchase consideration of RM832.8 million based on the carrying value of the Company's investment in AmBank. The purchase consideration was satisfied by the issuance of 166,080,387 ordinary shares in AMFB at an issue price of RM5.01 based on the unaudited net tangible assets ("NTA") of AMFB as at 31 May 2005.
 - (b) AmFinance Berhad ("AmFinance") acquired the entire equity interest in AmBank comprising 761,718,750 ordinary shares from AMFB for a purchase consideration of RM412.7 million based on the NTA of AmBank after adjusting for certain non-transferable assets. The purchase consideration was satisfied by the issuance of 81,961,642 ordinary shares in AmFinance at an issue price of RM5.035 based on the unaudited NTA of AmFinance Group as at 31 May 2005.

Following the completion of the acquisition of AmBank by AmFinance, the commercial banking business of AmBank amounting to RM412.7 million have been vested into AmFinance on 19 June 2005 pursuant to an Order of the High Court of Malaya dated 18 May 2005 under Originating Summons No. D7-24-162-2005 and made pursuant to Section 50 of the Banking and Financial Institutions Act, 1989. Subsequently, AmFinance changed its name to AmBank (M) Berhad to reflect the merger of the commercial banking and finance company operations under a single entity.

4. On 29 September 2005, AmMerchant Bank, completed the acquisition of the 30.0% equity interest held by Macquarie Bank Limited ("Macquarie Bank") in AIM and AIS respectively for a total cash purchase consideration of RM44.79 million.

With the completion of the acquisition, AIM and AIS become wholly-owned subsidiaries of AmMerchant Bank. Accordingly, the Joint Venture arrangement between AmMerchant Bank and Macquarie Bank relating to the funds management business was voluntarily terminated on 29 September 2005.

5. On 21 December 2005, AmBank (M) had incorporated a wholly owned subsidiary company AmTrade Services in Hong Kong.

AmTrade Services has an authorised share capital of HK\$10,000 divided into 10,000 ordinary shares of HK\$1.00 each and an issued and paid-up share capital of HK\$2.00 comprising two (2) ordinary shares of HK\$1.00 each fully paid.

The principal activity of AmTrade Services is provision of trade finance services.

6. On 28 December 2005, AIGB completed the following:
 - (a) acquisition of 295,000 ordinary shares of RM1.00 each representing 59.0% of the issued and paid-up share capital of MVMI from AmMerchant Bank for a cash consideration of RM303,829; and
 - (b) acquisition of 102,500 ordinary shares of RM1.00 each representing 21.0% of the issued and paid-up share capital of MVMI from SEAVI Venture Management Pte Ltd for a cash consideration of RM105,000.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

7. On 6 January 2006, AmBank (M) had acquired three (3) ordinary shares of USD1.00 each, representing the entire issued and paid-up share capital of AMBB Capital, a company incorporated in Labuan for a cash consideration of USD3.00, thereby making AMBB Capital a wholly owned subsidiary of AmBank (M).

AMBB Capital was incorporated on 23 September 2005 and has an authorised share capital of USD250,000 divided into 250,000 ordinary shares of USD1.00 each of which three (3) ordinary shares of USD1.00 each have been issued and are fully paid-up. AMBB Capital was incorporated for the purpose of issuing the Hybrid Securities as shown in note 53 (1).

8. On 7 February 2006, AIGB had acquired 100% of the equity of AmPrivate Equity, comprising two (2) ordinary shares of RM1.00 each.

The acquisition of AmPrivate Equity is in conjunction with the launch of a RM100.0 million closed-end private equity fund (the "Fund") with a charter life of ten (10) years under AmPrivate Equity.

AmPrivate Equity will undertake medium and long term investments principally in Malaysia with the objective of achieving capital appreciation in its investments. It will focus on key sectors such as manufacturing industries, business services, environmental and energy services and information and communications technology companies.

MVMI, a registered venture capital management corporation and a subsidiary of the Company, is the manager of the Fund.

AmPrivate Equity was incorporated in Malaysia on 6 September 2005 as a private limited company. It is registered with the Securities Commission as a venture capital corporation.

The authorised capital of AmPrivate Equity is RM150,000, divided into 100,000 ordinary shares of RM1.00 each and 5,000,000 redeemable preference shares of RM0.01 each ("RPS").

The RM100.0 million fund size of AmPrivate Equity will be constituted by way of the issue of 15,000 ordinary shares at an issue price of RM1.00 each and 1,250,000 RPS at an issue price of RM79.988 each.

Presently, the committed investors in the Fund are:

- (a) AIGB, with a cash subscription commitment for 80.0% of the Fund amounting to RM80.0 million, comprising 12,000 ordinary shares and 1,000,000 RPS; and
- (b) a major Malaysian pension fund, with a cash subscription commitment for 20.0% of the Fund amounting to RM20.0 million, comprising 3,000 ordinary shares and 250,000 RPS.

The RM100.0 million capital fund will be disbursed to AmPrivate Equity over its charter life as and when investments are actually made by AmPrivate Equity.

During the financial year, the Company subscribed for its entitlement of 156 new ordinary shares of RM1.00 each and 13,000 new RPS in AmPrivate Equity pursuant to first notice of subscription of:

- (a) 195 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share; and
- (b) 16,250 new RPS at an issue price of RM79.988 per share.

The cash raised from the issue of shares are for the purpose of meeting AmPrivate Equity's working capital requirement.

9. On 10 March 2006, AmBank (M) and ABH Holdings Sdn Bhd completed the disposal of 30.0% equity interest in AmAssurance, comprising 30,000,000 ordinary shares of RM1.00 each to IAG International Pty Ltd ("IAG International"), a wholly-owned subsidiary of Insurance Australia Group Limited, at a price of RM6.44 per share for an aggregate cash consideration of RM193.2 million, involving the sale of:

- (a) a 10.0% equity interest in AmAssurance by AmBank (M) to IAG International ("the AmBank (M) Sale"); and
- (b) the entire 20.0% equity interest in AmAssurance held by ABH Holdings Sdn Bhd, a company controlled by Dato' Azlan Hashim, the Deputy Chairman of the Company and AmAssurance, to IAG International ("the ABH Holdings Sale").

The Proposed AmBank (M) Sale and the Proposed ABH Holdings Sale are not inter-conditional with each other but are expected to be completed simultaneously.

In addition to the AmBank (M) Sale and the ABH Holdings Sale, the Company has also completed the acquisition of the remaining 4.06% equity interest held by AmBank (M) in AmAssurance, comprising 4,062,000 ordinary shares of RM1.00 each ("Proposed AHB Buy-Up") at the same price of RM6.44 per share and settled in cash.

The AHB Buy-Up is intended to consolidate AmBank Group's shareholding in AmAssurance under the Company.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

10. On 29 March 2006, AMFB acquired the entire issued and paid-up share capital in AMCB, comprising 288,500,000 ordinary shares from the Company for a purchase consideration of RM180,400,328 satisfied by the issuance of 36,518,285 ordinary shares in AMFB to the Company at an issue price of approximately RM4.94.

Subsequent to the financial year:

1. AmPrivate Equity made a second notice of subscription of 75 new ordinary shares of RM1.00 each at the issue price of RM1.00 per share and 6,250 new RPS at the issue price of RM79.988 per share. The Company subscribed and was allotted its entitlement of 60 new ordinary shares of RM1.00 each and 5,000 new RPS for a cash consideration of RM400,000.
2. On 1 May 2006, AmIslamic Bank received its licence to transact Islamic banking business with immediate effect.

Pursuant to the vesting order of the High Court of Malaya dated 18 April 2006 under Origination Summons No. 04-22A-151-2006 and made pursuant to Section 50 of the Banking and Financial Institutions Act 1989, the Islamic banking business of AmBank (M) has been vested in AmIslamic Bank with effect from 1 May 2006. The net book value of the assets and liabilities transferred was RM784.1 million.

The consideration for the transfer of business was satisfied by way of issue of 250.0 million new ordinary shares of RM1.00 each on 28 April 2006 by AmIslamic Bank to AmBank (M) at RM3.14 per share.

14. INVESTMENTS IN ASSOCIATED COMPANIES

	Group	
	2006 RM'000	2005 RM'000
Unquoted shares, at cost	21,848	21,848
Exchange fluctuation adjustments	6,166	6,166
Share in net post acquisition profit of associated companies	14,769	12,567
	42,783	40,581
Less: Accumulated amortisation of premium	2,488	1,866
	40,295	38,715

As at 31 March 2006, the carrying values of the investments in associated companies are represented by:

	Group	
	2006 RM'000	2005 RM'000
Group's share of aggregate net tangible assets	31,673	29,471
Group's share of aggregate intangible assets	1,787	1,787
Premium on acquisition, net of accumulated amortisation of RM2,488,000 (RM1,866,000 in 2005)	6,835	7,457
	40,295	38,715

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

The associated companies, all unquoted and held through AmMerchant Bank, are as follows:

Principal Activities	Issued and Paid-up Ordinary Capital		Effective Equity Interest		
	2006 RM'000	2005 RM'000	2006 %	2005 %	
Incorporated in Malaysia					
Malaysian Ventures Sendirian Bhd*	Ceased operations	17	17	13.98	27.41
Malaysian Ventures (Two) Sdn Bhd*	Ceased operations	19	19	17.68	34.67
Incorporated in Singapore					
Fraser International Pte. Ltd. ("FIPL")#	Investment holding	14,856	14,856	24.99	49.00
Wholly-owned subsidiaries of FIPL					
Fraser Securities Pte. Ltd. ("FSPL")#	Stock and share broking	32,528	32,528	24.99	49.00
Fraser Financial Planners Pte. Ltd.#	Dormant	1,000	1,000	24.99	49.00
Fraser Financial Services Pte. Ltd.(formerly known as # Fraser Financial Advisory Pte Ltd)	Dormant	200	200	24.99	49.00
Wholly-owned subsidiaries of FSPL					
Fraser-AMMB Research Pte. Ltd.#	Dormant	500	500	24.99	49.00
Fraser Nominees (Private) Limited#	Nominee Services	1	1	24.99	49.00

* Associated company under members' voluntary liquidation.

Associated companies not audited by Ernst & Young.

On 10 February 2006, AmMerchant Bank had entered into a conditional sale and purchase agreement with the nine (9) minority shareholders of FIPL in respect of the proposed acquisition of 7,576,766 ordinary shares of S\$1.00 each in FIPL not already owned by AmMerchant Bank, representing 51.0% of the issued and paid-up share capital of FIPL for an aggregate cash purchase consideration of up to S\$22,000,000 ("Proposed FIPL Acquisition"). On completion of the Proposed FIPL Acquisition, FIPL will become a wholly-owned subsidiary of AmMerchant Bank.

The purchase consideration for the Proposed FIPL Acquisition was arrived at on a willing buyer and a willing seller basis after taking into consideration the consolidated net tangible assets as at 31 March 2005 and current year consolidated profit of FIPL and will be satisfied wholly in cash by AmMerchant Bank from its internally generated funds.

The Proposed FIPL Acquisition is conditional upon the approval, inter alia, of BNM, Monetary Authority of Singapore, Singapore Exchange Securities Trading Limited, Singapore Exchange Derivatives Trading Limited and any other relevant authorities.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

15. PROPERTY AND EQUIPMENT

Group	Freehold land and buildings RM'000	Leasehold land and buildings RM'000	Motor vehicles RM'000	Leasehold improve- ments RM'000	Computer hardware and software RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
COST							
At beginning of year	309,833	51,984	14,648	173,749	575,600	147,489	1,273,303
Additions	-	-	2,345	19,705	57,437	14,160	93,647
Disposals	(120)	-	(1,747)	(50)	(6,986)	(1,181)	(10,084)
Written off	(140)	-	-	-	(15,040)	(397)	(15,577)
Reclassification/ Transfer	-	(8,783)	-	-	(25)	-	(8,808)
Exchange adjustments	-	(15)	(5)	-	(16)	(44)	(80)
At end of year	309,573	43,186	15,241	193,404	610,970	160,027	1,332,401
ACCUMULATED DEPRECIATION							
At beginning of year	69,038	5,535	10,539	122,385	475,101	110,339	792,937
Additions	5,346	826	1,636	12,285	34,121	12,865	67,079
Disposals	-	-	(1,766)	(50)	(6,981)	(1,077)	(9,874)
Written off	(12)	-	-	-	(13,565)	(396)	(13,973)
Reclassification/ Transfer	-	(703)	-	-	-	12	(691)
Exchange adjustments	-	(3)	(6)	-	(6)	(41)	(56)
At end of year	74,372	5,655	10,403	134,620	488,670	121,702	835,422
NET BOOK VALUE							
As at 31 March 2006	235,201	37,531	4,838	58,784	122,300	38,325	496,979
As at 31 March 2005	240,795	46,449	4,109	51,364	100,499	37,150	480,366
Depreciation charge for the year ended 31 March 2005	5,470	1,104	1,627	10,771	34,655	13,115	66,742
BALANCES AS AT 31 MARCH 2004							
Cost	323,311	57,510	16,311	160,713	561,490	141,413	1,260,748
Accumulated depreciation	35,564	5,631	12,637	113,558	452,370	105,088	724,848

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

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

Group	Long-term leasehold land and buildings RM'000	Short-term leasehold land and buildings RM'000	Total RM'000
Cost	42,238	948	43,186
Accumulated depreciation	(5,241)	(414)	(5,655)
Net book value	<u>36,997</u>	<u>534</u>	<u>37,531</u>

The long-term leasehold properties for the Group are for lease periods of 66-999 years and with unexpired lease periods of 53-874 years.

The short-term leasehold properties for the Group are for lease periods of 20-49 years and with unexpired lease periods of 1-33 years.

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

2006	Freehold land and building RM'000	Motor vehicles RM'000	Leasehold improve-ments RM'000	Computer hardware and software RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
Group						
Cost	<u>75</u>	<u>6,433</u>	<u>104,269</u>	<u>440,221</u>	<u>88,245</u>	<u>639,243</u>

Company	Motor vehicles RM'000	Total RM'000
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COST

At beginning and end of year	<u>673</u>	<u>673</u>
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ACCUMULATED DEPRECIATION

At beginning of year	<u>96</u>	<u>96</u>
Additions	<u>117</u>	<u>117</u>
At end of year	<u>213</u>	<u>213</u>

NET BOOK VALUE

As at 31 March 2006	<u>460</u>	<u>460</u>
As at 31 March 2005	<u>577</u>	<u>577</u>
Depreciation charge for the year ended 31 March 2005	<u>10</u>	<u>10</u>

As at 31 March 2006, a motor vehicle costing RM86,000 in the Company is fully depreciated and still in use.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

16. GOODWILL ON CONSOLIDATION

The movements in goodwill on consolidation are as follows:

	Group	
	2006 RM'000	2005 RM'000
Cost		
At beginning of year	597,342	340,914
Arising from acquisition of additional 30.0% equity interest in unit trust and asset management subsidiary companies	37,377	-
Arising from acquisition of additional 21.0% equity interest in management of venture capital subsidiary company	105	-
Arising on disposal of 20.0% equity interest in insurance subsidiary company	(17,197)	-
Arising on acquisition of additional 14.062% equity interest in insurance subsidiary company	-	25,794
Arising on acquisition of remaining 35.72% equity interest in AMFB	-	230,634
At end of year	617,627	597,342
Accumulated amortisation		
At beginning of year	74,296	59,199
Amortisation for the year	27,355	15,097
At end of year	101,651	74,296
Net book value	515,976	523,046

17. DEPOSITS FROM CUSTOMERS

Term/Investment deposits	32,192,382	29,556,983
Savings deposits	2,940,219	2,878,783
Current deposits	1,558,199	1,334,289
Negotiable instruments of deposits	2,227,364	677,285
	38,918,164	34,447,340

The maturity structure of deposits from customers is as follows:

Due within six months	31,140,577	27,324,848
Six months to one year	6,220,145	5,472,835
One year to three years	802,608	933,679
Three to five years	754,834	715,978
	38,918,164	34,447,340

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

The deposits are sourced from the following types of customers:

	Group	
	2006 RM'000	2005 RM'000
Business enterprises	12,876,710	11,917,916
Individuals	19,895,623	18,241,104
Government	5,006,893	2,748,974
Others	1,138,938	1,539,346
	38,918,164	34,447,340

18. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	2006 RM'000	2005 RM'000
Deposits from:		
Licensed banks	4,192,542	2,828,564
Licensed merchant banks	555,522	90,265
Licensed finance companies	-	209,976
Bank Negara Malaysia	1,160,280	889,558
Other financial institutions	8,732,457	8,168,168
	14,640,801	12,186,531

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

	Group	
	2006 RM'000	2005 RM'000
Negotiable instruments of deposits	7,379,984	6,255,938
Interbank borrowings	895,590	157,700

Included in deposits from BNM of the Group are long-term deposits placed amounting to RM315,000,000 (RM315,000,000 in 2005) bearing interest at 1.0% (1.0% in 2005) per annum and interest free loans amounting to RM493,000,000 (RM493,000,000 in 2005) with the commercial banking subsidiary company in connection with the transfer of assets and liabilities of AFB and KUMB as mentioned in Note 11. Long-term deposits of RM180,000,000 (RM180,000,000 in 2005) is repayable on 18 December 2008 or when the deferred assets relating to AFB as mentioned in Note 11 are fully recovered, whichever is earlier. The remaining deposits from BNM are repayable when the deferred assets relating to KUMB as mentioned in Note 11 are fully recovered.

19. OBLIGATIONS ON 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 7.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

20. BILLS AND ACCEPTANCES PAYABLE

Bills and acceptances payable represent the merchant banking and commercial banking subsidiary companies' own bills and acceptances rediscounted and outstanding in the market.

21. RECOURSE OBLIGATION ON LOANS SOLD TO CAGAMAS BERHAD

These represents proceeds received from housing loans, hire purchase and leasing receivables (excluding Islamic financing) sold directly or indirectly to Cagamas Berhad with recourse to AmMerchant Bank, AmBank (M) and AmIslamic Bank. Under this arrangement, the subsidiaries undertake to administer the loans on behalf of Cagamas Berhad and to buy back any loans which are regarded as defective based on prudential criteria. For loans sold indirectly, AmMerchant Bank acts as the intermediary financial institution with recourse against the originators.

22. OTHER LIABILITIES

	2006		2005	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Trade payables	353,380	-	258,241	-
Securities sold not yet re-purchased	91,437	-	-	-
Other payables and accruals	1,129,562	762	1,063,168	647
Interest payable on deposits and borrowings	326,109	2,434	276,362	4,675
Lease deposits and advance rentals	50,881	-	56,154	-
General insurance funds	181,987	-	173,212	-
Provision for commitments and contingencies	325	-	13,063	-
Bank overdrafts	26,081	-	37,192	-
Amount due to subsidiary companies	-	272	-	243
Profit equalization reserve	116,755	-	112,261	-
Deferred tax liabilities (Note 40)	2,846	-	2,062	-
Tax payable	2,416	-	564	-
	2,281,779	3,468	1,992,279	5,565

Trade payables mainly relate to the stock and share broking subsidiary companies and represent amount payable in outstanding sales contracts.

Included in other payables and accruals of the Group are the following:

	Group	
	2006 RM'000	2005 RM'000
Amount due to reinsurers, reinsurers and agents	31,421	36,169
Treaty premium reserve withheld	13	66
Outstanding insurance claims	227,904	231,060

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

The movements in provision for commitments and contingencies are as follows:

	Group	
	2006 RM'000	2005 RM'000
Balance at beginning of year	13,063	92,500
Provision/(Writeback of provision) during the year	262	(40,437)
Payment during the year	(13,000)	(39,000)
Balance at end of year	325	13,063

Included in the general provision for commitments and contingencies is an amount of RMNil million (RM13.0 million in 2005) in connection with three legal suits relating to the Highland Tower tragedy, whereby the plaintiffs had contended that AMFB caused or contributed to the collapse of Block 1 and forced evacuation of Blocks 2 and 3 of the Highland Towers.

On 31 May 2004, AmBank (M) entered into a Settlement Agreement with the plaintiffs in respect of the legal suits whereby AmBank (M) agreed to pay the plaintiffs a settlement sum of RM52.0 million in full and final settlement inclusive of costs and the plaintiffs shall, among others, release and assign to AmBank (M) 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 and their rights to common property, unencumbered and free from claims of end financiers.

AmBank (M) had made full provision in prior year of which RM39.0 million had been paid during the previous financial year and the balance of RM13.0 million was paid during the financial year.

The bank overdrafts pertaining to subsidiary companies are unsecured and bear interest at rates ranging from 6.3% to 8.5% (7.0% to 8.5% in 2005) per annum.

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

The movements in profit equalisation reserve relating to the Islamic banking business is as follows:

	Group	
	2006 RM'000	2005 RM'000
Balance at beginning of year	112,261	54,312
Provision during the year	9,459	62,540
Amount written back	(4,965)	(4,591)
Transfer from income statements	4,494	57,949
Balance at end of year	116,755	112,261

23. TERM LOANS

	2006		2005	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Unsecured:				
Local financial institutions	482,232	206,000	1,252,500	961,000

The term loans obtained from local financial institutions bear interests at rates ranging from 4.9% to 5.9% and, 0.175% per annum above LIBOR (3.53% to 7.95% and 0.2% per annum above LIBOR in 2005).

