

AMMB Holdings Berhad
(223035-V)(Incorporated in Malaysia)
and its subsidiary companies

CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2004

	The Group	
	Unaudited	*Audited
	30.9.2004	31.3.2004
	RM'000	RM'000
ASSETS		
Cash and short-term funds	6,599,791	6,711,084
Securities purchased under resale agreements	56,062	64,818
Deposits with financial institutions	632,898	307,669
Dealing securities	3,178,865	3,755,938
Investment securities	6,244,668	6,292,850
Loans, advances and financing	39,205,009	38,601,050
Other assets	971,240	1,269,286
Goodwill on consolidation	274,861	281,715
Deferred tax assets	999,377	1,003,051
Statutory deposits with Bank Negara Malaysia	1,454,635	1,539,827
Investments in associated companies	38,433	39,571
Property and equipment	505,252	535,900
TOTAL ASSETS	60,161,091	60,402,759
LIABILITIES AND SHAREHOLDERS' FUNDS		
Deposits from customers	32,434,380	33,017,293
Deposits of banks and other financial institutions	12,480,101	11,442,766
Securities sold under repurchase agreements	1,262,648	1,696,318
Bills and acceptance payable	307,564	271,740
Amount due to Cagamas Berhad	3,693,432	4,066,859
Other liabilities	2,637,016	2,586,860
Term loans	566,000	645,000
Subordinated certificates of deposits	198,095	197,418
Subordinated term loan	680,000	680,000
Redeemable Unsecured bonds	799,907	798,325
Total Liabilities	55,059,143	55,402,579
Minority interests	966,571	941,502
Share capital	1,866,353	1,858,806
Reserves	2,269,024	2,199,872
Shareholders' Funds	4,135,377	4,058,678
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	60,161,091	60,402,759
COMMITMENTS AND CONTINGENCIES	21,167,760	18,708,651
NET TANGIBLE ASSETS PER SHARE (RM)	2.07	2.03
CAPITAL ADEQUACY (%)		
Core capital ratio	8.22	8.33
Risk-weighted capital ratio	12.81	12.75

* Audited except for certain balances that have been restated to take into account the effect of the change in the accounting policy with respect to the adoption of the Bank Negara Malaysia's Revised Guidelines on Financial Reporting for Licensed Institutions dated 5 October 2004 as shown in Note A1.

The Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 March 2004.

AMMB Holdings Berhad
(223035-V)(Incorporated in Malaysia)
and its subsidiary companies

UNAUDITED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2004

THE GROUP	Individual Quarter		Cumulative Quarter	
	30/9/2004 RM'000	30/9/2003 RM'000	30/9/2004 RM'000	30/9/2003 RM'000
Interest income	712,613	756,134	1,452,619	1,544,499
Interest expense	(400,628)	(428,571)	(789,955)	(853,171)
Net interest income	311,985	327,563	662,664	691,328
Net income from Islamic Banking Business	98,682	62,214	202,968	115,012
Non-interest income	259,952	222,808	491,566	434,910
Operating income	670,619	612,585	1,357,198	1,241,250
Staff costs and overheads	(402,775)	(319,133)	(767,022)	(629,821)
Profit before allowances	267,844	293,452	590,176	611,429
Loan and financing loss and allowances	(118,782)	(222,976)	(262,382)	(437,186)
Write back of allowance/(Allowance) for diminution in value of investments - net	16,529	(45,424)	(27,685)	(28,868)
Transfer to profit equalization reserve	(23,008)	(9,384)	(39,309)	(14,384)
Profit before share in results of associated company and taxation	142,583	15,668	260,800	130,991
Share of results in associated company	(8)	1,441	217	(734)
Profit before taxation	142,575	17,109	261,017	130,257
Taxation	(54,608)	148,797	(100,143)	140,076
Profit after taxation before minority interests	87,967	165,906	160,874	270,333
Minority shareholders' interests in results of subsidiary companies	(21,350)	(85,611)	(48,876)	(120,066)
Profit attributable to shareholders	<u>66,617</u>	<u>80,295</u>	<u>111,998</u>	<u>150,267</u>
Earnings per share (sen)				
Basic	3.57	*5.34	6.01	*9.99
Fully Diluted	<u>3.45</u>	<u>*5.18</u>	<u>5.80</u>	<u>*9.70</u>

* Adjusted for the proportional change in the number of ordinary shares pursuant to the Bonus Issue during the financial year ended 31 March 2004.

The Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2004.

Analysis of non-interest income, staff costs and overheads and loans and financing loss and allowances are as follows:

(i) **NON-INTEREST INCOME**

The Group	Individual Quarter		Cumulative Quarter	
	30.9.2004	30.9.2003	30.9.2004	30.9.2003
	RM'000	RM'000	RM'000	RM'000
Fee income	62,584	71,360	124,516	121,812
Investment and trading income	42,909	39,029	70,722	100,241
Premium income from life and general insurance business	140,377	109,097	278,452	204,564
Capital gain arising from the receipt of shares in Bursa Malaysia Berhad	12,727	-	12,727	-
Other income	1,355	3,322	5,149	8,293
	<u>259,952</u>	<u>222,808</u>	<u>491,566</u>	<u>434,910</u>

(ii) **STAFF COSTS AND OVERHEADS**

The Group	Individual Quarter		Cumulative Quarter	
	30.9.2004	30.9.2003	30.9.2004	30.9.2003
	RM'000	RM'000	RM'000	RM'000
Personnel/Staff costs	115,969	95,274	225,554	199,860
Establishment costs	51,222	59,386	115,146	110,202
Marketing and communication expenses	43,092	35,013	81,129	68,091
Administration and general expenses	28,282	31,151	56,778	54,521
	<u>238,565</u>	<u>220,824</u>	<u>478,607</u>	<u>432,674</u>
Impairment loss on property	28,386	-	28,386	-
Insurance commissions	23,299	18,522	43,638	34,898
Life and general insurance claims	64,746	42,668	122,607	81,326
Increase in insurance funds	47,779	37,119	93,784	80,923
	<u>402,775</u>	<u>319,133</u>	<u>767,022</u>	<u>629,821</u>

