

**AmINVESTMENT GROUP BERHAD**  
**(657000-X) (Incorporated in Malaysia)**  
**and its subsidiary companies**

**AUDITED CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2007**

		The Group	
		31.3.07	31.3.06
	Note	RM'000	RM'000
ASSETS			
Cash and short-term funds		3,552,716	3,157,087
Securities purchased under resale agreements		285,394	716,176
Deposits and placements with banks and other financial institutions		1,834,799	1,224,646
Securities held-for-trading	A8	5,822,428	7,239,636
Securities available-for-sale	A9	3,504,275	834,880
Securities held-to-maturity	A10	1,191,597	1,806,254
Loans, advances and financing	A11	4,181,668	4,177,632
Other assets	A12	1,510,171	563,985
Statutory deposit with Bank Negara Malaysia		169,050	244,130
Investments in associated companies		3,412	41,852
Property and equipment		41,272	42,344
Deferred tax assets		43,468	66,644
Intangible assets		126,530	116,085
TOTAL ASSETS		22,266,780	20,231,351
LIABILITIES AND EQUITY			
Deposits from customers	A13	5,251,328	6,432,177
Deposits and placements of banks and other financial institutions	A14	9,749,923	7,516,897
Obligations on securities sold under repurchase agreements		2,782,351	2,562,617
Acceptances payable		-	3,103
Other liabilities	A15	1,407,331	597,273
Recourse obligations on loans sold to Cagamas Berhad		52,421	89,694
Term loans		103,680	276,232
Redeemable unsecured subordinated bonds		595,000	595,000
Total Liabilities		19,942,034	18,072,993
Share capital		1,320,000	1,320,000
Reserves		999,347	837,405
Equity attributable to equity holders of the Company		2,319,347	2,157,405
Minority interests		5,399	953
Total equity		2,324,746	2,158,358
TOTAL LIABILITIES AND EQUITY		22,266,780	20,231,351
COMMITMENTS AND CONTINGENCIES	A25	42,778,034	25,493,935

**AmINVESTMENT GROUP BERHAD**  
**(657000-X) (Incorporated in Malaysia)**  
**and its subsidiary companies**

**AUDITED CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2007 (CONTD.)**

	<b>The Group</b>	
	<b>31.3.07</b>	<b>31.3.06</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CAPITAL ADEQUACY</b>		
Core Capital Ratio	13.86%	15.24%
Risk-Weighted Capital Ratio	17.76%	16.44%
<b>NET ASSETS PER SHARE (RM)</b>	<b>1.76</b>	<b>1.63</b>

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The Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2006.

**AmINVESTMENT GROUP BERHAD**  
**(657000-X) (Incorporated in Malaysia)**  
**and its subsidiary companies**

**AUDITED CONSOLIDATED INCOME STATEMENTS**  
**FOR THE FOURTH QUARTER AND YEAR ENDED 31 MARCH 2007**

		<b>Fourth Quarter Ended</b>		<b>Year Ended</b>	
		<b>31.3.07</b>	<b>31.3.06</b>	<b>31.3.07</b>	<b>31.3.06</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Operating revenue		361,556	267,884	1,403,232	1,054,122
Interest income	A16	195,749	166,641	781,105	611,509
Interest expense	A17	(173,116)	(144,296)	(618,757)	(462,879)
Net interest income		22,633	22,345	162,348	148,630
Income from Islamic banking business		13,022	11,695	48,222	76,008
Other operating income	A18	152,785	91,748	573,905	366,605
Net income		188,440	125,788	784,475	591,243
Other operating expenses	A19	(76,260)	(50,081)	(244,886)	(194,355)
Operating profit		112,180	75,707	539,589	396,888
Allowance for losses on loans and financing	A20	(11,147)	(18,254)	(85,788)	(60,434)
Impairment (loss)/writeback on:					
Securities		(33,445)	(2,780)	(66,679)	4,736
Assets acquired in exchange of debts		(1,619)	-	(2,555)	(660)
Transfer (to)/from profit equalisation reserve		(37)	1,367	25	1,919
Writeback of allowance/(Allowance) for doubtful sundry receivables - net		1,571	535	1,562	(4,526)
(Provision)/Writeback of provision for commitments		(300)	(325)	25	(262)
Profit before share in results of associated companies		67,203	56,250	386,179	337,661
Share in results of associated companies		(16)	577	1,182	2,377
Profit before taxation		67,187	56,827	387,361	340,038
Taxation	B5	(16,649)	(17,287)	(104,166)	(91,178)
Profit for the year		50,538	39,540	283,195	248,860
Attributable to:					
Equity holders of the Company		50,540	39,333	283,238	247,348
Minority interests		(2)	207	(43)	1,512
Profit for the year		50,538	39,540	283,195	248,860
Basic earnings per share (sen)	B13	3.83	2.98	21.46	19.06

The Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2006.

**AmINVESTMENT GROUP BERHAD**  
**(657000-X) (Incorporated in Malaysia)**  
**and its subsidiary companies**

**AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2007**

Group	<-----Attributable to Equity Holders of the Company----->									
	Non-distributable						Distributable			
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Statutory reserve RM'000	Available-for- sale reserve RM'000	Exchange fluctuation reserve RM'000	Unappropriated profits RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
<b>At 1 April 2005</b>	1,109,442	-	60,284	300,000	(12,433)	(4,519)	186,022	1,638,796	6,594	1,645,390
Net unrealised gain on revaluation of securities available-for-sale	-	-	-	-	17,547	-	-	17,547	-	17,547
Expenses relating to initial public offering of the Company	-	(3,702)	-	-	-	-	-	(3,702)	-	(3,702)
Exchange fluctuation adjustments	-	-	-	-	-	651	-	651	-	651
Net income/(expense) recognised directly in equity	-	(3,702)	-	-	17,547	651	-	14,496	-	14,496
Profit for the year	-	-	-	-	-	-	247,348	247,348	1,512	248,860
Total recognised income and expense for the year	-	(3,702)	-	-	17,547	651	247,348	261,844	1,512	263,356
Transfer from unappropriated profits	-	-	-	29,549	-	-	(29,549)	-	-	-
Arising from acquisition of AmPrivate Equity	-	-	-	-	-	-	-	-	260	260
Disposal of shares in assets management and unit trust subsidiary companies	-	-	-	-	-	-	-	-	(7,413)	(7,413)
Issued during the year	210,558	84,223	-	-	-	-	-	294,781	-	294,781
Interim dividends paid	-	-	-	-	-	-	(38,016)	(38,016)	-	(38,016)
<b>At 31 March 2006</b>	<b>1,320,000</b>	<b>80,521</b>	<b>60,284</b>	<b>329,549</b>	<b>5,114</b>	<b>(3,868)</b>	<b>365,805</b>	<b>2,157,405</b>	<b>953</b>	<b>2,158,358</b>

**AmINVESTMENT GROUP BERHAD**  
**(657000-X) (Incorporated in Malaysia)**  
**and its subsidiary companies**

**AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2007**

	<-----Attributable to Equity Holders of the Company----->									
	Non-distributable					Distributable				
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Statutory reserve RM'000	Available-for- sale reserve RM'000	Exchange fluctuation reserve RM'000	Unappropriated profits RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
<b>At 1 April 2006</b>	1,320,000	80,521	60,284	329,549	5,114	(3,868)	365,805	2,157,405	953	2,158,358
Net unrealised gain on revaluation of securities available-for-sale	-	-	-	-	13,106	-	-	13,106	-	13,106
Exchange fluctuation adjustments	-	-	-	-	-	(5,438)	-	(5,438)	-	(5,438)
Net income/(expense) recognised directly in equity	-	-	-	-	13,106	(5,438)	-	7,668	-	7,668
Profit for the year	-	-	-	-	-	-	283,238	283,238	(43)	283,195
Total recognised income and expense for the year	-	-	-	-	13,106	(5,438)	283,238	290,906	(43)	290,863
Transfer from unappropriated profits	-	-	-	59,951	-	-	(59,951)	-	-	-
Arising from acquisition of AmPrivate Equity Sdn Bhd	-	-	-	-	-	-	-	-	4,500	4,500
Arising from acquisition of Am ARA REIT Holdings Sdn Bhd	-	-	-	-	-	-	-	-	300	300
Acquisition of shares in P.T. AmCapital Indonesia	-	-	-	-	-	-	-	-	(822)	(822)
Disposal of shares in P.T. AmCapital Indonesia	-	-	-	-	-	-	-	-	511	511
Dividends paid	-	-	-	-	-	-	(128,964)	(128,964)	-	(128,964)
<b>At 31 March 2007</b>	1,320,000	80,521	60,284	389,500	18,220	(9,306)	460,128	2,319,347	5,399	2,324,746

The Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2006.

