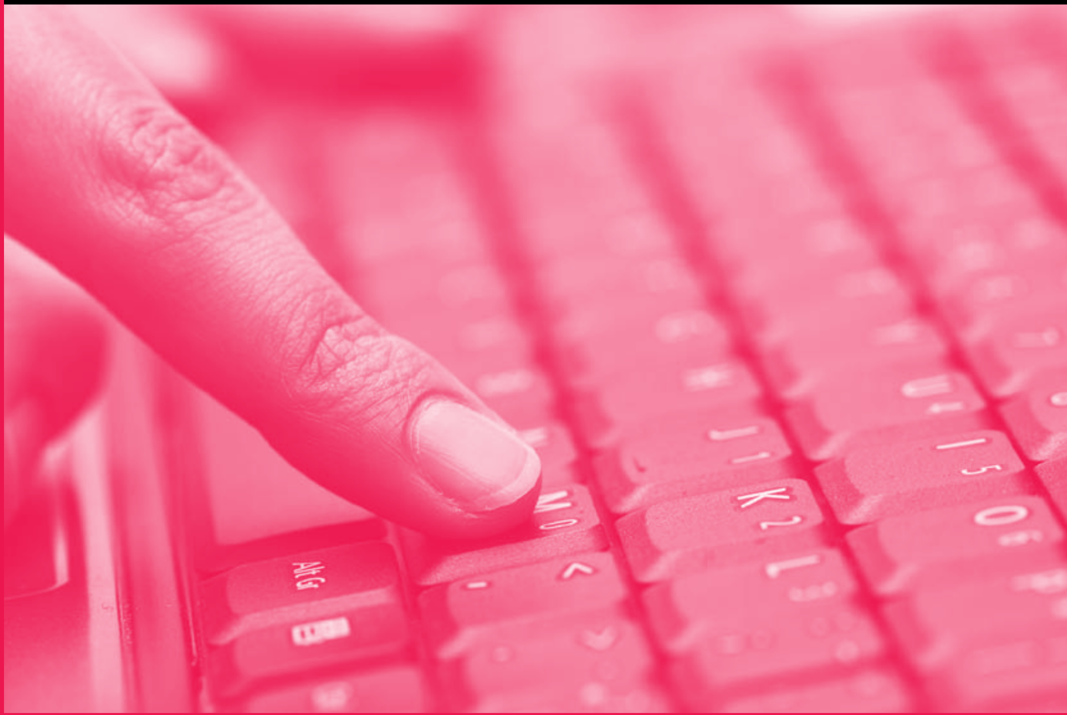
AMMB Holdings Berhad

Company Number 223035-V
Incorporated In Malaysia



FINANCIAL STATEMENTS 2008

Expressed In Ringgit Malaysia
For The Year Ended 31 March 2008

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of AMMB HOLDINGS BERHAD for the financial year ended 31 March 2008.

PRINCIPAL ACTIVITIES

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

The subsidiary companies, as listed in Note 15 to the financial statements, provide a wide range of investment banking, commercial banking, retail financing and related financial services which also include the Islamic banking business, underwriting of general and life insurance, stock and share-broking, futures broking, investment advisory and asset, real estate investment and unit trusts management.

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

SIGNIFICANT EVENTS

1) On 18 May 2007, upon obtaining the necessary approvals from the shareholders' and the relevant authorities, the Company implemented the following:

   (i) Increase in the authorised share capital of the Company from RM5,000,000,000 comprising 5,000,000,000 ordinary shares of RM1.00 each to RM5,200,000,000 comprising 5,000,000,000 ordinary share of RM1.00 each and 200,000,000 converting preference shares ("CPS") of RM1.00 each;

   (ii) Issue of 163,934,426 CPS to ANZ Funds Pty Ltd ("ANZ Funds") at an issue price of RM3.05 per CPS amounting to RM500,000,000, which are convertible into 163,934,426 new ordinary shares of RM1.00 each in the Company; and

   (iii) Issue of the RM575,000,000 nominal value Ten (10) Year Unsecured Exchangeable Bonds ("EBs") by AmBank (M) Berhad ("AmBank") to ANZ Funds which are exchangeable into 188,524,590 new ordinary shares in the Company at an exchange price of RM3.05 per share.

   On 13 March 2008, the CPS was converted to 163,934,426 new ordinary shares of RM1.00 each on the basis of one new ordinary share of RM1.00 each in exchange for every one CPS of RM1.00 each.

(2) The Company has utilised a total of RM450,000,000 from the proceeds of CPS for the subscription of AMFB Holdings Berhad ("AMFB")'s rights issue of 30,000,000 new ordinary shares of RM1.00 each at an issue price RM5.00 per share amounting to RM150,000,000 and RM300,000,000 nominal amount Interest Bearing Irredeemable Convertible Unsecured Loan Stock issued by AMFB on rights entitlement basis. The issue price of RM5.00 per share is derived at based on 17.6% premium on the net tangible assets per share of AMFB of approximately RM4.25 as at 31 March 2007.

(3) AMFB has subscribed for RM150,000,000 Irredeemable Non-cumulative Convertible Preference Shares of RM1.00 each and RM300,000,000 nominal amount Interest Bearing Irredeemable Convertible Unsecured Loan Stock issued by AmBank on rights entitlement basis to further increase the capital funds of AmBank.

(4) Upon obtaining the necessary approvals from the relevant authorities, AmBank completed the sale of corporate and retail non-performing loans following the receipt of the sale proceeds totalling RM328.5 million from ABS Enterprise One Berhad, Neptune ABS One Berhad and Neptune ABS Two Berhad.

SIGNIFICANT EVENTS (CONTINUED)

(5) AmInvestment Bank Berhad ("AmInvestment Bank") and certain Saudi Arabian parties had mutually agreed to discontinue the proposed joint venture in a company to be established for carrying on capital market activity in Saudi Arabia.

(6) On 5 September 2007, Arab-Malaysian Credit Berhad had entered into a Sale and Purchase Agreement with Melawangi Sdn Bhd for the disposal of office premises situated on the Ground Floor and First Floor of the West Wing, Menara PJ, Amcorp Trade Centre measuring approximately 6,792 square feet, erected on the land held under master title Pajakan Negeri 21919, Lot No. 19, Section 16, Bandar Petaling Jaya, Daerah Petaling, Selangor for a total cash consideration of RM3,200,000.

(7) The Company proposed and implemented the following:

(i) The Privatisation of AmInvestment Group Berhad ("AIGB") through a scheme of arrangement between AIGB and its shareholders pursuant to Sections 176 and 178 of the Companies Act, 1965 ("Act") whereby AIGB will reduce its capital pursuant to Section 64 of the Act by canceling 646,800,000 ordinary shares of RM1.00 each ("AIGB Cancelled Share"), representing 49.0% of its existing issued and paid-up share capital which are not held by the Company, in consideration for a cash payment of RM3.70 per AIGB Cancelled Share payable by the Company ("AIGB Privatisation"). The AIGB Privatisation was approved by the shareholders of AIGB at the Court Convened Meeting held pursuant to the order of the High Court of Malaya on 26 September 2007. In addition, the order of the High Court of Malaya sanctioning the scheme of arrangement was obtained on 21 November 2007.

On 15 January 2008, the AIGB Privatisation was completed following the cash payment of RM3.70 per share totalling RM2,393,160,000 to the minority shareholders of AIGB, and AIGB become a wholly-owned subsidiary of the Company.

On 4 February 2008, the entire issued and paid-up share capital of AIGB was delisted from the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") pursuant to paragraph 8.15(6) of the Listing Requirements of Bursa Securities.

(ii) The Renounceable Rights Issue of 295,972,939 new ordinary shares of RM1.00 per share in the Company ("Rights Issue") at an issue price of RM3.40 per Rights Share, on the following basis:-

(a) one (1) Rights Share for every eight (8) existing ordinary shares of RM1.00 each; and

(b) one (1) Rights Share for every eight (8) existing CPS of RM1.00 each held in the Company.

On 15 January 2008, the Rights Issue was completed following the listing of and quotation of the 295,972,939 new shares issued to the entitled shareholders of the Company. The Rights Issue proceeds have been used by the Company to part finance the cash payment to the minority shareholders of AIGB.

(iii) Adjustments to the Warrants 2003/2008 exercise price from RM2.19 per share to RM2.15 per share and an increase of 1,281,618 additional Warrants 2003/2008 pursuant to the adjustments arising from the Rights Issue.

(iv) Adjustments to the Unsecured Exchangeable Bonds conversion price from RM3.05 per share to RM2.95 per share pursuant to the adjustments arising from the Rights Issue.

(8) The Company has sought the approval of Bank Negara Malaysia ("BNM") for the commencement of discussions with MAA Holdings Berhad ("MAAH"), pursuant to section 67 of the Insurance Act, 1996, for the proposed acquisition of the general insurance business in Malaysian Assurance Alliance Berhad, a composite insurer, and an equity stake in MAA Takaful Berhad, which operates a Takaful insurance business, held by MAAH.

SIGNIFICANT EVENTS (CONTINUED)

(9) The Company has obtained the approval of BNM for the shareholders of AmAssurance Berhad ("AmAssurance") to commence preliminary negotiations with Friends Provident plc, pursuant to the Insurance Act 1996 ("Insurance Act"), for the proposed sale of a minority stake in the life insurance business of AmAssurance. A separate application has also been submitted to BNM to obtain the regulatory approvals under the Insurance Act to enable the Company to split the existing composite insurance licence of AmAssurance, to enable the Company to undertake the life and general insurance business through two separate companies.

(10) On 29 November 2007, AmInvestment Bank had entered into a memorandum of understanding with Woori, a member of the Woori Financial Group of Korea for the purpose of promoting the cooperation in the investment banking business between the two parties, enabling both the financial groups to leverage on each other's established business franchise and network in both the domestic and regional capital markets.

(11) On 7 December 2007, AIGB incorporated a subsidiary in Brunei under the name of AmCapital (B) Sdn Bhd ("AmCapital (B)"). AmCapital (B) will commence business operation in investment banking related activities after it has been duly licensed by the relevant regulatory authority of Brunei.

(12) On 13 December 2007, the Company had redeemed the entire RM150.0 million nominal amount of 3.0% Bonds 2002/2007, which was previously issued on 13 December 2002.

(13) On 18 January 2008, the Company incorporated a subsidiary under the name of AmG Insurance Berhad to facilitate the separation of the composite insurance business of AmAssurance Berhad into separate general insurance and life insurance business.

(14) Upon obtaining the necessary approvals from the relevant authorities, AmBank had issued Five Tranches of Medium Term Notes ("MTN") totaling RM860.0 million under a RM2.0 billion nominal value MTN Programme. The proceeds raised from the MTN Programme is utilised for the refinancing of existing subordinated debts and for general working capital requirements.

The MTN issued under the MTN Programme will be included as Tier 2 capital under the capital adequacy framework for financial institutions in compliance with the Risk Weighted Capital Adequacy Framework issued by BNM.

(15) Upon obtaining the necessary approvals from the relevant authorities, on 11 March 2008, AmBank proposed issuance of up to Singapore Dollar ("SGD") 425.0 million Non-Innovative Tier 1 Capital ("NIT1"), comprising Non-Cumulative Perpetual Capital Securities ("NCPCS") issued by AmBank, which are stapled to Subordinated Notes ("SubNotes") issued by AmCapital (L) Inc ("AmCapital") ("Stapled Securities").

The Stapled Securities will be issued and offered to certain non-United States of America resident persons as defined in Section 902(k) of Regulations S in offshore transactions under the United States Securities Act of 1933 ("US Securities Act"), as amended from time to time. In addition, the Stapled Securities may only be issued to or offered for sale or subscription by persons outside Malaysia.

The NCPCS and SubNotes cannot be traded separately until the occurrence of certain Assignment Events.

To facilitate the Proposed Issuance of NIT1, AmBank had, on 26 February 2008 acquired three (3) ordinary shares of USD1.00 each, representing the entire issued and paid-up share capital of AmCapital, presently a dormant company, for a cash consideration of USD3.00, thereby making AmCapital a wholly owned subsidiary of AmBank.

AmCapital was incorporated on 2 January 2008 and has an authorised share capital of USD10,000 divided into 10,000 ordinary shares of USD1.00 each of which three (3) ordinary shares of USD1.00 each have been issued and are fully paid-up. AmCapital was incorporated for the purpose of issuing the SubNotes.

The Stapled Securities are rated BB by both Fitch Ratings Ltd. and Standard & Poor's, a division of the McGraw-Hill Companies, Inc.

SUBSEQUENT EVENTS

(1) On 9 April 2008, AmBank issued the Sixth Tranche of MTN amounting to RM600.0 million. The proceeds raised will be utilised for the refinancing of existing subordinated debts. To date, AmBank has issued a total of RM1,460.0 million MTN under a RM2.0 billion nominal value MTN Programme.

(2) On 11 March 2008, the Company announced a Group Proposed Internal Restructuring involving:

(a) the transfer of the fund-based activities of AmInvestment Bank, a 100% owned subsidiary of AIGB, to AmBank and AmBank's wholly-owned subsidiary, AmIslamic Bank Berhad ("AmIslamic") (the "Proposed Business Transfer"); and

(b) the re-alignment of the shareholding structure of certain operating subsidiaries to fully constitute the Capital Market Group and Asset Management Group (the "Proposed Internal Transfer").

On 11 March 2008, AmInvestment Bank entered into separate Business Transfer Agreements with AmBank and AmIslamic respectively in respect of the Proposed Business Transfer.

Bank Negara Malaysia ("BNM") and the Ministry of Finance ("MOF") have on 19 December 2007 approved the Proposed Business Transfer. It was implemented by way of a vesting order (the "Order") of the High Court of Malaya (the "Court") to be obtained by AmInvestment Bank, AmBank and AmIslamic pursuant to section 50 of the Banking and Financial Institutions Act 1989, whereby:-

(i) Subject to exclusions as may be agreed between AmInvestment Bank and AmBank, AmBank will acquire the assets and assume the liabilities relating to AmInvestment Bank's conventional Fund-Based Activity which shall include AmInvestment Bank's 100% shareholding interest in AmInternational (L) Ltd, a licensed offshore bank; and

(ii) Subject to exclusions as may be agreed between AmInvestment Bank and AmIslamic, AmIslamic will acquire the assets and assume the liabilities relating to AmInvestment Bank's Islamic Fund-Based Activity, based on the book value of the assets and liabilities as at the date the Order comes into effect. The consideration for the Proposed Business Transfer, computed on the basis of the book value of the assets acquired less the book value of the liabilities assumed, will be settled in cash by AmBank and AmIslamic.

After the completion of the Proposed Business Transfer, AmInvestment Bank will restructure its capital funds and any excess thereof will be distributed to the Company (through AIGB) for working capital requirements.

The Proposed Internal Transfer, which has received BNM approval on 19 December 2007, will involve the following intra-group transfer of the following AmBank Group companies:-

(a) AmInvestment Bank will acquire from AmSecurities Holding Sdn Bhd ("AMSH") the following companies:-

(i) AmFutures Sdn Bhd, a licensed futures broker for a cash consideration based on book value;

(ii) AmResearch Sdn Bhd, involved in providing investment advice, for a cash consideration based on book value; and

(iii) PT. AmCapital Indonesia ("AMCI"), a licensed stockbroking, which also undertake underwriting and investment management activities, for a cash consideration based on cost of investment.

SUBSEQUENT EVENTS (CONTINUED)

(b) AIGB will acquire from AmInvestment Bank the following companies:-

(i) AmInvestment Management Sdn Bhd, an asset management company for a cash consideration based on book value; and

(ii) AmInvestment Services Berhad, an unit trust management company for a cash consideration based on book value.

In addition to the approvals of MOF and BNM, the Proposed Internal Restructuring is also subject to the approvals of Securities Commission for the Proposed Internal Transfer (other than AMCI), Badan Pengawas Pasar Modal and Lembaga Kewangan for transfer of AMCI and any other relevant authorities, if necessary.

Approvals from Labuan Offshore Financial Services Authority for the transfer of AmInternational (L) Ltd, Foreign Investment Committee and High Court of Malaya for the Proposed Business Transfer were obtained on 21 December 2007, 7 March 2008 and 12 April 2008 respectively.

On 12 April 2008, AmInvestment Bank completed the Business Transfer for a cash consideration of RM1,370.5 million based on the book value of the assets and liabilities as at 11 April 2008 pursuant to the Business Transfer Agreement, dated 11 March 2008 entered into with AmBank and AmIslamic.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit before taxation and zakat	**1,194,437**	**100,527**
Taxation and zakat	**(383,618)**	**(26,563)**
Profit before minority interests	**810,819**	**73,964**
Minority interests	**(142,277)**	**-**
Net profit attributable to the equity holders of the Company	**668,542**	**73,964**
Unappropriated profit at beginning of year (as restated)	**711,232**	**711,940**
Profit available for appropriation	**1,379,774**	**785,904**
Transfer to statutory reserve	**(137,676)**	**-**
Dividends paid	**(78,831)**	**(78,831)**
Unappropriated profit at end of year	**1,163,267**	**707,073**

DIRECTORS' REPORT

BUSINESS PLAN AND STRATEGY

AMMB Holdings Berhad ("The Group") is committed to enhancing its status as the premier financial services group in Malaysia and the market leader in key products segments. Pivoting on the key themes of simplicity and service quality, the Group will provide a combination of quality products at competitive pricing and superior service to its customers. Investments are geared towards both enhancing infrastructure and developing new capabilities in operational processes, risk management, MIS, human capital and talent development, and building a world-class sales culture.

18 May 2007 marks a commemorative milestone in the history of the Group. The strategic partnership with Australia and New Zealand Banking Group Limited ("ANZ") was sealed, inscribing a journey of new beginnings, fresh horizons and novel frontiers. The Group will capitalize on ANZ's exposure to international businesses, banking systems and cross border capabilities in Asia and the Pacific to considerably elevate its brand equity. Revenue and balance sheet growth will be major focus areas across all divisions including retail, business banking, investment banking and insurance.

On the retail and commercial businesses, enhancements are underway to deliver more comprehensive customer service proposition. Initiatives include innovative new, repackaged and bundled products, including the housing and commercial property loans catered for refinancing sectors, the prepaid cards joint ventures with large external corporations, and micro financing schemes for the small-medium enterprises. Business processes have been reengineered with the assistance of ANZ's expertise in distribution channel management, product development and risk management.

A key strategic agenda is to grow transactional deposits (savings and current account). Deposits growth initiatives revolve around acquiring new main bank accounts, increasing activation, combating dormancy and closures, increasing cash management and trade services utilisation, and cross-selling to the Group's customer base. Retail and commercial divisions will also continue to expand branch network, electronic channels, internet banking, mobile banking and business relationships in order to grow deposits plus other fee income products and services.

The Group will continue to be a significant player in the auto financing sector, but redirecting growth towards the more profitable business segments. Asset quality continues to improve in part due to the Group successfully disposing legacy non-performing loans ("NPL") amounting to RM549 million in financial year ended 31 March 2008. This was complemented by improved debt, collections strategies and recoveries management.

In the investment banking arm, the Group has on 15 January 2008 completed the privatization of AmInvestment Group Berhad ("AIGB"), making AIGB a wholly-owned subsidiary of AMMB Holdings Berhad. Subsequently, the internal business restructuring was completed on 12 April 2008, with the transfer of large corporate lending and treasury activities of AmInvestment Bank Berhad to AmBank (M) Berhad and AmIslamic Bank Berhad. Moving forward, AIGB will focus on equities related activities, capital market activities, corporate advisory and funds management.

Under a streamlined operating structure, AIGB is well-positioned to be the bank with the "Domestic Franchise with Access to Global and Regional Distribution" in capital markets. Initiatives continue to focus on strengthening its franchise, diversifying its income stream and building image through differentiation and adoption of best-in-class practices. Investment banking has consistently introduced attractive new products and services, to meet the increasingly demanding needs of its large corporate clients as well as its private banking and wealth management segments.

The insurance business division's new branch operating model has provided the platform for expansion of agency force and higher penetration of bancassurance businesses. In preparation of liberalisation in the insurance industry, plans are well underway to separate the life and general insurance business licences of AmAssurance Berhad. The initiative will streamline the Group's insurance operations, recognizing the need for specialization and partnering for growth. In the general insurance business, the strategic partnership with Insurance Australia Group Limited ("IAG") has enabled international knowledge transfer and know-how. Tactical acquisition will also be pursued in order to enhance the scale of general insurance business.

DIRECTORS' REPORT

OUTLOOK FOR NEXT FINANCIAL YEAR

Macroeconomic conditions are uncertain, with US economic downturn spiralling potential global recessionary impacts in most economies worldwide. Nevertheless, strong commodity prices, domestic demand and more diversified export markets and products, will continue to benefit Malaysia, and the economy is expected to expand by 4% to 5% in 2008. The banking sector expects moderating demand for financing, by both households and businesses, particularly with the implementation of the Ninth Malaysia Plan ("9MP").

The equity markets will be impacted by the broad trends affecting most regional markets, nevertheless the debt markets are expected to remain robust in view of the strong domestic liquidity. Active promotion of Islamic financing by the Malaysian government and growing demand for Syariah compliant securities from local and international investors provide an impetus for the issuance of the capital market securities.

The Group is well positioned to weather global and regional volatilities. Steps have been taken to strengthen its balance sheet and capital position, laying the foundation for asset growth initiatives moving forward. Building on its well-known brand and solid customer franchise, the Group will leverage growth opportunities and strongly compete with leading local, regional and international banks in its home market.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors, the results of operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed under significant events above and Note 56 to the financial statements.

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

DIVIDENDS

During the financial year, the Company paid a first and final dividend of 5.0% less 26.0% taxation, in respect of the previous financial year totalling RM78,830,920 which amount had been dealt with in the directors' report for that financial year and paid on 19 October 2007 to shareholders whose names appeared in the Record of Depositors on 4 October 2007.

In respect of the current financial year, the directors now recommend the payment of a first and final dividend of 6.0%, less 25.0% taxation, amounting to RM122,533,632 to be paid to shareholders whose names appear in the Record of Depositors on a date to be determined by the directors. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of unappropriated profits in the next financial year ending 31 March 2009.

DIRECTORS' REPORT

RESERVES, PROVISIONS AND ALLOWANCES

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

	Note to the Financial Statements	Group RM'000	Company RM'000
(a) Statutory Reserve			
Transfer from unappropriated profits	33	**137,676**	-
(b) Available-For-Sale Reserve			
Arising from net unrealised gain on revaluation of securities available-for-sale	33	**6,538**	-
(c) Exchange Fluctuation Reserve			
Arising from translation of subsidiary and associated companies expressed in foreign currency	33	**(2,131)**	-
(d) Allowances/(Reversal of allowances):			
Interest suspended	35	**98,355**	-
Allowance for losses on loans and financing:			
Specific allowance - net	39	**765,110**	-
General allowance	39	**67,107**	-
Transfer from profit equalisation reserve		**(18,211)**	-
Impairment loss on:			
Securities		**111,958**	-
Amount recoverable under asset-backed securitisation transactions		**10,000**	-

BAD AND DOUBTFUL DEBTS AND FINANCING

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or

(b) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year, other than those incurred in the normal course of business.

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

CHANGE OF CIRCUMSTANCES

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up share capital of the Company was increased from 2,130,565,410 ordinary share of RM1.00 each to 2,722,969,590 ordinary shares of RM1.00 each by the issue of :

(i) 132,496,745 new ordinary shares of RM1.00 each at RM2.19 per share before the Rights Issue and RM2.15 per share after Rights Issue by virtue of the exercise of share warrants 2003/2008 of the Company. The resulting share premium amounting to RM155,302,602 been credited to share premium account.

(ii) 70 new ordinary share of RM1.00 each at RM6.51 per share before Rights Issue by virtue of the exercise of share warrants 1997/2007 of the Company. The resulting share premium amounting to RM386 has been credited to share premium account.

(iii) Rights Issue of 295,972,939 new ordinary shares of RM1.00 each at a price of RM3.40 per share on the basis of one (1) new ordinary share of RM1.00 each for every eight (8) existing ordinary shares of RM1.00 each held. The resulting share premium amounting to RM 710,335,054 been credited to share premium account.

(iv) 163,934,426 new ordinary shares of RM1.00 each at a price of RM3.05 per share on the basis of one (1) new ordinary share of RM 1.00 each for every one (1) existing CPS of RM1.00 each held. The resulting share premium amounting to RM366,065,574 has been credited to share premium account.

The 592,404,180 new ordinary shares issued rank pari passu in all respect with the then existing ordinary shares of the Company.

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

SHARES OPTIONS

There are no options granted by the Company to take up unissued shares of the Company.

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

WARRANTS

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

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

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

(a) Each Warrant 1997/2007 entitles its registered holder to subscribe for one new ordinary share of RM1.00 each at the exercise price during the exercise period.

(b) The exercise price is RM6.51 per share and shall be paid fully in cash. The exercise price of the Warrants 1997/2007 are subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll.

(c) The Warrants 1997/2007 are for an initial period of five (5) calendar years. This period was extended for a further period of five (5) years and expired on 13 May 2007.

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

	No. of Ordinary Shares of RM1.00 each			
	Balance at 1.4.2007	Exercised	Forfeited	Balance at 31.3.2008
Number of unissued shares under warrants 1997/2007	143,534,078	70	143,534,008	-

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

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

(a) Each Warrant 2003/2008 entitles its registered holder to subscribe for one new ordinary share of RM1.00 each at the exercise price during the exercise period.

(b) The exercise price is RM2.15 per share, adjusted pursuant to the Rights Issue and is payable fully in cash for every Warrant 2003/2008 held from the date of allocation. The exercise price of the Warrants 2003/2008 are subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll.

(c) The Warrants 2003/2008 are for a period of five (5) calendar years and expired on 20 March 2008.

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

	No. of Ordinary Shares of RM1.00 each				
	Balance at 1.4.2007	Adjustment For Rights Issue	Exercised	Forfeited	Balance at 31.3.2008
Number of unissued shares under warrants 2003/2008	132,073,430	1,281,618	132,496,745	858,303	-

Pursuant to the Rights Issue, adjustments were made to the Warrants 2003/2008 exercise price from RM2.19 per share to RM2.15 per share and an increase of 1,281,618 additional warrants 2003/2008.

DIRECTORS' REPORT

DIRECTORS

The directors who served on the Board since the date of the last report are:

Tan Sri Dato' Azman Hashim
Dato' Azlan Hashim
Tun Mohammed Hanif Omar (Independent Director)
Tan Sri Datuk Dr Aris Osman @ Othman (Independent Director)
Tan Sri Datuk Clifford Francis Herbert (Independent Director)
Tan Sri Dato' Mohd Ibrahim Mohd Zain (Independent Director)
Dato' Izham Mahmud (Independent Director)
Dr Robert John Edgar (appointed on 15.08.2007)
Mr Alexander Vincent Thursby (appointed on 2.01.2008)
Mr Peter John Hodgson (appointed on 15.08.2007)
Mr Owen James Wilson (alternate Director to Dr Robert and Mr Peter)
Mr Cheah Tek Kuang
Mr Soo Kim Wai
Puan Shalina Binti Azman (resigned on 31.05.2007)

In accordance with Article 89 of the Company's Articles of Association, Dato' Azlan Hashim, Tan Sri Datuk Dr Aris Osman@ Othman, Dato' Izham Mahmud and Mr Soo Kim Wai retire, and being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

In accordance with Article 97 of the Company's Articles of Association, Mr Alexander Vincent Thursby will retire, and being eligible offer himself for re-election.

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

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

DIRECT INTERESTS

In the Company

	No. of Ordinary Shares of RM1.00 each				
Shares	Balance at 1.4.2007	Exercise of Warrants/ Bought	Rights Issue	Sold	Balance at 31.3.2008
Dato' Azlan Hashim	90,000	70,000	20,000	-	**180,000**
Dato' Izham Mahmud	4,670	-	2,330	-	**7,000**
Mr Cheah Tek Kuang	23,800	46,189	8,811	-	**78,800**

	No. of Warrants of RM1.00 each			
Warrants 2003/2008	Balance at 1.4.2007	Bought	Exercised/ Sold	Balance at 31.3.2008
Mr Cheah Tek Kuang	46,189	-	46,189	**-**

DIRECT INTERESTS (CONTINUED)

In the subsidiary company, AmInvestment Group Berhad

Shares	Balance at 1.4.2007	Bought	* Sold	Balance at 31.3.2008
	No. of Ordinary Shares of RM1.00 each			
Tan Sri Dato' Azman Hashim	94,554,848	-	94,554,848	-
Dato' Azlan Hashim	980,000	-	980,000	-
Tun Mohammed Hanif Omar	200,000	-	200,000	-
Tan Sri Datuk Dr Aris Osman @ Othman	50,000	-	50,000	-
Tan Sri Datuk Clifford Francis Herbert	50,000	-	50,000	-
Tan Sri Dato' Mohd Ibrahim Mohd Zain	50,000	-	50,000	-
Dato' Izham Mahmud				
- Held directly	101,070	-	101,070	-
- Held through nominees	6,000	-	6,000	-
Mr Cheah Tek Kuang	370,100	-	370,100	-
Mr Soo Kim Wai	100,000	-	100,000	-

* Pursuant to the Privatisation of the immediate holding company, AmInvestment Group Berhad by the ultimate holding company, AMMB Holdings Berhad.

DEEMED INTERESTS

In the Company

Shares	Name of Company	Balance at 1.4.2007	Exercise of Warrants /Bought	Rights Issue	Sold	Balance at 31.3.2008
		No. of Ordinary Shares of RM1.00 each				
Tan Sri Dato' Azman Hashim	AmcorpGroup Berhad	700,742,421	41,572,771	53,350,147	315,514,006	**480,151,333**
	AMDB Equipment Trading Sdn Bhd	439,047	-	-	439,047	-

Warrants 2003/2008	Name of Company	Balance at 1.4.2007	Bought	Exercised/ Sold	Balance at 31.3.2008
		No. of Warrants of RM1.00 each			
Tan Sri Dato' Azman Hashim	AmcorpGroup Berhad	40,602,771	-	40,602,771	-
	AMDB Equipment Trading Sdn Bhd	22,682	-	22,682	-

DEEMED INTERESTS (CONTINUED)

**In the subsidiary company,
AmInvestment Group Berhad**

		No. of Ordinary Shares of RM1.00 each			
Shares	**Name of Company**	**Balance at 1.4.2007**	**Bought**	*** Sold**	**Balance at 31.3.2008**
Tan Sri Dato' Azman Hashim	AmcorpGroup Berhad	157,656,926	-	157,656,926	-
	AMDB Equipment Trading Sdn Bhd	100,646	-	100,646	-
	Azman Hashim Holdings Sdn Bhd	209,502	-	209,502	-

* Pursuant to the Privatisation of the immediate holding company, AmInvestment Group Berhad by the ultimate holding company, AMMB Holdings Berhad.

By virtue of their shareholdings as mentioned above, the above directors are deemed to have an interest in the shares of the Company and its related companies.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in Note 41 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm in which the director is a member, or with a company in which the director has a substantial financial interest, except for the related party transactions as shown in Note 40 to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REPORT

CORPORATE GOVERNANCE

(i) Board Responsibility and Oversight

The Board of Directors (the "Board") remains fully committed in ensuring that the principles and best practices in corporate governance are applied consistently in the Group. Since the Company is a holding company, its major business activities are conducted through its various subsidiary companies. The Board complies with the best practices in corporate governance as set out in the Malaysian Code on corporate governance.

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

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

The Board currently comprises twelve (12) directors with wide skills and experience, of which five (5) are Independent Non-Executive Directors. The Directors participate fully in decision making on key issues regarding the Company and its subsidiary companies. The Independent Non-Executive Directors ensure strategies proposed by the management are fully discussed and examined, as well as take into account the long term interests of various stakeholders.

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

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

(ii) Committees of the Board

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

1. Nomination Committee
2. Remuneration Committee
3. Audit and Examination Committee
4. Group Risk Management Committee
5. Group Information Technology Committee

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

CORPORATE GOVERNANCE (CONTINUED)

(ii) Committees of the Board (Continued)

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

	Number of Meetings attended in Financial Year ("FY") 2008					
	Board of Directors	Nomination Committee	Remuneration Committee	Audit and Examination Committee	Group Risk Management Committee AMMB Holdings (established since 23.11.2007)	Group Information Technology Committee
Tan Sri Dato' Azman Hashim	14	3	N/A	N/A	N/A	N/A
Dato' Azlan Hashim	11	2 (resigned on 19.10.07)	2	3	N/A	7
Tun Mohammed Hanif Omar	14	N/A	N/A	N/A	N/A	N/A
Tan Sri Datuk Dr Aris Osman @ Othman	14	3 (Chairman)	N/A	4 (Chairman)	2 (wef 3.10.07)	N/A
Tan Sri Datuk Clifford Francis Herbert	14	3	N/A	2 (wef 3.10.07)	2 (Chairman) (wef 3.10.07)	N/A
Tan Sri Dato' Mohd Ibrahim Mohd Zain	12	N/A	N/A	N/A	N/A	N/A
Dato' Izham Mahmud	12	3	2 (Chairman)	4	N/A	N/A
Dr Robert John Edgar	6 (wef 15.08.07)	1 (wef 3.10.07)	N/A	2 (wef 3.10.07)	N/A	N/A
Alexander Vincent Thursby	2 (wef 2.01.08)	N/A	N/A	N/A	N/A	N/A
Peter John Hodgson	6 (wef 15.08.07)	N/A	Nil (wef 3.10.07)	N/A	2 (wef 3.10.07)	N/A
Cheah Tek Kuang	14	N/A	N/A	N/A	N/A	4
Soo Kim Wai	14	N/A	2	N/A	N/A	N/A
Number of meetings held in FY2008	14	3	2	4	2	7

Note: 1. All attendances reflect the number of meetings attended during Directors' duration of service.
2. N/A represents non committee member.