In the financial year 2005, the Company obtained RM740,000,000 short-term loans from local financial institutions to finance the cash portion of the consideration price of AMFB Privatisation, pending the receipt of proceeds arising from the Listing of the Group's Investment Banking Group, AIGB. AIGB was listed on 18 May 2005 and the loan were repaid on 26 May 2005.

Loans amounting to RM276,000,000 (RM291,500,000 in 2005) are guaranteed by either the Company, merchant banking subsidiary or other financial institutions.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

24. SUBORDINATED CERTIFICATES OF DEPOSITS

The Subordinated Certificates of Deposits ("SCD") issued by AmMerchant Bank represents RM200,000,000 nominal amount of unsecured Negotiable Subordinated Certificates of Deposit ("NSCD") issued at a discount of RM6,750,600 for a total consideration of RM193,249,400. The accretion of discount of RM6,750,600 will be applied evenly over five years. The NSCD has a coupon rate of 8.0% per annum for the first five years and were redeemed on 1 March 2006.

25. SUBORDINATED TERM LOAN

The subordinated term loan amounting to RM680,000,000 pertaining to the indirect commercial banking subsidiary company, AmBank (M), 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 AmBank (M). The loan bore interest at 7.5% per annum in the prior year and interest was repayable on a monthly basis.

Pursuant to the acquisition of AmBank (M) by AMFB, 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, AmBank (M) entered into a Supplemental Facility Agreement with Danamodal Nasional Berhad, whereby the RM680.0 million subordinated term loan obtained from Danamodal Nasional Berhad was novated to Astute Assets Berhad.

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.

26. REDEEMABLE UNSECURED BONDS

Redeemable Unsecured Bonds of the Group and the Company are as follows:

	2006		2005	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
3.0% 5-Year Redeemable Unsecured Bank-Guaranteed Bonds 2002/2007	144,638	144,638	141,481	141,481
Redeemable Unsecured Subordinated Bonds	775,000	-	660,000	-
	919,638	144,638	801,481	141,481

(a) 3.0% 5-YEAR REDEEMABLE UNSECURED BANK-GUARANTEED BONDS 2002/2007 (3.0% Bonds 2007)

	Group and Company	
	2006 RM'000	2005 RM'000
Balance at beginning and end of year	150,000	150,000
Less:		
Unamortised discount	(5,362)	(8,519)
	144,638	141,481

Pursuant to a Trust Deed dated 29 November 2002 and a Deed Poll dated 29 November 2002, the Company issued RM150,000,000 nominal amount of 3.0% Bonds 2007 together with renounceable rights to allotment of 125,201,248 Warrants 2003/2008 on a 'bought deal' basis to two primary subscribers.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

The salient features of the Bonds 2007 are as follows:

- The 3.0% Bonds 2007 bear interest at 3.0% per annum based on the nominal amount of the Bonds 2007, payable semi-annually in arrears and on the basis of actual number of days elapsed in a year of 365 days.
- The 3.0% Bonds 2007 will be redeemed at its nominal value on maturity date together with interest accrued to the date of redemption.
- The 3.0% Bonds 2007 are for a period of five calendar years maturing on 13 December 2007.

Pursuant to Deed Poll dated 29 November 2002 and on 29 January 2003, the primary subscribers jointly offered for sale the provisional rights to allotment of 125,201,248 Warrants 2003/2008 to the shareholders of the Company on a renounceable rights basis of one (1) Warrant 2003/2008 for every eight (8) existing ordinary shares of RM1.00 each held in the Company as at 5.00pm on 22 January 2003 at an offer price of 12.37 sen per Warrant 2003/2008 payable in full upon acceptance.

(b) REDEEMABLE UNSECURED SUBORDINATED BONDS

	Group	
	2006 RM'000	2005 RM'000
Balance at beginning of year	660,000	660,000
Issued during the year	115,000	-
Balance at end of year	775,000	660,000

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

The salient features of the SubBonds I are as follows:

- The SubBonds I 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.
- The SubBonds I are redeemable on 30 April 2008 or on each anniversary date thereafter at nominal value together with interest accrued to the date of redemption.
- The SubBonds I are for a period of ten (10) years maturing on 30 April 2013. However, subject to the prior approval of BNM, AmBank (M) may redeem the SubBonds on 30 April 2008 or on each anniversary date thereafter.

Pursuant to a Trust Deed dated 23 September 2003, AmMerchant Bank issued RM460,000,000 nominal amount of Redeemable Unsecured Subordinated Bonds ("SubBonds II") to be used to grant a RM460,000,000 10-year unsecured subordinated term loan to AmBank, its related licensed commercial bank for the purpose of refinancing its RM460,000,000 exchangeable subordinated capital loan to Danamodal Nasional Berhad.

The salient features of the SubBonds II are as follows:

- The SubBonds II bear interest at 6.5% per annum for the first five years and at 7.0% to 9.0% per annum or 3.0% above the yield of 5-year Malaysian Government Securities, whichever is higher. The interest is payable on a semi-annual basis.
- The SubBonds II are redeemable on 30 September 2008 or on each anniversary date thereafter at nominal value together with interest accrued to the date of redemption.
- The SubBonds II are for a period of ten (10) years maturing on 30 September 2013. However, subject to the prior approval of BNM, AmMerchant Bank may redeem the SubBonds on 30 September 2008 or on each anniversary date thereafter.

Pursuant to a Trust Deed dated 27 October 2005, AmMerchant Bank issued RM200,000,000 nominal amount of Redeemable Unsecured Subordinated Bonds ("SubBonds III") for the purpose of redemption of RM200,000,000 nominal amount of unsecured subordinated certificates of deposits. The unsecured subordinated certificates of deposits were redeemed on 1 March 2006.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

The salient features of the SubBonds III are as follows:

- (a) The SubBonds III bear interest at 4.75% per annum for the first five years and at 5.25% to 7.25% per annum between years 6 to 10. The interest is payable on a semi-annual basis.
- (b) The SubBonds III are redeemable on 31 October 2010 or on each anniversary date thereafter at nominal value together with interest accrued to the date of redemption.
- (c) The SubBonds III are for a period of ten (10) years maturing on 31 October 2015. However, subject to the prior approval of BNM, AmMerchant Bank may redeem the SubBonds on 31 October 2010 or on each anniversary date thereafter.

During the financial year, AmMerchant Bank had purchased and cancelled RM65,000,000 of the SubBonds III.

27. HYBRID CAPITAL

On 27 January 2006, AMBB Capital, an indirect wholly-owned subsidiary of the Company issued United States Dollar ("USD") 200,000,000 Innovative Hybrid Tier 1 Capital comprising 2,000 preference shares of USD100,000 each ("Hybrid Capital"). The Hybrid Capital has the benefit of AmBank (M) guarantee on a subordinated basis. The gross proceeds of USD200,000,000 from the issue of Hybrid Capital was on-lent to AmBank (M) in the form of a subordinated term loan on 27 January 2006 for the purpose of supplementing AmBank (M)'s working capital requirements.

The salient features of the Hybrid Capital are as follows:

- (a) The Hybrid Capital bear non-cumulative dividends from the issue date to (but excluding) 27 January 2016 at 6.77% per annum and thereafter, at a floating rate per annum equal to 3-month US dollar LIBOR plus 2.90 per cent if not redeemed on 27 January 2016. The non-cumulative dividends is payable on a semi-annual basis.
- (b) The Hybrid Capital is perpetual securities and have no fixed final redemption date. The Hybrid Capital may be redeemed in whole but not in part at the option of the issuer (but not the holders) in certain circumstances. In each case, not less than 30 nor more than 60 days' notice (which notice shall be irrevocable) must be given.

The Hybrid Capital is listed on both the Labuan International Financial Exchange Inc. and the Singapore Exchange Securities Trading Limited and is offered to international institutional investors outside Malaysia.

The Hybrid Capital are classified as liabilities in accordance with FRS 132: Financial Instruments – Disclosure and Presentation. FRS132 requires the issuer of a financial instrument to classify the instrument either as a liability or equity in accordance with the substance of the contractual arrangement on initial recognition. As the coupon of the Hybrid Capital will step up at the end of year ten (10) to a level that is considered to be sufficiently higher than market rate, AMBB Capital is deemed likely to redeem the Hybrid Capital at that time. As such, they have been accounted for as long-term liabilities.

28. SHARE WARRANTS

The Warrants 1997/2007 were constituted under the Deed Poll dated 19 March 1997.

The salient features of the Warrants 1997/2007 are as follows:

- (a) Each Warrant 1997/2007 entitles its registered holder to subscribe for one new ordinary share of RM1.00 each at the exercise price during the exercise period.
- (b) The exercise price is RM6.51 per share and may be paid fully in cash, or partly in cash and partly by tender of Bonds 1997/2002 in any combination, or wholly by tender of Bonds 1997/2002 which matured in 2002, for every Warrant 1997/2007 held after one year from the date of allocation. The exercise price of the Warrants 1997/2007 are subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll.
- (c) The Warrants 1997/2007 are for an initial period of five calendar years. This period was extended for a further period of five years to mature on 13 May 2007.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

The movements in the Company's unissued number of shares under Warrants 1997/2007 during the financial year are as follows:

	No. of Ordinary Shares of RM1.00 each		
	Balance at 1.4.2005	Issued	Balance at 31.3.2006
Number of unissued shares under Warrants 1997/2007	143,534,078	-	- 143,534,078

The Warrants 2003/2008 were constituted under the Deed Poll dated 29 November 2002 and 29 January 2003.

The salient features of the Warrants 2003/2008 are as follows:

- Each Warrant 2003/2008 entitles its registered holder to subscribe for one new ordinary share of RM1.00 each at the exercise price during the exercise year.
- The exercise price is RM2.19 per share and is payable fully in cash for every warrant 2003/2008 held from the date of allocation. The exercise price of the Warrants 2003/2008 are subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll.
- The Warrants 2003/2008 are for an initial period of five calendar years to mature on 20 March 2008.

The movements in the Company's unissued number of shares under Warrants 2003/2008 during the financial year are as follows:

	No. of Ordinary Shares of RM1.00 each		
	Balance at 1.4.2005	Issued	Balance at 31.3.2006
Number of unissued shares under Warrants 2003/2008	132,105,145	-	- 132,105,145

29. SHARE CAPITAL

	Group and Company	
	2006 RM'000	2005 RM'000
Authorised:		
Shares of RM1.00 each:		
Balance at beginning and end of year	5,000,000	5,000,000
Issued and fully paid:		
Ordinary shares of RM1.00 each		
Balance at beginning of year	2,130,534	1,858,806
Issued during the year pursuant to the:		
- exercise of share options	-	12,886
- exercise of Warrants 2003/2008	-	69,914
- AMFB Privatisation	-	188,928
Balance at end of year	2,130,534	2,130,534

Subsequent to the financial year, the issued and fully paid-up share capital of the Company was increased from 2,130,533,695 ordinary share of RM1.00 each to 2,130,538,695 ordinary shares of RM1.00 each by the issue of 5,000 new ordinary shares of RM1.00 each at RM2.19 per share by virtues of the exercise of Share Warrants 2003/2008 of the Company. The resulting share premium amounting to RM5,950 has been credited to share premium account.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

30. RESERVES

Reserves as at 31 March are analysed as follows:

	2006		2005	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Non-distributable reserves:				
Share premium	791,550	792,343	798,356	798,356
Statutory reserve	1,000,417	-	913,438	-
Available-for-sale reserve	9,713	-	26,730	-
Revaluation reserve	-	153,324	-	532,154
Exchange fluctuation reserve	15,736	-	15,086	-
Total non-distributable reserves	1,817,416	945,667	1,753,610	1,330,510
Distributable reserve:				
Unappropriated profit	1,081,089	960,617	929,146	441,475
Total reserves	2,898,505	1,906,284	2,682,756	1,771,985

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 reserves of the merchant banking and commercial banking subsidiaries are maintained in compliance with the provisions of the Banking and Financial Institutions Act, 1989 and are not distributable as cash dividends.

Available-for-sale reserve is in respect of unrealised fair value gains and losses on securities available-for-sale.

Revaluation reserve is used to record increase and decrease in revaluation of investments in subsidiary companies, as described in the accounting policies.

Exchange differences arising on translation of foreign subsidiary and associated companies are taken to exchange fluctuation reserve, as described in the accounting policies.

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

As at 31 March 2006, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends amounting to RM424,087,000 out of its distributable reserve. If the balance of the distributable reserve of RM157,700,000 were to be distributed as dividends prior to there being sufficient tax credit, the Company would have a Section 108 shortfall of approximately RM61,300,000.

31. 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 and debentures owned, directly or indirectly other than by the Company or subsidiary companies.

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

	Group	
	2006 RM'000	2005 RM'000
Balance at beginning of year	36,347	931,418
Acquisition and subscription of shares in Investment Banking subsidiary company	968,918	-
Acquisition of shares in AmAssurance subsidiary company	17,241	-
Subscription of shares in private equity subsidiary company	260	-
Disposal of shares in assets management and unit trust subsidiary companies	(7,413)	-
Share in net results of subsidiary companies	113,535	83,948
Dividends received/receivable	(20,068)	(16,908)
Shares issued under the Employees' Share Option Scheme in AMFB	-	574
Disposal of shares pursuant to AMFB Privatisation	-	(934,494)
Disposal of shares in AmAssurance subsidiary company	-	(18,794)
Disposal of shares in AmSecurities subsidiary company	-	(9,397)
Balance at end of year	1,108,820	36,347

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

32. INTEREST INCOME

	2006		2005	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Short-term funds and deposits with financial institutions	201,283	6,234	188,595	3,855
Securities held-for-trading	179,658	393	208,239	-
Securities available-for-sale	49,808	-	14,407	-
Securities held-to-maturity	71,556	3,353	83,810	7,297
Loans and advances:				
Interest income other than recoveries from NPLs	2,332,720	-	2,172,451	-
Recoveries from NPLs	313,721	-	277,470	-
Others	123,265	-	96,161	-
Gross interest income	3,272,011	9,980	3,041,133	11,152
Amortisation of premium less accretion of discounts	5,554	-	(17,708)	-
Interest suspended	(115,958)	-	(73,226)	-
Total after net interest suspension	3,161,607	9,980	2,950,199	11,152

33. INTEREST EXPENSE

Deposits from customers	1,084,459	-	1,033,426	-
Deposits of banks and other financial institutions	201,141	-	97,757	-
Securities sold under repurchase agreements	57,389	-	36,942	-
Amount due to Cagamas Berhad	77,349	-	133,325	-
Bank borrowings:				
Term loans	23,377	15,376	28,097	16,154
Overdrafts	1,555	-	1,451	-
Subordinated deposits and term loans	59,355	-	61,637	-
Interest on Bonds	56,437	7,657	53,501	7,657
Others	180,666	4,523	121,589	3,319
	1,741,728	27,556	1,567,725	27,130

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

34. OTHER OPERATING INCOME

	2006		2005	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Fee and other operating income:				
Fees on loans and advances	121,634	-	79,165	-
Corporate advisory	17,796	-	23,867	-
Guarantee fees	23,725	167	17,376	217
Underwriting commissions	5,115	-	6,881	-
Portfolio management fees	7,641	-	9,829	-
Unit trust management fees	29,118	-	20,016	-
Brokerage rebates	602	-	774	-
Property trust management fees	1,983	-	1,965	-
Brokerage fees and commissions	43,327	-	50,011	-
Bancassurance commission	25,822	-	22,438	-
Income from asset securitisation	1,695	-	42,838	-
Other fee income	28,453	-	38,770	-
	306,911	167	313,930	217
Investment and trading income:				
Net (loss)/gain from sale of securities held-for-trading	(13,051)	-	59,357	-
Net gain from sale of securities available-for-sale	28,296	-	14,668	-
Net gain on redemption of securities held-to-maturity	19,561	-	12,329	-
Gain/(Loss) on revaluation of securities held-for-trading	53,884	-	(21,711)	-
Gain on revaluation of derivatives	6,165	-	6,611	-
Gain on listing of investment banking subsidiary company	-	174,497	-	-
Gain on disposal of 10.0% equity interest in insurance subsidiary company	29,962	-	-	-
Gross dividend income from:				
Subsidiary companies:				
Quoted in Malaysia	-	26,928	-	33,999
Unquoted	-	33,040	-	338,882
Securities held-for-trading	14,286	-	10,072	-
Securities available-for-sale	34,627	-	7,410	-
Securities held-to-maturity	24,945	-	39,433	-
	198,675	234,465	128,169	372,881
Premium income from life and general insurance business	369,928	-	286,898	-
Other income:				
Unrealised foreign exchange gain	11,267	-	-	-
Realised foreign exchange gain	3,244	-	2,746	-
Gain on disposal of property and equipment – net	1,807	-	3,816	-
Gain on disposal of leased assets – net	-	-	3	-
Gain on disposal of development property	-	-	382	-
Rental income	9,648	-	7,672	-
Capital gain arising from receipt of shares in Bursa Malaysia Berhad	-	-	12,727	-
Other non-operating income	2,534	32	3,038	467
	28,500	32	30,384	467
	904,014	234,664	759,381	373,565

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

35. OTHER OPERATING EXPENSES

	2006		2005	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Personnel/Staff costs:				
Salaries, allowances and bonuses	460,245	1,440	379,701	536
Others	66,021	453	62,066	1,637
Establishment costs:				
Depreciation of property and equipment (Note 15)	67,079	117	66,742	10
Computerisation costs	74,832	-	64,579	-
Rental	41,829	-	33,890	-
Cleaning and maintenance	22,708	-	19,067	-
Others	19,945	-	22,665	-
Marketing and communication expenses:				
Sales commission	49,022	-	67,112	-
Handling fees	118,916	-	99,842	-
Advertising, promotional and other marketing activities	78,525	202	38,511	448
Telephone charges	16,805	-	15,618	-
Postage	13,900	16	15,291	65
Travel and entertainment	9,022	1	7,665	-
Others	25,810	107	21,583	161
Administration and general:				
Amortisation of goodwill and premium on consolidation	27,977	-	15,719	-
Professional services	26,934	588	26,248	707
Donations	4,997	-	1,602	-
Administration and management expenses	10,924	-	9,098	-
Others	40,225	329	55,229	45
Overheads	1,175,716	3,253	1,022,228	3,609
Insurance commission	41,237	-	33,473	-
General insurance claims	233,224	-	193,227	-
	1,450,177	3,253	1,248,928	3,609

Included in the above expenditure are the following statutory disclosures:

	2006		2005	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Directors' remuneration (Note 38)	5,996	1,964	5,859	2,284
Property and equipment written off	1,604	-	3,916	-
Hire of motor vehicles and office equipment	5,233	-	4,553	-
Auditors' remuneration:				
Statutory audit	1,047	50	896	30
Half year limited review/audit	252	-	314	-
Other services	1,005	5	88	43
Provision for foreclosed properties	22	-	2,396	-
Sundry receivables written off	981	-	283	-

The total number of employees of the Group and of the Company as at 31 March 2006 were 9,280 (8,973 in 2005) and nil (nil in 2005), 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 and the Company amounted to RM53,553,715 (RM51,471,938 in 2005) and RMNil (RM85,500 in 2005) respectively.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

36. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

	Group	
	2006 RM'000	2005 RM'000
Allowance for bad and doubtful debts and financing:		
Specific allowance – net	951,914	1,032,879
General allowance	92,171	28,505
	1,044,085	1,061,384
Bad debts and financing:		
Written off	5,295	252
Recovered	(273,810)	(268,688)
	(268,515)	(268,436)
Recoveries of allowance for value impairment on amount recoverable from Danaharta	(881)	(22,479)
	774,689	770,469

37. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(a) Transactions and balances with subsidiary companies.

The significant transactions and outstanding balances of the Company with its subsidiary companies which are eliminated on consolidation are as follows:

	2006 RM'000	2005 RM'000
Income/(Expense)		
Interest on :		
Deposits	6,234	3,854
ICULS investments	-	6,766
Guarantee fees	167	217
Dividend income – gross	59,968	372,881
	66,369	383,718
Assets		
Current accounts	427	866
Money at call and deposits	19,532	89,816
Securities purchased under resale agreements	78,050	31,950
Deposits and placement with banks and other financial institutions	37,101	26,629
Negotiable instruments of deposits	-	150,233
Amount due from subsidiary companies	40	214,603
	135,150	514,097
Liabilities		
Amount due to subsidiary companies	272	243

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 third parties.