**AmINVESTMENT GROUP BERHAD**  
**and its subsidiary companies**  
**(657000-X) (Incorporated in Malaysia)**

**AUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2007**

	<b>31.3.07</b> <b>RM'000</b>	<b>31.3.06</b> <b>RM'000</b>
Profit before taxation	387,361	340,038
Add adjustments for non-operating and non cash items	(167,283)	(141,200)
Operating profit before working capital changes	220,078	198,838
Decrease/(Increase) in operating assets	366,821	(4,612,450)
Decrease in operating liabilities	1,756,201	5,167,211
Cash used in operations	2,343,100	753,599
Taxation paid	(56,027)	(80,366)
Net cash generated from operating activities	2,287,073	673,233
Net cash used in investing activities	(2,036,015)	(355,015)
Net cash (used in)/generated from financing activities	(124,164)	188,323
Net increase in cash and cash equivalents	126,894	506,541
Cash and cash equivalents at beginning of year	3,007,594	2,501,053
Cash and cash equivalents at end of year	3,134,488	3,007,594

**Cash and Cash Equivalents**

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

	<b>The Group</b>	
	<b>31.3.07</b> <b>RM'000</b>	<b>31.3.06</b> <b>RM'000</b>
Cash and short term funds	3,552,716	3,157,087
Bank overdrafts	(9,469)	(8,985)
	3,543,247	3,148,102
Less: Cash and bank balances and deposits held in trust	(408,376)	(140,571)
	3,134,871	3,007,531
Effects of exchange rate differences	(383)	63
	3,134,488	3,007,594

**Note 1 : Acquisition of Frasers International Pte. Ltd ("FIPL")**

The fair values of assets and liabilities assumed arising from the acquisition of the remaining 51.0% equity interest in FIPL, during the financial year ended 31 March 2007 were as follows:

	<b>Unaudited As at 31 August 2006 RM'000</b>
<b>Net assets acquired:</b>	
Cash and short-term funds	48,603
Deposits and placements with banks and other financial institutions	3,578
Property and equipment	1,740
Other assets	119,233
Other liabilities	(94,000)
Net assets acquired	79,154
Goodwill on acquisition	10,424
	89,578
Less: Amount accounted for as an associate	(39,622)
Purchase price paid	49,956
Less: Cash and short-term funds	(48,603)
Cash flow on acquisition, net of cash acquired	1,353

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2006.

## **EXPLANATORY NOTES :**

### **A1. BASIS OF PREPARATION**

The interim financial statements have been prepared in accordance with Financial Reporting Standards ("FRS") 134, Interim Financial Reporting, issued by Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") and should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2006.

The accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the previous audited annual financial statements except for the adoption of the new and revised FRSs issued by MASB that are effective for the Group's first FRS annual reporting date, 31 March 2007. The adoption of the new and revised FRS have resulted in changes in the accounting policies of the Group and are disclosed in Note A31.

The specific and general allowances for loans, advances and financing of the Group are computed based on BNM's guidelines on the "Classification of Non-Performing Loans and Provisions for Substandard, Bad and Doubtful Debts" ("BNM/GP3") requirements. However, the Group has adopted a more stringent classification policy on non-performing loans, whereby loans are classified as non-performing and sub-standard when repayments are in arrears for more than three (3) months from the first day of default or after maturity date.

During the financial year, the Group adopted a more stringent basis for specific allowances on non-performing loans and are as follows:

- (i) Values assigned to collateral held for non-performing loans secured by properties is determined based on the realisable values of the properties on the following basis:
  - (a) assigning only fifty percent (50%) of the realisable value of the properties held as collateral for non-performing loans which are in arrears for more than five (5) years but less than seven (7) years; and
  - (b) no value assigned to the realisable value of the properties held as collateral for non-performing loans which are in arrears for more than seven (7) years.
- (ii) Specific allowance of 20.0% is provided on non-performing loans which are three (3) to less than six (6) months-in-arrears. Previously, specific allowance was only made when a non-performing loan was in arrears of 6 months and above.

The audited condensed interim financial statements incorporates those activities relating to the Islamic Banking business, which have been undertaken by the Group. Islamic Banking business refers generally to the acceptance of deposits, dealing in Islamic securities, granting of financing, capital market and treasury activities under the Shariah principles.

### **A2. AUDIT QUALIFICATION**

There were no audit qualification in the audited annual financial statements for the year ended 31 March 2006.



**A3. SEASONALITY OR CYCLICALITY OF OPERATIONS**

The operations of the Group are not materially affected by any seasonal or cyclical fluctuation in the current financial quarter and year.

**A4. UNUSUAL ITEMS**

There were no unusual items during the current financial quarter and year.

**A5. USE OF ESTIMATES**

There was no material change in estimates of amounts reported in the prior financial years that have a material effect on the financial quarter and year ended 31 March 2007 other than the adoption of the new and revised FRSs issued by MASB that are effective for the Group's first FRS annual reporting date, 31 March 2007.

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

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

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

**A7. DIVIDENDS PAID**

During the financial year, the Company paid a final dividend of 8.5%, (effectively 8.4% after restatement for the change in statutory tax rate from 28.0% to 27.0%) less 28.0% taxation, in respect of the previous financial year totalling RM80,784,000. The dividend was paid on 1 September 2006 to shareholders whose names appeared in the Record of Depositors on 17 August 2006. An interim dividend of 5.0%, less 27.0% taxation, in respect of the current financial year totalling RM48,180,000 was paid on 18 December 2006 to shareholders whose names appear in the Record of Depositors on 15 December 2006.

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

	<b>The Group</b>	
	<b>31.3.07</b>	<b>31.3.06</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Fair Value</b>		
<b>Money Market Securities:</b>		
Treasury bills	-	34,282
Islamic Treasury bills	-	146
Malaysian Government Securities	1,401,040	1,306,817
Malaysian Government Investment Certificates	535,577	27,088
Cagamas bonds	60,230	100,021
Khazanah bonds	11,741	912
Cagamas Mudharabah bearer bonds	16,217	264,207
Negotiable instruments of deposits	-	2,684,425
Negotiable Islamic Debt Certificates	60,082	23,804
Bank Negara Malaysia bills	-	5,143
Bank Negara Monetary Notes	413,656	-
Sukuk Bank Negara Malaysia	-	95,798
Islamic Bank Negara Malaysia bills	-	2,491
	<u>2,498,543</u>	<u>4,545,134</u>
<b>Securities Quoted:</b>		
In Malaysia:		
Shares	170,971	101,762
Trust units	155,552	319,956
Corporate bonds	33,922	20,927
Outside Malaysia:		
Shares	43,072	110
	<u>403,517</u>	<u>442,755</u>
<b>Unquoted Securities Of Companies Incorporated:</b>		
In Malaysia:		
Shares	2,200	2,200
Outside Malaysia:		
Shares	18,910	-
	<u>21,110</u>	<u>2,200</u>
<b>Unquoted Private Debt Securities Of Companies Incorporated:</b>		
In Malaysia:		
Corporate bonds	704,771	709,263
Corporate notes	50,224	38,420
Islamic corporate bonds	1,548,093	1,305,975
Islamic corporate notes	63,947	117,809
Outside Malaysia:		
Corporate bonds	119,185	-
	<u>2,486,220</u>	<u>2,171,467</u>
<b>Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:</b>		
Corporate bonds	239,745	67,701
Islamic corporate bonds	103,119	-
Corporate notes	39,749	-
Islamic corporate notes	30,425	10,379
	<u>413,038</u>	<u>78,080</u>
Total securities held-for-trading	<u>5,822,428</u>	<u>7,239,636</u>

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

	<b>The Group</b>	
	<b>31.3.07</b>	<b>31.3.06</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Fair Value</b>		
<b>Money Market Securities:</b>		
Negotiable instruments of deposits	2,580,599	-
<b>Securities Quoted:</b>		
In Malaysia:		
Trust units	71,600	-
Corporate bonds	17,329	18,576
Outside Malaysia:		
Shares	13,506	8,907
	102,435	27,483
<b>Unquoted Securities Of Companies Incorporated:</b>		
In Malaysia:		
Shares	400	400
<b>Debt Equity Converted Securities Quoted in Malaysia:</b>		
Shares - with options	15,172	19,822
Shares	5,634	4,882
Loan stocks - collateralised	-	1,064
	20,806	25,768
<b>Unquoted Private Debt Securities Of Companies Incorporated In Malaysia:</b>		
Corporate bonds	96,920	134,250
Islamic corporate bonds	558,857	217,183
Islamic corporate notes	-	18,729
	655,777	370,162
<b>Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:</b>		
Corporate bonds	144,258	411,067
<b>Total securities available-for-sale</b>	<b>3,504,275</b>	<b>834,880</b>

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

	<b>The Group</b>	
	<b>31.3.07</b>	<b>31.3.06</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Amortised Cost</b>		
<b>Money Market Securities:</b>		
Negotiable instruments of deposits	89,589	-
<b>Securities Quoted In Malaysia:</b>		
Shares	2	2
Unit trust	1,001	-
Corporate bonds	34,560	55,247
	35,563	55,249
<b>Investment In Related Licensed Commercial Bank:</b>		
Unsecured subordinated term loan:		
Licensed commercial bank	-	460,000
<b>Unquoted Securities Of Companies Incorporated:</b>		
In Malaysia:		
Shares	60,588	60,588
Corporate bonds	100	100
Outside Malaysia:		
Shares	7,581	8,693
	68,269	69,381
<b>Debt Equity Converted Securities:</b>		
Quoted in Malaysia:		
Loan stocks - collateralised	971	971
Loan stocks	424,490	470,379
Unquoted securities of companies incorporated In Malaysia:		
Shares	1,679	1,679
Corporate bonds	356,556	461,939
	783,696	934,968
<b>Unquoted Private Debt Securities Of Companies Incorporated:</b>		
In Malaysia:		
Corporate bonds and notes denominated in USD	56,871	68,674
Islamic corporate bonds	193,598	196,703
Outside Malaysia		
Corporate bonds and notes denominated in USD	103,680	110,493
	354,149	375,870
<b>Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:</b>		
Corporate bonds	79,216	82,729
Total	1,410,482	1,978,197
Accumulated impairment losses	(218,885)	(171,943)
Total securities held-to-maturity	1,191,597	1,806,254