The Nomination Committee

This Committee comprises five (5) directors of which the majority are independent directors. It is responsible for regularly reviewing the board structure, size and composition, as well as making recommendation to the Board with regard to any changes that are deemed necessary. It also recommends the appointment of Directors to the Board and Committees of the Board as well as annually reviews the performance of the Board, Committees of the Board and of Chairman and individual Directors, the mix of skills and experience and other qualities and competencies that Non-Executives and Executive Directors should bring to the Board.

The Board of Directors, on the recommendation of the Nomination Committee had also approved the mechanism for the formal assessment on the effectiveness of the Board as a whole and the committee and the contribution of the Chairman and each Director to the effectiveness of the Board.

There were three (3) Nomination Committee meetings held during the financial year ended 31 March 2008.

CORPORATE GOVERNANCE (CONTINUED)

The Remuneration Committee

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

Remuneration is determined at levels, which enable the Group to attract and retain the Directors, Chief Executive Officers and Senior Management staff with the relevant experience and expertise needed to assist in managing the Group effectively. The services of consultants are utilised to review the methodology for rewarding Executive Directors and Management staff according to the Key Performance Indicators required to be achieved.

The Audit and Examination Committee

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

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

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

The Group Risk Management Committee

Risk management is an integral part of the Group's strategic decision-making process which ensures that the corporate objectives are consistent with the appropriate risk-return trade-off. The Board approves the risk management strategy and sets the broad risk tolerance level; and approves activities after considering the risk bearing capacity and readiness.

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

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

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

CORPORATE GOVERNANCE (CONTINUED)

The Group Information Technology Committee

The Group Information Technology Committee ("GITC") comprises of two (2) members. The Committee is responsible for determining and recommending to the Board to ensure that the IT development within the Group is in line with its business objectives and strategy and to serve as an independent and objective party in the review of the Group's utilisation of its IT resources including computer hardware, software, manpower and other IT related investments.

In addition, the GITC reviews and recommend for approval by the various companies of the Group, major IT acquisitions and ensures conformance of the acquisitions with the IT plan.

There were seven (7) GITC meetings held during the financial year ended 31 March 2008.

Internal Audit and Internal Control Activities

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

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

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

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

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

Management Information

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

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

DIRECTORS' REPORT

RATINGS BY EXTERNAL AGENCIES

AmInvestment Bank's long-term and short-term rating of AA3/P1 from RAM and AA-/MARC-1 from Malaysian Rating Corporation Berhad was complemented and reaffirmed with international ratings of BB+/B from Standard & Poor's and BB+/B from Fitch Ratings Singapore Pte Ltd ("Fitch"). The RM1.0 billion Long-term Negotiable Instruments of Deposits were reaffirmed with a long term rating of AA3 by RAM. The RM460.0 million Redeemable Unsecured Subordinated Bonds and RM200.0 million Subordinated Tier 2 Bonds were also reaffirmed with a long-term rating of A1 by RAM respectively.

AmBank's long-term rating was upgraded to A1 while short-term rating remained at P1 by RAM. AmBank's rating was complemented by international ratings of Baa2/P-3 by Moody's Investors Service. Standard & Poor's has reaffirmed rating of BBB-/A-3 with Fitch revised outlook to positive of BBB-/F3. While long-term and short-term rating of BBB-/A3 was accorded by Capital Intelligence.

RAM has upgraded both AmBank's RM200.0 million Redeemable Unsecured Subordinated Bonds and the RM 575.0 million Exchangeable Bonds' long-term rating to A2. RAM has also assigned a long-term rating of A2 to the RM2.0 billion Medium-Term Notes Programme.

The Hybrid Securities were reaffirmed with a rating of Ba2 by Moody's Investors Service, BB by Standard & Poor's and BB by Fitch.

Both Fitch and Standard & Poor's have assigned a long-term rating of BB to the Singapore dollar-denominated Stapled Securities.

RAM has upgraded AmIslamic Bank's long-term rating to A1 while short-term rating remained at P1. AmIslamic's RM400.0 million Subordinated Sukuk Musyarakah was also upgraded to A2 by RAM.

SHARIAH COMMITTEE

The Shariah Committee, comprising three (3) advisors, was established under BNM "Guidelines on the Governance of Shariah Committee for the Islamic Financial Institutions" (BNM/GPS1) to advise and provide guidance to the Board of Directors on all matters pertaining to Shariah principles including product development, marketing and implementation activities. The Shariah advisors also assist in the setting up of business and operational procedures with respect to compliance with Shariah principle.

AUDITORS

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

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

TAN SRI DATO' AZMAN HASHIM

CHEAH TEK KUANG

Kuala Lumpur, Malaysia
Dated: 13 May 2008

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **TAN SRI DATO' AZMAN HASHIM** and **CHEAH TEK KUANG**, being two of the directors of AMMB HOLDINGS BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia as modified by Bank Negara Malaysia Guidelines so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2008 and of the results and the cash flows of the Group and of the Company for the year then ended.

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

TAN SRI DATO' AZMAN HASHIM

CHEAH TEK KUANG

Kuala Lumpur, Malaysia
Dated: 13 May 2008

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

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

Subscribed and solemnly declared by the abovenamed **ARUNASALAM MUTHUSAMY** at Kuala Lumpur in the Wilayah Persekutuan on, 13 May 2008

ARUNASALAM MUTHUSAMY

Before me,

PESURUHJAYA SUMPAH
No. W023
Dato Ng
Mam Choong
MALAYSIA

Commissioner for Oaths

18th Floor, Bangunan AmBank Group
Letter Box No: 18D,
55, Jalan Raja Chulan,
50200 Kuala Lumpur.

Lodged on behalf by :
Address: 22nd Floor, Bangunan AmBank Group,
No. 55 Jalan Raja Chulan,
50200 Kuala Lumpur.
Telephone Number: 03-20362633/44/55

REPORT
OF THE AUDITORS
TO MEMBERS OF AMMB HOLDINGS BERHAD

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

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

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

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia as modified by Bank Negara Malaysia Guidelines so as to give a true and fair view of:

   (i) the financial position of the Group and of the Company as at 31 March 2008 and of the results and the cash flows of the Group and of the Company for the year then ended; and

   (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' report of the subsidiaries of which we have not acted as auditors, as indicated in Note 15 of the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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

Ernst & Young

ERNST & YOUNG
AF : 0039
Chartered Accountants

LIM SAW KENG
No.2215/10/09(J)
Partner

Kuala Lumpur, Malaysia
Dated: 13 May 2008

BALANCE SHEETS

AS AT 31 MARCH 2008

	Note	2008 Group RM'000	2008 Company RM'000	2007 Group RM'000	2007 Company RM'000
ASSETS					
Cash and short-term funds	5	**10,958,364**	**315,078**	10,593,220	52,964
Securities purchased under resale agreements	6	**52,468**	**-**	501,431	43,450
Deposits and placements with banks and other financial institutions	7	**1,387,810**	**15,034**	1,639,857	146,331
Securities held-for-trading	8	**6,699,010**	**20,000**	6,918,905	20,000
Securities available-for-sale	9	**1,850,935**	**3,978**	1,855,529	2,000
Securities held-to-maturity	10	**1,179,878**	**-**	2,312,570	-
Loans, advances and financing	11	**52,453,593**	**-**	47,610,755	-
Derivative financial assets	12	**370,681**	**-**	400,312	-
Other assets	13	**2,231,758**	**26,973**	2,151,703	29,697
Statutory deposits with Bank Negara Malaysia	14	**1,660,197**	**-**	1,807,058	-
Investments in subsidiary companies	15	**-**	**6,543,314**	-	3,700,154
Investments in associated companies	16	**1,301**	**-**	1,754	-
Prepaid land lease payment	17	**7,059**	**-**	7,156	-
Property and equipment	18	**225,616**	**900**	234,000	1,129
Life fund assets	54	**1,702,469**	**-**	1,458,908	-
Deferred tax assets	43	**608,583**	**-**	901,258	-
Intangible assets	19	**1,801,985**	**-**	588,442	-
TOTAL ASSETS		**83,191,707**	**6,925,277**	78,982,858	3,995,725
LIABILITIES AND EQUITY					
Deposits from customers	20	**47,767,451**	**-**	42,381,662	-
Deposits and placements of banks and other financial institutions	21	**15,118,689**	**-**	17,441,339	-
Obligations on securities sold under repurchase agreements	22	**-**	**-**	3,140,243	-
Bills and acceptances payable	23	**1,909,243**	**-**	1,461,577	-
Recourse obligation on loans sold to Cagamas Berhad	24	**243,979**	**-**	755,061	-
Derivative financial liabilities	12	**410,929**	**-**	470,742	-
Other liabilities	25	**3,250,328**	**3,684**	3,125,060	7,044
Term loans	26	**1,790,844**	**1,506,000**	309,680	206,000
Subordinated term loan	27	**460,000**	**-**	460,000	-
Unsecured bonds	28	**1,750,000**	**-**	1,322,795	147,795
Medium term notes	29	**860,000**	**-**	-	-
Hybrid capital	30	**673,830**	**-**	666,474	-
Life fund liabilities	54	**189,819**	**-**	172,281	-
Life policyholder funds	54	**1,512,650**	**-**	1,286,627	-
Total liabilities		**75,937,762**	**1,509,684**	72,993,541	360,839
Share capital	32	**2,722,970**	**2,722,970**	2,130,565	2,130,565
Reserves	33	**4,446,623**	**2,692,623**	2,657,236	1,504,321
Equity attributable to equity holders of the Company		**7,169,593**	**5,415,593**	4,787,801	3,634,886
Minority interests	34	**84,352**	**-**	1,201,516	-
Total equity		**7,253,945**	**5,415,593**	5,989,317	3,634,886
TOTAL LIABILITIES AND EQUITY		**83,191,707**	**6,925,277**	78,982,858	3,995,725
COMMITMENTS AND CONTINGENCIES	49	**57,539,798**	**-**	48,568,133	-
NET ASSETS PER SHARE (RM)	52	**2.63**	**1.99**	2.25	1.71

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

INCOME STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

	Note	2008 Group RM'000	2008 Company RM'000	2007 Group RM'000	2007 Company RM'000
Operating revenue	53	**6,007,582**	**134,766**	5,497,289	107,217
Interest income	35	**3,783,729**	**26,688**	3,366,912	10,068
Interest expense	36	**(2,153,121)**	**(30,717)**	(1,994,802)	(22,732)
Net interest income/(expense)		**1,630,608**	**(4,029)**	1,372,110	(12,664)
Net income from Islamic banking business	58(xxv)	**517,185**	**-**	506,102	-
Other operating income	37	**1,218,824**	**108,078**	1,150,040	97,149
Net Income		**3,366,617**	**104,049**	3,028,252	84,485
Other operating expenses	38	**(1,552,272)**	**(3,522)**	(1,356,845)	(23,737)
Operating profit		**1,814,345**	**100,527**	1,671,407	60,748
Allowances for losses on loans and financing	39	**(512,183)**	**-**	(1,519,481)	-
Transfer from profit equalisation reserve	25	**18,211**	**-**	60,912	-
Impairment loss on:					
Securities		**(111,958)**	**-**	(283,758)	-
Amount recoverable under asset-backed securitisation transactions		**(10,000)**	**-**	(10,000)	-
Assets acquired in exchange of debts		**(45)**	**-**	(2,555)	-
Allowance for doubtful sundry receivables - net		**(2,292)**	**-**	(2,205)	-
(Provision)/ Writeback of provision for commitments and contingencies		**(1,641)**	**-**	25	-
Profit/(Loss) before share in results of associated companies, taxation and zakat		**1,194,437**	**100,527**	(85,655)	60,748
Share in results of associated companies		**-**	**-**	1,043	-
Profit/(Loss) before taxation and zakat		**1,194,437**	**100,527**	**(84,612)**	**60,748**
Taxation and zakat	42	**(383,618)**	**(26,563)**	(44,285)	(22,256)
Profit/(Loss) for the year		**810,819**	**73,964**	(128,897)	38,492
Attributable to:					
Equity holders of the Company		**668,542**	**73,964**	(282,456)	38,492
Minority interests		**142,277**	**-**	153,559	-
Profit/(Loss) for the year		**810,819**	**73,964**	(128,897)	38,492
Earnings/(Loss) per share (sen)	45				
Basic		**28.24**	**3.12**	(13.26)	1.81
Fully diluted		**27.91**	**3.09**	(13.26)	1.76
First and final dividend per ordinary share (sen)					
Gross		**6.0**	**6.0**	5.0	5.0
Net		**4.4**	**4.4**	3.7	3.7

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

STATEMENTS
OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2008

	<----- Attributable to Equity Holders of the Company								
		Non-Distributable				Distributable			
Group	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Available-for-sale reserve RM'000	Exchange fluctuation reserve RM'000	Unappro-priated profits RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
At 1 April 2006									
As previously stated	2,130,534	791,550	1,000,417	9,713	15,736	1,199,136	5,147,086	1,108,820	6,255,906
Prior year adjustments	-	-	-	-	-	(8,626)	(8,626)	-	(8,626)
At 1 April 2006 (restated)	2,130,534	791,550	1,000,417	9,713	15,736	1,190,510	5,138,460	1,108,820	6,247,280
Net unrealised loss on revaluation of securities available-for-sale	-	-	-	26,649	-	-	26,649	-	26,649
Transfer from unappropriated profits	-	-	107,340	-	-	(107,340)	-	-	-
Exchange fluctuation adjustments	-	-	-	-	(5,439)	-	(5,439)	-	(5,439)
Net (expense)/income recognised directly in equity	-	-	107,340	26,649	(5,439)	(107,340)	21,210	-	21,210
(Loss)/Profit for the year	-	-	-	-	-	(282,456)	(282,456)	153,559	(128,897)
Total recognised net income/(expense) for the year	-	-	107,340	26,649	(5,439)	(389,796)	(261,246)	153,559	(107,687)
Arising from restricted offer for sale of AmFirst REIT^^	-	-	-	-	-	(12,783)	(12,783)	-	(12,783)
Issue of shares pursuant to exercise of Warrants 2003/2008	31	38	-	-	-	-	69	-	69
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	-	-	-	-	-	(76,699)	(76,699)	(65,352)	(142,051)
At 31 March 2007	2,130,565	791,588	1,107,757	36,362	10,297	711,232	4,787,801	1,201,516	5,989,317

^ This relates to the dilution in net attributable assets of the Group arising from the 49.0% Restricted Offer For Sale of the investment banking group under the Group Reorganisation.

		<----- Attributable to Equity Holders of the Company									
				Non-Distributable				Distributable			
Group	Note	Share capital RM'000	Converting preference shares^ RM'000	Share premium RM'000	Statutory reserve RM'000	Available-for-sale reserve RM'000	Exchange fluctuation reserve RM'000	Unappro-priated profits RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
At 1 April 2007											
As previously stated		2,130,565	-	791,588	1,107,757	36,362	10,297	798,502	4,875,071	1,201,516	6,076,587
Prior year adjustments	57	-	-	-	-	-	-	(87,270)	(87,270)	-	(87,270)
At 1 April 2007 (restated)		2,130,565	-	791,588	1,107,757	36,362	10,297	711,232	4,787,801	1,201,516	5,989,317
Net unrealised gain on revaluation of securities available-for-sale		-	-	-	-	6,538	-	-	6,538	-	6,538
Expenses relating to Rights Issue		-	-	(6,434)	-	-	-	-	(6,434)	-	(6,434)
Transfer from unappropriated profit		-	-	-	137,676	-	-	(137,676)	-	-	-
Exchange fluctuation adjustments		-	-	-	-	-	(2,131)	-	(2,131)	-	(2,131)
Net income/(expense) recognised directly in equity		-	-	(6,434)	137,676	6,538	(2,131)	(137,676)	(2,027)	-	(2,027)
Profit for the year		-	-	-	-	-	-	668,542	668,542	142,277	810,819
Total recognised net income/(expense) for the year		-	-	(6,434)	137,676	6,538	(2,131)	530,866	666,515	142,277	808,792
Issue of CPS ^		-	458,343	-	-	-	-	-	458,343	-	458,343
Issue of shares pursuant to:											
Exercise of Warrants 1997/2007		-*	-	-*	-	-	-	-	-	-	-
Exercise of Warrants 2003/2008		132,497	-	155,303	-	-	-	-	287,800	-	287,800
Rights Issue		295,973	-	710,335	-	-	-	-	1,006,308	-	1,006,308
Converting of CPS		163,935	(458,343)	336,065	-	-	-	-	41,657	-	41,657
Subscription of shares in AmPrivate Equity		-	-	-	-	-	-	-	-	3,180	3,180
Arising from privatisation of AIGB		-	-	-	-	-	-	-	-	(1,188,227)	(1,188,227)
Arising from disposal of shares in MVMI		-	-	-	-	-	-	-	-	(380)	(380)
Dividends paid	44	-	-	-	-	-	-	(78,831)	(78,831)	(74,014)	(152,845)
At 31 March 2008		2,722,970	-	1,986,857	1,245,433	42,900	8,166	1,163,267	7,169,593	84,352	7,253,945

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2008

Company	Note	Share capital RM'000	Converting preference shares^ RM'000	Non-Distributable: Share premium RM'000	Distributable: Unappropriated profit RM'000	Total equity RM'000
At 1 April 2006		2,130,534	-	792,343	762,930	3,685,807
Profit for the year		-	-	-	38,492	38,492
Arising from restricted offer for sale of AmFirst REIT^^		-	-	-	(12,783)	(12,783)
Issue of shares pursuant to exercise of Warrants 2003/2008		31	-	38	-	69
Dividends paid		-	-	-	(76,699)	(76,699)
As at 31 March 2007		2,130,565	-	792,381	711,940	3,634,886
At 1 April 2007		**2,130,565**	**-**	**792,381**	**711,940**	**3,634,886**
Profit for the year		**-**	**-**	**-**	**73,964**	**73,964**
Expenses relating to Rights Issue		**-**	**-**	**(8,534)**	**-**	**(8,534)**
Total recognised net income/ (expense) for the year		**2,130,565**	**-**	**783,847**	**785,904**	**3,700,316**
Issue of CPS ^		**-**	**458,343**	**-**	**-**	**458,343**
Issue of shares pursuant to:						
Exercise of Warrants 1997/2007		**-***	**-**	**-***	**-**	**-**
Exercise of Warrants 2003/2008		**132,497**	**-**	**155,303**	**-**	**287,800**
Rights Issue		**295,973**	**-**	**710,335**	**-**	**1,006,308**
Converting of CPS		**163,935**	**(458,343)**	**336,065**	**-**	**41,657**
Dividends paid	44	**-**	**-**	**-**	**(78,831)**	**(78,831)**
As at 31 March 2008		**2,722,970**	**-**	**1,985,550**	**707,073**	**5,415,593**

^ Representing the equity component of the 163.9 million converting preference shares ("CPS") of RM1.00 each to ANZ Funds Pte Ltd, a wholly-owned subsidiary of Australia and New Zealand Banking Group Limited at an issue price of RM3.05 per CPS and was converted to 163.9 million ordinary shares of RM1.00 each during the financial year.

^^ This relates to the remaining RM0.15 per AmFirst Real Estate Investment Trust ("AmFirst REIT") paid for in cash by the Company pursuant to the Restricted Offer For Sale of AmFirst REIT.

* Represent 70 new ordinary shares issued pursuant to the exercise of the Warrant 1997/2007 of the Company. The resulting share premium amounting to RM386 has been credited to the share premium account.

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

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before taxation and zakat	**1,194,437**	**100,527**	(84,612)	60,748
Add/(Less) adjustments for:				
Allowance for losses on loans and financing - net	**512,183**	**-**	1,519,481	-
Loss/(Gain) on revaluation of securities held for trading	**128,923**	**-**	(93,465)	-
Impairment loss on securities	**111,958**	**-**	283,758	-
Interest suspended	**98,355**	**-**	108,502	-
Depreciation of property and equipment	**48,425**	**229**	51,587	127
Amortisation of computer software	**23,494**	**-**	21,238	-
Impairment loss on amount recoverable under asset-backed securitisation transactions	**10,000**	**-**	10,000	-
Allowance for doubtful sundry receivables - net	**2,292**	**-**	2,205	-
Provision/(Write back of provision) for commitments and contingencies	**1,641**	**-**	(25)	-
Sundry receivables written off	**1,616**	**-**	805	-
Provision for foreclosed properties	**473**	**-**	423	-
Loss from asset securitisation	**183**	**-**	179	-
Amortisation of prepaid land lease payments	**165**	**-**	165	-
Impairment loss on assets acquired in exchange of debts	**45**	**-**	2,555	-
Property and equipment written off	**37**	**-**	257	-
Net gain from sale of securities held-for-trading	**(131,616)**	**-**	(197,902)	-
Net gain on redemption of securities held-to-maturity	**(106,235)**	**-**	(53,177)	-
Gross dividend income from investments	**(58,540)**	**(107,980)**	(49,054)	(97,002)
Loss on revaluation of derivatives	**(46,770)**	**-**	107,104	-
Net gain from sale of securities available-for-sale	**(31,735)**	**-**	(28,033)	-
Transfer from profit equalisation reserve	**(18,211)**	**-**	(60,912)	-
Amortisation of premium less accretion of discounts on money market securities-net	**(14,640)**	**-**	(14,912)	-
Gain on disposal of property and equipment - net	**(686)**	**(21)**	(1,700)	-
Computer software written off	**-**	**-**	981	-
Gain on disposal of assets held-for-sale	**-**	**-**	(19,284)	-
Share in results of associated companies	**-**	**-**	(1,043)	-
Operating profit/(loss) before working capital changes carried forward	**1,725,794**	**(7,245)**	1,505,121	(36,127)

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

	2008 Group RM'000	2008 Company RM'000	2007 Group RM'000	2007 Company RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)				
Operating profit/(loss) before working capital changes brought forward	**1,725,794**	**(7,245)**	1,505,121	(36,127)
Decrease/(Increase) in operating assets:				
Securities purchased under resale agreements	**178,382**	**43,450**	402,555	34,600
Deposits and placements with banks and other financial institutions	**252,046**	**131,297**	(883,585)	(109,230)
Securities held-for-trading	**269,358**	**-**	(469,030)	150,197
Loans, advances and financing	**(5,453,376)**	**-**	(4,378,269)	-
Other assets	**(110,639)**	**30,800**	(743,227)	30,485
Statutory deposits with Bank Negara Malaysia	**146,861**	**-**	(30,365)	-
Deposits and monies held in trust with financial institutions	**65,656**	**-**	(268,729)	-
Increase/(Decrease) in operating liabilities:				
Deposits from customers	**5,385,789**	**-**	3,463,498	-
Deposits and placements of banks and other financial institutions	**(2,327,653)**	**-**	2,800,538	-
Obligations on securities sold under repurchase agreements	**(3,140,243)**	**-**	(432,014)	-
Bills and acceptances payable	**452,669**	**-**	548,854	-
Term loans	**1,481,164**	**1,300,000**	(172,553)	-
Recourse obligation on loans sold to Cagamas Berhad	**(511,082)**	**-**	(1,113,587)	-
Other liabilities	**168,713**	**(27,719)**	819,875	(15,522)
Cash (used in)/ generated from operations	**(1,416,561)**	**1,470,583**	1,049,082	54,403
Taxation paid	**(93,509)**	**-**	(111,362)	-
Net cash (used in)/ generated from operating activities	**(1,510,070)**	**1,470,583**	937,720	54,403
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal/(Purchase) of securities - net	**1,184,502**	**(1,978)**	67,560	(2,000)
Dividends received from other investments	**43,320**	**-**	35,809	-
Proceeds from disposal of property and equipment	**900**	**21**	10,311	-
Final return received for MVSB	**453**	**-**	-	-
Acquisition of remaining 49.0% equity interest in AIGB	**(2,399,594)**	**(2,401,694)**	-	-
Purchase of property and equipment	**(63,445)**	**-**	(45,662)	(796)
Purchase of computer software	**(15,269)**	**-**	(39,098)	-
Expenses capitalised on acquisition of equity interest in FIPL	**(818)**	**-**	-	-
Dividends received from subsidiary companies	**-**	**79,905**	-	70,811
Arising from subscription of AMFB rights issue	**-**	**(150,000)**	-	-
Arising from subscription of AMFB Interest Bearing Irredeemable Convertible Unsecured Loan Stock	**-**	**(300,000)**	-	-
Disposal of 1.0% equity interest in a stock and share-broking subsidiary company	**-**	**-**	422	-
Acquisition of remaining 51.0% equity interest in FIPL	**-**	**-**	(1,353)	-
Acquisition of remaining 16.93% equity interest in a stock and share-broking subsidiary company	**-**	**-**	(1,554)	-
Net cash (used in)/ generated from investing activities	**(1,249,951)**	**(2,773,746)**	26,435	68,015

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

	2008 Group RM'000	2008 Company RM'000	2007 Group RM'000	2007 Company RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares pursuant to rights issue	**1,006,308**	**1,006,308**	-	-
Proceeds from medium term notes	**860,000**	**-**	-	-
Proceeds from redeemable unsecured bonds	**575,000**	**-**	400,000	-
Proceeds from issuance of shares pursuant to converting preference shares	**500,000**	**500,000**	-	-
Proceeds from exercise of warrants 2003/2008 in the Company	**287,800**	**287,800**	69	69
Proceeds from issue of shares by subsidiary companies to minority shareholders	**2,800**	**-**	4,800	-
Redemption of unsecured bonds	**(150,000)**	**(150,000)**	-	-
Dividends paid by the Company to its shareholders	**(78,831)**	**(78,831)**	(76,699)	(76,699)
Dividends paid to minority interests by subsidiary companies	**(74,014)**	**-**	(65,352)	-
Arising from restricted offer and offer for sale of AmFirst REIT	**-**	**-**	62,898	(12,783)
Net repayment of subordinated term loans	**-**	**-**	(220,000)	-
Net cash generated from/(used in) financing activities	**2,929,063**	**1,565,277**	105,716	(89,413)
Net increase in cash and cash equivalents	**169,042**	**262,114**	1,069,871	33,005
Cash and cash equivalents at beginning of year	**10,490,422**	**52,964**	9,420,551	19,959
Cash and cash equivalents at end of year (Note 1)	**10,659,464**	**315,078**	10,490,422	52,964

Note 1 : Cash and Cash Equivalents

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

	2008 Group RM'000	2008 Company RM'000	2007 Group RM'000	2007 Company RM'000
Cash and short-term funds	**10,958,364**	**315,078**	10,593,220	52,964
Bank overdrafts (Note 25)	**(541)**	**-**	(9,515)	-
	10,957,823	**315,078**	10,583,705	52,964
Less: Cash and bank balances and deposits held in trust (Note 5)	**(297,825)**	**-**	(92,900)	-
	10,659,998	**315,078**	10,490,805	52,964
Effect of exchange rates changes	**(534)**	**-**	(383)	-
Cash and cash equivalents	**10,659,464**	**315,078**	10,490,422	52,964

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

1. PRINCIPAL ACTIVITIES

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

The subsidiary companies, as listed in Note 15 to the financial statements, provide a wide range of investment banking, commercial banking, retail financing and related financial services which also include the Islamic banking business, underwriting of general and life insurance, stock and share-broking, futures broking, investment advisory and asset, real estate investment trust and unit trust management.

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

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

The financial statements of the Group and of the Company have been approved and authorised for issue by the Board of Directors on 29 April 2008.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated and in accordance with the provisions of the Companies Act, 1965, the Banking and Financial Institutions Act, 1989, the Insurance Act, 1996 and the applicable Financial Reporting Standards ("FRS") in Malaysia as modified by Bank Negara Malaysia ("BNM") Guidelines.

The financial statements incorporate 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.

The financial statements are presented in Ringgit Malaysia ("RM") and rounded to the nearest thousand (RM'000), unless otherwise stated.

The preparation of financial statements in conformity with FRS requires management to exercise judgement, use of estimates and make assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving higher degree of judgement and complexity, are disclosed in Note 4.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(i) The new and revised FRSs that are applicable to the Group and the Company with effect from the financial period beginning on or after 1 April 2007:

FRS 117	Leases
FRS 124	Related Party Disclosures

(ii) The Group and the Company has not early adopted the following FRSs, amendments to FRS and IC Interpretations, which are effective for financial years beginning 1 July 2007:

FRS

FRS 107 : Cash Flow Statements
FRS 111 : Construction Contracts
FRS 112 : Income Taxes
FRS 118 : Revenue
FRS 119 : Employee Benefits
FRS 120 : Accounting for Government Grants and Disclosure of Government Assistance
FRS 134 : Interim Financial Reporting
FRS 137 : Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121 : The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
IC Interpretation 1 : Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2 : Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5 : Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6 : Liabilities arising from Participating In a Specific Market – Waste Electrical and Electronic Equipment
IC Interpretation 7 : Applying the Restatement Approach to FRS 129 Financial Accounting in Hyperinflationary Economies
IC Interpretation 8 : Scope of FRS 2 Share-based Payments

In the previous financial year, the Malaysian Accounting Standards Board ("MASB") had also issued FRS 139 Financial Instruments: Recognition and Measurement for which the MASB has yet to announce the effective date. The impact of applying FRS 117, 124 and 139 on this financial statements upon first adoption of these standards as required by paragraph 30(b) of FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors are not required to be disclosed by virtue of exemptions provided under paragraph 103AB of FRS 139.

The adoption of FRS 117 and 124 does not result in significant changes in accounting policies of the Group. The principal effects of the change in accounting policies resulting from the adoption of FRS 117 are disclosed in Note 57.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis Of Consolidation

The Group's financial statements include the financial statements of the Company and all its subsidiary companies listed under Note 15 made up to the end of the financial year except for P.T. AmCapital Indonesia, the financial statements of which were made up to 31 December 2007 with adjustments, where appropriate, made for any significant transactions that occurred between 1 January 2008 to 31 March 2008.

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

Under the purchase method, the results of the subsidiary companies acquired or disposed of during the financial year are included in the Group financial statements from the effective date of acquisition or to the effective date of disposal, as applicable. The cost of an acquisition is measured as fair value of the assets given, liabilities incurred or assumed and equity instruments issued at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill on consolidation. If the cost of acquisition is less than the fair value of the net assets of the subsidiary company acquired, the difference is recognised directly in the income statement.

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

Under the merger method, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged enterprises, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

Where necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies in line with those used by other members of the Group.

All significant intercompany transactions, balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless the transaction provides evidence of an impairment of an asset transferred.

The gain or loss on disposal of a subsidiary company is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiary company being disposed. All gains or losses on disposal of subsidiaries are recognised in the consolidated income statement.

Minority interest represents that part of the net results of operations and net assets of a subsidiary company attributable to equity interests and debentures that are not owned, directly or indirectly through subsidiary companies, by the Company or subsidiary companies. It is measured at the minorities' share of the fair value of the subsidiary companies' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiary companies' equity since that date, except when the losses applicable to the minority interest exceed the minority interest in the equity of that subsidiary company. In such cases, the excess and further losses applicable to the minority interest are attributable to the equity holders of the Company or subsidiary companies, unless the minority interest has a binding obligation to, and is able to, make good the losses. When that subsidiary company subsequently reports profits, the profits applicable to the minority interest are attributed to the equity holders of the Company or subsidiary companies until the minority interest's share of losses previously absorbed by the equity holders of the Company or subsidiary companies has been recovered.

For business combinations where the Group's equity interest in a subsidiary company is increased by virtue of a subscription to a higher proportion of the subsidiary company's new issue of shares as compared to its existing equity interest and where the share issue price is above or below the subsidiary company's net asset value, the resultant dilution or accretion of its share of net assets in the subsidiary company is recognized in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments In Subsidiary Companies

Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. It is generally accompanied by a shareholding of more than 50.0% of voting rights. Potential voting rights that are exercisable or convertible are considered when determining whether an entity is considered a subsidiary company.

Investments in subsidiary companies, which are eliminated on consolidation, are stated in the Company's financial statements at cost less impairment losses, if any.

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

Investments In Associated Companies

An associated company is a company in which the Group exercises significant influence, but which it does not control. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not in control over those policies.

Investments in associated companies are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associated companies includes premium on consolidation identified on acquisition, net of accumulated impairment losses, if any.

The Group's share of its associated companies' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves from the date that significant influence commences and until the date that significant influence ceases. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of associated companies to bring their accounting policies in line with those used by other members of the Group.

The results of the associated companies are taken from the latest audited accounts or unaudited management accounts of the associated companies, prepared at dates not more than three months prior to the end of the financial year of the Group.

Premium on consolidation relating to an associated company is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated company's profit or loss in the period in which the investment is acquired.

Investments in associated companies are stated at cost less accumulated impairment losses, if any, in the Company's balance sheet.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible Assets

(i) Goodwill/Premium On Consolidation

Goodwill on consolidation of subsidiary companies is included in intangible assets on the balance sheet. Premium on consolidation of associated companies is included in investments in associated companies.

Goodwill/premium on consolidation for acquisitions prior to 1 January 2006 represents the excess of the purchase consideration over the Group's share in the fair values of the identifiable net assets of the subsidiary or associated company recognised at the date of acquisition.

Goodwill/premium on consolidation for acquisitions on or after 1 January 2006 represents the excess of the purchase consideration over the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or associated company recognised at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated impairment losses, if any. Goodwill is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

On disposal of a subsidiary or an associated company, the attributable amount of goodwill/premium on consolidation is included in the determination of the gain or loss on disposal.

(ii) Computer Software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight-line method over their expected useful lives of three (3) to five (5) years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense when incurred. Costs that are directly associated with the identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one (1) year, are recognised as intangible assets. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives of three (3) to five (5) years.