(iii) **LOAN AND FINANCING LOSS AND ALLOWANCES**

The Group	Individual Quarter		Cumulative Quarter	
	30.9.2004	30.9.2003	30.9.2004	30.9.2003
	RM'000	RM'000	RM'000	RM'000
Allowance for/(Reversal of) bad and doubtful debts and financing				
Specific allowance – net	180,714	256,634	392,243	500,000
General allowance	7,115	18,034	11,645	17,831
	<u>187,829</u>	<u>274,668</u>	<u>403,888</u>	<u>517,831</u>
Bad debts and financing recovered – net	(69,047)	(75,221)	(141,506)	(136,525)
Allowance for value impairment on of amount recoverable from Danaharta	-	22,284	-	54,635
Loss on disposal of loan assets	-	1,245	-	1,245
	<u>118,782</u>	<u>222,976</u>	<u>262,382</u>	<u>437,186</u>

AMMB Holdings Berhad
(223035-V)(Incorporated in Malaysia)
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UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2004

	Non-distributable				Distributable		Total RM'000
	Share capital RM'000	Capital reserve RM'000	Share premium RM'000	Statutory reserve RM'000	Exchange fluctuation reserve RM'000	Unappropriated profit RM'000	
The Group							
As at 1 April 2003	1,001,719	140,771	648,280	895,385	19,827	757,677	3,463,659
Prior year's adjustment	-	-	-	-	-	(40,837)	(40,837)
As restated	1,001,719	140,771	648,280	895,385	19,827	716,840	3,422,822
Translation adjustments	-	-	-	-	(447)	-	(447)
Profit for the period	-	-	-	-	-	150,267	150,267
Dividend paid	-	-	-	-	-	(36,062)	(36,062)
Arising from exercise of :							
- share options in the Company	3,624	-	8,012	-	-	-	11,636
- warrants 2003/2008 in the Company	-	-	1	-	-	-	1
As at 30 September 2003	<u>1,005,343</u>	<u>140,771</u>	<u>656,293</u>	<u>895,385</u>	<u>19,380</u>	<u>831,045</u>	<u>3,548,217</u>

	Non-distributable				Distributable		Total RM'000
	Share capital RM'000	Capital reserve RM'000	Share premium RM'000	Statutory reserve RM'000	Exchange fluctuation reserve RM'000	Unappropriated profit RM'000	
The Group							
As at 1 April 2004	1,858,806	125,284	263,058	1,164,073	19,604	676,648	4,107,473
Prior year's adjustment	-	-	-	-	-	(48,795)	(48,795)
As restated	1,858,806	125,284	263,058	1,164,073	19,604	627,853	4,058,678
Translation adjustments	-	-	-	-	408	-	408
Profit for the period	-	-	-	-	-	111,998	111,998
Dividends paid	-	-	-	-	-	(53,534)	(53,534)
Issue of shares pursuant to:							
- exercise of share options	7,546	-	10,278	-	-	-	17,824
- exercise of Warrants 2003/2008	1	-	2	-	-	-	3
As at 30 September 2004	<u>1,866,353</u>	<u>125,284</u>	<u>273,338</u>	<u>1,164,073</u>	<u>20,012</u>	<u>686,317</u>	<u>4,135,377</u>

The Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 March 2004.

AMMB HOLDINGS BERHAD
(223035-V)(Incorporated in Malaysia)
and its subsidiary companies

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2004

	The Group	
	Cumulative Quarter	
	30.9.2004	30.9.2003
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	261,017	130,257
Add adjustments for non-operating and non cash items	596,692	830,590
Operating Profit Before Working Capital Changes	857,709	960,847
(Increase)/Decrease in operating assets	(409,343)	141,650
Decrease in operating liabilities	(499,506)	(178,555)
Cash (Used In)/Generated From Operations	(51,140)	923,942
Taxation paid	(45,222)	(34,736)
Net Cash (Used In)/Generated From Operating Activities	(96,362)	889,206
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal/(Purchase) of investment securities - net	32,493	(1,014,736)
Net dividend received	19,590	25,016
Proceeds from disposal of property and equipment	2,329	512
Dividends received from an associated company	1,040	195
Proceeds from disposal of leased assets	3	6
Purchase of property and equipment	(39,279)	(39,584)
Acquisition of remaining 2.5% equity interest in stock broking subsidiary company	(9,397)	-
Capital repayment by an associated company	780	10,395
Proceeds from disposal of associated company	-	638
Net Cash From/(Used In) Investing Activities	7,559	(1,017,558)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares in the Company	17,827	12,272
Proceeds from issue of shares by subsidiary company to minority shareholders	437	-
Dividends paid to minority interests by subsidiary companies	(1,226)	(15,921)
Proceeds from subordinated term loans	-	385,000
Proceeds from redeemable unsecured subordinated bonds	-	200,000
Repayment of exchangeable subordinated capital loan	-	(460,000)
Dividends paid by the Company to its shareholders	-	(36,062)
Net Cash From Financing Activities	17,038	85,289
Net Decrease In Cash And Cash Equivalents	(71,765)	(43,063)
Cash And Cash Equivalents At Beginning Of Period	6,654,898	4,177,464
Cash And Cash Equivalents At End Of Period	6,583,133	4,134,401

Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and short term funds net of bank overdrafts. Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	The Group	
	30.9.2004	30.9.2003
	RM'000	RM'000
Cash and short term funds	6,599,791	4,163,971
Bank overdrafts	(16,451)	(29,767)
	<u>6,583,340</u>	<u>4,134,204</u>
Effect of exchange rates change	(207)	197
Cash and cash equivalents	<u><u>6,583,133</u></u>	<u><u>4,134,401</u></u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2004.

EXPLANATORY NOTES :

A1. ACCOUNTING POLICIES AND METHOD OF COMPUTATION

The interim financial statements have been prepared in accordance with Malaysian Accounting Standards Board No. 26, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (formerly known as Malaysia Securities Exchange Berhad) and should be read in conjunction with the Annual Financial Report for the year ended 31 March 2004.

The accounting policies and method of computation adopted in the interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 March 2004 of the Group except for the adoption of the Bank Negara Malaysia’s Revised Guidelines on Financial Reporting for Licensed Institutions dated 5 October 2004 on the accounting treatment of charging handling fees paid to motor vehicle dealers for hire purchase loans in the period that it was incurred to the income statement. This change in accounting policy has been accounted for retrospectively and has resulted in a reduction in handling fees charged to the income statements for the financial period by RM24.5 million.