## A11. LOANS, ADVANCES AND FINANCING

	<b>The Group</b>	
	<b>31.3.07</b>	<b>31.3.06</b>
	<b>RM'000</b>	<b>RM'000</b>
Term loans and revolving credits	4,395,930	4,446,902
Staff loans	25,066	27,536
Claims on customers under acceptance credits	-	3,103
	<hr/>	<hr/>
Gross loans, advances and financing	4,420,996	4,477,541
Less:		
Allowance for bad and doubtful debts and financing:		
General	63,677	63,925
Specific	175,651	235,984
	<hr/>	<hr/>
	239,328	299,909
	<hr/>	<hr/>
Net loans, advances and financing	4,181,668	4,177,632

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

	<b>The Group</b>			
	<b>31.3.07</b>		<b>31.3.06</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Working capital	1,876,787	42.5	1,795,523	40.1
Construction	750,864	17.0	870,073	19.4
Purchase of securities	622,876	14.1	399,685	8.9
Fixed assets	300,362	6.8	59,882	1.3
Merger and acquisition	207,044	4.7	404,571	9.0
Purchase of landed properties:				
- Residential	51,749	1.2	93,452	2.1
- Non-residential	200,638	4.5	194,289	4.3
Personnel use	5,391	0.1	5,390	0.1
Purchase of transport vehicles	3,199	0.1	3,020	0.1
Other purpose	402,086	9.0	651,656	14.7
Gross loans, advances and financing	<hr/>	<hr/>	<hr/>	<hr/>
	4,420,996	100.0	4,477,541	100.0

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

	<b>The Group</b>	
	<b>31.3.07</b>	<b>31.3.06</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic :		
Other non-bank financial institutions:	121,453	30,019
Business enterprises:		
Small medium enterprises	208,748	172,695
Others	3,615,883	3,967,746
Government and statutory bodies	57,489	83,693
Individuals	268,472	95,510
Foreign entities	148,951	127,878
	<u>4,420,996</u>	<u>4,477,541</u>

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

	<b>The Group</b>	
	<b>31.3.07</b>	<b>31.3.06</b>
	<b>RM'000</b>	<b>RM'000</b>
Variable rate		
Cost-plus	3,757,466	3,695,542
Other variable rates	137,866	269,058
	<u>3,895,332</u>	<u>3,964,600</u>
Fixed rate		
Housing loans	21,844	21,171
Hire purchase receivables	3,222	88
Other fixed rates	500,598	491,682
	<u>525,664</u>	<u>512,941</u>
	<u>4,420,996</u>	<u>4,477,541</u>

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

	<b>The Group</b>	
	<b>31.3.07</b>	<b>31.3.06</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance at beginning of year	530,269	839,225
Non-performing during the year	63,991	172,302
Reclassification to performing loans, advances and financing	(8,585)	(386,729)
Recoveries	(59,228)	(92,643)
Amount written off	(173,128)	(96)
Transfer from stock and share-broking activities	8,811	-
Exchange fluctuation adjustments	2,001	(1,790)
Balance at end of year	364,131	530,269
Specific allowance	<u>(175,651)</u>	<u>(235,984)</u>
Non-performing loans, advances and financing - net	<u>188,480</u>	<u>294,285</u>
Ratio of non-performing loans, advances and financing to total loans, advances and financing - net	<u>4.44%</u>	<u>6.94%</u>

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

	<b>The Group</b>	
	<b>31.3.07</b>	<b>31.3.06</b>
	<b>RM'000</b>	<b>RM'000</b>
Working capital	180,707	184,540
Construction	117,146	169,675
Non-residential landed properties	16,803	26,327
Merger and acquisition	15,020	58,311
Purchase of securities	14,336	5,525
Personnel use	4,390	4,389
Purchase of transport vehicles	65	20
Fixed assets	-	1,072
Other purpose	15,664	80,410
Gross non-performing loans, advances and financing	<u>364,131</u>	<u>530,269</u>

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

	<b>The Group</b>	
	<b>31.3.07</b>	<b>31.3.06</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>General allowance</b>		
Balance at beginning of year	63,925	69,091
Reversal of allowance during the year	(1,260)	(5,028)
Transfer from stock and share-broking operations	1,321	-
Exchange fluctuation adjustments	(309)	(138)
Balance at end of year	<u>63,677</u>	<u>63,925</u>
 % of total loans, advances and financing less specific allowances	 <u>1.50%</u>	 <u>1.51%</u>

**Specific allowance**

Balance at beginning of year	235,984	157,720
Allowance during the year	122,090	105,270
Amount written back in respect of recoveries and reversals	(16,777)	(25,721)
Net charge to income statements	105,313	79,549
Transfer from stock and share-broking operations	8,741	-
Amount written off	(173,278)	(1,044)
Exchange fluctuation adjustments	(1,109)	(241)
Balance at end of year	<u>175,651</u>	<u>235,984</u>

## A12. OTHER ASSETS

	<b>The Group</b>	
	<b>31.3.07</b>	<b>31.3.06</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade receivables, net of allowance for doubtful debts	787,809	288,965
Other receivables, deposits and prepayments, net of allowance for doubtful debts	485,991	84,131
Interest/Dividends receivable	104,430	77,145
Amount due from Originators	52,421	89,694
Amount due from brokers	59,126	11,767
Amount due from:		
Holding company	3,811	272
Related companies	9,751	2,389
Assets acquired in exchange of debts, net of impairment loss	6,832	9,622
	<u>1,510,171</u>	<u>563,985</u>

Amount due from Originators represents loans, hire purchase and leasing receivables acquired from the Originators for onward sale to Cagamas Berhad.

## A13. DEPOSITS FROM CUSTOMERS

	<b>The Group</b>	
	<b>31.3.07</b>	<b>31.3.06</b>
	<b>RM'000</b>	<b>RM'000</b>
Term/Investment deposits from customers	4,822,143	5,510,235
Negotiable instruments of deposits	300	921,942
Other deposits	428,885	-
	<u>5,251,328</u>	<u>6,432,177</u>

The deposits are sourced from the following types of customers:

	<b>The Group</b>	
	<b>31.3.07</b>	<b>31.3.06</b>
	<b>RM'000</b>	<b>RM'000</b>
Business enterprises	3,252,167	4,330,012
Individuals	35,768	6,677
Government	738,043	1,469,518
Others	1,225,350	625,970
	<u>5,251,328</u>	<u>6,432,177</u>



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

	<b>The Group</b>	
	<b>31.3.07</b>	<b>31.3.06</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks:		
Related	4,397,316	2,475,800
Others	1,373,390	1,689,849
Bank Negara Malaysia	9,100	2,801
Other financial institutions	3,970,117	3,348,447
	<u>9,749,923</u>	<u>7,516,897</u>

#### A15. OTHER LIABILITIES

	<b>The Group</b>	
	<b>31.3.07</b>	<b>31.3.06</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade payables	374,188	352,617
Other payables and accruals	919,972	141,762
Securities sold not yet re-purchased	98,209	91,437
Provision for commitments	300	325
Amount due to related companies	10	317
Bank overdrafts	9,469	8,985
Taxation payable	4,900	649
Zakat payable	38	38
Profit equalisation reserve	245	276
Deferred tax liabilities	-	867
	<u>1,407,331</u>	<u>597,273</u>

#### A16. INTEREST INCOME

The Group	Fourth Quarter Ended		Year Ended	
	31.3.07	31.3.06	31.3.07	31.3.06
	RM'000	RM'000	RM'000	RM'000
Short-term funds and deposits with financial institutions	58,229	34,396	172,598	92,208
Securities held-for-trading	39,909	48,241	190,862	158,799
Securities available for sale	32,090	8,440	113,672	29,675
Securities held-to-maturity	1,008	9,500	18,340	51,408
Loans and advances				
- Interest income other than recoveries from NPL	58,897	51,005	235,413	200,381
- Recoveries from NPLs	4,172	3,620	29,420	49,347
Others	2,222	2,795	10,380	17,011
Gross interest income	196,527	157,997	770,685	598,829
Amortisation of premiums less accretion of discounts	(778)	8,644	10,420	12,738
Interest suspended	-	-	-	(58)
Total after net interest suspension	195,749	166,641	781,105	611,509

#### A17. INTEREST EXPENSE

The Group	Fourth Quarter Ended		Year Ended	
	31.3.07	31.3.06	31.3.07	31.3.06
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	67,865	73,539	282,756	260,762
Deposit of banks and other financial institutions	57,825	26,196	170,923	63,675
Securities sold under repurchase agreements	21,471	16,493	85,832	49,075
Subordinated deposits and term loans	3,588	3,073	15,285	23,814
Redeemable unsecured subordinated bonds	8,953	8,954	36,312	32,880
Securities sold not yet re-purchased	498	308	1,292	308
Others	12,916	15,733	26,357	32,365
	173,116	144,296	618,757	462,879

