

Notice of Second Annual General Meeting

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting of AmlInvestment Group Berhad (“the Company”) will be held at Dewan AmBank Group, 7th Floor, Bangunan AmBank Group, 55 Jalan Raja Chulan, 50200 Kuala Lumpur on Wednesday, 9 August 2006 at 10.30 a.m. for the following purposes:

Item	Agenda	Resolution on Proxy Form
As Ordinary Business		
1.	To receive the Audited Accounts for the year ended 31 March 2006 and the Reports of the Directors and Auditors thereon.	(Resolution No. 1)
2.	To approve a final dividend of 8.5% less tax for the year ended 31 March 2006.	(Resolution No. 2)
3.	To approve payment of Directors’ fees for the year ended 31 March 2006.	(Resolution No. 3)
4.	To re-elect the following Directors who retire by rotation pursuant to Article 89 of the Company’s Articles of Association:-	
	(a) Y Bhg Tan Sri Dato’ Azman Hashim	(Resolution No. 4)
	(b) Y Bhg Dato’ Izham Mahmud	(Resolution No. 5)
	(c) Mr Cheah Tek Kuang	(Resolution No. 6)
5.	To re-elect as Director, Y Bhg Dato’ Larry Gan Nyap Liou @ Gan Nyap Liow, who retires pursuant to Article 97 of the Company’s Articles of Association.	(Resolution No. 7)
6.	To re-appoint Messrs Ernst & Young, the retiring Auditors, and to authorise the Directors to determine their remuneration.	(Resolution No. 8)
As Special Business		
To consider and if thought fit, to pass the following resolution as Ordinary Resolution:		
7.	Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965 “THAT subject to the approvals from the relevant authorities, where such approval is necessary, full authority be and is hereby given to the Board of Directors pursuant to Section 132D of the Companies Act, 1965 to issue shares in the capital of the Company at any time upon such terms and conditions and for such purposes as the Directors, may, in their discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum of the issued share capital of the Company for the time being.”	(Resolution No. 9)
8.	To transact any other business of which due notice shall have been received.	

Notice of Dividend Entitlement and Payment

NOTICE IS HEREBY GIVEN that the final dividend of 8.5% less tax for the financial year ended 31 March 2006, if approved by the shareholders at the Second Annual General Meeting, will be paid on 1 September 2006 to shareholders whose names appear in the Record of Depositors on 17 August 2006.

A depositor shall qualify for entitlement only in respect of:-

- a. Shares transferred into the depositor's securities account before 4.00 p.m. on 17 August 2006 in respect of ordinary transfers; and
- b. Shares bought on Bursa Malaysia Securities Bhd on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Bhd.

By Order of the Board

**RAVINDRA KUMAR
THAMBIMUTHU**

(LS 0000902)

Group Company Secretary

Kuala Lumpur
18 July 2006

Notes

- (1) A shareholder of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy or an attorney need not be a shareholder of the Company. Under Section 149(1) of the Companies Act, 1965, if a proxy is not a shareholder, he must be an advocate, an approved company auditor or a person approved by the Registrar of Companies in a particular case.
- (2) An Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint one proxy in respect of each securities account held with ordinary shares of the Company standing to the credit of the securities account. The proxy so appointed shall be the beneficial owner of the shares in the said securities account or a person as provided under Section 149(1) of the Companies Act, 1965.
- (3) The instrument appointing a proxy in the case of an individual shall be signed by the appointor or his attorney and in the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.
- (4) The instrument appointing the proxy must be deposited at the Registered Office of the Company at 22nd Floor, Bangunan AmBank Group, 55 Jalan Raja Chulan, 50200 Kuala Lumpur **not less than 48 hours** before the time appointed for holding the Meeting.
- (5) **Explanatory Note on the Resolution No. 9**
 – **Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965**
 Ordinary resolution no. 9, if passed, will give the Directors of the Company, from the date of the General Meeting, authority to allot and issue ordinary shares from the unissued share capital of the Company up to an aggregate amount not exceeding 10 percent of the issued share capital of the Company for the time being, as and when the need or business opportunities arise which the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a General Meeting, will expire at the next Annual General Meeting.