A2. AUDIT QUALIFICATION

There were no audit qualification in the annual financial statements for the year ended 31 March 2004.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The operations of the Group are not subject to seasonal or cyclical fluctuations.

A4. UNUSUAL ITEMS

There were no unusual items during the current financial period other than the impairment loss on property of RM28.4 million recorded by the finance subsidiary company.

A5. USE OF ESTIMATES

There was no material change in estimates of amounts reported in the prior financial years that have a material effect on the financial quarter ended 30 September 2004.

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

During the financial period, the issued and fully paid-up share capital of the Company was increased from 1,858,806,070 ordinary shares of RM1.00 each to 1,866,352,913 ordinary shares of RM1.00 each by the issue of :

1. 7,545,538 new ordinary shares of RM1.00 each at prices ranging from RM1.31 to RM3.33 per share by virtue of the exercise of share options granted pursuant to the Company’s Employees’ Share Option Scheme. The resulting share premium amounting to RM10,278,404 has been credited to share premium account.
2. 1,305 new ordinary shares of RM1.00 each at price of RM2.19 per share by virtue of the exercise of share warrants 2003/2008 of the Company. The resulting share premium amounting to RM1,553 has been credited to share premium account.

The 7,546,843 new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company except that the new ordinary shares issued pursuant to the Company ESOS and share warrants 2003/2008 above are not entitled to dividends declared in respect of the financial year ended 31 March 2004.

There were no share buy-back, share cancellation, shares held as treasury shares nor resale of treasury shares by the Company during the financial period.

A7. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the current financial period.

A8. SEGMENTAL INFORMATION

a) BY BUSINESS SEGMENT

	Individual Quarter		Cumulative Quarter	
	30.9.2004	30.9.2003	30.9.2004	30.9.2003
	RM'000	RM'000	RM'000	RM'000
Investment banking				
Revenue	239,030	177,769	441,247	416,057
Profit/(Loss) before taxation	88,966	(5,682)	145,256	55,770
Commercial and retail banking				
Revenue	760,172	755,830	1,517,439	1,503,623
Profit before taxation	61,264	45,712	131,894	108,528
Offshore banking				
Revenue	9,559	4,997	18,535	17,603
(Loss)/Profit before taxation	(530)	1,319	262	5,014
Insurance				
Revenue	156,864	125,528	303,833	247,192
Profit before taxation	2,525	10,260	6,049	18,474
Others				
Revenue	2,271	3,533	4,696	6,699
(Loss)/Profit before taxation	(3,205)	1,300	(5,913)	5,501
Total before consolidation adjustments				
Revenue	1,167,896	1,067,657	2,285,750	2,191,174
Profit before taxation	149,020	52,909	277,548	193,287
Consolidation adjustments				
Revenue	(35,260)	(34,203)	(60,162)	(67,400)
Profit before taxation #	(6,445)	(35,800)	(16,531)	(63,030)
Total after consolidation adjustments				
Revenue	1,132,636	1,033,454	2,225,588	2,123,774
Profit before taxation	142,575	17,109	261,017	130,257

Included in the above is Islamic banking business profit before taxation of RM41.3 million for the quarter and RM88.8 million for the period ended 30 September 2004 (RM18.1 million for the quarter and RM26.9 million for the period ended 30 September 2003).

Includes Danamodal contingent sum recoveries arising from acquisition of AmFinance of RMNil for the quarter and period ended 30 September 2004 (RM21.7 million for the quarter and RM40.5 million for the period ended 30 September 2003).

The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia except for Frasers International Pte. Ltd. and its subsidiary companies and PT AmCapital Indonesia, activities of which are principally conducted in Singapore and Indonesia, respectively. These activities in Singapore and Indonesia are not significant (less than 1% of revenue and profit before taxation respectively) in relation to the Group's activities in Malaysia.

**B) SEGMENTAL REPORTING ON LOANS, ADVANCES AND FINANCING
 ANALYSED BY TYPE**

	The Group			
	30.9.2004		31.3.2004	
	RM'000	%	RM'000	%
Term loans and revolving credit	23,323,523	53.6	23,448,010	55.3
Hire-purchase receivables	19,304,591	44.4	18,115,982	42.7
Credit card receivables	1,763,438	4.0	1,543,119	3.6
Lease receivables	1,512,150	3.5	1,517,308	3.6
Overdrafts	766,416	1.7	771,482	1.8
Claims on customers				
under acceptance credits	508,657	1.2	349,777	0.8
Staff loans (hire purchase and housing)	176,361	0.4	176,685	0.4
Trust receipts	96,209	0.2	84,807	0.2
Block discount receivables	54,108	0.1	51,048	0.1
Factoring receivables	25,710	0.1	30,851	0.1
Bills receivable	9,247	0.1	5,377	0.1
	47,540,410	109.3	46,094,446	108.7
Less : Unearned interest and income	4,050,262	9.3	3,675,245	8.7
Total	43,490,148	100.0	42,419,201	100.0

**C) SEGMENTAL REPORTING ON LOANS, ADVANCES AND FINANCING
ANALYSED BY THEIR ECONOMIC PURPOSES**

	The Group				Annualised Loans Growth
	30.9.2004		31.3.2004		
	RM'000	%	RM'000	%	
Purchase of transport vehicles	15,737,222	35.8	14,395,432	33.9	
Purchase of landed property					
of which: (a) Residential	7,885,246	17.9	7,148,858	16.9	
(b) Non-residential	2,167,362	4.9	2,286,146	5.4	
Construction	3,873,806	8.8	3,675,165	8.7	
Consumption credit	2,651,437	6.1	2,250,954	5.3	
Manufacturing	2,036,956	4.6	2,390,924	5.7	
General commerce	1,766,031	4.0	1,539,333	3.6	
Purchase of securities	1,678,661	3.8	1,853,513	4.4	
Finance, insurance and business services	1,149,529	2.6	1,135,076	2.7	
Real estate	1,127,302	2.6	1,199,321	2.8	
Agriculture	894,756	2.0	895,112	2.1	
Transport, storage and communication	716,418	1.6	1,291,244	3.0	
Investment holdings	701,818	1.6	931,676	2.2	
Electricity, gas and water	527,658	1.2	350,023	0.8	
Community, social and personal Services	403,795	0.9	381,345	0.9	
Mining and quarrying	53,493	0.1	59,522	0.1	
Others	615,560	1.5	639,065	1.5	
Gross loans, advances and financing	43,987,050	<u>100.0</u>	42,422,709	<u>100.0</u>	
Less : Islamic financing sold to Cagamas Berhad	496,902		3,508		
	<u>43,490,148</u>		<u>42,419,201</u>		
Less:					
Allowance for bad and doubtful debts and financing:					
General allowance	612,924		601,279		
Specific allowance	2,123,042		1,780,316		
	<u>2,735,966</u>		<u>2,381,595</u>		
Interest/Income-in-suspense	1,549,173		1,436,556		
	<u>4,285,139</u>		<u>3,818,151</u>		
Loans, advances and financing– net	<u>39,205,009</u>		<u>38,601,050</u>		<u>3.1%</u>