# **A18. OTHER OPERATING INCOME**

<b>The Group</b>	<b>Fourth Quarter Ended</b>		<b>Year Ended</b>	
	<b>31.3.07</b>	<b>31.3.06</b>	<b>31.3.07</b>	<b>31.3.06</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Fee income:				
Fees on loans and advances	5,848	5,425	16,975	30,482
Corporate advisory fees	9,046	4,066	20,805	18,245
Guarantee fees	7,925	6,838	19,263	14,580
Underwriting commissions	71	588	14,480	5,115
Portfolio management fees	1,025	1,501	9,540	7,641
Unit trust management fees	9,210	9,889	37,920	29,118
Property trust management fees	733	500	2,298	1,983
Brokerage fees and commissions	43,283	13,236	102,630	43,327
Other fee income	11,798	692	28,381	11,413
	<u>88,939</u>	<u>42,735</u>	<u>252,292</u>	<u>161,904</u>
Investment and trading income:				
Net gain from sale of securities held-for-trading	49,809	2,870	158,277	98,432
Net gain from sale of securities available-for-sale	3,360	-	4,041	92
Net gain on redemption of securities held-to-maturity	6,516	78	42,134	27,592
Gross dividend income from:				
Securities held-for-trading	5,266	3,065	11,213	6,532
Securities available-for-sale	140	8,313	140	8,313
Securities held-to-maturity	10,660	10,655	22,411	22,356
(Loss)/Gain on revaluation of derivatives	(8,842)	4,978	628	6,165
(Loss)/Gain on revaluation of securities held-for-trading	(4,492)	12,294	77,142	23,185
	<u>62,417</u>	<u>42,253</u>	<u>315,986</u>	<u>192,667</u>
Other income:				
Foreign exchange gain	459	5,615	1,426	8,343
Gain on disposal of property and equipment - net	-	43	532	571
Rental income	488	516	1,853	1,489
Loss on disposal of foreclosed properties	-	-	(8)	-
Other non-operating income	482	586	1,824	1,631
	<u>1,429</u>	<u>6,760</u>	<u>5,627</u>	<u>12,034</u>
	<u>152,785</u>	<u>91,748</u>	<u>573,905</u>	<u>366,605</u>

#### A19. OTHER OPERATING EXPENSES

The Group	Fourth Quarter Ended		Year Ended	
	31.3.07	31.3.06	31.3.07	31.3.06
	RM'000	RM'000	RM'000	RM'000
Personnel/Staff costs				
- Salaries, allowances and bonuses	34,620	23,175	118,414	88,210
- Others	12,080	7,395	39,497	31,216
	46,700	30,570	157,911	119,426
Establishment costs				
- Depreciation and amortisation of computer software	2,197	2,083	8,340	9,288
- Computerisation costs	7,205	4,617	17,082	12,408
- Rental	2,749	2,599	9,802	9,081
- Others	1,150	481	4,346	3,550
	13,301	9,780	39,570	34,327
Marketing and communication expenses				
- Sales commission	6,358	1,149	11,119	4,085
- Advertising	2,361	964	5,573	4,991
- Travel and entertainment	1,274	841	3,367	2,733
- Others	2,524	1,843	8,731	7,460
	12,517	4,797	28,790	19,269
Administration and general expenses				
- Amortisation of goodwill and premium on consolidation	-	1,837	-	6,413
- Professional fees	2,391	942	8,330	6,381
- Others	1,351	2,155	10,285	8,539
	3,742	4,934	18,615	21,333
Overheads	76,260	50,081	244,886	194,355

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

The Group	Fourth Quarter Ended		Year Ended	
	31.3.07	31.3.06	31.3.07	31.3.06
	RM'000	RM'000	RM'000	RM'000
Allowance/(Reversal of allowance) for bad and doubtful debts and financing:				
Specific allowance - net	17,262	34,233	105,313	79,549
Allowance during the period/year	21,286	38,595	122,090	105,270
Amount written back in respect of recoveries and reversals	(4,024)	(4,362)	(16,777)	(25,721)
General allowance	(3,522)	(2,009)	(1,260)	(5,028)
Bad debts and financing				
Written off	203	-	215	5,295
Recovered	(2,796)	(13,970)	(18,225)	(18,501)
Recoveries of value impairment on amount recoverable from Danaharta	-	-	(255)	(881)
	11,147	18,254	85,788	60,434

## A21. SEGMENTAL INFORMATION

### (A) BY BUSINESS SEGMENT

	Fourth Quarter Ended		Year Ended	
	31.3.07	31.3.06	31.3.07	31.3.06
	RM'000	RM'000	RM'000	RM'000
Merchant banking				
Revenue	260,324	223,679	1,171,121	909,325
Profit before taxation	54,004	57,261	323,385	315,308
Offshore banking				
Revenue	44,593	22,679	91,793	61,509
Profit/(Loss) before taxation	8,547	(2,010)	8,003	6,858
Funds management				
Revenue	16,693	8,774	51,804	34,031
Profit before taxation	7,632	3,871	23,426	14,344
Broking				
Revenue	34,288	14,421	97,139	60,356
Profit before taxation	15,395	4,595	40,877	9,750
Others				
Revenue	29,672	14,321	39,254	21,552
(Loss)/Profit before taxation	(3,178)	4,436	4,273	10,911
Total before consolidation adjustments				
Revenue	385,570	283,874	1,451,111	1,086,773
Profit before taxation	82,400	68,153	399,964	357,171
Consolidation adjustments				
Revenue	(24,014)	(15,990)	(47,879)	(32,651)
Profit before taxation	(15,213)	(11,326)	(12,603)	(17,133)
Total after consolidation adjustments				
Revenue	361,556	267,884	1,403,232	1,054,122
Profit before taxation	67,187	56,827	387,361	340,038

Included in the above is Islamic banking business profit before taxation of RM12.2 million for the quarter and RM35.0 million for the year ended 31 March 2007 (RM11.8 million for the quarter and RM68.5 million for the year ended 31 March 2006).

The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia except for Frasers International Pte. Ltd. and its subsidiary companies, PT AmCapital Indonesia and AmSecurities (H.K) 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% of revenue and profit before taxation respectively) in relation to the Group's activities in Malaysia.

## A22. VALUATIONS OF PROPERTY AND EQUIPMENTS

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

**A23. EVENTS SUBSEQUENT TO BALANCE SHEET DATE**

There has not arisen in the interval between the end of the financial quarter 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 for the current financial quarter and year.

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

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

## A25. COMMITMENTS AND CONTINGENCIES

In the normal course of business, AmInvestment Bank Berhad ("AmInvestment Bank") (formerly known as AmMerchant Bank Berhad) and AmInternational (L) Ltd ("AmInternational") make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured against the Group's assets.

As at 31 March 2007, the commitments and contingencies outstanding are as follows:

The Group	31.3.07			31.3.06		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
<b>Derivative Financial Instruments</b>						
Interest rate related contracts						
Interest rate futures	290,000	7,438	3,719	580,000	-	-
Interest rate swaps:						
Related company	9,733,356	222,264	44,453	3,732,189	56,141	11,228
Others	22,210,223	535,135	111,156	11,951,139	256,104	52,484
Foreign exchange related contracts						
Forward exchange contracts:						
Related company	82,554	4,343	868	450,222	8,495	1,699
Others	3,095,893	107,700	21,540	2,790,842	58,200	11,640
Cross currency swaps	811,310	92,886	18,577	375,676	32,666	6,533
Malaysian Government securities futures	5,000	6	3	10,000	-	-
Equity related contracts:						
Options	165,618	-	-	-	-	-
	<u>36,393,954</u>	<u>969,772</u>	<u>200,316</u>	<u>19,890,068</u>	<u>411,606</u>	<u>83,584</u>
<b>Commitments</b>						
Irrevocable commitments to extend credit maturing						
- within one year	538,155	-	-	642,181	-	-
- more than one year	191,815	95,908	95,277	187,253	93,627	93,135
Sale and buy back agreements	2,801,157	2,801,157	1,397,343	2,174,849	2,174,849	915,378
Forward purchase commitments	834,911	834,911	218,958	331,127	331,127	153,377
	<u>4,366,038</u>	<u>3,731,976</u>	<u>1,711,578</u>	<u>3,335,410</u>	<u>2,599,603</u>	<u>1,161,890</u>
<b>Contingent Liabilities</b>						
Guarantees given on behalf of customers	700,533	700,533	597,603	844,067	844,067	727,713
Underwriting liabilities	795,000	397,500	257,100	993,152	496,576	471,819
Certain transaction-related contingent items	522,509	261,255	235,918	431,238	215,619	181,111
	<u>2,018,042</u>	<u>1,359,288</u>	<u>1,090,621</u>	<u>2,268,457</u>	<u>1,556,262</u>	<u>1,380,643</u>
	<u>42,778,034</u>	<u>6,061,036</u>	<u>3,002,515</u>	<u>25,493,935</u>	<u>4,567,471</u>	<u>2,626,117</u>

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

- (a) The Company has given unsecured guarantees totalling RM10,000,000 (RM10,000,000 as at 31 March 2006) to a financial institution in respect of credit facilities extended to a subsidiary company.
- (b) As required, the merchant banking subsidiary company, AmInvestment Bank (formerly known as AmMerchant Bank Berhad) has given a continuing guarantee to Bank Negara Malaysia on behalf of AmInternational, to meet all its liabilities and financial obligations and requirements.
- (c) A suit dated 12 December 2005 was filed by Meridian Asset Management Sdn Bhd ("Meridian") against AmTrustee Berhad ("AmTrustee"), a subsidiary of AMMB Holdings Berhad (AMMB) and an associated company of the Company in respect of a claim amounting to RM27.6 million for alleged loss and damage together with interests and costs arising from AmTrustee's provision of custodian services to Meridian.