(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 :

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

Company	Types of transaction	2006 RM'000	2005 RM'000
Expense			
Harpers Travel (M) Sdn Bhd	Traveling expenses	1,778	2,834
Restoran Seri Melayu	Food and beverage	243	104
AON Insurance Brokers (M) Sdn Bhd	Insurance premium	4,431	4,475
Am First Property Trust	Rental of premises	12,572	12,684
Dion Realities Sdn Bhd	Rental of premises	3,469	3,841
Troost Sdn Bhd	Rental of premises	253	309
Syarikat Kompleks Damai Sdn Bhd	Rental of premises	1,102	587
Medan Delima Sdn Bhd	Rental of premises	96	83
Melawangi Sdn Bhd	Rental of premises	67	680
Taifab Properties Sdn Bhd	Rental of premises	-	80
AMDB Realty Sdn Bhd	Rental of premises	331	392
MCM Consulting Sdn Bhd	Computer maintenance	1,671	3,210
MCM Horizon Sdn Bhd (formerly known as Bluestar Infotech (M) Sdn Bhd)	Computer maintenance	1,894	1,744
Gubahan Impian Sdn Bhd	Gifts and flower arrangement	50	50
MCM Systems Sdn Bhd	Computer maintenance	7,423	404
Capital expenditure			
MCM Consulting Sdn Bhd	Purchase of computer hardware, software and related consultancy services	1,133	2,816
MCM Systems Sdn Bhd	Purchase of computer hardware, software and related consultancy services	13,285	3,668
MCM Horizon Sdn Bhd	Purchase of computer hardware, software and related consultancy services	6,864	289
Melawangi Sdn Bhd	Purchase of two (2) units of office lots at the AMCORP Trade Centre	-	3,624
Modular Corp Sdn Bhd	Provide 262,500 EMV chip card replacements	5,608	1,025
	Provide EMV chip card personalization and fulfillment services	-	3,633
Taifab Properties Sdn Bhd	Purchase of three (3) units of freehold office premises located at the Arab-Malaysian Business Centre ("AMBC")	-	1,811
Medan Delima Sdn Bhd	Purchase of seven (7) units of freehold office premises located at AMBC	-	2,521
Syarikat Kompleks Damai	Purchase of thirteen (13) units of office lots at Bangunan AMDB	54,109	-

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

The significant non-banking transactions of the Group with a company in which Mr. Cheah Tek Kuang is deemed to have a substantial interest, is as follows:

Company	Types of transaction	2006 RM'000	2005 RM'000
Financial Park (L) Sdn Bhd	Rental of premises	188	214

The significant non-banking transactions of the Group with a company in which Tun Mohammed Hanif Omar is deemed to have a substantial interest, is as follows:

Company	Types of transaction	2006 RM'000	2005 RM'000
Unigaya Protection Systems Sdn Bhd	Provision of security services	254	373

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.

(c) Renounceable Rights to subscribe for shares in AIGB

	2006 '000	2005 '000
Tan Sri Dato' Azman Hashim	-	118,954,848
Dato' Azlan Hashim	-	221,995
Tun Mohammed Hanif Omar	-	200,000
Prof Tan Sri Dato' Dr Mohd Rashdan Haji Baba	-	201,824
Tan Sri Datuk Dr Aris Osman @ Othman	-	50,000
Tan Sri Datuk Clifford Francis Herbert	-	50,000
Dato' Izham Mahmud	-	101,070
Tan Sri Dato' Mohd Ibrahim Mohd Zain	-	50,000
Cheah Tek Kuang	-	2,620,075
Soo Kim Wai	-	100,000
Shalina Azman	-	100,000

The renounceable rights offered by the Company and AIGB pursuant to the restricted offer for sale at an issue price of RM1.40 per share, were allocated to the directors on the same terms and conditions offered to other employees and entitled shareholders of the Company.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

38. DIRECTORS' REMUNERATION

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

	2006		2005	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Executive director				
Fees	181	36	116	36
Salaries	840	-	495	-
Other remuneration	417	-	367	12
Gratuity payment	-	-	200	-
Bonuses	837	-	715	-
Benefits-in-kind	141	-	83	-
	2,416	36	1,976	48
Non-executive directors				
Fees	977	348	795	372
Other remuneration	2,598	1,580	2,993	1,802
Gratuity payment	-	-	62	62
Benefits-in-kind	5	-	33	-
	3,580	1,928	3,883	2,236
Total directors' remuneration	5,996	1,964	5,859	2,284
Total directors' remuneration excluding benefits-in-kind	5,850	1,964	5,743	2,284

* Directors' fees for directors who are executives of companies of the 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:

Group	2006	2005
Executive director		
RM1,950,001 – RM2,000,000	-	1
RM2,400,001 – RM2,450,000	1	-
Non-executive directors		
Below RM50,000	4	4
RM50,001 – RM100,000	-	1
RM100,001 – RM150,000	1	2
RM150,001 – RM200,000	3	1
RM200,001 – RM250,000	2	1
RM250,001 – RM350,000	-	1
RM2,250,001 – RM2,300,000	1	-
RM2,700,001 – RM2,750,000	-	1

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

39. TAXATION

	2006		2005	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Estimated current tax payable	92,637	12,164	79,743	103,485
Transfer to deferred tax assets (Note 40)	127,742	-	56,851	-
Transfer from deferred tax liabilities (Note 40)	784	-	1,757	-
	221,163	12,164	138,351	103,485
Under provision of current taxation in respect of prior years	9,906	-	66,281	-
	231,069	12,164	204,632	103,485

As at 31 March 2006, the Group and the Company have tax exempt income arising from tax waiver on the chargeable income earned in year 1999 amounting to approximately RM82,000,000 (RM82,000,000 in 2005) and RM29,000,000 (RM29,000,000 in 2005) respectively, which, if confirmed by the Inland Revenue Board, will enable the Group and the Company to distribute tax exempt dividend up to the same amount.

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:

	2006		2005	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Profit before taxation	710,109	213,835	492,567	353,978
Taxation at Malaysian statutory tax rate of 28.0% (2005 : 28.0%)	198,831	59,874	137,919	99,114
Effect of different tax rates in Labuan and certain subsidiaries	(2,279)	-	(2,191)	-
Interest expense on ICULS included in statement of changes in equity which is deductible for tax purposes	(2,016)	-	(2,016)	-
Income not subject to tax	(20,936)	(48,859)	(34,041)	(6,786)
Expenses not deductible for tax purposes	31,150	1,181	76,370	7,966
Deferred tax assets charged out/ (not recognised in prior years)	26,319	(32)	28,591	3,191
Tax expense for the year	231,069	12,164	204,632	103,485

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

40. DEFERRED TAXATION

Deferred taxation pertains to subsidiary companies and is as follows:

(a) Deferred tax assets

	Group	
	2006 RM'000	2005 RM'000
Balance at beginning of year		
- As previously reported	(987,077)	(1,017,041)
- prior year's adjustments	2,332	1,874
As restated	(984,745)	(1,015,167)
Transfer to income statement (Note 39)	127,742	56,851
Reclassification from other assets	-	(26,429)
Balance at end of year	(857,003)	(984,745)
The deferred tax credits/(debits) are in respect of the following:		
Unutilised tax losses	(317,148)	(445,131)
Temporary differences arising from general allowance for loans, advances and financing	(200,502)	(174,138)
Temporary differences arising from impairment on:		
Securities held-to-maturity	(176,322)	(177,973)
Assets acquired in exchange of debts	(820)	(2,446)
Temporary differences arising from allowance for value impairment on amount recoverable from Danaharta	(134,008)	(134,254)
Temporary differences arising from impairment loss on foreclosed properties	(26,036)	(24,396)
Temporary differences arising from profit equalization reserve	(77)	(615)
Temporary differences between depreciation and tax allowances on property and equipment	24,050	21,084
Temporary differences arising from gain/(loss) on revaluation of securities held-for-trading	6,761	(14,397)
Temporary differences arising from interest suspended on non-performing loans	-	(7,452)
Others	(32,901)	(25,027)
	(857,003)	(984,745)
(b) Deferred tax liabilities		
Balance at beginning of year	2,062	305
Transfer to income statement (Note 39)	784	1,757
Balance at end of year	2,846	2,062

Deferred tax liabilities of the Group is in respect of temporary difference between capital allowances and book depreciation of property and equipment.

As mentioned in Note 3, the effects of temporary differences and unutilised tax losses which would give rise to deferred tax assets are recognised only when it is probable that the respective subsidiary companies will generate sufficient future taxable profit available against which the deductible temporary differences and unutilised tax losses can be utilised. As at 31 March 2006, the amount of estimated deferred tax assets of the Group, pertaining to unutilised tax losses and unabsorbed capital allowances, calculated at applicable tax rate which is not recognised in the financial statements amounted to RM170,000,000 (RM120,000,000 in 2005).

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

41. DIVIDENDS

Dividends paid and proposed by the Company are as follows:

	RM'000
2006	
Proposed dividend – 5.0% less 28.0% taxation, on 2,130,533,695 ordinary shares of RM1.00 each	<u>76,699</u>
2005	
Dividend paid – 4.0% less 28.0% taxation, on 2,130,533,695 ordinary shares of RM1.00 each	<u>61,359</u>

A first and final ordinary dividend in respect of the financial year ended 31 March 2006 of 5.0 %, less 28.0% taxation, amounting to RM76,699,213, based on issued and paid-up share capital as at 31 March 2006, to be paid to shareholders whose names appear in the Record of Depositors on a date to be determined by the directors. The financial statements for the current financial year do not reflect this proposed dividend is proposed by the Board. 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 2007.

42. EARNINGS PER SHARE

(a) Basic earnings per share

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

	2006		2005	
	Group RM'000/'000	Company RM'000/'000	Group RM'000/'000	Company RM'000/'000
Net profit attributable to shareholders' of the Company	365,505	201,671	203,987	250,493
Number of ordinary shares at beginning of year	2,130,534	2,130,534	1,858,806	1,858,806
Effect of ordinary shares issued pursuant to:				
Exercise of ESOS	-	-	8,135	8,135
Exercise of Warrants 2003/2008	-	-	3,263	3,263
AMFB Privatisation	-	-	12,940	12,940
Weighted average number of ordinary shares in issue	2,130,534	2,130,534	1,883,144	1,883,144
Basic earnings per share (sen)	17.16	9.47	10.83	13.30

(b) Fully diluted earnings per share

Fully diluted earnings per share is calculated by dividing the adjusted profit after taxation and minority interests for the financial year by the adjusted weighted average number of ordinary shares in issue and issuable during the financial year.

The Company has two categories of dilutive potential ordinary shares:

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

The basis for the maximum number of ordinary shares of RM1.00 each to be issued upon exercise of outstanding warrants 1997/2007 and 2003/2008, the respective latest dates for exercise and their respective prices are mentioned in Notes 26 and 28.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

	2006		2005	
	Group RM'000/'000	Company RM'000/'000	Group RM'000/'000	Company RM'000/'000
Net profit attributable to shareholders' of the Company	365,505	201,671	203,987	250,493
Weighted average number of ordinary shares in issue (as in (a) above)	2,130,534	2,130,534	1,883,144	1,883,144
Adjusted for:				
Exercise of Warrants 2003/2008	29,875	29,875	29,215	29,215
Adjusted weighted average number of ordinary shares in issue and issuable	2,160,409	2,160,409	1,912,359	1,912,359
Fully diluted earnings per share (sen)	16.92	9.33	10.67	13.10

For the financial year ended 31 March 2006 and 2005, outstanding share warrants 1997/2007 have been excluded in the computation of fully diluted earnings per RM1.00 ordinary share for the Group, as their exercise and conversion to ordinary shares would increase earnings per share.

The Group and the Company's adjusted weighted average number of ordinary shares in issue and issuable for the financial year ended 31 March 2006 and 2005 have been arrived at based on the assumption that dilutive share warrants 2003/2008 is exercised at beginning of year.

43. FIDUCIARY DUTY IN RESPECT OF INVESTMENT PORTFOLIO MANAGEMENT AND TRUSTEE SERVICES

Investment portfolio funds managed by the Group on behalf of customer as at 31 March 2006 amounted to RM10,269,483,000 (RM7,066,876,000 in 2005).

44. CAPITAL COMMITMENTS

As at 31 March 2006, capital commitments pertaining to subsidiary companies are as follows:

	Group	
	2006 RM'000	2005 RM'000
Authorised and contracted but not provided for:		
Purchase of office equipment, information technology equipment and solutions	53,238	40,749
Purchase of other investments	13,976	20,523
Purchase of motor vehicles	-	1,044
Purchase of land and building	300	-
	67,514	62,316
Authorised but not contracted for:		
Purchase of other investments	20,100	20,100
Purchase of office equipment, information technology equipment and solutions	192	5
	20,292	20,105
	87,806	82,421

45. LEASE COMMITMENTS

The Group 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:

	RM'000
12 months ending 31 March	
2007	5,592
2008	33,437
2009 and thereafter	164,685
	203,714

The lease commitments represent minimum rentals not adjusted for operating expenses which the Group 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 the rental expenses for the financial year.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

46. COMMITMENTS AND CONTINGENCIES

In the normal course of business, AmMerchant Bank, AmBank (M), AmInternational and AmIslamic Bank, make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions other than those where provision had been made in the financial statements as mentioned in Note 22. The commitments and contingencies are not secured against the Group's assets.

As at 31 March 2006, the commitments and contingencies outstanding are as follows:

Group	2006			2005		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
Derivative Financial Instruments						
Interest rate related contracts:						
Interest rate futures	580,000	-	-	550,000	-	-
Interest rate swaps	13,067,759	325,210	66,305	6,306,407	124,318	28,151
Foreign exchange related contracts:						
Forward exchange contracts	4,034,678	67,946	14,014	1,745,473	19,433	5,910
Cross currency swaps	375,676	32,666	6,533	463,600	32,512	6,502
Malaysian Government securities futures	10,000	-	-	27,900	-	-
	18,068,113	425,822	86,852	9,093,380	176,263	40,563
Commitments						
Irrevocable commitments to extend credit maturing:						
within one year	9,453,604	-	-	6,929,341	-	-
more than one year	1,467,076	733,538	733,046	2,426,560	1,213,280	1,212,965
Sell and buy back agreements	2,174,849	2,174,849	915,378	1,797,884	1,797,884	965,427
Forward purchase commitments	331,127	331,127	153,377	113,040	113,040	20,285
	13,426,656	3,239,514	1,801,801	11,266,825	3,124,204	2,198,677
Contingent Liabilities						
Guarantees given on behalf of customers	1,384,893	1,384,893	1,202,004	1,305,373	1,305,373	1,092,854
Certain transaction-related contingent items	637,248	318,624	284,116	691,679	345,840	314,446
Underwriting liabilities	1,133,152	566,576	541,819	457,069	228,535	207,317
Short term self liquidating trade-related contingencies	345,374	69,075	69,075	169,913	33,983	12,879
Islamic financing sold to Cagamas	2,205,827	2,205,827	2,205,827	928,658	928,658	927,011
Others	109,160	250	150	32,022	250	150
	5,815,654	4,545,245	4,302,991	3,584,714	2,842,639	2,554,657
	37,310,423	8,210,581	6,191,644	23,944,919	6,143,106	4,793,897

The credit equivalent amount is arrived at using the credit conversion factor as per BNM guidelines.

As at 31 March 2006, other contingencies and commitments of the Group and of the Company are as follows:

- The Company has given unsecured guarantees totaling RM383,600,000 (RM523,100,000 in 2005) to various financial institutions in respect of credit facilities extended to certain subsidiary companies.
- ALGB has given unsecured guarantees totaling RM10,000,000 (RM10,000,000 in 2005) to a financial institution in respect of credit facilities extended to a subsidiary company.
- As required, AmMerchant Bank has given a continuing guarantee to BNM on behalf of AmInternational, to meet all its liabilities and financial obligations and requirements.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

- (d) A suit dated 12 December 2005 was filed by Meridian Asset Management Sdn Bhd (“Meridian”) against AmTrustee in respect of a claim amounting to RM27.6 million for alleged loss and damage together with interests and costs arising from AmTrustee’s provision of custodian services to Meridian.

Malaysian Assurance Alliance Bhd (‘MAA’) has claimed its portion of the abovementioned alleged loss, being general damages and special damages of RM19.6 million, together with interests and costs.

AmTrustee was served on 24 March 2006 with a Writ and Statement of Claim dated 25 January 2006 by solicitors acting for MAA. MAA had appointed Meridian as an external fund manager for certain of its insurance funds, and part of these funds were deposited by Meridian with AmTrustee.

Neither material financial loss nor operational impact on the Group is expected as a result of the Writ and Statement of Claim.

Based on legal advice, AmTrustee believes it has a good defence in respect of the claim.

47. 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 is 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 the market risk exposure of its trading and non-trading activities primarily through a series of threshold limits. Stop loss, value at risk and position sensitivity 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 institutes 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)

For The Year Ended 31 March 2006

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.

Group 2006	Non-trading book						Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000				
ASSETS										
Cash and short-term funds	7,617,976	-	-	-	-	-	1,837,286	-	9,455,262	4.31
Securities purchased under resale agreements	688,666	30,924	-	-	-	-	-	-	719,590	3.16
Deposits and placements with banks and other financial institutions	26,661	100,775	122,840	326,628	73,662	-	102,127	-	752,693	3.23
Securities held-for-trading	6,287	-	-	-	-	-	681,450	5,410,303	6,098,040	3.76
Securities available-for-sale	-	-	82,223	23,694	608,123	452,393	437,172	-	1,603,605	4.93
Securities held-to-maturity	-	55,247	23,899	167,109	839,162	1,033,353	594,271	-	2,713,041	5.38
Loans, advances and financing:										
- performing	12,708,861	2,239,092	1,030,662	319,353	7,099,566	11,996,766	5,583,954	-	40,978,254	7.30
- non-performing *	-	-	-	-	-	-	3,882,214	-	3,882,214	-
Amount due from originators	816	-	1,967	19,564	67,347	-	-	-	89,694	4.25
Other non-interest sensitive balances	-	-	-	-	-	-	5,968,244	-	5,968,244	-
TOTAL ASSETS	21,049,267	2,426,038	1,261,591	856,348	8,687,860	13,482,512	19,086,718	5,410,303	72,260,637	
LIABILITIES AND EQUITY										
Deposits from customers	16,367,813	6,676,416	4,023,014	5,883,054	1,506,108	-	4,461,759	-	38,918,164	3.10
Deposits and placements of banks and other financial institutions	4,056,727	1,813,945	792,037	1,733,009	1,765,459	1,866,814	2,612,810	-	14,640,801	3.61
Obligations on securities sold under repurchase agreements	3,398,217	173,766	274	-	-	-	-	-	3,572,257	3.15
Bills and acceptances payable	224,464	366,006	93,799	-	-	-	228,454	-	912,723	4.81
Recourse obligation on loans sold to Cagamas Berhad	141,957	55,928	16,487	667,413	986,864	-	-	-	1,868,649	3.90
Term loans	-	482,232	-	-	-	-	-	-	482,232	5.15
Subordinated term loan	-	-	-	-	680,000	-	-	-	680,000	6.72
Redeemable unsecured bonds	-	-	-	-	324,638	595,000	-	-	919,638	6.57
Hybrid capital	-	-	-	-	-	684,047	-	-	684,047	6.77
Other non-interest sensitive balances	-	-	-	-	-	-	3,444,267	-	3,444,267	-
Total Liabilities	24,189,178	9,568,293	4,925,611	8,283,476	5,263,069	3,145,861	10,747,290	-	66,122,778	
Share capital	-	-	-	-	-	-	2,130,534	-	2,130,534	
Reserves	-	-	-	-	-	-	2,898,505	-	2,898,505	
Shareholders' equity	-	-	-	-	-	-	5,029,039	-	5,029,039	
Minority interests	-	-	-	-	-	-	1,108,820	-	1,108,820	
Total equity	-	-	-	-	-	-	6,137,859	-	6,137,859	
TOTAL LIABILITIES AND EQUITY	24,189,178	9,568,293	4,925,611	8,283,476	5,263,069	3,145,861	16,885,149	-	72,260,637	
On-balance sheet interest rate gap sensitivity	(3,139,911)	(7,142,255)	(3,664,020)	(7,427,128)	3,424,791	10,336,651	2,201,569	5,410,303	-	
Off-balance sheet interest rate gap sensitivity	662,731	5,146,170	499,430	(1,387,358)	(6,849,710)	1,935,099	-	-	6,362	
Total interest rate gap sensitivity	(2,477,180)	(1,996,085)	(3,164,590)	(8,814,486)	(3,424,919)	12,271,750	2,201,569	5,410,303	6,362	
Cumulative interest rate gap sensitivity	(2,477,180)	(4,473,265)	(7,637,855)	(16,452,341)	(19,877,260)	(7,605,510)	(5,403,941)	6,362		