A9. VALUATIONS OF PROPERTY AND EQUIPMENTS

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

A10. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

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

A11. CHANGES IN THE COMPOSITION OF THE GROUP AND THE COMPANY

On 11 October 2004, the Company acquired two (2) ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of AmInvestment Group Berhad, a dormant company, for a cash consideration of RM2.00, thereby making AmInvestment Group Berhad a wholly subsidiary of the Company.

AmInvestment Group Berhad was incorporated on 23 June 2004 and has an authorised share capital of RM5 billion divided into 5 billion ordinary shares of RM1.00 each with an issued and paid-up share capital of RM2.00.

The principal activity of AmInvestment Group Berhad is investment holding.

A12. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the merchant banking subsidiary company, AmMerchant Bank Berhad (“AmMerchant Bank”), the commercial banking subsidiary company, AmBank Berhad (“AmBank”), the offshore banking subsidiary company in Labuan, AmInternational (L) Ltd (“AmInternational”) and the finance subsidiary company, AmFinance Berhad (“AmFinance”), 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 30 September 2004 commitments and contingencies outstanding are as follows:

	The Group			
	30.9.2004		31.3.2004	
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount RM'000
Derivative Financial Instruments				
Interest rate related contracts :				
Interest rate futures *	299,000	-	685,000	-
Interest rate swaps	4,971,915	116,443	3,817,928	103,413
Foreign exchange related contracts :				
Forward exchange contracts	1,988,398	29,264	343,456	4,443
Cross currency swaps	456,000	24,814	304,000	18,525
Malaysian Government securities futures *	1,000	-	9,000	-
	<u>7,716,313</u>	<u>170,521</u>	<u>5,159,384</u>	<u>126,381</u>
Commitments				
Irrevocable commitments to extend credit maturing:				
Within one year	6,558,865	-	7,460,004	-
More than one year	1,964,054	982,027	1,776,065	888,033
Sell and buy back agreements	1,656,238	1,656,238	1,451,451	1,451,451
Forward purchase commitments	284,858	284,858	363,012	363,012
	<u>10,464,015</u>	<u>2,923,123</u>	<u>11,050,532</u>	<u>2,702,496</u>
Contingent Liabilities				
Guarantees given on behalf of customers	1,042,487	1,042,487	1,022,429	1,022,429
Certain transaction-related contingent items	796,117	398,059	875,431	437,716
Underwriting liabilities	455,528	227,764	424,778	212,389
Short term self liquidating trade-related contingencies	143,391	28,678	133,052	26,610
Islamic financing sold to Cagamas Berhad	496,901	496,901	3,508	3,508
Others	53,008	250	39,537	250
	<u>2,987,432</u>	<u>2,194,139</u>	<u>2,498,735</u>	<u>1,702,902</u>
	<u>21,167,760</u>	<u>5,287,783</u>	<u>18,708,651</u>	<u>4,531,779</u>

- * Principal amount of interest rate futures and Malaysian Government securities futures (“exchange-traded contracts”) of same contract month have been reported on a net basis.

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

AmBank and AmFinance are contingently liable in respect of Islamic financing sold to Cagamas Berhad on the condition that AmBank and AmFinance administer the loans on behalf of Cagamas Berhad and to buy back any financing which fails to meet the pre-arranged criteria set by Cagamas Berhad.

As at 30 September 2004, other contingencies and commitments of the Group and the Company are as follows:

- (a) The Company has given guarantees totalling RM546,100,000 (RM546,100,000 as at 31 March 2004) to various financial institutions in respect of credit facilities extended to certain subsidiary companies.
- (b) As required, AmMerchant Bank has given a continuing guarantee to Bank Negara Malaysia on behalf of AmInternational (the offshore banking subsidiary in Labuan), to meet all its liabilities and financial obligations and requirements.

A13. RELATED PARTY TRANSACTIONS

On 10 November 2004, AmAssurance Berhad entered into fourteen (14) Sale and Purchase Agreements with AmProperty Holdings Sdn Bhd, to purchase 14 properties for a total cash consideration of RM18,620,000.

A14. NON-PERFORMING LOANS AND FINANCING

Movements in non-performing loans and financing including interest and income receivables are as follows:-

	The Group	
	30.9.2004	31.3.2004
	RM'000	RM'000
Gross		
Balance at beginning of period/year	7,493,282	8,000,125
Non-performing during the period/year	1,003,825	2,630,502
Reclassification to performing loans and financing	(508,535)	(623,458)
Recoveries	(269,311)	(845,804)
Debt equity conversion	(76,093)	(151,382)
Amount written off	(57,823)	(1,516,701)
	<u>7,585,345</u>	<u>7,493,282</u>
Less:		
Specific allowance	2,123,042	1,780,316
Interest/income-in-suspense	1,549,173	1,436,556
	<u>3,672,215</u>	<u>3,216,872</u>
Non-performing loans and financing – net	<u>3,913,130</u>	<u>4,276,410</u>
Total loans and advances less specific allowance and interest/income-in-suspense	39,817,933	39,202,329
Islamic financing sold to Cagamas Berhad	469,902	3,508
	<u>40,287,835</u>	<u>39,205,837</u>
Ratio of net non-performing loans and financing to total net loans, advances and financing	<u>9.71%</u>	<u>10.91%</u>