Statement Accompanying Notice Of Annual General Meeting

Directors Who Are Seeking Re-Election At The 2nd Annual General Meeting Of The Company

The Directors retiring by rotation pursuant to Article 89 of the Company's Articles of Association and seeking re-election are as follows:

- Y Bhg Tan Sri Dato' Azman Hashim
- Y Bhg Dato' Izham Mahmud
- Mr Cheah Tek Kuang

A Director who was appointed to the Board since the last Annual General Meeting, retiring pursuant to Article 97 of the Company's Articles of Association and seeking re-election is as follows:

- Y Bhg Dato' Larry Gan Nyap Liou @ Gan Nyap Liow

The details of the four Directors seeking re-election are set out in their respective profiles which appear in the Profile of Directors and their securities holdings in the Company and its related corporations are set out in the Shareholding Structure of this Annual Report.



Letter to Shareholders

Dear Shareholder,

Our financial performance was on the mark, despite difficult market conditions.

The financial year ended 31 March 2006 was a good year for the AmInvestment Group. The listing of the Group on 18 May 2005 marked another major milestone in our efforts to consolidate our position as the premier investment bank in the country.

We also delivered on our commitment to shareholders, achieving higher profits although the markets presented many challenges, and gaining meaningful market share in key investment banking and capital market products.

In FY2006, we continued to position the Group for future growth by investing in our people, infrastructure and product diversity. Today, the Group is a highly diversified organisation with the breadth of capabilities to help our corporate and institutional clients achieve their objectives.

Financial Performance

Rising interest rates, lower trading volumes, higher oil prices and heightened geopolitical risk periodically affected activities in the capital markets. Despite these challenges, with a disciplined approach to managing expenses, risk and capital, the Group achieved a net profit after tax of RM247.3 million, a 22.5% increase over the previous year, surpassing the profit forecast of RM240.8 million as set out in the prospectus.

We reported record revenue of RM1.1 billion, a 14.0% increase over the previous year's results, and with cost to income ratio of 32.9%, coupled with higher investment and trading income, pre-tax profit jumped to RM340.2 million, or a 20.1% rise. The net return on shareholders' equity rose to 13.0%, a marked improvement from 12.1% in FY2005. Our earnings per share too has improved by 8.4% to 19.1 sen, bringing our net assets per share to RM1.63.

AmMerchant Bank (AmMerchant) achieved a significant jump of RM69.9 million or 29.1% in pre-tax profits to RM309.8 million, due to continued growth in corporate bond originations and treasury trading activities. This growth was sufficient to offset the significantly lower contributions from the equity business, which experienced difficult trading conditions and delayed customer deal flows due to the weak equity market environment for most of the year. Accordingly, AmSecurities reported a sharp reduction in its pre-tax profit to RM9.8 million in FY2006, compared to RM43.9 million a year ago.

With recognised strengths in most major asset classes, the Funds Management Division registered a rise in pre-tax profit by RM3.1 million to RM14.3 million, and significantly increased assets under management by 47.8% to RM10.2 billion.

Dividend Payment

Adhering to our commitment to pay up to 50.0% of the Group's net profit as dividends, the Board of Directors is recommending a final dividend of 8.5% less tax. Including the interim dividend of 4.0% less tax paid on 21 December 2005, the total dividend pay out in respect of the accounts for the financial year ended 31 March 2006 would be 12.5% less tax. For the Group, this would amount to RM118.8 million or an equivalent of 48.0% of the distributable net profit for the year.