(iii) Other intangible assets

Other intangible assets acquired are measured at cost on initial recognition. Subsequent to initial recognition, intangible assets are carried at costs less accumulated amortisation and accumulated impairment losses, if any.

For other intangible assets with finite useful lives, they are amortised on a straight-line basis over the estimated useful lives and assessed for impairment whenever there is an indication of impairment. The amortisation charges are recognised in the income statement. The useful life and amortisation method are reviewed at each financial year-end.

Other intangible assets with indefinite useful lives are not amortised but reviewed and tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying amount may be impaired either individually or at the cash-generating unit level. The useful life of the asset is also reviewed annually to ensure its continuing relevance.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Repurchase Agreements

Securities purchased under resale agreements as collateralized borrowing repo, are securities which the Group and the Company purchases without the transfer of ownership, with commitments to resell at future dates and cannot be further transacted during the period of the repo. The commitments to resell the securities are reflected as an asset on the balance sheet.

Securities purchased under resale agreements as sell buy-back repo are securities which the Group and the Company purchases with the transfer of ownership, with commitments to resell at future dates and can be further transacted during the period of the repo. The commitments to resell these securities, which are further transacted and recognised as securities sold not-yet repurchased under other liabilities, are reflected as an asset on the balance sheet.

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

Securities

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

(i) Securities held-for-trading

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

(ii) Securities held-to-maturity

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

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

Any sale or reclassification of a significant amount of securities held-to-maturity not close to their maturity would result in the reclassification of all securities held-to-maturity to securities available-for-sale, and prevent the Group from classifying the similar class of securities as securities held-to-maturity for the current and following two financial years.

(iii) Securities available-for-sale

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance For Doubtful Debts And Financing

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

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

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

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.

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% 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 for six (6) months and above.

The Directors are of the view that such treatment will reflect a more prudent provisioning policy for loans, advances and financing.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Trade And Other Receivables

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

The investment banking subsidiary company's stock and share-broking operations' policies for the suspension of interest in respect of bad and doubtful accounts and the making of specific and general allowances are in accordance with Schedule 7 of the Rules of Bursa Malaysia, are as follows:

(i) Specific allowance is made against bad and doubtful receivables at rates of 50% and 100%, respectively, subject to deduction of interest-in-suspense and the value of collateral held. In addition, a general allowance is maintained based on 1.5% of total trade receivables after deducting the amount of interest-in-suspense and specific allowance.

(ii) Interest income accrued on these accounts are suspended when they are considered non-performing in accordance with Schedule 7 of the Rules of Bursa Malaysia.

In accordance with the Rules of Bursa Malaysia, clients' accounts are classified as non-performing (doubtful and bad) under the following circumstances:

	Criteria for classification as non-performing	
Types	**Doubtful**	**Bad**
Contra losses	When the account remains outstanding for 16 to 30 calendar days from the date of contra transactions.	When the account remains outstanding for more than 30 calendar days from the date of contra transactions.
Overdue purchase contracts	When the account remains outstanding from T+3 market days to 30 calendar days.	When the account remains outstanding for more than 30 calendar days.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreclosed Properties

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

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

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

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

The difference between the purchase consideration and the carrying value of the receivables sold is recognised in the income statement.

Property And Equipment And Depreciation

Property and equipment are stated at cost less accumulated depreciation and any impairment loss. Costs include expenditure that is directly attributable to the acquisition of the respective items of property and equipment.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced parts is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Freehold land is not depreciated. Leasehold land is amortised over the shorter of the lease period or fifty years. Depreciation of other property and equipment is calculated using the straight-line method at rates based on the estimated useful lives of the various assets.

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

Freehold buildings	2%
Leasehold buildings	2% or over the term of short term lease
Motor vehicles	20%
Leasehold improvements	10% - 33 1/3%
Computer hardware	20% - 33 1/3%
Office and residential equipment, furniture and fittings	10% - 33 1/3%

The residual values, useful lives and depreciation methods of assets are reviewed, and adjusted if appropriate, at each balance sheet date, to ensure that they reflect the expected economic benefits derived from these assets.

An asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss arising from derecognition of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is charged or credited to the income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties of the Group are stated at cost less any accumulated depreciation and impairment losses. Investment properties are depreciated on a straight line basis to write off the cost of the assets to their residual value over their estimated useful lives.

Investment properties of the life insurance fund of the Group are stated at cost and include related and incidental expenditure incurred. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

In the absence of current prices in an active market, alternative valuation methods are used such as recent prices on less active markets or discounted cash flow valuations. Discounted cash flow valuation's are prepared by considering the aggregate of the estimated cash flow expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flow then is applied to the net annual cash flows to arrive at the property valuation.

Gains or losses arising from changes in the fair values of investment properties are recognised in the revenue account of the life insurance fund in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year in which they arise.

Non-current Assets (Or Disposal Groups) Held For Sale And Discontinued Operations

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continued use.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations, or is a subsidiary company acquired exclusively with a view to resale.

Assets Purchased Under Lease

Assets purchased under finance leases which in substance transfer the risks and benefits of ownership of the assets to the Group are capitalised under property and equipment. The assets and the corresponding lease obligations are recorded at the lower of the present value of the minimum lease payments or the fair value of the leased assets at the beginning of the lease terms, less accumulated depreciation and impairment losses.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment Of Assets

(i) Securities available-for-sale

Impairment of securities available-for-sale is calculated as the difference between the asset's carrying amount and the estimated recoverable amount. For equity investment classified as available-for-sale, a significant or prolonged decline in the fair value of the asset below its cost is considered in determining whether the asset is impaired. If such evidence exists, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement, is removed from the available-for-sale reserve within equity and recognised in the income statement.

Impairment losses on equity investments recognised in the income statement are not reversed through the income statement, until the investments are disposed of. For debt instrument, reversal of impairment is recognised in the income statement if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

(ii) Securities held-to-maturity

For securities held-to-maturity which are carried at amortised cost, the amount of the impairment loss is measured as the difference between the assets's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of the impairment loss is recognised in the income statement.

Subsequent reversals in the impairment loss is recognised when the decrease can be objectively related to an event occurring after the impairment was recognised, to the extent that the securities' carrying amount does not exceed its amortised cost if no impairment had been recognised. The reversal is recognised in the income statement.

For securities held-to-maturity which are carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the asset and present value of its estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) Goodwill

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from the synergies of the combination. Each CGU represents the lowest level at which the goodwill is monitored and is not larger than a segment based on either the Group's primary reporting format. CGU to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss recognised for goodwill is not reversed in a subsequent period.

(iv) Other non- financial assets

The carrying values of the Group's other non-financial assets, other than deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed for impairment when there is an indication that the asset might be impaired. If such an indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value in use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognised in the income statement when the carrying amount of the asset (or CGU) exceeds the recoverable amount of the asset (or CGU). An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the assets's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bills And Acceptances Payable

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

Liabilities

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

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

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

General Insurance Fund

The general insurance underwriting results, other than those arising from inward treaty business, are determined for each class of business, after taking into account reinsurances, unearned premium reserves, net commissions, net claims incurred and any other additional reserves.

The Unearned Premium Reserves represent the unexpired risks at the end of the financial year. In determining the unexpired risks at the balance sheet date, the method that most accurately reflects the actual unexpired risks used is as follows:

(i) 25% method for marine cargo, aviation cargo and transit business;

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Life Insurance Fund

The surplus of life insurance underwriting results transferable from the life insurance fund to the income statement is based on the surplus determined by annual actuarial valuation of the long-term liabilities to policyholders, made in accordance with the provisions of the Insurance Act, 1996 by the Group's appointed actuary. Any deficit arising from the actuarial valuation is recoverable from the shareholders' fund. The latest valuations were made up to 31 March 2008 and the results have been reflected accordingly.

Provision For Claims

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

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

Profit Equalisation Reserve ("PER")

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

Provisions

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

Interest Bearing Borrowings

All borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing borrowings are subsequently measured at amortised cost using effective interest method.

Hybrid Capital

Hybrid capital is classified as liabilities in the balance sheet as there is a contractual obligation by the Group to make cash payments of either principal or interest or both to holders of the instruments and the Group is contractually obliged to settle the financial instrument in cash or another financial instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Instruments

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

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

Provisions For Commitments And Contingencies

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

Financial Instruments

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

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

Trading Derivative Financial Instruments And Hedge Accounting

Trading 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.

Sell And Buy Back Agreements

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent Liabilities And Contingent Assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognized because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognize contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

Operating Revenue

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

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

Interest And Financing Income And Expense Recognition

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

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

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

Handling fees paid to motor vehicle dealers for hire purchase loans are amortised in the income statement over the tenor of the loan in accordance with BNM Circular on Handling Fees dated 16 October 2006 and is set off against interest income recognised on the hire purchase loans.

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fee And Other Income Recognition

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

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

Asset, real estate investment trust and unit trusts management fees, , margin rollover fees, agency and commitment fees are recognised as income based on time apportionment.

All gains or losses on disposal of non-performing loans are recognised in the income statement upon execution of contracts. The gain or loss on disposal of non-performing loans is the difference between the net disposal proceeds and the carrying value of the non-performing loans being disposed.

Guarantee fees are recognised as over the duration of the guarantee period.

Revenue from sale of trust units is recognised upon allotment of units, net of cost of units sold.

Equipment and property rental are recognised on an accrual basis.

Dividends are recognised when the right to receive payment is established.

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

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

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

Employee Benefits

(i) Short-term Employee Benefits

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

(ii) Defined Contribution Plan

As required by law, companies within the Group make contributions to the state pension scheme. Such contributions are recognised as an expense in the income statement as incurred. Once the contribution has been paid, the Group has no further payment obligations.

(iii) Termination Benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

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

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

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

Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign Currency Transactions

In preparing the financial statements of the Company, subsidiary and associated companies, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions or, if covered by foreign exchange contracts, at contracted rates. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the exchange rate prevailing at the date of the initial transaction.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the income statement for the year. Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statement for the year except for differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity.

(iii) Foreign Operations

For the purpose of presenting consolidated financial statements, the assets and liabilities of subsidiary and associated companies expressed in foreign currencies are translated into RM at the rates of exchange ruling at the balance sheet date while income statement is translated into RM at the average exchange rate for the year. Gains or losses arising on translation into RM are classified as equity and transferred to the Group's exchange fluctuation reserve.

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

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

	31.3.2008	31.3.2007
Singapore Dollar (SGD)	**2.31**	2.28
United States Dollar (USD)	**3.19**	3.46
Indonesia Rupiah (IDR)	**0.0003**	0.0004
Hong Kong Dollar (HKD)	**0.41**	0.47

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Flow Statements

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

Cash And Cash Equivalents

For the purpose of the cash flow statements, cash and cash equivalents consist of cash and short-term funds net of bank overdrafts.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Preparation of the financial statements involved making certain estimates, assumptions concerning the future and judgments. They affect the accounting policies applied, amounts of assets, liabilities, income and expenses reported and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

(a) Liabilities of insurance business

There are several sources of uncertainty that need to be considered in the estimation of the liabilities under life and general insurance businesses that the Group will ultimately be required to pay as claims.

For life insurance business, estimates are made for future deaths, disabilities, maturities, voluntary terminations, investment returns and administration expenses in accordance with regulatory requirements. The Group bases the estimate of expected number of deaths on statutory mortality tables, adjusted where appropriate to reflect the Group's unique risk exposure. The estimated number of deaths determines the value of possible future benefits to be paid out, which will be factored into ensuring sufficient cover by reserves, which in return is monitored against current and future premiums. For those contracts that insure risk to disability, estimates are made based on recent past experience and emerging trends. However, epidemic as well as wide ranging changes to lifestyle, could result in significant changes to the expected future exposure. All of this will give rise to estimation uncertainty of projected ultimate liability of the life insurance fund.

For general insurance business, the principal uncertainty arises from the technical provisions which include the provisions of premium and claims liabilities. The premium liabilities comprise unearned premium reserves while claim liabilities comprise provision for outstanding claims. Generally, claims liabilities are determined based upon previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Particularly relevant is past experience with similar cases, historical claims development trends, legislative changes, judicial decisions and economic conditions. It is certain that actual future premiums and claims liabilities will not exactly develop as projected and may vary from the Group's projections. The estimates of premiums and claims liabilities are therefore sensitive to various factors and uncertainties.

The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual settlement of premiums and claims liabilities may vary from the initial estimates. There may be significant reporting lags between the occurrence of the insured event and the time it is actually reported to the Group. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude of the claim. There are many factors that will determine the level of uncertainty such as inflation, inconsistent judicial interpretations, legislative changes and claims handling procedures.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Impairment of goodwill

The Group tests goodwill for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary. The recoverable amounts of CGU are determined based on the value-in-use method, which requires the use of estimates. The value-in-use calculations apply a discounted cash flow model using cash flow projections based on the most recent one year budget approved by management. Cash flows for the second (2) to fifth (5) years are extrapolated using estimated weighted average growth rates. No growth rate is estimated for the sixth (6) to tenth (10) years.The discount rates applied to the cash flow projections are derived from the CGU's pre-tax weighted average cost of capital at the date of assessment. Changes to the assumptions used by management, particularly the discount rate and growth rate, may significantly affect the results of the impairment test.

(c) Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the balance sheet date. Quoted market prices or dealer quotes for similar instruments and discounted cash flows are some of the common techniques used to calculate the fair value of these instruments.

(d) Classification between investment properties and property and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portion could be sold separately, the Group would account for the portion separately. If the portion could not be sold separately, the property is an investment property only if insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(e) Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

5. CASH AND SHORT-TERM FUNDS

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Cash and bank balances	**384,858**	**1,206**	339,168	1,480
Money at call and deposits maturing within one month:				
Licensed banks:				
Subsidiary	**-**	**313,872**	-	51,484
Others	**1,582,925**	**-**	1,232,143	-
Bank Negara Malaysia	**8,887,060**	**-**	8,809,990	-
Other financial institutions	**103,521**	**-**	211,919	-
	10,958,364	**315,078**	10,593,220	52,964

Included in the above are interbank lendings of RM9,033,916,000 (RM8,604,558,000 in 2007) for the Group and short-term deposits and money held on behalf of remisiers and clients amounting to approximately RM297,825,000 (RM92,900,000 in 2007) for the Group.

As at 31 March 2008, the net interbank borrowing and lending position of the Group is as follows:

	Group	
	2008 RM'000	2007 RM'000
Interbank lendings		
Cash and short-term funds	**10,502,776**	8,604,558
Deposits with financial institutions (Note 7)	**1,329,700**	1,207,544
	11,832,476	9,812,102
Interbank borrowings (Note 21)	**(37,001)**	(1,101,039)
Net interbank lendings	**11,795,475**	8,711,063

6. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Licensed banks:				
Subsidiary	-	-	-	43,450
Others	**52,468**	-	501,431	-
	52,468	-	501,431	43,450

Included in the above are money held on behalf of remisiers and clients amounting to approximately RM45,819,000 (RM316,400,000 in 2007) for the Group.

7. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Licensed banks:				
Subsidiary	-	**15,034**	-	146,331
Others	**337,466**	-	547,901	-
Licensed investment/merchant banks:				
Subsidiary	-	-	-	-
Others	**50,000**	-	-	-
Bank Negara Malaysia	**1,000,100**	-	458,028	-
Other financial institutions	**244**	-	633,928	-
	1,387,810	**15,034**	1,639,857	146,331

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

Included in the above is an amount of RM200,000 (RM200,000 in 2007) made in favour of the Accountant General pursuant to Section 3(f) of the Trust Companies Act, 1949.

Included in the above are interbank lendings of RM1,329,700,000 (RM1,207,544,000 in 2007) for the Group.

8. SECURITIES HELD-FOR-TRADING

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
At Fair Value				
Money Market Securities:				
Treasury Bills	**26,566**	**-**	166,303	-
Islamic Treasury Bills	**78,224**	**-**	48,442	-
Malaysian Government Securities	**160,705**	**-**	1,505,936	-
Malaysian Government Investment Certificates	**323,014**	**-**	575,313	-
Cagamas bonds	**25,058**	**-**	60,230	-
Cagamas Mudharabah bearer bonds	**37,167**	**-**	16,217	-
Khazanah bonds	**59,359**	**-**	11,741	-
Islamic Bank Negara Monetary Notes	**134,107**	**-**	-	-
Bank Negara Monetary Notes	**274,645**	**-**	580,986	-
Negotiable instruments of deposits	**15,368**	**-**	-	-
Negotiable Islamic Debt Certificates	**39,674**	**-**	12,442	-
	1,173,887	**-**	2,977,610	-
Securities Quoted:				
In Malaysia:				
Shares	**39,735**	**-**	294,296	-
Trust units	**252,202**	**-**	198,185	-
Corporate bonds	**-**	**-**	33,922	-
Outside Malaysia:				
Shares	**70,026**	**-**	43,072	-
Trust units	**1,728**	**-**	1,996	-
	363,691	**-**	571,471	-
Unquoted Securities Of Companies Incorporated:				
In Malaysia:				
Shares	**18,493**	**-**	2,200	-
Outside Malaysia:				
Shares	**17,848**	**-**	18,910	-
	36,341	**-**	21,110	-
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:				
Corporate bonds	**207,743**	**-**	244,739	-
Islamic corporate bonds	**86,590**	**-**	103,119	-
Corporate notes	**-**	**-**	39,749	-
Islamic corporate notes	**30,725**	**-**	30,425	-
	325,058	**-**	418,032	-
Unquoted Private Debt Securities Of Companies Incorporated:				
In Malaysia:				
Corporate bonds	**1,219,481**	**20,000**	846,306	20,000
Corporate notes	**456,554**	**-**	105,934	-
Islamic corporate bonds	**2,036,736**	**-**	1,697,762	-
Islamic corporate notes	**944,493**	**-**	161,495	-
Outside Malaysia:				
Corporate bonds	**142,769**	**-**	119,185	-
	4,800,033	**20,000**	2,930,682	20,000
Total	**6,699,010**	**20,000**	6,918,905	20,000

Certain money market securities held have been sold under repurchase agreements for funding purposes. The carrying values of the securities underlying these repurchase agreements remain in the respective asset accounts while the obligations to repurchase such securities at agreed prices on specified future dates are accounted for as liabilities as shown in Note 22.

9. SECURITIES AVAILABLE-FOR-SALE

	2008 Group RM'000	2008 Company RM'000	2007 Group RM'000	2007 Company RM'000
At Fair Value				
Money Market Securities:				
Malaysian Government Securities	**12,081**	**-**	44,474	-
Cagamas bonds	**4,996**	**-**	14,624	-
Khazanah bonds	**9,841**	**-**	9,604	-
Negotiable instruments of deposits	**135,987**	**-**	353,612	-
	162,905	**-**	422,314	-
Securities Quoted:				
In Malaysia:				
Trust units	**74,714**	**-**	76,334	-
Corporate bonds	**-**	**-**	17,329	-
Outside Malaysia:				
Shares	**21,981**	**-**	13,505	-
	96,695	**-**	107,168	-
Unquoted Securities In Malaysia:				
Shares	**4,378**	**3,978**	2,400	2,000
Debt Equity Converted Securities Quoted:				
In Malaysia:				
Shares	**26,139**	**-**	46,043	-
Shares - with options	**6,014**	**-**	82,815	-
Loan stocks	**9,145**	**-**	-	-
Corporate bonds	**4,411**	**-**	50	-
Outside Malaysia:				
Shares	**77**	**-**	229	-
	45,786	**-**	129,137	-
Unquoted Private Debt Securities Of Companies Incorporated				
In Malaysia:				
Corporate bonds	**345,536**	**-**	323,592	-
Islamic corporate bonds	**927,167**	**-**	558,857	-
Outside Malaysia:				
Corporate bonds	**78,635**	**-**	-	-
	1,351,338	**-**	882,449	-
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:				
Corporate bonds	**189,833**	**-**	312,061	-
Total	**1,850,935**	**3,978**	1,855,529	2,000

10. SECURITIES HELD-TO-MATURITY

	Group 2008 RM'000	Group 2007 RM'000
At Amortised Cost		
Money Market Securities:		
Negotiable instruments of deposits	**-**	89,589
Securities Quoted:		
In Malaysia:		
Shares	**-**	99
Trust units	**2,012**	1,001
Islamic Corporate bonds	**25,552**	27,648
Outside Malaysia:		
Islamic Corporate bonds	**6,388**	6,912
	33,952	35,660
Unquoted Securities Of Companies Incorporated:		
In Malaysia:		
Shares	**102,433**	102,636
Corporate bonds	**959**	959
Outside Malaysia:		
Shares	**6,441**	7,597
	109,833	111,192
Debt Equity Converted Securities Quoted:		
In Malaysia:		
Shares	**5,314**	13,193
Loan stocks - collateralised	**85,824**	419,542
Loan stocks - with options	**80,595**	424,490
Corporate bonds - collateralised	**52,754**	-
Outside Malaysia:		
Warrants	**15**	15
	224,502	857,240
Unquoted Debt Equity Converted Securities Of Companies Incorporated in Malaysia:		
Shares	**44,971**	44,971
Loan stocks	**74,857**	91,576
Loan stocks - collateralised	**524,876**	691,933
Corporate bonds - collateralised	**106,568**	127,007
Corporate bonds	**316,378**	396,437
	1,067,650	1,351,924
Unquoted Private Debt Securities Of Companies Incorporated:		
In Malaysia:		
Corporate bonds and notes denominated in USD	**-**	56,871
Corporate notes	**33,720**	-
Islamic corporate bonds	**190,331**	193,598
Outside Malaysia:		
Corporate bonds and notes denominated in USD	**-**	103,680
	224,051	354,149
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	**-**	79,216
	1,659,988	2,878,970
Accumulated impairment losses	**(480,110)**	(566,400)
Total	**1,179,878**	2,312,570

10. SECURITIES HELD-TO-MATURITY (CONTINUED)

	Group	
	2008 RM'000	**2007 RM'000**
Market/Indicative value		
Money Market Securities:		
Negotiable instruments of deposits	**-**	89,604
Securities Quoted:		
In Malaysia:		
Shares	**-**	43
Trust units	**2,010**	980
Islamic Corporate bonds	**25,486**	28,215
Outside Malaysia:		
Islamic Corporate bonds	**6,278**	6,912
Unquoted Securities Of Companies Incorporated:		
In Malaysia:		
Shares	**40,879**	40,879
Corporate bonds	**859**	859
Outside Malaysia:		
Shares	**5,086**	6,242
Debt Equity Converted Securities Quoted In Malaysia:		
Shares	**4,141**	8,750
Loan stocks - collateralised	**105,548**	243,893
Loan stocks - with options	**66,985**	381,413
Unquoted Private Debt Securities Of Companies Incorporated In Malaysia:		
Islamic Corporate bonds	**192,812**	193,973
Unquoted Guaranteed Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	**-**	79,240

11. LOANS, ADVANCES AND FINANCING

	Group 2008 RM'000	Group 2007 RM'000
Loans and financing:		
Term loans and revolving credit	**15,562,586**	14,037,374
Housing loans	**11,314,355**	11,074,856
Staff loans	**179,052**	185,536
Hire-purchase receivables	**26,622,601**	24,474,377
Credit card receivables	**1,806,526**	2,218,724
Lease receivables	**1,462,734**	1,430,654
Overdrafts	**1,632,538**	1,343,383
Claims on customers under acceptance credits	**2,301,379**	1,656,939
Trust receipts	**325,968**	215,921
Block discount receivables	**59,572**	56,751
Factoring receivables	**60,094**	52,047
Bills receivable	**33,524**	17,765
	61,360,929	56,764,327
Less: Unearned interest and income	**6,482,856**	6,022,129
Total	**54,878,073**	50,742,198
Less:		
Allowance for bad and doubtful debts and financing:		
General	**845,225**	778,396
Specific	**1,579,255**	2,353,047
	2,424,480	3,131,443
Net loans, advances and financing	**52,453,593**	47,610,755

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

	Group 2008 RM'000	Group 2007 RM'000
Maturing within one year	**19,284,639**	13,925,586
One year to three years	**11,278,885**	12,229,615
Three to five years	**7,773,341**	8,840,263
Over five years	**16,541,208**	15,746,734
	54,878,073	50,742,198

11. LOANS, ADVANCES AND FINANCING (CONTINUED)

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

	Group				
	2008 RM'000	%	2007 RM'000	%	Loans Growth
Purchase of transport vehicles	**24,036,314**	42.4	22,739,226	42.5	
Purchase of landed properties:					
(a) Residential	**10,998,983**	19.4	10,777,779	20.2	
(b) Non-residential	**2,312,866**	4.1	2,491,641	4.7	
Working capital	**9,326,716**	16.4	7,921,566	14.8	
Personal use	**2,080,383**	3.7	1,651,691	3.1	
Fixed assets	**1,798,568**	3.2	1,561,570	2.9	
Credit cards	**1,777,686**	3.1	2,207,352	4.1	
Purchase of securities	**1,545,274**	2.7	1,237,484	2.3	
Construction	**919,301**	1.6	1,160,173	2.2	
Merger and acquisition	**278,877**	0.5	207,044	0.4	
Consumer durables	**3,892**	0.0	4 ,648	0.0	
Other purpose	**1,663,070**	2.9	1,500,857	2.8	
Gross loans, advances and financing	**56,741,930**	100.0	53,461,031	100.0	
Less: Islamic financing sold to Cagamas Berhad	**1 ,863,857**		2 ,718,833		
	54,878,073		50,742,198		8.2%

11. LOANS, ADVANCES AND FINANCING (CONTINUED)

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

	Group 2008 RM'000	Group 2007 RM'000
Domestic:		
Business enterprises:		
Small medium enterprises	**5,452,391**	4,806,779
Others	**11,579,642**	9,932,336
Other non-bank financial institutions	**834,365**	760,703
Government and statutory bodies	**115,410**	140,282
Individuals	**36,612,489**	34,583,382
Other domestic entities	**44,537**	327,991
Foreign entities	**239,239**	190,725
	54,878,073	50,742,198

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

	Group 2008 RM'000	Group 2007 RM'000
Variable rate:		
BLR-plus	**14,704,097**	14,154,129
Cost-plus	**5,865,602**	4,919,740
Other variable rates	**544,617**	567,196
	21,114,316	19,641,065
Fixed rate:		
Housing loans	**2,361,505**	3,129,736
Hire purchase receivables	**23,152,454**	21,100,285
Other fixed rates	**8,249,798**	6,871,112
	33,763,757	31,101,133
	54,878,073	50,742,198

11. LOANS, ADVANCES AND FINANCING (CONTINUED)

Movements in non-performing loans, advances and financing ("NPLs") are as follows:

	Group	
	2008 RM'000	2007 RM'000
Gross		
Balance at beginning of year	**5,534,341**	6,136,695
Non-performing during the year	**1,319,500**	1,604,797
Reclassification to performing loans and financing	**(758,019)**	(818,554)
Recoveries	**(535,600)**	(457,448)
Debt equity conversion	**(106,274)**	(6,182)
Amount written off	**(1,298,557)**	(935,779)
Sale of non-performing loans	**(547,859)**	-
Exchange fluctuation adjustments	**(5,711)**	2,001
Reclassification from trading to margin	**658**	-
Transfer from stock and share-broking activities	**-**	8,811
Balance at end of year	**3,602,479**	5,534,341
Less: Specific allowance	**(1,579,255)**	(2,353,047)
Non-performing loans and financing - net	**2,023,224**	3,181,294
Ratios of non-performing loans, advances and financing to total loans, advances and financing (including Islamic financing sold to Cagamas Berhad) - net	**3.7%**	6..2%
Loan loss coverage excluding collateral values	**67.3%**	56.6%

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

	Group			
	2008 RM'000	%	2007 RM'000	%
Working capital	**1,014,761**	28.2	1,205,711	21.8
Purchase of landed properties:				
Residential	**962,785**	26.7	1,372,850	24.8
Non-residential	**334,169**	9.3	781,598	14.1
Purchase of transport vehicles	**428,615**	11.9	806,824	14.6
Construction	**281,961**	7.8	364,953	6.6
Purchase of securities	**198,320**	5.5	273,202	4.9
Credit cards	**66,011**	1.8	216,850	3.9
Fixed assets	**44,119**	1.2	62,217	1.1
Personal use	**35,246**	1.0	54,394	1.0
Merger and acquisition	**-**	0.0	15,020	0.3
Consumer durables	**485**	0.0	327	0.0
Other purpose	**236,007**	6.6	380,395	6.9
	3,602,479	100.0	5,534,341	100.0

11. LOANS, ADVANCES AND FINANCING (CONTINUED)

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

	Group	
	2008 RM'000	2007 RM'000
General allowance		
Balance at beginning of year	**778,396**	721,817
Allowance during the year	**67,107**	55,567
Transfer from stock and share-broking operations	**-**	1,321
Exchange fluctuation adjustments	**(278)**	(309)
Balance at end of year	**845,225**	778,396
% of total loans, advances and financing (including Islamic financing sold to Cagamas Berhad) less specific allowances	**1.53%**	1.52%
Specific allowance		
Balance at beginning of year	**2,353,047**	1,532,664
Allowance during the year	**1,192,451**	2,162,855
Amount written back in respect of recoveries and reversals	**(427,341)**	(426,953)
Net charge to income statements	**765,110**	1,735,902
Amount written off	**(1,291,798)**	(935,929)
Sale of non-performing loans	**(219,832)**	-
Debt equity conversion	**(17,190)**	(3,182)
Reclassification from sundry receivables	**(8,103)**	8,205
Exchange fluctuation adjustments	**(1,877)**	(1,146)
Adjustment from/(to) deferred asset account	**(102)**	7,792
Transfer from stock and share-broking operations	**-**	8,741
Balance at end of year	**1,579,255**	2,353,047

12. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

Derivative financial instruments are off-balance sheet financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates, interest rates and security prices) of the underlying instruments. These instruments allow the Group and its customer to transfer, modify or reduce their foreign exchange and interest rate risks via hedge relationships. The Group also transacts in these instruments for proprietary trading purposes. The default classification for derivative financial instruments is trading, unless designated in a hedge relationship and are in compliance with the hedge effectiveness criteria. The risks associated with the use of derivative financial instruments, as well as management's policy for controlling these risks are set out in Note 50.

The table below shows the Group's derivative financial intruments as at the balance sheet date. The contractual or underlying principal amounts of these derivative financial instruments and their corresponding gross positive (derivative financial asset) and gross negative (derivative financial liability) fair values at balance sheet are analysed below. These values are stand-alone without taking into account their potential offsetting relationships with other non-derivatives exposures of the Group.

Group	2008 Contract/ Notional Amount RM'000	2008 Positive Fair Value RM'000	2008 Negative Fair Value RM'000	2007 Contract/ Notional Amount RM'000	2007 Positive Fair Value RM'000	2007 Negative Fair Value RM'000
Trading derivative						
Interest rate related contracts:						
Interest rate futures	**270,000**	**6,574**	**6,907**	290,000	-	-
Interest rate swaps	**17,506,434**	**162,603**	**158,980**	12,476,866	251,697	237,250
Foreign exchange related contracts:						
Forward exchange contracts	**5,747,856**	**44,231**	**76,894**	4,370,080	87,651	34,586
Cross currency swaps	**624,647**	**106,939**	**126,658**	811,310	59,638	57,534
Malaysian Government securities futures	**-**	**-**	**-**	5,000	1	-
Equity related contracts:						
Options	**151,596**	**5,200**	**1,192**	165,618	1,325	23,287
Equity futures	**363**	**-**	**-**	-	-	-
	24,300,896	**325,547**	**370,631**	18,118,874	400,312	352,657
Hedging derivative						
Interest rate related contracts:						
Interest rate swaps	**9,263,873**	**45,134**	**40,298**	10,654,557	-	118,085
	33,564,769	**370,681**	**410,929**	28,773,431	400,312	470,742

Fair values of derivative financial instruments are normally zero or negligible at inception and the subsequent change in value is favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms.

13. OTHER ASSETS

	2008 Group RM'000	2008 Company RM'000	2007 Group RM'000	2007 Company RM'000
Trade receivables, net of allowance for doubtful debts for the Group of RM56,372,000 (RM56,669,000 in 2007)	**756,706**	**-**	777,650	-
Other receivables, deposits and prepayments, net of allowance for doubtful debts for the Group of RM18,114,000 (RM15,700,000 in 2007)	**910,914**	**19,601**	808,846	28,140
Interest receivables on treasury assets, net of allowance for doubtful debts for the Group of RM3,253,000 (RM5,708,000 in 2007)	**112,194**	**7,372**	173,229	1,557
Fee receivables, net of allowance for doubtful debts for the Group of RM5,509,000 (RM5,961,000 in 2007)	**44,056**	**-**	34,336	-
Amount due from agents, brokers and reinsurers, net of allowance for the Group of RM9,806,000 (RM12,310,000 in 2007)	**161,405**	**-**	85,334	-
Amount due from originators	**35,140**	**-**	52,421	-
Amount recoverable under asset-backed securitisation transactions, net of impairment loss of RM30,500,000 (RM20,500,000 in 2007)	**67,066**	**-**	77,066	-
Foreclosed properties net of allowance for impairment in value of RM92,390,000 (RM94,911,000 in 2007)	**102,396**	**-**	98,882	-
Tax recoverable	**2,180**		-	
Deferred assets	**39,701**	**-**	43,939	-
	2,231,758	**26,973**	2,151,703	29,697

Trade receivables mainly relate to the stock and share-broking operations of the investment banking subsidiary company and represent amount outstanding in purchase contracts net of allowances.

Amount due from originators represents housing loans, hire purchase and leasing receivables acquired from the originators for onward sale to Cagamas Berhad as mentioned in Note 24.