A15. LOAN AND FINANCING LOSS ALLOWANCES

Movements in the allowances for bad and doubtful debts and financing and interest/income-in-suspense accounts are as follows:

	The Group	
	<u>30.9.2004</u>	<u>31.3.2004</u>
	RM'000	RM'000
General Allowance		
Balance at beginning of period/year	601,279	591,394
Allowance during the period/year	11,645	9,875
Exchange fluctuation adjustments	<u>-</u>	<u>10</u>
Balance at end of period/year	<u>612,924</u>	<u>601,279</u>
As a % of total loans less specific allowance and interest/income-in-suspense	<u>1.52</u>	<u>1.53</u>
Specific allowance		
Balance at beginning of period/year	<u>1,780,316</u>	<u>1,801,429</u>
Allowance during the period/year	572,432	1,455,336
Amount written back in respect of recoveries and reversals	<u>(180,189)</u>	<u>(388,851)</u>
Net charge to income statement	392,243	1,066,485
Amount written off	(57,570)	(1,022,854)
Debt equity conversion	(1,005)	(56,200)
Reclassification	9,058	9,316
Danamodal recoveries	-	(30,721)
Adjustment to deferred asset account	<u>-</u>	<u>12,861</u>
Balance at end of period/year	<u>2,123,042</u>	<u>1,780,316</u>

	The Group	
	30.9.2004	31.3.2004
	RM'000	RM'000
Interest/Income-in-suspense		
Balance at beginning of period/year	1,436,556	1,763,808
Interest/Income suspended during the period/year	279,035	756,476
Amount written back in respect of recoveries and reversals	(139,717)	(351,992)
Net charge to income statement	139,318	404,484
Amount written off	(19,191)	(539,823)
Debt equity conversion	(2,644)	(178,030)
Reclassification	(4,866)	-
Exchange fluctuation adjustments	-	67
Danamodal recoveries	-	(11,857)
Adjustment to deferred asset account	-	(2,093)
Balance at end of period/year	1,549,173	1,436,556

A16. AMOUNT RECOVERABLE FROM DANAHARTA

	The Group	
	30.9.2004	31.3.2004
	RM'000	RM'000
Balance at beginning of the period/year	-	82,211
Allowance made during the period/year	-	(80,634)
Amount recovered during the period/year	-	(4,703)
Amount arising during the year	-	3,126
Balance at end of period/year	-	-

B1. PERFORMANCE REVIEW ON THE RESULTS OF THE GROUP FOR THE QUARTER AND PERIOD

The Group recorded a substantial increase in pretax profit of RM142.6 million for the quarter ended 30 September 2004 as compared to RM17.1 million in the corresponding quarter ended 30 September 2003. Accordingly, the Group pretax profit for the six months period ended 30 September 2004 was also higher at RM261.0 million, 100% up from RM130.3 million for the six months period ended 30 September 2003. The improvement in profit is mainly due to improvement in Islamic banking business and a decline in loans loss allowances and net interest suspension. However, the Group reported a lower profit after tax and minority interests of RM112.0 million for the period ended 30 September 2004 as compared to RM150.3 million in the period ended 30 September 2003 after full recognition of MBf Finance Berhad unabsorbed tax losses during the period ended 30 September 2003.

The Group's revenue was higher at RM2.2 billion compared with RM2.1 billion in the previous corresponding period arising mainly from the Islamic banking business, fee based income and premium income from life and general insurance businesses.

During the period, net interest income fell to RM662.7 million as compared to RM691.3 million in the corresponding period ended 30 September 2003 due to customers opting for Islamic based products as an alternative of conventional interest based products and competitive lending environment. Accordingly, the Group's net income from Islamic banking operations rose to RM202.9 million for the period and RM98.7 million for the quarter as compared to RM115.0 million and RM62.2 million in the last corresponding period and quarter respectively, due to increases in Islamic financing and dealing and investment securities.

The commercial and retail banking operations reported a higher pretax profit of RM61.3 million for the quarter ended 30 September 2004 as compared to RM45.7 million achieved in the previous corresponding quarter, due to lower loan loss allowances and net interest suspension. For the quarter, an impairment loss on property of RM28.4 million was charged to income statement. For the period, pretax profit was higher at RM131.9 million as compared to RM108.5 million in the last corresponding period ended 30 September 2003.

The merchant banking operations reported a pretax profit of RM68.2 million for the quarter ended 30 September 2004 as compared to a loss of RM30.1 million for the quarter ended 30 September 2003. This is due to substantially lower loans loss allowances of RM10.9 million (RM38.2 million for the quarter ended 30 September 2003), write back of allowance for diminution in value of investments of RM17.4 million (allowance of RM53.0 million for the quarter ended 30 September 2003), higher net trading income from securities and fee income from corporate advisory. This is however, reduced by the loss on sale of quoted shares of RM3.3 million for the quarter as compared to a profit of RM18.0 million for the corresponding quarter. For the period, pretax profit was higher at RM111.2 million as compared to RM27.6 million in the last corresponding period ended 30 September 2003.

Despite the liberalisation of brokerage commission rates, the stockbroking operations reported a pretax profit of RM18.3 million and RM27.6 million for the quarter and period.

Total funds under management, both unit trust and institutional funds, increased further to RM5.6 billion as at end-September 2004, as compared to RM4.7 billion as at 30 September 2003 and reported a pretax profits of RM3.3 million and RM5.4 million for the quarter and period, respectively.

The insurance company recorded a pretax profit of RM2.5 million and RM6.0 million for the quarter and period ended 30 September 2004, on the back of an increase in insurance premium from RM204.6 million for the corresponding period to RM278.4 million for the period ended 30 September 2004. The increase was attributed to the cross-selling and product bundling of insurance products with housing loans and hire purchase loans. For the period, the profit was however reduced by the allowance for diminution in value of investments of RM4.6 million as compared to a write back of RM16.0 million for the corresponding period where the company reported pretax profit of RM18.5 million.

The offshore banking operations of the Group reported a profit of RM0.3 million for the period.

The Group's net loans and advances increased by RM604.0 million or an annualized growth of 3.1% to RM39.2 billion. The bulk of the new loans disbursed during the period were directed towards car financing and residential properties.