Share Price Performance

Despite the improved results, our achievements have yet to be reflected in the share price performance underpinned by bearish market sentiments for most of the year. One year after the listing, as at end May 2006, we had a market capitalisation of RM2.2 billion, making us the 57th largest company on Bursa Malaysia, and the only investment bank listed on the stock exchange. The share price has been trading for most of the year within a narrow band of RM1.60 sen to RM1.80 sen per share. The shares of AIGB have recently been included in the new FTSE Bursa Malaysia Mid 70 Index.

A Challenging Environment

The Malaysian economy began the year on a positive note, growing by 5.3% in 2005, largely due to domestic demand stimulated by strong exports, and an increase in private consumption. Consumer sentiment was upbeat and corporations reported better earnings, and with domestic inflation at manageable levels, the Government continued with its accommodative monetary policy for the first few months of our financial year.

The investment markets, however, were characterised by chronic uncertainty and high volatility as rising oil prices, global interest rates and threats of potential wars and terrorism continued to dominate the agenda worldwide.

A Stark Contrast between the Equity and Debt Capital Markets

It was a tough year for the equity markets. The appetite for stocks was lukewarm at best for most of the year, and reflecting the bearish sentiment, trading in Bursa Malaysia was down 11.8% in terms of year-on-year total trading value in FY2006. In fact, most of the trading activity was centred in the three months from January to March 2006, when equity markets rallied. In the light of lower trading volumes, both in the institutional and retail segments, commission income earned by AmSecurities fell sharply, despite having an 8.0% market share of turnover.

As the KLCI hit a low of 858.8 points in June 2005, the value of new equity issuance and listings was uninspiring; value of new issuances and listings dropped by 10.3% from RM6.8 billion in 2004 to RM6.1 billion in 2005. We, however, once again capitalised on our superior track record and emerged as the leader in Initial Public Offerings, helping our clients raise RM2.4 billion from primary listings on Bursa Malaysia.

Despite the volatility in the equity markets, activity in advisory and M&A remained strong, as many companies continued to consolidate and focus on core activities. In 2005, the Bank retained the No. 1 spot for completed M&A deals, advising approximately RM11.0 billion of transactions.

The interest rate uncertainty, however, was favourable for corporate bond issuance, as many of our clients accelerated their fund raising plans to lock in long term funding at lower interest rates. New corporate bond issuance in the industry increased by 25.1% from RM28.6 billion in 2004 to RM38.2 billion in 2005. With our efforts directed at helping our clients achieve optimal cost efficient funding, our Debt Capital Markets team completed 17 transactions during the year, raising nearly RM13.8 billion for our clients.

A similar trend was also evident in foreign currency fund raising. Many Malaysian companies took advantage of the bottoming of the US\$ interest rate cycle and the strengthening of the exchange rate to raise foreign currency funding.

Regulatory Changes Intensify Competition

On the regulatory front, the Malaysian capital markets saw some key regulatory changes, which have further intensified competition. We have new foreign players in the stockbroking, Islamic banking and funds management industries. The universal stock broking firms have been given more flexibility in terms of their operations, whilst the regulations on offshore investments were liberalised to allow for more funds to be invested offshore.

Seen in the context of the challenging environment and intensified competition, our successes in FY2006 have been hard won.

Strengthening Our Balance Sheet

We also continue to strengthen and improve the quality of our balance sheet. With total assets of RM20.2 billion and shareholders' funds of RM2.2 billion as at end-March 2006, the AmlInvestment Group is ranked as the largest investment banking group in the country in terms of total assets. The bulk of the assets now comprise treasury assets, primarily fixed income securities held for investments and trading, and the total loans and advances continue to register a decline as the larger Malaysian corporations continue to turn to the capital markets for funding their expansion plans.

The net loans and advances at RM4.2 billion constituted only 20.6% of the Group's total assets, and the Group continues to register further improvement in its asset quality. There was a sharp drop in net non-performing loans to 6.9% due to



Tan Sri Dato' Azman Hashim (left) receiving the Rating Agency Malaysia (RAM) 'Malaysian Top Lead Manager 2004 (Corporate Sukuk Market)' Special Merit Award from the Deputy Prime Minister, YB Datuk Seri Najib Abdul Razak.

proactive loan recovery efforts, whilst the overall risk weighted capital adequacy improved to 16.4%.