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

13. OTHER ASSETS (CONTINUED)

The net asset deficiency representing the excess of liabilities over the assets transferred from AFB arising from the scheme, is shown as deferred asset, and is reduced progressively by net income derived from the utilisation of the deposit placed by BNM, as mentioned in Note 21, and net recoveries of defaulted loans of AFB computed based on a formula determined by BNM.

Subsequent to the vesting order of assets and liabilities from AMFB to AmBank, the deferred asset arising from the takeover of AFB was vested over to AmBank.

In 1988, AmBank took over the operations of Kewangan Usahasama Makmur Berhad ("KUMB"), a deposit taking co-operative in Malaysia. The Government of Malaysia granted to KUMB a future tax benefit amounting to RM434.0 million, subsequently adjusted to RM426.69 million upon finalisation of KUMB's tax credit in consideration of the deficit in assets taken over from the deposit taking co-operative. The tax benefit is a fixed monetary sum and is not dependant on any changes in tax rates.

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

	Group	
	2008 RM'000	2007 RM'000
Deferred assets are as follows:		
Arising from takeover of Abrar Finance Berhad	-	4,048
Arising from takeover of Kewangan Usahasama Makmur Berhad	**39,891**	39,891
	39,891	43,939

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

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

15. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2008 RM'000	2007 RM'000
At cost		
In Malaysia		
Shares		
Quoted	-	673,200
Unquoted	**6,243,314**	3,026,954
	6,243,314	3,700,154
Unquoted Interest Bearing Irredeemable Convertible Unsecured Loan Stock	**300,000**	-
	6,543,314	3,700,154
Market value:		
Shares quoted in Malaysia	-	1,481,040

15. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

The subsidiary companies, all incorporated in Malaysia, except for P.T. AmCapital Indonesia, which is incorporated in Indonesia, AmSecurities (H.K.) Limited and AmTrade Services Limited which are incorporated in Hong Kong, AmCapital (B) Sdn Bhd which is incorporated in Brunei and AmFrasers International Pte. Ltd. and its subsidiary companies which are incorporated in Singapore, are as follows:

	Principal Activities	Issued and Paid-up Ordinary Capital 2008 RM'000	2007 RM'000	2008 %	2007 %
Direct Subsidiary Companies					
Unquoted					
AmInvestment Group Berhad ("AIGB")	Investment holding	**673,200**	1,320,000	**100.00**	51.00
AMFB Holdings Berhad ("AMFB")	Investment holding	**761,516**	731,516	**100.00**	100.00
AmAssurance Berhad ("AmAssurance")	Life assurance and general insurance	**100,000**	100,000	**70.00**	70.00
AmManagement Services Sdn Bhd	Dormant	**-****	-**	**100.00**	100.00
Indirect Subsidiary Companies					
Unquoted					
AmInvestment Bank Berhad ("AmInvestment Bank")	Investment banking	**240,000**	240,000	**100.00**	51.00
AmSecurities Holding Sdn Bhd ("AMSH")	Investment holding	**10,000**	10,000	**100.00**	51.00
AmIslamic Bank Berhad ("AmIslamic Bank")	Islamic banking	**403,038**	403,038	**100.00**	100.00
AmBank (M) Berhad ("AmBank")	Commercial banking	**610,364**	610,364	**100.00**	100.00
Arab-Malaysian Credit Berhad	Hire-purchase financing and leasing	**288,500**	288,500	**100.00**	100.00
AMSEC Holdings Sdn Bhd ("AmSecurities") (Formerly known as AmSecurities Sdn Bhd)	Dormant	**100,000**	100,000	**100.00**	51.00
AmInvestment Services Berhad ("AIS")	Managing unit trust funds	**5,539**	5,539	**100.00**	51.00
AmInvestment Management Sdn Bhd ("AIM")	Asset management	**2,000**	2,000	**100.00**	51.00
AMMB Consultant Sdn Bhd	Ceased operations	**500**	500	**100.00**	51.00
AMMB Nominees (Tempatan) Sdn Bhd	Nominee services	**10**	10	**100.00**	51.00
AMMB Nominees (Asing) Sdn Bhd	Nominee services	**10**	10	**100.00**	51.00
AmProperty Trust Management Berhad ("AmPTMB")	Dormant	**500**	500	**100.00**	51.00
AmPrivate Equity Sdn Bhd ("AmPrivate Equity")	Investment holding	**6**	4	**80.00**	40.80
AMMB Factors Sdn Bhd	Dormant	**1,000**	1,000	**100.00**	100.00
AMCB Mezzanine Sdn Bhd	Dormant	**400**	400	**100.00**	100.00

15. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

	Principal Activities	Issued and Paid-up Ordinary Capital 2008 RM'000	Issued and Paid-up Ordinary Capital 2007 RM'000	2008 %	2007 %
Indirect Subsidiary Companies (Continued)					
Unquoted (Continued)					
AmTrustee Berhad ("AmTrustee")	Trustee services	**500**	500	**80.00**	60.40
Arab-Malaysian Services Berhad	Dormant	**6,000**	6,000	**70.00**	70.00
AmEquities Sdn Bhd	Collection of trade receivables	**140,000**	140,000	**100.00**	51.00
South Johor Securities Nominees (Tempatan) Sdn Bhd	Dormant	**-****	-**	**100.00**	51.00
South Johor Securities Nominees (Asing) Sdn Bhd	Dormant	**-****	-**	**100.00**	51.00
AMSEC Nominees (Tempatan) Sdn Bhd	Nominee services	**1**	1	**100.00**	51.00
AMSEC Nominees (Asing) Sdn Bhd	Nominee services	**1**	1	**100.00**	51.00
AmFutures Sdn Bhd ("AmFutures")	Futures and options trading	**15,000**	15,000	**100.00**	51.00
AmResearch Sdn Bhd ("AmResearch")	Publishing and selling research materials and reports	**500**	500	**100.00**	51.00
AM Nominees (Tempatan) Sdn Bhd	Nominee services	**-****	-**	**100.00**	51.00
AM Nominees (Asing) Sdn Bhd	Nominee services	**-****	-**	**100.00**	51.00
AMMB Properties Sdn Bhd	Dormant	**-****	-**	**100.00**	51.00
Malaysian Ventures Management Incorporated Sdn Bhd ("MVMI")	Management of private equity fund	**500**	500	**100.00**	40.80
Am ARA REIT Holdings Sdn Bhd ("Am ARA Holdings")	Investment holding	**1,000**	1,000	**70.00**	35.70
Am ARA REIT Managers Sdn Bhd ("Am ARA REIT Managers")	Management of real estate investment trusts	**1,000**	1,000	**70.00**	35.70
Annling Sdn Bhd	Dormant	**250**	250	**100.00**	100.00
Everflow Credit & Leasing Corp Sdn Bhd	Dormant	**684**	684	**100.00**	100.00
MBf Information Services Sdn Bhd	Provision of computer system operations	**27,500**	27,500	**100.00**	100.00
MBf Nominees (Tempatan) Sdn Bhd	Nominee services	**10**	10	**100.00**	100.00

15. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

	Principal Activities	Issued and Paid-up Ordinary Capital 2008 RM'000	Issued and Paid-up Ordinary Capital 2007 RM'000	2008 %	2007 %
Indirect Subsidiary Companies (Continued)					
Unquoted (Continued)					
MBf Trustees Berhad	Trustee services	**250**	250	**60.00**	60.00
AmProperty Holdings Sdn Bhd	Property investment	**500**	500	**100.00**	100.00
MBf Equity Partners Sdn Bhd	Dormant	**10,000**	10,000	**100.00**	100.00
MBf Nominees (Asing) Sdn Bhd	Dormant	**-****	-**	**100.00**	100.00
Lekir Development Sdn Bhd	Dormant	**450**	450	**100.00**	100.00
Li & Ho Sdn Bhd	Dormant	**850**	850	**100.00**	100.00
Teras Oak Pembangunan Sdn Bhd	Dormant	**1,200**	1,200	**100.00**	100.00
AmCredit & Leasing Sdn Bhd	Dormant	**500**	500	**100.00**	100.00
Crystal Land Sdn Bhd	Dormant	**400**	400	**80.00**	80.00
Bougainvillaea Development Sdn Bhd	Property investment and provision of services	**1,000**	1,000	**100.00**	100.00
Malco Properties Sdn Bhd	Dormant	**157**	157	**51.00**	51.00
Komuda Credit & Leasing Sdn Bhd	Dormant	**500**	500	**100.00**	100.00
Natprop Sdn Bhd	Dormant	**500**	500	**100.00**	100.00
AmG Insurance Berhad	Dormant	**-@@**	-	**70.00**	-
Economical Enterprises Sdn Bhd	Dormant	**535**	535	**100.00**	100.00
		Brn'000	Brn'000	**%**	%
AmCapital (B) Sdn Bhd	Dormant	**-@@@**	-	**100.00**	-
		USD'000	USD'000	**%**	%
AMMB Labuan (L) Ltd	Dormant	**200**	200	**100.00**	51.00
AmInternational (L) Ltd ("AMIL")	Offshore banking	**10,000**	10,000	**100.00**	51.00
AmCapital (L) Limited	Special purpose vehicle	**-@**	-	**100.00**	-
AMBB Capital (L) Inc	Special purpose vehicle	**-*****	-***	**100.00**	100.00

15. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

	Principal Activities	Issued and Paid-up Ordinary Capital 2008 RM'000	2007 RM'000	2008 %	2007 %
Indirect Subsidiary Companies (Continued)					
Unquoted (Continued)					
		RP'000	RP'000	**%**	%
P.T. AmCapital Indonesia* ("AMCI")	Stock-broking, underwriting and investment management	**146,186,000**	146,186,000	**99.00**	50.49
		HK$000	HK$000	**%**	%
AmSecurities (H.K.) Limited^	Dormant	**33,000**	33,000	**100.00**	51.00
AmTrade Services Limited^	Trade finance services	**-****	-****	**100.00**	100.00
		S$'000	S$'000	**%**	%
AmFraser International Pte. Ltd. (Formerly known as Frasers International Pte. Ltd.)*	Investment holding	**18,910**	18,910	**100.00**	51.00
AmFraser Securities Pte. Ltd. (Formerly known as Fraser Securities Pte. Ltd.)*	Stock and share broking	**32,528**	32,528	**100.00**	51.00
Fraser Financial Planners Pte. Ltd.*	Dormant	**1,000**	1,000	**100.00**	51.00
Fraser Financial Services Pte. Ltd.*	Dormant	**200**	200	**100.00**	51.00
Fraser-AMMB Research Pte. Ltd.*	Dormant	**500**	500	**100.00**	51.00
AmFraser Nominees Pte.Ltd. (Formerly known as Frasers Nominees Private Limited)*	Nominee services	**1**	1	**100.00**	51.00

*	Subsidiary company not audited by Ernst & Young.
**	Subsidiary companies with an issued and paid-up ordinary capital of RM2.00.
***	Subsidiary company with an issued and paid-up ordinary capital of USD3.00.
****	Subsidiary company with an issued and paid-up ordinary capital of HK$2.00.
@	Subsidiary company with an issued and paid-up ordinary capital of USD3.00.
@@	Subsidiary company with an issued and paid-up ordinary capital of RM10.00.
@@@	Subsidiary company with an issued and paid-up ordinary capital of Brunei 2.00.
^	Subsidiary companies audited by a firm affiliated with Ernst & Young.

15. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

1. The Company has utilised a total of RM450,000,000 from the proceeds of CPS for the subscription of AMFB's rights issue of 30,000,000 new ordinary shares of RM1.00 each at an issue price RM5.00 per share amounting to RM150,000,000 and RM300,000,000 nominal amount Interest Bearing Irredeemable Convertible Unsecured Loan Stock issued by AMFB on rights entitlement basis. The issue price of RM5.00 per share is derived at based on 17.6% premium on the net tangible assets per share of AMFB of approximately RM4.25 as at 31 March 2007.

2. AMFB has subscribed for RM150,000,000 Irredeemable Non-cumulative Convertible Preference Shares of RM1.00 each and RM300,000,000 nominal amount Interest Bearing Irredeemable Convertible Unsecured Loan Stock issued by AmBank on rights entitlement basis to further increase the capital funds of AmBank.

3. The Company Implemented the Privatisation of AIGB through a scheme of arrangement between AIGB and its shareholders pursuant to Sections 176 and 178 of the Companies Act, 1965 ("Act") whereby AIGB will reduce its capital pursuant to Section 64 of the Act by cancelling 646,800,000 ordinary shares of RM1.00 each ("AIGB Cancelled Share"), representing 49.0% of its existing issued and paid-up share capital which are not held by the Company, in consideration for a cash payment of RM3.70 per AIGB Cancelled Share payable by the Company ("AIGB Privatisation"). The AIGB Privatisation was approved by the shareholders of AIGB at the Court Convened Meeting held pursuant to the order of the High Court of Malaya on 26 September 2007. Further, the order of the High Court of Malaya sanctioning the Scheme of arrangement was obtained on 21 November 2007.

   On 15 January 2008, the AIGB Privatisation was completed following the cash payment of RM3.70 to the minority shareholders of AIGB, and AIGB become a wholly-owned subsidiary of the Company.

   On 4 February 2008, the entire issued and paid-up share capital of AIGB was delisted from the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") pursuant to paragraph 8.15(6) of the Listing Requirements of Bursa Securities.

4. On 7 December 2007, AIGB incorporated a subsidiary in Brunei under the name of AmCapital (B) Sdn Bhd ("AmCapital (B)"). AmCapital (B) will commence business operation in investment banking related activities after it has been duly licensed by the relevant regulatory authority of Brunei.

5. On 18 January 2008, the Company incorporated a subsidiary under the name of AmG Insurance Berhad to facilitate the separation of the composite insurance business of AmAssurance Berhad into separate general insurance and life insurance business.

6. AmBank had, on 26 February 2008 acquired three (3) ordinary shares of USD1.00 each, representing the entire issued and paid-up share capital of AmCapital (L) Limited ("AmCapital"), presently a dormant company, for a cash consideration of USD3.00, thereby making AmCapital a wholly owned subsidiary of AmBank.

   AmCapital was incorporated on 2 January 2008 and has an authorised share capital of USD10,000 divided into 10,000 ordinary shares of USD1.00 each of which three (3) ordinary shares of USD1.00 each have been issued and are fully paid-up. AmCapital was incorporated for the purpose of issuing the SubNotes.

16. INVESTMENTS IN ASSOCIATED COMPANIES

	Group 2008 RM'000	Group 2007 RM'000
Unquoted shares, at cost	-	38
Share in net post acquisition profit of associated companies	**1,301**	1,716
	1,301	1,754

As at 31 March 2008, the carrying values of the investments in associated companies are represented by:

	Group 2008 RM'000	Group 2007 RM'000
Group's share of aggregate net tangible assets	**1,301**	1,754

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

	Principal Activities	Issued and Paid-up Ordinary Capital 2008 RM'000	Issued and Paid-up Ordinary Capital 2007 RM'000	Effective Equity Interest 2008 %	Effective Equity Interest 2007 %
Incorporated in Malaysia					
Malaysian Ventures Sendirian Bhd*	Ceased operations	**17**	17	**27.41**	13.98
Malaysian Ventures (Two) Sdn Bhd*	Ceased operations	**19**	19	**34.67**	17.68

* Associated company under members' voluntary liquidation.

17. PREPAID LAND LEASE

2008
Group

	Long term leasehold land RM'000	Short term leasehold land RM'000	Total RM'000
COST			
At beginning of year	**7,997**	**534**	**8,531**
Adjustments	**68**	**-**	**68**
At end of year	**8,065**	**534**	**8,599**
ACCUMULATED DEPRECIATION			
At beginning of year	**1,161**	**214**	**1,375**
Amortisation charge for the year	**151**	**14**	**165**
At end of year	**1,312**	**228**	**1,540**
NET BOOK VALUE			
As at 31 March 2008	**6,753**	**306**	**7,059**

The long-term leasehold land for the Group are for lease periods of 66-999 years and with unexpired lease periods of 52-873 years, respectively.

The short-term leasehold properties for the Group are for lease periods of 49 years and with unexpired lease periods of 32 years.

2007
Group

	Long term leasehold land RM'000	Short term leasehold land RM'000	Total RM'000
COST			
Balance at beginning of year	7,997	534	8,531
At end of year	7,997	534	8,531
ACCUMULATED DEPRECIATION			
Balance at beginning of year	1,010	200	1,210
Amortisation charge for the year	151	14	165
At end of year	1,161	214	1,375
NET BOOK VALUE			
As at 31 March 2007	6,836	320	7,156

18. PROPERTY AND EQUIPMENT

2008 Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Leasehold improvements RM'000	Computer hardware RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
COST								
At beginning of year	13,090	-	67,256	17,307	194,797	477,994	170,975	941,419
Additions	-	-	-	1,377	10,892	42,129	9,047	63,445
Disposals	-	-	-	(1,713)	(70)	-	(282)	(2,065)
Written off	-	-	-	-	-	(495)	(296)	(791)
Reclassification/Transfer	-	-	19	-	279	(23,141)	(185)	(23,028)
Exchange adjustments	-	-	-	(38)	(56)	18	(115)	(191)
At end of year	13,090	-	67,275	16,933	205,842	496,505	179,144	978,789
ACCUMULATED DEPRECIATION								
At beginning of year	-	-	14,116	11,233	145,372	403,986	132,712	707,419
Additions	-	-	1,321	1,872	15,475	15,811	13,946	48,425
Disposals	-	-	-	(1,502)	(69)	-	(273)	(1,844)
Written off	-	-	-	-	-	(483)	(271)	(754)
Reclassification/Transfer	-	-	89	(1)	8	(56)	(1)	39
Exchange adjustments	-	-	-	(29)	(29)	33	(87)	(112)
At end of year	-	-	15,526	11,573	160,757	419,291	146,026	753,173
NET BOOK VALUE								
As at 31 March 2008	13,090	-	51,749	5,360	45,085	77,214	33,118	225,616

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

2008 Group	Buildings RM'000	Motor vehicles RM'000	Leasehold improvements RM'000	Computer hardware RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
Cost	177	7,687	1 18,972	367,264	97,435	591,535

18. PROPERTY AND EQUIPMENT (CONTINUED)

2007 Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Leasehold improvements RM'000	Computer hardware RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
COST								
At beginning of year	43,504	8,481	300,774	15,241	193,404	459,060	160,027	1,180,491
Reclassification to prepaid land lease payments upon adoption of FRS 117	-	(8,531)	-	-	-	-	-	(8,531)
Additions	-	150	100	2,921	9,666	21,698	11,127	45,662
Acquisition of a subsidiary company	-	-	-	598	-	6,274	2,645	9,517
Disposals	(2,458)	-	(4,747)	(1,329)	(1,749)	(2,132)	(3,316)	(15,731)
Written off	-	-	-	(4)	(3,316)	(1,237)	(1,598)	(6,155)
Reclassified as held for sale	(28,027)	-	(228,871)	-	-	-	-	(256,898)
Reclassification/Transfer	71	(71)	-	(82)	(3,163)	(5,588)	2,220	(6,613)
Exchange adjustments	-	(29)	-	(38)	(45)	(81)	(130)	(323)
At end of year	13,090	-	67,256	17,307	194,797	477,994	170,975	941,419
ACCUMULATED DEPRECIATION								
At beginning of year	-	1,218	78,809	10,403	134,620	384,843	121,702	731,595
Reclassification to prepaid land lease payments upon adoption of FRS 117	-	(1,375)	-	-	-	-	-	(1,375)
Additions	-	176	2,019	1,976	13,986	19,595	14,000	51,752
Acquisition of a subsidiary company	-	-	-	395	-	5,267	2,115	7,777
Disposals	-	-	(2,484)	(1,374)	(32)	(2,094)	(1,136)	(7,120)
Written off	-	-	-	(2)	(3,293)	(1,014)	(1,589)	(5,898)
Reclassified as held for sale	-	-	(64,238)	-	-	-	-	(64,238)
Reclassification/Transfer	-	(11)	10	(140)	103	(2,565)	(2,276)	(4,879)
Exchange adjustments	-	(8)	-	(25)	(12)	(46)	(104)	(195)
At end of year	-	-	14,116	11,233	145,372	403,986	132,712	707,419
NET BOOK VALUE								
As at 31 March 2007	13,090	-	53,140	6,074	49,425	74,008	38,263	234,000

18. PROPERTY AND EQUIPMENT (CONTINUED)

2008 Company	Motor vehicles RM'000	Total RM'000
COST		
At beginning of year	**1,469**	**1,469**
Disposals	**(86)**	**(86)**
At end of year	**1,383**	**1,383**
ACCUMULATED DEPRECIATION		
At beginning of year	**340**	**340**
Additions	**229**	**229**
Disposals	**(86)**	**(86)**
At end of year	**483**	**483**
NET BOOK VALUE		
As at 31 March 2008	**900**	**900**

2007	Motor vehicles RM'000	Total RM'000
COST		
At beginning of year	673	673
Additions	796	796
At end of year	1,469	1,469
ACCUMULATED DEPRECIATION		
At beginning of year	213	213
Additions	127	127
At end of year	340	340
NET BOOK VALUE		
As at 31 March 2007	1,129	1,129

As at 31 March 2007, a motor vehicle costing RM86,000 in the Company is fully depreciated and disposal of during the financial year.

19. INTANGIBLE ASSETS

The net carrying amount of intangible assets are as follows:

	Group 2008 RM'000	Group 2007 RM'000
Goodwill	**1,732,872**	527,121
Computer software	**69,113**	61,321
	1,801,985	588,442

The movements in intangible assets are as follows:

(a) Goodwill

	2008 RM'000	2007 RM'000
At beginning of year	**527,121**	515,976
Arising from acquisition of remaining 49.0% equity interest in AIGB	**1,204,933**	-
Expenses capitalised on acquisition of equity interest in FIPL	**818**	-
Arising on acquisition of remaining 51.0% equity interest in FIPL	**-**	10,424
Arising from acquisition of remaining 16.9% equity interest in AMCI	**-**	732
Arising from disposal of 1.0% equity interest in AMCI	**-**	(11)
At end of year	**1,732,872**	527,121

Impairment tests for goodwill

Following the adoption of FRS 3: Business Combination on 1 April 2006, goodwill is no longer subject to amortisation. It is reviewed for impairment annually or when there are indications of impairment. Prior to 1 April 2006, goodwill was amortised evenly over its estimated useful life of twenty (20) to fifty (50) years.

At the date of acquisition, goodwill is allocated to the Group's cash generating units ("CGU") for impairment testing purposes, identified according to business segments expected to benefit from the synergies are as follows:

	Group RM'000
Investment Banking	**1,329,086**
Commercial and retail	**334,443**
Islamic banking	**53,482**
Insurance	**15,861**
	1,732,872

19. INTANGIBLE ASSETS (CONTINUED)

The recoverable amount of the CGU, which are the reportable business segments, is based on their value in use, computed by discounting the expected future cash flows of the units. The key assumptions for the computation of value in use include the discount rates and growth rates applied. The discount rates applied to the cash flow projections are derived from the pre-tax weighted average cost of capital plus a reasonable risk premium at the date of assessment of the respective CGU. The discount rates applied for the financial year ranged from 8.0% to 12.0%. Cash flow projection is based on the most recent one-year financial budget approved by the Board, taking into account projected regulatory capital requirements. Cash flows for the second (2) to fifth (5) years are extrapolated using the weighted average growth rates ranged from 13.0% to 58.0% to extrapolate cash flows beyond the projected years. Cash flows for the sixth to tenth years are projected to remain constant. The growth rates do not exceed the long-term average growth rate for the market in which the businesses operate. Impairment is recognised in the income statement when the carrying amount of a cash generating unit exceeds its recoverable amount.

Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the goodwill to exceed the recoverable amount of the cash generating units.

Subsequent to the balance sheet date, goodwill amounting to RM771.0 million is re-allocated from Investment banking to commercial and retail and Islamic banking CGU upon the completion of the Business Transfer as mentioned in Note 56 (10).

(b) Computer software

	Group	
	2008 RM'000	**2007 RM'000**
COST		
At beginning of year	**189,771**	151,910
Additions	**15,269**	39,098
Disposals	**(20)**	(20)
Reclassification/Transfer	**16,064**	95
Written off	**(94)**	(1,312)
Exchange adjustments	**(22)**	-
At end of year	**220,968**	189,771
ACCUMULATED AMORTISATION		
At beginning of year	**128,450**	103,827
Additions	**23,494**	21,238
Disposals	**(20)**	(20)
Reclassification/Transfer	**41**	3,736
Written off	**(101)**	(331)
Exchange adjustments	**(9)**	-
At end of year	**151,855**	128,450
NET CARRYING AMOUNT	**69,113**	61,321

20. DEPOSITS FROM CUSTOMERS

	Group 2008 RM'000	Group 2007 RM'000
Term/Investment deposits	**37,304,081**	35,981,135
Savings deposits	**3,340,718**	3,160,423
Current deposits	**2,913,137**	2,162,453
Negotiable instruments of deposits	**16,652**	16,950
Other deposits	**4,192,863**	1,060,701
	47,767,451	42,381,662

The maturity structure of deposits from customers is as follows:

	Group 2008 RM'000	Group 2007 RM'000
Due within six months	**37,253,676**	31,056,154
Six months to one year	**7,680,899**	7,325,760
One year to three years	**2,025,505**	3,141,092
Three to five years	**807,371**	858,656
	47,767,451	42,381,662

The deposits are sourced from the following types of customers:

	Group 2008 RM'000	Group 2007 RM'000
Individuals	**23,634,465**	23,029,293
Business enterprises	**15,575,034**	12,535,438
Government	**6,508,023**	4,877,907
Others	**2,049,929**	1,939,024
	47,767,451	42,381,662

21. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group 2008 RM'000	Group 2007 RM'000
Deposits from:		
Licensed banks	**2,527,071**	4,807,110
Licensed investment/merchant banks	**791,584**	499,284
Bank Negara Malaysia	**1,386,398**	1,278,320
Other financial institutions	**10,413,636**	10,856,625
	15,118,689	17,441,339

21. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS (CONTINUED)

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

	Group	
	2008 RM'000	2007 RM'000
Negotiable instruments of deposits	**6,004,458**	6,871,719
Interbank borrowings	**37,001**	1,101,039

Included in deposits from BNM of the Group are long-term deposits placed amounting to RM135,000,000 (RM315,000,000 in 2007) bearing interest at 1.0% (1.0% in 2007) per annum and interest free loans amounting to RM493,000,000 (RM493,000,000 in 2007) with the commercial banking subsidiary company in connection with the transfer of assets and liabilities of AFB and KUMB as mentioned in Note 13. Long-term deposits of RM Nil (RM180,000,000 in 2007) is repayable on 28 December 2007 or when the deferred assets relating to AFB as mentioned in Note 13 are fully recovered, whichever is earlier. The remaining deposits from BNM are repayable when the deferred assets relating to KUMB as mentioned in Note 13 are fully recovered.

22. OBLIGATIONS ON SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

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

23. BILLS AND ACCEPTANCES PAYABLE

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

24. RECOURSE OBLIGATION ON LOANS SOLD TO CAGAMAS BERHAD

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

25. OTHER LIABILITIES

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Trade payables	**969,301**	**-**	962,845	-
Securities sold not yet re-purchased	**-**	**-**	98,209	-
Other payables and accruals	**1,558,005**	**573**	1,258,145	748
Interest payable on deposits and borrowings	**393,882**	**2,968**	473,091	2,485
Lease deposits and advance rentals	**55,696**	**-**	57,665	-
General insurance funds	**227,430**	**-**	194,637	-
Provision for commitments and contingencies	**1,941**	**-**	300	-
Bank overdrafts	**541**	**-**	9,515	-
Amount due to subsidiary companies	**-**	**143**	-	3,811
Profit equalization reserve	**37,607**	**-**	55,837	-
Deferred tax liabilities (Note 43)	**5,925**	**-**	8,475	-
Tax payable	**-**	**-**	6,341	-
	3,250,328	**3,684**	3,125,060	7,044

Trade payables mainly relate to the stock and share-broking operations of the investment banking subsidiary companies and represent contra gains owing to clients and amount payable in outstanding sales contracts.

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

	Group	
	2008 RM'000	2007 RM'000
Amount due to reassurers, reinsurers and agents	**29,473**	29,819
Treaty premium reserve withheld	**1**	3
Outstanding insurance claims	**348,506**	279,829

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

Balance at beginning of year	**300**	325
Provision/(Writeback of provision) during the year	**1,641**	(25)
Balance at end of year	**1,941**	300

25. OTHER LIABILITIES (CONTINUED)

The bank overdrafts pertaining to subsidiary companies are unsecured and bear interest at rates ranging from 7.50% to 7.75% (7.50% to 8.75% in 2007) per annum.

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

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

	Group	
	2008 RM'000	2007 RM'000
Balance at beginning of year	**55,837**	116,755
Amount written back/Transfer to income statements	**(18,211)**	(60,912)
Exchange fluctuation adjustments	**(19)**	(6)
Balance at end of year	**37,607**	55,837

26. TERM LOANS

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Unsecured:				
Local financial institutions	**1,790,844**	**1,506,000**	309,680	206,000

During the financial year, the Company obtained RM1,300.0 million short-term loans from local financial institutions to finance the cash consideration of AIGB Privatisation, pending the receipt of distribution of excess capital from AmInvestment Bank (through AIGB) upon the completion of the Group Proposed Internal Restructuring as mentioned in Note 56 (10).

The term loans obtained from local financial institutions bear interests at rates ranging from 3.91% to 5.76% and 0.125% per annum above LIBOR (4.8% to 6.1% and 0.25% per annum above LIBOR in 2007).

27. SUBORDINATED TERM LOAN

The subordinated term loan pertaining to AmBank represents an unsecured loan obtained from Quanto Asset Berhad for the purpose of supplementing the AmBank capital adequacy position and it is subordinated to all other liabilities. The term loan is repayable in a lump sum at the end of ten (10) years from the date of drawdown and interest is charged at a rate of 6.875% for the first five (5) years and subsequently at 7.375% to 9.375% per annum.

The term loan was drawndown on 30 September 2003.

28. UNSECURED BONDS

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

		2008		2007	
		Group RM'000	Company RM'000	Group RM'000	Company RM'000
3.0% 5-Year Redeemable Unsecured Bank-Guaranteed Bonds 2002/2007	(a)	-	-	147,795	147,795
Redeemable Unsecured Subordinated Bonds	(b)	**775,000**	-	775,000	-
Unsecured Exchangeable Bonds	(c)	**575,000**	-	-	-
Subordinated Sukuk Musyarakah	(d)	**400,000**	-	400,000	-
		1,750,000	-	1,322,795	147,795

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

	Group and Company	
	2008 RM'000	2007 RM'000
Balance at beginning of year	**150,000**	150,000
Payment during the year	**(150,000)**	-
	-	150,000
Less:		
Unamortised discount	-	(2,205)
	-	147,795

28. UNSECURED BONDS (CONTINUED)

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

Pursuant to a Trust Deed dated 29 November 2002 and a Deed Poll dated 29 November 2002, the Company issued RM150,000,000 nominal amount of 3.0% Bonds 2007 together with renounceable rights to allotment of 125,201,248 Warrants 2003/2008 on a 'bought deal' basis to two (2) primary subscribers.

The salient features of the Bonds 2007 are as follows:

(a) The 3.0% Bonds 2007 bear interest at 3.0% per annum based on the nominal amount of the Bonds 2007, payable semi-annually in arrears and on the basis of actual number of days elapsed in a year of 365 days.

(b) The 3.0% Bonds 2007 will be redeemed at its nominal value on maturity date together with interest accrued to the date of redemption.

(c) The 3.0% Bonds 2007 are for a period of five (5) calendar years and matured on 13 December 2007.

Pursuant to Deed Poll dated 29 November 2002 and on 29 January 2003, the primary subscribers jointly offerred for sale the provisional rights to allotment of 125,201,248 Warrants 2003/2008 to the shareholders of the Company on a renounceable rights basis of one (1) Warrant 2003/2008 for every eight (8) existing ordinary shares of RM1.00 each held in the Company as at 5.00pm on 22 January 2003 at an offer price of RM12.37 sen per Warrant 2003/2008 payable in full upon acceptance.

(b) REDEEMABLE UNSECURED SUBORDINATED BONDS

	Group	
	2008 RM'000	2007 RM'000
Balance at beginning and end of year	**775,000**	775,000

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

The salient features of the SubBonds I are as follows:

(a) The SubBonds I bear interest at 7.95% per annum for the first five (5) years and subsequently at 8.45% to 10.45% per annum. The interest is payable on a semi-annual basis.

(b) The SubBonds I are redeemable on 30 April 2008 or on each anniversary date thereafter at nominal value together with interest accrued to the date of redemption.

(c) The SubBonds I are for a period of ten (10) years maturing on 30 April 2013. However, subject to the prior approval of BNM, AmBank may redeem the SubBonds I on 30 April 2008 or on each anniversary date thereafter.

28. UNSECURED BONDS (CONTINUED)

(b) REDEEMABLE UNSECURED SUBORDINATED BONDS (Continued)

Pursuant to a Trust Deed dated 23 September 2003 , AmInvestment Bank issued RM460,000,000 nominal amount of Redeemable Unsecured Subordinated Bonds ("SubBonds II") to be used to grant a RM460,000,000 10-years unsecured subordinated term loan ("SubLoan") to AmBank, its related licensed commercial bank for the purpose of refinancing its RM460,000,000 exchangeable subordinated capital loan to Danamodal Nasional Berhad. On 19 May 2006, AmInvestment Bank entered into a Novation Agreement with Quanto Assets and AmBank, whereby the RM460,000,000 SubLoan was novated to Quanto Assets.

The salient features of the SubBonds II are as follows:

(a) The SubBonds II bear interest at 6.5% per annum for the first five (5) years and at 7.0% to 9.0% per annum or 3.0% above the yield of 5-year Malaysian Government Securities, whichever is higher. The interest is payable on a semi-annual basis.