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

B2. REVIEW OF MATERIAL CHANGES IN PROFIT BEFORE TAXATION

The Group registered a pretax profit of RM142.6 million for the quarter ended 30 September 2004, as compared to RM118.4 million in the quarter ended 30 June 2004 due to growth in Islamic banking businesses and non-interest income, lower loans loss allowances and write back of allowances for diminution in value of investments.

B3. PROSPECTS FOR 31 MARCH 2005

The improving global economic prospects and positive Malaysian economic indicators provides the Group with an encouraging landscape for growth this coming year. The economy's resilience and the more positive outlook for year 2004 have led to the upward revision of GDP growth forecast by Malaysian Institute of Economic Research to 7.2%. Growth momentum is expected to pick up as a result of the rebounding corporate investments, sustained consumption, improving external trade and accommodative fiscal and monetary policies by BNM.

The banking sector is expected to remain competitive in year 2004 with net interest margins continuing to be under pressure given the competition and excess liquidity in the banking system.

The Group is targeting to complete the legal merger of AmBank Berhad and AmFinance Berhad by the financial year ending 31 March 2005. With the recent modifications to the Banking and Financial Industry Act, 1989 to enable a single entity to hold both bank and finance company licenses, the Group is committed to transforming the AmFinance branches into commercial bank branches offering a full range of commercial banking services.

Despite the competition and narrowing of interest spreads, the Group is confident that it is well positioned to benefit from the improved economic environment to further improve on its performance.

B4. VARIANCE FROM PROFIT FORECAST AND SHORTFALL FROM PROFIT GUARANTEE

This is not applicable to the Group and the Company.

B5. TAXATION

Included in taxation charge for the period are:

THE GROUP	Individual Quarter		Cumulative Quarter	
	30.9.2004	30.9.003	30.9.2004	30.9.2003
	RM'000	RM'000	RM'000	RM'000
(Under)/Over provision of taxation in prior years	(30,250)	33	(29,767)	33
Transfer (from)/to deferred taxation	(11,108)	140,271	(30,603)	156,271

The total tax charge of the Group for the financial period and quarter ended 30 September 2004 reflects an effective tax rate which is higher than the statutory tax rate due mainly to the disallowances of certain expenses.

The total tax charge of the Group for the financial period and quarter ended 30 September 2003 reflects an effective tax rate which is lower than the statutory tax rate due mainly to the utilisation of unabsorbed losses and unutilised capital allowances by AmFinance Berhad.

B6. SALE OF INVESTMENTS AND/OR FORECLOSED PROPERTIES

THE GROUP	Individual Quarter		Cumulative Quarter	
	30.9.2004	30.9.2003	30.9.2004	30.9.2003
	RM'000	RM'000	RM'000	RM'000
Gain/(Loss) on sale of investments	(3,450)	23,810	1,515	1,071
(Allowance)/Write back of allowance for diminution in value of investments	16,529	(45,424)	(27,685)	(28,868)

B7. QUOTED SECURITIES

This note is not applicable to financial institutions.

B8. CORPORATE PROPOSALS

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

1. On 27 February 2004 and 31 May 2004, the Company announced the following proposals:
 - (i) The Proposed Privatisation of AMFB Holdings Berhad ("AMFB") through the acquisition by the Company of the remaining ordinary shares of RM1.00 each in AMFB not already owned by the Company by way of a scheme of arrangement under Section 176 of the Companies Act 1965 ("Proposed AMFB Privatisation");
 - (ii) Proposed listing of the Company's investment banking group, via a newly incorporated company, on the Main Board of the Bursa Securities ("Proposed Newco Listing"); and
 - (iii) The proposed share split involving the subdivision of every one (1) existing ordinary share of RM1.00 each held in the Company on a date to be determined after the Proposed AMFB Privatisation, into two (2) new ordinary shares of RM0.50 each ("Proposed Share Split").

The Company had on 25 March 2004 obtained Securities Commission's ("SC") approval for the Proposed Share Split to be implemented within 3 months of the completion of the Proposed AMFB Privatisation. The Company had on 29 June 2004 obtained the approval of Bursa Securities for the Proposed Share Split.

The Proposed AMFB Privatisation, Proposed Newco Listing and Proposed Share Split are pending the approvals of, inter alia, SC, Minister of Finance, Bank Negara Malaysia ("BNM"), shareholders of the Company and AMFB, and other relevant authorities.

The Proposed AMFB Privatisation and the Proposed Newco Listing are inter-conditional with each other. The Proposed Share Split is not conditional upon the Proposed AMFB Privatisation or the Proposed Newco Listing.

2. On 13 October 2004, the Company and AmBank Berhad ("AmBank"), the Company's 100% owned commercial banking subsidiary, entered into the following agreements (the Proposed Acquisitions):
 - (a) Proposed acquisition by the Company of 47,116,000 ordinary shares of RM1.00 each representing 47.116% of the issued and paid-up share capital of AmAssurance Berhad ("AmAssurance") from AmMerchant Bank Berhad ("AmMerchant Bank") for a cash consideration of RM75,762,537 ("Proposed Acquisition by the Company"); and
 - (b) Proposed acquisition by AmBank of 14,062,000 ordinary shares of RM1.00 each representing 14.062% of the issued and paid-up share capital of AmAssurance from ABH Holdings Sdn Bhd ("ABH Holdings") for a cash consideration of RM44,588,774 ("Proposed Acquisition by AmBank").

ABH, a company in which Dato' Azlan Hashim, a director of the Company, is a substantial shareholder, has a 34.06% interest in AmAssurance. Dato' Azlan Hashim is a brother of Tan Sri Dato' Azman Hashim, a substantial shareholder of the Company.

The Proposed Acquisition by the Company and Proposed Acquisition by AmBank are not inter-conditional upon each other and are subject to the terms and conditions of the Company sale and purchase agreement ("SPA") and AmBank SPA, respectively.

The Proposed Acquisitions were approved by the Minister of Finance on 23 September 2004 and the Proposed acquisition by AmBank was approved by the shareholders of the Company at an Extraordinary General Meeting held on 29 September 2004. The Proposed acquisition by the Company does not require the approval of the Company's shareholders as it is an excluded transaction pursuant to Chapter 10.02(j) of the Listing Requirements of Bursa Malaysia Securities Berhad. The Proposed Acquisitions are still subject to the approval of the Foreign Investment Committee.