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

Group 2005	Non-trading book						Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000				
ASSETS										
Cash and short-term funds	6,539,602	-	-	-	-	-	1,238,500	-	7,778,102	2.79
Securities purchased under resale agreements	115,153	32,367	-	-	-	-	-	-	147,520	2.50
Deposits and placements with banks and other financial institutions	-	665,570	38,578	104	-	22,100	55,200	-	781,552	2.75
Securities held-for-trading	-	-	-	-	-	-	720,190	3,116,017	3,836,207	3.79
Securities available-for-sale	-	-	18,999	-	601,717	328,997	537,765	-	1,487,478	3.67
Securities held-to-maturity	150,233	-	132,417	195,455	739,081	860,179	212,485	-	2,289,850	6.12
Loans, advances and financing:										
- performing	12,323,480	1,154,531	1,093,107	1,777,030	8,629,690	3,147,770	6,821,158	-	34,946,766	7.47
- non-performing *	-	-	-	-	-	-	5,152,790	-	5,152,790	-
Amount due from originators	-	3,363	-	7,684	121,751	-	-	-	132,798	4.29
Other non-interest sensitive balances	-	-	-	-	-	-	5,561,170	-	5,561,170	-
TOTAL ASSETS	19,128,468	1,855,831	1,283,101	1,980,273	10,092,239	4,359,046	20,299,258	3,116,017	62,114,233	
LIABILITIES AND EQUITY										
Deposits from customers	12,731,405	6,505,913	3,905,405	5,306,983	1,534,072	-	4,463,562	-	34,447,340	2.96
Deposits and placements of banks and other financial institutions	2,144,353	1,738,949	1,013,905	530,238	935,361	1,507,262	4,316,463	-	12,186,531	3.06
Obligations on securities sold under repurchase agreements	1,447,458	3,327	101	-	-	-	-	-	1,450,886	2.59
Bills and acceptances payable	128,234	240,408	106,842	-	-	-	43,454	-	518,938	4.91
Recourse obligation on loans sold to Cagamas Berhad	343,350	161,190	115,458	241,930	1,797,478	127,042	-	-	2,786,448	3.95
Term loans	746,500	221,000	285,000	-	-	-	-	-	1,252,500	4.17
Subordinated certificates of deposits	-	-	-	198,768	-	-	-	-	198,768	8.85
Subordinated term loan	-	-	-	-	680,000	-	-	-	680,000	6.66
Redeemable unsecured bonds	-	-	-	-	801,481	-	-	-	801,481	6.94
Other non-interest sensitive balances	-	-	-	-	-	-	2,941,704	-	2,941,704	-
Total Liabilities	17,541,300	8,870,787	5,426,711	6,277,919	5,748,392	1,634,304	11,765,183	-	57,264,596	
Share capital	-	-	-	-	-	-	2,130,534	-	2,130,534	
Reserves	-	-	-	-	-	-	2,682,756	-	2,682,756	
Shareholders' equity	-	-	-	-	-	-	4,813,290	-	4,813,290	
Minority interests	-	-	-	-	-	-	36,347	-	36,347	
Total equity	-	-	-	-	-	-	4,849,637	-	4,849,637	
TOTAL LIABILITIES AND EQUITY	17,541,300	8,870,787	5,426,711	6,277,919	5,748,392	1,634,304	16,614,820	-	62,114,233	
On-balance sheet interest rate gap sensitivity	1,587,168	(7,014,956)	(4,143,610)	(4,297,646)	4,343,847	2,724,742	3,684,438	3,116,017	-	
Off-balance sheet interest rate gap sensitivity	295,859	418,103	(43,003)	(24,654)	(912,807)	266,502	-	-	-	
Total interest rate gap sensitivity	1,883,027	(6,596,853)	(4,186,613)	(4,322,300)	3,431,040	2,991,244	3,684,438	3,116,017	-	
Cumulative interest rate gap sensitivity	1,883,027	(4,713,826)	(8,900,439)	(13,222,739)	(9,791,699)	(6,800,455)	(3,116,017)	-	-	

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

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

2006 Company	Up to 1 month RM'000	>1 - 3 months RM'000	1 - 5 years RM'000	Non- interest sensitive RM'000	Trading Book RM'000	Total RM'000	Effective interest rate %
ASSETS							
Cash and short-term funds	18,661	-	-	1,298	-	19,959	3.00
Securities purchased under resale agreements	78,050	-	-	-	-	78,050	3.10
Deposits and placements with banks and other financial institutions	-	37,101	-	-	-	37,101	3.20
Securities held-for-trading	-	-	-	-	170,197	170,197	3.10
Other non-interest sensitive balances	-	-	-	4,085,617	-	4,085,617	-
TOTAL ASSETS	96,711	37,101	-	4,086,915	170,197	4,390,924	
LIABILITIES AND EQUITY							
Term loans	-	206,000	-	-	-	206,000	5.29
Redeemable unsecured bonds	-	-	144,638	-	-	144,638	3.00
Other non-interest sensitive balances	-	-	-	3,468	-	3,468	-
Total Liabilities	-	206,000	144,638	3,468	-	354,106	
Share capital	-	-	-	2,130,534	-	2,130,534	
Reserves	-	-	-	1,906,284	-	1,906,284	
Shareholders' equity	-	-	-	4,036,818	-	4,036,818	
TOTAL LIABILITIES AND EQUITY	-	206,000	144,638	4,040,286	-	4,390,924	
On-balance sheet interest rate gap sensitivity	96,711	(168,899)	(144,638)	46,629	170,197	-	
Off-balance sheet interest rate gap sensitivity	-	-	-	-	-	-	
Total interest rate gap sensitivity	96,711	(168,899)	(144,638)	46,629	170,197	-	
Cumulative interest rate gap sensitivity	96,711	(72,188)	(216,826)	(170,197)	-	-	

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

2005 Company	Up to 1 month RM'000	>1 - 3 months RM'000	1 - 5 years RM'000	Non- interest sensitive RM'000	Trading Book RM'000	Total RM'000	Effective interest rate %
ASSETS							
Cash and short-term funds	89,816	-	-	866	-	90,682	2.70
Securities purchased under resale agreements	31,950	-	-	-	-	31,950	2.50
Deposits and placements with banks and other financial institutions	-	26,629	-	-	-	26,629	2.85
Securities held-for-trading	-	-	-	-	150,233	150,233	2.70
Other non-interest sensitive balances	-	-	-	4,711,071	-	4,711,071	-
TOTAL ASSETS	121,766	26,629	-	4,711,937	150,233	5,010,565	
LIABILITIES AND EQUITY							
Term loans	740,000	221,000	-	-	-	961,000	4.51
Redeemable unsecured bonds	-	-	141,481	-	-	141,481	3.00
Other non-interest sensitive balances	-	-	-	5,565	-	5,565	-
Total Liabilities	740,000	221,000	141,481	5,565	-	1,108,046	
Share capital	-	-	-	2,130,534	-	2,130,534	
Reserves	-	-	-	1,771,985	-	1,771,985	
Shareholders' equity	-	-	-	3,902,519	-	3,902,519	
TOTAL LIABILITIES AND EQUITY	740,000	221,000	141,481	3,908,084	-	5,010,565	
On-balance sheet interest rate gap sensitivity	(618,234)	(194,371)	(141,481)	803,853	150,233	-	
Off-balance sheet interest rate gap sensitivity	-	-	-	-	-	-	
Total interest rate gap sensitivity	(618,234)	(194,371)	(141,481)	803,853	150,233	-	
Cumulative interest rate gap sensitivity	(618,234)	(812,605)	(954,086)	(150,233)	-	-	

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

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. Liquidity risk exposure arises mainly from the deposit taking and borrowing activities, and to a lesser extent, significant drawdown of funds from previously contracted financing and purchase commitments.

The primary objective of liquidity risk management 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.

- 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 BNM.
- 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)

For The Year Ended 31 March 2006

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

Group 2006	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non specific maturity RM'000	Total RM'000
ASSETS								
Cash and short-term funds	9,427,127	-	-	-	-	-	28,135	9,455,262
Securities purchased under resale agreements	688,666	30,924	-	-	-	-	-	719,590
Deposits and placements with banks and other financial institutions	25,805	401,082	214,917	110,889	-	-	-	752,693
Securities held-for-trading	781,383	-	13,694	480,475	3,328,796	1,002,812	490,880	6,098,040
Securities available-for-sale	-	4,948	63,699	36,694	220,269	994,897	283,098	1,603,605
Securities held-to-maturity	11,978	-	12,880	143,992	621,830	1,798,654	123,707	2,713,041
Loans, advances and financing	5,984,693	3,908,426	2,490,453	3,731,546	15,045,414	13,478,643	221,293	44,860,468
Other assets	90,702	34,286	33,327	22,387	94,253	117,936	1,978,101	2,370,992
Goodwill on consolidation	-	-	-	-	-	-	515,976	515,976
Deferred tax assets	-	-	-	-	-	-	857,003	857,003
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	1,776,693	1,776,693
Investments in associated companies	-	-	-	-	-	-	40,295	40,295
Property and equipment	-	-	-	-	-	-	496,979	496,979
TOTAL ASSETS	17,010,354	4,379,666	2,828,970	4,525,983	19,310,562	17,392,942	6,812,160	72,260,637
LIABILITIES AND EQUITY								
Deposits from customers	19,072,126	7,502,763	4,585,425	6,190,410	1,567,440	-	-	38,918,164
Deposits and placements of banks and other financial institutions	4,971,587	2,445,237	1,302,864	1,851,313	2,152,987	1,916,813	-	14,640,801
Obligations on securities sold under repurchase agreements	3,398,217	173,766	274	-	-	-	-	3,572,257
Bills and acceptances payable	292,335	498,962	121,426	-	-	-	-	912,723
Recourse obligation on loans sold to Cagamas Berhad	141,957	55,928	16,487	667,413	986,864	-	-	1,868,649
Other liabilities	321,715	45,644	5,245	2,199	8,430	98,428	2,962,606	3,444,267
Term loans	-	206,000	-	276,232	-	-	-	482,232
Subordinated term loan	-	-	-	-	-	680,000	-	680,000
Redeemable unsecured bonds	-	-	-	-	124,638	795,000	-	919,638
Hybrid capital	-	-	-	-	-	684,047	-	684,047
Total Liabilities	28,197,937	10,928,300	6,031,721	8,987,567	4,840,359	4,174,288	2,962,606	66,122,778
Share capital	-	-	-	-	-	-	2,130,534	2,130,534
Reserves	-	-	-	-	-	-	2,898,505	2,898,505
Shareholders' equity	-	-	-	-	-	-	5,029,039	5,029,039
Minority interests	-	-	-	-	-	-	1,108,820	1,108,820
Total equity	-	-	-	-	-	-	6,137,859	6,137,859
TOTAL LIABILITIES AND EQUITY	28,197,937	10,928,300	6,031,721	8,987,567	4,840,359	4,174,288	9,100,465	72,260,637
Net maturity mismatch	(11,187,583)	(6,548,634)	(3,202,751)	(4,461,584)	14,470,203	13,218,654	(2,288,305)	-

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

Group 2005	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non specific maturity RM'000	Total RM'000
ASSETS								
Cash and short-term funds	7,637,802	-	-	-	-	-	140,300	7,778,102
Securities purchased under resale agreements	147,520	-	-	-	-	-	-	147,520
Deposits and placements with banks and other financial institutions	11,846	753,820	15,261	625	-	-	-	781,552
Securities held-for-trading	121,370	133,504	89,659	541,223	2,035,286	555,804	359,361	3,836,207
Securities available-for-sale	-	-	40,015	40,304	480,309	725,996	200,854	1,487,478
Securities held-to-maturity	5,903	-	65,399	310,349	327,320	1,464,386	116,493	2,289,850
Loans, advances and financing	7,049,228	2,917,727	2,181,937	4,265,261	14,227,585	9,273,663	184,155	40,099,556
Other assets	12,312	126,085	14,202	12,260	135,862	14,242	1,806,256	2,121,219
Goodwill on consolidation	-	-	-	-	-	-	523,046	523,046
Deferred tax assets	-	-	-	-	-	-	984,745	984,745
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	1,545,877	1,545,877
Investments in associated companies	-	-	-	-	-	-	38,715	38,715
Property and equipment	-	-	-	-	-	-	480,366	480,366
TOTAL ASSETS	14,985,981	3,931,136	2,406,473	5,170,022	17,206,362	12,034,091	6,380,168	62,114,233
LIABILITIES AND EQUITY								
Deposits from customers	15,729,496	7,346,718	4,248,632	5,472,835	1,649,659	-	-	34,447,340
Deposits and placements of banks and other financial institutions	3,428,171	3,215,785	1,679,795	1,107,089	1,365,991	1,389,700	-	12,186,531
Obligations on securities sold under repurchase agreements	1,447,458	3,428	-	-	-	-	-	1,450,886
Bills and acceptances payable	135,047	255,421	128,470	-	-	-	-	518,938
Recourse obligation on loans sold to Cagamas Berhad	343,350	161,190	115,458	241,930	1,797,478	127,042	-	2,786,448
Other liabilities	248,474	39,713	5,308	1,618	3,475	6,991	2,636,125	2,941,704
Term loans	740,000	226,500	500	285,500	-	-	-	1,252,500
Subordinated certificates of deposits	-	-	-	-	-	198,768	-	198,768
Subordinated term loan	-	-	-	-	-	680,000	-	680,000
Redeemable unsecured bonds	-	-	-	-	141,481	660,000	-	801,481
Total Liabilities	22,071,996	11,248,755	6,178,163	7,108,972	4,958,084	3,062,501	2,636,125	57,264,596
Share capital	-	-	-	-	-	-	2,130,534	2,130,534
Reserves	-	-	-	-	-	-	2,682,756	2,682,756
Shareholders' equity	-	-	-	-	-	-	4,813,290	4,813,290
Minority interests	-	-	-	-	-	-	36,347	36,347
Total equity	-	-	-	-	-	-	4,849,637	4,849,637
TOTAL LIABILITIES AND EQUITY	22,071,996	11,248,755	6,178,163	7,108,972	4,958,084	3,062,501	7,485,762	62,114,233
Net maturity mismatch	(7,086,015)	(7,317,619)	(3,771,690)	(1,938,950)	12,248,278	8,971,590	(1,105,594)	-

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

Company 2006	Up to 1 month RM'000	>1 - 3 months RM'000	1 - 5 months RM'000	Non specific maturity RM'000	Total RM'000
ASSETS					
Cash and short-term funds	19,532	-	-	427	19,959
Securities purchased under resale agreements	78,050	-	-	-	78,050
Deposits and placements with banks and other financial institutions	-	37,101	-	-	37,101
Securities held-for-trading	-	-	-	170,197	170,197
Other assets	-	-	-	33,992	33,992
Investments in subsidiary companies	-	-	-	4,051,165	4,051,165
Property and equipment	-	-	-	460	460
TOTAL ASSETS	97,582	37,101	-	4,256,241	4,390,924
LIABILITIES AND EQUITY					
Other liabilities	-	-	-	3,468	3,468
Term loans	-	206,000	-	-	206,000
Redeemable unsecured bonds	-	-	144,638	-	144,638
Total Liabilities	-	206,000	144,638	3,468	354,106
Share capital	-	-	-	2,130,534	2,130,534
Reserves	-	-	-	1,906,284	1,906,284
Shareholders' equity	-	-	-	4,036,818	4,036,818
TOTAL LIABILITIES AND EQUITY	-	206,000	144,638	4,040,286	4,390,924
Net maturity mismatch	97,582	(168,899)	(144,638)	215,955	-

2005

ASSETS

Cash and short-term funds	89,816	-	-	866	90,682
Securities purchased under resale agreements	31,950	-	-	-	31,950
Deposits and placements with banks and other financial institutions	-	26,629	-	-	26,629
Securities held-for-trading	-	-	-	150,233	150,233
Other assets	215,990	-	-	33,256	249,246
Investments in subsidiary companies	-	-	-	4,461,248	4,461,248
Property and equipment	-	-	-	577	577
TOTAL ASSETS	337,756	26,629	-	4,646,180	5,010,565

LIABILITIES AND EQUITY

Other liabilities	4,918	-	-	647	5,565
Term loans	740,000	221,000	-	-	961,000
Redeemable unsecured bonds	-	-	141,481	-	141,481
Total Liabilities	744,918	221,000	141,481	647	1,108,046
Share capital	-	-	-	2,130,534	2,130,534
Reserves	-	-	-	1,771,985	1,771,985
Shareholders' equity	-	-	-	3,902,519	3,902,519
TOTAL LIABILITIES AND EQUITY	744,918	221,000	141,481	3,903,166	5,010,565
Net maturity mismatch	(407,162)	(194,371)	(141,481)	743,014	-

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

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 credit risk management 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 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 judgment, 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)

For The Year Ended 31 March 2006

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 derivatives and foreign exchange rate derivatives.

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

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

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

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

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.

	2006		2005	
	Principal Amount RM'000	Fair Value RM'000	Principal Amount RM'000	Fair Value RM'000
Interest rate related contracts:				
Interest rate futures	580,000	140	550,000	448
Interest rate swaps	13,067,759	(9,322)	6,306,407	(8,601)
Foreign exchange related contracts:				
Forward exchange contracts	4,034,678	8,485	1,745,473	6,783
Cross currency swaps	375,676	4,681	463,600	(1,333)
Malaysian Government securities futures	10,000	15	27,900	(158)
	18,068,113	3,999	9,093,380	(2,861)

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.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

Market risk of derivatives used for trading purposes

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

The contractual amounts of these contracts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Value at risk method is used to measure the market risk from these contracts. Value at risk, is a statistical measures that estimates the potential changes in portfolio value that may occur brought about by daily changes in market rates over a 90-day period at a 99% confidence level under normal market condition.

As at 31 March 2006, value at risk of foreign exchange-related derivatives contracts used for trading purposes of the Group was RM890,497 (RM25,849 in 2005).

The value at risk of the interest rate derivatives related contracts used for trading purposes of the Group was RM25,195,011 (RM12,976,600 in 2005).

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

Credit risk of derivatives

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

As at 31 March 2006, the amount of counter party credit risk, measured in terms of the cost to replace the positive value contracts of the Group, was RM26,977,165 (RM5,841,221 in 2005). This amount will increase or decrease over the life of the contracts, mainly as a function of movement in market rates and time.

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

48. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments are contracts that give 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 FRS132²⁰⁰⁴ (Financial Instruments: Disclosure and Presentation) (formerly known as Malaysian Accounting Standards Board ("MASB") 24), which requires the fair value information to be disclosed.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

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

2006	Group		Company	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets				
Cash and short-term funds	9,455,262	9,455,262	19,959	19,959
Securities purchased under resale agreements	719,590	719,590	78,050	78,050
Deposits and placements with banks and other financial institutions	752,693	880,168	37,101	37,101
Securities held-for-trading	6,098,040	6,098,040	170,197	170,197
Securities available-for-sale	1,603,605	1,603,605	-	-
Securities held-to-maturity	2,713,041	3,027,740	-	-
Loans, advances and financing *	45,533,285	46,104,796	-	-
Amount due from Originators	89,694	87,254	-	-
Other financial assets	1,049,317	1,049,317	33,992	33,992
	<u>68,014,527</u>	<u>69,025,772</u>	<u>339,299</u>	<u>339,299</u>
Non-financial assets	4,246,110		4,051,625	
TOTAL ASSETS	<u>72,260,637</u>		<u>4,390,924</u>	
Financial Liabilities				
Deposits from customers	38,918,164	38,992,202	-	-
Deposits and placements of banks and other financial institutions	14,640,801	14,302,943	-	-
Obligations on securities sold under repurchase agreements	3,572,257	3,572,257	-	-
Bills and acceptances payable	912,723	912,723	-	-
Recourse obligation on loans sold to Cagamas Berhad	1,868,649	1,856,057	-	-
Term loans	482,232	482,232	206,000	206,000
Subordinated term loan	680,000	804,359	-	-
Redeemable unsecured bonds	919,638	967,758	144,638	139,403
Hybrid capital	684,047	723,812	-	-
Other financial liabilities	3,321,925	3,321,925	3,468	3,468
	<u>66,000,436</u>	<u>65,936,268</u>	<u>354,106</u>	<u>348,871</u>
Non-Financial Liabilities				
Other non-financial liabilities	122,342		-	
Minority interests	1,108,820		-	
Shareholders' equity	5,029,039		4,036,818	
	<u>6,260,201</u>		<u>4,036,818</u>	
TOTAL LIABILITIES AND EQUITY	<u>72,260,637</u>		<u>4,390,924</u>	

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

2005	Group		Company	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets				
Cash and short-term funds	7,778,102	7,778,102	90,682	90,682
Securities purchased under resale agreements	147,520	147,520	31,950	31,950
Deposits and placements with banks and other financial institutions [^]	781,552	780,750	26,629	26,629
Securities held-for-trading	3,836,207	3,836,207	150,233	150,233
Securities available-for-sale	1,487,478	1,487,478	-	-
Securities held-to-maturity	2,289,850	4,196,586	-	-
Loans, advances and financing *	40,729,340	41,508,697	-	-
Amount due from originators	132,798	139,535	-	-
Other financial assets	942,023	942,023	249,246	249,246
	<u>58,124,870</u>	<u>60,816,898</u>	<u>548,740</u>	<u>548,740</u>
Non-financial assets	3,989,363		4,461,825	
TOTAL ASSETS	<u>62,114,233</u>		<u>5,010,565</u>	
Financial Liabilities				
Deposits from customers	34,447,340	34,554,147	-	-
Deposits and placements of banks and other financial institutions	12,186,531	12,088,536	-	-
Obligations on securities sold under repurchase agreements	1,450,886	1,523,124	-	-
Bills and acceptances payable	518,938	518,938	-	-
Recourse obligation on loans sold to Cagamas Berhad	2,786,448	2,788,327	-	-
Term loans	1,252,500	1,245,958	961,000	961,000
Subordinated certificates of deposits	198,768	220,671	-	-
Subordinated term loan	680,000	698,149	-	-
Redeemable unsecured subordinated bonds	801,481	779,009	141,481	139,403
Other financial liabilities	2,813,754	2,813,754	5,565	5,565
	<u>57,136,646</u>	<u>57,230,613</u>	<u>1,108,046</u>	<u>1,105,968</u>
Non-Financial Liabilities				
Other non-financial liabilities	127,950		-	
Minority interests	36,347		-	
Shareholders' equity	4,813,290		3,902,519	
	<u>4,977,587</u>		<u>3,902,519</u>	
TOTAL LIABILITIES AND EQUITY	<u>62,114,233</u>		<u>5,010,565</u>	

* The general allowance for the Group amounting to RM721,817,000 (RM629,784,000 in 2005) has been included under non-financial assets.