(b) The SubBonds II are redeemable on 30 September 2008 or on each anniversary date thereafter at nominal value together with interest accrued to the date of redemption.

(c) The SubBonds II are for a period of ten (10) years maturing on 30 September 2013. However, subject to the prior approval of BNM, AmInvestment Bank may redeem the SubBonds on 30 September 2008 or on each anniversary date thereafter.

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

The salient features of the SubBonds III are as follows:

(a) The SubBonds III bear interest at 4.75% per annum for the first five (5) years and at 5.25% to 7.25% per annum between years 6 to 10. The interest is payable on a semi-annual basis.

(b) The SubBonds III are redeemable on 31 October 2010 or on each anniversary date thereafter at nominal value together with interest accrued to the date of redemption.

(c) The SubBonds III are for a period of ten (10) years maturing on 31 October 2015. However, subject to the prior approval of BNM, AmInvestment Bank may redeem the SubBonds III on 31 October 2010 or on each anniversary date thereafter.

As at 31 March 2007, AmInvestment Bank had purchased and cancelled RM65,000,000 of the SubBonds III.

28. UNSECURED BONDS (CONTINUED)

(c) UNSECURED EXCHANGEABLE BONDS

On 18 May 2007, AmBank issued RM575,000,000 nominal value ten (10) years unsecured exchangeable bonds to ANZ which are exchangeable into 188,524,590 new ordinary shares of RM1.00 each in the Company at an exchange price of RM3.05 per share. The purpose of the issuance of the exchangeable bonds is to facilitate the involvement of ANZ as an investor and strategic partner of the Group and increasing AmBank's capital funds.

The salient features of the exchangeable bonds are as follows:

(i) The exchangeable bonds bear interest at 5.00% per annum for the first five (5) years and subsequently at 5.50% for the next five (5) years. The interest is payable on a quarterly basis.

(ii) The exchangeable bonds is redeemable at the nominal amount ten (10) years from issue date.

(iii) The exchangeable bonds is for a period of ten (10) years. ANZ has the right to exchange all or any of the exchangeable bonds for ordinary listed shares of the Company, at any time/times up to Year 10, at RM3.05 per share.

Pursuant to the Rights Issue as mentioned in Note 56(5), the exchange price of the exchangeable bonds was adjusted from RM3.05 per share to RM2.95 per share pursuant to the adjustment arising from the Rights Issue.

(d) SUBORDINATED SUKUK MUSYARAKAH

On 21 December 2006, AmIslamic Bank issued RM400,000,000 of Subordinated Sukuk Musyarakah ("Sukuk Musyarakah") for the purpose of increasing AmIslamic Bank's capital funds.

The salient features of the Sukuk Musyarakah are as follows:

(i) The Sukuk Musyarakah carries profit rate of 4.80% per annum for the first five (5) years and shall be stepped up by 0.05% per annum every subsequent year to maturity date. The profit is payable on a semi-annual basis.

(ii) The Sukuk Musyarakah is for a period of ten (10) years. AmIslamic Bank may exercise its call option and redeem in whole (but not in part) the Sukuk Musyarakah on the 5th anniversary of the issue date or on any anniversary date thereafter at 100% of the principal amount together with the expected profit payments.

29. MEDIUM TERM NOTES

During the financial year, AmBank has issued the Five Tranches Medium Term Notes ("MTN") at par totaling RM860.0 million under a RM2.0 billion nominal value MTN Programme. The proceeds raised from the MTN Programme is utilised for the refinancing of existing subordinated debts and for general working capital requirements.

The MTN Programme has a tenor of up to 20 years from the date of the first issuance under the MTN Programme. The MTN shall be issued for a maturity of up to 20 years as the Issuer may select at the point of issuance provided that no MTN shall mature after the expiration of the MTN Programme.

The coupon for the MTN is payable semi-annually in arrears, with the last coupon payment to be made on the maturity date or the early redemption date, as the case may be. The coupon shall be stepped up by 0.5% per annum at the beginning of the 5th year, and every anniversary thereafter, preceding the maturity of the MTN.

Unless previously redeemed or purchased and cancelled, the Issuer will have a call option (the "Call Option") to redeem the MTN at par, and in whole but not in part, at the beginning of the fifth year, and every anniversary thereafter, preceding the maturity of the MTN ("Call Date") at 100% of the nominal value of the outstanding MTN together with accrued interest. The exercise of the Call Option by the Issuer in respect of any particular tranche of the MTN will not affect the other outstanding tranche(s) of the MTN under the MTN Programme. Such exercise of the Call Option is subject to the prior approval of BNM.

The MTN issued under the MTN Programme is to be included as Tier 2 capital under the capital adequacy framework for financial institutions in compliance with the Risk Weighted Capital Adequacy Framework issued by Bank Negara Malaysia ("BNM").

The salient features of the MTNs issued are as follows:

First Tranche - RM500.0 million in nominal value of 10 Year Non-Callable 5 Years MTN;

(a) The MTN is callable beginning from the 5th year, and every anniversary thereafter, preceding the maturity of the MTN; and

(b) The MTN bear interest at 5.23% per annum. The interest rate of the MTN shall be stepped up by 0.5% per annum at the beginning of the 5th year, and every anniversary thereafter, preceding the maturity of the MTN.

Second Tranche – RM165.0 million in nominal value of 10 Year Non-Callable 5 Years MTN;

(a) The MTN is callable beginning from the 6th year, and every anniversary thereafter, preceding the maturity of the MTN; and

(b) The MTN bear interest at 5.20% per annum. The interest rate of the MTN shall be stepped up by 0.5% per annum at the beginning of the 6th year, and every anniversary thereafter, up to the maturity of the MTN.

Third Tranche – RM75.0 million in nominal value of 12 Year Non-Callable 7 Years MTN;

(a) The MTN is callable beginning from the 8th year, and every anniversary thereafter, preceding the maturity of the MTN; and

(b) The MTN bear interest at 5.40% per annum. The interest rate of the MTN shall be stepped up by 0.5% per annum at the beginning of the 8th year, and every anniversary thereafter, up to the maturity of the MTN.

29. MEDIUM TERM NOTES (CONTINUED)

Fourth Tranche – RM45.0 million in nominal value of 10 Year Non-Callable 5 Years MTN;

(a) The MTN is callable beginning from the 6th year, and every anniversary thereafter, preceding the maturity of the MTN; and

(b) The MTN bear interest at 5.20% per annum. The interest rate of the MTN shall be stepped up by 0.5% per annum at the beginning of the 6th year, and every anniversary thereafter, up to the maturity of the MTN.

Fifth Tranche – RM75.0 million in nominal value of 12 Year Non-Callable 7 Years MTN;

(a) The MTN is callable beginning from the 8th year, and every anniversary thereafter, preceding the maturity of the MTN; and

(b) The MTN bear interest at 5.40% per annum. The interest rate of the MTN shall be stepped up by 0.5% per annum at the beginning of the 8th year, and every anniversary thereafter, up to the maturity of the MTN.

On 9 April 2008, AmBank has issued the Sixth Tranche of MTN amounting to RM600.0 million in nominal value of 15 Year Non-Callable 10 Years MTN. The proceeds raised will be utilised for the refinancing of existing subordinated debts.

(a) The MTN is callable beginning from the 11th year, and every anniversary thereafter, preceding the maturity of the MTN; and

(b) The MTN bear interest at 6.25% per annum. The interest rate of the MTN shall be stepped up by 0.5% per annum at the beginning of the 11th year, and every anniversary thereafter, up to the maturity of the MTN.

30. HYBRID CAPITAL

	Group	
	2008 RM'000	2007 RM'000
Non-Cumulative Non-Voting Guaranteed Preference Shares - USD200.0 million (net of capitalised issuance expense of RM6,217,000 (RM7,033,000 in 2007))	**673,830**	666,474

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

The salient features of the Hybrid Capital are as follows:

(a) The Hybrid Capital bear non-cumulative dividends from the issue date to (but excluding) 27 January 2016 at 6.77% per annum and thereafter, a floating rate per annum equal to three (3) month US dollar LIBOR plus 2.90 per cent. If not redeemed on 27 January 2016, the non-cumulative dividends is payable on a semi-annual basis.

(b) The Hybrid Capital are perpetual securities and have no fixed final redemption date. The Hybrid Capital may be redeemed in whole but not in part at the option of the issuer (but not the holders) in certain circumstances. In each case, not less than 30 nor more than 60 days' notice (which notice shall be irrevocable) must be given.

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

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

31. SHARE WARRANTS

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

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

(a) Each Warrant 1997/2007 entitles its registered holder to subscribe for one new ordinary share of RM1.00 each at the exercise price during the exercise period.

(b) The exercise price is RM6.51 per share and shall be paid fully in cash. The exercise price of the Warrants 1997/2007 are subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll.

(c) The Warrants 1997/2007 are for an initial period of five (5) calendar years. This period was extended for a further period of five (5) years and expired in 13 May 2007.

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

	No. of Ordinary Shares of RM1.00 each			
	Balance at 1.4.2007	Exercised	Forfeited	Balance at 31.3.2008
Number of unissued shares under warrants 1997/2007	143,534,078	70	143,534,008	-

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

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

(a) Each Warrant 2003/2008 entitles its registered holder to subscribe for one new ordinary share of RM1.00 each at the exercise price during the exercise period.

(b) The exercise price is RM2.15 per share, adjusted pursuant to the Rights Issue and is payable fully in cash for every warrant 2003/2008 held from the date of allocation. The exercise price of the Warrants 2003/2008 are subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll.

(c) The Warrants 2003/2008 are for an initial period of five (5) calendar years and expired on 20 March 2008.

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

	No. of Ordinary Shares of RM1.00 each				
	Balance at 1.4.2007	Adjustment for Rights Issue	Exercised	Forfeited	Balance at 31.3.2008
Number of unissued shares under warrants 2003/2008	132,073,430	1,281,618	132,496,745	858,303	-

Pursuant to the Rights Issue, adjustments were made to the Warrants 2003/2008 exercise price from RM2.19 per share to RM2.15 per share and an increase of 1,281,618 additional warrants 2003/2008.

32. SHARE CAPITAL

	Group and Company 2008 RM'000	Group and Company 2007 RM'000
Authorised:		
Ordinary shares of RM1.00 each:		
Balance at beginning and end of year	**5,000,000**	5,000,000
Converting preference shares of RM1.00 each:		
Created during the year	**200,000**	-
Balance at the end of year	**5,200,000**	5,000,000
Issued and fully paid:		
Ordinary shares of RM1.00 each		
Balance at beginning of year	**2,130,565**	2,130,534
Effect of ordinary shares issued pursuant to:		
Exercise of Warrants 2003/2008	**132,497**	31
Right issue	**295,973**	-
Conversion of CPS	**163,935**	-
Balance at end of year	**2,722,970**	2,130,565
Converting preference shares of RM1.00 each:		
Issued during the year	**163,934**	-
Converted during the year	**(163,934)**	-
	-	-
Balance at the end of year	**2,722,970**	2,130,565

During the financial year, the issued and fully paid-up share capital of the Company was increased from 2,130,565,410 ordinary share of RM1.00 each to 2,722,969,590 ordinary shares of RM1.00 each by the issue of :

(i) 132,496,745 new ordinary shares of RM1.00 each at RM2.19 per share before Rights Issue and RM2.15 per share after the Rights Issue by virtue of the exercise of share warrants 2003/2008 of the Company. The resulting share premium amounting to RM155,302,602 has been credited to share premium account.

(ii) 70 new ordinary share of RM1.00 each at RM6.51 per share before the Rights Issue by virtue of the exercise of share warrants 1997/2007 of the Company. The resulting share premium amounting to RM386 has been credited to share premium account.

(iii) Rights Issue of 295,972,939 new ordinary shares of RM1.00 each at a price of RM3.40 per share on the basis of one (1) new ordinary share of RM1.00 each for every eight (8) existing ordinary shares of RM1.00 each held. The resulting share premium amounting to RM 710,335,054 has been credited to share premium account.

(iv) 163,934,426 new ordinary shares of RM1.00 each at a price of RM3.05 per share on the basis of one (1) new ordinary share of RM 1.00 each for every one (1) existing CPS of RM1.00 each held. The resulting share premium amounting to RM336,065,574 has been credited to share premium account.

The 592,404,180 new ordinary shares issued rank pari passu in all respect with the then existing ordinary shares of the Company.

33. RESERVES

Reserves as at 31 March are analysed as follows:

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Non-distributable reserves:				
Share premium	**1,986,857**	**1,985,550**	791,588	792,381
Statutory reserve	**1,245,433**	**-**	1,107,757	-
Available-for-sale reserve	**42,900**	**-**	36,362	-
Exchange fluctuation reserve	**8,166**	**-**	10,297	-
Total non-distributable reserves	**3,283,356**	**1,985,550**	1,946,004	792,381
Distributable reserve:				
Unappropriated profit	**1,163,267**	**707,073**	711,232	711,940
Total reserves	**4,446,623**	**2,692,623**	2,657,236	1,504,321

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

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

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

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

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

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

As at 31 March 2008, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax-exempt income account to frank the payment of dividends amounting to approximately RM421,298,000 out of its distributable reserves. If the balance of the distributable reserve of RM285,775,000 were to be distributed as dividends prior to there being sufficient tax credit, the Company would automatically move to the single tier tax system and the balance of the dividends would be single tier dividends.

34. MINORITY INTEREST

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

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

	Group	
	2008 RM'000	2007 RM'000
Balance at beginning of year	**1,201,516**	1,108,820
Subscription of shares in AmPrivate Equity	**3,180**	4,500
Disposal of shares pursuant to AIGB Privatisation	**(1,188,227)**	-
Disposal of shares in MVMI	**(380)**	-
Share in net results of subsidiary companies	**142,277**	153,559
Dividends received	**(74,014)**	(65,352)
Subscription of shares in Am ARA Holdings	**-**	300
Acquisition of shares in AMCI	**-**	511
Disposal of shares in AMCI	**-**	(822)
Balance at end of year	**84,352**	1,201,516

35. INTEREST INCOME

	2008 Group RM'000	2008 Company RM'000	2007 Group RM'000	2007 Company RM'000
Short-term funds and deposits with financial institutions	**290,400**	**10,004**	274,621	8,723
Securities held-for-trading	**255,625**	**952**	215,829	950
Securities available-for-sale	**96,021**	**-**	84,781	-
Securities held-to-maturity	**110,181**	**-**	73,749	395
Loans and advances				
- Interest income other than recoveries from NPLs	**2,836,807**	**-**	2,498,278	-
- Recoveries from NPLs	**274,600**	**-**	302,849	-
ICULS	**-**	**15,732**	-	-
Others	**3,810**	**-**	10,395	-
Gross interest income	**3,867,444**	**26,688**	3,460,502	10,068
Amortisation of premium less accretion of discounts	**14,640**	**-**	14,912	-
Interest suspended	**(98,355)**	**-**	(108,502)	-
Total after interest suspension	**3,783,729**	**26,688**	3,366,912	10,068

36. INTEREST EXPENSE

	2008 Group RM'000	2008 Company RM'000	2007 Group RM'000	2007 Company RM'000
Deposits from customers	**1,452,355**	**-**	1,267,716	-
Deposits of banks and other financial institutions	**328,189**	**-**	310,228	-
Securities sold under repurchase agreements	**17,388**	**-**	91,029	-
Amount due to Cagamas Berhad	**15,056**	**-**	47,012	-
Bank borrowings:				
Term loans	**30,082**	**22,393**	27,062	11,777
Overdrafts	**214**	**-**	1,087	-
Subordinated deposits and term loan	**12,459**	**-**	52,986	-
Interest on Bonds	**103,202**	**5,361**	65,182	7,656
Medium term notes	**4,777**	**-**	-	-
Interest rate swaps - net	**79,051**	**-**	49,699	-
Hybrid securities	**45,643**	**-**	49,273	-
Others	**64,705**	**2,963**	33,528	3,299
	2,153,121	**30,717**	1,994,802	22,732

37. OTHER OPERATING INCOME

	2008 Group RM'000	2008 Company RM'000	2007 Group RM'000	2007 Company RM'000
Fee income:				
Fees on loans and advances	**130,340**	**-**	127,855	-
Corporate advisory	**35,153**	**-**	20,805	-
Guarantee fees	**19,624**	**77**	27,938	146
Underwriting commissions	**13,566**	**-**	14,480	-
Portfolio management fees	**21,792**	**-**	9,540	-
Unit trust management fees	**62,584**	**-**	37,920	-
Real estate investment trust management fees	**3,126**	**-**	2,298	-
Brokerage fees and commissions	**162,682**	**-**	102,630	-
Bancassurance commission	**27,804**	**-**	26,104	-
Loss from asset securitisation	**(183)**	**-**	(179)	-
Brokerage rebates	**546**	**-**	1,161	-
Other fee income	**57,224**	**-**	45,619	-
	534,258	**77**	416,171	146
Investment and trading income:				
Net gain from sale of securities held-for-trading	**131,616**	**-**	197,902	-
Net gain from sale of securities available-for-sale	**31,735**	**-**	28,033	-
Net gain on redemption of securities held-to-maturity	**106,235**	**-**	53,177	-
(Loss)/Gain on revaluation of securities held-for-trading	**(128,923)**	**-**	93,465	-
Loss on revaluation of derivatives	**46,770**	**-**	(107,104)	-
Gross dividend income from:				
Subsidiary companies:				
Quoted in Malaysia	**-**	**100,980**	-	90,098
Unquoted	**-**	**7,000**	-	6,904
Securities held-for-trading	**30,477**	**-**	19,285	-
Securities available-for-sale	**894**	**-**	5,965	-
Securities held-to-maturity	**27,169**	**-**	23,804	-
	245,973	**107,980**	314,527	97,002
Premium income general insurance business	**447,903**	**-**	404,664	-
Insurance commission	**(55,237)**	**-**	(44,823)	-
	392,666	**-**	359,841	-
Surplus transfer from life insurance business	**17,000**	**-**	13,500	-
	409,666	**-**	373,341	-
Other income:				
Foreign exchange gain	**21,810**	**-**	13,034	-
Gain on disposal of property and equipment - net	**686**	**21**	1,700	-
Gain on disposal of assets held for sale	**-**	**-**	19,284	-
Rental income	**4,351**	**-**	7,986	-
Other non-operating income	**2,080**	**-**	3,997	1
	28,927	**21**	46,001	1
	1,218,824	**108,078**	1,150,040	97,149

38. OTHER OPERATING EXPENSES

	2008 Group RM'000	2008 Company RM'000	2007 Group RM'000	2007 Company RM'000
Personnel/Staff costs:				
Salaries, allowances and bonuses	**607,610**	**1,440**	494,434	1,440
Others	**87,706**	**383**	82,636	370
	695,316	**1,823**	577,070	1,810
Establishment costs:				
Depreciation (Note 18)	**48,425**	**229**	51,587	127
Amortisation of computer software (Note 19)	**23,494**	**-**	21,238	-
Computerisation costs	**65,541**	**-**	73,259	-
Amortisation of prepaid land lease payments (Note 17)	**165**	**-**	165	-
Rental	**59,696**	**-**	49,719	-
Cleaning & maintenance	**21,899**	**-**	18,495	-
Others	**23,062**	**-**	16,506	-
	242,282	**229**	230,969	127
Marketing and communication expenses:				
Sales commission	**18,523**	**-**	12,878	-
Advertising, promotional and other marketing activities	**79,057**	**287**	63,966	555
Telephone charges	**18,527**	**-**	16,113	2
Postage	**11,924**	**-**	12,060	294
Travel and entertainment	**17,850**	**-**	14,311	-
Others	**26,950**	**13**	23,450	41
	172,831	**300**	142,778	892
Administration and general:				
Professional services	**77,727**	**1,120**	49,994	20,717
Donations	**2,986**	**-**	484	-
Administration and management expenses	**2,025**	**-**	12,769	-
Others	**43,506**	**50**	54,128	191
	126,244	**1,170**	117,375	20,908
Overheads	**1,236,673**	**3,522**	1,068,192	23,737
General insurance claims	**315,599**	**-**	288,653	-
	1,552,272	**3,522**	1,356,845	23,737

Staff costs include salaries, bonuses, contributions to Employees' Provident Fund and all other staff related expenses. Contributions to Employees' Provident Fund of the Group amounted to RM87,948,419 (RM73,792,288 in 2007).

38. OTHER OPERATING EXPENSES (CONTINUED)

Included in the above expenditure are the following statutory disclosures:

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Directors' remuneration (Note 41)	**7,120**	**1,889**	6,513	1,932
Computer software written off	**(7)**	**-**	981	-
Property and equipment written off	**37**	**-**	257	-
Hire of motor vehicles and office equipment	**11,652**	**-**	10,349	-
Auditors' remuneration:				
Group auditor:				
Statutory audit	**1,097**	**50**	1,114	50
Half year limited review/audit	**264**	**-**	264	-
Other services	**665**	**40**	232	2
Other auditors:				
Statutory audit	**199**	**-**	198	-
Provision for foreclosed properties	**473**	**-**	423	-
Sundry receivables written off	**1,616**	**-**	805	-

39. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

	Group	
	2008 RM'000	2007 RM'000
Allowance/(Reversal of allowance) for bad and doubtful debts and financing:		
Specific allowance – net	**765,110**	1,735,902
Allowance during the year	**1,192,451**	2,162,855
Amount written back in respect of recoveries and reversal	**(427,341)**	(426,953)
General allowance	**67,107**	55,567
Recoveries of value impairment on loans sold to Danaharta	**(609)**	(17,282)
Bad debts and financing recovered - net	**(319,425)**	(254,706)
Written off	**2,653**	215
Recovered	**(322,078)**	(254,921)
	512,183	1,519,481

40. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial or operational decisions, vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The related parties of the Group and the Company are:

(i) Subsidiary companies

Details of the subsidiary companies are shown in Note 15.

Transactions between the Company and its subsidiaries which are related parties of the Company, have been eliminated on consolidation.

(ii) Associated companies

An associated company is a company in which the Group exercises significant influence, but which it does not control. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not in control over those policies. Details of associated companies are disclosed in Note 16.

(iii) Key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company directly or indirectly. The key management personnel of the Group and the Company include Executive Directors and Non-Executive Directors of the Company and certain members of senior management of the Group and heads of major subsidiary companies (including close members of their families) of the Group.

(iv) Companies in which certain directors have substantial financial interest

These are entities in which significant voting power in such entities directly or indirectly resides with certain Directors of the Company.

(v) Companies which have significant influence over the Group

These are entities who are substantial shareholders of the Company.

40. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) The significant transactions of the Group and the Company with its related parties are as follows:

	Subsidiary companies		Associated companies		Key management personnel		Companies in which certain Directors have substantial interest		Substantial shareholders	
Group	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Income										
Interest on loans, advances and financing	-	-	-	-	90	90	-	-	-	-
	-	-	-	-	90	90	-	-	-	-
Expenses										
Interest on deposits	-	-	-	-	630	290	-	-	-	-
Rental of premises	-	-	-	-	-	-	32,151	23,644	-	-
Insurance premiums	-	-	-	-	-	-	3,078	1,184	-	-
Empoyees Provident Fund Board	-	-	-	-	-	-	-	-	103,298	-
Cleaning and maintenance	-	-	-	-	-	-	186	-	-	-
Travelling expenses	-	-	-	-	-	-	2,627	2,049	-	-
Computer maintenance	-	-	-	-	-	-	7,579	6,525	-	-
Food and beverage	-	-	-	-	-	-	182	110	-	-
Provision of Security Services	-	-	-	-	-	-	219	149	-	-
Gift and flower arrangement	-	-	-	-	-	-	-	7	-	-
	-	-	-	-	630	290	46,022	33,668	103,298	-
Capital expenditure										
Purchase of computer hardware, software and related consultancy services	-	-	-	-	-	-	11,019	12,852	-	-
PMPC cards	-	-	-	-	-	-	1,691	1,400	-	-
	-	-	-	-	-	-	12,710	14,252	-	-
Company										
Income										
Interest on deposits	9,991	8,723	-	-	-	-	-	-	-	-
ICULS investments	15,732	-	-	-	-	-	-	-	-	-
Guarantee fees	77	146	-	-	-	-	-	-	-	-
Dividend income – gross	107,980	97,002	-	-	-	-	-	-	-	-
	133,780	105,871	-	-	-	-	-	-	-	-

40. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) The significant outstanding balances of the Group and the Company with its related parties are as follows:

	Subsidiary companies		Associated companies		Key management personnel		Companies in which certain Directors have substantial interest		Substantial shareholders	
Group	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Amount due from:										
Loan (hire purchase, credit card, personal loan and housing loan)	**-**	-	**-**	-	**2,201**	2,357	**-**	-	**-**	-
Amount due to:										
Deposits and placements with banks and other financial institutions	**-**	-	**-**	-	**11,973**	13,659	**-**	-	**-**	-
	-	-	**-**	-	**14,174**	16,016	**-**	-	**-**	-
Company										
Amount due from:										
Cash and short-term funds	**1,206**	1,480	**-**	-	**-**	-	**-**	-	**-**	-
Money at call and deposits	**313,872**	51,484	**-**	-	**-**	-	**-**	-	**-**	-
Securities purchased under resale agreements	**-**	43,450	**-**	-	**-**	-	**-**	-	**-**	-
Deposits and placements with banks and other financial institutions	**15,034**	146,331	**-**	-	**-**	-	**-**	-	**-**	-
Interest receivables	**764**	1,492	**-**	-	**-**	-	**-**	-	**-**	-
ICULS	**6,608**	-	**-**	-	**-**	-	**-**	-	**-**	-
	337,484	244,237	**-**	-	**-**	-	**-**	-	**-**	-
Amount due to:										
Amount due to subsidiary companies	**143**	3,811	**-**	-	**-**	-	**-**	-	**-**	-
	143	3,811	**-**	-	**-**	-	**-**	-	**-**	-

40. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c) There were no granting of loans to the Directors of the Company. Loans made to other key management personnel of the Group and the Company is on similar terms and conditions generally available to other employees within the Group. All related party transactions are conducted at arm's length basis and on normal commercial terms which are not more favourable than those generally available to the public. No provisions have been recognised in respect of loans given to key management personnel (2007 - RM Nil).

(d) Key management personnel compensation

The remuneration of Directors and other key management personnel during the year are as follows:

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Directors:				
Fees	**962**	**300**	1,000	324
Salaries and other remuneration	**4,630**	**1,589**	4,285	1,608
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	**1,528**	**-**	1,228	-
Total short-term employee benefits	**7,120**	**1,889**	6,513	1,932
Other key management personnel:				
Salaries and other remuneration	**12,215**	**-**	11,255	-
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	**441**	**-**	470	-
Total short-term employee benefits	**12,656**	**-**	11,725	-

41. DIRECTORS' REMUNERATION

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

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Executive directors				
Fees	**150**	**-**	174	-
Salaries	**1,260**	**-**	990	-
Other remuneration	**613**	**-**	474	-
Bonuses	**1,421**	**-**	1,097	-
Benefits-in-kind	**100**	**-**	131	-
	3,544	**-**	2,866	-
Non-executive directors				
Fees	**812**	**300**	826	324
Other remuneration	**2,757**	**1,589**	2,821	1,608
Benefits-in-kind	**7**	**-**	-	-
	3,576	**1,889**	3,647	1,932
Total directors' remuneration	**7,120**	**1,889**	6,513	1,932
Total directors' remuneration excluding benefits-in-kind	**7,013**	**1,889**	6,382	1,932

* Directors' fees for directors who are executives of companies of the Group are paid to their respective companies.

41. DIRECTORS' REMUNERATION (CONTINUED)

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

	Number of Directors	
Group	**2008**	**2007**
Executive director		
RM2,850,001 – RM2,900,000	**-**	1
RM3,500,001 – RM3,550,000	**1**	-
Non-executive director		
Below RM50,000	**6**	1
RM50,001 – RM100,000	**1**	3
RM150,001 – RM200,000	**3**	1
RM200,001 – RM250,000	**-**	2
RM300,001 – RM350,000	**1**	1
RM2,450,001 – RM2,500,000	**1**	1

42. TAXATION AND ZAKAT

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Estimated current tax payable	**122,091**	**26,563**	161,625	22,256
Transfer from/(to) deferred tax assets (Note 43)	**292,675**	**-**	(89,008)	-
Transfer (from)/to deferred tax liabilities (Note 43)	**(2,550)**	**-**	6,203	-
	412,216	**26,563**	78,820	22,256
Over provision of current taxation in respect of prior years	**(29,199)**	**-**	(35,321)	-
Taxation	**383,017**	**26,563**	43,499	22,256
Zakat	**601**	**-**	786	-
Taxation and zakat	**383,618**	**26,563**	44,285	22,256

Domestic current income tax is calculated at the statutory tax rate of 26.0% (2007: 27.0%) of the estimated assessable profit for the financial year. The domestic statutory tax rate will be reduced to 25.0% from the current year's rate of 26.0%, effective year of assessment 2009, as announced in the 2008 Malaysian Budget. The computation of deferred tax as at 31 March 2008 has reflected these changes.

42. TAXATION AND ZAKAT (CONTINUED)

As at 31 March 2008, the Group and the Company have tax exempt income arising from tax waiver on the chargeable income earned in year 1999 amounting to approximately RM105,000,000 (RM94,000,000 in 2007) and RM29,000,000 (RM29,000,000 in 2007) respectively, which, if confirmed by the Inland Revenue Board, will enable the Group and the Company to distribute tax exempt dividend up to the same amount.

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

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Profit before taxation	**1,194,437**	**100,527**	(84,612)	60,748
Taxation at Malaysian statutory tax rate of 26.0% (2007 : 27.0%)	**310,554**	**26,137**	(22,845)	16,402
Effect of different tax rates in Labuan and certain subsidiaries	**(4,725)**	**-**	(3,107)	-
Deferred tax relating to changes in tax rates	**63,457**	**-**	39,401	-
Income not subject to tax	**(15,014)**	**-**	(12,532)	-
Expenses not deductible for tax purposes	**30,195**	**426**	37,287	5,854
Deferred tax assets (not recognised in prior years)/ charged out	**(1,450)**	**-**	5,295	-
Tax expense for the year	**383,017**	**26,563**	43,499	22,256

43. DEFERRED TAXATION

Deferred taxation pertains to subsidiary companies and is as follows:

(a) Deferred tax assets

	Group 2008 RM'000	Group 2007 RM'000
Balance at beginning of year		
- As previously reported	**(870,443)**	(857,003)
- Prior year's adjustments	**(30,815)**	44,179
As restated	**(901,258)**	(812,824)
Transfer from deferred tax liabilities arising from transfer of stock and share-broking operations	**-**	574
Transfer to/(from) income statement (Note 42)	**292,675**	(89,008)
Balance at end of year	**(608,583)**	(901,258)

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

	Group 2008 RM'000	Group 2007 RM'000
Temporary differences arising from deferred charges	**44,412**	49,322
Temporary differences between depreciation and tax allowances on property and equipment	**25,741**	27,875
Unutilised tax losses	**(430,088)**	(655,786)
Temporary differences arising from general allowance for loans, advances and financing	**(210,186)**	(208,840)
Temporary differences arising from impairment on:		
Temporary differences arising from impairment loss on foreclosed properties	**(22,905)**	(25,469)
Temporary differences arising from profit equalization reserve	**(9,342)**	(15,035)
Securities held-to-maturity	**-**	(28,439)
Assets acquired in exchange of debts	**-**	(6,092)
Temporary differences arising from allowance for value impairment on amount recoverable from Danaharta	**-**	(1,417)
Temporary differences arising from gain on revaluation of securities held-for-trading	**-**	-
Others	**(6,215)**	(37,377)
	(608,583)	(901,258)

43. DEFERRED TAXATION (CONTINUED)

(b) Deferred tax liabilities

	Group	
	2008 RM'000	2007 RM'000
Balance at beginning of year	**8,475**	2,846
Transfer from/(to) income statement (Note 42)	**(2,550)**	6,203
Transfer to deferred tax assets arising from transfer of stock and share-broking operations	**-**	(574)
Balance at end of year	**5,925**	8,475

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

As mentioned in Note 3, the effects of temporary differences and unutilised tax losses which would give rise to deferred tax assets are recognised only when it is probable that the respective subsidiary companies will generate sufficient future taxable profit available against which the deductible temporary differences and unutilised tax losses can be utilised. As at 31 March 2008, the amount of estimated deferred tax assets of the Group, pertaining to unutilised tax losses and unabsorbed capital allowances, calculated at applicable tax rate which is not recognised in the financial statements amounted to RM156,000,000 (RM163,000,000 in 2007).

44. DIVIDENDS

Dividends paid and proposed by the Company are as follows:

	RM'000
In respect of financial year ended 2008	
Proposed dividend – 6.0% less 25.0% taxation, on 2,722,969,590 ordinary shares of RM1.00 each	**122,534**
In respect of financial year ended 2007	
Proposed dividend – 5.0% less 26.0% taxation, on 2,130,565,410 ordinary shares of RM1.00 each	78,831

The directors now recommend the payment of a first and final ordinary dividend of 6.0%, less 25.0% taxation, in respect of the current financial year amounting to RM122,533,632 based on issued and paid-up share capital as at 31 March 2008, to be paid to shareholders whose names appear in the Record of Depositors on a date to be determined by the directors. The financial statements for the current financial year do not reflect this proposed dividend by the Board. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of unappropriated profit in the next financial year ending 31 March 2009.