B9. BORROWINGS

Deposits and placements of customers and financial institutions and debt securities are as follows:

	The Group													
	30.9.2004	31.3.2004												
	RM'000	RM'000												
(i) Deposits from customers														
Due within one year	31,048,610	31,790,176												
More than one year	1,385,770	1,227,117												
	<u>32,434,380</u>	<u>33,017,293</u>												
Comprise of:														
Term/Investment deposits	27,686,023	28,379,509												
Saving deposits	2,738,807	2,742,945												
Current deposits	1,559,027	1,173,848												
Negotiable instruments of deposits	450,523	720,991												
	<u>32,434,380</u>	<u>33,017,293</u>												
(ii) Deposits of banks and other financial institutions														
Due within one year														
Interbank borrowings	293,255	265,244												
Others	8,746,839	8,033,751												
	<u>9,040,094</u>	<u>8,298,995</u>												
More than one year - Others	3,440,007	3,143,771												
	<u>12,480,101</u>	<u>11,442,766</u>												
Total	<u>12,480,101</u>	<u>11,442,766</u>												
<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="3"><i>Recap:</i></td> </tr> <tr> <td style="width: 50%;"><i>Interbank lendings</i></td> <td style="text-align: right; width: 25%;">3,066,221</td> <td style="text-align: right; width: 25%;">6,600,958</td> </tr> <tr> <td><i>Interbank borrowings</i></td> <td style="text-align: right;">(293,255)</td> <td style="text-align: right;">(265,244)</td> </tr> <tr> <td><i>Net interbank lendings</i></td> <td style="text-align: right;"><u>2,772,966</u></td> <td style="text-align: right;"><u>6,335,714</u></td> </tr> </table>			<i>Recap:</i>			<i>Interbank lendings</i>	3,066,221	6,600,958	<i>Interbank borrowings</i>	(293,255)	(265,244)	<i>Net interbank lendings</i>	<u>2,772,966</u>	<u>6,335,714</u>
<i>Recap:</i>														
<i>Interbank lendings</i>	3,066,221	6,600,958												
<i>Interbank borrowings</i>	(293,255)	(265,244)												
<i>Net interbank lendings</i>	<u>2,772,966</u>	<u>6,335,714</u>												
(iii) Unsecured subordinated certificate of deposits														
More than one year	198,095	197,418												
	<u>198,095</u>	<u>197,418</u>												

	The Group	
	<u>30.9.2004</u>	<u>31.3.2004</u>
	RM'000	RM'000
(iv) Term loans		
Due within one year		
Secured	228,500	294,500
Unsecured	<u>337,500</u>	<u>350,500</u>
	<u>566,000</u>	<u>645,000</u>
(v) Unsecured subordinated term loan		
More than one year	<u>680,000</u>	<u>680,000</u>
(vi) Redeemable Unsecured Bonds		
More than one year	<u>799,907</u>	<u>798,325</u>

B10. DERIVATIVE FINANCIAL INSTRUMENTS

As at 23 November 2004, derivative financial instruments outstanding are as follows:

The Group

Item RM'000	Principal Amount	1 mth or less	>1 -3 mths	>3-6 mths	>6-12 mths	>1-5 yrs	>5 yrs	Margin requirement
Interest rate related contracts:								
Interest rate futures	703,000	222,000	-	208,000	121,000	152,000	-	1,875
Interest rate swaps	5,611,916	35,000	70,000	360,000	998,000	3,843,916	305,000	2,974
Malaysian Government securities futures	40,000	40,000	-	-	-	-	-	1
Foreign exchange related contracts:								
Forward exchange contracts	2,575,209	1,666,643	423,317	259,915	225,334	-	-	322
Cross currency swaps	577,600	-	-	190,000	-	387,600	-	572
Total	9,507,725	1,963,643	493,317	1,017,915	1,344,334	4,383,516	305,000	5,744

Derivative Financial Instruments

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. The use of derivatives and their sale to customers as risk management products is an integral part of the Group's trading activities. Derivatives are also used to manage the Group's own exposure to fluctuations in foreign exchange and interest rates as part of its asset and liability management activities. Derivatives are subject to the same types of credit and market risk as other financial instruments, and the Group manages these risks in a consistent manner.

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

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

Derivative transactions generate income from buy-sell spreads and from trading positions taken by the Group. Income from these transactions is taken to interest income, foreign exchange gain or trading income from derivatives.

Market risk

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. The contractual amounts of these contracts stated above provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions.

The Group's risk management system uses the value at risk method to assess the market risk from these contracts.

As at 23 November, 2004, value at risk of foreign exchange-related derivatives contracts used for trading purposes of the Group was RM28,199 (RM28,650 as at 31 March 2004).

The value at risk of the interest rate derivatives related contracts used for trading purposes of the Group was RM13,476,154 (RM6,581,591 as at 31 March 2004).

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

Credit risk

Counterparty credit risk arises from the possibility that a counterparty may be unable to meet the terms of the derivatives contract in which the Group has a gain position.

As at 23 November, 2004, the amounts of counterparty credit risk, measured in term of the cost to replace the profitable contracts of the Group, was RM4,888,806 (RM5,733,223 as at 31 March 2004). This amount will increase or decrease over the life of the contracts, mainly as a function of movement in market rates and time.

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

Related Accounting Policies

Forward Exchange Contracts

Unmatured forward exchange contracts are valued at forward rates prevailing at balance sheet date, applicable to their respective dates to maturity and, unrealised gains and losses are recognised in the income statements.

Interest Rate Swaps, Futures, Options and Forward Rate Contracts

Interest income or interest expense associated with interest rate swaps that qualify as hedges is recognised over the life of the swap agreement as a component of interest income or interest expense. Gains and losses on interest rate futures, options and forward rate contracts that qualify as hedges are generally deferred and amortised over the life of the hedged assets or liabilities as adjustments to interest income or interest expense.

Gains and losses on interest rate swaps, futures, options and forward rate contracts that do not qualify as hedges are recognised using the mark-to-market method and is shown as trading gain or loss from derivatives.

B11. MATERIAL LITIGATIONS

There are no material litigations. For pending litigations, please refer to note B14.

B12. DIVIDENDS

Refer to item A7 above.

B13. EARNINGS PER SHARE (SEN)

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the financial quarter/period attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the financial quarter/period.