Malaysian Assurance Alliance Bhd ("MAA") has claimed its portion of the abovementioned alleged loss, being general damages and special damages of RM19,640,178.83, together with interest and costs. AmTrustee was served on 24 March 2006 with a Writ and Statement of Claim dated 25 January 2006 by solicitors acting for MAA. MAA had appointed Meridian as an external fund manager for certain of its insurance funds, and part of these funds were deposited by Meridian with AmTrustee.

Both claims are pending disposal. Neither material financial loss nor operational impact on the Group is expected as a result of the writs and statements of claim.

AmTrustee has been served on 5 October 2006 with an application to add AmInvestment Bank as 2nd Defendant to the Writ and Statement of Claim dated 12 December 2005 filed against AmTrustee by solicitors acting for Meridian Asset Management Sdn Bhd (Meridian). The claim by Meridian against AmInvestment Bank is for alleged loss and damage amounting to RM36,967,166.84 together with interest and costs arising from the provision of custodian services by AmTrustee to Meridian. The application is pending disposal.

Neither material financial nor operational impact is expected on the Company as a result of the addition of the 2nd defendant.



## A26. RELATED PARTY TRANSACTIONS

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

## A27. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 March 2007, derivative financial instruments outstanding are as follows:

### The Group

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	>1 - 5 years RM'000	>5 years RM'000	Margin requirement
Interest rate related contracts:								
Interest rate futures	290,000	-	100,000	10,000	90,000	90,000	-	298
Interest rate swaps	31,943,579	460,000	515,000	1,820,000	2,288,817	25,871,782	987,980	12,433
Foreign exchange related contracts:								
Forward exchange contracts	3,178,447	1,097,751	966,311	671,940	442,445	-	-	1,793
Cross currency swaps	811,310	-	-	138,600	-	672,710	-	1,486
Malaysian Government Securities futures	5,000	-	5,000	-	-	-	-	-
Equity related contracts:								
Options	165,618	51,489	-	-	32,313	81,816	-	-
Total	36,393,954	1,609,240	1,586,311	2,640,540	2,853,575	26,716,308	987,980	16,010

## 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 at a future settlement date. Interest rate swap transactions generally involve the exchange of fixed and floating interest payment obligations without the exchange of the underlying principal amounts.

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

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

#### **Risk associated with financial derivatives**

As derivatives are contracts that transfer risks, they expose the holder to the same types of market and credit risk as other financial instruments, and the Group manages these risks in a consistent manner under the overall risk management framework.

#### **Market risk of derivatives used for trading purposes**

Market risk arising from the above interest rate-related and foreign exchange-related derivative contracts measures the potential losses to the value of these contracts due to changes in market rates/prices. Exposures 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 measure that estimates the potential changes in portfolio value that may occur brought about by potential changes in market rates over a defined period at a 99% confidence level under normal market condition.

As at 31 March 2007, value-at-risk of foreign exchange-related derivative contracts used for trading purposes of the Group was RM1,424,763 (RM1,049,183 as at 31 March 2006).

The value-at-risk of the interest rate related derivative contracts used for trading purposes was RM7,851,503 (RM9,446,292 as at 31 March 2006).

The value at risk of the options related contracts used for trading purposes was RM26,007,863 (RMNil as at 31 March 2006) for the Group.

### **Credit risk of derivatives**

Counterparty credit risk arises from the possibility that a counterparty may be unable to meet the terms of the derivatives contract. Unlike conventional asset instruments, the Group's financial loss is not the entire contracted principal value of the derivatives, but rather a fraction equivalent to the cost to replace the defaulted contract with another in the market. The cost of replacement is equivalent to the difference between the original value of the derivatives at time of contract with the defaulted 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 2007, the amounts of counterparty credit risk, measured in term of the cost to replace the profitable contracts of the Group was RM133,793,052 (RM26,977,165 as at 31 March 2006). This amount will increase or decrease over the life of the contracts, mainly as a function of movement in market rates and time.

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

### **Derivative Financial Instruments And Hedge Accounting**

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

#### **(i) Fair value hedge**

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

#### **(ii) Cash flow hedge**

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

## A28. INTEREST/PROFIT RATE RISK

The following table shows the interest rate sensitivity gap, by time bands, on which interest rates of instruments are next repriced on a contractual basis or, if earlier, the dates on which the instruments mature.

	<-----Non-trading book ----->									
The Group	Up to 1	>1 - 3	>3 - 6	>6 - 12	1 - 5	Over 5	Non-	Trading		Effective
31.3.07	month	months	months	months	years	years	interest	book	Total	interest
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	sensitive	RM'000	RM'000	rate
							RM'000			%
ASSETS										
Cash and short-term funds	3,457,836	-	-	-	-	-	94,880	-	3,552,716	3.93
Securities purchased under resale agreements	285,394	-	-	-	-	-	-	-	285,394	2.92
Deposits and placements with banks and other financial institutions	72,472	1,009,199	3,628	-	-	749,500	-	-	1,834,799	6.06
Securities held-for-trading	-	-	-	-	-	-	-	5,822,428	5,822,428	3.90
Securities available-for-sale	705,048	1,001,622	964,202	-	448,234	291,790	21,780	71,599	3,504,275	4.09
Securities held-to-maturity	1,340	34,560	139,763	148,073	630,365	172,900	64,596	-	1,191,597	6.64
Loans, advances and financing:										-
- performing	1,851,118	1,730,499	105,402	78,591	273,324	14,814	3,117	-	4,056,865	6.39
- non-performing *	-	-	-	-	-	-	-	124,803	124,803	-
Amount due from Originators	-	400	9,441	2,980	39,600	-	-	-	52,421	4.30
Other non-interest sensitive balances	-	-	-	-	-	-	1,841,482	-	1,841,482	-
TOTAL ASSETS	6,373,208	3,776,280	1,222,436	229,644	1,391,523	1,229,004	2,025,855	6,018,830	22,266,780	
LIABILITIES AND EQUITY										
Deposits from customers	3,212,762	1,238,353	320,560	258,125	221,528	-	-	-	5,251,328	3.58
Deposits and placements of banks and other financial institutions	4,509,618	1,679,229	777,708	393,617	1,099,167	1,290,584	-	-	9,749,923	4.15
Obligations on securities sold under repurchase agreements	2,730,004	49,275	3,072	-	-	-	-	-	2,782,351	3.38

**A28. INTEREST/PROFIT RATE RISK (CONTD.)**

	<-----Non-trading book ----->									
The Group	Up to 1	>1 - 3	>3 - 6	>6 - 12	1 - 5	Over 5	Non-	Trading		Effective
31.3.07	month	months	months	months	years	years	interest	book	Total	interest
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	sensitive	RM'000	RM'000	rate
							RM'000			%
Recourse obligations on loans sold to Cagamas Berhad	-	400	9,441	2,980	39,600	-	-	-	52,421	4.30
Term loans	-	-	-	103,680	-	-	-	-	103,680	5.60
Redeemable unsecured subordinated bonds	-	-	-	-	-	595,000	-	-	595,000	6.10
Other non-interest sensitive balances	-	-	-	-	-	-	1,407,331	-	1,407,331	-
Total Liabilities	10,452,384	2,967,257	1,110,781	758,402	1,360,295	1,885,584	1,407,331	-	19,942,034	
Share capital	-	-	-	-	-	-	1,320,000	-	1,320,000	
Reserves	-	-	-	-	-	-	999,347	-	999,347	
Equity attributable to equity holders of the Company	-	-	-	-	-	-	2,319,347	-	2,319,347	
Minority interests	-	-	-	-	-	-	5,399	-	5,399	
TOTAL LIABILITIES AND EQUITY	10,452,384	2,967,257	1,110,781	758,402	1,360,295	1,885,584	3,732,077	-	22,266,780	
On-balance sheet interest sensitivity gap	(4,079,176)	809,023	111,655	(528,758)	31,228	(656,580)	(1,706,222)	6,018,830	-	
Off-balance sheet interest sensitivity gap	(3,257,352)	1,198,961	(600,545)	484,174	1,354,685	908,233	-	-	88,157	
Total interest sensitivity gap	(7,336,528)	2,007,984	(488,890)	(44,584)	1,385,913	251,653	(1,706,222)	6,018,830	88,157	
Cumulative interest rate sensitivity gap	(7,336,528)	(5,328,544)	(5,817,434)	(5,862,018)	(4,476,105)	(4,224,451)	(5,930,673)	88,157		