45. EARNINGS/(LOSS) PER SHARE

(a) Basic earning/(loss) per share

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

	2008		2007	
	Group RM'000/'000	Company RM'000/'000	Group RM'000/'000	Company RM'000/'000
Net profit/(loss) attributable to equity holders of the Company	**668,542**	**73,964**	(282,456)	38,492
Number of ordinary shares at beginning of year	**2,130,565**	**2,130,565**	2,130,534	2,130,534
Effect of ordinary shares issued pursuant to:				
- Exercise Warrants 2003/2008	**27,984**	**27,984**	16	16
- Conversion of CPS	**142,435**	**142,435**	-	-
- Rights Issue	**66,311**	**66,311**	-	-
Weighted average number of ordinary shares in issue	**2,367,295**	**2,367,295**	2,130,550	2,130,550
Basic earnings/(loss) per share (sen)	**28.24**	**3.12**	(13.26)	1.81

(b) Fully diluted earnings/(loss) per share

Fully diluted earning/(loss) per share is calculated by dividing the adjusted net profit/(loss) attributable to equity holders of the Company for the financial year by the adjusted weighted average number of ordinary shares in issue and issuable during the financial year.

The Company has three categories of dilutive potential ordinary shares:

(i) Warrants 1997/2007 (expired on 13 May 2007)
(ii) Warrants 2003/2008 (expired on 20 March 2008)
(iii) Unsecured exchangeable bonds

The basis for the maximum number of ordinary shares of RM1.00 each to be issued upon exercise of outstanding warrants 1997/2007, warrants 2003/2008 and unsecured exchangeable bonds, the respective latest dates for exercise and their respective prices are mentioned in Notes 28 and 31.

45. EARNINGS/(LOSS) PER SHARE (CONTINUED)

	2008		2007	
	Group RM'000/'000	Company RM'000/'000	Group RM'000/'000	Company RM'000/'000
Net profit/(loss) attributable to equity holders of the Company	**668,542**	**73,964**	(282,456)	38,492
Weighted average number of ordinary shares in issue (as in (a) above)	**2,367,295**	**2,367,295**	2,130,550	2,130,550
Adjusted for				
- Exercise of Warrants 2003/2008	**-**	**-**	-	55,148
- Conversion of unsecured exchangeable bonds	**27,764**	**27,764**	-	-
Adjusted weighted average number of ordinary shares in issue and issuable	**2,395,059**	**2,395,059**	2,130,550	2,185,698
Fully diluted earnings/(loss) per share (sen)	**27.91**	**3.09**	(13.26)	1.76

For the financial year ended 31 March 2007, outstanding share warrants 2003/2008 and 1997/2007 have been excluded in the computation of fully diluted earnings per RM1.00 ordinary share for the Group, as their exercise and conversion to ordinary shares would increase earnings per share.

The Group and the Company's adjusted weighted average number of ordinary shares in issue and issuable for the financial year ended 31 March 2008 has been arrived at based on the assumption that dilutive unsecured exchangeable bonds is converted at the beginning of year.

The Group and the Company's adjusted weighted average number of ordinary shares in issue and issuable for the financial year ended 31 March 2007 has been arrived at based on the assumption that dilutive share warrants 2003/2008 is exercised at the beginning of year.

46. FIDUCIARY DUTY IN RESPECT OF INVESTMENT PORTFOLIO MANAGEMENT

Investment portfolio funds managed by the Group on behalf of customers as at 31 March 2008 amounted to RM18,515,948,000 (RM14,501,417,000 in 2007).

47. CAPITAL COMMITMENTS

As at 31 March 2008, capital commitments pertaining to subsidiary companies are as follows:

	Group	
	2008 RM'000	2007 RM'000
Authorised and contracted but not provided for:		
Purchase of office equipment, information technology equipment and solutions	**17,498**	25,351
Purchase of other investments	**292**	22,860
Purchase of leasehold improvements	**5,736**	147
	23,526	48,358
Authorised but not contracted for:		
Purchase of office equipment, information technology equipment and solutions	**15,056**	20,411
Purchase of other investments	**130**	415
	15,186	20,826
	38,712	69,184

48. LEASE COMMITMENTS

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

	RM'000
12 months ending 31 March	
2009	**14,550**
2010	**6,925**
2011 and thereafter	**1,508**
	22,983

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

49. COMMITMENTS AND CONTINGENCIES

In the normal course of business, AmInvestment Bank, AmBank, AmIslamic Bank and 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 other than those where provision had been made in the financial statements as mentioned in Note 25. The commitments and contingencies are not secured against the Group's assets.

As at 31 March 2008, the commitments and contingencies outstanding are as follows:

Group	Principal Amount RM'000 (2008)	Credit Equivalent Amount RM'000 (2008)	Risk Weighted Amount RM'000 (2008)	Principal Amount RM'000 (2007)	Credit Equivalent Amount RM'000 (2007)	Risk Weighted Amount RM'000 (2007)
Derivative Financial Instruments						
Interest rate related contracts:						
Interest rate futures	**270,000**	**194,810**	**97,404**	290,000	7,438	3,719
Interest rate swaps	**26,770,307**	**601,940**	**126,949**	23,131,423	667,038	137,537
Foreign exchange related contracts:						
Forward exchange contracts	**5,747,856**	**102,651**	**34,932**	4,370,080	128,442	26,830
Cross currency swaps	**624,647**	**76,143**	**15,228**	811,310	92,886	18,577
Malaysian Government securities futures	**-**	**-**	**-**	5,000	6	3
Equity related contracts:						
Options	**151,596**	**-**	**-**	165,618	-	-
Equity futures	**363**	**-**	**-**	-	-	-
	33,564,769	**975,544**	**274,513**	28,773,431	895,810	186,666
Commitments						
Irrevocable commitments to extend credit maturing:						
within one year	**8,564,981**	**1,558,976**	**1,422,930**	9,565,515	-	-
more than one year	**2,742,901**	**1,371,450**	**1,257,912**	1,225,230	612,615	611,985
Unutilised credit card line	**4,006,449**	**801,290**	**598,888**	-	-	-
Sell and buy back agreements	**1,216,782**	**1,216,782**	**879,744**	1,923,143	1,923,143	1,221,740
Forward purchase commitments	**338,081**	**338,081**	**30,108**	834,911	834,911	218,958
	16,869,194	**5,286,579**	**4,189,582**	13,548,799	3,370,669	2,052,683
Contingent Liabilities						
Guarantees given on behalf of customers	**1,865,387**	**1,865,387**	**1,769,182**	1,404,043	1,404,043	1,210,877
Certain transaction-related contingent items	**1,048,285**	**524,143**	**511,156**	897,800	448,900	423,564
Underwriting liabilities	**1,720,000**	**860,000**	**776,800**	815,000	407,500	267,100
Short term self liquidating trade-related contingencies	**584,432**	**116,886**	**113,419**	283,789	56,758	56,758
Islamic financing sold to Cagamas	**1,863,857**	**1,863,857**	**1,404,403**	2,718,833	2,718,833	2,718,833
Others	**23,874**	**250**	**250**	126,438	250	250
	7,105,835	**5,230,523**	**4,575,210**	6,245,903	5,036,284	4,677,382
	57,539,798	**11,492,646**	**9,039,305**	48,568,133	9,302,763	6,916,731

With effect from 1 January 2008, the credit equivalent and risk-weighted amount are in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework: Standardised Approach (Basel II). The credit equivalent and risk weighted amount for 31 March 2007, however, has not been adjusted for Basel II guidelines.

49. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

As at 31 March 2008, other contingencies and commitments of the Group and of the Company are as follows:

(a) The Company has given unsecured guarantees totalling RM273,600,000 (RM329,600,000 in 2007) to various financial institutions in respect of credit facilities extended to certain subsidiary companies.

(b) AIGB has given unsecured guarantees totalling RM50,000,000 (RM10,000,000 in 2007) to a financial institution in respect of credit facilities extended to a subsidiary company.

(c) AIGB has given a continuing undertaking totalling S$40,000,000 (S$50,000,000 in 2007) to Monetary Authority of Singapore on behalf of FIPL to meet its liabilities and financial obligations and requirements.

(d) As required, AmInvestment Bank has given a continuing guarantee to BNM on behalf of AmInternational, to meet all its liabilities and financial obligations and requirements.

(e) AmInvestment Bank has given gurantees in favour of Labuan International Financial Exchange ("LFX") in respect of USD 5.0 million each for AmInternational to act as a Listing Sponsor and as a Trading Agent on the LFX.

(f) The Company has given a guarantee to HSI Services Limited ("HSI") and Hang Seng Data Services Limited ("HSDS") on behalf of its subsidiary, AmAssurance Berhad ("AMAB"), for the performance and discharge by AMAB of its obligations under the licence agreement with HSI and HSDS for use of the Hang Seng China Enterprise Index in respect of AMAB's investment-linked product called AmAsia Link-Capital Guaranteed Fund.

(g) A suit dated 12 December 2005 was filed by Meridian Asset Management Sdn Bhd ("Meridian") against AmTrustee Berhad ("AmTrustee"), a subsidiary 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.

    Parties have filed several interim applications in the Meridian suit which are pending hearing and include the following:-

    (i) an application by Meridian for Further and Better particulars in respect of the statement of defence filed by AmTrustee;

    (ii) an application by Meridian to add another subsidiary of the Company, namely AmInvestment Bank as 2nd Defendant;

    (iii) an application by Meridian to increase the alleged loss and damage from RM27,606,169.65 to RM36,967,166.84 to include alleged loss due to reputation damage and loss of future earnings (together with interest and costs) arising from the provision of custodian services by AmTrustee to Meridian;

    (iv) an application for leave for Meridian to serve Interrogatories on an officer of AmTrustee allegedly relating to matters in question between Meridian and AmTrustee and

    (v) an application by AmTrustee for Stay of Proceedings pending disposal of the application for disposal under (i) above.

49. COMMITMENTS AND CONTINGENCIES (CONTINUED)

In the MAA suit, AmTrustee has filed and served a Third Party Notice dated 6 November 2006 on Meridian seeking indemnification/contribution from Meridian for MAA's claim. Exchange of pleadings has also been completed with Meridian.

Based on documents and evidence in their possession, the solicitors for AmTrustee are of the view that AmTrustee has a good defence in respect of the claim by MAA and in any event, that AmTrustee will be entitled to an indemnity or contribution from Meridian in respect of the claim.

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

(h) Subsequent to the financial year, AmBank has given a continuing guarantee to BNM on behalf of AmInternational, to meet all its liabilities and financial obligation and requirements.

50. RISK MANAGEMENT POLICY

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

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

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

MARKET RISK MANAGEMENT

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

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

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

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

The Group controls the market risk exposure of its trading and non-trading activities primarily through a series of risk thresholds. Risk thresholds are approved by the Board of Directors. These risk thresholds structure aligns specific risk-taking activities with the overall risk appetite of the Group.

50. RISK MANAGEMENT POLICY (CONTINUED)

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

Group 2008	<---------- Non Trading Book						---------->			
	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	Effective interest rate %
ASSETS										
Cash and short-term funds	8,708,883	-	-	-	-	-	2,249,481	-	10,958,364	3.38
Securities purchased under resale agreements	52,468	-	-	-	-	-	-	-	52,468	3.33
Deposits and placements with banks and other financial institutions	1,281	1,273,519	65,100	278	-	47,632	-	-	1,387,810	4.64
Securities held-for-trading	-	-	-	-	-	-	-	6,699,010	6,699,010	3.57
Securities available-for-sale	-	-	19,961	135,866	897,502	676,145	121,461	-	1,850,935	5.82
Securities held-to-maturity	49,774	6,388	68,753	8,544	523,249	357,727	165,443	-	1,179,878	3.96
Loans, advances and financing:										
- performing	18,515,362	2,488,978	567,545	482,484	6,973,778	14,414,503	7,832,944	-	51,275,594	7.08
- non-performing *	-	-	-	-	-	-	1,177,999	-	1,177,999	-
Derivative financial assets	-	-	-	-	-	-	370,681	-	370,681	-
Amount due from Originators	-	6,430	26,042	-	2,668	-	-	-	35,140	3.65
Other non-interest sensitive balances	-	-	-	-	-	-	8,203,828	-	8,203,828	-
TOTAL ASSETS	27,327,768	3,775,315	747,401	627,172	8,397,197	15,496,007	20,121,837	6,699,010	83,191,707	
LIABILITIES AND EQUITY										
Deposits from customers	17,458,191	6,294,579	5,784,561	7,264,641	2,699,721	-	8,265,758	-	47,767,451	3.27
Deposits and placements of banks and other financial institutions	6,472,394	2,068,654	1,180,675	1,024,523	991,330	1,228,000	2,153,113	-	15,118,689	3.43
Bills and acceptances payable	415,618	676,830	269,448	-	-	-	547,347	-	1,909,243	3.59
Recourse obligation on loans sold to Cagamas Berhad	-	70,070	26,042	-	147,867	-	-	-	243,979	3.65
Derivative financial liabilities	-	-	-	-	-	-	410,929	-	410,929	-
Term loans	-	1,506,000	-	183,413	-	-	101,431	-	1,790,844	5.08
Subordinated term loan	-	-	460,000	-	-	-	-	-	460,000	6.87
Unsecured bonds	200,000	-	-	-	-	1,170,000	380,000	-	1,750,000	5.73
Medium term notes	-	-	-	-	-	860,000	-	-	860,000	5.27
Hybrid capital	-	-	-	-	-	673,830	-	-	673,830	6.79
Other non-interest sensitive balances	-	-	-	-	-	-	4,952,797	-	4,952,797	
Total Liabilities	24,546,203	10,616,133	7,720,726	8,472,577	3,838,918	3,931,830	16,811,375	-	75,937,762	
Share capital	-	-	-	-	-	-	2,722,970	-	2,722,970	
Reserves	-	-	-	-	-	-	4,446,623	-	4,446,623	
Equity attributable to equity holders of the Company	-	-	-	-	-	-	7,169,593	-	7,169,593	
Minority interests	-	-	-	-	-	-	84,352	-	84,352	
Total equity	-	-	-	-	-	-	7,253,945	-	7,253,945	
TOTAL LIABILITIES AND EQUITY	24,546,203	10,616,133	7,720,726	8,472,577	3,838,918	3,931,830	24,065,320	-	83,191,707	
On-balance sheet interest rate gap sensitivity	2,781,565	(6,840,818)	(6,973,325)	(7,845,405)	4,558,279	11,564,177	(3,943,483)	6,699,010	-	
Off-balance sheet interest rate gap sensitivity	2,576,862	7,718,038	(3,531,661)	(3,581,237)	(4,006,040)	803,608	-	-	(20,430)	
Total interest rate gap sensitivity	5,358,427	877,220	(10,504,986)	(11,426,642)	552,239	12,367,785	(3,943,483)	6,699,010	(20,430)	
Cumulative interest rate gap sensitivity	5,358,427	6,235,647	(4,269,339)	(15,695,981)	(15,143,742)	(2,775,957)	(6,719,440)	(20,430)		

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

50. RISK MANAGEMENT POLICY (CONTINUED)

Group 2007	<------ Non Trading Book ------ 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	Effective interest rate %
ASSETS										
Cash and short-term funds	7,752,304	-	-	100	-	-	2,840,816	-	10,593,220	3.83
Securities purchased under resale agreements	501,431	-	-	-	-	-	-	-	501,431	2.92
Deposits and placements with banks and other financial institutions	16,705	1,083,744	20,227	103,981	-	-	415,200	-	1,639,857	4.91
Securities held-for-trading	-	-	-	-	-	-	-	6,918,905	6,918,905	3.75
Securities available-for-sale	5,002	5,007	359,712	106,793	336,437	818,465	224,113	-	1,855,529	4.01
Securities held-to-maturity	1,340	-	139,763	148,073	1,036,424	768,406	218,564	-	2,312,570	4.70
Loans, advances and financing:										
- performing	14,215,473	2,123,047	1,516,986	305,935	7,242,069	13,509,946	6,294,401	-	45,207,857	6.90
- non-performing *	-	-	-	-	-	-	2,402,898	-	2,402,898	-
Derivative financial assets	-	-	-	-	-	-	400,312	-	400,312	-
Amount due from Originators	-	400	9,441	2,980	39,600	-	-	-	52,421	4.30
Other non-interest sensitive balances	-	-	-	-	-	-	7,097,858	-	7,097,858	-
TOTAL ASSETS	22,492,255	3,212,198	2,046,129	667,862	8,654,530	15,096,817	19,894,162	6,918,905	78,982,858	
LIABILITIES AND EQUITY										
Deposits from customers	15,915,899	6,089,788	4,493,895	6,886,263	3,899,893	-	5,095,924	-	42,381,662	3.36
Deposits and placements of banks and other financial institutions	5,672,228	2,846,742	1,922,095	717,885	1,762,364	1,507,384	3,012,641	-	17,441,339	3.89
Obligations on securities sold under repurchase agreements	3,087,896	49,275	3,072	-	-	-	-	-	3,140,243	3.36
Bills and acceptances payable	278,358	547,637	188,968	-	-	-	446,614	-	1,461,577	3.56
Recourse obligation on loans sold to Cagamas Berhad	18,934	38,438	201,770	244,996	250,923	-	-		755,061	3.71
Term loans	-	206,000	-	103,680	-	-	-	-	309,680	5.60
Derivative financial liabilities	-	-	-	-	-	-	470,742	-	470,742	-
Subordinated term loan	-	-	-	-	460,000	-	-	-	460,000	6.87
Unsecured bonds	-	-	-	-	727,795	595,000	-	-	1,322,795	5.64
Hybrid capital	-	-	-	-	-	666,474	-	-	666,474	6.80
Other non-interest sensitive balances	-	-	-	-	-	-	4,583,968	-	4,583,968	-
Total Liabilities	24,973,315	9,777,880	6,809,800	7,952,824	7,100,975	2,768,858	13,609,889	-	72,993,541	
Share capital	-	-	-	-	-	-	2,130,565	-	2,130,565	
Reserves	-	-	-	-	-	-	2,657,236	-	2,657,236	
Equity attributable to equity holders of the Company	-	-	-	-	-	-	4,787,801	-	4,787,801	
Minority interests	-	-	-	-	-	-	1,201,516	-	1,201,516	
Total equity	-	-	-	-	-	-	5,989,317	-	5,989,317	
TOTAL LIABILITIES AND EQUITY	24,973,315	9,777,880	6,809,800	7,952,824	7,100,975	2,768,858	19,599,206	-	78,982,858	
On-balance sheet interest rate gap sensitivity	(2,481,060)	(6,565,682)	(4,763,671)	(7,284,962)	1,553,555	12,327,959	294,956	6,918,905	-	
Off-balance sheet interest rate gap sensitivity	2,145,559	14,893,960	(1,500,860)	(1,040,081)	(15,270,228)	856,740	-	-	85,091	
Total interest rate gap sensitivity	(335,501)	8,328,278	(6,264,531)	(8,325,043)	(13,716,673)	13,184,699	294,956	6,918,905	85,091	
Cumulative interest rate gap sensitivity	(335,501)	7,992,777	1,728,246	(6,596,797)	(20,313,470)	(7,128,770)	(6,833,814)	85,091		

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

50. RISK MANAGEMENT POLICY (CONTINUED)

2008 Company	<--------- Non Trading Book ----------> Up to 1 month RM'000	>1 - 3 months RM'000	Non-interest sensitive RM'000	Trading Book RM'000	Total RM'000	Effective interest rate %
ASSETS						
Cash and short-term funds	313,872	-	1,206	-	315,078	2.94
Deposits and placements with banks and other financial institutions	-	15,034	-	-	15,034	3.25
Securities held-for-trading	-	-	-	20,000	20,000	4.75
Securities available-for-sale	-	-	3,978	-	3,978	-
Other non-interest sensitive balances	-	-	6,571,187	-	6,571,187	-
TOTAL ASSETS	313,872	15,034	6,576,371	20,000	6,925,277	
LIABILITIES AND EQUITY						
Term loans	-	1,506,000	-	-	1,506,000	5.01
Other non-interest sensitive balances	-	-	3,684	-	3,684	-
Total Liabilities	-	1,506,000	3,684	-	1,509,684	
Share capital	-	-	2,722,970	-	2,722,970	
Reserves	-	-	2,692,623	-	2,692,623	
Equity attributable to equity holders of the Company	-	-	5,415,593	-	5,415,593	
TOTAL LIABILITIES AND EQUITY	-	1,506,000	5,419,277	-	6,925,277	
On-balance sheet interest rate gap sensitivity	313,872	(1,490,966)	1,157,094	20,000	-	
Off-balance sheet interest rate gap sensitivity	-	-	-	-	-	
Total interest rate gap sensitivity	313,872	(1,490,966)	1,157,094	20,000	-	
Cumulative interest rate gap sensitivity	313,872	(1,177,094)	(20,000)	-	-	

50. RISK MANAGEMENT POLICY (CONTINUED)

2007 Company	<----- Up to 1 month RM'000	>1 - 3 months RM'000	Non Trading Book 1 - 5 years RM'000	-----> Non-interest sensitive RM'000	Trading Book RM'000	Total RM'000	Effective interest rate %
ASSETS							
Cash and short-term funds	51,484	-	-	1,480	-	52,964	3.25
Securities purchased under resale agreements	43,450	-	-	-	-	43,450	3.00
Deposits and placements with banks and other financial institutions	-	146,331	-	-	-	146,331	3.38
Securities held-for-trading	-	-	-	-	20,000	20,000	4.75
Securities available-for-sale	-	-	-	2,000	-	2,000	-
Other non-interest sensitive balances	-	-	-	3,730,980	-	3,730,980	-
TOTAL ASSETS	94,934	146,331	-	3,734,460	20,000	3,995,725	
LIABILITIES AND EQUITY							
Term loans	-	206,000	-	-	-	206,000	5.29
Unsecured bonds	-	-	147,795	-	-	147,795	3.00
Other non-interest sensitive balances	-	-	-	7,044	-	7,044	-
Total Liabilities	-	206,000	147,795	7,044	-	360,839	
Share capital	-	-	-	2,130,565	-	2,130,565	
Reserves	-	-	-	1,504,321	-	1,504,321	
Equity attributable to equity holders of the Company	-	-	-	3,634,886	-	3,634,886	
TOTAL LIABILITIES AND EQUITY	-	206,000	147,795	3,641,930	-	3,995,725	
On-balance sheet interest rate gap sensitivity	94,934	(59,669)	(147,795)	92,530	20,000	-	
Off-balance sheet interest rate gap sensitivity	-	-	-	-	-	-	
Total interest rate gap sensitivity	94,934	(59,669)	(147,795)	92,530	20,000	-	
Cumulative interest rate gap sensitivity	94,934	35,265	(112,530)	(20,000)	-	-	

50. RISK MANAGEMENT POLICY (CONTINUED)

LIQUIDITY RISK

Liquidity risk is the risk that the organization will not be able to fund its day-to-day operations at a reasonable cost. Liquidity risk exposure arises mainly from the deposit taking and borrowing activities, and to a lesser extent, significant drawdown of funds from previously contracted financing and purchase commitments.

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

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

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

- Management of cash-flow; an assessment of potential cash flow mismatches that may arise over a period of one-year ahead and the maintenance of adequate cash and liquefiable assets over and above the standard requirements of BNM.

- Scenario analysis; a simulation on liquidity demands of new business, changes in portfolio as well as stress scenarios based on historical experience of large withdrawals.

- Diversification and stabilisation of liabilities through management of funding sources, diversification of customer depositor base and inter-bank exposures.

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

50. RISK MANAGEMENT POLICY (CONTINUED)

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

2008 Group	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non specific maturity RM'000	Total RM'000
ASSETS								
Cash and short-term funds	10,876,355	-	-	-	-	-	82,009	10,958,364
Securities purchased under resale agreements	52,468	-	-	-	-	-	-	52,468
Deposits and placements with banks and other financial institutions	49,067	1,273,364	65,100	279	-		-	1,387,810
Securities held-for-trading	387,344	334,864	213,380	285,503	1,910,547	3,165,929	401,443	6,699,010
Securities available-for-sale	-	950	20,911	137,288	870,274	750,098	71,414	1,850,935
Securities held-to-maturity	49,257	-	53,767	57,064	523,473	357,062	139,255	1,179,878
Loans, advances and financing	6,591,766	3,733,581	3,954,753	4,243,652	17,504,752	16,226,741	198,348	52,453,593
Derivative financial assets	-	-	-	-	-	-	370,681	370,681
Other assets	112,478	11,107	40,765	3,062	24,036	757,895	1,282,415	2,231,758
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	1,660,197	1,660,197
Investments in associated companies	-	-	-	-	-	-	1,301	1,301
Prepaid land lease payment	-	-	-	-	-	-	7,059	7,059
Property and equipment	-	-	-	-	-	-	225,616	225,616
Life fund assets	-	-	-	-	-	-	1,702,469	1,702,469
Deferred tax assets	-	-	-	-	-	-	608,583	608,583
Intangible assets	-	-	-	-	-	-	1,801,985	1,801,985
TOTAL ASSETS	18,118,735	5,353,866	4,348,676	4,726,848	20,833,082	21,257,725	8,552,775	83,191,707
LIABILITIES AND EQUITY								
Deposits from customers	23,448,036	7,262,592	6,670,631	7,694,964	2,691,228	-	-	47,767,451
Deposits and placements of banks and other financial institutions	7,029,208	2,440,558	1,467,307	1,677,935	1,275,681	1,228,000	-	15,118,689
Bills and acceptances payable	594,174	935,818	379,251	-	-	-	-	1,909,243
Recourse obligation on loans sold to Cagamas Berhad	-	70,070	26,042	-	147,867	-	-	243,979
Derivative financial liabilities	-	-	-	-	-	-	410,929	410,929
Other liabilities	310,238	35,633	11,208	4,641	589	645,852	2,242,167	3,250,328
Term loans	-	1,506,000	-	13,186	-	170,227	101,431	1,790,844
Subordinated term loan	-	-	-	-	-	460,000	-	460,000
Unsecured bonds	-	-	-	-	595,000	1,155,000	-	1,750,000
Medium term notes						860,000		860,000
Hybrid capital	-	-	-	-	-	673,830	-	673,830
Life fund liabilities	-	-	-	-	-	-	189,819	189,819
Life policy holder funds	-	-	-	-	-	-	1,512,650	1,512,650
Total Liabilities	31,381,656	12,250,671	8,554,439	9,390,726	4,710,365	5,192,909	4,456,996	75,937,762
Share capital	-	-	-	-	-	-	2,722,970	2,722,970
Reserves	-	-	-	-	-	-	4,446,623	4,446,623
Equity attributable to equity holders of the Company	-	-	-	-	-	-	7,169,593	7,169,593
Minority interests	-	-	-	-	-	-	84,352	84,352
Total equity	-	-	-	-	-	-	7,253,945	7,253,945
TOTAL LIABILITIES AND EQUITY	31,381,656	12,250,671	8,554,439	9,390,726	4,710,365	5,192,909	11,710,941	83,191,707
Net maturity mismatch	(13,262,921)	(6,896,805)	(4,205,763)	(4,663,878)	16,122,717	16,064,816	(3,158,166)	-

50. RISK MANAGEMENT POLICY (CONTINUED)

2007 Group	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non specific maturity RM'000	Total RM'000
ASSETS								
Cash and short-term funds	10,529,516	-	-	-	-	-	63,704	10,593,220
Securities purchased under resale agreements	501,431	-	-	-	-	-	-	501,431
Deposits and placements with banks and other financial institutions	17,028	1,498,421	124,107	301	-	-	-	1,639,857
Securities held-for-trading	42,188	117,555	238,025	832,503	2,890,188	2,181,250	617,196	6,918,905
Securities available-for-sale	5,002	5,958	177,210	106,693	599,310	775,549	185,807	1,855,529
Securities held-to-maturity	1,340	-	82,892	30,100	794,908	1,087,727	315,603	2,312,570
Loans, advances and financing	5,055,972	2,965,211	3,080,903	4,711,476	15,096,347	16,511,064	189,782	47,610,755
Derivative financial assets	-	-	-	-	-	-	400,312	400,312
Other assets	50,050	46,903	36,289	3,421	78,713	1,490,753	452,730	2,158,859
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	1,807,058	1,807,058
Investments in associated companies	-	-	-	-	-	-	1,754	1,754
Property and equipment	-	-	-	-	-	-	234,000	234,000
Life fund assets	-	-	-	-	-	-	1,458,908	1,458,908
Deferred tax assets	-	-	-	-	-	-	901,258	901,258
Intangible assets	-	-	-	-	-	-	588,442	588,442
TOTAL ASSETS	16,202,527	4,634,048	3,739,426	5,684,494	19,459,466	22,046,343	7,216,554	78,982,858
LIABILITIES AND EQUITY								
Deposits from customers	18,559,717	7,434,324	4,946,231	7,325,760	3,997,999	117,631	-	42,381,662
Deposits and placements of banks and other financial institutions	6,449,855	3,464,669	2,272,264	1,312,725	1,855,758	2,086,068	-	17,441,339
Obligations on securities sold under repurchase agreements	3,093,032	44,139	3,072	-	-	-	-	3,140,243
Bills and acceptances payable	449,603	747,675	264,299	-	-	-	-	1,461,577
Recourse obligation on loans sold to Cagamas Berhad	18,934	38,437	201,770	244,996	250,924	-	-	755,061
Derivative financial liabilities	-	-	-	-	-	-	470,742	470,742
Other liabilities	30,126	42,156	5,334	6,241	8,194	793,922	2,239,087	3,125,060
Term loans	-	206,000	-	-	-	103,680	-	309,680
Subordinated term loan	-	-	-	-	-	460,000	-	460,000
Unsecured bonds	-	-	-	-	147,795	1,175,000	-	1,322,795
Hybrid capital	-	-	-	-	-	666,474	-	666,474
Life fund liabilities	-	-	-	-	-	-	172,281	172,281
Life policy holder funds	-	-	-	-	-	-	1,286,627	1,286,627
Total Liabilities	28,601,267	11,977,400	7,692,970	8,889,722	6,260,670	5,402,775	4,168,737	72,993,541
Share capital	-	-	-	-	-	-	2,130,565	2,130,565
Reserves	-	-	-	-	-	-	2,657,236	2,657,236
Equity attributable to equity holders of the Company	-	-	-	-	-	-	4,787,801	4,787,801
Minority interests	-	-	-	-	-	-	1,201,516	1,201,516
Total equity	-	-	-	-	-	-	5,989,317	5,989,317
TOTAL LIABILITIES AND EQUITY	28,601,267	11,977,400	7,692,970	8,889,722	6,260,670	5,402,775	10,158,054	78,982,858
Net maturity mismatch	(12,398,740)	(7,343,352)	(3,953,544)	(3,205,228)	13,198,796	16,643,568	(2,941,500)	-

50. RISK MANAGEMENT POLICY (CONTINUED)

2008 Company	Up to 1 month RM'000	>1 - 3 months RM'000	Non specific maturity RM'000	Total RM'000
Cash and short-term funds	313,872	-	1,206	3 15,078
Deposits and placements with banks and other financial institutions	-	15,034	-	15,034
Securities held-for-trading	-	-	20,000	20,000
Securities available-for-sale	-	-	3,978	3,978
Other assets	-	-	2 6,973	26,973
Investments in subsidiary companies	-	-	6,543,314	6,543,314
Property and equipment	-	-	900	900
TOTAL ASSETS	313,872	15,034	6,596,371	6,925,277
LIABILITIES AND EQUITY				
Other liabilities	-	-	3,684	3,684
Term loans	-	1,506,000	-	1,506,000
Total Liabilities	-	1,506,000	3,684	1,509,684
Share capital	-	-	2,722,970	2,722,970
Reserves	-	-	2,692,623	2,692,623
Equity attributable to equity holders of the Company	-	-	5,415,593	5,415,593
TOTAL LIABILITIES AND EQUITY	-	1,506,000	5,419,277	6,925,277
Net maturity mismatch	313,872	(1,490,966)	1,177,094	-

50. RISK MANAGEMENT POLICY (CONTINUED)

2007 Company	Up to 1 month RM'000	>1 - 3 months RM'000	1 - 5 years RM'000	Non specific maturity RM'000	Total RM'000
ASSETS					
Cash and short-term funds	51,484	-	-	1,480	52,964
Securities purchased under resale agreements	43,450	-	-	-	43,450
Deposits and placements with banks and other financial institutions	-	146,331	-	-	146,331
Securities held-for-trading	-	-	-	20,000	20,000
Securities available-for-sale				2,000	2,000
Other assets	-	-	-	29,697	29,697
Investments in subsidiary companies	-	-	-	3,700,154	3,700,154
Property and equipment	-	-	-	1,129	1,129
TOTAL ASSETS	94,934	146,331	-	3,754,460	3,995,725
LIABILITIES AND EQUITY					
Other liabilities	-	-	-	7,044	7,044
Term loans	-	206,000	-	-	206,000
Unsecured bonds	-	-	147,795	-	147,795
Total Liabilities	-	206,000	147,795	7,044	360,839
Share capital	-	-	-	2,130,565	2,130,565
Reserves	-	-	-	1,504,321	1,504,321
Equity attributable to equity holders of the Company	-	-	-	3,634,886	3,634,886
TOTAL LIABILITIES AND EQUITY	-	206,000	147,795	3,641,930	3,995,725
Net maturity mismatch	94,934	(59,669)	(147,795)	112,530	-

50. RISK MANAGEMENT POLICY (CONTINUED)

CREDIT RISK MANAGEMENT

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

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

Lending activities are guided by internal group credit policies and guidelines that are approved by the Board or risk committee. Specific procedures for managing credit risks are determined at business levels in specific policies and procedures based on risk environment and business goals.

Credit portfolio management strategies and significant exposures are reviewed and/or approved by the Board. These portfolio management strategies are designed to achieve a desired ideal portfolio risk tolerance level and sector distribution over the next few years. These portfolio management strategies include minimum credit rating targets from new facilities, a more aggressive approach towards reducing existing high-risk exposures and exposures to certain sectors.