[^] The fair value of deposits and placements with banks and other financial institutions is below its carrying amount as a result of an increase in KLIBOR rates. The Group has not reduced the carrying value because uncertainties surrounding the circumstances may change and any changes in uncertainties could affect the resulting fair value estimates.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

The fair values of derivatives financial instruments are shown in Note 47.

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 crystallize. The Group assesses 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.

The following methods and assumptions were used to estimate the fair value of assets and liabilities as at 31 March 2006:

(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 And Placements With Banks And Other Financial Institutions

The fair values of securities purchased under resale agreements and deposits and placements with banks and other financial institutions with remaining maturities less than six months are estimated to approximate their carrying values. For securities purchased under resale agreements and deposits and placements with banks and other 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) Securities Held-For-Trading, Securities Available-For-Sale And Securities Held-To-Maturity

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. The fair values of unquoted debt equity conversion securities which are not actively traded, are estimated to be at a par value, taking into consideration of the underlying collateral values. Where discounted cash flow techniques are used, the estimated future cash flows are discounted using market indicative rates of similar instruments at the balance sheet date.

(d) Loans, Advances And Financing And Subordinated Term Loans (“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 indicative rates adjusted for credit risk. 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 And Placements Of Banks And Other Financial Institutions And Securities Sold Under Repurchase Agreements

The fair value 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 value of term deposits, negotiable instrument of deposits and obligations on 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) Bills And Acceptances Payables

The carrying values are a reasonable estimate of their fair values because of their short-term nature.

(g) Recourse Obligations On Loans Sold To Cagamas Berhad

The fair values for recourse obligations on loans to Cagamas Berhad are determined based on discounted cash flows of future instalments payments at prevailing rates quoted by Cagamas Berhad as at balance sheet date.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

(h) Term Loans, Subordinated Certificates of Deposits, Subordinated Term Loans, Redeemable Unsecured Bonds And Hybrid Capital (“Borrowings”)

The fair values of borrowings with remaining maturities of less than six (6) months are estimated to approximate their carrying values at balance sheet date. The fair values of borrowings with remaining maturities of more than six (6) months are estimated based on discounted cash flows market indicative rates of instruments with similar risk profiles at the balance sheet date.

(i) Interest Rate Swaps, Futures And Forward Rate Agreements

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

(j) Short Term Financial Assets And Financial Liabilities

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

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

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.

49. NET ASSETS PER SHARE (RM)

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

Net assets per share are calculated as follows:

	2006		2005	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Total assets	72,260,637	4,390,924	62,114,233	5,010,565
Less :				
Total liabilities	66,122,778	354,106	57,264,596	1,108,046
Minority interests	1,108,820	-	36,347	-
	67,231,598	354,106	57,300,943	1,108,046
Net assets	5,029,039	4,036,818	4,813,290	3,902,519
Issued and fully paid up ordinary shares of RM1.00 each	2,130,534	2,130,534	2,130,534	2,130,534
Net assets per share (RM)	2.36	1.89	2.26	1.83

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

50. BUSINESS SEGMENT ANALYSIS

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

Investment banking

Investment banking encompasses merchant banking, stockbroking, futures broking, fund and property management and trustee services. The merchant banking caters to the business needs of large corporate customers and financial institutions and provides customers with, among other things, a broad range of financing options, treasury and derivative services, corporate finance services, debt capital market and private banking. Through AIGB's subsidiaries, investment banking also offers stock and futures broking products and services through AmSecurities and AmFutures, investment management, management of unit trusts and customized investment solutions and real estate management services through AIM, AIS and AmPTMB, and trustee services through AmTrustee.

Commercial and retail banking

Commercial and 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, trade, hire purchase financing, personal loans and share financing, credit cards, remittance services, deposits collection and bancassurance.

Offshore banking

Through AmInternational (L) Ltd and AmMerchant Bank Labuan branch, the Group has established a presence in the international arena at the Labuan International Offshore Financial Centre. The products and services offered include corporate finance, advisory and trust services, credit facilities and acting as Listing Sponsor for corporations seeking listing on the Labuan International Financial Exchange.

Islamic banking

Islamic banking segment relates to Islamic banking business activities undertaken by the Group.

Insurance

The insurance segment offers a broad range of life and general insurance products.

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.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

Group 2006	Investment Banking RM'000	Commercial and Retail Banking RM'000	Offshore Banking RM'000	Islamic Banking RM'000	Insurance RM'000	Others RM'000	Elimination/ Consolidation Adjustments RM'000	Total RM'000
External revenue	883,852	2,529,419	51,624	816,695	760,981	7,188	(72,949)	4,976,810
Revenue from other segments	46,139	30,251	5,950	-	837	17,961	(101,138)	-
Operating revenue	929,991	2,559,670	57,574	816,695	761,818	25,149	(174,087)	4,976,810
Segment results	279,813	220,087	6,079	206,955	55,571	(7,416)	(25,205)	735,884
Amortisation of goodwill on consolidation	-	-	-	-	-	-	(27,977)	(27,977)
Profit from operations	279,813	220,087	6,079	206,955	55,571	(7,416)	(53,182)	707,907
Share in results of associated companies	-	-	-	-	-	-	2,202	2,202
Profit/(Loss) before taxation	279,813	220,087	6,079	206,955	55,571	(7,416)	(50,980)	710,109
Taxation	(75,006)	(84,745)	(20)	(58,683)	(16,778)	(18,698)	22,861	(231,069)
Minority interests	-	-	-	-	-	-	(113,535)	(113,535)
Net profit/(loss) for the year	204,807	135,342	6,059	148,272	38,793	(26,114)	(141,654)	365,505
Other information								
Segment assets	18,291,154	47,967,407	967,441	9,406,836	1,832,781	676,792	(7,438,045)	71,704,366
Investment in subsidiary companies	254,765	30,317	-	-	-	7,333,666	(7,618,748)	-
Investment in associated companies	21,950	200	-	-	-	100	18,045	40,295
Goodwill/(reserve) on consolidation	-	-	-	-	(1,565)	-	517,541	515,976
Total assets	18,567,869	47,997,924	967,441	9,406,836	1,831,216	8,010,558	(14,521,207)	72,260,637
Segment liabilities	16,726,767	45,425,684	1,026,025	8,377,419	1,656,773	511,487	(7,601,377)	66,122,778
Property and equipment purchases	10,944	71,378	38	12	11,244	31	-	93,647
Depreciation	9,871	53,658	78	16	2,730	722	4	67,079
Goodwill on consolidation	-	-	-	-	-	-	27,977	27,977

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

Group 2005	Investment Banking RM'000	Commercial and Retail Banking RM'000	Offshore Banking RM'000	Islamic Banking RM'000	Insurance RM'000	Elimination/ Consolidation Others RM'000	Adjustments RM'000	Total RM'000
External revenue	839,678	2,546,567	43,249	435,005	647,610	12,662	(39,467)	4,485,304
Revenue from other segments	36,009	60,548	18,364	-	1,042	4,787	(120,750)	-
Operating revenue	875,687	2,607,115	61,613	435,005	648,652	17,449	(160,217)	4,485,304
Segment results	286,400	42,323	5,117	129,002	32,849	(19,524)	31,310	507,477
Amortisation of goodwill on consolidation	-	-	-	-	-	-	(15,719)	(15,719)
Profit from operations	286,400	42,323	5,117	129,002	32,849	(19,524)	15,591	491,758
Share in results of associated companies	-	-	-	-	-	-	809	809
Profit/(Loss) before taxation	286,400	42,323	5,117	129,002	32,849	(19,524)	16,400	492,567
Taxation	(71,662)	(89,033)	-	(36,242)	(9,843)	(143,692)	145,840	(204,632)
Minority interests	-	-	-	-	-	-	(83,948)	(83,948)
Net profit/(loss) for the year	214,738	(46,710)	5,117	92,760	23,006	(163,216)	78,292	203,987
Other information								
Segment assets	12,096,058	39,966,432	1,440,763	9,056,424	1,551,776	786,538	(3,345,519)	61,552,472
Investment in subsidiary companies	213,606	30,330	-	-	-	7,489,726	(7,733,662)	-
Investment in associated companies	21,950	200	-	-	-	100	16,465	38,715
Goodwill/(reserve) on consolidation	-	-	-	-	(1,565)	-	524,611	523,046
Total assets	12,331,614	39,996,962	1,440,763	9,056,424	1,550,211	8,276,364	(10,538,105)	62,114,233
Segment liabilities	10,603,433	37,485,500	1,504,204	8,145,095	1,404,084	1,492,961	(3,370,681)	57,264,596
Property and equipment purchases	7,291	54,504	12	57	4,545	587	7	67,003
Depreciation	14,801	48,654	104	34	2,335	953	(139)	66,742
Goodwill on consolidation	-	-	-	-	-	-	15,719	15,719

The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia except for FIPL and its subsidiary companies, PTAMCI, AmSecurities (HK) and AmTrade Services Limited, activities of which are principally conducted in Singapore, Indonesia and Hong Kong, respectively. These activities in Singapore, Indonesia and Hong Kong are not significant (less than 1.0% over the operating revenue, profit before taxation and total assets) in relation to the Group's activities in Malaysia.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

51. LIFE BUSINESS LIABILITIES AND LIFE POLICYHOLDERS' FUND

The state of affairs as at 31 March 2006 and the results for the financial year ended 31 March 2006 under the life business liabilities and life policyholders' fund of AmAssurance are summarised as follows:

Balance Sheet

As at 31 March 2006

	2006 RM'000	2005 RM'000
ASSETS		
Cash and short-term funds	9,212	9,291
Securities purchased under resale agreements	35,040	43,439
Deposits and placements with banks and other financial institutions	143,712	128,804
Securities held-for-trading	113,416	125,675
Securities available-for-sale	622,633	485,708
Loans, advances and financing	77,963	68,946
Other assets	155,887	83,174
Property and equipment	4,625	4,388
TOTAL ASSETS	1,162,488	949,425
LIABILITIES AND POLICYHOLDERS' FUND		
Other liabilities	152,315	121,267
Life policyholders' fund	1,010,173	828,158
TOTAL LIABILITIES AND POLICYHOLDERS' FUND	1,162,488	949,425
Income Statement		
For The Year Ended 31 March 2006		
	2006 RM'000	2005 RM'000
Revenue	370,647	339,759
Interest income	46,560	36,612
Interest expense	-	-
Net interest income	46,560	36,612
Allowance for losses on loans and financing	-	(6)
	46,560	36,606
Net premium, investment and other income	324,087	303,147
Net income	370,647	339,753
Other operating expenses and transfer to life policyholders' funds	(370,647)	(339,753)
Transfer to shareholders' funds	-	-

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

52. CAPITAL ADEQUACY RATIO

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

The risk-weighted capital adequacy ratios of AmMerchant Bank of 13.24% (16.61% in 2005) and AmBank (M) of 12.15% (11.51% in 2005), exceed the minimum requirement.

Currently, the Group is not required to maintain any capital adequacy ratio requirements for financial institutions. However, if the Group is required to comply with such ratios, the Group's capital adequacy ratios, as at 31 March 2006 have incorporated the market risk pursuant to BNM Market Risk Capital Adequacy Framework which became effective on 1 April 2005 and is as follows:

	Group	
	2006 RM'000	2005 RM'000
Tier 1 capital		
Paid-up ordinary share capital	2,130,534	2,130,534
Share premium	791,550	798,356
Statutory reserve	1,000,417	913,438
Exchange fluctuation reserve	15,736	15,086
Hybrid capital	684,047	-
Unappropriated profit at end of year	1,081,089	926,810
Minority interests	1,108,820	36,347
Total	6,812,193	4,820,571
Less : Goodwill	515,976	523,046
Deferred tax assets - net	854,157	984,870
Total tier 1 capital	5,442,060	3,312,655
Tier 2 capital		
Subordinated certificates of deposit	-	198,650
Subordinated term loan	680,000	680,000
Redeemable Unsecured Bonds	775,000	660,000
General allowance for bad and doubtful debts	721,817	629,784
Total tier 2 capital	2,176,817	2,168,434
Capital base	7,618,877	5,481,089
Risk-weighted assets	54,635,748	47,442,814
Capital Ratios:		
Core capital ratio	9.96%	6.98%
Risk-weighted capital ratio	13.94%	11.55%
Core capital ratio (net of proposed final dividend)	9.82%	6.85%
Risk-weighted capital ratio (net of proposed final dividend)	13.80%	11.42%

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

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

	2006		2005	
	Principal Amount RM'000	Risk-Weighted Amount RM'000	Principal Amount RM'000	Risk Weighted Amount RM'000
0%	10,973,248	-	10,448,362	-
10%	87,239	8,724	435,489	43,549
20%	4,535,658	907,132	6,286,028	1,257,206
50%	8,367,850	4,183,925	7,251,983	3,625,992
100%	43,988,003	43,988,003	42,516,067	42,516,067
	67,951,998	49,087,784	66,937,929	47,442,814
Add: Total Risk Weighted Assets Equivalent for market risk		5,547,964		
		54,635,748		

The capital adequacy ratio of the Group as at 31 March 2005 has not been restated for prior year adjustments effect as mentioned in Note 54 to the financial statements.

53. OTHER SIGNIFICANT AND SUBSEQUENT EVENTS

During the financial year:

- Upon obtaining the necessary approvals from the shareholder and the relevant authorities, the following were proposed and issued:
 - Issuance of United States Dollar ("USD") 200 million Innovative Hybrid Tier 1 Capital comprising of 2,000 preference shares of USD100,000 each ("Hybrid Securities") by AMBB Capital to non-resident investors; and
 - Proposed issuance of substitute preference shares (of equal economic value as the Hybrid Securities) ("Substitute Preference Shares") by AmBank (M) in the event of certain substitution events pursuant to the terms of the Hybrid Securities.

The Hybrid Securities was issued by AMBB Capital on 27 January 2006 and has the benefit of a subordinated guarantee by AmBank (M). The gross proceeds of USD200.0 million from the issued of Hybrid Securities was on-lent to AmBank (M) in the form of a subordinated term loan on 27 January 2006.

At an initial size of USD150.0 million, the book was twice oversubscribed. Consequently, the issue size was increased to USD200.0 million after the completion of the book building process. The Hybrid Securities was priced at par on a semi-annual coupon of 6.77%. The coupon will at a floating rate per annum equal to 3-month US dollar LIBOR plus 2.90 per cent if the Hybrid Securities is not redeemed after year ten (10) from the date of issued.

Pursuant to the terms and conditions of the Hybrid Securities, upon the occurrence of certain substitution events as required by the guidelines on innovative Tier 1 capital instruments issued by BNM on 24 December 2004 ("BNM Tier 1 Guidelines"), AmBank (M) will be required to issue Substitute Preference Shares to substitute the Hybrid Securities issued by AMBB Capital. However, if there is no occurrence of such substitution events, then there will be no requirement to issue the Substitute Preference Shares.

The Proposed Substitute Preference Shares Issue and the Hybrid Securities issue are inter-conditional.

The Hybrid Securities is listed on both the Labuan International Financial Exchange and the Singapore Exchange and is offered to international institutional investors outside Malaysia.

The Hybrid Securities is rated Ba2/BB/BB by Moody's/Fitch/Standard & Poor's, respectively.

The Hybrid Securities issue allows AmBank (M) to raise non-dilutive Tier 1 capital at a competitive cost for AmBank's general capital management. The funds raised from the Hybrid Securities issue will further improve AmBank (M)'s Tier 1 capital ratio from 6.02% to 7.08% and the overall capital adequacy ratio from 10.46% to 12.05%. The Hybrid Securities issue will also provide the flexibility to fund the growth of AmBank (M)'s business operations.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

2. On 6 March 2006, AmAssurance completed the acquisition of 13 parcels of office lots in Bangunan AMDB from Syarikat Kompleks Damai Sdn Bhd (“SKDS”) for a total cash consideration of RM54,109,000 and tenancy agreement between SKDS and AmAssurance on 9 Parcels of the office lots disposed with a guaranteed net rental yield by AMDB Berhad and SKDS with AmAssurance.

Subsequent to the financial year,

On 11 May 2006, the Company announced the following proposals:

- (a) proposed disposal by AmBank (M) of the entire interest in Menara AmBank for a total consideration of RM230,000,000 to be satisfied by AmFIRST Real Estate Investment Trust (“REIT”) through the issuance of 230,000,000 AmFIRST REIT units at an issue price of RM1.00 per unit credited as fully paid-up. AmBank (M) will subsequently transfer the entire REIT units to the Company for a cash consideration of RM230.0 million.
- (b) a renounceable restricted offer for sale of up to 96,246,917 AmFIRST REIT units at an offer price of RM1.00 per unit to the existing shareholders of the Company on the basis of one (1) AmFIRST REIT unit for 25 existing ordinary shares of RM1.00 each held in the Company of which RM0.85 per unit will be paid in cash by the shareholders of the Company and the remaining RM0.15 per unit is assumed by the Company; and
- (c) a proposed offer for sale of 133,753,083 AmFIRST REIT units at an offer price of RM1.00 per unit to be placed out to institutional and selected investors.

collectively referred to as the “Proposals”.

The Proposals are in conjunction with the restructuring and rebranding of AmFirst Property Trust (“AmFPT”) as announced by AmProperty Trust Management Berhad (“AmPTMB”), the manager of AmFPT on 11 May 2006, which involves the proposed dissolution of AmFPT and the establishment of a new REIT namely AmFIRST REIT.

AIGB as the sponsor for AmFIRST REIT and Am ARA REIT Managers Sdn Bhd (“Am ARA”) as the proposed management company of AmFIRST REIT pursuant to the proposed establishment of AmFIRST REIT, will seek a listing and quotation for the entire fund size of AmFIRST REIT comprising 490,000,000 units on the Main Board of Bursa Malaysia Securities Berhad (“Proposed Listing”).

AIGB had on 5 May 2006 acquired seven (7) ordinary shares of RM1.00 each, representing 70.0% equity interest, in Am ARA REIT Holdings Sdn Bhd (“Am ARA Holdings”), the holding company of Am ARA, for a cash consideration of RM7.00, in connection with the joint venture (“JV”) between AIGB and ARA Asset Management (Malaysia) Limited (“ARA”) in the business of REIT management. Am ARA Holdings and Am ARA both were incorporated on 20 April 2006.

Pursuant to the JV agreement entered into between AIGB and ARA on 16 February 2006, the balance of three (3) ordinary shares of RM1.00 each, representing 30.0% equity interest in Am ARA Holdings, are held by ARA.

Am ARA currently has a paid-up capital of RM2.00, comprising two (2) ordinary shares of RM1.00 each, and subject to the approval of Securities Commission, Am ARA will act as the manager of AmFIRST REIT.

The Proposed Listing and the proposals to be undertaken by the Company and AmFPT are subject to the approvals of Securities Commission, BNM, shareholders and other relevant authorities.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

54. PRIOR YEAR'S ADJUSTMENTS AND COMPARATIVES

During the financial year, the Group adopted the revised BNM/GP8 which have resulted in the following new accounting policies:

- (1) The holdings of the securities portfolio of the Group are segregated based on the following categories and valuation methods:

i) Securities held-for-trading

Securities are classified as held-for-trading if they are acquired principally for the purpose of benefiting from actual or expected short term price movements or to lock in arbitrage profits. The securities held-for-trading will be stated at fair value and any gain or loss arising from a change in their fair values and the derecognition of securities held-for-trading are recognised in the income statements.

ii) Securities held-to-maturity

Securities held-to-maturity are financial assets with fixed or determinable payments and fixed maturity that the Group have the positive intent and ability to hold to maturity. Unquoted shares in organisations set up for socio-economic purposes and equity instruments received as a result of loan restructuring or loan conversion which do not have a quoted market price in an active market and whose fair value cannot be reliably measured are also classified as securities held-to-maturity.

The securities held-to-maturity are measured at accreted/amortised cost based on effective yield method. Amortisation of premium, accretion of discount and impairment as well as gain or loss arising from the derecognition of securities held-to-maturity are recognised in the income statements.

iii) Securities available-for-sale

Securities available-for-sale are financial assets that are not classified as held-for-trading or held-to-maturity. The securities available-for-sale are measured at fair value or at amortised costs (less impairment losses) if the fair value cannot be reliably measured. Any gain or loss arising from a change in fair value are recognised directly in equity through the statement of changes in equity, until the financial asset is sold, collected, disposed off or impaired, at which time the cumulative gain or loss previously recognised in equity will be transferred to the income statement.