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

**A28. INTEREST/PROFIT RATE RISK (CONTD.)**

	<-----Non-trading book ----->									
The Group	Up to 1	>1 - 3	>3 - 6	>6 - 12	1 - 5	Over 5	Non-	Trading		Effective
31.3.06	month	months	months	months	years	years	interest	book	Total	interest
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	sensitive	RM'000	RM'000	rate
							RM'000			%
ASSETS										
Cash and short-term funds	2,690,992	-	-	-	-	-	466,095	-	3,157,087	6.32
Securities purchased under resale agreements	685,252	30,924	-	-	-	-	-	-	716,176	3.16
Deposits and placements with banks and other financial institutions	217	1,373	-	399,895	73,661	749,500	-	-	1,224,646	3.33
Securities held-for-trading	6,287	-	-	-	-	-	-	7,233,349	7,239,636	3.87
Securities available-for-sale	-	-	67,258	-	294,829	438,782	25,104	8,907	834,880	5.04
Securities held-to-maturity	-	55,247	1,997	83,708	857,911	327,417	479,974	-	1,806,254	5.52
Loans, advances and financing:										
- performing	1,639,042	1,659,076	127,883	112,509	310,298	28,438	70,026	-	3,947,272	6.30
- non-performing *	-	-	-	-	-	-	230,360	-	230,360	-
Amount due from Originators	816	-	1,967	19,564	67,347	-	-	-	89,694	4.25
Other non-interest sensitive balances	-	-	-	-	-	-	985,346	-	985,346	-
TOTAL ASSETS	5,022,606	1,746,620	199,105	615,676	1,604,046	1,544,137	2,256,905	7,242,256	20,231,351	
LIABILITIES AND EQUITY										
Deposits from customers	3,838,547	1,912,142	263,589	161,518	8,844	-	247,537	-	6,432,177	3.18
Deposits and placements of banks and other financial institutions	2,768,877	1,255,054	468,154	387,818	1,026,803	1,335,917	274,274	-	7,516,897	3.95
Obligations on securities sold under repurchase agreements	2,481,313	81,031	273	-	-	-	-	-	2,562,617	3.13

**A28. INTEREST/PROFIT RATE RISK (CONTD.)**

The Group 31.3.06	<-----Non-trading book ----->								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	Non- interest sensitive RM'000	Trading book RM'000		Total RM'000
Acceptances payable	964	1,336	803	-	-	-	-	-	3,103	4.81
Recourse obligations on loans sold to Cagamas Berhad	816	-	1,967	19,564	67,347	-	-	-	89,694	4.25
Term loans	-	276,232	-	-	-	-	-	-	276,232	5.15
Redeemable unsecured subordinated bonds	-	-	-	-	-	595,000	-	-	595,000	6.10
Other non-interest sensitive balances	-	-	-	-	-	-	597,273	-	597,273	
Total Liabilities	9,090,517	3,525,795	734,786	568,900	1,102,994	1,930,917	1,119,084	-	18,072,993	
Share capital	-	-	-	-	-	-	1,320,000	-	1,320,000	
Reserves	-	-	-	-	-	-	837,405	-	837,405	
Equity attributable to equity holders of the Company	-	-	-	-	-	-	2,157,405	-	2,157,405	
Minority interests	-	-	-	-	-	-	953	-	953	
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>9,090,517</b>	<b>3,525,795</b>	<b>734,786</b>	<b>568,900</b>	<b>1,102,994</b>	<b>1,930,917</b>	<b>3,277,442</b>	<b>-</b>	<b>20,231,351</b>	
On-balance sheet interest sensitivity gap	(4,067,911)	(1,779,175)	(535,681)	46,776	501,052	(386,780)	(1,020,537)	7,242,256	-	
Off-balance sheet interest sensitivity gap	(1,142,119)	(332,577)	245,061	(686,414)	(13,326)	1,935,098	-	-	5,723	
<b>Total interest sensitivity gap</b>	<b>(5,210,030)</b>	<b>(2,111,752)</b>	<b>(290,620)</b>	<b>(639,638)</b>	<b>487,726</b>	<b>1,548,318</b>	<b>(1,020,537)</b>	<b>7,242,256</b>	<b>5,723</b>	
<b>Cumulative interest rate sensitivity gap</b>	<b>(5,210,030)</b>	<b>(7,321,782)</b>	<b>(7,612,402)</b>	<b>(8,252,041)</b>	<b>(7,764,314)</b>	<b>(6,215,996)</b>	<b>(7,236,533)</b>	<b>5,723</b>		

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

## A29. CAPITAL ADEQUACY

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

	<b>31.3.07</b>	<b>31.3.06</b>
	<b>RM'000</b>	<b>RM'000</b>
Tier 1 capital		
Paid-up ordinary share capital	1,320,000	1,320,000
Share premium	80,521	80,521
Capital reserve	60,284	60,284
Statutory reserve	389,500	329,549
Exchange fluctuation reserve	(9,306)	(3,868)
Unappropriated profit at end of year	460,128	365,805
Minority interests	5,399	953
	<u>2,306,526</u>	<u>2,153,244</u>
Less:		
Goodwill	(122,641)	(111,496)
Deferred tax assets, net	(43,468)	(65,777)
Total Tier 1 capital	<u>2,140,417</u>	<u>1,975,971</u>
Tier 2 capital		
Redeemable unsecured subordinated bonds	595,000	595,000
General allowance for bad and doubtful debts	63,905	63,925
Total Tier 2 capital	<u>658,905</u>	<u>658,925</u>
Total capital funds	2,799,322	2,634,896
Less: Investment in capital of related financial institutions	(56,074)	(504,219)
Capital base	<u>2,743,248</u>	<u>2,130,677</u>
Capital Ratios:		
Core capital ratio	13.86%	15.24%
Risk-weighted capital ratio	17.76%	16.44%
Core capital ratio (net of proposed ordinary dividend)	13.22%	14.62%
Risk-weighted capital ratio (net of proposed ordinary dividend)	<u>17.13%</u>	<u>15.81%</u>

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

	<b>31.3.07</b>		<b>31.3.06</b>	
	<b>Principal</b>	<b>Risk-Weighted</b>	<b>Principal</b>	<b>Risk-Weighted</b>
	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
0%	2,360,122	-	2,644,321	-
10%	1,359	136	20,180	2,018
20%	7,368,049	1,473,610	2,911,633	582,327
50%	228,956	114,478	248,464	124,232
100%	8,079,787	8,079,787	7,105,009	7,105,009
	<u>18,038,273</u>	<u>9,668,011</u>	<u>12,929,607</u>	<u>7,813,586</u>
Add: Total RWA equivalent to market risk		5,779,282		5,148,187
		<u>15,447,293</u>		<u>12,961,773</u>



### A30. OPERATIONS OF ISLAMIC BANKING BUSINESS

The state of affairs as at 31 March 2007 and the results for the year ended 31 March 2007 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:

#### AUDITED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2007

	<b>The Group</b>	
	<b>31.3.07</b>	<b>31.3.06</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
Cash and short-term funds	704,124	444,970
Securities held-for-trading	407,673	286,825
Securities available-for-sale	17,596	18,830
Securities held-to-maturity	35,092	56,171
Financing, advances and other loans	33,649	73,853
Statutory deposit with Bank Negara Malaysia	14,500	14,500
Other receivables, deposits and prepayments	10,348	9,499
Property and equipment	33	32
Deferred tax assets	158	44
<b>TOTAL ASSETS</b>	<b>1,223,173</b>	<b>904,724</b>
<b>LIABILITIES AND ISLAMIC BANKING FUNDS</b>		
Deposits from customers	424,870	247,537
Deposits and placements of banks and other financial institutions	489,074	274,274
Converted fund	14,197	71,310
Other liabilities	12,117	54,407
<b>Total Liabilities</b>	<b>940,258</b>	<b>647,528</b>
<b>ISLAMIC BANKING FUNDS</b>		
Capital funds	102,839	102,839
Reserves	180,076	154,357
Islamic banking funds	282,915	257,196
<b>TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS</b>	<b>1,223,173</b>	<b>904,724</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	<b>3,401,236</b>	<b>2,802,023</b>

**AUDITED CONSOLIDATED INCOME STATEMENT  
FOR THE FOURTH QUARTER AND YEAR ENDED 31 MARCH 2007**

<b>The Group</b>	<b>Fourth Quarter Ended</b>		<b>Year Ended</b>	
	<b>31.3.07</b>	<b>31.3.06</b>	<b>31.3.07</b>	<b>31.3.06</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' funds and others	10,609	5,795	32,347	25,740
Reversal of allowance/(Allowance) for losses on financing	149	(434)	(9,258)	(6,238)
Transfer (to)/from profit equalisation reserve	(37)	1,367	25	1,919
Total attributable income	10,721	6,728	23,114	21,421
Income attributable to depositors	(6,335)	(4,408)	(26,820)	(24,437)
Income/(Loss) attributable to the Group	4,386	2,320	(3,706)	(3,016)
Income derived from investment of Islamic banking funds	8,748	10,308	42,695	74,705
Total net income	13,134	12,628	38,989	71,689
Other operating expenses	(967)	(790)	(3,970)	(3,157)
Profit before taxation	12,167	11,838	35,019	68,532
Taxation	(2,949)	(2,181)	(8,937)	(18,973)
Profit for the year	9,218	9,657	26,082	49,559