Leadership in the Capital Markets

Good performance does not go unnoticed. Our emphasis on research and development, and culture of innovation has once again enabled the Group to garner top accolades for being a pioneer and the dominant player in investment banking in 2005. The Group played an instrumental role in the development of the real estate investment trust industry and the launch of exchange traded funds. The Group emerged top in the Bloomberg League Table for Mergers and Acquisitions by advising on nearly RM11.2 billion of deals in 2005.

In the debt capital markets, the Group received in 2005 five RAM League Awards from Rating Agency Malaysia (RAM) for its achievements in the Corporate Sukuk Market and Lead Manager categories for both Islamic and conventional deals based on number of deals executed and issue values. The Group also led the Malaysian Rating Corporation's 2005 League Table by number of issues and was ranked second in terms of value.

In 2005, the Group received the "Best Bond House" award from FinanceAsia and the "Best Domestic Bond House" award from Asiamoney. Three of the transactions originated by the Group, Jimah Energy Ventures, Cagamas Residential Mortgage Backed Securities and PG Municipal Assets Berhad, won a number of accolades in terms of the "Deal of the Year" from various publications.

A number of new structured products were launched during the year to meet the changing investment needs of our customers, including range accrual notes, inverse floater notes and equity-linked notes, providing new options for sophisticated investors. The Group was also rated one of the two "Best Domestic Providers for Local Currency Products" in Malaysia for its structured interest rate products in the recent Asiamoney Structured Products Poll. In addition, we scored a number of "Firsts" with the launch of:

- The ABF Exchange-Traded Fund, the first listed Asian bond fund ETF in Malaysia;
- AmGlobal Properties Equity Fund, the first Malaysian fund with exposure to global property equities;
- AmOasis Global Islamic Equity, the first Malaysian global Islamic equity fund; and



Mr Cheah Tek Kuang, Group Managing Director, AmBank Group, (left) receives the "Most Innovative Islamic Financial Products" award from Minister of Finance II, YB Tan Sri Nor Mohamed Yacop.

The Group's relentless focus on its clients has won the Group a number of mandates from both local and international corporations.



UOA Asset Management Executive Director, Mr David Khor (left), and Tan Sri Dato' Azman Hashim, showing a copy of the UOA REIT Prospectus.

- PG Municipal Assets Bhd, the first Islamic Municipal Bond in Malaysia

The Group will continue to capitalise on its entrenched franchise in investment banking to introduce foreign currency products, innovative unit trust funds, private equity funds and real estate investment trusts that have exposure to regional and global capital markets, to meet the sophisticated investment needs of its customers.

Sustaining the Momentum

In investment banking, our business can be impacted by many factors and our ongoing success will be determined by our ability to anticipate and respond to these challenges. The key to delivering strong and sustainable long term value to shareholders – not just this year and next year – starts with building on fundamentals, having a growing competitive advantage, ensuring good execution of strategy and continually thinking of the long term in our decision-making.

Our growth is fuelled by serving a broader set of clients with a wider need for varied products. To forge ahead, we need to continuously enhance our capabilities, provide our clients the very best intellectual capital, and maximise the pool of resources available to help our clients achieve their objectives. This requires us to remain focused on a number of core disciplines – product innovation, revenue diversification, risk management, prudent capital management and cost discipline.

Capabilities Enhancement

We continue to invest in our people and infrastructure, reorganise the business divisions and improve the way we work, keeping in mind the increasing size and complexity of our business. Our culture also encourages and rewards staff for hard work, creativity and team work in responding rapidly to changes in customer needs and the market place.