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

i) Fair value hedge

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

ii) Cash flow hedge

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

- (3) Where a loan becomes non-performing, interest accrued and recognised as income prior to the date the loans are classified as non-performing shall be reversed out of income and set-off against the accrued interest receivable account in the balance sheet. Thereafter, the interest accrued on the non-performing loans shall be recognised as income on a cash basis instead of being accrued and suspended at the same time as prescribed previously.

The presentation and classification of items in the current year's financial statements are consistent with the previous financial year except the following figures which have been restated as a result of:

- (i) changes in accounting policies as disclosed above following the adoption of the revised BNM/GP8; and
 (ii) the reclassification to present separately for the life fund assets, life fund liabilities and life policy holders' fund.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

	As previously reported RM'000	Effect of change RM'000	As restated RM'000
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BALANCE SHEET AS AT 31 MARCH 2005

Assets

Cash and short-term funds	7,787,393	(9,291)	7,778,102
Securities purchased under resale agreements	158,592	(11,072)	147,520
Deposits and placements with banks and other financial institutions	810,356	(28,804)	781,552
Dealing securities	3,063,417	(3,063,417)	-
Investment securities	5,112,916	(5,112,916)	-
Securities held-for-trading	-	3,836,207	3,836,207
Securities available-for-sale	-	1,487,478	1,487,478
Securities held-to-maturity	-	2,289,850	2,289,850
Loans, advances and financing	40,220,876	(121,320)	40,099,556
Other assets	1,151,961	19,833	1,171,794
Property and equipment	484,754	(4,388)	480,366
Life fund assets	-	949,425	949,425
Deferred tax assets	987,077	(2,332)	984,745

Liabilities and Equity

Deposits and placements of banks and other financial institutions	12,077,751	108,780	12,186,531
Obligations on securities sold under repurchase agreements	1,418,519	32,367	1,450,886
Other liabilities	2,882,664	(890,385)	1,992,279
Life fund liabilities	-	121,267	121,267
Life policyholders' fund	-	828,158	828,158
Reserves	2,653,690	29,066	2,682,756

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

Net interest income	1,418,515	(36,041)	1,382,474
Net income from Islamic Banking Business	435,005	960	435,965
Other operating income	1,069,399	(310,018)	759,381
Other operating expenses	(1,587,668)	338,740	(1,248,928)
Operating profit	1,335,251	(6,359)	1,328,892
Allowance for diminution in value of investments	(24,914)	24,914	-
Impairment loss on securities	-	(15,294)	(15,294)
Taxation	(203,807)	(825)	(204,632)
Profit after taxation but before minority interests	285,889	2,046	287,935
Net profit for the year	201,941	2,046	203,987
Basic earnings per share (sen)	10.72	0.11	10.83
Fully diluted earnings per share (sen)	10.56	0.11	10.67

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

55. ISLAMIC BANKING BUSINESS

The state of affairs as at 31 March 2006 and the results for the year ended 31 March 2006 of the Islamic Banking Business of the Group and included in the financial statements, after elimination of intercompany transactions and balances, are summarised as follows:

Balance Sheet

As at 31 March 2006

	Note	Group	
		2006 RM'000	2005 RM'000
ASSETS			
Cash and short-term funds	(ii)	1,549,521	922,365
Deposit and placements with banks and other financial institutions	(iii)	102,126	77,300
Securities held-for-trading	(iv)	798,073	684,069
Securities available-for-sale	(v)	18,830	-
Securities held-to-maturity	(vi)	56,171	-
Financing, advances and other loans	(vii)	6,505,459	7,026,806
Statutory deposits with Bank Negara Malaysia		289,850	245,681
Other receivables, deposits and prepayments		18,040	15,750
Property and equipment	(viii)	38	56
Deferred tax assets	(xx)	68,729	84,398
TOTAL ASSETS		9,406,837	9,056,425
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	(ix)	4,461,758	3,579,449
Deposits and placements of banks and other financial institutions	(x)	3,312,104	3,879,573
Converted fund	(xi)	82,711	301,677
Acceptances payable		228,454	43,454
Other liabilities	(xii)	292,392	340,943
Total Liabilities		8,377,419	8,145,096
ISLAMIC BANKING FUNDS			
Capital funds	(xiii)	563,381	595,542
Reserves		466,037	315,787
Islamic Banking Funds		1,029,418	911,329
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		9,406,837	9,056,425
COMMITMENTS AND CONTINGENCIES	(xxi)	6,162,113	4,221,222

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

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006

	Note	Group	
		2006 RM'000	2005 RM'000
Income derived from investment of depositors' funds and others	(xiv)	689,107	599,459
Impairment writeback on securities held-to-maturity		94	113
Allowance for losses on financing	(xv)	(161,886)	(209,498)
Transfer to profit equalisation reserve		(4,494)	(57,949)
Total attributable income		522,821	332,125
Income attributable to the depositors	(xvi)	(276,106)	(259,857)
Profit attributable to the Group		246,715	72,268
Income derived from Islamic Banking Funds	(xvii)	127,541	96,363
Total net income		374,256	168,631
Operating expenditure	(xviii)	(167,301)	(39,629)
Profit before taxation		206,955	129,002
Taxation	(xix)	(58,683)	(36,242)
Profit after taxation		148,272	92,760

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006

Group	Note	Non-Distributable			Distributable	Total RM'000
		Capital Funds RM'000	Available- for-sale reserve RM'000	Exchange fluctuation reserve RM'000	Unappro- priated Profit RM'000	
At 1 April 2004						
As previously stated		475,542	-	-	222,727	698,269
Prior year adjustments		-	-	-	300	300
At 1 April 2004 (restated)		475,542	-	-	223,027	698,569
Funds allocated from						
Head Office		120,000	-	-	-	120,000
Profit for the year		-	-	-	92,760	92,760
At 31 March 2005		595,542	-	-	315,787	911,329
At 1 April 2005						
As previously stated		595,542	-	-	315,246	910,788
Prior year adjustments	(xxvi)	-	-	-	541	541
At 1 April 2005 (restated)		595,542	-	-	315,787	911,329
Transfer to non-Islamic banking business		(75,000)	-	-	1,906	(73,094)
Funds allocated from Head Office		42,839	-	-	-	42,839
Net unrealised loss on revaluation of securities available-for-sale		-	81	-	-	81
Translation adjustments		-	-	(9)	-	(9)
Profit for the year		-	-	-	148,272	148,272
At 31 March 2006		563,381	81	(9)	465,965	1,029,418

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

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

**CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006**

	Group	
	2006 RM'000	2005 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	206,955	129,002
Add/(Less) adjustments for:		
Specific allowance for bad and doubtful financing	152,637	202,379
Net interest suspended	13,351	14,054
General allowance for bad and doubtful financing	11,508	20,107
Transfer to profit equalization reserve	4,494	57,949
Depreciation of property and equipment	16	65
Net gain from sale of securities held-for-trading	(48,344)	(26,985)
Gain on revaluation of securities held-for-trading	(2,721)	(851)
Impairment writeback on securities held-to-maturity	(94)	(113)
Operating profit before working capital changes	337,802	395,607
(Increase)/Decrease in operating assets		
Deposit and placements with banks and other financial institutions	(24,826)	(47,300)
Securities held-for-trading	(62,939)	6,093
Financing, advances and other loans	343,851	(747,151)
Other receivables, deposits and prepayments	(2,281)	(12,612)
Statutory deposits with Bank Negara Malaysia	(44,169)	(32,031)
Increase/(Decrease) in operating liabilities		
Deposits from customers	882,309	479,874
Deposits and placements of banks and other financial institutions	(567,469)	340,640
Converted fund	(218,966)	(26,644)
Acceptances payable	185,000	43,303
Other liabilities	(103,094)	(93,149)
Cash generated from operating activities	725,218	306,630
Taxation paid	(66,068)	(71,520)
Net cash generated from operating activities	659,150	235,110
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of securities - net	(74,826)	-
Purchase of property and equipment	(7)	(57)
Net cash generated used in investing activities	(74,833)	(57)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from increase in capital funds	42,839	120,000
Net cash generated from financing activities	42,839	120,000
Net increase in cash and cash equivalents	627,156	355,053
Cash and cash equivalents at beginning of year	922,365	567,312
Cash and cash equivalents at end of year	1,549,521	922,365

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

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

NOTES TO THE ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS

(i) ISLAMIC BANKING BUSINESS

Disclosure of Shariah Advisor

The Group's Islamic banking activities are subject to conformity with Shariah requirements and confirmation by the Shariah Advisors, Dr Amir Husin Mohd Nor, En Adnan Bin Yusoff and Professor Madya Dr Noor Naemah Abdul Rahman. The role and authority of the Shariah Advisors are as follows:

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

(ii) CASH AND SHORT-TERM FUNDS

	Group	
	2006 RM'000	2005 RM'000
Cash and bank balances	4,921	9,167
Money on call and deposits maturing within one month:		
Licensed banks	544,600	580,950
Licensed finance companies	-	154,048
Other financial institutions	1,000,000	178,200
	1,549,521	922,365

(iii) DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	2006 RM'000	2005 RM'000
Bank Negara Malaysia	2,126	-
Licensed banks	100,000	77,300
	102,126	77,300

(iv) SECURITIES HELD-FOR-TRADING

At Fair Value

Money Market Securities:

Cagamas Mudharabah Bearer Bonds	100,077	60,362
Malaysian Government Investment Certificates	121,125	151,227
Negotiable Islamic debt certificates	319,876	235,532
Khazanah Bonds	913	110,351
Treasury bills	48,395	-
	590,386	557,472

Unquoted Securities Of Companies Incorporated In Malaysia:

Corporate bonds	-	49,009
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Unquoted Private Debt Securities of Companies Incorporated In Malaysia:

Corporate bonds	46,754	21,031
Islamic corporate bonds	160,933	56,557
	207,687	77,588

Total	798,073	684,069
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Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

	Group	
	2006 RM'000	2005 RM'000
(v) SECURITIES AVAILABLE-FOR-SALE		
At Fair Value		
Quoted Securities In Malaysia:		
Corporate bonds	18,830	-
(vi) SECURITIES HELD-TO-MATURITY		
At Amortised Cost		
Unquoted Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	56,171	-
Market/Indicative value:		
Unquoted Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	56,077	-
(vii) FINANCING, ADVANCES AND OTHER LOANS		
Term financing/Revolving credit facilities	1,186,319	1,108,168
Islamic hire purchase, net of unearned income	3,290,083	4,113,336
Credit card receivables	298,426	210,855
Trust receipts	20,560	13,513
Claims on customer under acceptance credits	280,504	163,961
Other financing	1,735,406	1,759,539
Gross financing, advances and other loans	6,811,298	7,369,372
Allowance for bad and doubtful debts and financing		
- general	(132,658)	(121,150)
- specific	(173,181)	(221,416)
	(305,839)	(342,566)
Net financing, advances and other loans	6,505,459	7,026,806
Financing, advances and other loans analysed by concepts are as follows:		
Al-Ijarah	3,960,416	4,148,511
Al-Bai' Bithaman Ajil	1,035,670	1,918,011
Al-Musyarakah	20,427	160,840
Al-Murabahah	389,193	217,797
Al-Bai In'nah	-	210,730
Al-Wujud	15,290	16,499
Al-Istina	661	3,833
Others	1,389,641	693,151
	6,811,298	7,369,372

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

	Group	
	2006 RM'000	2005 RM'000
The maturity structure of financing, advances and other loans are as follows:		
Maturing within one year	310,411	3,138,202
One year to three years	2,516,664	1,807,294
Three to five years	1,932,414	1,394,043
Over five years	2,051,809	1,029,833
	6,811,298	7,369,372

Financing, advances and other loans analysed by their economic purposes are as follows:

	2006		Group		2005	
	RM'000	%	RM'000	%	RM'000	%
Purchase of transport vehicles	3,837,375	56.3	4,014,576	54.5		
Consumption credit	1,375,165	20.3	930,158	12.6		
Purchase of landed property of which:						
(a) Residential	415,265	6.1	198,473	2.7		
(b) Non-residential	59,897	0.9	399,254	5.4		
Manufacturing	395,881	5.8	84,091	1.1		
Construction	162,346	2.4	213,789	2.9		
Agriculture	155,851	2.3	343,828	4.7		
General commerce	148,261	2.2	31,028	0.4		
Transport, storage and communication	110,121	1.6	145,015	2.0		
Electricity, gas and water	49,121	0.7	112,982	1.5		
Real estate	26,434	0.4	161,211	2.2		
Finance, insurance and business services	13,694	0.2	210,892	2.9		
Purchase of securities	9,906	0.1	6,809	0.1		
Mining and quarrying	3,337	0.0	139,132	1.9		
Investment holding	-	-	325,659	4.4		
Others	48,644	0.7	52,475	0.7		
	6,811,298	100.0	7,369,372	100.0		

Gross financing, advances and other loans analysed by type of customers are as follows:

	Group	
	2006 RM'000	2005 RM'000
Individuals	5,659,055	5,419,442
Small medium industries	410,532	1,170,065
Business enterprises	713,826	605,555
Government	21,137	21,245
Other domestic entities	4,279	149,328
Foreign entities	1,795	3,046
Non-bank financial institutions	674	691
	6,811,298	7,369,372

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

Financing, advances and other loans analysed by profit rate sensitivity are as follows:

	Group	
	2006 RM'000	2005 RM'000
Fixed rate		
Housing loans	415,579	399,620
HP receivables	4,329,941	4,727,581
Term loans	39,957	522,957
Others	1,960,889	1,700,083
Variable rate		
Cost-plus	64,932	19,131
	6,811,298	7,369,372

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

	Group	
	2006 RM'000	2005 RM'000
Gross		
Balance at beginning of year	574,873	956,842
Non-performing during the year	456,786	200,945
Reclassification to performing financing	(210,756)	(412,065)
Recoveries	(93,320)	(88,067)
Amount written off	(196,149)	(80,604)
Debt equity conversion	-	(2,178)
Balance at end of year	531,434	574,873
Specific allowance	(173,181)	(221,416)
Non-performing financing - net	358,253	353,457
Net NPL as % of gross financing, advances and other loans less specific allowance	4.05%	4.38%

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

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

	Group	
	2006 RM'000	2005 RM'000
Purchase of transport vehicles	252,457	265,396
Purchase of landed property of which:		
(a) Residential	99,393	72,113
(b) Non-residential	43,155	65,711
Construction	39,908	32,241
Consumption credit	34,870	17,413
Manufacturing	29,723	49,349
Real estate	11,487	26,996
General commerce	8,881	18,326
Purchase of securities	5,858	20,794
Transport, storage and communication	3,771	2,072
Agriculture	469	583
Finance, insurance and business services	447	177
Electricity, gas and water	186	188
Mining and quarrying	-	80
Others	829	3,434
	531,434	574,873

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

	Group	
	2006 RM'000	2005 RM'000
General Allowance		
Balance at beginning of year	121,150	101,043
Allowance made during the year	11,508	20,107
Balance at end of year	132,658	121,150
% of total financing, advances and other loans less specific allowance	1.50%	1.50%
Specific Allowance		
Balance at beginning of year	221,416	91,255
Allowance made during the year	239,322	270,782
Amount written back in respect of recoveries	(86,685)	(68,403)
Net charge to income statement	152,637	202,379
Reclassifications	-	29
Amount transferred to accumulated impairment loss on securities	(2,076)	-
Amount written off/Adjustment to Asset Deficiency Account	(198,796)	(72,247)
Balance at end of year	173,181	221,416

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

(viii) PROPERTY AND EQUIPMENT

Group	Leasehold improvements RM'000	Computer hardware and software RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
COST				
At beginning and end of year	453	267	394	1,114
Addition	-	7	-	7
Transfers	-	-	(9)	(9)
	453	274	385	1,112
ACCUMULATED DEPRECIATION				
At beginning of year	452	232	374	1,058
Addition	1	6	9	16
At end of year	453	238	383	1,074
NET BOOK VALUE				
As at 31 March 2006	-	36	2	38
As at 31 March 2005	1	35	20	56
Depreciation charge for the year ended 31 March 2005	37	12	16	65

(ix) DEPOSITS FROM CUSTOMERS

	Group	
	2006 RM'000	2005 RM'000
Mudarabah Fund		
Special Investment deposits	247,537	311,881
General Investment deposits	3,405,198	2,729,158
Non-Mudarabah Fund		
Demand deposits	200,789	103,869
Saving deposits	508,347	395,691
Negotiable Islamic debt certificates	99,887	38,850
	4,461,758	3,579,449
The maturity structure of deposits from customers is as follows:		
Due within six months	4,063,532	3,298,011
Six months to one year	341,892	165,852
One year to three years	48,633	108,285
Three years to five years	7,701	7,301
	4,461,758	3,579,449

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

The deposits are sourced from the following types of customers:

	Group	
	2006 RM'000	2005 RM'000
Government and statutory bodies	811,397	711,804
Business enterprises	2,152,875	1,544,440
Individuals	1,362,917	1,168,862
Others	134,569	154,343
	4,461,758	3,579,449

(x) DEPOSITS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

Mudarabah Fund		
Licensed banks	9,601	99,614
Other financial institutions	1,278,650	1,285,183
Non-Mudarabah Fund		
Licensed banks	539,018	1,293,660
Licensed finance companies	-	95,060
Licensed merchant banks	760,694	147,153
Other financial institutions	724,141	958,903
	3,312,104	3,879,573

(xi) CONVERTED FUND

This represent funds transferred from non-Islamic banking business to Islamic banking business for funding purposes at commercial terms.

(xii) OTHER LIABILITIES

	Group	
	2006 RM'000	2005 RM'000
Other payables and accruals	144,700	153,586
Taxation and zakat payable	16,377	39,431
Amount owing to head office	-	18,615
Lease deposits and advance rentals	14,560	17,050
Profit equalisation reserve	116,755	112,261
	292,392	340,943

The movements in profit equalisation reserve are as follows:

Balance at beginning of year	112,261	54,312
Provision during the year	9,459	62,540
Amount written back	(4,965)	(4,591)
Transfer from income statement	4,494	57,949
Balance at end of year	116,755	112,261

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

(xiii) CAPITAL FUNDS

	Group	
	2006 RM'000	2005 RM'000
Allocated :		
Balance at beginning of year	610,542	610,542
Increase	42,839	-
Transfer to non-Islamic banking business	(90,000)	-
Balance at end of year	563,381	610,542
Utilised :		
Balance at beginning of year	595,542	475,542
Transfer to non-Islamic banking business	(75,000)	-
Increase during the year	42,839	120,000
Balance at end of year	563,381	595,542

(xiv) INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Group	
	2006 RM'000	2005 RM'000
Income derived from investment of:		
(i) general investment deposits	326,005	321,297
(ii) specific investment deposits	3,733	7,757
(iii) other deposits	359,369	270,405
	689,107	599,459
(i) Income derived from investment of general investment deposits:		
Finance income and hibah :		
Financing, advances and other loans	295,961	299,340
Securities held-for-trading	6,725	3,365
Money at call and deposits with financial institutions	13,270	11,669
	315,956	314,374
Net interest suspended	(5,757)	(2,454)
Accretion of discount	4,490	5,149
	314,689	317,069
Net gain from sale of securities held-for-trading	365	150
Gain on revaluation of securities-held-for-trading	1,380	264
	1,745	414
Fee and commission income:		
Commission	576	307
Other fee income	8,995	3,507
	9,571	3,814
Total	326,005	321,297

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

	Group	
	2006 RM'000	2005 RM'000
(ii) Income derived from investment of specific investment deposits:		
Finance income and hibah:		
Securities available-for-sale	845	-
Securities held-to-maturity	2,845	-
Financing, advances and other loans	43	7,757
	3,733	7,757
(iii) Income derived from investment of other deposits:		
Finance income and hibah:		
Financing, advances and other loans	332,955	248,717
Securities held-for-trading	3,469	5,598
Securities available-for-sale	11	-
Securities held-to-maturity	38	444
Money at call and deposits with financial institutions	9,164	5,291
	345,637	260,050
Net interest suspended	(6,611)	(11,163)
Accretion of discount	6,167	11,645
	345,193	260,532
Net gain from sale of securities held-for-trading	441	231
Gain on revaluation of securities-held-for-trading	944	483
	1,385	714
Fee and commission income:		
Commission	844	529
Other fee income	11,947	8,630
	12,791	9,159
Total	359,369	270,405
(xv) ALLOWANCE FOR LOSSES ON FINANCING		
Allowance for bad and doubtful financing:		
- general allowance	11,508	20,107
- specific allowance (net)	152,637	202,379
	164,145	222,486
Bad debts recovered	(2,259)	(12,988)
	161,886	209,498

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

(xvi) INCOME ATTRIBUTABLE TO THE DEPOSITORS

	Group	
	2006 RM'000	2005 RM'000
Deposits from customers		
- Mudarabah Fund	88,440	87,075
- Non-Mudarabah Fund	16,544	9,890
Deposits and placements of banks and other financial institutions		
- Mudarabah Fund	39,781	36,150
- Non-Mudarabah Fund	115,929	104,109
Converted fund	15,412	22,633
	276,106	259,857