For non-retail credits, risk measurement begins with an assessment and rating of the financial standing of the borrower or counterparty using a credit rating model. The model consists of quantitative and qualitative scores which are translated into a rating grade, with nine (9) rating scale. Credit risk is quantified based on Expected Default Frequencies and Expected Losses on default from its portfolio of loans and off-balance sheet commitments. Expected Default Frequencies are calibrated to the internal rating model.

For retail credits, a credit-scoring system to support the housing, hire purchase and credit card applications is being used to complement the credit assessment process.

OPERATIONAL RISK MANAGEMENT

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

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

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

50. RISK MANAGEMENT POLICY (CONTINUED)

LEGAL AND REGULATORY RISK

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

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

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

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 focussed on interest rate derivatives and foreign exchange rate derivatives.

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

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

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

50. RISK MANAGEMENT POLICY (CONTINUED)

RISK MANAGEMENT POLICY ON FINANCIAL DERIVATIVES (Continued)

Purpose of engaging in financial derivatives (Continued)

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 derivatives contracts measures the potential losses to the value of these contracts due to changes in market rates/prices. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions.

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

As at 31 March 2008, value at risk of foreign exchange-related derivatives contracts used for trading purposes of the Group was RM5,824,499 (RM1,628,136 in 2007).

The value at risk of the interest rate derivatives related contracts used for trading purposes of the Group was RM26,191,724 (RM25,885,784 in 2007).

The value at risk of the options related contracts used for trading purposes was RM Nil (RM26,007,863 in 2007) for the Group.

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

50. RISK MANAGEMENT POLICY (CONTINUED)

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 2008, the amount of counter party credit risk, measured in terms of the cost to replace the positive value contracts of the Group, was RM8,018,674 (RM27,277,893 in 2007). This amount will increase or decrease over the life of the contracts, mainly as a function of movement in market rates and time.

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

51. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

In addition, fair value information for non-financial assets and liabilities such as investments in subsidiary companies and taxation are excluded, as they do not fall within the scope of FRS132: Financial Instruments: Disclosure and Presentation which requires the fair value information to be disclosed.

51. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

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

2008	Group Carrying Amount RM'000	Group Fair Value RM'000	Company Carrying Amount RM'000	Company Fair Value RM'000
Financial Assets				
Cash and short-term funds	10,958,364	10,958,364	315,078	315,078
Securities purchased under resale agreements	52,468	52,468	-	-
Deposits and placements with banks and other financial institutions	1,387,810	1,501,566	15,034	15,034
Securities held-for-trading	6,699,010	6,699,010	20,000	20,000
Securities available-for-sale	1,850,935	1,869,226	3,978	3,978
Securities held-to-maturity	1,179,878	1,318,885	-	-
Loans, advances and financing *	53,298,818	53,968,981	-	-
Derivative financial assets	370,681	370,681		
Amount due from Originators	35,140	35,156	-	-
Other financial assets	3,859,386	3,859,386	26,973	26,973
	79,692,490	80,633,723	381,063	381,063
Non-financial assets	3,499,217		6,544,214	
TOTAL ASSETS	83,191,707		6,925,277	
Financial Liabilities				
Deposits from customers	47,767,451	47,568,006	-	-
Deposits and placements of banks and other financial institutions	15,118,689	14,915,013	-	-
Bills and acceptances payable	1,909,243	1,909,243	-	-
Recourse obligation on loans sold to Cagamas Berhad	243,979	239,716	-	-
Derivative financial liabilities	410,929	410,929		
Term loans	1,790,844	1,790,844	1,506,000	1,506,000
Subordinated term loans	460,000	494,110	-	-
Medium Term Notes	860,000	962,237		
Unsecured bonds	1,750,000	1,895,533	-	-
Hybrid capital	673,830	615,056	-	-
Other financial liabilities	4,907,324	4,907,324	3,684	3,684
	75,892,289	75,708,011	1,509,684	1,509,684
Non-Financial Liabilities				
Other non-financial liabilities	45,473		-	
Minority interests	84,352		-	
Equity attributable to equity holders of the Company	7,169,593		5,415,593	
	7,299,418		5,415,593	
TOTAL LIABILITIES AND EQUITY	83,191,707		6,925,277	

51. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

2007	Group Carrying Amount RM'000	Group Fair Value RM'000	Company Carrying Amount RM'000	Company Fair Value RM'000
Financial Assets				
Cash and short-term funds	10,593,220	10,593,220	52,964	52,964
Securities purchased under resale agreements	501,431	501,431	43,450	43,450
Deposits and placements with banks and other financial institutions	1,639,857	1,472,779	146,331	146,331
Securities held-for-trading	6,918,905	6,918,905	20,000	20,000
Securities available-for-sale	1,855,529	1,958,581	2,000	2,000
Securities held-to-maturity	2,312,570	2,501,433	-	-
Derivative financial assets	400,312	400,312		
Loans, advances and financing *	48,389,151	48,921,490	-	-
Amount due from Originators	52,421	52,519	-	-
Other financial assets	2,126,285	2,126,285	29,697	29,697
	74,789,681	75,446,955	294,442	294,442
Non-financial assets	4,193,177		3,701,283	
TOTAL ASSETS	78,982,858		3,995,725	
Financial Liabilities				
Deposits from customers	42,381,662	42,329,668	-	-
Deposits and placements of banks and other financial institutions	17,441,339	17,497,334	-	-
Obligations on securities sold under repurchase agreements	3,140,243	3,140,243	-	-
Bills and acceptances payable	1,461,577	1,461,577	-	-
Recourse obligation on loans sold to Cagamas Berhad	755,061	754,627	-	-
Derivative financial liabilities	470,742	470,742		
Term loans	309,680	309,680	206,000	206,000
Subordinated term loan	460,000	535,701	-	-
Redeemable unsecured bonds	1,322,795	1,456,986	147,795	147,795
Hybrid capital	666,474	693,089	-	-
Other financial liabilities	4,513,015	4,513,015	7,044	7,044
	72,922,588	73,162,662	360,839	360,839
Non-Financial Liabilities				
Other non-financial liabilities	70,953		-	
Equity attributable to equity holders of the Company	4,787,801		3,634,886	
Minority interests	1,201,516		-	
	6,060,270		3,634,886	
TOTAL LIABILITIES AND EQUITY	78,982,858		3,995,725	

* The general allowance for the Group amounting to RM845,225,000 (RM778,396,000 in 2007) has been included under non-financial assets.

51. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair values of derivatives financial instruments are shown in Note 50.

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

The following methods and assumptions were used to estimate the fair value of assets and liabilities as at 31 March 2008 and 2007:

(a) Cash And Short-Term Funds

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

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

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

(c) Securities Held-For-Trading, Securities Available-For-Sale And Securities Held-To-Maturity

The estimated fair value is based on quoted or observable market prices at the balance sheet date. Where such quoted or observable market prices are not available, the fair value is estimated using discounted cash flow or net tangible assets techniques. The fair values of unquoted debt equity conversion securities which are not actively traded, are estimated to be at par value, taking into consideration of the underlying collateral values. Where discounted cash flow techniques are used, the estimated future cash flows are discounted using market indicative rates of similar instruments at the balance sheet date.

(d) Loans, Advances And Financing And Subordinated Term Loans ("Loans And Financing")

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

(e) Derivative Financial Instruments

The fair values of the derivative financial instruments are obtained from quoted market prices in active markets, including recent market transactions and valuation techniques, including discounted cash flow models and option pricing models, as appropriate.

51. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(f) Other assets

The estimated fair value of other assets are estimated to approximate their carrying value because the realisable value of the final consideration as at balance shaeet date is similar to that of the carrying value.

(g) Deposits From Customers, Deposits And Placements Of Banks And Other Financial Institutions And Obligations On Securities Sold Under Repurchase Agreements

The fair value of deposits liabilities payable on demand ("current and savings deposits") or with remaining maturities of less than six months are estimated to approximate their carrying values at balance sheet date.

The fair value of term deposits, negotiable instrument of deposits and obligations on securities sold under repurchase agreements with remaining maturities of more than six months are estimated based on discounted cash flows using KLIBOR rates and interest rate swap rates.

(h) Bills And Acceptances Payables

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

(i) Other liabilities

The fair values of other liabilities approximates their carrying value at the balance sheet date.

(j) Recourse Obligations On Loans Sold To Cagamas Berhad

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

(k) Term Loans, Subordinated Term Loans, Redeemable Unsecured Bonds, Medium Term Notes And Hybrid Capital ("Borrowings")

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

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

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

(m) Short Term Financial Assets And Financial Liabilities

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

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

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

52. NET ASSETS PER SHARE (RM)

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

Net assets per share are calculated as follows:

	2008		2007	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Total assets	**83,191,707**	**6,925,277**	78,982,858	3,995,725
Less :				
Total liabilities	**75,937,762**	**1,509,684**	72,993,541	360,839
Minority interests	**84,352**	**-**	1,201,516	-
	76,022,114	**1,509,684**	74,195,057	360,839
Net assets	**7,169,593**	**5,415,593**	4,787,801	3,634,886
Issued and fully paid up ordinary shares of RM1.00 each	**2,722,970**	**2,722,970**	2,130,565	2,130,565
Net assets per share (RM)	**2.63**	**1.99**	2.25	1.71

53. BUSINESS SEGMENT ANALYSIS

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

Investment banking

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

Commercial and retail banking

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

Offshore banking

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

Islamic banking

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

Insurance

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

Others

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

53. BUSINESS SEGMENT ANALYSIS (CONTINUED)

2008 Group	Investment Banking RM'000	Commercial and Retail RM'000	Offshore Banking RM'000	Islamic Banking RM'000	Insurance RM'000	Others RM'000	Elimination/ Consolidation Adjustments RM'000	Total RM'000
External revenue	1,136,036	2,600,363	62,485	1,012,253	971,400	109,013	(260,390)	5,631,160
Revenue from other segments	131,707	120,946	6,652	-	4,345	10,974	101,798	376,422
Operating revenue	1,267,743	2,721,309	69,137	1,012,253	975,745	119,987	(158,592)	6,007,582
Profit before taxation	359,552	590,020	16,731	192,176	56,530	12,381	(32,953)	1,194,437
Taxation	(90,216)	(204,854)	(20)	(72,515)	(18,271)	(1,271)	3,529	(383,618)
Minority interests	-	-	-	-	-	-	(142,277)	(142,277)
Net profit for the year	269,336	385,166	16,711	119,661	38,259	11,110	(171,701)	668,542
Other information								
Segment assets	15,146,792	54,581,226	1,108,673	11,091,189	2,613,182	1,370,554	(4,454,082)	81,457,534
Investment in subsidiary companies	264,688	814,350	-	-	-	11,007,442	(12,086,480)	-
Investment in associated companies	100	238	-	-	-	100	863	1,301
Goodwill/(reserve) on consolidation	-	-	-	-	(1,566)	-	1,734,438	1,732,872
Total assets	15,411,580	55,395,814	1,108,673	11,091,189	2,611,616	12,378,096	(14,805,261)	83,191,707
Segment liabilities	13,155,170	52,235,560	1,250,281	9,657,718	2,356,468	2,434,937	(5,152,372)	75,937,762
Property and equipment purchases	12,034	47,255	76	(295)	4,099	276	-	63,445
Depreciation of property and equipment	8,054	37,208	65	122	2,115	825	36	48,425

53. BUSINESS SEGMENT ANALYSIS (CONTINUED)

2007 Group	Investment Banking RM'000	Commercial and Retail RM'000	Offshore Banking RM'000	Islamic Banking RM'000	Insurance RM'000	Others RM'000	Elimination/ Consolidation Adjustments RM'000	Total RM'000
External revenue	1,174,456	2,451,621	73,879	946,695	882,516	69,336	(101,214)	5,497,289
Revenue from other segments	144,206	131,636	13,459	-	1,599	10,492	(301,392)	-
Operating revenue	1,318,662	2,583,257	87,338	946,695	884,115	79,828	(402,606)	5,497,289
Segment results	355,849	(677,959)	7,189	191,416	68,753	(24,392)	(6,511)	(85,655)
Share in results of associated companies	-	-	-	-	-	-	1,043	1,043
Profit/(Loss) before taxation	355,849	(677,959)	7,189	191,416	68,753	(24,392)	(5,468)	(84,612)
Taxation	(95,428)	126,333	(20)	(57,922)	(21,682)	714	3,720	(44,285)
Minority interests	-	-	-	-	-	-	(153,559)	(153,559)
Net profit/(loss) for the year	260,421	(551,626)	7,169	133,494	47,071	(23,678)	(155,307)	(282,456)
Other information								
Segment assets	20,401,691	52,950,805	1,076,262	10,533,801	2,235,725	1,304,826	(10,049,127)	78,453,983
Investment in subsidiary companies	264,369	814,350	-	-	-	7,700,974	(8,779,693)	-
Investment in associated companies	138	237	-	-	-	100	1,279	1,754
Goodwill/(reserve) on consolidation	-	-	-	-	(1,565)	-	528,686	527,121
Total assets	20,666,198	53,765,392	1,076,262	10,533,801	2,234,160	9,005,900	(18,298,855)	78,982,858
Segment liabilities	18,605,045	51,043,036	1,161,318	9,219,001	2,019,846	1,215,106	(10,269,811)	72,993,541
Property and equipment purchases	4,806	38,167	162	975	735	817	-	45,662
Depreciation of property and equipment	7,136	41,867	64	55	1,847	614	4	51,587

The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia except for FIPL and its subsidiary companies, AMCI, AmSecurities (HK) Limited and AmTrade Services Limited, activities of which are principally conducted in Singapore, Indonesia and Hong Kong, respectively. These activities in Singapore, Indonesia and Hong Kong are not significant in relation to the Group's activities in Malaysia.

54. LIFE BUSINESS LIABILITIES AND LIFE POLICYHOLDERS' FUND

The state of affairs as at 31 March 2008 and the results for the financial year ended 31 March 2008 under the life business liabilities and life policyholders' fund of AmAssurance Berhad, are summarised as follows:

BALANCE SHEET
AS AT 31 MARCH 2008

	2008 RM'000	2007 RM'000
ASSETS		
Cash and short-term funds	**204**	544
Securities purchased under resale agreements	**207,313**	127,980
Deposits and placements with banks and other financial institutions	**112,741**	136,856
Securities held-for-trading	**62,026**	55,513
Securities available-for-sale	**1,002,244**	844,435
Loans, advances and financing	**91,342**	87,474
Other assets	**104,008**	92,818
Investment properties	**82,278**	82,278
Property and equipment	**29,699**	28,297
Intangible assets	**10,614**	2,713
TOTAL ASSETS	**1,702,469**	1,458,908
LIABILITIES AND POLICYHOLDERS' FUND		
Other liabilities	**189,819**	172,281
Life policyholders' fund	**1,512,650**	1,286,627
TOTAL LIABILITIES AND POLICYHOLDERS' FUND	**1,702,469**	1,458,908

INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2008

	2008 RM'000	2007 RM'000
Revenue	**487,844**	474,235
Interest income	**66,484**	56,848
Writeback of/(Allowance) for losses on loans and financing	**11**	(390)
Impairment loss on securities	**(5,774)**	(958)
	60,721	55,500
Net premium investment and other income	**421,360**	417,387
Net income	**482,081**	472,887
Other operating expenses and transfer to policyholders's funds	**(465,081)**	(459,387)
Transfer to shareholders' funds	**17,000**	13,500

55. CAPITAL ADEQUACY RATIO

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

With effect from 1 January 2008, the capital adequacy ratios of the Group are computed in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework: Standardised Approach for Credit Risk and Market Risk, and Basic Indicator Approach for Operational Risk (Basel II) The risk-weighted Capital Adequacy for 31 March 2007, however, has not been adjusted for Basel II guidelines.

The risk-weighted capital adequacy ratios of AmInvestment Bank (including the operations of AMIL) of 17.35% (15.22% in 2007), AmBank of 12.96% (9.16% in 2007) and AmIslamic Bank of 16.28% (14.45% in 2007), exceed the minimum requirement.

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

	Group	
	2008 RM'000	**2007 RM'000**
Tier 1 capital		
Paid-up ordinary share capital	**2,722,970**	2,130,565
Share premium	**1,986,857**	791,588
Statutory reserve	**1,245,433**	1,107,757
Exchange fluctuation reserve	**8,166**	10,297
Hybrid capital	**673,830**	666,474
Unappropriated profit at end of year	**1,163,267**	798,502
Minority interests	**84,352**	1,201,516
Total	**7,884,875**	6,706,699
Less : Goodwill	**1,732,872**	527,121
Deferred tax assets - net	**602,658**	861,968
Total tier 1 capital	**5,549,345**	5,317,610
Tier 2 capital		
Subordinated term loans	**403,243**	421,696
Medium term notes	**860,000**	-
Redeemable unsecured bonds	**1,750,000**	1,175,000
General allowance for bad and doubtful debts	**845,225**	778,396
Total tier 2 capital	**3,858,468**	2,375,092
Capital base	**9,407,813**	7,692,702
Less: Restriction on borrowing	**238,571**	-
Capital base	**9,169,243**	7,692,702
Risk-weighted assets	**67,898,253**	60,987,817
Capital Ratios:		
Core capital ratio	**8.17%**	8.72%
Risk-weighted capital ratio	**13.50%**	12.61%
Core capital ratio (net of proposed dividends)	**7.99%**	8.59%
Risk-weighted capital ratio (net of proposed dividends)	**13.32%**	12.48%

55. CAPITAL ADEQUACY RATIO (CONTINUED)

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

	2008		2007	
	Principal RM'000	Risk-Weighted RM'000	Principal RM'000	Risk-Weighted RM'000
0%	**11,911,523**	**-**	11,227,356	-
10%	**-**	**-**	3,418	342
20%	**2,982,733**	**596,547**	7,187,595	1,437,519
35%	**2,967,500**	**1,038,625**	-	-
50%	**5,750,598**	**2,875,299**	9,572,932	4,786,466
75%	**33,910,030**	**25,432,523**	-	-
100%	**24,796,708**	**24,796,708**	48,311,104	48,311,104
150%	**2,373,580**	**3,560,370**	-	-
	84,692,672	**58,300,071**	76,302,405	54,535,431
Add: Total Risk Weighted Assets Equivalent for market risks		**5,198,595**		6,451,937
Add: Total Risk Weighted Assets Equivalent for operational risks		**4,384,664**		-
Add: Large Exposure Risk Requirements for equity holdings		**14,923**		449
		67,898,253		60,987,817

The capital adequacy ratio of the Group as at 31 March 2007 has not been restated for prior year adjustments effect as mentioned in Note 56 to the financial statements.

56. OTHER AND SUBSEQUENT SIGNIFICANT EVENTS

(1) On 18 May 2007, upon obtaining the necessary approvals from the shareholders' and the relevant authorities, the Company implemented the following:

(i) Increase in the authorised share capital of the Company from RM5,000,000,000 comprising 5,000,000,000 ordinary shares of RM1.00 each to RM5,200,000,000 comprising 5,000,000,000 ordinary share of RM1.00 each and 200,000,000 converting preference shares ("CPS") of RM1.00 each;

(ii) Issue of 163,934,426 CPS to ANZ Funds Pty Ltd ("ANZ Funds") at an issue price of RM3.05 per CPS amounting to RM500,000,000, which are convertible into 163,934,426 new ordinary shares of RM1.00 each in the Company; and

(iii) Issue of the RM575,000,000 nominal value Ten (10) Year Unsecured Exchangeable Bonds ("EBs") by AmBank to ANZ Funds which are exchangeable into 188,524,590 new ordinary shares in the Company at an exchange price of RM3.05 per share.

On 13 March 2008, the CPS were converted to 163,934,426 new ordinary shares of RM1.00 each on the basis of one new ordinary share of RM1.00 each in exchange for every one CPS of RM1.00 each.

(2) Upon obtaining the necessary approvals from the relevant authorities, AmBank completed the sale of corporate and retail non-performing loans following the receipt of the sale proceeds totaling RM328.5 million from ABS Enterprise One Berhad, Neptune ABS One Berhad and Neptune ABS Two Berhad.

(3) AmInvestment Bank and certain Saudi Arabian parties had mutually agreed to discontinue the proposed joint venture in a company to be established for carrying on capital market activites in Saudi Arabia.

(4) On 5 September 2007, Arab-Malaysian Credit Berhad had entered into a Sale and Purchase Agreement with Melawangi Sdn Bhd for the disposal of office premises situated on the Ground Floor and First Floor of the West Wing, Menara PJ, AmCorp Trade Centre measuring approximately 6,792 square feet, erected on the land held under master title Pajakan Negeri 21919, Lot No. 19, Section 16, Bandar Petaling Jaya, Daerah Petaling, Selangor for a total cash consideration of RM3,200,000.

(5) The Company proposed and implemented the following:

(i) The Renounceable Rights Issue of 295,972,939 new ordinary shares of RM1.00 per share in the Company ("Rights Issue") at an issue price of RM3.40 per Rights Share, on the following basis:-

(a) one (1) Rights Share for every eight (8) existing ordinary shares of RM1.00 each; and

(b) one (1) Rights Share for every eight (8) existing CPS of RM1.00 each held in the Company.

On 15 January 2008, the Rights Issue was completed following the listing of and quotation of the 295,972,939 Company new shares issued to the entitled shareholders of the Company. The Rights Issue proceeds have been used by the Company to part finance the cash payment to the minority shareholders of AIGB.

(ii) Adjustments to the Warrants 2003/2008 exercise price from RM2.19 per share to RM2.15 per share and an increase of 1,281,618 additional Warrants 2003/2008 pursuant to the adjustments arising from the Rights Issue.

(iii) Adjustments to the Unsecured Exchangeable Bonds conversion price from RM3.05 per share to RM2.95 per pursuant to the adjustments arising from the Rights Issue.

(6) The Company has sought the approval of Bank Negara Malaysia ("BNM") for the commencement of discussions with MAA Holdings Berhad ("MAAH"), pursuant to section 67 of the Insurance Act, 1996, for the proposed acquisition of the general insurance business in Malaysian Assurance Alliance Berhad, a composite insurer, and an equity stake in MAA Takaful Berhad, Takaful insurance business, held by MAAH.

56. OTHER AND SUBSEQUENT SIGNIFICANT EVENTS (CONTINUED)

(7) The Company has obtained the approval of BNM for the shareholders of AmAssurance to commence preliminary negotiations with Friends Provident plc, pursuant to the Insurance Act 1996 ("Insurance Act"), for the proposed sale of a minority stake in the life insurance business of AmAssurance. A separate application has also been submitted to BNM to obtain the regulatory approvals under the Insurance Act to enable the Company to split the existing composite insurance licence of AmAssurance, to enable the Company to undertake the life and general insurance business through two separate companies.

(8) On 29 November 2007, AmInvestment Bank had entered into an memorandum of understanding with Woori, a member of the Woori Financial Group of Korea for the purpose of promoting the cooperation in the investment banking business between the two parties, enabling both the financial groups to leverage on each other's established business franchise and networks in both the domestic and regional capital markets.

(9) Upon obtaining the necessary approvals from the relevant authorities, on 11 March 2008, AmBank proposed the issuance of up to Singapore Dollar ("SGD") 425.0 million Non-Innovative Tier 1 Capital ("NIT1"), comprising Non-Cumulative Perpetual Capital Securities ("NCPCS") issued by AmBank, which are stapled to Subordinated Notes ("SubNotes") issued by AmCapital (L) Inc ("AmCapital") ("Stapled Securities").

The Stapled Securities will be issued and offered to certain non-United States of America resident persons as defined in Section 902(k) of Regulations S in offshore transactions under the United States Securities Act of 1933 ("US Securities Act"), as amended from time to time. In addition, the Stapled Securities may only be issued to or offered for sale or subscription by persons outside Malaysia.

The NCPCS and SubNotes cannot be traded separately until the occurrence of certain Assignment Events.

To facilitate the Proposed Issuance of NIT1, AmBank had, on 26 February 2008 acquired three (3) ordinary shares of USD1.00 each, representing the entire issued and paid-up share capital of AmCapital, presently a dormant company, for a cash consideration of USD3.00, thereby making AmCapital a wholly owned subsidiary of AmBank.

AmCapital was incorporated on 2 January 2008 and has an authorised share capital of USD10,000 divided into 10,000 ordinary shares of USD1.00 each of which three (3) ordinary shares of USD1.00 each have been issued and are fully paid-up. AmCapital was incorporated for the purpose of issuing the SubNotes.

The Stapled Securities are rated BB by both Fitch Ratings Ltd. and Standard & Poor's Ratings Group, a division of the McGraw-Hill Companies, Inc.

56. OTHER AND SUBSEQUENT SIGNIFICANT EVENTS (CONTINUED)

(10) On 11 March 2008, the Company announced a Proposed Group Internal Restructuring involving:

(i) the transfer of the fund-based activity of AmInvestment Bank, a 100%-owned subsidiary of AIGB, to AmBank and AmBank's wholly-owned subsidiary, AmIslamic (the "Proposed Business Transfer"); and

(ii) the re-alignment of the shareholding structure of certain operating subsidiaries to fully constitute the Capital Market Group and Asset Management Group (the "Proposed Internal Transfer").

On 11 March 2008, AmInvestment Bank has entered into a Business Transfer Agreement each with AmBank and AmIslamic respectively in respect of the Proposed Business Transfer.

Bank Negara Malaysia ("BNM") and the Minister of Finance ("MOF") have on 19 December 2007 approved the Proposed Business Transfer. It will be implemented by way of a vesting order (the "Order") of the High Court of Malaya (the "Court") to be obtained by AmInvestment Bank, AmBank and AmIslamic pursuant to section 50 of the Banking and Financial Institutions Act 1989, whereby:-

(i) Subject to exclusions as may be agreed between AmInvestment Bank and AmBank, AmBank will acquire the assets and assume the liabilities relating to AmInvestment Bank's conventional Fund-Based Activity which shall include AmInvestment Bank's 100% shareholding interest in AMIL, a licensed offshore bank; and

(ii) Subject to exclusions as may be agreed between AmInvestment Bank and AmIslamic, AmIslamic will acquire the assets and assume the liabilities relating to AmInvestment Bank's Islamic Fund-Based Activity, based on the book value of the assets and liabilities as at the date the Order comes into effect. The consideration for the Proposed Business Transfer, computed on the basis of the book value of the assets acquired less the book value of the liabilities assumed, will be settled in cash by AmBank and AmIslamic.

After the completion of the Proposed Business Transfer, AmInvestment Bank will restructure its capital funds and any excess thereof will be distributed to the Company (through AIGB) for working capital requirements.

The Proposed Internal Transfer, which has received BNM approval on 19 December 2007, will involve the following intra-group transfer of the following AmBank Group companies:-

(a) AmInvestment Bank will acquire from AMSH the following companies:-

(i) AmFutures, a licensed futures broker for a cash consideration based on book value;

(ii) AmResearch involved in investment advice, for a cash consideration based on book value; and

(iii) AMCI, a licensed stockbroking, underwriting and investment management, for a cash consideration based on cost of investment.

(b) AIGB will acquire from AmInvestment Bank the following companies:-

(i) AIM, an asset management company for a cash consideration based on book value; and

(ii) AIS, a unit trust management company for a cash consideration based on book value.

56. OTHER AND SUBSEQUENT SIGNIFICANT EVENTS (CONTINUED)

In addition to the approvals of MOF and BNM, the Proposed Internal Restructuring is also subject to the approvals of Securities Commission for the Proposed Internal Transfer (other than AMCI"), Badan Pengawas Pasar Modal and Lembaga Kewangan for transfer of AMCI and any other relevant authorities, if necessary.

Approvals from Labuan Offshore Financial Services Authority for the transfer of AmInternational (L) Ltd , Foreign Investment Committee and High Court of Malaya for the Proposed Business Transfer were obtained on 21 December 2007, 7 March 2008 and 12 April 2008 respectively.

On 12 April 2008, AmInvestment Bank completed the Business Transfer for a cash consideration of RM1,370.5 million based on the book value of the assets and liabilities as at 11 April 2008 pursuant to the Business Transfer Agreement dated 11 March 2008 entered into with AmBank and AmIslamic.

57. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS

Changes in accounting policies

During the financial year, the Group has adopted the revised FRS 117 Leases issued by MASB and BNM Revised Guidelines on derivative financial instruments that are transacted for the purposes of hedging, both of which are effective for the Group's annual reporting date, 31 March 2008 which have resulted in changes in accounting policies as follows:

(a) FRS 117: Lease

Prior to 1 April 2007, lease of land and buildings held for own use was classified as property and equipment and was stated at cost less accumulated depreciation and impairment loss. The adoption of the revised FRS 117 Leases in 2007 resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Under FRS 117, lease of land and buildings are classified as operating or finance leases in the same way as leases of other assets. The land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease. The up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and building element of the lease at the inception of the lease. The up-front payment represents prepaid land lease payment and is amortised on a straight-line basis over the remaining lease term.

The Group have applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 April 2007, the unamortised carrying amount of leasehold land is classified as prepaid land lease payments. The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively. Certain comparatives of the balance sheets of the Group as at 31 March 2007 have been restated. There were no effects on the income statements of the Group for the financial year ended 31 March 2008.

57. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS (CONTINUED)

(b) BNM Revised Guidelines on Financial Reporting for Licensed Institutions

The Group adopted Bank Negara Malaysia's Revised Guidelines on Financial Reporting for Licensed Institutions dated 5 October 2004 on the accounting treatment of derivative financial instruments which are transacted for the purpose of hedging with effect from the Group's annual reporting date 31 March 2008.

Prior to 1 April 2007, the Group disclosed derivative financial instruments transacted for the purpose of hedging as off-balance sheet items as allowed by the BNM Revised Guidelines as an alternative accounting treatment until 31 March 2007. Thereafter, as required by the BNM Revised Guidelines, derivative financial instruments are to be measured at fair value and 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 financial instrument is recognised in the income statements. This change in accounting policy has been applied retrospectively for one financial year and certain comparative figures have been adjusted to conform with the requirements of the BNM Revised Guidelines.

(i) Summary of effects of adoption of FRS 117 Leases and BNM Guidelines on derivative financial instruments on current year's financial statements:

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 2008 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 2008

Description of change

	Increase/ (Decrease)		
	FRS 117 RM'000	BNM Guidelines on Derivative financial instruments RM'000	Total RM'000
The Group			
Prepaid land lease payment	(7,059)	-	(7,059)
Property and equipment	7,059	-	7,059
Deferred tax assets	-	13,646	13,646
Derivative financial assets	-	4,836	4,836
Hybrid capital	-	56,886	56,886
Unappropriated profits	-	(38,404)	(38,404)

(b) Effects on Income Statements for the year ended 31 March 2008 and 2007

	2008 RM'000	2007 RM'000
Profit/(Loss) after taxation before changes in accounting policies	**761,953**	(50,253)
Effects of adopting Revised BNM Guidelines on derivative financial instruments	**48,866**	(78,644)
Profit/(Loss) after taxation, after changes in accounting policies	**810,819**	(128,897)

57. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS (CONTINUED)

(b) BNM Revised Guidelines on Financial Reporting for Licensed Institutions (Continued)

(ii) Restatement of comparatives

The following comparative amounts have been restated as a result of adopting FRS 117 Leases, Revised BNM Guidelines on derivative instruments and certain reclassification to conform with current year's presentation.