**A30a FINANCING, ADVANCES AND OTHER LOANS**

	<b>The Group</b>	
	<b>31.3.07</b>	<b>31.3.06</b>
	<b>RM'000</b>	<b>RM'000</b>
Term financing		
Syndicated financing	19,730	70,435
Other term financing	15,026	499
Revolving credit	22,943	33,955
Gross financing, advances and other loans	57,699	104,889
Less : Allowance for bad and doubtful debts and financing:		
- General	513	1,125
- Specific	23,537	29,911
	24,050	31,036
Net financing, advances and other loans	33,649	73,853

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

**Gross**

Balance at beginning of year	39,920	42,273
Non-performing during the year	50	449
Recoveries	(330)	(2,802)
Amount written-off	(16,103)	-
Balance at end of year	23,537	39,920
Specific allowance	(23,537)	(29,911)
Net non-performing financing, advances and other loans	-	10,009

Ratio of non-performing financing, advances and other loans to total financing, advances and other loans - net	-	13.35%
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Movements in allowances for bad and doubtful financing, advances and other loans are as follows:

**General Allowance**

Balance at beginning of year	1,125	7,796
Reversal of allowance during the year	(612)	(6,671)
Balance at end of year	513	1,125

% of total financing, advances and other loans less specific allowance	1.50%	1.50%
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**Specific Allowance**

Balance at beginning of year	29,911	22,352
Allowance made during the year	9,870	7,684
Amount written off	(16,244)	(125)
Balance at end of year	23,537	29,911

**A30b DEPOSITS FROM CUSTOMERS**

	<b>The Group</b>	
	<b>31.3.07</b>	<b>31.3.06</b>
	<b>RM'000</b>	<b>RM'000</b>
Mudarabah Fund		
Mudarabah Special Investment deposits	424,870	247,537

**A30c. OTHER LIABILITIES**

	<b>The Group</b>	
	<b>31.3.07</b>	<b>31.3.06</b>
	<b>RM'000</b>	<b>RM'000</b>
Other payables and accruals	2,783	37,754
Taxation and zakat payable	9,089	16,377
Profit equalisation reserve	245	276
	<u>12,117</u>	<u>54,407</u>

### **A31. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS**

#### **Changes in accounting policies**

The accounting policies are consistent with those adopted in the previous audited annual financial statements except for the adoption of the following:

- (i) New and revised Financial Reporting Standards (“FRS”) issued by MASB that are applicable to the Group and the Company with effect from the financial period beginning on or after 1 April 2006 which have resulted in changes in accounting policies as follows:

- (a) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interests and other disclosures. Prior to 1 April 2006, minority interests at the balance sheet date are presented in the consolidated balance sheet separately from the liabilities and equity. Upon the adoption of the revised FRS 101, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the year. A similar requirement is also applicable to the statement of changes in equity. The revised FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the Company and to minority interests.

Prior to 1 April 2006, the Group’s share in taxation of associated companies accounted for using the equity method was included as part of the Group’s income tax expense in the consolidated income statement. Upon the adoption of revised FRS 101, the share in taxation of associated companies accounted for using the equity method is now included in the share in results of associated companies in the consolidated income statement before arriving at the Group’s profit before taxation.

These changes in presentation have been applied retrospectively and certain comparative figures have been restated. These changes in presentation has no impact on the Company’s financial statements.

- (b) FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets

The new FRS 3 has resulted in consequential amendments to two other accounting standards, FRS 136 and FRS 138. In accordance with the transitional provisions, FRS 3 has been applied for business combinations for which agreement date is on or after 1 January 2006.

**A31. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS (CONTD.)**

**(i) Goodwill**

Prior to 1 April 2006, goodwill was amortised on a straight-line basis over its estimated useful life from 20 to 50 years and at balance sheet date, the Group assessed if there was any indication of impairment of the cash-generating unit in which the goodwill is attached to. The adoption of FRS 3: Business Combinations and the consequential changes to FRS 136: Impairment of Assets and FRS 138: Intangible Assets, has resulted in the Group ceasing annual goodwill amortisation.

Goodwill and premium acquired in a business combination is now carried at cost less any accumulated impairment losses and is tested for impairment annually, or more frequently if events changes in circumstances indicate that it might be impaired. Goodwill and premium impairment is determined by comparing its carrying amount against its recoverable amount in accordance with FRS 136. Any impairment loss is recognised in the income statement and subsequent reversal is not allowed.

This change in accounting policy has been accounted for prospectively for business combinations where the agreement date is on or after 1 January 2006. For business combinations entered into prior to that date, the transitional provisions of FRS 3 requires the Group to eliminate the carrying accumulated amortisation as at 1 April 2006 of RM31,043,000 against the carrying amount of goodwill and premium. The carrying amount of goodwill and premium for the Group as at 1 April 2006 of RM118,331,000 ceased to be amortised. This has the effect of reducing the amortisation charge of the Group by RM7,373,000 for the year ended 31 March 2007. No impairment loss on goodwill and premium has been recognised in the year ended 31 March 2007.

Because the change in accounting policy has been applied prospectively, the change has had no impact on amounts reported for financial year ended 31 March 2006 or prior period. This change has no impact on the Company's financial statements.

**(ii) Excess of Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of business combinations (previously known as negative goodwill).**

Negative goodwill, which represents the excess in fair value of the net identifiable assets acquired over the cost of the acquisition, is now recognised immediately to the income statement. Prior to 1 April 2006, negative goodwill not exceeding the fair values of the non-monetary assets acquired, was recognised in the income statement over the weighted average useful life of those assets that were depreciable /amortisable and negative goodwill in excess of the fair values of the non-monetary assets acquired was recognised in the income statement immediately. The adoption of this accounting policy has not resulted in any financial impact to the Group as there was no negative goodwill as at 1 April 2006.

This change has no impact on the Company's financial statements.

**A31. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS (CONTD.)**

(iii) Accounting for acquisitions

Prior to 1 April 2006, the Group did not recognise separately the acquiree's contingent liabilities at the acquisition date as part of allocating the cost of a business combination. Upon the adoption of FRS 3, contingent liabilities are now separately recognised, provided their fair values can be measured reliably. In addition, the Group was previously allowed to recognise restructuring provisions in connection with an acquisition regardless of whether the acquiree had recognised such provisions. Upon the adoption of FRS 3, the Group is now permitted to recognise such provisions only when the acquiree has, at the acquisition date, an existing liability for restructuring recognised in accordance with FRS 137.

The change did not materially affect the financial statements of the Group and the Company.

(iv) Intangible assets – computer software

The adoption of FRS 138 has resulted in a change in the accounting policy for computer software which is not an integral part of computer hardware. Previously, such computer software was included in property and equipment. In accordance with FRS 138, computer software which is not an integral part of computer hardware is classified as intangible asset.

The change in accounting policy has been applied prospectively in accordance with the transitional provisions of FRS 138.

Because the change in accounting policy has been applied prospectively, the change has had no impact on amounts reported for financial year ended 31 March 2006 or prior period. This change has no impact on the Company's financial statements.

**A31. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS (CONTD.)**

**Summary of effects of adoption of new and revised FRSs on current year's financial statements:**

- (i) The following tables provide estimates of the extent to which each of the line items in the balance sheets and income statements for the year ended 31 March 2007 is higher or lower than it would have been had the previous policies been applied in the current year.

- (a) Effects on Balance Sheets as at 31 March 2007 as a result of adopting FRS 3:

<b>Description of change</b>	<b>Decrease RM'000</b>
Intangible assets	<u>9,680</u>

- (b) Effects on Income Statement :

	<b>Fourth Quarter Ended 31.3.07 RM'000</b>	<b>Year Ended 31.3.07 RM'000</b>
Profit after taxation before changes in accounting policies	48,675	275,822
Effects of adopting FRS 3 – goodwill amortisation no longer charged to income statement	<u>1,863</u>	<u>7,373</u>
Profit after taxation after changes in accounting policies	<u>50,538</u>	<u>283,195</u>

- (ii) Restatement of comparatives

The following comparative amounts have been restated as a result of adopting the new and revised FRSs.

	<b>As previously reported RM'000</b>	<b>Effect of change RM'000</b>	<b>As restated RM'000</b>
<b>Balance Sheet as at 31 March 2006</b>			
<b>Group</b>			
<b>Assets</b>			
Property and equipment	46,933	(4,589)	42,344
Goodwill on consolidation	111,496	(111,496)	-
Intangible assets	<u>-</u>	<u>116,085</u>	<u>116,085</u>



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

The Group recorded a pre-tax profit of RM387.4 million for the year ended 31 March 2007, an increase of 13.9% as compared to RM340.0 million reported in the corresponding year ended 31 March 2006. Accordingly, the Group's net profit attributable to equity holders of the Company for the year was RM283.2 million as compared to RM247.3 million for the corresponding year. Net earnings per share stood at 21.5 sen, whilst post-tax return on average equity attributable to equity holders of the Company was 12.6% for the year ended 31 March 2007.