	Individual Quarter		Cumulative Quarter	
	30.9.2004	30.9.2003	30.9.2004	30.9.2003
The Group	RM'000/ '000	RM'000/ '000	RM'000/ '000	RM'000/ '000
Net profit attributable to shareholders' of the Company	66,617	80,295	111,998	150,267
Number of ordinary shares at beginning of period	1,861,265	1,001,774	1,858,806	1,001,719
Effect of ordinary shares issued pursuant to :				
- Exercised of ESOS	2,689	1,141	3,385	1,196
- Bonus issue	-	*501,458	-	*501,458
Weighted average number of ordinary shares in issue	1,863,954	1,504,373	1,862,191	1,504,373
Basic earnings per share (Sen)	3.57	5.34	6.01	9.99

* Adjusted for the proportional change in the number of ordinary shares pursuant to the Bonus Issue during the financial year ended 31 March 2004.

(b) Fully diluted earnings per share

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

The Company has/had three categories of dilutive potential ordinary shares:

- i) Employees' Share Option Scheme;
- ii) Warrants 1997/2007; and
- iii) Warrants 2003/2008

	Individual Quarter		Cumulative Quarter	
	30.9.2004	30.9.2003	30.9.2004	30.9.2003
	RM'000/ '000	RM'000/ '000	RM'000/ '000	RM'000/ '000
The Group				
Net profit attributable to shareholders' of the Company	66,617	80,295	111,998	150,267
Adjusted profit after taxation and minority interests	66,617	80,295	111,998	150,267
Weighted average number of ordinary shares in issue	1,863,954	1,002,915	1,862,191	1,002,915
Adjusted for :				
ESOS	2,802	5,532	2,802	5,532
Warrants 2003/2008	66,188	24,593	66,188	24,593
Bonus issue	-	*516,520	-	*516,520
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,932,944	1,549,560	1,931,181	1,549,560
Earnings per share (Sen)	3.45	5.18	5.80	9.70

* Adjusted for the proportional change in the number of ordinary shares pursuant to the Bonus Issue during the financial year ended 31 March 2004.

For the financial quarter and period ended 30 September 2004 and 2003, outstanding share warrants 1997/2007 has 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 adjusted weighted average number of ordinary shares in issue and issuable for the financial period ended 30 September 2004 and 2003 have been arrived at based on the assumption that dilutive share options and dilutive share warrants 2003/2008 are exercised at beginning of period.

B14. PENDING LITIGATIONS

By a Vesting Order of the High Court of Malaya dated 21 May 2002 pursuant to Section 50 of the Banking And Financial Institutions Act, 1989, all rights and liabilities (including rights and liabilities under and or in respect of any past, pending or future litigation) accruing to, owed or incurred by AMFB in relation to its finance company business have been transferred to and assumed by AmFinance with effect from 15 June 2002 and AMFB shall cease to be liable in respect of such liabilities with effect therefrom. Therefore, AmFinance had assumed the rights and liabilities in respect of the following three (3) legal suits relating to the Highland Towers tragedy, whereby the plaintiffs had contended that AMFB caused or contributed to the collapse of Block 1 and forced evacuation of Blocks 2 and 3 of the Highland Towers.

On 31 May 2004, AmFinance, entered into a Settlement Agreement with the plaintiffs in respect of the legal suits in relation to the Highland Tower tragedy.

These legal suits are as follows:-

- (a) A suit dated 15 October 1994 was filed by six individuals against AMFB and eight other defendants in relation to the collapse of a building in which AMFB was sued in its capacity as owner of the land adjacent to the building and for the acts and omissions of another company as alleged servant and/or agent of AMFB.

The claim against AMFB and eight other defendants based on negligence, nuisance and breach of statutory duty was for general damages, special damages, exemplary damages and/or aggravated damages. On 7 August 1998, the plaintiffs obtained an order whereby this suit was consolidated with the suit referred to in (b) below. This suit has been adjourned sine die pending the disposal of the suit in (b) below.

- (b) A suit dated 5 December 1996 was filed by seventy-three parties against AMFB and nine other defendants in relation to two buildings in which AMFB was sued in its capacity as owner of the land adjacent to the buildings. The claim against AMFB and nine other defendants based on negligence, nuisance and breach of statutory duty is for general damages, special damages, exemplary damages and/or aggravated damages. Subsequently, judgement was delivered with partial liability of 30% apportioned to AMFB.

On 3 December 2002, the Court of Appeal dismissed the appeal by AMFB against the finding of liability by the High Court and had ordered that damages be assessed. The Court of Appeal has also excluded certain items of damage claimed by the plaintiffs.

On 2 January 2003, AMFB filed an application for leave to appeal to the Federal Court against the finding of the Court of Appeal. The application for leave to appeal included an application for stay of the proceedings pertaining to the assessment of damages by the High Court. The application for leave to appeal came up for hearing on 4 February 2004, but was adjourned for a period of 6 months pending settlement negotiations with the plaintiffs in this suit as well as the plaintiffs in suit (a) above and in suit (c) below.

- (c) A suit dated 10 December 1996 was filed by sixty parties against AMFB and nine other defendants in relation to the collapse of a building in which AMFB was sued in its capacity as owner of the land adjacent to the building. The claim against AMFB and nine other defendants based on negligence, nuisance and breach of statutory duty is for general damages, special damages, exemplary and/or aggravated damages. Defence had been filed on 27 February 1998 and the case is pending trial.

On 7 August 1998, the plaintiffs obtained an order whereby this suit was consolidated with the suit referred to in (b) above. This suit has been adjourned *sine die* pending the disposal of the suit in (b) above.

AmFinance agreed to pay the plaintiffs a sum of RM52.0 million in full and final settlement of the suits and claims against AMFB, inclusive of costs, arising/or resulting whether directly or indirectly from the suits. In return for this settlement amount, the plaintiffs shall, among others, release and assign to AmFinance all their rights of action in the suits against Highland Properties Sdn Bhd (the developer of Highland Towers) as well as all their rights and title to their individual apartment units in Highland Towers and their rights to common property, unencumbered and free from claims of end financiers.

AmFinance had made full provision for the settlement sum of RM52 million in its accounts as at 31 March, 2004, of which RM39 million has been paid during the current period.

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

Date : 29 November 2004