(xvii) INCOME DERIVED FROM ISLAMIC BANKING FUNDS

Finance income and hibah:		
Financing, advances and other loans	51,730	56,151
Securities held-for-trading	2,612	1,012
Securities available-for-sale	36	-
Securities held-to-maturity	119	-
Money at call and deposits with financial institutions	6,209	2,583
	60,706	59,746
Net interest suspended	(983)	(437)
Accretion of discount	769	1,431
	60,492	60,740
Net gain from sale of securities held-for-trading	47,538	26,604
Gain on revaluation of securities-held-for-trading	397	104
	47,935	26,708
Fee and commission income:		
Guarantee fees	3,039	3,200
Other fee income	16,075	5,715
	19,114	8,915
Total	127,541	96,363

(xviii) OPERATING EXPENDITURE

Personnel costs	69,808	1,489
Establishment costs	33,500	98
Marketing and communication expenses	52,996	34,845
Administration and general expenses	10,997	3,197
	167,301	39,629

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

(xix) TAXATION

	Group	
	2006 RM'000	2005 RM'000
Estimated current tax payable	43,014	71,523
Transfer from/(to) deferred tax assets (Note xx)	15,669	(35,281)
Total	58,683	36,242

(xx) DEFERRED TAX ASSETS

Balance at beginning of year	84,398	49,117
Net transfer (to)/from income statement (Note xix)	(15,669)	35,281
Balance at end of year	68,729	84,398

The deferred taxation is in respect of the following:

General allowance for financing activities	37,144	33,923
Profit equalisation reserve	32,691	31,433
Temporary differences arising from gain on revaluation of securities held-for-trading	(1,099)	(1,914)
Unabsorbed tax losses	-	18,059
Temporary differences arising from impairment of securities held-to-maturity	-	2,906
Temporary difference between depreciation and tax allowance	(7)	(9)
	68,729	84,398

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

(xxi) COMMITMENTS AND CONTINGENCIES

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

As at 31 March 2006, the commitments and contingencies outstanding are as follows:

Group	2006			2005		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
Commitments						
Irrevocable commitments to extend credit maturing:						
within one year	883,667	-	-	810,084	-	-
more than one year	30,055	15,028	15,028	36,959	18,479	18,479
Direct credit substitutes	98,816	98,816	61,985	30,000	30,000	6,000
Sale and buy back agreements	2,174,849	2,174,849	915,378	1,797,882	1,797,882	965,427
	3,187,387	2,288,693	992,391	2,674,925	1,846,361	989,906
Contingent Liabilities						
Islamic revolving underwriting facilities	485,000	242,500	218,100	294,000	147,000	126,600
Certain transaction-related contingent items	28,506	14,253	14,253	24,671	12,336	12,336
Financing sold to Cagamas Bhd	2,205,827	2,205,827	2,205,807	928,658	928,658	927,011
Short-term self liquidating trade-related contingencies	21,056	4,211	4,211	19,660	3,932	3,828
Al-Kafalah guarantees	228,112	228,112	114,056	279,264	279,264	161,915
Others	6,225	-	-	44	-	-
	2,974,726	2,694,903	2,556,427	1,546,297	1,371,190	1,231,690
	6,162,113	4,983,596	3,548,818	4,221,222	3,217,551	2,221,596

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

(xxii) 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.

Group 2006	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- yield/ profit sensitive RM'000	Trading book RM'000	Total RM'000	Effective profit rate %
ASSETS										
Cash and short-term funds	1,544,600	-	-	-	-	-	4,921	-	1,549,521	3.21
Deposits and placements with banks and other financial institutions	-	102,126	-	-	-	-	-	-	102,126	2.91
Securities held-for-trading	-	-	-	-	-	-	-	798,073	798,073	3.63
Securities available-for-sale	-	-	18,576	-	-	-	254	-	18,830	5.64
Securities held-to-maturity	-	55,247	-	-	-	-	924	-	56,171	6.21
Financing, advances and other loans										
- performing	352,240	158,755	100,530	89,131	1,166,650	4,412,558	-	-	6,279,864	7.58
- non-performing*	-	-	-	-	-	-	225,595	-	225,595	-
Other non-profit sensitive balances	-	-	-	-	-	-	376,657	-	376,657	-
TOTAL ASSETS	1,896,840	316,128	119,106	89,131	1,166,650	4,412,558	608,351	798,073	9,406,837	
LIABILITIES AND ISLAMIC BANKING FUNDS										
Deposits from customers	2,709,312	818,807	555,149	322,156	56,334	-	-	-	4,461,758	2.80
Deposits and placements of banks and other financial institutions	950,789	690,211	531,454	132,893	1,006,757	-	-	-	3,312,104	3.21
Converted fund	80,285	-	-	81	2,345	-	-	-	82,711	-
Acceptances payable	67,871	132,957	27,626	-	-	-	-	-	228,454	-
Other non-profit sensitive balances	-	-	-	-	-	-	292,392	-	292,392	-
Total liabilities	3,808,257	1,641,975	1,114,229	455,130	1,065,436	-	292,392	-	8,377,419	
Islamic Banking Funds	-	-	-	-	-	-	1,029,418	-	1,029,418	
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	3,808,257	1,641,975	1,114,229	455,130	1,065,436	-	1,321,810	-	9,406,837	
On-balance sheet yield/profit rate gap sensitivity	(1,911,417)	(1,325,847)	(995,123)	(365,999)	101,214	4,412,558	(713,459)	798,073	-	
Off-balance sheet yield/profit rate gap sensitivity	(1,233,373)	(487,473)	(295,956)	(1,521)	1,661,213	357,110	-	-	-	
Total yield/profit rate gap sensitivity	(3,144,790)	(1,813,320)	(1,291,079)	(367,520)	1,762,427	4,769,668	(713,459)	798,073	-	
Cumulative yield/profit rate gap sensitivity	(3,144,790)	(4,958,110)	(6,249,189)	(6,616,709)	(4,854,282)	(84,614)	(798,073)	-	-	

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

Group 2005	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- yield/ profit sensitive RM'000	Trading book RM'000	Total RM'000	Effective profit rate %
ASSETS										
Cash and short-term funds	916,453	-	-	-	-	-	5,912	-	922,365	2.73
Deposits and placements with banks and other financial institutions	-	77,300	-	-	-	-	-	-	77,300	2.80
Securities held-for-trading	-	-	-	-	-	-	-	684,069	684,069	3.82
Financing, advances and other loans										
- performing	435,449	766,240	399,436	779,153	3,739,313	674,908	-	-	6,794,499	7.97
- non-performing*	-	-	-	-	-	-	232,307	-	232,307	-
Other non-profit sensitive balances	-	-	-	-	-	-	345,885	-	345,885	-
TOTAL ASSETS	1,351,902	843,540	399,436	779,153	3,739,313	674,908	584,104	684,069	9,056,425	
LIABILITIES AND ISLAMIC BANKING FUNDS										
Deposits from customers	1,871,225	950,306	363,075	165,852	125,123	-	103,868	-	3,579,449	2.81
Deposits and placements of banks and other financial institutions	940,990	1,457,278	344,863	576,851	548,411	-	11,180	-	3,879,573	3.18
Converted fund	5,704	152,741	5,370	1,073	-	-	136,789	-	301,677	3.24
Acceptances payable	6,813	15,013	21,628	-	-	-	-	-	43,454	-
Other non-profit sensitive balances	-	-	-	-	-	-	340,943	-	340,943	-
Total liabilities	2,824,732	2,575,338	734,936	743,776	673,534	-	592,780	-	8,145,096	
Islamic Banking Funds	-	-	-	-	-	-	911,329	-	911,329	
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	2,824,732	2,575,338	734,936	743,776	673,534	-	1,504,109	-	9,056,425	
On-balance sheet yield/profit rate gap sensitivity	(1,472,830)	(1,731,798)	(335,500)	35,377	3,065,779	674,908	(920,005)	684,069	-	
Off-balance sheet yielded/profit rate gap sensitivity	(696,772)	(764,617)	(240,651)	410,362	1,048,074	243,604	-	-	-	
Total yield/profit rate gap sensitivity	(2,169,602)	(2,496,415)	(576,151)	445,739	4,113,853	918,512	(920,005)	684,069	-	
Cumulative yield/profit rate gap sensitivity	(2,169,602)	(4,666,017)	(5,242,168)	(4,796,429)	(682,576)	235,936	(684,069)	-	-	

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

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

(xxiii) FAIR VALUE OF ISLAMIC BANKING BUSINESS FINANCIAL INSTRUMENTS

The estimated fair values of the Group Islamic banking business financial instruments are as follows:

Group	2006		2005	
	Carrying Value RM'000	Fair Value RM'000	Carrying Value RM'000	Fair Value RM'000
Financial Assets				
Cash and short-term funds	1,549,521	1,549,521	922,365	922,365
Deposit and placements with banks and other financial institutions	102,126	102,126	77,300	77,300
Securities held-for-trading	798,073	798,073	684,069	684,069
Securities available-for-sale	18,830	18,830	-	-
Securities held-to-maturity	56,171	56,077	-	-
Financing, advances and other loans*	6,638,117	6,825,547	7,147,956	7,458,367
Other financial assets	18,040	18,040	15,750	15,750
	9,180,878	9,368,214	8,847,440	9,157,851
Non-financial assets	225,959		208,985	
TOTAL ASSETS	9,406,837		9,056,425	
Financial Liabilities				
Deposits from customers	4,461,758	4,470,480	3,579,449	3,589,364
Deposits and placements of banks and other financial institutions	3,312,104	3,303,308	3,879,573	3,885,932
Converted fund	82,711	82,711	301,677	301,677
Acceptances payable	228,454	228,454	43,454	43,454
Other financial liabilities	159,260	159,260	189,251	189,251
	8,244,287	8,244,214	7,993,404	8,009,678
Non-financial liabilities				
Other non-financial liabilities	133,132		151,692	
Islamic Banking Funds	1,029,418		911,329	
	1,162,550		1,063,021	
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	9,406,837		9,056,425	

* The general allowance for the Group amounting to RM132,658,000 (RM121,150,000 as at 31 March 2005) has been included under non-financial assets.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

(xxiv) NET INCOME FROM ISLAMIC BANKING BUSINESS

For consolidation with the conventional business, net income from Islamic banking business comprises the following items:

	Group	
	2006 RM'000	2005 RM'000
Income derived from investment of depositors' funds and others	689,107	599,459
Less : Income attributable to depositors	(276,106)	(259,857)
Income attributable to the Group	413,001	339,602
Income derived from Islamic Banking Funds	127,541	96,363
	540,542	435,965

(xxv) CAPITAL ADEQUACY RATIO

(i) 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 ratio, the Group's capital adequacy ratio of the Islamic banking business are as follows:

	2006 RM'000	2005 RM'000
Tier 1 capital		
Capital funds	563,381	595,542
Exchange fluctuation reserve	(9)	-
Unappropriated profit at end of year	465,965	315,246
Total tier 1 capital	1,029,337	910,788
Less: Deferred tax assets - net	(68,729)	(84,509)
	960,608	826,279
Tier 2 capital		
General allowance for bad and doubtful financing	132,658	121,150
Capital base	1,093,266	947,429
Capital Ratios:		
Core capital ratio	9.41%	8.73%
Risk-weighted capital ratio	10.71%	10.01%

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

	2006		2005	
	Principal RM'000	Risk- Weighted RM'000	Principal RM'000	Risk- Weighted RM'000
0%	1,695,878	-	1,416,097	-
10%	1,623	162	54,433	5,443
20%	716,794	143,359	1,467,968	293,594
50%	544,574	272,287	573,396	286,698
100%	8,733,532	8,733,532	8,877,003	8,877,003
	11,692,401	9,149,340	12,388,897	9,462,738
Add : Total equivalent to market risk		1,054,588		
		10,203,928		

The capital adequacy ratio of the Group as at 31 March 2005 has not been restated for prior year adjustments effect as mentioned in Note xxvi below.

Notes to the Financial Statements (cont'd)

For The Year Ended 31 March 2006

(xxvi) PRIOR YEAR'S ADJUSTMENTS

The prior year's adjustments relate to the change in accounting policy on adoption of revised GP8/BNM as described in Note 54 to the financial statements.

The presentation and classification of items in the current year's financial statements are consistent with the previous financial year except that the following figures which have been restated as a result of the adoption of the revised BNM/GP8:

	As previously stated RM'000	Effect of change RM'000	As restated RM'000
Balance Sheet			
As at 31 March 2005			
Dealing securities	178,506	(178,506)	-
Investment securities	504,811	(504,811)	-
Securities held-for-trading	-	684,069	684,069
Deferred tax assets	84,509	(111)	84,398
Other liabilities	340,843	100	340,943
Unappropriated profit	315,246	541	315,787
Income Statement			
Financial year ended 31 March 2005			
Income derived from investment of depositors' funds and others	597,810	1,649	599,459
Reversal of allowance for diminution in value of investments	738	(738)	-
Impairment writeback on securities held-to-maturity	-	113	113
Income attributable to the depositors	(259,052)	(805)	(259,857)
Income derived from Islamic Banking Funds	96,247	116	96,363
Taxation	(36,148)	(94)	(36,242)
Profit after taxation	92,519	241	92,760

56. CURRENCY

All amounts are in Ringgit Malaysia.

List of Landed Properties

As At 31 March 2006

Location	Description	Age of Properties	Tenure	Net Book Value (RM)	Built-up Area (Sq.Ft)	Date of Acquisition
The properties owned by the subsidiary companies are as follows:						
Perlis Indera Kayangan						
13, Jalan Jubli Perak 01000 Kangar Perlis Indera Kayangan	One unit of double storey shoplot for branch premises	22 years	Freehold	117,145	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	33 years	Freehold	55,332	2,720	31 Dec 1990
27, Jalan Trump Kuala Sepetang 34650 Taiping Perak Darul Ridzuan	One unit of double storey shoplot for branch premises	23 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	24 years	Freehold	257,989	7,040	1 Nov 1991
107, Jalan Tokong Datoh 33300 Grik Perak Darul Ridzuan	One unit of two-storey shoplot for branch premises	21 years	Leasehold Term: 99 years Expiry: 30 Oct 2084	181,055	5,695	29 Dec 1990
2 & 4, Jalan Temenggong Pusat Bandar 34200 Parit Buntar Perak Darul Ridzuan	Two units of two-storey shoplots for branch premises	17 years	Leasehold Term: 99 years Expiry: Oct 2088	296,188	6,722	23 Dec 1993
Pulau Pinang						
1 & 3, Lorong Murni 6 Taman Desa Murni, Sungai Dua 13800 Butterworth Pulau Pinang	Two units of double storey shoplots for branch premises	14 years	Freehold	594,718	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 shop office	6 years	Freehold	1,537,669	10,307	28 Nov 1998
1311, Jalan Besar 14200 Sungai Bakap Province Wellesley Pulau Pinang	One unit of two-storey shoplot for branch premises	16 years	Freehold	205,462	3,894	7 Dec 1992
4194, Jalan Bagan Luar 12000 Butterworth Pulau Pinang	Two units of two-storey shoplots for branch premises	21 years	Freehold	234,930	7,200	16 Sep 1992

List of Landed Properties

As At 31 March 2006 (cont'd)

Location	Description	Age of Properties	Tenure	Net Book Value (RM)	Built-up Area (Sq.Ft)	Date of Acquisition
Wilayah Persekutuan – Kuala Lumpur						
Menara AmBank 8, Jalan Yap Kwan Seng 50450 Kuala Lumpur	46-storey office building for operations and rental	8 years	Freehold	193,133,896	927,070	13 Mar 1990
Wisma AmBank 113, Jalan Pudu 55100 Kuala Lumpur	One unit 12-storey office building for operations and branch premises	20 years	Freehold	15,806,001	55,700	4 Nov 1991
Warisan MBf Jalan Tun H. S. Lee 50050 Kuala Lumpur	Four-storey pre-war shophouse used for branch premises	63 years	Freehold	4,864,851	16,114	24 Apr 1991
2 & 4, Jalan 12/5 Taman Melati, Setapak 53100 Kuala Lumpur	Two units of two-storey shophouses for storage purposes	15 years	Freehold	355,753	5,600	17 July 1992
2 & 4, Jalan 23/70A Desa Sri Hartamas 55048 Kuala Lumpur	Two units of four-storey shophouses for rental purposes	7 years	Freehold	3,298,070	13,504	23 Apr 1998
85, 87, 89, 107, 109 & 111 Jalan 3/93, Taman Miharja 55200 Kuala Lumpur	Six units of three-storey shophouses for rental purposes	16 years	Leasehold Term: 99 years Expiry: 11 Aug 2086	2,686,054	30,528	9 Mar 1992
45, Jalan 45/26 Taman Sri Rampai, Setapak 53300 Kuala Lumpur	One unit of three-storey shophouse for storage purposes	20 years	Freehold	195,325	1,399	20 Feb 1991
8th & 9th Floors Bangunan AMDB 1, Jalan Lumut 50400 Kuala Lumpur	Two floors of office space for operations	13 years	Freehold	7,542,439	25,488	18 May 1994
Wilayah Persekutuan – Labuan						
A (03-6) & E (03-1) Kerupang II 87000 Federal Territory of Labuan	Two units of three-room walk-up apartment for residential purposes	11 years	Leasehold Term: 99 years Expiry: 25 Apr 2058	379,781	1,016	30 June 1996
Alpha Park Tower Condo Labuan, 10th Floor Financial Park Complex 87000 Federal Territory of Labuan	Condominium for residential purposes	10 years	Leasehold Term: 99 years Expiry: 31 Dec 2090	451,536	1,679	1 July 1996

List of Landed Properties

As At 31 March 2006 (cont'd)

Location	Description	Age of Properties	Tenure	Net Book Value (RM)	Built-up Area (Sq.Ft)	Date of Acquisition
Selangor Darul Ehsan						
11, Jalan Taman Off Jalan Melayu, 41300 Klang Selangor Darul Ehsan	One unit of four-storey shoplot under joint venture for rental	21 years	Leasehold Term: 20 years Expiry: July 2006	22,313	6,200	4 Nov 1991
7 & 9, Jalan Perusahaan 2 Off Jalan Kolej 43300 Seri Kembangan Selangor Darul Ehsan	Two units of two-storey commercial complex for branch premises	20 years	Leasehold Term: 40 years Expiry: May 2017	511,869	8,000	25 Nov 1995
Damansara Fairway 3 6C, Persiaran Tropicana Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor Darul Ehsan	One unit of 13-storey office building	15 years	Leasehold Term: 99 years Expiry: 25 Oct 2090	18,108,415	76,120	13 Oct 2000
Pahang Darul Makmur						
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	22 years	Leasehold Term: 85 years Expiry: Aug 2067	160,426	980	30 Nov 1985
Melaka						
Lot 43 & 44, Sec 7 Jalan Hang Tuah Town Area XXI, Melaka Tengah Melaka	Two pieces of vacant land for rental purposes	15 years	Freehold	3,492,416	26,789	4 Nov 1991
Negeri Sembilan Darul Khusus						
226, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus	One unit of abandoned four-storey shophouse	22 years	Freehold	141,067	5,200	4 Nov 1991
22 & 23, Jalan Dato' Lee Fong Yee 70000 Seremban Negeri Sembilan Darul Khusus	Two units of four-storey shoplots for branch premises	21 years	Freehold	1,124,716	22,000	15 Mar 1990
Lot 4261 GM395 Mukim Jimah Port Dickson Negeri Sembilan Darul Khusus	One unit of two-storey shophouse	9 years	Freehold	31,069	1,765	25 Apr 1997

List of Landed Properties

As At 31 March 2006 (cont'd)