The higher pre-tax profit for the year was mainly from significant improvement in investment and trading income due to higher gain from sale of securities held for trading (+RM59.8 million) and gain on revaluation of securities held on trading portfolio (+RM54.0 million).

For the quarter ended 31 March 2007, the Group recorded a higher pre-tax profit of RM67.2 million as compared to RM56.8 million for the corresponding quarter. The increase was mainly attributed to increase in net gain from sale of securities held for trading (+RM47.0 million) and increase in fee income of RM46.2 million mainly from improvement in brokerage, corporate advisory fees and fees on fund management activities. However, the increase was reduced by higher impairment losses on securities.

The Group's risk weighted capital ratio and equity attributable to equity holders of the Company as at 31 March 2007 stood at 17.76% and RM2.3 billion, respectively. As at 31 March 2007, the Group's net non-performing loans ratio reduced to 4.44% (6.94% as at 31 March 2006) and loan loss coverage (excluding collateral values of securities pledged) is 65.7%.

The investment banking operations reported a pretax profit of RM323.4 million as compared to RM315.3 million in the corresponding year ended 31 March 2006. The higher pre-tax profit was mainly due to higher net gain from trading of securities held for trading and gain on revaluation of securities held on trading portfolio. However, the increase was reduced by higher allowance for losses on loans and financing arising from a more stringent basis for providing specific allowance on non-performing loans and impairment losses on securities.

The offshore banking operations of the Group reported a pre-tax profit of RM8.0 million as compared to a pretax profit of 6.9 million in the corresponding year ended 31 March 2006 mainly due to higher guarantee fees received reduced by higher impairment loss on securities held to maturity.

Due to the higher volume of trades on the Bursa Securities, the stockbroking operations recorded a pretax profit of RM40.9 million and RM15.4 million for the year and quarter ended 31 March 2007, respectively.

Total funds under management, both unit trust and institutional funds stood at RM14.5 billion and the Fund Management Division reported a pre-tax profit of RM23.4 million and RM7.6 million for the year and quarter ended 31 March 2007.

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

**B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION**

The Group reported a lower pre-tax profit of RM67.2 million for the fourth quarter ended 31 March 2007 as compared to RM173.0 million for the third quarter ended 31 December 2006.

The lower pre-tax profit was mainly due to lower trading and investment income arising from lower net gain from sale of securities held-for-trading, higher impairment loss on securities and lower income from Islamic banking business. However, this impact was reduced by improvement in loan loss allowances for the quarter.

**B3. PROSPECTS FOR 31 MARCH 2008**

In tandem with the thrusts of the 9MP, the Malaysian economy is projected to see sustained growth in 2007 with GDP growth projected at 5.9%. On the back of favorable macroeconomic conditions, the banking sector is expected to remain robust with strong capitalization and continuous improvement in asset quality.

For the upcoming year, capital market activities are expected to be robust. The active promotion of Islamic financing by the Malaysian government and growing demand for Shariah compliant securities from local and international investors provide an impetus for more capital market issues.

The Group will continue to pursue its strategy of expanding its business operations regionally whilst maintaining its leadership position in the industry. The Group is confident that it has built an infrastructure, customer base and brand-awareness that enables it to take advantage of industry growth opportunities. Further, it is envisaged that the Group's strategic tie-up with ANZ will elevate the Group to a level on par with international banks.

**B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE**

This is not applicable to the Group.

## B5. TAXATION

The Group	Fourth Quarter Ended		Year Ended	
	31.3.07 RM'000	31.3.06 RM'000	31.3.07 RM'000	31.3.06 RM'000
Estimated current tax payable	(2,218)	13,054	81,904	80,758
(Overprovision)/Underprovision of current taxation in respect of prior years	(43)	100	(47)	100
Transfer to deferred tax assets	19,203	4,034	22,602	10,221
Transfer (to)/from deferred tax liabilities	(293)	99	(293)	99
Total	<u>16,649</u>	<u>17,287</u>	<u>104,166</u>	<u>91,178</u>

The total tax charge of the Group for the financial quarter ended 31 March 2006 reflect an effective tax rate which is higher than the statutory tax rate due mainly to the disallowances of certain expenses.

The total tax charge of the Group for the financial quarter ended 31 March 2007 and year ended 31 March 2007 and 2006 reflects an effective tax rate which is lower than the statutory tax rate due mainly to certain income not subject to tax and the effect of different tax rates incurred by the offshore banking operations in Labuan.

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

The Group	Fourth Quarter Ended		Year Ended	
	31.3.07 RM'000	31.3.06 RM'000	31.3.07 RM'000	31.3.06 RM'000
Net gain from sale of securities held-for-trading	49,809	2,870	158,277	98,432
Net gain from sale of securities available-for-sale	3,360	-	4,041	92
Net gain on redemption of securities held-to-maturity	6,516	78	42,134	27,592
Impairment (loss)/writeback on securities	<u>(33,445)</u>	<u>(2,780)</u>	<u>(66,679)</u>	<u>4,736</u>

## B7. QUOTED SECURITIES

This note is not applicable to financial institutions.

## **B8. CORPORATE PROPOSALS**

Status of corporate proposal announced but not completed are as follows:

1. On 15 November 2006, Am ARA REIT Managers Sdn Bhd ("Am ARA Managers"), a subsidiary company of the Company and the management company of AmFIRST Real Estate Investment Trust ("AmFIRST REIT"), received approval from Mayban Trustees Berhad ("Mayban Trustees"), the trustee of AmFIRST REIT, in relation to the proposed acquisition from Brem Holding Berhad a leasehold land held under lot no. PT5135, title no. H.S. (M) 8547, Mukim of Damansara, District of Petaling, State of Selangor, together with the buildings erected thereon and known as "Kelana Brem Towers" for a cash consideration of RM85 million ("Proposed Acquisition").

The Proposed Acquisition is conditional upon approvals being obtained from the State of Selangor Authority and any other relevant authorities.

2. AmInvestment Bank has entered into a preliminary agreement on 31 March 2007 with Saudi Arabian parties for a proposed joint venture in a company to be established for carrying on capital market activities in Saudi Arabia, subject to the joint venture company being licensed by the relevant Saudi Arabian authorities. The preliminary agreement will pave the way for the parties to engage in further negotiations towards finalising a shareholders' agreement to govern the proposed joint venture.

## B9. BORROWINGS

	<b>The Group</b>	
	<b>31.3.07</b>	<b>31.3.06</b>
	<b>RM'000</b>	<b>RM'000</b>
(i) Deposits from customers		
Due within six months	4,792,903	6,247,352
Six months to one year	256,375	175,981
One year to three years	202,050	3,844
Three to five years	-	5,000
	<u>5,251,328</u>	<u>6,432,177</u>
(ii) Deposits and placements of banks and other financial institutions		
Due within six months	6,944,825	4,761,236
Six months to one year	393,617	392,857
One year to three years	1,083,734	1,021,829
Three to five years	1,327,747	1,340,975
	<u>9,749,923</u>	<u>7,516,897</u>
<i>Recap :</i>		
<i>Interbank lendings</i>	3,770,547	4,315,378
<i>Interbank borrowings</i>	<u>(4,118,513)</u>	<u>(1,672,830)</u>
<b><i>Net interbank (borrowings)/lendings</i></b>	<u>(347,966)</u>	<u>2,642,548</u>
(iv) Term loans		
Due within one year		
Secured	<u>103,680</u>	<u>276,232</u>
(v) Redeemable unsecured subordinated bonds		
More than one year	<u>595,000</u>	<u>595,000</u>

## B10. DERIVATIVE FINANCIAL INSTRUMENTS

Please refer to note A27.

## B11. MATERIAL LITIGATION

The Group and the Company do not have any material litigation which would materially affect the financial position of the Group and the Company. For other litigation, please refer to Note A25(c).

## B12. DIVIDENDS

- (a) (i) A proposed final ordinary dividend of 10.0%, less 26.0% taxation, for the financial year ended 31 March 2007 has been recommended by the directors;
- (ii) Amount per share: 10 Sen less 26.0% taxation;
- (iii) Previous corresponding year: 8.5 Sen less 28.0% taxation;
- (iv) Payment date: To be determined and announced at a later date; and
- (v) In respect of deposited securities, entitlement to the proposed dividend will be determined on the basis of the Record of Depositors as at the close of business on the date to be determined and announced at a later date.
- (b) The total dividend for the financial year ended 31 March 2007 - 15 Sen, comprising interim dividend of 5 Sen, less taxation 27.0% and proposed final dividend of 10 Sen, less taxation 26.0%.

## B13. EARNINGS PER SHARE (SEN)

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

	Fourth Quarter Ended		Year Ended	
	31.3.07	31.3.06	31.3.07	31.3.06
The Group	RM'000	RM'000	RM'000	RM'000
Net profit attributable to equity holders of the company	50,540	39,333	283,238	247,348
Number of ordinary shares at beginning of period/year	1,320,000	1,320,000	1,320,000	1,109,442
Effect of ordinary shares issued	-	-	-	188,060
Weighted average number of ordinary shares in issue	1,320,000	1,320,000	1,320,000	1,297,502
Basic earnings per share (sen)	3.83	2.98	21.46	19.06

There are no dilutive potential ordinary shares during the financial quarter and year.

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

Date : 18 May 2007