Revenue Diversification

Revenue diversification and building a constant stream of recurring revenues to provide greater earnings stability is another high priority. The addition of AmPrivate Equity Sdn Bhd to undertake private equity investments, and AmARA REIT Managers Sdn Bhd to manage real estate investments would further enhance our recurring fee income and visibility in the investment banking arena in the region.

We will continue to work with our retail, corporate and institutional clients to find new and better ways of adding value as markets evolve, introducing new products and services to add diversity to our product range and provide innovative investment solutions. Working with different "best of breed" fund managers, the Group will further expand its investment product range to offer investment opportunities, not available in the Malaysian bond and equities markets, across the full spectrum of investment styles, pricing structures, risk/return profiles and major asset classes.

We will leverage on our strong Islamic brand to defend our market position, while looking for opportunities to expand geographically to tap the large pool of savings in search of Syariah-compliant assets.

Regional Expansion

The Group is also pushing ahead with its strategies to strengthen its footprint in the region, through enhancing its regional operations in Singapore and Indonesia. In Singapore, AmMerchant Bank will shortly be completing the acquisition of the remaining 51.0% shareholding in Fraser Securities Pte. Limited. Similarly, we are increasing our shareholding in PT AmCapital Indonesia from 83.0% to 99.0%.

We are confident that the enhancement of the Group's regional footprint will provide us additional competitive advantages in terms of regional diversity in advising our clients on cross-border transactions.



Bank Negara Malaysia Governor YB Tan Sri Dato' Sri Dr Zeti Akhtar Aziz launches ABF Malaysia while Tan Sri Dato' Azman Hashim (far left), YAB Tun Mohamed Dzaiddin bin Haji Abdullah, Chairman of Bursa Malaysia (third from left) and Encik Yusli bin Mohamed Yusoff, Chief Executive Officer of Bursa Malaysia (far right) look on.

The Road Ahead

In our three decades in operations, having commenced business in 1976, we have blazed the trail in the Malaysian capital markets, with a string of records of "Firsts" in terms of introduction of products and services. We are confident that we can continue to raise the bar on our standard of performance, to realise our true potential as an integrated investment bank, with a dominant position in its home market, while concurrently expanding our geographical footprint to realise regional ambitions.

Although our near term prospects depend mainly on the performance of the Malaysian economy, which is expected to sustain more than 5.0% GDP growth in 2006, the financial and capital markets may continue to experience volatility in terms of trading

As clients grow in their business cycles, the Group continues to meet their specific requirements with innovative products and services.

values and volumes. As such, we foresee that the coming twelve months will be a rather challenging period for the investment banking industry.

Nevertheless, given the potential for rapid swings in sentiment and volatility, as well as the many initiatives underway across the Group's businesses, there are always windows of opportunity, and the potential for growth in the capital markets is still compelling, given the ample liquidity in the system. We are confident that we can leverage on our vast market knowledge and proven track record to forge ahead in these challenging times.


A Word of Appreciation

Our progress over the years would not have been possible without the trust and partnership of our clients, the commitment, dedication and integrity of our staff, the guidance by Bank Negara Malaysia, the Securities Commission and Bursa Malaysia and most importantly the strong support of our Shareholders.

I would also like to take this opportunity to convey my heartfelt gratitude to Y Bhg Prof Tan Sri Dato' Dr Rashdan Haji Baba who retired as a Director during the year, after nearly a decade with the Group. Prof Tan Sri Dato' Dr Rashdan Haji Baba, with his wisdom and experience, has greatly contributed to the Group's progress.

I would also like to welcome Y Bhg Dato' Larry Gan Nyap Liou to the Board. I am confident that his wide experience in the consulting and accounting industry will benefit the Group going forward.

I thank all of you for helping to make this year a success. As we set our course for the future, we remain excited about the opportunities, committed to meet challenges ahead, and optimistic about our prospects for growth.

Yours sincerely,


Tan Sri Dato' Azman Hashim
 Non-Executive Chairman

Kuala Lumpur
 30 June 2006