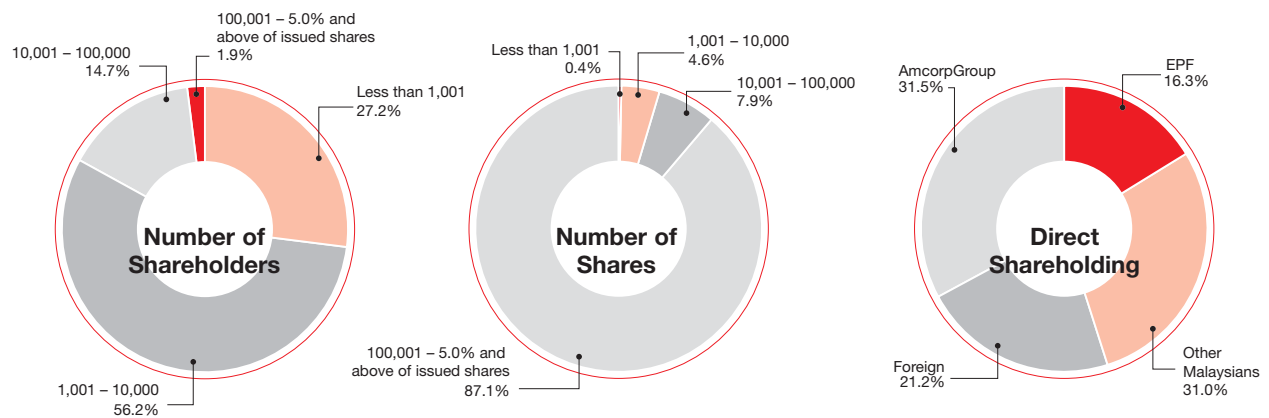
Location	Description	Age of Properties	Tenure	Net Book Value (RM)	Built-up Area (Sq.Ft)	Date of Acquisition
Johor Darul Takzim						
S142, Bt 22, Jalan Mersing Kahang New Village 86700 Kahang Johor Darul Takzim	One unit of double storey shoplot for branch premises	23 years	Freehold	74,390	2,300	4 Nov 1991
33 & 35, Jalan Permatang 12 Taman Desa Jaya 81100 Johor Bahru Johor Darul Takzim	Two units of two-storey shoplots for storage purposes	16 years	Freehold	408,502	5,800	8 July 1990
31-7, Jalan Raya Kulai Besar 81000 Kulai Johor Darul Takzim	One unit of shoplot for branch premises	18 years	Freehold	401,095	6,930	19 May 1992
14 & 15, Jalan Abdullah 85000 Segamat Johor Darul Takzim	Two units of four-storey shoplots for branch premises	66 years	Freehold	386,758	5,832	12 June 1985
100, Jalan Besar 83700 Yong Peng Johor Darul Takzim	One unit of shoplot for branch premises	68 years	Freehold	227,576	3,120	12 June 1985
PTD No.3700, 3702, 3887, 4338 and 4339 H.S.(D) 9062, 9064, 9249, 9695 and 9696 Mukim Paloh, Daerah Kluang Johor Darul Takzim	Five pieces of bungalow land	N/A	Freehold	227,848	28,418	29 Dec 1999
PT 4758, 4759, 4760, 4761, 4762, 4763, 4764 and 4765 H.S.(D) 10114, 10115, 10116 10117, 10118, 10119, 10120 and 10121 Mukim Paloh, Daerah Kluang Johor Darul Takzim	Eight pieces of semi-detached land	N/A	Freehold	239,616	29,952	29 Dec 1999
Kelantan Darul Naim						
707, Jalan Masjid Lama 17000 Pasir Mas Kelantan Darul Naim	One unit of two-storey shoplot for branch premises	28 years	Leasehold Term: 66 years Expiry: Jan 2061	335,159	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	23 years	Freehold	162,804	3,600	4 Nov 1991
Sabah and Sarawak						
257, Jalan Haji Taha 93400 Kuching Sarawak	Seven-storey office building for branch premises and rental	7 years	Leasehold Term: 855 years Expiry: July 2792	14,375,384	51,906	31 Dec 1994

Shareholding and Warrant Holding Structures

As At 26 June 2006

Analysis of Shareholdings

Authorised Share Capital : RM5,000,000,000
 Paid-up Share Capital : RM2,130,538,695
 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	1,070	2.59	43,594	0.00
100 – 1,000	10,173	24.63	8,188,608	0.38
1,001 – 10,000	23,218	56.22	97,363,557	4.57
10,001 – 100,000	6,076	14.71	167,420,062	7.86
100,001 – less than 5.0% of issued shares	760	1.84	1,067,513,919	50.11
5.0% and above of issued shares	3	0.01	790,008,955	37.08
Total	41,300	100.00	2,130,538,695	100.00
Location of Shareholders				
Malaysia	39,555	95.77	1,678,473,551	78.79
Singapore	500	1.21	8,855,531	0.42
Hong Kong	11	0.02	969,124	0.04
Australia	42	0.10	613,974	0.03
Japan	3	0.01	22,000	0.00
United States	15	0.04	242,658	0.01
Other Countries	1,174	2.85	441,361,857	20.71
Total	41,300	100.00	2,130,538,695	100.00
Types of Shareholders (By Nationality)				
Malaysian				
– Individual	34,167	82.73	234,462,699	11.00
– Nominee companies	4,774	11.56	899,526,573	42.22
– Other companies	614	1.48	544,484,279	25.57
Singaporean	500	1.21	8,855,531	0.42
Hong Kong Nationals	11	0.02	969,124	0.04
Australian	42	0.10	613,974	0.03
Japanese	3	0.01	22,000	0.00
American	15	0.04	242,658	0.01
Other Nationalities	1,174	2.85	441,361,857	20.71
Total	41,300	100.00	2,130,538,695	100.00

Shareholding and Warrant Holding Structures

As At 26 June 2006 (cont'd)

30 Largest Shareholders

	No. of Shares	%
1. UOBM Nominees (Tempatan) Sdn Bhd – AmcorpGroup Berhad	389,126,825	18.27
2. Employees Provident Fund Board	265,276,534	12.45
3. AmcorpGroup Berhad	135,605,596	6.37
4. Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd – AmcorpGroup Berhad	77,095,000	3.62
5. UOBM Nominees (Tempatan) Sdn Bhd – AmcorpGroup Berhad	65,000,000	3.05
6. Regal Genius Sdn Bhd	29,490,000	1.38
7. Valuecap Sdn Bhd	27,134,900	1.27
8. Malaysia Nominees (Tempatan) Sdn Bhd – Great Eastern Life Assurance (Malaysia) Berhad	26,174,900	1.23
9. Cartaban Nominees (Asing) Sdn Bhd – Government of Singapore Investment Corporation Pte Ltd for Government of Singapore	24,431,799	1.15
10. Cartaban Nominees (Tempatan) Sdn Bhd – Amanah SSCM Nominees (Tempatan) Sdn Bhd for Employees Provident Fund Board	23,886,480	1.12
11. HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (U.A.E.)	22,423,405	1.05
12. HSBC Nominees (Asing) Sdn Bhd – Exempt An for Morgan Stanley & Co. Incorporated	19,201,775	0.90
13. Citigroup Nominees (Asing) Sdn Bhd – Exempt An for American International Assurance Company Limited	18,969,334	0.89
14. HSBC Nominees (Asing) Sdn Bhd – HSBC-FS for Target Asia Fund Limited	15,065,100	0.71
15. Amanah Raya Nominees (Tempatan) Sdn Bhd – Skim Amanah Saham Bumiputera	14,250,000	0.67
16. Citigroup Nominees (Asing) Sdn Bhd – CBNY for DFA Emerging Markets Fund	14,093,744	0.66
17. Citigroup Nominees (Tempatan) Sdn Bhd – CMS Dresdner Asset Management Sdn Bhd for Employees Provident Fund	14,000,000	0.66
18. Pertubuhan Keselamatan Sosial	13,199,940	0.62
19. Citigroup Nominees (Asing) Sdn Bhd – Chase Manhattan Trustees Limited for Pacific Trust	13,083,900	0.61

Shareholding and Warrant Holding Structures

As At 26 June 2006 (cont'd)

30 Largest Shareholders

	No. of Shares	%
20. Citigroup Nominees (Tempatan) Sdn Bhd – ING Insurance Berhad	13,060,273	0.61
21. Cartaban Nominees (Asing) Sdn Bhd – Government of Singapore Investment Corporation Pte Ltd for Monetary Authority of Singapore	12,499,500	0.59
22. Cartaban Nominees (Asing) Sdn Bhd – Investors Bank and Trust Company for Ishares, Inc	12,390,000	0.58
23. HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (Saudi Arabia)	10,994,700	0.52
24. Amanah Raya Nominees (Tempatan) Sdn Bhd – Amanah Saham Malaysia	10,437,120	0.49
25. Amanah Raya Nominees (Tempatan) Sdn Bhd – Sekim Amanah Saham Nasional	10,110,500	0.47
26. RHB Nominees (Tempatan) Sdn Bhd – RHB Asset Management Sdn Bhd for Kumpulan Wang Simpanan Pekerja	9,767,980	0.46
27. HSBC Nominees (Asing) Sdn Bhd – Pictet and CIE for Pictet Asia Growth Fund FCP	9,573,400	0.45
28. SBB Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board	9,360,500	0.44
29. HSBC Nominees (Asing) Sdn Bhd – TNTC for Government of Singapore Investment Corporation Pte Ltd	8,962,000	0.42
30. HLG Nominee (Tempatan) Sdn Bhd – PB Trustee Services Berhad for HLG Growth Fund	8,531,860	0.40
Total	1,323,197,065	62.11

Substantial Shareholders According to the Register of Substantial Shareholders

	No. of Shares			
	Direct Interest	%	Deemed Interest	%
Tan Sri Dato' Azman Hashim	–	–	701,181,468 ⁽¹⁾	32.91
Slan Sdn Bhd	–	–	701,181,468 ⁽¹⁾	32.91
Ginagini Sdn Bhd	–	–	701,181,468 ⁽¹⁾	32.91
AmcorpGroup Berhad	671,252,421	31.51	29,929,047 ⁽²⁾	1.40
Employees Provident Fund Board	347,119,014	16.29	–	–

Notes:

⁽¹⁾ Deemed interested through AmcorpGroup Berhad, Regal Genius Sdn Bhd and AMDB Equipment Trading Sdn Bhd.

⁽²⁾ Deemed interested through Regal Genius Sdn Bhd and AMDB Equipment Trading Sdn Bhd.

Shareholding and Warrant Holding Structures

As At 26 June 2006 (cont'd)

Analysis of Warrant 1997/2007 Holdings

No. of Warrants in Issue	: 143,534,078
Exercise Price of Warrants	: RM6.51
Exercise Period of Warrants	: 14 May 1998 – 13 May 2007 (Only in the months of January, April, July and October)
Exercise Rights	: Each warrant entitles the holder to subscribe for one new ordinary share of RM1.00 each in the Company.
Voting Rights at meetings of warrant holders	: 1 vote per warrant holder on a show of hands 1 vote per warrant on a poll

	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrants
Size of Warrant Holdings				
Less than 100	1,243	16.90	81,681	0.06
100 – 1,000	956	12.99	523,615	0.36
1,001 – 10,000	3,232	43.93	15,891,912	11.07
10,001 – 100,000	1,684	22.89	56,457,009	39.33
100,001 – less than 5.0% of issued warrants	242	3.29	70,579,861	49.18
5.0% and above of issued warrants	–	0.00	–	0.00
Total	7,357	100.00	143,534,078	100.00
Location of Warrant Holders				
Malaysia	7,188	97.71	133,903,227	93.28
Singapore	55	0.74	489,929	0.34
Australia	1	0.01	1,649	0.00
United States	3	0.04	31,095	0.02
Other Countries	110	1.50	9,108,178	6.36
Total	7,357	100.00	143,534,078	100.00
Types of Warrant Holders (By Nationality)				
Malaysian				
– Individual	6,175	83.94	98,351,511	68.52
– Nominee companies	952	12.94	32,200,600	22.43
– Other companies	61	0.83	3,351,116	2.33
Singaporean	55	0.74	489,929	0.34
Australian	1	0.01	1,649	0.00
American	3	0.04	31,095	0.02
Other Nationalities	110	1.50	9,108,178	6.36
Total	7,357	100.00	143,534,078	100.00

Shareholding and Warrant Holding Structures

As At 26 June 2006 (cont'd)

30 Largest Warrant Holders

	No. of Warrants	%
1. Citigroup Nominees (Asing) Sdn Bhd – GSI for DKR Soundshore Oasis Holding Fund Ltd	2,500,000	1.74
2. Cimsec Nominees (Tempatan) Sdn Bhd – Exempt An for CIMB-GK Securities Pte Ltd	1,964,288	1.37
3. Citigroup Nominees (Asing) Sdn Bhd – Merrill Lynch International	1,955,129	1.36
4. Citigroup Nominees (Tempatan) Sdn Bhd – Janaki @ Mallika a/p Palaniappan	1,662,400	1.16
5. Tan Boon Har	1,394,916	0.97
6. IOI Corporation Berhad	1,319,696	0.92
7. Mayban Nominees (Tempatan) Sdn Bhd – Kek Lian Lye	1,222,633	0.85
8. JF Apex Nominees (Tempatan) Sdn Bhd – See Kooi Lum @ Chui Sue Lim	1,100,000	0.77
9. Chew Ee Suan	1,089,837	0.76
10. SBB Nominees (Tempatan) Sdn Bhd – Pertubuhan Keselamatan Sosial	1,013,611	0.71
11. JF Apex Nominees (Tempatan) Sdn Bhd – Yee Swee Kuan	1,000,000	0.70
12. HSBC Nominees (Asing) Sdn Bhd – HPBS SG for Tenacious Hold Limited	948,953	0.66
13. Lee Chong Loo	942,900	0.66
14. Wan Ah Seng	940,000	0.66
15. Lew Tin Yang @ Leu Ting Yeang	910,101	0.63
16. Cimsec Nominees (Tempatan) Sdn Bhd – Hoe Siew Nee	850,000	0.59
17. Affin Nominees (Tempatan) Sdn Bhd – Tan Boon Har	723,876	0.50
18. Ng Tiam Ming	713,700	0.50
19. RHB Nominees (Tempatan) Sdn Bhd – Tan Boon Keong	700,000	0.49

Shareholding and Warrant Holding Structures

As At 26 June 2006 (cont'd)

30 Largest Warrant Holders

	No. of Warrants	%
20. Kumpulan Kseena Sdn Bhd	691,006	0.48
21. Ee Cheng Tak	650,000	0.45
22. Tan Peng Nguang	645,300	0.45
23. Liew Choon Num	620,000	0.43
24. Tan Hong Loon	600,000	0.42
25. Chow Seng Chu	520,000	0.36
26. Tan Yong Hoo @ Tan Liong Hoo	500,000	0.35
27. Kenanga Nominees (Tempatan) Sdn Bhd – Tan Poay See	500,000	0.35
28. RHB Capital Nominees (Tempatan) Sdn Bhd – Tai Sooi Chin	450,000	0.31
29. Ngui Kwong Hua	448,400	0.31
30. Lee Meng Yong	445,397	0.31
Total	29,022,143	20.22

Shareholding and Warrant Holding Structures

As At 26 June 2006 (cont'd)

Analysis of Warrant 2003/2008 Holdings

No. of Warrants in Issue	: 132,100,145
Exercise Price of Warrants	: RM2.19
Exercise Period of Warrants:	20 March 2003 – 19 March 2008
Exercise Rights	: Each warrant entitles the holder to subscribe for one new ordinary share of RM1.00 each in the Company.
Voting Rights at meetings of warrant holders	: 1 vote per warrant holder on a show of hands 1 vote per warrant on a poll

	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrants
Size of Warrant Holdings				
Less than 100	1,311	17.96	63,791	0.05
100 – 1,000	1,001	13.71	518,702	0.39
1,001 – 10,000	4,047	55.44	13,598,329	10.29
10,001 – 100,000	824	11.29	25,769,595	19.51
100,001 – less than 5.0% of issued warrants	114	1.56	52,990,990	40.12
5.0% and above of issued warrants	3	0.04	39,158,738	29.64
Total	7,300	100.00	132,100,145	100.00
Location of Warrant Holders				
Malaysia	7,094	97.18	116,700,713	88.34
Singapore	72	0.99	774,716	0.58
Australia	4	0.05	33,563	0.03
United States	5	0.07	26,051	0.02
Other Countries	125	1.71	14,565,102	11.03
Total	7,300	100.00	132,100,145	100.00
Types of Warrant Holders (By Nationality)				
Malaysian				
– Individual	5,912	80.99	39,112,676	29.61
– Nominee companies	1,044	14.30	42,088,552	31.86
– Other companies	138	1.89	35,499,485	26.87
Singaporean	72	0.99	774,716	0.58
Australian	4	0.05	33,563	0.03
American	5	0.07	26,051	0.02
Other Nationalities	125	1.71	14,565,102	11.03
Total	7,300	100.00	132,100,145	100.00

Shareholding and Warrant Holding Structures

As At 26 June 2006 (cont'd)

30 Largest Warrant Holders

	No. of Warrants	%
1. Corporateview Sdn Bhd	20,983,203	15.89
2. A.A. Assets Nominees (Tempatan) Sdn Bhd – Fulcrum Asset Management Sdn Bhd for Corporateview Sdn Bhd	10,675,535	8.08
3. HSBC Nominees (Asing) Sdn Bhd – Exempt An for Morgan Stanley & Co. Incorporated	7,500,000	5.68
4. AmcorpGroup Berhad	5,954,097	4.51
5. Citigroup Nominees (Tempatan) Sdn Bhd – CMS Dresdner Asset Management Sdn Bhd for Employees Provident Fund	3,800,000	2.88
6. HSBC Nominees (Asing) Sdn Bhd – Exempt An for Credit Suisse	3,439,600	2.61
7. Regal Genius Sdn Bhd	2,989,936	2.26
8. HLG Nominee (Tempatan) Sdn Bhd – PB Trustee Services Berhad for HLG Growth Fund	1,934,989	1.47
9. HSBC Nominees (Tempatan) Sdn Bhd – HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	1,826,000	1.38
10. HLG Nominee (Tempatan) Sdn Bhd – Goh Gek Ying @ Goh Sai Ying	1,523,300	1.15
11. Ng Leong Huat	1,440,000	1.09
12. RHB Capital Nominees (Tempatan) Sdn Bhd – Sor Ah Kee	1,325,000	1.00
13. Universal Trustee Malaysia Berhad – HLG Balanced Fund	1,234,752	0.93
14. Amanah Raya Berhad – SBB Double Growth Fund	1,100,000	0.83
15. Citigroup Nominees (Tempatan) Sdn Bhd – Koh Kim Teck	1,067,000	0.81
16. Citigroup Nominees (Asing) Sdn Bhd – UBS AG Singapore for World Apex Limited	1,000,000	0.76
17. Mayban Nominees (Tempatan) Sdn Bhd – Eng Lai Sim	991,700	0.75
18. HLB Nominees (Tempatan) Sdn Bhd – Tiang Ming Sing	860,000	0.65
19. Manulife Insurance (Malaysia) Berhad	840,501	0.64

Shareholding and Warrant Holding Structures

As At 26 June 2006 (cont'd)

30 Largest Warrant Holders

	No. of Warrants	%
20. Soong Bee Yoke	749,000	0.57
21. Lee Yew Sing	622,000	0.47
22. Citigroup Nominees (Tempatan) Sdn Bhd – Tiang Ming Sing	586,000	0.44
23. Lem Kim Seong	585,200	0.44
24. Lee San Ming @ Lee Lay Eng	500,000	0.38
25. Low Chee Kein	435,000	0.33
26. Yong Poh Kon	400,000	0.30
27. AMMB Nominees (Tempatan) Sdn Bhd – Assar Asset Management Sdn Bhd for Lembaga Kumpulan Wang Kawasan Konsesi Hutan	400,000	0.30
28. Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd – Lee Soo Ming	400,000	0.30
29. Mayban Nominees (Tempatan) Sdn Bhd – Yeong Sin Khong	370,000	0.28
30. JF Apex Nominees (Tempatan) Sdn Bhd – Hon Kwong Yew	362,000	0.27
Total	75,894,813	57.45

Shareholding and Warrant Holding Structures

As At 26 June 2006 (cont'd)

Directors' Interest in the Company and its Related Corporations

The Company – AMMB Holdings Bhd

	Direct Interest		No. of Shares	
		%	Deemed Interest	%
Tan Sri Dato' Azman Hashim	–	–	701,181,468 ⁽¹⁾	32.91
Dato' Azlan Hashim	90,000	*	–	–
Dato' Izham Mahmud	4,670	*	–	–
Cheah Tek Kuang	23,800	*	–	–

	Direct Interest		No. of Warrants 2003/2008	
		%	Deemed Interest	%
Tan Sri Dato' Azman Hashim	–	–	40,625,453 ⁽²⁾	30.75
Cheah Tek Kuang	46,189	0.03	–	–

Subsidiary Company – AmInvestment Group Berhad

	Direct Interest		No. of Shares	
		%	Deemed Interest	%
Tan Sri Dato' Azman Hashim	94,554,848	7.16	831,167,074 ⁽³⁾	62.97
Dato' Azlan Hashim	223,331	0.02	–	–
Tun Mohammed Hanif Omar	200,000	0.02	–	–
Tan Sri Datuk Dr Aris Othman	50,000	*	–	–
Tan Sri Datuk Clifford Francis Herbert	50,000	*	–	–
Tan Sri Dato' Mohd Ibrahim Mohd Zain	50,000	*	–	–
Dato' Izham Mahmud	107,070	0.01	–	–
Cheah Tek Kuang	1,120,100	0.08	–	–
Soo Kim Wai	100,000	0.01	–	–
Shalina Azman	100,000	0.01	–	–

Tan Sri Dato' Azman Hashim, by virtue of his interest in the shares and warrants of AMMB Holdings Bhd (AHB), 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 through AmcorpGroup Berhad, Regal Genius Sdn Bhd and AMDB Equipment Trading Sdn Bhd.

⁽²⁾ Deemed interested through AmcorpGroup Berhad, Regal Genius Sdn Bhd, AMDB Equipment Trading Sdn Bhd and Corporateview Sdn Bhd.

⁽³⁾ Deemed interested through AMMB Holdings Berhad, AmcorpGroup Berhad, Regal Genius Sdn Bhd, AMDB Equipment Trading Sdn Bhd and Azman Hashim Holdings Sdn Bhd.

* Less than 0.01%