	As previously reported RM'000	Effect of changes RM'000	As restated RM'000
Balance Sheet as at 31 March 2007			
Group			
Assets			
Derivative financial assets	-	400,312	400,312
Other assets	2,222,645	(70,942)	2,151,703
Prepaid land lease payment	-	7,156	7,156
Property and equipment	241,156	(7,156)	234,000
Deferred tax assets	870,443	30,815	901,258
Derivative financial liabilities	-	470,742	470,742
Other liabilities	3,148,347	(23,287)	3,125,060
Unappropriated profits	798,502	(87,270)	711,232
Income statement for 31 March 2007			
Revenue	6,025,613	(528,324)	5,497,289
Interest income	3,742,681	(375,769)	3,366,912
Interest expense	(2,370,571)	375,769	(1,994,802)
Net income from Islamic banking business	506,102	-	506,102
Other operating income	1,302,595	(152,555)	1,150,040
Other operating expenses	(1,407,067)	50,222	(1,356,845)
Allowances for losses on loans and financing	(1,514,082)	(5,399)	(1,519,481)
Taxation	(73,373)	29,088	(44,825)
Profit after taxation attributable to equity holders of the company	(203,812)	(78,644)	(282,456)
Basic earnings per share (sen)	(9.57)	(3.69)	(13.26)
Fully diluted earnings per share (sen)	(9.57)	(3.69)	(13.26)

58. ISLAMIC BANKING BUSINESS

The state of affairs as at 31 March 2008 and the results for the year ended 31 March 2008 of the Islamic banking business of the Group and included in the financial statements, after elimination of intercompany transactions and balances, are summarised as follows:

BALANCE SHEET
AS AT 31 MARCH 2008

	Note	Group 2008 RM'000	Group 2007 RM'000
ASSETS			
Cash and short-term funds	(ii)	**1,921,662**	2,523,494
Deposit and placements with banks and other financial institutions	(iii)	**-**	415,200
Securities held-for-trading	(iv)	**559,411**	552,260
Securities available-for-sale	(v)	**-**	17,596
Securities held-to-maturity	(vi)	**32,373**	35,092
Financing, advances and other loans	(vii)	**8,019,646**	6,403,619
Statutory deposits with Bank Negara Malaysia		**271,700**	263,500
Other receivables, deposits and prepayments		**127,469**	98,312
Property and equipment	(viii)	**536**	946
Deferred tax assets	(xxi)	**157,781**	223,716
Computer software	(ix)	**611**	65
TOTAL ASSETS		**11,091,189**	10,533,800
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	(x)	**5,872,599**	5,095,924
Deposits and placements of banks and other financial institutions	(xi)	**2,681,413**	3,012,641
Converted fund	(xii)	**2,160**	14,197
Acceptances payable		**547,347**	446,614
Other liabilities	(xiii)	**154,200**	249,624
Subordinated Sukuk Musyarakah	28	**400,000**	400,000
Total Liabilities		**9,657,719**	9,219,000
ISLAMIC BANKING FUNDS			
Share capital/Capital funds	(xiv)	**505,877**	505,877
Reserves		**927,593**	808,923
Islamic Banking Funds		**1,433,470**	1,314,800
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		**11,091,189**	10,533,800
COMMITMENTS AND CONTINGENCIES	(xxii)	**6,111,742**	7,440,167

58. ISLAMIC BANKING BUSINESS (CONTINUED)

INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2008

	Note	Group 2008 RM'000	Group 2007 RM'000
Income derived from investment of depositors' funds and others	(xv)	**704,757**	702,852
Allowance for losses on financing	(xvi)	**(138,061)**	(214,982)
Transfer from profit equalization reserve		**18,211**	60,912
Total attributable income		**584,907**	548,782
Income attributable to the depositors	(xvii)	**(364,313)**	(371,759)
Profit attributable to the Group		**220,594**	177,023
Income derived from Islamic Banking Funds	(xviii)	**195,994**	180,322
Total net income		**416,588**	357,345
Operating expenditure	(xix)	**(205,159)**	(160,617)
Finance cost		**(19,253)**	(5,313)
Profit before taxation and zakat		**192,176**	191,415
Taxation and zakat	(xx)	**(73,116)**	(58,708)
Profit after taxation and zakat		**119,060**	132,707

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2008

Group	Capital funds RM'000	Non-Distributable: Share premium RM'000	Statutory reserve RM'000	Available-for-sale reserve RM'000	Exchange fluctuation reserve RM'000	Distributable: Unappropriated profit RM'000	Total RM'000
At 1 April 2006	563,381	-	-	81	(9)	465,965	1,029,418
Issued during the year	250,000	534,068	-	-	-	-	784,068
Transfer from unappropriated profits	-	-	47,390	-	-	(47,390)	-
Transfer to non-Islamic banking business	(307,504)	-	-	-	-	(323,526)	(631,030)
Net unrealised loss on revaluation of securities available-for-sale	-	-	-	(29)	-	-	(29)
Translation adjustments	-	-	-	-	(334)	-	(334)
Profit for the year	-	-	-	-	-	132,707	132,707
At 31 March 2007	505,877	534,068	47,390	52	(343)	227,756	1,314,800
At 1 April 2007	**505,877**	**534,068**	**47,390**	**52**	**(343)**	**227,756**	**1,314,800**
Transfer from unappropriated profits	**-**	**-**	**43,049**	**-**	**-**	**(43,049)**	**-**
Translation adjustments	**-**	**-**	**-**	**-**	**(390)**	**-**	**(390)**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**119,060**	**119,060**
At 31 March 2008	**505,877**	**534,068**	**90,439**	**52**	**(733)**	**303,767**	**1,433,470**

58. ISLAMIC BANKING BUSINESS (CONTINUED)

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

	Group	
	2008 RM'000	2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**192,176**	191,415
Add/(Less) adjustments for:		
Specific allowance for bad and doubtful financing	**138,762**	221,734
General allowance for bad and doubtful financing	**15,443**	6,853
Depreciation of property and equipment	**120**	53
Transfer from profit equalization reserve	**(18,211)**	(60,912)
Net gain from sale of securities held-for-trading	**(22,141)**	(24,480)
Loss/(Gain) on revaluation of securities held-for-trading	**661**	(1,270)
Net gain on disposal of securities held to maturity	**(673)**	-
Operating profit before working capital changes	**306,137**	333,393
(Increase)/Decrease in operating assets		
Deposit and placements with banks and other financial institutions	**415,200**	(313,075)
Securities held-for-trading	**14,329**	271,563
Financing, advances and other loans	**(1,770,232)**	(126,747)
Other receivables, deposits and prepayments	**(29,220)**	(284,180)
Statutory deposits with Bank Negara Malaysia	**(8,200)**	26,350
Increase/(Decrease) in operating liabilities		
Deposits from customers	**776,674**	634,167
Deposits and placements of banks and other financial institutions	**(331,228)**	(299,463)
Converted fund	**(12,037)**	(68,514)
Acceptances payable	**100,733**	218,160
Other liabilities	**(75,733)**	(614,171)
Cash generated from operating activites	**(613,577)**	(222,517)
Taxation paid	**(9,051)**	(8,887)
Net cash used in operating activites	**(622,628)**	(231,404)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of securities - net	**20,988**	22,284
Purchase of property and equipment	**(192)**	(975)
Net cash generated from investing activities	**20,796**	21,309
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of Subordinated Sukuk Musyarakah	**-**	400,000
Proceeds from increase in capital funds	**-**	784,068
Net cash generated from financing activities	**-**	1,184,068
Net increase in cash and cash equivalents	**(601,832)**	973,973
Cash and cash equivalents at beginning of year	**2,523,494**	1,549,521
Cash and cash equivalents at end of year	**1,921,662**	2,523,494

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

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(i) ISLAMIC BANKING BUSINESS

Disclosure of Shariah Advisors

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

(a) Advise and provide guidance on all matters pertaining to Shariah principles including product development, marketing and implementation activities.

(b) Assist in the setting up of business and operational procedures with respect to compliance with Shariah principles.

Zakat Obligations

This represents business zakat. It is an obligatory amount payable by the Group to comply with the principles of Shariah. The Group does not pay zakat on behalf of the shareholders or depositors.

(ii) CASH AND SHORT-TERM FUNDS

	Group	
	2008 RM'000	2007 RM'000
Cash and bank balances	**2,802**	6,104
Money on call and deposits maturing within one month:		
Licensed banks	**-**	37,000
Other financial institutions	**1,918,860**	2,480,390
	1,921,662	2,523,494

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

	Group	
	2008 RM'000	2007 RM'000
Bank Negara Malaysia	**-**	325,200
Licensed banks	**-**	90,000
	-	415,200

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(iv) SECURITIES HELD-FOR-TRADING

	Group 2008 RM'000	Group 2007 RM'000
At Fair Value		
Money Market Securities		
Treasury bills	**78,225**	48,442
Malaysian Government Investment Certificates	**35,221**	344,236
Cagamas Bonds	**2,091**	1,226
Khazanah Bonds	**13,502**	4,727
Negotiable Islamic debt certificates	**313,741**	60,081
	442,780	458,712
Unquoted Private Debt Securities of Companies Incorporated In Malaysia:		
Islamic corporate bonds	**86,697**	93,548
Islamic corporate notes	**29,934**	-
	116,631	93,548
Total	**559,411**	552,260

(v) SECURITIES AVAILABLE-FOR-SALE

	Group 2008 RM'000	Group 2007 RM'000
At Fair Value		
Securities Quoted In Malaysia		
Corporate bonds	**-**	17,596

(vi) SECURITIES HELD-TO-MATURITY

	Group 2008 RM'000	Group 2007 RM'000
At Amortised Cost		
Unquoted Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	**32,373**	35,092
Market/Indicative value:		
Unquoted Private Debt Securities Of Companies Incorporated In Malaysia:		
Corporate bonds	**31,764**	35,127

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(vii) FINANCING, ADVANCES AND OTHER LOANS

	Group	
	2008 RM'000	2007 RM'000
Islamic hire purchase, net of unearned income	**4,327,138**	3,631,079
Term financing/Revolving credit facilities	**2,309,469**	1,709,358
Claims on customer under acceptance credits	**686,376**	475,119
Credit card receivables	**267,965**	318,470
Trust receipts	**44,996**	25,331
Other financing	**692,092**	637,472
Gross financing, advances and other loans	**8,328,036**	6,796,829
Allowance for bad and doubtful debts and financing		
-general	**(154,954)**	(139,511)
-specific	**(153,436)**	(253,699)
	(308,390)	(393,210)
Net financing, advances and other loans	**8,019,646**	6,403,619

Financing, advances and other loans analysed by concepts are as follows:

	2008 RM'000	2007 RM'000
Al-Ijarah	**4,326,730**	3,632,183
Al-Bai' Bithaman Ajil	**1,187,106**	904,643
Al-Murabahah	**834,492**	590,345
Al-Musyarakah	**17,418**	18,796
Al-Wujuh	**3,814**	3,808
Al-Istina	**1,398**	623
Others	**1,957,078**	1,646,431
	8,328,036	6,796,829

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

	2008 RM'000	2007 RM'000
Maturing within one year	**2,702,510**	24,746
One year to three years	**2,016,284**	2,614,288
Three to five years	**1,528,849**	1,867,429
Over five years	**2,080,393**	2,290,366
	8,328,036	6,796,829

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(vii) FINANCING, ADVANCES AND OTHER LOANS (CONTINUED)

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

	Group 2008 RM'000	Group 2007 RM'000
Individuals	**6,561,204**	5,603,789
Business enterprises	**1,031,057**	647,854
Small medium industries	**707,024**	518,641
Government	**21,311**	21,179
Foreign entities	**3,597**	2,342
Other domestic entities	**3,182**	2,371
Non-bank financial institutions	**661**	653
	8,328,036	6,796,829

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

	Group 2008 RM'000	Group 2007 RM'000
Fixed rate:		
Housing loans	**418,918**	430,407
Hire purchase receivables	**4,455,609**	3,807,197
Term loans	**38,564**	38,564
Others	**3,349,054**	2,501,526
Variable rate:		
Cost-plus	**64,724**	19,135
BLR-plus	**1,167**	-
	8,328,036	6,796,829

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

	Group 2008 RM'000	Group 2007 RM'000
Purchase of transport vehicles	**4,412,141**	3,644,522
Purchase of landed properties:		
(a) Residential	**420,105**	432,115
(b) Non-residential	**145,369**	58,170
Personal use	**1,702,103**	1,330,785
Working capital	**1,092,858**	755,889
Credit cards	**267,738**	318,471
Fixed assets	**126,277**	168,142
Construction	**27,467**	22,234
Purchase of securities	**9,416**	2,700
Consumer durables	**1,184**	1,359
Other purpose	**123,378**	62,442
	8,328,036	6,796,829

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(vii) FINANCING, ADVANCES AND OTHER LOANS (CONTINUED)

Movements in non-performing financing, advances and other loans ("NPL") are as follows:

	Group 2008 RM'000	Group 2007 RM'000
Gross		
Balance at beginning of year	**503,084**	531,434
Non-performing during the year	**206,068**	305,982
Reclassification to performing financing	**(103,518)**	(96,163)
Recoveries	**(70,877)**	(89,082)
Amount written off	**(229,436)**	(149,087)
Balance at end of year	**305,321**	503,084
Specific allowance	**(153,436)**	(253,699)
Non-performing financing - net	**151,885**	249,385
Net NPL as % of gross financing, advances and other loans (including Islamic financing sold to Cagamas Berhad) less specific allowance	**1.51%**	2.69%

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

	Group 2008 RM'000	Group 2007 RM'000
Purchase of transport vehicles	**124,907**	252,031
Purchase of landed properties:		
(a) Residential	**81,367**	98,214
(b) Non-residential	**29,038**	39,895
Working capital	**24,847**	18,344
Credit cards	**10,580**	54,612
Personal use	**452**	975
Fixed assets	**7,203**	9,886
Construction	**21,878**	22,234
Purchase of securities	**913**	1,241
Other purpose	**4,136**	5,652
	305,321	503,084

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(vii) FINANCING, ADVANCES AND OTHER LOANS (CONTINUED)

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

	Group	
	2008 RM'000	2007 RM'000
General Allowance		
Balance at beginning of year	**139,511**	132,658
Allowance made during the year	**15,443**	6,853
Balance at end of year	**154,954**	139,511
% of total financing, advances and other loans less specific allowance	**1.54%**	1.51%
Specific Allowance		
Balance at beginning of year	**253,699**	173,181
Allowance made during the year	**217,276**	310,522
Amount written back in respect of recoveries	**(78,514)**	(88,788)
Net charge to income statement	**138,762**	221,734
Amount written off/Adjustment to Asset Deficiency account	**(239,025)**	(141,216)
Balance at end of year	**153,436**	253,699

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(viii) PROPERTY AND EQUIPMENT

Group	Leasehold improvements RM'000	Computer hardware RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
2008				
COST				
At beginning of year	**245**	**6 31**	**287**	**1,163**
Addition	**30**	**58**	**104**	**192**
Reclassification/Transfers	**-**	**(482)**	**-**	**(482)**
At end of year	**275**	**207**	**391**	**873**
ACCUMULATED DEPRECIATION				
At beginning of year	**55**	**4 1**	**121**	**217**
Addition	**44**	**33**	**43**	**120**
Reclassification/Transfers	**-**	**-**	**-**	**-**
At end of year	**99**	**74**	**164**	**337**
NET BOOK VALUE				
As at 31 March 2008	**176**	**133**	**227**	**536**
2007				
COST				
At beginning of year	453	274	385	1,112
Addition	207	587	181	975
Reclassification/Transfers	(415)	(230)	(279)	(924)
At end of year	245	631	287	1,163
ACCUMULATED DEPRECIATION				
At beginning of year	453	238	383	1,074
Addition	17	11	25	53
Reclassification/Transfers	(415)	(208)	(287)	(910)
At end of year	55	41	121	217
NET BOOK VALUE				
As at 31 March 2007	190	590	166	946

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(ix) COMPUTER SOFTWARE

	Group 2008 RM'000	Group 2007 RM'000
COST		
At beginning of year	**73**	-
Additions	**636**	73
At end of year	**709**	73
ACCUMULATED AMORTISATION		
At beginning of year	**8**	-
Additions	**90**	8
At end of year	**98**	8
NET CARRYING AMOUNT	**611**	65

(x) DEPOSITS FROM CUSTOMERS

	2008 RM'000	2007 RM'000
Mudarabah Fund		
Special Investment deposits	**424,785**	424,870
General Investment deposits	**4,119,669**	3,642,756
	4,544,454	4,067,626
Non-Mudarabah Fund		
Demand deposits	**520,564**	354,020
Saving deposits	**801,032**	667,730
Negotiable Islamic debt certificates	**6,549**	6,548
	1,328,145	1,028,298
	5,872,599	5,095,924

The maturity structure of deposits from customers is as follows:

	2008 RM'000	2007 RM'000
Due within six months	**5,303,195**	4,535,234
Six months to one year	**436,840**	441,356
One year to three years	**45,769**	42,646
Three years to five years	**86,795**	76,688
	5,872,599	5,095,924

The deposits are sourced from the following types of customers:

	2008 RM'000	2007 RM'000
Business enterprises	**2,451,884**	1,803,213
Government and statutory bodies	**1,389,789**	1,427,990
Individuals	**1,622,378**	1,419,897
Others	**408,548**	444,824
	5,872,599	5,095,924

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(xi) DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	2008 RM'000	2007 RM'000
Mudarabah Fund		
Other financial institutions	**999,558**	1,112,660
Licensed islamic banks	**-**	250,000
Licensed investment/merchant banks	**31,413**	50,538
Bank Negara Malaysia	**-**	9,100
Non-Mudarabah Fund		
Licensed investment/merchant banks	**662,466**	993,241
Other financial institutions	**435,103**	418,005
Licensed banks	**107,466**	171,012
Licensed islamic banks	**442,984**	-
Bank Negara Malaysia	**2,423**	8,085
	2,681,413	3,012,641

(xii) CONVERTED FUND

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

(xiii) OTHER LIABILITIES

	Group	
	2008 RM'000	2007 RM'000
Other payables and accruals	**105,075**	86,158
Taxation and zakat payable	**6,581**	9,051
Amount owing to head office	**68**	91,327
Lease deposits and advance rentals	**4,869**	7,251
Profit equalisation reserve	**37,607**	55,837
	154,200	249,624

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(xiii) OTHER LIABILITIES (CONTINUED)

The movements in profit equalisation reserve are as follows:

	Group	
	2008 RM'000	**2007 RM'000**
Balance at beginning of year	**55,837**	116,755
Amount written back	**(18,211)**	(60,912)
Exchange fluctuation adjustments	**(19)**	(6)
Balance at end of year	**37,607**	55,837

(xiv) CAPITAL FUNDS

Allocated :		
Balance at beginning and end of year	**563,381**	563,381
Utilised :		
Balance at beginning of year	**505,877**	563,381
Issued during the year	**-**	250,000
Transfer to non-Islamic banking business	**-**	(307,504)
Balance at end of year	**505,877**	505,877

58. ISLAMIC BANKING BUSINESS (CONTINUED)

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

	Group	
	2008 RM'000	2007 RM'000
Income derived from investment of:		
(i) General investment deposits	**348,667**	315,413
(ii) Specific investment deposits	**360**	3,892
(iii) Other deposits	**355,730**	383,547
	704,757	702,852

(i) Income derived from investment of general investment deposits:

	Group 2008 RM'000	Group 2007 RM'000
Finance income and hibah:		
Financing, advances and other loans	**279,458**	250,531
Securities held-for-trading	**7,772**	6,149
Securities available-for-sale	**162**	421
Securities held-to-maturity	**2,275**	1,089
Money at call and deposits with financial institutions	**42,797**	42,364
	332,464	300,554
Accretion of discount	**269**	1,631
	332,733	302,185
Net (loss)/gain from sale of securities held-for-trading	**(136)**	241
Net gain from disposal of securities held-to-maturity	**260**	-
(Loss)/Gain on revaluation of securities-held-for-trading	**(172)**	629
Others	**(50)**	(3)
	(98)	867
Fee and commission income:		
Commission	**2,379**	2,308
Other fee income	**13,653**	10,053
	16,032	12,361
Total	**348,667**	315,413

58. ISLAMIC BANKING BUSINESS (CONTINUED)

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

(ii) Income derived from investment of specific investment deposits:

	Group	
	2008 RM'000	2007 RM'000
Finance income and hibah:		
Securities available-for-sale	**95**	652
Securities held-to-maturity	**265**	1,998
Financing, advances and other loans	**-**	1,242
	360	3,892

(iii) Income derived from investment of other deposits:

	2008 RM'000	2007 RM'000
Finance income and hibah:		
Financing, advances and other loans	**307,249**	331,806
Securities held-for-trading	**2,775**	2,414
Securities held-to-maturity	**630**	-
Money at call and deposits with financial institutions	**27,387**	29,958
	338,041	364,178
Accretion of discount	**297**	2,133
	338,338	366,311
Net (loss)/gain from sale of securities held-for-trading	**(150)**	330
(Loss)/Gain on revaluation of securities-held-for-trading	**(400)**	357
Net gain from disposal of securities held-to-maturity	**287**	-
Others	**(55)**	(4)
	(318)	683
Fee and commission income:		
Commission	**2,628**	3,113
Other fee income	**15,082**	13,440
	17,710	16,553
Total	**355,730**	383,547

(xvi) ALLOWANCE FOR LOSSES ON FINANCING

	2008 RM'000	2007 RM'000
Allowance for bad and doubtful financing:		
- General allowance	**15,443**	6,853
- Specific allowance (net)	**138,762**	221,734
	154,205	228,587
Bad debts recovered	**(16,144)**	(13,605)
	138,061	214,982

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(xvii) INCOME ATTRIBUTABLE TO THE DEPOSITORS

	Group	
	2008 RM'000	2007 RM'000
Deposits from customers:		
Mudarabah Fund	**137,904**	116,092
Non-Mudarabah Fund	**13,355**	11,825
Deposits and placements of banks and other financial institutions:		
Mudarabah Fund	**55,625**	54,724
Non-Mudarabah Fund	**54,501**	85,065
Converted fund	**303**	2,278
Others	**102,625**	101,775
	364,313	371,759

(xviii) INCOME DERIVED FROM ISLAMIC BANKING FUNDS

Finance income and hibah :		
Financing, advances and other loans	**134,940**	119,549
Securities held-for-trading	**3,619**	2,236
Securities available-for-sale	**23**	70
Securities held-to-maturity	**533**	188
Money at call and deposits with financial institutions	**20,214**	17,116
	159,329	139,159
Accretion of discount	**130**	751
	159,459	139,910
Net gain from sale of securities held-for-trading	**22,427**	23,909
Net gain from disposal of securities held-to-maturity	**126**	-
(Loss)/Gain on revaluation of securities-held-for-trading	**(89)**	284
Others	**(24)**	(1)
	22,440	24,192
Fee and commission income :		
Guarantee fees	**1,437**	3,058
Commission	**1,150**	1,125
Other fee income	**11,508**	12,037
	14,095	16,220
Total	**195,994**	180,322

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(xix) OPERATING EXPENDITURE

	Group	
	2008 RM'000	2007 RM'000
Personnel costs	**8,882**	7,705
Establishment costs	**1,694**	930
Marketing and communication expenses	**7,000**	5,201
Administration and general expenses	**187,583**	146,781
	205,159	160,617

Included in the administration and general expenses above is shared service cost of RM183,678,000 (RM140,005,000 in 2007) in respect of the the Islamic Banking business of the Group.

(xx) TAXATION AND ZAKAT

	Group	
	2008 RM'000	2007 RM'000
Estimated current tax payable	**6,580**	9,051
Transfer from deferred tax assets (Note xxi)	**65,935**	48,871
Taxation	**72,515**	57,922
Zakat	**601**	786
Taxation and zakat	**73,116**	58,708

(xxi) DEFERRED TAX ASSETS

Balance at beginning of year	**223,716**	68,729
Net transfer to income statement	**(65,935)**	(48,871)
Transfer from non-Islamic banking business	**-**	203,858
Balance at end of year	**157,781**	223,716

The deferred taxation is in respect of the following:

Unabsorbed tax losses	**123,082**	185,028
General allowance for financing activites	**38,739**	37,668
Profit equalisation reserve	**9,342**	15,036
Temporary difference between depreciation and tax allowance	**(142)**	(34)
Others	**(13,240)**	(13,982)
	157,781	223,716

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(xxii) COMMITMENTS AND CONTINGENCIES

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

As at 31 March 2008, the commitments and contingencies outstanding are as follows:

Group	2008 Principal Amount RM'000	2008 Credit Equivalent Amount RM'000	2008 Risk Weighted Amount RM'000	2007 Principal Amount RM'000	2007 Credit Equivalent Amount RM'000	2007 Risk Weighted Amount RM'000
Commitments						
Irrevocable commitments to extent credit maturing:						
within one year	**1,267,700**	**238,540**	**235,039**	1,096,949	-	-
more than one year	**331,014**	**165,507**	**136,579**	15,088	7,544	7,544
Unutilised credit card line	**551,454**	**110,291**	**82,365**	-	-	-
Sale and buy back agreements	**1,216,782**	**1,216,782**	**879,744**	2,801,157	2,801,157	1,397,343
	3,366,950	**1,731,120**	**1,333,727**	3,913,194	2,808,701	1,404,887
Contingent Liabilities						
Islamic revolving underwriting facilities	**337,000**	**168,500**	**168,500**	315,000	157,500	157,500
Certain transaction-related contingent items	**80,340**	**40,170**	**40,170**	49,235	24,618	24,618
Financing sold to Cagamas Bhd	**1,863,857**	**1,863,857**	**1,404,403**	2,718,833	2,718,833	2,718,833
Short-term self liquidating trade-related contingencies	**72,577**	**14,515**	**14,497**	74,177	14,835	14,835
Al-Kafalah guarantees	**386,043**	**386,043**	**361,879**	325,810	325,810	205,468
Others	**4,975**	**-**	**-**	43,918	-	-
	2,744,792	**2,473,085**	**1,989,449**	3,526,973	3,241,596	3,121,254
	6,111,742	**4,204,205**	**3,323,176**	7,440,167	6,050,297	4,526,141

With effect from 1 January 2008, the credit equivalent anr risk-weighted amount are in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework: Standardised Approach (Base II). The credit equivalent and risk weighted amount for 31 March 2007, however, has not been adjusted for Base II guidelines.

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(xxiii) YIELD/PROFIT RATE RISK

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

2008 Group	<------ Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	Non-trading book >6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-yield/profit sensitive RM'000 ------>	Trading Book RM'000	Total RM'000	Effective profit rate %
ASSETS										
Cash and short-term funds	1,918,862	-	-	-	-	-	2,800	-	1,921,662	3.57
Securities held-for-trading	-	-	-	-	-	-	-	559,411	559,411	4.19
Securities held-to-maturity	-	32,373	-	-	-	-	-	-	32,373	5.68
Financing, advances and other loans										
- performing	484,979	330,987	38,752	(374,470)	1,562,349	5,980,118	-	-	8,022,715	7.85
- non-performing*	-	-	-	-	-		(3,069)	-	(3,069)	-
Other non-profit sensitive balances	-	-	-	-	-	-	558,097	-	558,097	-
TOTAL ASSETS	2,403,841	363,360	38,752	(374,470)	1,562,349	5,980,118	557,828	559,411	11,091,189	
LIABILITIES AND ISLAMIC BANKING FUNDS										
Deposits from customers	3,106,434	943,067	733,130	436,840	132,564	-	520,564	-	5,872,599	2.96
Deposits and placements of banks and other financial institutions	618,725	473,508	332,455	750,132	502,490	-	4,103	-	2,681,413	3.63
Converted fund	2,160	-	-	-	-	-	-	-	2,160	3.34
Acceptances payable	178,556	258,988	109,803						547,347	3.58
Subordinated Sukuk Musyarakah	-	-	-	-	400,000	-	-	-	400,000	4.80
Other non-profit sensitive balances	-	-	-	-	-	-	154,200	-	154,200	
Total liabilities	3,905,875	1,675,563	1,175,388	1,186,972	1,035,054	-	678,867	-	9,657,719	
Islamic Banking Funds	-	-	-	-	-	-	1,433,470	-	1,433,470	
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	3,905,875	1,675,563	1,175,388	1,186,972	1,035,054	-	2,112,337	-	11,091,189	
On-balance sheet yield/profit rate gap sensitivity	(1,502,034)	(1,312,203)	(1,136,636)	(1,561,442)	527,295	5,980,118	(1,554,509)	559,411	-	
Off-balance sheet yiled/profit rate gap sensitivity	(940,401)	(217,662)	51,098	3,421	845,385	258,159	-	-	-	
Total yield/profit rate sensitivity gap	(2,442,435)	(1,529,865)	(1,085,538)	(1,558,021)	1,372,680	6,238,277	(1,554,509)	559,411	-	
Cumulative yield/profit rate gap sensitivity	(2,442,435)	(3,972,300)	(5,057,838)	(6,615,859)	(5,243,179)	995,098	(559,411)	-	-	

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(xxiii) YIELD/PROFIT RATE RISK (CONTINUED)

2007 Group	<------ Non-trading book						------>			
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-yield/profit sensitive RM'000	Trading Book RM'000	Total RM'000	Effective profit rate %
ASSETS										
Cash and short-term funds	2,517,390	-	-	-	-	-	6,104	-	2,523,494	3.55
Deposits and placements with banks and other financial institutions	-	415,000	200	-	-	-	-	-	415,200	3.57
Securities held-for-trading	-	-	-	-	-	-	-	552,260	552,260	7.31
Securities available-for-sale	-	-	17,329	-	-	-	267	-	17,596	6.32
Securities held-to-maturity	-	34,560	-	-	-	-	532	-	35,092	6.64
Financing, advances and other loans										
- performing	403,711	225,904	188,722	71,952	347,815	5,055,641	-	-	6,293,745	7.34
- non-performing*	-	-	-	-	-	-	109,874	-	109,874	-
Other non-profit sensitive balances	-	-	-	-	-	-	586,539	-	586,539	-
TOTAL ASSETS	2,921,101	675,464	206,251	71,952	347,815	5,055,641	703,316	552,260	10,533,800	
LIABILITIES AND ISLAMIC BANKING FUNDS										
Deposits from customers	3,077,179	1,010,828	447,336	441,247	119,334	-	-	-	5,095,924	3.07
Deposits and placements of banks and other financial institutions	759,634	622,555	350,168	418,350	861,934	-	-	-	3,012,641	3.70
Converted fund	14,197	-	-	-	-	-	-	-	14,197	5.68
Acceptances payable	171,245	200,038	75,331	-	-	-	-	-	446,614	3.57
Subordinated Sukuk Musyarakah	-	-	-	-	400,000	-	-	-	400,000	4.80
Other non-profit sensitive balances	-	-	-	-	-	-	249,624	-	249,624	-
Total liabilities	4,022,255	1,833,421	872,835	859,597	1,381,268		249,624	-	9,219,000	
Islamic Banking Funds	-	-	-	-	-	-	1,314,800	-	1,314,800	
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	4,022,255	1,833,421	872,835	859,597	1,381,268	-	1,564,424	-	10,533,800	
On-balance sheet yield/profit rate gap sensitivity	(1,101,154)	(1,157,957)	(666,584)	(787,645)	(1,033,453)	5,055,641	(861,108)	552,260	-	
Off-balance sheet yield/profit rate gap sensitivity	(2,171,170)	(266,276)	(474,307)	386,150	2,147,863	377,740	-	-	-	
Total yield/profit ratesensitivity gap	(3,272,324)	(1,424,233)	(1,140,891)	(401,495)	1,114,410	5,433,381	(861,108)	552,260	-	
Cumulative yield/profit rate gap sensitivity	(3,272,324)	(4,696,557)	(5,837,448)	(6,238,943)	(5,124,533)	308,848	(552,260)	-	-	

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

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(xxiv) FAIR VALUE OF ISLAMIC BANKING BUSINESS FINANCIAL INSTRUMENTS

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

Group	2008 Carrying Value RM'000	2008 Fair Value RM'000	2007 Carrying Value RM'000	2007 Fair Value RM'000
Financial Assets				
Cash and short-term funds	**1,921,662**	**1,921,662**	2,523,494	2,523,494
Deposit and placements with banks and other financial institutions	**-**	**-**	415,200	415,200
Securities held-for-trading	**559,411**	**559,411**	552,260	552,260
Securities available-for-sale	**-**	**-**	17,596	17,596
Securities held-to-maturity	**32,373**	**31,764**	35,092	35,127
Financing, advances and other loans*	**8,174,600**	**8,536,743**	6,543,130	6,757,143
Other financial assets	**127,469**	**127,469**	98,312	98,312
	10,815,515	**11,177,049**	10,185,084	10,399,132
Non-financial assets	**275,674**		348,716	
TOTAL ASSETS	**11,091,189**		10,533,800	
Financial Liabilities				
Deposits from customers	**5,872,599**	**5,871,115**	5,095,924	5,104,648
Deposits and placements of banks and other financial insitutions	**2,681,413**	**2,679,215**	3,012,641	3,015,750
Converted fund	**2,160**	**2,160**	14,197	14,197
Acceptances payable	**547,347**	**547,347**	446,614	446,614
Subordinated Sukuk Musyarakah	**400,000**	**432,061**	400,000	422,607
Other financial liabilities	**110,012**	**110,012**	184,736	184,736
	9,613,531	**9,641,910**	9,154,112	9,188,552
Non-financial liabilities				
Other non-financial liabilities	**44,188**		64,888	
Islamic Banking Funds	**1,433,470**		1,314,800	
	1,477,658		1,379,688	
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS	**11,091,189**		10,533,800	

* The general allowance for the Group amounting to RM154,954,000 (RM139,511,000 as at 31 March 2007) has been included under non-financial assets.

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(xxv) NET INCOME FROM ISLAMIC BANKING BUSINESS

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

	Group	
	2008 RM'000	2007 RM'000
Income derived from investment of depositors' funds and others	**704,757**	702,852
Less : Income attributable to depositors	**(364,313)**	(371,759)
Income attributable to the Group	**340,444**	331,093
Income derived from Islamic Banking Funds	**195,994**	180,322
Less : Finance cost	**(19,253)**	(5,313)
	517,185	506,102

(xxvi) CAPITAL ADEQUACY RATIO

With effect from 1 January 2008, the capital adequacy ratios of the Group are computed in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework: Standardised Approach for Credit Risk and Market Risk, and Basic Indicator Approach for Operational Risk (Basel II) The risk-weighted Capital Adequacy for 31 March 2007, however, has not been adjusted for Basel II guidelines.

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

	Group	
	2008 RM'000	2007 RM'000
Tier 1 capital		
Capital funds	**505,877**	505,877
Share premium	**534,068**	534,068
Statutory reserve	**90,439**	47,390
Exchange fluctuation reserve	**(733)**	(343)
Unappropriated profit at end of year	**303,767**	227,756
Total tier 1 capital	**1,433,418**	1,314,748
Less: Deferred tax assets - net	**(157,781)**	(223,716)
	1,275,637	1,091,032
Tier 2 capital		
Subordinated Sukuk Musyarakah	**400,000**	400,000
General allowance for bad and doubtful financing	**154,954**	139,511
	554,954	539,511
Capital base	**1,830,591**	1,630,543
Capital Ratios:		
Core capital ratio	**12.08%**	10.06%
Risk-weighted capital ratio	**17.34%**	15.04%

58. ISLAMIC BANKING BUSINESS (CONTINUED)

(xxvi) CAPITAL ADEQUACY RATIO (CONTINUED)

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

	2008		2007	
	Principal RM'000	Risk-Weighted RM'000	Principal RM'000	Risk-Weighted RM'000
0%	**2,130,850**	**-**	2,689,546	-
10%	**-**	**-**	6	1
20%	**174,715**	**34,943**	650,945	130,189
35%	**167,616**	**58,665**		
50%	**104,054**	**52,028**	536,625	268,313
75%	**8,327,038**	**6,245,279**		
100%	**2,244,816**	**2,244,816**		
150%	**92,305**	**138,457**	9,096,383	9,096,383
	13,241,394	**8,774,188**	12,973,505	9,494,885
Add: Total Risk Weighted Assets Equivalent for market risks		**901,704**		1,348,400
Add: Total Risk Weighted Assets Equivalent for operational risks		**880,132**		-
		10,556,024		10,843,285